

FILED

United States District Court
District of New Jersey

OCT 20 2010

UNITED STATES OF AMERICA

v.

EDDIE DUKHMAN,
a/k/a "Eddie Dukeman" and
FRANK CORALLO

: Hon. Michael A. Shipp

: Magistrate No. 10-6127

: **CRIMINAL COMPLAINT**

AT 8:30M
CHAMBERS OF THE
HON. MICHAEL A. SHIPP

I, Robert Frizzell, being duly sworn, state the following is true and correct to the best of my knowledge and belief. From at least as early as in or about January 2007 to in or about December 2009, in the District of New Jersey and elsewhere, defendants EDDIE DUKHMAN, a/k/a "Eddie Dukeman" and FRANK CORALLO, did:

SEE ATTACHMENT A

I further state that I am a Special Agent with the United States Secret Service, and that this complaint is based on the following facts:

SEE ATTACHMENT B



Robert Frizzell
Special Agent
United States Secret Service

Sworn to before me and subscribed in my presence,
on October 20, 2010 at Newark, New Jersey

HONORABLE MICHAEL A. SHIPP
UNITED STATES MAGISTRATE JUDGE



Signature of Judicial Officer

ATTACHMENT A

From at least as early as in or about January 2007 to in or about December 2009, in the District of New Jersey and elsewhere, defendants EDDIE DUKHMAN, a/k/a "Eddie Dukeman" and FRANK CORALLO, did:

knowingly and intentionally conspire and agree with each other and with others to devise a scheme and artifice to defraud lenders who made mortgage loans, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and did transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce writings, signs and signals for the purpose of executing such scheme and artifice, contrary to Title 18, United States Code, Section 1343.

In violation of 18 U.S.C. § 1349.

ATTACHMENT B

I, Robert Frizzell, am a Special Agent with the United States Secret Service. I have knowledge about the facts set forth below from my involvement in the investigation, review of reports and documents, and discussions with other law enforcement officials. Because this Affidavit is submitted for the sole purpose of establishing probable cause to support the issuance of a complaint, I have not included each and every fact known by the government concerning this investigation. Statements attributed to individuals are provided in substance and in part.

Background

1. At all times relevant to this complaint, defendant EDDIE DUKHMAN, a/k/a "Eddie Dukeman" ("DUKHMAN") resided at 404 Cliff Road, Sewaren, New Jersey. DUKHMAN was purportedly in the real estate business.

2. At all times relevant to this complaint, defendant FRANK CORALLO ("CORALLO") resided at 532 Lincoln Avenue, Maywood, New Jersey. CORALLO worked as a mortgage broker for various companies.

3. From at least as early as in or about January 2007 to in or about December 2009, defendants DUKHMAN and CORALLO conspired with each other and others to defraud numerous mortgage lenders of over \$7 million by conducting over fifty fraudulent real estate transactions involving New Jersey residential properties.

Object of the Conspiracy

4. It was the object of the conspiracy to fraudulently procure millions of dollars in home loans by making misrepresentations which induced mortgage lenders to grant credit they otherwise would not have granted, and in amounts they otherwise would not have offered.

Manner and Means of the Conspiracy

5. It was part of the conspiracy that defendant DUKHMAN arranged to purchase in his own name properties owned by financial institutions, also known as real estate owned properties ("REO properties").

6. It was further part of the conspiracy that defendant CORALLO recruited other individuals to purchase those same properties ("the borrowers") at or around the time that defendant DUKHMAN purchased them.

7. It was further part of the conspiracy that defendants DUKHMAN and CORALLO obtained from the various borrowers bank statements, W-2 Forms, pay stubs, and other documents to support residential loan applications ("supporting financial documents").

8. It was further part of the conspiracy that defendant DUKHMAN and other co-conspirators caused the supporting financial documents to be altered reflecting inflated income and asset amounts.

9. It was further part of the conspiracy that defendant CORALLO and other co-conspirators caused the fraudulent residential loan applications to be completed. Specifically, the applications contained the following material misrepresentations: (a) that the borrower put cash down at the closing; (b) that the property would be the primary residence of the borrower; (c) that the borrower possessed inflated assets, usually a bank account; (d) that the borrower earned more than he or she actually did; and (e) an inflated sales price.

10. It was further part of the conspiracy that two attorneys hereinafter identified as GT and EF held themselves out to the mortgage lenders as the closing attorneys for the various borrowers. To that end, GT and EF created fraudulent HUD-1 settlement statements ("HUD-1s") which were submitted to the mortgage lenders in connection with the loan applications. The HUD-1s contained the following material misrepresentations: (a) that the purchaser of the REO property was the borrower and not defendant DUKHMAN; (b) that the borrower provided a cash down payment at closing; (c) an inflated purchase price which on average was twice what defendant DUKHMAN actually paid for the REO property; and (d) disbursement amounts listed as paid to the financial institution selling the REO property ("REO bank") instead were paid to defendants DUKHMAN and CORALLO and their coconspirators.

11. It was further part of the conspiracy that when the mortgage lenders approved the loans, the loan amounts were wired into GT and EF's attorney trust accounts. Then, at DUKHMAN's direction, the attorneys disbursed the proceeds of the loans. After paying closing expenses, GT and EF retained sufficient funds to purchase in defendant DUKHMAN's name the REO property from the REO bank. Then the attorneys would pay out the remaining proceeds of the fraud to defendants DUKHMAN and CORALLO and their coconspirators.

12. It was further part of the conspiracy that GT and EF would then represent defendant DUKHMAN with respect to his purchase of the REO properties. To that end, GT and EF arranged closings with the attorneys representing the REO banks. At the closings, GT and EF would provide to the REO bank attorneys a check drawn from GT or EF's attorney trust account. In exchange, the REO bank attorneys would provide the deeds to the REO properties to GT and EF.

13. It was further part of the conspiracy that GT and EF provided the deeds to defendant DUKHMAN who then caused them to be altered. Specifically, the deeds were altered to reflect a sale of the REO property from the REO bank to the borrowers arranged by defendant CORALLO and other coconspirators. The deeds were further altered to reflect the inflated purchase price listed on the fraudulent residential loan application and the fraudulent HUD-1s.

14. It was further part of the conspiracy that GT and EF would file the altered deeds and the mortgages in the counties where the properties were located, thus leaving defendant DUKHMAN out of the title history.

15. It was further part of the conspiracy that defendant DUKHMAN set up shell companies to receive the proceeds of the fraud. To that end, proceeds were funneled through financial institutions in the United States and ultimately transferred to various foreign accounts including an account at the Capital Security Bank Limited held at Australia and New Zealand Banking Group Limited, ANZ Building, Avarua, Cook Islands (account number 200146).

Forfeiture Allegation

The allegations contained in this Complaint are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

Upon conviction of the offense in violation of Title 18, United States Code, Section 1349 set forth in this Complaint, the defendant EDDIE DUKHMAN, a/k/a "Eddie Dukeman" shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offense. The property to be forfeited includes, but is not limited to, the following: account number 200146 at Capital Security Bank Limited held at Australia and New Zealand Banking Group Limited, ANZ Building, Avarua, Cook Islands.

If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All pursuant to 18 U.S.C. §981(a)(1)(C) and 28 U.S.C. §2461(c).