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UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA

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:  
:  
:

Hon.

v.

Criminal No. 07- 1029(JLL)

FRANK CORALLO

18 U.S.C. § 371

INFORMATION

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

CONSPIRACY TO COMMIT FRAUD BY WIRE  
(18 U.S.C. § 371)

BACKGROUND

**A. THE DEFENDANT**

1. At various times relevant to this Information, **defendant FRANK CORALLO** resided in or near Wantage, New Jersey, and was employed as a loan processor at U.S. Mortgage Corp. ("**U.S. Mortgage**"), which was located in or near Pine Brook, New Jersey. At U.S. Mortgage, **defendant FRANK CORALLO's** duties involved processing loan paperwork for prospective buyers of properties located in or near Paterson, New Jersey.

**B. THE COCONSPIRATORS**

2. At various times relevant to this Information:  
a. **Michael Eliasof**. Michael Eliasof ("**Eliasof**"), who is named as a coconspirator but not as a defendant herein, resided in or near Mahwah, New Jersey, and was a residential real estate agent with ReMax Property Center, located in or near Paramus, New Jersey. Eliasof acted as the real estate agent for numerous real estate

transactions involving properties located in or near Paterson, New Jersey. Eliasof controlled a company known as Paterson Management LLC ("**Paterson Management**"), which purported to serve as the property management company for properties located in or near Paterson, New Jersey, and maintained a business checking account at Commerce Bank ("**the Paterson Management Commerce Bank Account**"). Eliasof also controlled a corporate entity known as "**MGE Investments**"; this entity also maintained a business checking account at Commerce Bank. In addition, Eliasof maintained at least one personal checking account at Commerce Bank ("**the Eliasof Commerce Bank Account**").

b. **Claribel Morrobel**. C.M., who is named as a coconspirator but not as a defendant herein, resided in or near Lincoln Park, New Jersey, and was employed by Eliasof to locate buyers for properties located in or near Paterson, New Jersey.

c. **G.C.** G.C., who is named as a coconspirator but not as a defendant herein, resided in or near Fairlawn, New Jersey, and was employed as a loan officer at U.S. Mortgage. G.C. acted as the mortgage broker for numerous real estate transactions involving properties located in or near Paterson, New Jersey. G.C. received commission payments from U.S. Mortgage for each real estate closing in which he had acted as a loan officer. G.C. maintained a personal checking account at Bank of America.

d. **A.M.** A.M., who is named as a coconspirator but not as a defendant herein, resided in or near Jersey City, New Jersey, and was employed as a loan officer at United Home Mortgage Company ("**United Home Mortgage**"), a mortgage broker located in or near Jersey City, New Jersey. United Home Mortgage

acted as the mortgage broker for numerous real estate transactions involving properties located in or near Paterson, New Jersey. A.M. received commission payments from United Home Mortgage for each real estate closing in which he had acted as a loan officer.

e. **R.D.1.** R.D.1, who is named as a coconspirator but not as a defendant herein, resided in or near Paterson, New Jersey, and was the co-owner of a company known as "**Renhops Management LLC**" ("**Renhops**"). Renhops purported to be the property management company for numerous properties located in or near Paterson, New Jersey. Renhops maintained at least two business checking accounts at Commerce Bank.

f. **Hopeton Bradley.** Hopeton Bradley, who is named as a coconspirator but not as a defendant herein, resided in or near Paterson, New Jersey, and was a co-owner of Renhops along with R.D.1.

g. **William Ottaviano.** William Ottaviano, a/k/a/ "Billy the Kid," who is named as a coconspirator but not as a defendant herein, resided in or near Branchville, New Jersey, and despite not being a licensed New Jersey real estate appraiser, operated a property appraisal company known as "**Equity Appraisals**" and located in or near Pine Brook, New Jersey.

h. **W.C.** W.C., who is named as a coconspirator but not as a defendant herein, resided in or near Garfield, New Jersey, and practiced law in or near Garfield, New Jersey. W.C. maintained an Attorney Trust Account ("**the W.C. Attorney Trust Account**"), a business account, and several personal accounts at Interchange Bank, located in or near Saddle Brook, New Jersey. W.C. acted as the closing attorney

for numerous real estate transactions involving properties located in or near Paterson, New Jersey.

i. **Melanie Gebbia.** Melanie Gebbia ("**Gebbia**"), who is named as a coconspirator but not as a defendant herein, resided in or near Wanaque, New Jersey, and worked as a legal assistant for W.C. As part of her employment responsibilities, Gebbia prepared Form HUD-1 Settlement Statements and other documents for real estate transactions involving properties located in or near Paterson, New Jersey. Gebbia also prepared checks that, as closing attorney, W.C. signed and disbursed in connection with the sales of properties located in or near Paterson, New Jersey.

j. **N.B., R.D.2, and F.U.** N.B., R.D.2, and F.U., who are named as coconspirators but not as defendants herein, sold properties located in or near Paterson, New Jersey, to buyers recruited by Eliasof, C.M., R.D.1, H.B., and others.

**C. THE LENDERS**

3. At all times relevant to this Information:

a. Mortgage lenders such as GMAC Residential Funding, Argent Mortgage, Long Beach Mortgage Company, Finance America LLC, and others ("**the Lenders**") loaned money to buyers in order to enable them to finance the purchase of properties located in or near Paterson, New Jersey. Before making these loans, the Lenders evaluated whether the buyers satisfied the Lenders' income, credit eligibility, and down payment requirements, among other things, to obtain financing needed to purchase the properties. The Lenders performed their evaluations by reviewing the financial representations set forth in Uniform Residential Loan Applications, which G.C., A.M., and others prepared and caused to be submitted to the Lenders. Once the

Lenders approved the loans, they initiated electronic wire transfers of monies from their banks to the W.C. Attorney Trust Account.

### THE CONSPIRACY

4. From in or about June 2002 through in or about February 2005, in Bergen and Passaic Counties, in the District of New Jersey, and elsewhere, defendant

#### **FRANK CORALLO**

knowingly and willfully conspired with others to commit an offense against the United States, namely, to devise a scheme and artifice to defraud and obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, which scheme and artifice was in substance and in part as set forth below, and for the purpose of executing such scheme and artifice, to transmit and cause to be transmitted by means of wire communications in interstate commerce certain writings, signs, signals, pictures, and sounds, contrary to 18 U.S.C. § 1343.

### OBJECT OF THE CONSPIRACY

5. The object of the conspiracy was to profit from the sale of residential real estate at inflated prices by causing loan applications and related documents to be falsified in order to obtain mortgage loans for unqualified buyers.

### MANNER AND MEANS OF THE CONSPIRACY

6. Among the means and methods employed by **defendant FRANK CORALLO** and his coconspirators to carry out the conspiracy and effect the unlawful object set forth above were those set forth in paragraphs 7 through 30 below.

7. **Eliasof** arranged to sell properties owned by N.B., R.D.2, and F.U. in or near Paterson, New Jersey ("**the Paterson Properties**"), to buyers, many of whom

were not sophisticated real estate investors and had inadequate financial resources to qualify for mortgage loans for the purchase of the Paterson Properties.

**A. RECRUITING BUYERS FOR THE PATERSON PROPERTIES**

8. Eliasof, along with Morrobel, R.D.1, Bradley, and others, recruited buyers to apply for mortgage loans that would enable the buyers to purchase the Paterson Properties at inflated prices.

9. Eliasof, Morrobel, R.D.1, Bradley, and others promised the buyers that, in exchange for purchasing the properties in their names, the buyers would receive monthly cash payments and a percentage of future sales profits.

10. Eliasof, G.C., A.M., and others induced the buyers to purchase the Paterson Properties by telling them that they would need to neither pay deposits or closing costs to acquire the properties nor make monthly mortgage payments after they owned the properties.

**B. MEETINGS AT THE FORUM DINER**

11. Eliasof, Morrobel, R.D.1, Bradley, and others directed multiple buyers to visit the Forum Diner, located in or near Paramus, New Jersey, in groups and wait their turn to sign sales contracts and mortgage loan applications for the Paterson Properties, which the buyers had often not previously seen.

12. Eliasof, G.C., and A.M. further induced the buyers to purchase the Paterson Properties by representing that a management company, either MGE Investments or Renhops, would locate tenants, collect rents, and make the required mortgage payments to the Lenders.

13. When completing the fraudulent sales and loan paperwork for the buyers, the coconspirators set inflated prices for the Paterson Properties, sometimes exceeding

400% more than what N.B., R.D.2, or F.U. had paid to acquire the properties months or, in some cases, days earlier.

14. In completing the buyers' mortgage loan applications, G.C. and A.M. attributed to the buyers inflated incomes, false bank account balances, fake sales contract deposits, and fictitious assets.

15. **Defendant FRANK CORALLO**, G.C., and A.M. falsely indicated on the buyers' mortgage loan applications that the Paterson Properties would be owner-occupied, rather than investment properties as explained to the buyers by Eliasof, Morrobel, R.D.1, Bradley, and others.

**C. PREPARING DOCUMENTS FOR THE LENDERS**

16. Eliasof, R.D.1, Bradley, and others caused repairs to be made to the Paterson Properties, so that the homes would appear habitable to appraisers and prospective tenants.

17. Eliasof and G.C. instructed Ottaviano to generate inflated appraisal reports for the Paterson Properties.

18. Ottaviano completed the inflated appraisal reports by forging the signature of R.M., an unwitting licensed New Jersey real estate appraiser, thereby attesting to the accuracy of the reports.

19. In order to enhance the buyers' creditworthiness for consideration by the Lenders, **defendant FRANK CORALLO**, R.D.1, Bradley, and others generated false verifications of employment, false verifications of rent, and false income verifications for buyers of the Paterson Properties.

20. Acting as the closing attorney, W.C. issued fraudulent letters to the Lenders attesting that he had purportedly received from the buyers substantial deposits

that were being held in escrow for the purchases of the Paterson Properties, when no such deposits had actually been received (“**the Attorney Escrow Letters**”).

21. Defendant **FRANK CORALLO**, G.C., and A.M. caused the fraudulent sales contracts, mortgage loan applications, appraisal reports, Attorney Escrow Letters, verifications of employment, verifications of rent, income verifications, and related documents to be provided to the Lenders, who relied upon these documents in determining whether to approve the buyers for mortgage loans to finance the purchase of the Paterson Properties.

**D. CLOSINGS AT THE LAW OFFICE OF W.C.**

22. Even though many of the buyers never saw the Paterson Properties prior to purchasing them, Eliasof, Morrobel, R.D.1, Bradley, and others directed the buyers to attend closings at W.C.’s law office (“**the Paterson Properties Closings**”).

23. W.C. directed his legal assistant Gebbia to prepare documents for the Paterson Properties Closings, including:

- a. Form HUD-1 Settlement Statements reflecting buyers’ deposits and sellers’ concessions that had never actually been made;
- b. Checks drawn upon the W.C. Attorney Trust Account that were signed by W.C. and distributed to certain coconspirators as proceeds of the scheme; and
- c. Fraudulent property management agreements between the buyers and Renhops that were prepared by W.C.

24. In situations where the buyers were required to have “cash to close” in order to complete the Paterson Properties Closings, W.C. accepted checks from Eliasof



to cover the buyers' closing costs and deposited these checks into the W.C. Attorney Trust Account.

25. After approving the mortgage loans, the Lenders caused electronic wire transfers of monies to be sent to the W.C. Attorney Trust Account, representing the proceeds of the new mortgage loans for the buyers' purchases of the Paterson Properties. For example:

a. on or about May 24, 2004, Argent Mortgage Co. ("**Argent**") transferred approximately \$279,285 by wire from a bank account outside of New Jersey into the W.C. Attorney Trust Account in connection with the purchase of a property located at 113 Straight Street in Paterson, New Jersey;

b. on or about June 2, 2004, Argent transferred approximately \$262,762 by wire from a bank account outside of New Jersey into the W.C. Attorney Trust Account in connection with the purchase of a property located at 98 Warren Street in Paterson, New Jersey; and

c. on or about June 23, 2004, Argent transferred approximately \$191,779 by wire from a bank account outside of New Jersey into the W.C. Attorney Trust Account in connection with the purchase of a property located at 318 Van Houghton Street in Paterson, New Jersey.

26. W.C. distributed the proceeds of the scheme to certain coconspirators, including Eliasof, by issuing checks from the W.C. Attorney Trust Account.

27. Using cash and checks, Eliasof paid kickbacks to G.C., W.C., A.M., R.D.1, and Bradley.

**E. CERTAIN PATERSON PROPERTIES ARE RESOLD**

28. Paterson Management and Renhops failed to keep current with the monthly mortgage payments due to the Lenders for the Paterson Properties, causing most of these mortgage loans to fall into default.

29. For certain Paterson Properties where the mortgage loans were in default, the coconspirators arranged to resell them to other unsophisticated buyers.

30. When reselling these Paterson Properties, the coconspirators further inflated the prices and arranged for new fraudulent mortgage loans to be funded by other unwitting Lenders.

**OVERT ACTS**

31. In furtherance of the conspiracy and to effect its unlawful object, **defendant FRANK CORALLO** and his coconspirators committed, and caused to be committed, the following overt act in the District of New Jersey and elsewhere:

a. On or about June 29, 2004, **defendant FRANK CORALLO** faxed to Bradley a request for false verifications of rent for K.S., M.B., and J.S., the buyers of certain of the Paterson Properties.

In violation of 18 U.S.C. § 371.

  
CHRISTOPHER J. CHRISTIE  
UNITED STATES ATTORNEY

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District of New Jersey

UNITED STATES OF AMERICA

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FRANK CORALLO

INFORMATION CHARGING  
VIOLATION OF

18 U.S.C. § 371

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973-297-2002