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District of New Jersey*



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NINE CHARGED IN \$10 MILLION MORTGAGE FRAUD SCHEME

NEWARK, N.J. – Nine people involved in a long-running, large-scale mortgage fraud scheme that caused losses of approximately \$10 million were charged in two Complaints with conspiracy to commit bank fraud, U.S. Attorney Paul J. Fishman announced.

Jose Luis Salguero Bedoya, also known as Jose Salguero, 36, of Elizabeth and Verona, N.J.; Paul Chemidlin, Jr., 41, of Morganville, N.J.; Delio Coutinho, 50, of Colonia, N.J.; Joseph DiValli, 44, of Jackson, N.J.; Christopher Ju, 26, of East Brunswick, N.J.; Carmine Fusco, 44, of East Hanover, N.J.; Jose Martins, 31, of Newark, N.J.; Yazmin Soto-Cruz, also known as Yazmin Soto, 32, of Elizabeth, N.J.; and Kenneth Sweetman, 32, of Lyndhurst and Nutley, N.J., were arrested this morning by FBI special agents.

Salguero, Chemidlin, Coutinho, DiValli, Ju, Fusco, Martins, Soto, and Sweetman, _____ are scheduled for initial appearances and bail hearings this afternoon before U.S. Magistrate Judge Joseph A. Dickson in Newark.

According to the Complaints:

From March 2008 to July 2012, the defendants engaged in multiple mortgage fraud conspiracies targeting at least 15 properties in and around Newark and Elizabeth, N.J. The defendants mortgage frauds took several forms, including obtaining control of properties through fraudulent “short sale” transactions, short sale flips, and identity theft. They submitted materially false mortgage loan documents to lenders in order to obtain loan proceeds, which the defendants then used for their own financial gain. The defendants also obtained money through various sales to straw buyers.

From March 2008 to June 2010, Salguero, Coutinho, Ju, and Soto conspired with each other and others to release liens on encumbered properties via fraudulently arranged short sale transactions. This allowed the defendants to profit from new fraudulent mortgage loans obtained on the properties from other mortgage lenders. To complete the short sale transactions, the defendants submitted materially false closing and other documents to mortgage lenders. They submitted materially false mortgage loan applications to mortgage lenders to obtain new mortgage loans on properties in and around Elizabeth, New Jersey, including a property on Fulton Street.

From March 2011 to July 2012, Salguero, Chemidlin, DiValli, Fusco, Martins, and

Sweetman submitted false mortgage loan applications to mortgage lenders for a property on Smith Street, Elizabeth. The defendants submitted gift letters to mortgage lenders that falsely stated that the borrower was obtaining the funds necessary to close the real estate transaction from a relative or friend in the form of a gift, when the funds used as the borrowers' down payments were actually provided by Salguero. The defendants also submitted false appraisal reports in order to support inflated property values and therefore obtain mortgage loans in larger amounts. The defendants formed limited liability companies ("LLCs") in the names of companies similar to those of licensed title companies in order to open bank accounts in the LLC names to conceal the defendants' identities and to control the receipt and distribution of fraudulently obtained mortgage loan proceeds. They submitted fraudulent documents that misrepresented Salguero's ownership in various properties and the disposition of mortgage loan proceeds related to various transactions. The defendants then distributed fraudulently obtained mortgage loan proceeds to themselves and others and concealed those distributions by failing to include them on the HUD-1 Settlement Statements.

As a result of the mortgage fraud schemes described in the two Complaints, which involved at least 15 properties, the defendants and others defrauded financial institutions out of approximately \$10 million.

The defendants played different roles in the schemes. Salguero was a real estate investor who, along with his girlfriend, Soto, provided much of the funds used by the defendants to perpetuate their fraudulent schemes. Coutinho was a loan officer at a Northern New Jersey mortgage brokerage company; he submitted false documents in support of the schemes. Chemidlin provided fraudulent real estate appraisals for the defendants although he was not a licensed real estate appraiser. DiValli was a loan officer at a Northern New Jersey mortgage brokerage company who also submitted false documents in support of the schemes. Ju negotiated the fraudulent short sale real estate transactions. Fusco and Sweetman conducted fraudulent real estate closings for the defendants although they were not licensed attorneys or title agents. Martins was a bank employee who facilitated certain financial transactions for the defendants.

The criminal Complaints charge each of the defendants with one count of conspiracy to commit bank fraud, which is punishable by a maximum potential penalty of 30 years in prison and a fine of \$1,000,000.

U.S. Attorney Fishman credited law enforcement agents of the FBI Newark Mortgage Fraud Task Force for the investigation leading to today's charges. Specifically, U.S. Attorney Fishman thanked special agents of the FBI, under the direction of Acting Special Agent in Charge David Velazquez, postal inspectors of the U.S. Postal Inspection Service, under the direction of Acting Inspector in Charge Maria Kelokates, special agents of the U.S. Housing and Urban Development, Office of Inspector General, Northeast Region of Investigations, under the direction of Special Agent in Charge Cary Rubenstein, special agents of the Federal Housing Finance Agency, Office of Inspector General, under the direction of Inspector General Steve

Linick, special agents of the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), under the direction of Special Inspector General Christy Romero, and special agents of IRS–Criminal Investigation, under the direction of Acting Special Agent in Charge Shantelle P. Kitchen, and the Hudson County Prosecutor’s Office, under the direction of Acting Prosecutor Gaetano Gregory.

The government is represented by Assistant U.S. Attorneys Lakshmi Srinivasan Herman, Aaron Mendelsohn, and Charlton Rugg of the U.S. Attorney’s Office Economic Crimes Unit in Newark.

This case was brought in coordination with President Barack Obama’s Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

The charge and allegations contained in the Complaints against each defendant are merely accusations, and the defendants are considered innocent unless and until proven guilty.

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