

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
: :
v. : Crim. No. 16-
: :
ISAAC DEPAULA and : 18 U.S.C. § 1349
RODRIGO COSTA : 18 U.S.C. § 1344
: 18 U.S.C. § 2

I N D I C T M E N T

The Grand Jury, in and for the District of New Jersey, sitting at Newark, charges:

COUNT ONE
(Bank Fraud Conspiracy)

1. At various times relevant to this Indictment:
 - a. Premier Mortgage Services, LLC ("Premier") was a real estate mortgage broker based in Woodbridge, New Jersey.
 - b. Defendant ISAAC DEPAULA was employed as a loan officer at Premier.
 - c. Defendant RODRIGO COSTA was employed as a loan officer at Premier.
 - d. Co-Conspirator Adilson Silva was employed as a loan officer at Premier.

- e. Co-Conspirator Lester Soto was a part owner of Premier and also served as a loan officer.
- f. Co-Conspirator Michael Rumore was an attorney licensed to practice law in the State of New Jersey.
- g. Co-Conspirator Kenneth Jones was a tax preparer based in Elizabeth, New Jersey and created false and fraudulent documents for other Co-Conspirators.
- h. Co-Conspirator Jairo Nunes resided in New Jersey and created false and fraudulent documents for other Co-Conspirators.
- i. Financial Institution 1 was a financial institution, as defined by Title 18, United States Code, Section 20, having accounts insured by the Federal Deposit Insurance Corporation.

THE MORTGAGE LENDING PROCESS

2. Banks, mortgage companies, and other private lending institutions, including Financial Institution 1 (collectively, the "Mortgage Lenders") provided mortgages for real estate properties. Mortgages allowed borrowers who could meet income, credit eligibility, and down payment requirements, among other things, to obtain financing in order to acquire real estate properties.

3. After locating an available property of interest, a prospective borrower could apply for a mortgage loan from a Mortgage Lender through a mortgage broker, such as Premier. Generally, a mortgage broker acted as an intermediary between a borrower and a Mortgage Lender. A mortgage broker did not distribute its own money to fund a mortgage, but submitted the borrower's information to the Mortgage Lender which ultimately decided whether to fund the mortgage loan.

4. Prior to making the mortgage loans, the Mortgage Lenders, including Financial Institution 1, evaluated whether the borrowers satisfied, among other things, income, credit eligibility, and down payment requirements to qualify for the requested financing. The Mortgage Lenders performed their evaluations by reviewing the financial representations set forth in Uniform Residential Loan Applications ("URLAs") and related documents which loan officers, such as defendants DEPAULA and COSTA, caused to be submitted to the Mortgage Lenders.

5. Following approval by a Mortgage Lender of a mortgage loan, the closing attorney or closing agent prepared a settlement statement, known as a "HUD-1." The HUD-1 was a form prescribed by the United States Department of Housing and Urban Development that set forth the costs, fees, and disbursements associated with a residential real estate transaction.

6. If, after reviewing the HUD-1, the Mortgage Lender approved the HUD-1, the Mortgage Lender caused an electronic wire transfer of funds to be transmitted to the title company or closing attorney participating in the closing of title on the property. The title company or closing attorney then distributed the funds in accordance with the HUD-1, including by providing a portion of the funds to the seller, and a portion to the mortgage broker, such as Premier. The mortgage broker, in turn, compensated the loan officer who shepherded the loan application through the mortgage lending process.

THE CONSPIRACY

7. From at least as early as in or about September 2006 to in or about September 2010, in Essex, Union, and Middlesex Counties, in the District of New Jersey and elsewhere, defendants

ISAAC DEPAULA
and
RODRIGO COSTA

did knowingly and intentionally conspire and agree with Lester Soto, Michael Rumore, Kenneth Jones, Jairo Nunes, Adilson Silva, and others (the “Co-Conspirators”) to devise a scheme and artifice to defraud financial institutions, including Financial Institution 1, and to obtain moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, those financial institutions, including Financial Institution 1, by means of

materially false and fraudulent pretenses, representations, and promises, contrary to Title 18, United States Code, Section 1344.

OBJECT OF THE CONSPIRACY

8. The object of the conspiracy was to profit from the sale and financing of certain properties by obtaining loans from Financial Institution 1 based on materially false and fraudulent representations.

ROLES OF THE CO-CONSPIRATORS

9. Defendant ISAAC DEPAULA worked with defendant RODRIGO COSTA, Co-Conspirators Soto, Silva, Jones, and Nunes, and with others to recruit straw buyers, provide false and fraudulent documents to the straw buyers, and incorporate false and fraudulent documents into loan applications to induce Mortgage Lenders to fund mortgage loans. These false and fraudulent documents included Verifications of Deposit (“VODs”), Verifications of Employment (“VOEs”) and Verifications of Rent (“VORs”). Defendant DEPAULA profited illegally by receiving a commission from Premier for each mortgage loan that he closed. Defendant DEPAULA also purchased several properties that were later “flipped,” using straw buyers and fraudulent paperwork, for much more than DEPAULA had paid for the properties, netting DEPAULA large illegal profits when the sale transactions closed.

10. Defendant RODRIGO COSTA worked with defendant DEPAULA, Co-Conspirators Soto, Silva, Jones, Nunes, and others, recruit straw buyers,

provide false and fraudulent documents to the straw buyers, and incorporate false and fraudulent documents into loan applications to induce Mortgage Lenders to fund mortgage loans. Defendant COSTA profited illegally by receiving a commission from Premier for each mortgage loan that he closed.

11. Lester Soto was a part-owner of Premier, and took a percentage of Premier's profits. Soto also acted as a loan officer on certain Premier mortgage loan applications. Soto utilized document makers, including Co-Conspirators Jones and Nunes, to create false and fraudulent documents in furtherance of the conspiracy and connected loan officers at Premier, including defendants DEPAULA and COSTA, with these document makers to create yet other false and fraudulent documents.

12. Adilson Silva recruited straw buyers, provided false and fraudulent documents to the straw buyers, and incorporated false and fraudulent documents into loan applications to induce Financial Institution 1 to fund mortgage loans. Silva profited illegally by receiving a commission from Premier for each mortgage loan that he closed.

13. Michael Rumore was an attorney licensed in the State of New Jersey. Rumore served as the settlement agent on mortgage loans brokered by defendants DEPAULA and COSTA, along with Soto, Silva, and others. Rumore signed and certified fraudulent HUD-1s that failed to truthfully disclose the monies that flowed through transactions. Rumore received the proceeds of

fraudulently-obtained mortgage loans into his attorney trust account, after which the proceeds were divided up amongst defendants DEPAULA and COSTA and their Co-Conspirators. Rumore profited illegally by receiving a fee for each fraudulent mortgage for which he served as the closing attorney.

14. Kenneth Jones was a tax preparer and document maker. He created false and fraudulent documents to assist defendants DEPAULA and COSTA, along with Co-Conspirators Soto, Silva, and others in using straw buyers to purchase real estate properties. Jones also operated several fraudulent businesses (the "Shell Companies"), none of which had either employees or revenue. Using the Shell Companies, Jones created fraudulent tax documents and verifications of employment for defendants DEPAULA and COSTA, along with Soto, Silva, and others. Jones profited illegally by receiving a fee for each fraudulent document that Jones created.

15. Jairo Nunes was a document maker. He created false documents, including bank statements, driver's licenses, permanent resident cards, and social security cards, to support the fraudulent mortgage loan applications submitted by defendants DEPAULA and COSTA, along with Soto, Silva, and others, on behalf of various straw buyers. Nunes profited illegally by receiving a fee for each fraudulent document that Nunes created.

MANNER AND MEANS OF THE CONSPIRACY

16. It was part of the conspiracy that the Co-Conspirators targeted properties in low-income areas of New Jersey (the "Subject Properties").

17. It was further a part of the conspiracy that the Co-Conspirators recruited "straw buyers," individuals who the Co-Conspirators knew had no means of paying the mortgages on the Subject Properties and no intention of residing at the Subject Properties, but who posed as legitimate purchasers to facilitate the fraud.

18. It was further a part of the conspiracy that the Co-Conspirators used a variety of fraudulent documents to make it appear as though the straw buyers possessed far more assets, and earned far more income, than they actually did. These fraudulent documents included bank statements, identification documents, VODs, VORs, and VOEs.

19. It was further a part of the conspiracy that the Co-Conspirators and others submitted these fraudulent documents and representations in connection with mortgage loan applications to Mortgage Lenders, including Financial Institution 1, with the intention that the Mortgage Lenders would rely upon those fraudulent documents and representations to provide mortgage loans for the Subject Properties.

20. It was further a part of the conspiracy that after the Co-Conspirators fraudulently induced the Mortgage Lenders to approve the

mortgage loans, the Mortgage Lenders, including Financial Institution 1, caused electronic wire transfers of funds to be sent to a settlement agent (often Co-Conspirator Rumore), who closed the mortgage loans in connection with the Subject Properties.

21. It was further a part of the conspiracy that the Co-Conspirators split the proceeds from the fraudulently-obtained mortgage loans among themselves and others by using fraudulent HUD-1s, which hid the true sources and destinations of the mortgage funds provided by the Mortgage Lenders.

22. It was further a part of the conspiracy that in reality, as opposed to the Co-Conspirators' false representations and fraudulent documents, the straw buyers had no means of paying the mortgages on the Subject Properties, and many of the Subject Properties entered into foreclosure proceedings.

23. As a result of the above fraudulent conspiratorial acts, the Mortgage Lenders, including Financial Institution 1, were induced to make millions of dollars in fraudulent mortgage loans to unqualified buyers and suffered losses.

All in violation of Title 18, United States Code, Section 1349.

COUNTS TWO THROUGH FOUR
(Bank Fraud)

1. The allegations set forth in Paragraphs 1 through 6 and 9 through 23 of Count One are hereby repeated, realleged and incorporated as if fully set forth herein.

2. From at least as early as in or about September 2006 to in or about September 2010, in Essex, Union, and Middlesex Counties, in the District of New Jersey and elsewhere, defendants

ISAAC DEPAULA
and
RODRIGO COSTA

did knowingly and intentionally devise and attempt to devise a scheme and artifice to defraud Financial Institution 1, and to obtain moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, Financial Institution 1, by means of materially false and fraudulent pretenses, representations, and promises, namely, through the manner and means described in paragraphs 9 through 18 of Count One of this Indictment, and, for the purpose of executing and attempting to execute this scheme and artifice, did knowingly submit and cause to be submitted to Financial Institution 1 mortgage loan applications for the properties referenced below containing materially false and fraudulent representations:

Count	Defendant(s)	Approximate Date	Subject Property
2	DEPAULA and COSTA	July 2007	27 Linden Avenue, Belleville, NJ
3	DEPAULA and COSTA	August 2007	208 Whittaker Street, Riverside, NJ
4	DEPAULA	January 2008	217 West 16th Street, Linden, NJ

In violation of Title 18, United States Code, Sections 1344 and 2.

FORFEITURE ALLEGATIONS

1. As the result of committing offenses in violation of Title 18, United States Code, Sections 1344 and 1349, as alleged in Counts One through Four of this Indictment (for defendant ISAAC DEPAULA) and Counts One through Three of this Indictment (for defendant RODRIGO COSTA), the defendants shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offenses.

2. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- 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 subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), to seek forfeiture of any other property of said defendants up to the value of the above forfeitable property.

All in violation of Title 18, United States Code, Section 981 and Title 28,
United States Code, Section 2461.

A TRUE BILL

FOREPERSON



Paul J. Fishman
PAUL J. FISHMAN
UNITED STATES ATTORNEY

CASE NUMBER:

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UNITED STATES OF AMERICA

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**ISAAC DEPAULA
and
RODRIGO COSTA**

INDICTMENT FOR

18 U.S.C. § 1349
18 U.S.C. § 1344
18 U.S.C. § 2

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