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Christopher S. Porrino, Attorney General

Division of Criminal Justice
Elie Honig, Director

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For Further Information Contact:
Peter Aseltine (609) 292-4791

TWO ARRESTED ON FIRST-DEGREE CHARGES FOR ALLEGEDLY STEALING NEARLY \$1 MILLION IN ELABORATE IDENTITY THEFT AND MORTGAGE FRAUD SCHEME
Third defendant sought as fugitive in investigation by NJ Attorney General's Office, ICE Homeland Security Investigations, U.S. Postal Inspection Service and Federal Housing Finance Agency OIG

TRENTON –Attorney General Christopher S. Porrino announced that a man and a woman were arrested today on first-degree charges for allegedly carrying out an elaborate identity theft and mortgage fraud scheme in which they stole nearly \$1 million from various lenders. Another man who allegedly participated in the criminal scheme is being sought as a fugitive.

These two defendants were arrested today on charges of first-degree money laundering, first-degree conspiracy, second-degree identity theft and second-degree theft by deception:

- **Artis Hunter**, 49, of Union Township, N.J., the alleged ringleader, and
- **Melissa Phillip**, 41, of West Orange, N.J.

The third defendant, **Laquan Jones**, 42, of Newark, N.J., is being sought on an arrest warrant on the same charges. Bail has been set at \$500,000 for Hunter, and \$250,000 for Phillip. Investigators executed search warrants at Hunter's home in Union and a second home in Hillside, N.J., seizing computers, phones, additional electronic equipment, documents and other potential evidence.

The arrests are the result of an ongoing investigation led by the New Jersey Attorney General's Office, ICE Homeland Security Investigations, the U.S. Postal Inspection Service, and the Federal Housing Finance Agency Office of Inspector General (FHFA-OIG). They were assisted by U.S. Customs and Border Protection and the U.S. Postal Service Office of Inspector General. The defendants will be prosecuted by the New Jersey Division of Criminal Justice Financial & Computer Crimes Bureau, within the Attorney General's Office.

The defendants and additional unidentified co-conspirators allegedly used stolen identities to steal more than \$930,000 from lenders through at least eight fraudulent loan transactions, including four mortgage loans, three home equity lines of credit (HELOCs), and one car loan. The defendants allegedly used stolen or fictitious identities not only for the borrowers, but for numerous other persons and businesses connected to the transactions. They created all of the hallmarks of a legitimate residential loan transaction by using stolen and fictitious identities to fill all of the required roles: seller, attorneys, settlement agent, title agent, homeowner's insurance company, notary and other parties. The loan applications contained many falsified documents, including closing documents, wire transfer documents and title insurance documents, all of which were purportedly witnessed, prepared or reviewed by parties and professionals who, in fact, either did not exist or had no knowledge of the transactions.

By creating the illusion of a legitimate transaction, the defendants allegedly deceived unsuspecting lenders into processing the fraudulent loan applications. Once the loan was approved, the victim-lender disbursed the loan proceeds – in the case of the mortgage loans, amounts ranging from \$196,000 to \$230,000 – to a bank account opened in the fictitious or stolen name of a title company or law firm. At that point, the defendants or other co-conspirators allegedly withdrew the loan proceeds by visiting ATMs and bank branches in New Jersey to make numerous and frequent withdrawals. The withdrawals occurred over a period of time ranging from several weeks to several months until the entire amount stolen from the lender was withdrawn. Frequently, participants allegedly withdrew several thousand dollars from various ATMs or bank offices in a single day. The scheme dates back to at least 2010.

The owners of the homes connected to the loans were never really parties to the transactions, and with respect to the mortgage loans, none of the homes were actually sold. The defendants allegedly established virtual offices for certain individuals and businesses purportedly involved in the loan transactions by setting up dozens of phone numbers, email addresses, fax numbers, websites and mail drop addresses. They allegedly took these steps to maintain the appearance that lawyers, employers, borrowers, sellers, settlement agents, title insurance companies, homeowner's insurance companies, notaries and other persons were actively involved in legitimate lending transactions.

“We allege that these defendants were prolific in their criminal scheme, stealing nearly one million dollars from lenders by using stolen or fictitious identities to stage loan closings that were almost entirely illusory,” said Attorney General Porrino. “With these arrests, we’ve put an end to their costly tricks.”

“Mortgage loans are a tempting target for con artists because so much money is at stake and because lenders often conduct loan closings remotely, relying on electronic communications and paper,” said Director Elie Honig of the Division of Criminal Justice. “I commend the state and federal investigators who handled this complex case and untangled the web of deception allegedly woven by the defendants.”

“Identifying mortgage fraud and its use of various illegal schemes involving some type of misrepresentation or misstatement on mortgage documents for housing or a profit is a priority of this office. One could only hope today’s arrests send a clear warning to deter others from committing such an act,” said Special Agent in Charge Terence S. Opiola of U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI) in Newark.

“Identity theft schemes pose an insidious threat to the taxpaying public and, in this case, to the assets of Fannie Mae,” said Steven Perez, Special Agent in Charge at the Federal Housing Finance Agency OIG Northeast Region. “The schemes uncovered during this investigation were well planned and complex. However, as today’s charges demonstrate, FHFA-OIG remains strongly committed to collaborating with our law enforcement partners to combat this type of fraud by investigating, identifying and prosecuting those responsible.”

The fraudulent mortgage loan applications related to residential properties in Franklin Township, Edison, Woodbridge and Franklin Park, N.J. The HELOCs related to two properties in Elizabeth and one in Plainfield. The car loan was for a 2012 BMW 3 Series.

Detective James L. Gallo, Senior Special Agent Robert W. Manchak of FHFA-OIG (who is on assignment to the Division of Criminal Justice), Deputy Attorney General Anthony P. Torntore, and former Deputy Attorney General TJ Harker, have conducted the investigation for the Division of Criminal Justice Financial & Computer Crimes Bureau, under the supervision of Sgt. James P. Scott and Bureau Chief Michael A. Monahan. Special Agent Christopher Ferrari of ICE Homeland Security Investigations and Postal Inspector Brian MacDonald were the lead investigators for their agencies.

Attorney General Porrino commended all of the agents and inspectors who handled the investigation for ICE Homeland Security Investigations, the U.S. Postal Inspection Service, the Federal Housing Finance Agency OIG, U.S. Customs and Border Protection and the U.S. Postal Service OIG.

First-degree money laundering carries a sentence of 10 to 20 years in state prison, including a mandatory period of parole ineligibility equal to one-third to one-half of the sentence imposed, and a fine of up to \$500,000. The first-degree conspiracy charge carries a sentence of 10 to 20 years in state prison and a fine of up to \$250,000. Second-degree crimes carry a sentence of five to 10 years in state prison and a fine of up to \$150,000.

The complaints filed against the defendants are merely accusations and they are presumed innocent until proven guilty. Because they are indictable offenses, the charges will be presented to a grand jury for potential indictment.

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