



**United States Attorney
District of New Jersey**

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Four People Charged In Mortgage Fraud Conspiracy

NEWARK, N.J. – A real estate investor, a builder, a mortgage loan officer, and a real estate settlement attorney were arrested today and charged with using “straw buyers” to fraudulently obtain mortgage loans from a bank, Acting U.S. Attorney William E. Fitzpatrick announced.

Victor Santos, a/k/a “Vitor Santos,” 57, of Wachtung, New Jersey; Arsenio Santos, a/k/a “Gaspar Santos,” 50, of Warren, New Jersey; Fausto Simoes, 64, of Millington, New Jersey; and, Raquel Casalinho, 37, of Union, New Jersey, are charged by complaint with one count each of conspiracy to commit bank fraud. They are expected to appear at 2 p.m. today before U.S. Magistrate Judge Joseph A. Dickson in Newark federal court.

According to the complaint:

From September 2007 through November 2008, Victor Santos, a real estate investor; Arsenio Santos, a builder and Victor’s cousin; Casalinho, a junior home mortgage consultant at the victim bank and Victor’s niece; and Simoes, a real estate settlement attorney, and others allegedly conspired to fraudulently obtain mortgage loans with a total value of more than \$5 million.

Victor Santos, Arsenio Santos, and their conspirators allegedly recruited straw buyers to purchase properties in Newark and obtained their identifying information, including Social Security cards and drivers’ licenses. A “straw buyer” was an individual who purchased a property for another in order to conceal the identity of the actual purchaser, usually in exchange for a fee.

In exchange for the use of the straw buyers' identity and credit history, Victor Santos, Arsenio Santos, and others allegedly agreed to pay each of the straw buyers a fee of approximately \$5,000, provide the straw buyer's down payment and cash required for closing, secure tenants to lease the purchased property and make the mortgage payments on each of the fraudulently obtained mortgages. These secret agreements were not disclosed to the bank.

In accordance with Victor Santos' instructions, the straw buyers' information was provided to Casalinho and was used to prepare fraudulent mortgage loan applications that contained a variety of false statements, including the identity of the actual buyer. For the two representative schemes highlighted in the complaint, Casalinho, Victor Santos, Arsenio Santos, and their conspirators prepared and submitted mortgage applications containing false information to the bank and obtained loans totaling more than \$900,000. The conspirators allegedly arranged transactions for the Newark properties whereby the straw buyers would nominally purchase the properties for far more than the sellers had agreed to sell them, and the conspirators kept the difference between the contract price and the amounts the sellers received.

Simoes was the closing attorney on approximately 10 of the fraudulent transactions and signed and certified as true the final settlement statements. These statements falsely stated that the cash required for closing for each transaction came from the straw buyer. In fact, Victor Santos and his conspirators provided those funds to Simoes and the funds were deposited into Simoes' attorney trust account. For certain transactions, a shell company – whose bank account was controlled by Victor Santos and a conspirator and to which funds from fraudulently obtained mortgage loans were disbursed – was the source of the cashier's checks given to Simoes to fund the buyer's cash required at closing. For other transactions, down payments came from an account owned and controlled by Arsenio Santos and Victor Santos, the proceeds of the mortgage loan itself after funding or closing, or from the proceeds of a previously obtained fraudulent loan.

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

Acting U.S. Attorney Fitzpatrick credited special agents of the Federal Housing Finance Agency, Office of Inspector General, under the direction of Special Agent in Charge Steven Perez, and special agents of the FBI, under the direction of Special Agent in Charge Timothy Gallagher of the Newark office, with the investigation leading to today's charges.

The government is represented by Special Assistant U.S. Attorneys Kevin DiGregory and Charlie Divine and Senior Litigation Counsel Andrew Leven of the U.S. Attorney's Office's Economic Crimes Unit in Newark.

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