

## Department of Justice

U.S. Attorney's Office

District of New Jersey

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FOR IMMEDIATE RELEASE

Tuesday, July 9, 2019

### **Four Men Indicted for Defrauding Banks in Mortgage Fraud Scheme**

NEWARK, N.J. – Four men have been indicted for carrying out a scheme to use phony information and simultaneous loan applications at multiple banks to fraudulently obtain home equity lines of credit (HELOCs), U.S. Attorney Craig Carpenito announced

Piedrahita, 57, and Yorce Yotagri, 52, both of Freeport, New York; are each charged by indictment with one count of conspiracy to commit bank fraud. Flores and Gonzalez are also charged with two substantive counts of bank fraud. Yotagri was arraigned July 8, 2019, before U.S. District Judge John Michael Vazquez in Newark federal court. Flores and Piedrahita remain at large. Gonzalez will be arraigned at a date to be determined.

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

From 2010 through 2018, Flores and Simon Curanaj, a real estate broker in the Bronx who has previously pleaded guilty and is awaiting sentencing, ran a mortgage fraud scheme in which they applied for more than \$9 million in HELOCs from banks on residential properties in New Jersey and New York.

For instance, Gonzalez and Flores used a property in Jersey City, New Jersey, as part of the scheme. Gonzalez had been allowed to live at the property by the owner in exchange for management services, but neither he nor Flores owned the property. Gonzalez also recruited an individual with good credit to act as a straw buyer (Individual 1). Later, unbeknownst to the owner of the property, a "quitclaim" deed – a deed which contains no warranties of title – was prepared transferring the property to Individual 1. The signatures on the deed were forged.

Gonzalez and Flores then applied for two HELOCs from multiple banks using the Jersey City property as collateral in Individual 1's name. They concealed the fact that the property offered as collateral was either already subject to senior liens that had not yet been recorded, or that the same property was offered as collateral for a line of credit from another lender. The applications also contained false information concerning Individual 1's income, which was stated to be higher than his actual income. At the time the applications were made, the value of the property was less than the amount of the HELOC loans for which Gonzalez and Flores applied.

The victim banks eventually issued loans to Individual 1 in excess of \$500,000. After the victim banks funded the HELOCs and deposited money into Individual 1's bank account, Individual 1 disbursed almost all of it to Gonzalez, Flores, and others. Gonzalez used \$43,000 of the illicit proceeds to buy a luxury car. Individual 1 eventually defaulted on both HELOC loans.

In another example, Flores, Piedrahita, and Yotagri used a property in Freeport, New York, to carry out a similar scheme.

The conspiracy to commit bank fraud and substantive bank fraud counts carry a maximum potential penalty of 30 years in prison, a fine of \$1 million or twice the gross pecuniary gain to the defendants or twice the gross pecuniary loss to others, whichever is greater.

U.S. Attorney Carpenito credited special agents of the U.S. Federal Housing Finance Agency, Office of Inspector General, under the direction of Special Agent in Charge Robert Manchak; and special agents of the FBI, under the direction of Special Agent in Charge Gregory W. Ehrie in Newark, with the investigation leading to the charges.

The government is represented by Assistant U.S. Attorney Jason S. Gould of the U.S. Attorney's Criminal Division in Newark and Special Assistant U.S. Attorney Kevin DiGregory of the FHFA, Office of the Inspector General.

The charges and allegations contained in the indictment are merely accusations, and the defendants are presume innocent unless and until proven guilty.

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