



*United States Attorney  
District of New Jersey*

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**FORMER LOAN OFFICER SENTENCED TO 18 MONTHS IN PRISON FOR ROLE IN  
\$6 MILLION MORTGAGE FRAUD SCHEME**

NEWARK, N.J. – A Jackson, New Jersey, man was sentenced today to 18 months in prison for his role in a large-scale mortgage fraud scheme that used phony documents and straw buyers to acquire more than \$6 million in loans, U.S. Attorney Craig Carpenito announced.

Joseph DiValli previously pleaded guilty before U.S. District Judge Susan D. Wigenton 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. Judge Wigenton imposed the sentence today in Newark federal court.

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, backdated 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.

In addition to the prison term, Judge Wigenton sentenced DiValli to three years of supervised release and ordered to pay restitution of \$2,322,045.

U .S. Attorney Carpenito credited law enforcement agents of the FBI Newark Mortgage Fraud Task Force, under the direction of Special Agent in Charge Gregory W. Ehrie; postal inspectors of the U.S. Postal Inspection Service, under the direction of Acting Inspector in Charge Ruth M. Mendonca; 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 Goldsmith Romero; special agents of IRS–Criminal Investigation, under the direction of Acting Special Agent in Charge Bryant Jackson; and the Hudson County Prosecutor’s Office, under the direction of Prosecutor Esther Suarez, for the investigation leading to today’s sentencing.

The government is represented by Assistant U.S. Attorneys Lakshmi Srinivasan Herman of the National Security Unit, Andrew Kogan of the Cyber Unit, and Senior Litigation Counsel Barbara Ward of the Asset Recovery and Money Laundering Unit.

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