
**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA	:	Hon. André M. Espinosa
	:	
v.	:	Mag. No. 24-11131
	:	
CHRISTOPHER J. GALLO, and	:	
MEHMET A. ELMAS	:	<u>CRIMINAL COMPLAINT</u>
	:	
	:	Filed Under Seal

I, Anthony Mangarella, being duly sworn, state that the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the Federal Housing Finance Agency, Office of Inspector General, and that this complaint is based on the following facts:

SEE ATTACHMENT B

Anthony Mangarella
Anthony Mangarella, Special Agent
Federal Housing Finance Agency
Office of Inspector General

SA Mangarella attested to the facts of this application telephonically pursuant to F.R.C.P. 4.1(b)(2)(A) on April 23, 2024.

HONORABLE ANDRÉ M. ESPINOSA
UNITED STATES MAGISTRATE JUDGE

Hon. André M. Espinosa
Signature of Judicial Officer

ATTACHMENT A

Count One
(Conspiracy to Commit Bank Fraud)

From at least in or around 2018 through in or around October 2023, in the District of New Jersey, and elsewhere, the defendants,

CHRISTOPHER J. GALLO, and
MEHMET A. ELMAS,

knowingly and intentionally conspired and agreed with others, to execute and attempt to execute a scheme and artifice to defraud a financial institution, as defined in Title 18, United States Code, Section 20, namely the Financial Institution, whose deposits were insured by the Federal Deposit Insurance Corporation, and to obtain money, funds, assets and other property owned by, and under the custody and control of such financial institution, by means of materially false and fraudulent pretenses, representations and promises, contrary to Title 18, United States Code, Section 1344.

In violation of Title 18, United States Code, Section 1349.

ATTACHMENT B

I, Anthony Mangarella, am a Special Agent with the Federal Housing Finance Agency, Office of Inspector General (“FHFA OIG”). I am assigned to the Federal Bureau of Investigation (“FBI”) as a Task Force Officer. I am fully familiar with the facts set forth herein based on my own investigation, my conversations with other law enforcement officers, and my review of reports, documents, and other items of evidence. Because this complaint is being submitted for a limited purpose, I have not set forth each and every fact that I know concerning this investigation. Where I assert that an event took place on a particular date, I am asserting that it took place on or about the date alleged. Unless specifically indicated, all conversations and statements described herein are related in substance and in part.

Relevant Individuals and Entities

1. At all times relevant to this criminal complaint:
 - a. Defendant Christopher J. Gallo (“GALLO”) resided in Old Tappan, New Jersey and was employed as a senior loan officer at a New Jersey-based, privately owned licensed residential Financial Institution (the “Financial Institution”).
 - b. Defendant Mehmet A. Elmas (“ELMAS”) was employed as a loan officer and assistant to GALLO at the Financial Institution.
 - c. “Individual-1” was the treasurer for the homeowner’s association of a condominium complex in Secaucus, New Jersey.
 - d. The “Financial Institution” was a mortgage lending business, making it a “financial institution” as that term is defined in Title 18, United States Code, Section 20.

Overview of the Mortgage Lending Process

2. Financial institutions, like the Financial Institution, provide mortgage loans in connection with the purchase of residential properties. To obtain a mortgage loan, a prospective borrower ordinarily must meet income, asset, credit, and other eligibility requirements. Prospective borrowers apply for mortgage loans and submit various types of documentation to demonstrate their eligibility for the loans.

3. Mortgage brokers employ loan officers who typically lead teams of employees who work together to facilitate mortgage loan origination. Those teams work together to assist prospective borrowers and shepherd the loan applications through the process. Financial institutions rely upon the information submitted by mortgage brokers in making their lending decisions.

Mortgage brokers make commissions from mortgage loans they successfully broker.

4. If a prospective borrower meets a financial institution's lending requirements, the financial institutions funds the mortgage loan by causing a transfer of funds from financial institution to a settlement agent, such as a title company or closing attorney.

Overview of the Conspiracy

5. At all times relevant to this complaint, GALLO, ELMAS, and others worked on "Team GALLO" at the Financial Institution. GALLO led the team and was the senior loan officer responsible for loan origination. Approximately four employees worked as loan processors on Team GALLO under GALLO. From between in and around 2018 through in and around October 2023, GALLO originated more than \$1.4 billion in loans for the Financial Institution.

6. At various times since at least 2018, GALLO, ELMAS, and others known and unknown, used their positions at the Financial Institution to conspire and engage in a fraudulent scheme to falsify loan origination documents sent to mortgage lenders located in New Jersey and elsewhere to obtain mortgage loans based on false and fraudulent pretenses, representations, and promises.

7. It was part of the conspiracy that, at GALLO's instruction, ELMAS gathered prospective borrowers' documents and information for loan files, which GALLO and ELMAS, together and separately, altered or falsified to facilitate loan approvals.

8. It was further part of the conspiracy that GALLO and ELMAS routinely misled mortgage lenders about the intended use of particular properties to fraudulently secure lower mortgage interest rates from mortgage lenders.

9. Specifically, GALLO and ELMAS submitted loan applications falsely stating that the listed borrowers were the primary residents of certain properties when, in fact, those properties were intended to be used as rental or investment properties. Those misrepresentations materially affected the interest rates the mortgage lenders offered on the mortgage loans for those properties because lenders typically charged higher rates on homes that were not owner-occupied due to risks associated with investment properties. However, when a home was owner-occupied, borrowers offered lower mortgage rates, more favorable terms, and less stringent approval qualifications.

10. By fraudulently misleading mortgage lenders about the true intended use of the properties, GALLO and ELMAS secured and profited from mortgage loans that were approved at lower rates.

11. As part of the scheme, GALLO and ELMAS also falsified property records, including building safety information, and prospective borrowers' financial information to facilitate mortgage loan approval.

Representative Fraudulent Transaction

12. For example, in or around August 2022, a prospective borrower (the "Borrower") engaged the Financial Institution and worked with GALLO and ELMAS to acquire an approximately \$353,000 mortgage for a condominium located in Secaucus, New Jersey (the "Property").

13. GALLO served as the Borrower's broker, and a member of Team Gallo ("Employee-1") assisted GALLO and ELMAS by processing the loan application for the Property.

14. As part of the loan application process, the Financial Institution required the homeowners' association ("HOA") at the Property to provide information about the Property, including building safety and financial information, so that it may determine eligibility of the Property for mortgage financing. Accordingly, Employee-1 asked the treasurer of the HOA ("Individual-1") to provide certain documents, including audited financial statements, a 2022 final condominium complex budget, and a completed Fannie Mae Form 1076 Condominium Project Questionnaire ("Form 1076").

15. Individual-1 returned the Form 1076 and indicated on the form that the HOA did not maintain a capital reserve account. Employee-1 asked Individual-1 to provide a final budget that showed a 10% capital reserve, which was required for loan approval. In response, Individual-1 stated that the HOA did not have a reserve account.

16. On or about August 3, 2022, Employee-1 told ELMAS that the HOA did not maintain a capital reserve, which created a loan-to-value¹ issue for loan application approval.

17. On or about the same date, GALLO emailed a high-ranking employee of the Financial Institution ("Employee-2"), copying ELMAS, advising Employee-2 that the HOA did not have a budget but "was willing to do one." GALLO inquired whether Employee-2 "would be ok with [the HOA] producing a new budget after they said to [Employee-1] they didn't do one [] but after my call they are willing to do one?"

18. Employee-2 responded and authorized GALLO and ELMAS to move forward with the loan application on that basis. On or about August 4, 2022,

¹ A loan-to-value ratio is a measure comparing the amount of a mortgage with the appraised value of the property.

ELMAS sent Employee-1 a revised HOA budget, which showed the requisite capital reserve required for loan approval.

19. GALLO and ELMAS then prepared or caused to be prepared a false and fraudulent loan application falsely stating that the HOA had the necessary capital reserve for loan approval, which they submitted to the Financial Institution for approval. Unbeknownst to Employee-2, the HOA did not have a reserve account. On or about August 25, 2022, the Financial Institution approved the mortgage loan based on the false and fraudulent representations GALLO and ELMAS made.

20. As part of the investigation, law enforcement spoke to Individual-1, who confirmed that the HOA budget ELMAS provided to Employee-1 was fabricated and that the HOA did not have a capital reserve budget in more than 25 years. Individual-1 also confirmed that at no time did Individual-1 speak to GALLO or ELMAS throughout the loan application process.