

Department of Justice

U.S. Attorney's Office

District of New Jersey

FOR IMMEDIATE RELEASE

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Nevada Man Sentenced to 18 Months in Prison for Defrauding Banks in \$9 Million Shotgun Mortgage Fraud Scheme

NEWARK, N.J. – A Henderson, Nevada, man was sentenced today to 18 months in prison for his role in a scheme to use bogus information and simultaneous loan applications at multiple banks – known as “shot-gunning” – to attempt to obtain home equity lines of credit (HELOCs), Acting U.S. Attorney Rachael A. Honig announced.

Joseph A. Gonzalez, 46, previously pleaded guilty before U.S. District Judge John Michael Vazquez to Count One of an indictment charging him with one count of conspiracy to commit bank fraud. Judge Vazquez imposed the sentence today by videoconference. Gonzalez is the sixth person to plead guilty as part of the scheme.

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

From 2010 through 2018, Jorge 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.

Gonzalez and Flores used a property in Jersey City, New Jersey, as part of the scheme. Gonzalez had been allowed by the owner of the property to live there 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). Unbeknownst to the owner of the property, a “quitclaim” 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 addition to the prison term, Judge Vazquez sentenced Gonzalez to three years of supervised release and ordered him to pay restitution of \$512,500.

Acting U.S. Attorney Honig credited special agents of the 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 George M. Crouch Jr. in Newark, with the investigation leading to today's sentencing.

The government is represented by Jason S. Gould, Acting Chief of the Violent Crimes Unit, and Special Assistant U.S. Attorney Kevin DiGregory of the FHFA, Office of the Inspector General.

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