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District of New Jersey***

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**FORMER CORRECTIONS OFFICER SENTENCED TO
28 MONTHS IN PRISON IN PRISON FOR ROLE IN MORTGAGE FRAUD
CONSPIRACY THAT CAUSED \$7 MILLION IN LOSSES TO LENDERS**

NEW HAVEN, Conn. – A former corrections officer was sentenced today to 28 months in prison for his role in a mortgage fraud scheme arising from the purchases of more than 50 properties in New Haven, U.S. Attorney Paul J. Fishman announced today.

Ronald Hutchison Jr., 52, of Hopewell Junction, New York, previously pleaded guilty on Jan.10, 2012, to an indictment charging him with conspiracy to commit mail and wire fraud. Chief U.S. District Judge Janet C. Hall imposed the sentence today in New Haven federal court.

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

From 2006 to 2008, Hutchison and others 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. Hutchison and his 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.

Hutchison and his 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.

Hutchison was a corrections officer at the Westchester County, New York, Department of Corrections from 1989 to 2011. He purchased 13 properties himself and recruited his co-workers who purchased an additional 40 properties. All of the purchases were made without disclosing the existence of inflated contract prices, secret contract addenda that contained large repair credits, false leases, and other false documentation. Hutchison received approximately \$100,000 in cash back at the closings and an additional \$200,000 from his co-workers as referral fees.

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.

In addition to the prison term, Judge Hall sentenced Hutchison to serve three years of supervised release and pay restitution of \$2.6 million. He will self-surrender to the Bureau of Prisons in by April 10, 2015.

Ten defendants have been charged and convicted for their participation in this mortgage fraud conspiracy, including two loan officers, four attorneys, two buyers and a real estate agent. Andrew Constantinou, Genevieve Salvatore, Bradford Rieger, Lawrence Dressler, Kwame Nkrumah, and Jacques Kelly have each been sentenced. Menachem Yosef Levitin, Charles Lesser, and Jeffrey 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, with the investigation leading to today's sentencing.

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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