



*United States Attorney  
District of New Jersey*



FOR IMMEDIATE RELEASE  
May 28, 2015  
[www.justice.gov/usao/nj](http://www.justice.gov/usao/nj)

CONTACT: Matthew Reilly  
Office of Public Affairs  
(973) 645-2888

**FORMER LOAN OFFICER ADMITS ROLE IN \$6 MILLION MORTGAGE  
FRAUD SCHEME**

NEWARK N.J. – A Jackson, New Jersey, man today admitted his role in a large-scale mortgage fraud scheme that used phony documents and straw buyers to acquire over \$6 million in loans, U.S. Attorney Paul J. Fishman announced.

Joseph DiValli, 46, pleaded guilty before U.S. District Judge Susan D. Wigenton in Newark federal court to a superseding information charging him with one count of conspiracy to commit wire fraud, one count of wire fraud and one count of tax evasion.

According to documents filed in this case and statements made in court:

From March 2011 through November 2012, DiValli and other conspirators agreed to fraudulently obtain mortgage loans for properties located in North Jersey. After recruiting “straw buyers” to purchase the properties, DiValli and others submitted false and fraudulent loan applications and supporting documents so the straw buyers could qualify for the loans. DiValli and others also used another conspirator, who worked at a bank, to create misleading certifications showing certain bank accounts held more money than they actually had. DiValli and other conspirators also submitted false appraisal reports, back-dated deeds and used unlicensed title agents to close transactions and disburse the mortgage proceeds.

As a loan officer for a North Jersey mortgage lender, DiValli facilitated some of these fraudulent transactions, including a \$244,855.26 mortgage on a property located on Smith Street in Elizabeth, New Jersey. Overall, the scheme induced lenders to issue more than \$6 million in loans, resulting in several defaults and exposing lenders and the Federal Housing Administration (FHA) to more than \$2 million in potential losses.

DiValli also admitted using a separate scheme to modify the mortgage on his personal residence. From March 2011 through June 2012, DiValli used false payroll ledgers and earnings statements to deceive a loan officer into believing that his net earnings were lower than his actual income level.

DiValli also admitted receiving income of more than \$450,000 in 2012. In order to avoid taxes of \$79,000, DiValli failed to file taxes for 2012 and cashed his paychecks at a check-cashing facility to conceal his income.

The wire fraud and conspiracy counts to which DiValli pleaded guilty are each punishable by a maximum potential penalty of 30 years in prison and a \$1,000,000 fine. The tax evasion count is punishable by a maximum potential penalty of five years in prison and a \$250,000 fine. Sentencing is scheduled for Sept. 9, 2015.

U .S. Attorney Fishman credited law enforcement agents of the FBI Newark Mortgage Fraud Task Force, under the direction of Special Agent in Charge Richard M. Frankel; postal inspectors of the U.S. Postal Inspection Service, under the direction of Inspector in Charge Maria L. Kelokates; special agents of the U.S. Department of Housing and Urban Development, Office of Inspector General, under the direction of Special Agent in Charge Christina Scaringi; special agents of the Federal Housing Finance Agency, Office of Inspector General, under the direction of Special Agent in Charge Steven Perez; 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; special agents of IRS–Criminal Investigation, under the direction of Special Agent in Charge Jonathan D. Larsen; and the Hudson County Prosecutor’s Office, under the direction of Acting Prosecutor Gaetano Gregory, for their roles in the investigation leading to today’s plea.

The government is represented by Assistant U.S. Attorneys Lakshmi Srinivasan Herman and Andrew Kogan of the U.S. Attorney’s Office Economic Crimes Unit in Newark, as well as Barbara Ward, Acting Chief of the office’s Asset Forfeiture and Money Laundering Unit.

This case was brought in coordination with President Barack Obama’s Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. Attorneys’ offices and state and local partners, it’s the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets and conducting outreach to the public, victims, financial institutions and other organizations. Over the past three fiscal years, the Justice Department has filed nearly 10,000 financial fraud cases against nearly 15,000 defendants including more than 2,900 mortgage fraud defendants. For more information on the task force, please visit [www.stopfraud.gov](http://www.stopfraud.gov)

15-197

###

Defense counsel: Michael A. Koribanics Esq. Clifton, New Jersey