
UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon. Joseph A. Dickson
:
v. : Mag. No. 18-6521 (JAD)
:
RICHARD PATINO : **CRIMINAL COMPLAINT**

I, Damian Salvati, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

In violation of Title 18, United States Code, Section 1343.

I further state that I am a Special Agent with the United States Department of Housing and Urban Development, Office of Inspector General, and that this complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached page and made a part hereof.



Damian Salvati, Special Agent
U.S. Department of Housing and
Urban Development, Office of
Inspector General

Sworn to before me and subscribed in my presence,

January 24, 2018

at Newark, New Jersey



HONORABLE JOSEPH A. DICKSON
UNITED STATES MAGISTRATE JUDGE

Signature of Judicial Officer

ATTACHMENT A

From in or about August 2013 to in or about July 2014, in the District of New Jersey and elsewhere, defendant RICHARD PATINO did knowingly and intentionally devise and intend to devise a scheme and artifice to defraud his employer, a financial institution, and the United States Department of Housing and Urban Development, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and, for the purpose of executing and attempting to execute such scheme and artifice to defraud, did transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds, including a wire transfers from New Jersey to outside of New Jersey.

ATTACHMENT B

I, Damian Salvati, am a Special Agent with United States Department of Housing and Urban Development, Office of Inspector General ("HUD"). I am 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 information. 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 statements of others are related herein, they are related in substance and in part unless otherwise indicated. 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.

Background

1. At all times relevant to this Complaint:
 - a. Defendant RICHARD PATINO ("defendant PATINO") resided in New Jersey and was a loan officer with a mortgage company based in New Jersey ("the Company").
 - b. Individual A purchased a property located in Elizabeth, New Jersey in or about January 2014 ("the Property").
 - c. Mortgage loans were loans funded by banks, mortgage companies, and other institutions to enable borrowers to finance the purchase of real property. In exchange for funding a mortgage loan, lenders received a secured interest in the property that was being purchased using the loan. In deciding whether to fund a mortgage loan, lenders typically evaluated whether prospective borrowers met, among other things, income, credit eligibility, and down payment requirements, and evaluated the financial representations set forth in the borrowers' loan application and related documents pertaining to the borrowers' income, assets, credit eligibility, and down payment requirements.
 - d. Loan officers, such as defendant PATINO, caused the completed loan applications and supporting documents to be submitted to lenders.
 - e. Mortgage companies, such as the Company, were entities that originated mortgages. Mortgage companies used their own funds, or funds borrowed from a warehouse lender, to fund mortgages. After a mortgage was originated, a mortgage company either retained the mortgage in its portfolio or sold it to an investor. A mortgage company's primary business was to earn fees

associated with loan origination so it typically did not retain mortgages they originated in their own portfolio.

f. The Federal Housing Administration ("FHA") was a division of the United States Department of Housing and Urban Development ("HUD") that encouraged lenders to make certain types of mortgage loans to qualified borrowers by protecting against loan defaults through government-backed payment guarantee if the borrower defaulted on a mortgage loan. The FHA, however, had certain requirements that needed to be met before it guaranteed a mortgage loan.

g. Following preliminary approval of a mortgage loan by a lender, the closing attorney or title agent prepared a settlement statement known as a "HUD-1," a form prescribed by HUD that set forth the complete costs, fees, and disbursements associated with a residential real estate transaction. After it was prepared, the closing attorney or title agent sent the HUD-1 to the lender for final approval. If approved, the lender (often a mortgage company) then caused an electronic wire transfer of funds to be transmitted to the closing attorney or title agent conducting the closing on the property, who subsequently distributed the closing proceeds in accordance with the HUD-1.

h. The financial institution referenced below was a "financial institution," as defined in Title 18, United States Code, Section 20, and its activities affected interstate commerce.

Defendant PATINO's Fraudulent Activity

2. On or about August 15, 2013, Individual A signed a loan application in connection with his/her intended purchase of the Property.

3. Defendant PATINO, acting as a loan officer, signed the loan application. Defendant PATINO's signature indicated that he, as loan officer, had reviewed and approved the loan application.

4. The loan application included bank statements purportedly of Individual A's bank account. In reality, though, defendant PATINO created fraudulent bank statements by altering his own bank statements to make them appear as though they were Individual A's bank statement.

5. Records obtained from the Company indicate that on or about August 15, 2013, defendant PATINO started a loan file for Individual A's purchase of the Property on the Company's network. The owner of the Company has stated that defendant PATINO typically accessed the Company's network from the Company's office location or defendant PATINO's home, which were both located in New Jersey. The owner of the Company further

stated that the Company used another's entities software to manage its loan files. A representative of that company stated, in substance and in part, that its server for the east coast was located in Illinois and that it did not have any servers in New Jersey.

6. On or about January 16, 2014, the Company approved the loan application.

7. On or about January 23, 2014, the closing for Individual A's purchase of the Property took place.

8. On or about January 30, 2014, the Company sold the loan to Individual A to a financial institution. As part of that sale, the Company provided the financial institution with both the loan application and the documents supporting the loan application, including the fraudulent bank documents defendant PATINO created.

9. On or about February 14, 2014, the Company sent a loan package (which included the loan application and fraudulent supporting documents) to the Philadelphia Home Ownership Center. The Philadelphia Home Ownership Center a HUD business location.

10. On or about February 19, 2014, HUD endorsed the loan for insurance in response to an application by the financial institution. HUD based its decision, at least in part, on the documents submitted to it by the financial institution, including the loan application that contained the fraudulent bank documents defendant PATINO created.

11. Defendant PATINO, as a loan officer and a loan officer with the Company, was aware that the Company would sell the loan to a financial institution and that the financial institution would likely seek to have HUD guarantee the loan.

12. After being approached by law enforcement, defendant PATINO told law enforcement, in substance and in part, that he altered his bank records to make them appear as though they were Individual A's bank records in furtherance of having the Company approve the loan and fund the transaction. In addition, defendant PATINO told law enforcement, in substance and in part, that he was involved in other situations where buyers fraudulently obtained loans in connection with the purchase of a property.

13. As of January 2018, Individual A has ceased paying the loan and the financial institution has begun foreclosure proceedings on the property.

14. As of January 2018, law enforcement is aware of approximately 23 loans that defendant PATINO approved as part of his employment at the Company that are suspected of fraudulent activity. Law enforcement has interviewed more than ten of the purchases of these properties who have stated, in substance and in part, that either: (a) documents submitted as part of the loan application were fraudulent; or (b) they were given money by a third party to use as a down payment or at closing and this provision of funds was not reflected on the HUD-1.