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**JURY CONVICTS FORMER GMAC AND COUNTRYWIDE LOAN OFFICER AND
FORMER NEW YORK CORRECTIONS OFFICER ON MORTGAGE FRAUD CHARGES**

NEW HAVEN, Conn. – A federal jury has convicted two men for their roles in an extensive mortgage fraud scheme arising from the fraudulent purchases of more than 40 properties in New Haven, U.S. Attorney Paul J. Fishman, District of New Jersey, announced today.

Andrew Constantinou, of Unionville, Conn., and Jacques Kelly, of Poughkeepsie, N.Y., were convicted on April 18, 2014, of all counts charged in the indictment following a three-week trial before Chief U.S. District Judge Janet C. Hall. The jury found both men guilty of conspiracy to commit mail, wire, and bank fraud. The jury also found Kelly guilty of one count of wire fraud and one count of making a false statement to a financial institution.

According to documents filed in this case and the evidence at trial:

From 2006 to 2008, Constantinou, Kelly, and others, including Menachem Yosef Levitin, Ronald Hutchison, Charles Lesser, Jeffrey Weisman, Genevieve Salvatore, Bradford Rieger, Lawrence Dressler, and Kwame Nkrumah, conspired to defraud mortgage lenders of millions of dollars of mortgage proceeds by inflating the contract price that the sellers of the properties had actually agreed to accept. The scheme involved multi-family properties in New Haven.

The lower sale price, which ranged from approximately \$30,000 to \$145,000 less than the contract price, was not disclosed to the lenders from which the buyers obtained financing to purchase the properties. In most of the fraudulent transactions, the buyers did not make any deposits or down payments. Constantinou, Kelly and their conspirators used some of the fraudulently obtained mortgage proceeds to cover the down payments and deposits. At or shortly after a closing, the borrowers would often receive thousands to tens of thousands of dollars in cash back, although these payments were not disclosed to the lender.

Constantinou, Kelly and their conspirators submitted to mortgage lenders false HUD-1 forms that often did not match another, undisclosed HUD-1 form that was actually used to disburse the fraudulently obtained proceeds at the closing. As a result of the submission of the false HUD-1 forms and other false documentation in support of the loan, including fictitious leases and false information about the borrower's assets and liabilities, the mortgage lenders would issue mortgages based on the inflated sales price.

Constantinou, 57, was a loan officer at GMAC Mortgage from 2006 to 2007 and at

Countrywide Home Loans from 2007 to 2008. He submitted and received commissions from fraudulent loans as part of the scheme without disclosing the existence of inflated contract prices, secret contract addenda that contained large repair credits, false leases, and other false documentation. Constantinou worked with an unindicted conspirator, who was a licensed mortgage broker, to originate additional loans as part of the conspiracy.

Kelly, 48, was a corrections officer for the Westchester County Department of Corrections in New York. From December 2006 to May 2007, Kelly purchased eight multi-family properties in New Haven and attempted to purchase a ninth property. He paid no money to purchase the properties and received more than \$56,000 from his closings. Kelly also made a fraudulent sale of a New Haven property he owned to conspirator Hutchison in September 2006, but for which Hutchison paid no money at closing.

Nearly all of the properties purchased as part of this conspiracy went into default and have been foreclosed upon, causing losses of more than \$7 million to lenders.

Constantinou faces a maximum potential penalty of 30 years in prison; his sentencing is scheduled for July 15, 2014. He has been free on bond since Feb. 25, 2013. Kelly faces a maximum potential penalty of 30 years for conspiracy, 20 years for wire fraud and 30 years for making a false statement; his sentencing is scheduled for July 14, 2014. Kelly has been free on bond since Oct. 6, 2011.

Ten defendants have been charged and convicted for their participation in this mortgage fraud conspiracy, including two loan officers, four attorneys, and a real estate agent. Salvatore, Rieger, Dressler, and Nkrumah have previously been sentenced. Levitin, Hutchison, Lesser, and Weisman each await sentencing.

U.S. Attorney Fishman credited the FBI, the U.S. Postal Inspection Service, the U.S. Department of Housing and Urban Development – Office of Inspector General, and the Federal Housing Finance Agency – Office of Inspector General, which identified multiple Fannie Mae and Freddie Mac loans that went into foreclosure, for the investigation leading to the guilty verdicts.

The government is represented in the criminal cases by Assistant U.S. Attorney David T. Huang and Special Assistant U.S. Attorney John McReynolds of the U.S. Attorney's Office, District of Connecticut; the parallel civil forfeiture cases are being handled by Assistant U.S. Attorney Julie G. Turbert, U.S. Attorney's Office, District of Connecticut. The U.S. Attorney for the District of New Jersey has been overseeing the case because of the recusal of the U.S. Attorney's Office for the District of Connecticut.

To report financial fraud crimes, and to learn more about the President's Financial Fraud Enforcement Task Force, please visit www.stopfraud.gov.

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