

NITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon.
	:	
v.	:	Criminal No. 21-
	:	
MARTIN EAGAN	:	18 U.S.C. § 1349
	:	

I N F O R M A T I O N

The defendant having waived in open court prosecution by Indictment, the Acting United States Attorney for the District of New Jersey charges:

COUNT ONE
(Conspiracy to Commit Bank Fraud)

1. At various times relevant to this Information:

Relevant Individuals and Entities

- a. Defendant MARTIN EAGAN (“EAGAN”) was an attorney licensed by the State of New Jersey with a practice in Morristown, N.J. focused on real estate transactions including, but not limited to, transactions involving the financing of reverse mortgages and the refinancing of homes, where defendant EAGAN acted as the closing attorney.

- b. Philip Puccio, Jr., also known as Philip Puccio (“Puccio”), a co-conspirator not named as a defendant herein, was a loan officer at two mortgage brokerage firms and controlled, had a financial interest in, and was associated with several home repair and remodeling companies, including

Puccio Remodeling, LLC (“Puccio Remodeling”) and a financial services company, Elite Financing, LLC (“Elite”). Puccio resided in Saddle Brook, New Jersey.

c. Rafael Peralta (“Peralta”), a co-conspirator not named as a defendant herein, controlled, had a financial interest in, and was affiliated or associated with several home repair and remodeling companies, including Puccio Remodeling and a financial services company, ATLAREP Financial Group, LLC (“ATLAREP”). PERALTA resided in Clifton and Garfield, New Jersey.

d. Joseph Soprano (“Soprano”), a co-conspirator not named as a defendant herein, was an unlicensed real estate appraiser who resided in New Jersey.

e. Puccio Remodeling was a limited liability company in New Jersey whose resident agent was PUCCIO and whose Chief Executive Officer was PERALTA. PUCCIO and PERALTA controlled certain bank accounts for Puccio Remodeling.

f. ATLAREP was a limited liability company that was owned by PERALTA that purportedly provided financial services. PERALTA controlled a bank account for ATLAREP.

g. Elite Financing, LLC (“Elite”) was a limited liability company for which PUCCIO was the registered agent. PUCCIO controlled a bank account for Elite.

h. Lenders 1, 2, 3, 4, 5, 6, and 7 (collectively, the “Lenders”)

were financial institutions as defined in 18 U.S.C. § 20.

Background

2. The Federal Housing Administration (“FHA”) was a part of the United States Department of Housing and Urban Development. FHA provided mortgage insurance on loans made by FHA-approved lenders, including insurance for FHA Home Equity Conversion Mortgages (“HECM”), more commonly known as reverse mortgages. A reverse mortgage was a home loan that enabled homeowners to convert their equity into cash. The homeowner-borrower was not required to repay the loan until the borrower died or sold the home.

3. There were borrower, property, and financial eligibility requirements that had to be met before a borrower qualified for an FHA-insured HECM. The borrower had to be 62 years of age or older. The mortgage amount borrowed had to be based on, among other things, the lesser of the appraised value of the property or the HECM FHA mortgage limit.

4. Typically, individuals who sought a HECM or to refinance a home mortgage submitted loan applications to their lender. The loan applications were standard forms that sought material information about the borrower’s income, assets, estimated appraised value or present market value of their residence, monthly expenses, and liabilities. For HECMs, the appraised value of the property and the equity available in the home were the primary factors

that influenced a lender's determination of whether and in what amount it would provide the applicant a loan.

5. A HUD-1 Settlement Statement ("HUD-1") was a standardized form that itemized the receipt and disbursement of funds at a residential real estate closing. For HECMs, and for refinances of existing mortgage loans, HUD-1s were used by a settlement agent or closing agent ("closing agent"), who may be an attorney, to provide the homeowner-borrowers in the transaction with a complete list of incoming receipts and outgoing proceeds. A preliminary HUD-1 reflecting the disbursements to be made at closing was approved by the lender before the lender authorized the closing agent to close the transaction. At closing, homeowner-borrowers and the closing agent certified that the information contained in the final HUD-1 was true and correct.

6. Lenders relied on the HUD-1 when approving and funding loans and instructed settlement agents to accept and disburse funds consistent with the representations on the HUD-1.

7. As the closing attorney, EAGAN was required to comply with instructions from the financial institutions that loaned the funds by completing a HUD-1 Form in which defendant EAGAN certified to the financial institutions that the proceeds of the mortgage loan had been paid and distributed as it had instructed. In all circumstances, the financial institutions' instructions required satisfaction of all pre-existing liens and payment of any remainders to the homeowner-borrowers.

8. The Federal National Mortgage Association (“Fannie Mae”) and the Federal Home Loan Mortgage Corporation (“Freddie Mac”) were government-sponsored enterprises (collectively, “GSEs”) chartered by Congress with a mission to provide liquidity, stability, and affordability to the United States housing and mortgage markets. As part of their mission, Fannie Mae and Freddie Mac purchased residential mortgages including HECMs and refinance mortgages, including loans for which EAGAN served as the closing attorney.

The Conspiracy

9. From in or about August 2007 through in or about May 2010, in Essex County, in the District of New Jersey and elsewhere, defendant

MARTIN EAGAN

did knowingly and intentionally conspire and agree with Puccio, Peralta and others, to execute a scheme and artifice to defraud financial institutions, namely the Lenders, and to obtain money, funds, credits, assets, and other property owned by, and under the custody and control of, the Lenders by means of materially false and fraudulent pretenses, representations, and promises contrary to Title 18, United States Code, Section 1344.

Goal of the Conspiracy

10. It was the goal of the conspiracy for EAGAN, Puccio, Peralta, and others to unlawfully enrich themselves by submitting and causing to be submitted false and fraudulent documents to the Lenders to influence the Lenders’ decisions to approve and fund HECMs for the homeowner-borrowers

and the refinancing of mortgages for the homeowner-borrowers and to then divert the fraudulently obtained proceeds to Puccio and Peralta.

Manner and Means of the Conspiracy

11. It was part of the conspiracy that Peralta, Puccio, and others solicited homeowners for home repair and home remodeling work, and to apply for HECMs and refinance loans to fund the repairs and remodeling.

12. It was further part of the conspiracy that Peralta, Puccio, and Soprano prepared and caused to be prepared inflated real estate appraisals that falsely increased the appraised value of the properties securing the HECMs, for the purpose of influencing the lenders' decisions regarding the loan amounts available to the homeowner-borrowers.

13. It was further part of the conspiracy that Peralta, Puccio, and others submitted and caused to be submitted false and fraudulent loan applications to mortgage brokers and lenders on behalf of the homeowner-borrowers.

14. It was further part of the conspiracy that EAGAN, Puccio, Peralta, and others submitted and caused to be submitted false and fraudulent HUD-1s to mortgage brokers and lenders that actively concealed the disbursement of loan funds to Puccio, Peralta, and entities over which Puccio and Peralta had control, including ATLAREP and Elite.

15. It was further part of the conspiracy that EAGAN, Puccio, and Peralta used bank accounts that they controlled to deposit and disburse funds

from fraudulently obtained HECMs and the refinancing of mortgages for Puccio's and Peralta's personal benefit and to further the conspiracy.

16. It was further part of the conspiracy that EAGAN, Puccio, Peralta, and others controlled the process by which the transactions were completed from the time the homeowners applied for loans to the disbursement of loan funds at closing to the further disbursement of those funds to Puccio, Peralta, and others.

17. It was further part of the conspiracy that EAGAN diverted the mortgage proceeds entrusted to him by the Lenders to be paid to homeowner-borrowers and others, and EAGAN instead paid these proceeds to Puccio, Peralta and entities they controlled.

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

FORFEITURE ALLEGATION

1. The allegations contained in Count One of this Information are hereby realleged and incorporated by reference for the purposes of noticing forfeiture pursuant to Title 18, United States Code, Section 982(a)(2).

2. The United States hereby gives notice to the defendant,

MARTIN EAGAN

that, upon conviction of the offense charged in Count One of this Information, the government will seek forfeiture, in accordance with Title 18, United States Code, Section 982(a)(2), of any and all property, real or personal, that constitutes or is derived from proceeds obtained directly or indirectly as a result of the violation of Title 18, United States Code, Section 1349 alleged in Count One of this Information.

SUBSTITUTE ASSETS PROVISION

3. If by any act or omission of the defendants, any of the property subject to forfeiture described herein:

- 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 subdivided without difficulty,

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



PHILIP R. SELLINGER
United States Attorney

CASE NUMBER: _____

**United States District Court
District of New Jersey**

UNITED STATES OF AMERICA

v.

MARTIN EAGAN

INFORMATION

18 U.S.C. § 1349

PHILIP R. SELLINGER

UNITED STATES ATTORNEY

NEWARK, NEW JERSEY

KEVIN V. DI GREGORY AND CHARLIE L. DIVINE

SPECIAL ASSISTANT U.S. ATTORNEYS

(202) 730-4012

USA-48AD 8

(Ed. 1/97)