

2009R00773/BV

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Crim. No.: <u>12-775</u>
	:	
v.	:	Hon. <u>Kevin McNulty</u>
	:	
	:	Title 18, United States Code,
FREDERICK "FREDDIE" P. GRIPPO	:	Section 1349

INFORMATION

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

COUNT 1
(Conspiracy to Commit Wire Fraud)

THE DEFENDANT, COCONSPIRATORS AND RELATED BUSINESS ENTITIES

1. At various times relevant to this Information:

a. Coconspirator V.G. arranged and orchestrated real estate transactions as well as mortgage loans associated with those transactions. His base of operations and the address of the business entities through which he carried on his activities was an office on South Holmdel Road in Holmdel, New Jersey.

b. Defendant FREDERICK "FREDDIE" P. GRIPPO ("FREDDIE GRIPPO"), a resident of Old Bridge, New Jersey, worked as a loan officer at Worldwide Financial Resources, a New Jersey-based mortgage origination company located in Morganville ("Worldwide Financial"), and at its affiliate, the Great American Mortgage Corporation.

c. Morgan Financial Equity Shares ("Morgan Financial"), located at the South Holmdel Road address, was described on its letterhead as being in the business of providing

“financial relief for homeowners” and “equity sharing for investors.” Coconspirator V.G. was the president of Morgan Financial, and he used Morgan Financial as the business entity through which he purported to offer foreclosure rescue services.

d. Vanick Holdings Corp., a/k/a Vanick Holdings LLC, a/k/a Vanick Property Management, a/k/a Vanick Holdings LLC Management, a/k/a Vanick Holdings LLC Property Management (“Vanick”) had several addresses listed for it, including coconspirator V.G.’s home address in Jackson and the South Holmdel Road address. Coconspirator V.G. described Vanick as the property management company for Morgan Financial. Coconspirator V.G. and defendant FREDDIE GRIPPO each were identified as officers of Vanick.

e. Jandever, a/k/a Jandever 1031 (“Jandever”), was another business that listed the South Holmdel Road address as its New Jersey address. Coconspirator V.G. controlled Jandever and used its bank accounts in connection with his purported foreclosure rescue business.

THE CONSPIRACY

2. From at least in or about January 2008 to in or about February 2010, in the District of New Jersey and elsewhere, defendant

FREDERICK “FREDDIE” P. GRIPPO

did knowingly and intentionally conspire and agree with coconspirator V.G. and others to devise a scheme and artifice to defraud mortgage lenders and to obtain money or property from them by means of materially false and fraudulent pretenses, representations, and promises, and, for the purpose of executing the 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 Title 18, United States Code, Section 1343.

OBJECT OF THE CONSPIRACY

3. The object of the conspiracy was to profit from arranging fraudulent mortgage loans on properties whose initial owners had been induced to participate in the Equity Share Program and to divert funds related to those mortgage loans for personal use.

MANNER AND MEANS OF THE CONSPIRACY

4. At all times relevant to this Information, coconspirator V.G. and defendant FREDDIE GRIPPO arranged real estate transactions involving the homes of homeowners in financial distress who were financially unsophisticated and/or who had a poor command of English. The purpose of these transactions was to obtain new mortgage loans on the properties and then coconspirator V.G. and defendant FREDDIE GRIPPO would distribute the proceeds of the loans among themselves and their associates.

5. Coconspirator V.G. held himself out as someone operating businesses that could assist homeowners in distress by providing new financing so as to help them avoid losing a home to foreclosure or to help them recover from some type of financial trauma, such as, for example, that caused by a house fire.

6. Coconspirator V.G. touted an "Equity Share Program" that was offered by Morgan Financial, which purportedly would help homeowners in distress to keep their homes.

7. As represented by coconspirator V.G., the Equity Share Program involved the creation of a limited liability company ("LLC") for the house originally owned by the homeowner in distress. The homeowner in distress purportedly would own 90% of the LLC, with 5% owned by Morgan Financial, and 5% owned by an individual referred to as an "investor."

8. In reality, the “investor” invested nothing and instead was a straw buyer whom defendant FREDDIE GRIPPO or coconspirator V.G. had recruited. Using the name of the “investor,” coconspirator V.G. and defendant FREDDIE GRIPPO applied for a new mortgage loan in an amount exceeding the original homeowner’s existing mortgage loan.

9. The new mortgage loan application that defendant FREDDIE GRIPPO and/or coconspirator V.G. created in the name of the “investor” contained materially false information. For example, the “investor’s” purported residence, income, assets and employment listed on the loan application were often false.

10. At the closing arranged by coconspirator V.G., the homeowner in distress was given a stack of documents to sign, by the execution of which documents title to the homeowner’s home was transferred from the homeowner to the “investor.” In most cases, the homeowners in distress were not aware of and did not understand that they were transferring title in their homes to another person or entity.

11. Coconspirator V.G. instructed the homeowners in distress to make monthly payments to Vanick, which the homeowners believed were mortgage payments. Coconspirator V.G. forwarded some of the monthly payments to the financial institution holding the new mortgage loan and diverted the other payments to his personal use and to the use of defendant FREDDIE GRIPPO. Due to the missed regular loan payments, the mortgage loans often resulted in foreclosure.

12. In all, defendant FREDDIE GRIPPO and coconspirator V.G. orchestrated more than ten fraudulent real estate transactions and mortgage loans related to those transactions, including the following properties:

a. Mountain Way, Rutherford, New Jersey

i. In or about October 2008, coconspirator V.G. induced Z.M., a homeowner in distress who was the co-owner with his then-partner of a home on Mountain Way in Rutherford, New Jersey, to participate in Morgan Financial's Equity Share Program. Z.M. had immigrated to the United States as an adult and had a poor command of English. Z.M.'s home had been gutted by fire and water damage in 2005, and the cost of repairing the damage was only partially covered by fire insurance. Seeking to complete repairs in 2008, Z.M. sought approximately \$50,000 in new financing.

ii. In or about October 2008, defendant FREDDIE GRIPPO and coconspirator V.G. recruited D.D. to serve as the "investor" for a new mortgage loan premised on the "sale" of the Mountain Way property from distressed homeowner Z.M. to D.D.

iii. In or about October 2008, defendant FREDDIE GRIPPO and coconspirator V.G. prepared or caused to be prepared a loan application for approximately \$558,750 in D.D.'s name. The income, assets, and residence information listed on that application for D.D. were fictitious.

iv. In or about October 2008, defendant FREDDIE GRIPPO processed the loan application in the name of D.D. and caused it to be approved by Worldwide Financial. In approving the loan, Worldwide Financial relied at least in part on the false statements contained in the application. After fees and other expenses, the loan netted \$539,786.

v. On or about October 31, 2008, coconspirator V.G. induced Z.M. to sign a stack of documents that Z.M. thought related to a new mortgage loan provided by Morgan Financial but whose execution instead transferred title to the Mountain Way property from Z.M.

to D.D.

vi. On or about November 4, 2008, defendant FREDDIE GRIPPO and coconspirator V.G. caused Westbound Bank in Texas to send a wire transfer in the amount of approximately \$539,786 to an account in New Jersey at TD Bank held by Quick Title Search, LLC, the settlement agent for the closing involving the Mountain Way property.

vii. In or about November 2008, coconspirator V.G. instructed the settlement agent for the mortgage loan on Mountain Way to disburse \$205,906 to a Jandever bank account that coconspirator V.G. controlled. Z.M. received \$50,000 of that amount, and defendant FREDDIE GRIPPO, conspirator V.G. as well as their associates received the balance.

viii. In and after November 2008, Z.M. made a number of monthly payments to Vanick that he thought were mortgage payments on his new loan. He stopped making such payments when he came to realize that he no longer owned the Mountain Way home. That property has since gone into foreclosure.

b. Bordentown Turnpike, Monroe, New Jersey

i. In or about November 2008, an employee of conspirator V.G. induced F.L. and his wife D.L., co-owners with F.L.'s mother of a home on Bordentown Turnpike in Monroe, New Jersey, to participate in the Morgan Financial Equity Share Program. F.L. and D.L. were homeowners in distress who were behind on their mortgage payments because of a job loss.

ii. In or about November 2008, defendant FREDDIE GRIPPO recruited B.G. to serve as the "investor" for a new mortgage loan premised on the "sale" of the Bordentown Turnpike property from F.L. and D.L. to B.G.

iii. In or about November 2008, defendant FREDDIE GRIPPO and coconspirator V.G. created or caused to be created a loan application for \$386,250 in B.G.'s name. The income, assets and residence information listed for B.G. on the application were fictitious.

iv. In or about November 2008, defendant FREDDIE GRIPPO processed the loan application for approximately \$386,250 and caused it to be approved by Worldwide Financial so that after fees and other expenses the loan would net approximately \$372,476. In approving the loan, Worldwide Financial relied at least in part on the false statements contained in the loan application.

v. On or about November 26, 2008, coconspirator V.G. and his agent or agents induced F.L. and D.L. to sign a stack of documents that F.L. and D.L. thought were related to a new mortgage loan provided by Morgan Financial but whose execution instead transferred title to the Bordentown Turnpike property from them to B.G.

vi. On or about November 26, 2008, defendant FREDDIE GRIPPO and coconspirator V.G. caused Westbound Bank in Texas to send a wire transfer in the amount of \$372,476 to an account in New Jersey at TD Bank held by Quick Title Search, LLC, the settlement agent for the closing involving the Bordentown Turnpike property.

vii. In or about November 2008, coconspirator V.G. instructed the settlement agent handling the \$372,476 net amount of the mortgage loan to disburse \$59,361 of that loan amount to a Jandever bank account coconspirator V.G. controlled. Coconspirator V.G. then caused distributions of that amount to be made to himself, defendant FREDDIE GRIPPO and others.

viii. The home on Bordentown Turnpike subsequently went into foreclosure.

c. St. Johns Place, Brooklyn, New York

i. In or about February 2009, coconspirator V.G. induced J.R., a homeowner in distress who owned a home on St. Johns Place in Brooklyn and who had fallen behind in her mortgage payments, to participate in the Morgan Financial Equity Share Program.

ii. In or about February 2009, defendant FREDDIE GRIPPO and coconspirator V.G. created a fictitious "investor" named "J.M." to be the nominal applicant on a new mortgage loan premised on the "sale" of the St. Johns Place property from J.R. to "J.M."

iii. In or about February 2009, defendant FREDDIE GRIPPO and coconspirator V.G. prepared or caused to be prepared a loan application for \$489,300 in "J.M.'s" name in which the name of the purported borrower as well as the listed income, assets and residence information were completely fictitious.

iv. In or about February 2009, defendant FREDDIE GRIPPO processed the loan application for \$489,300 and caused it to be approved by Worldwide Financial so that after fees and other expenses the loan would net \$471,067. In approving the loan, Worldwide Finance relied at least in part on the false information in the loan application.

v. On or about February 28, 2009, coconspirator V.G. induced J.R. to sign a stack of documents that J.R. thought related to a new mortgage loan provided by Morgan Financial but whose execution instead transferred title to the St. Johns Place property from J.R. to "J.M."

vi. On or about March 3, 2009, defendant FREDDIE GRIPPO and

coconspirator V.G. caused Westbound Bank in Texas to send a wire transfer in the amount of \$471,067 to an account in New Jersey at TD Bank held by Quick Title Search, LLC, the settlement agent for the closing involving the St. Johns Place property.

vii. In or about February 2009, coconspirator V.G. instructed the settlement agent handling the \$471,067 mortgage loan to disburse \$72,622 of that loan amount to a Jandever bank account, which resulted in distributions to coconspirator V.G., Vanick, Jandever and others.

viii. In or after March 2009, J.R. made a number of monthly payments to Vanick that she thought were mortgage payments on her new loan. She stopped making such payments when she came to realize that she no longer owned the home on St. Johns Place. That property subsequently went into foreclosure.

13. As a result of the above fraudulent and conspiratorial acts, defendant FREDDIE GRIPPO and coconspirator V.G. arranged to obtain and then control the distribution of mortgage loans totaling approximately \$4.4 million; financial institutions have suffered and will continue to suffer losses caused by those loans; and homeowners unknowingly lost title to the homes they believed were being saved from foreclosure.

In violation of Title 18, United States Code, Section 1349.

FORFEITURE ALLEGATION

1. The allegations contained in this Information are hereby realleged and incorporated by reference for the purpose of noticing forfeiture pursuant to Title 18, United States Code, Section 982.

2. Upon conviction of the offense set forth in this Information, the defendant,

FREDERICK "FREDDIE" P. GRIPPO,

shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 982(a)(2)(A), all property, real or personal, constituting, or derived from, proceeds the defendant obtained directly or indirectly as the result of a violation of Title 18, United States Code, Section 1349, including, but not limited to, a sum of money equal to at least \$1,319,721 in United States currency, as to which the defendant shall be jointly and severally liable with any and all other defendants.

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

(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 divided without

difficulty, it is the intent of the United States, pursuant to Title 21, United States Code, Section 853, to seek forfeiture of any other property of the defendant up to the value of the forfeitable

property described in this forfeiture allegation.



PAUL J. FISHMAN
United States Attorney