

NEWS

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FOR IMMEDIATE RELEASE
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Three Arrested in Mortgage Fraud Scheme

(More)

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NEWARK – Three members of a mortgage fraud and property-flipping scheme involving more than \$4 million worth of investment properties primarily in Essex and Passaic Counties were arrested today on a federal Indictment that was unsealed following the early morning arrests, U.S. Attorney Christopher J. Christie announced.

The Indictment alleges that Michael Kaufman, 39, of Reading, Pa., Andre Devieux, 43, of Amityville, N.Y., and David Wynn, 42, of Englewood, conspired with others to obtain mortgage loans for unqualified borrowers from May 2004 through June 2005. The Indictment further alleges that many of the buyers defaulted on the mortgage loans causing hundreds of thousands of dollars in losses to the mortgage lenders.

The one-count Indictment, which was returned on Oct. 14, charges each of the defendants with conspiracy to commit wire fraud, which carries a maximum statutory penalty of 20 years in prison and a \$250,000 fine. All three defendants are scheduled to make initial appearances in federal court today at 3:00 p.m. before U.S. Magistrate Judge Esther Salas in Newark.

According to the Indictment, Kaufman owned Home Start America, Inc., which held itself out to be a real estate development and investment company with a local office in Bloomfield. The indictment alleges that Kaufman purchased properties cheaply in Newark, Paterson and elsewhere, and with the help of Devieux and Wynn, found buyers with limited financial resources to purchase the properties at substantially higher prices. The buyers were told that they could purchase the properties with no money down and no closing costs.

Kaufman and Devieux arranged for the buyers to purchase the properties by facilitating mortgage loans through certain loan officers, including Wynn, who originated and processed mortgage loan applications in connection with the sales, according to the Indictment. The Indictment alleges that all three of the defendants caused falsified loan applications and supporting documents, such as verifications of rent, verifications of employment and deposit checks, to be submitted to mortgage lenders to induce them to make loans to the buyers.

Despite indictment, each of the defendants is presumed innocent unless proven guilty beyond a reasonable doubt.

Christie credited Special Agents of the U.S. Department of Housing and Urban Development, Office of Inspector General, under the direction of Special Agent in Charge Rene Febles and Special Agents of the FBI, under the direction of Special Agent in Charge Weysan Dun for their investigation leading to the Indictment.

The Government is represented by Assistant U.S. Attorney Lisa Rose of the U.S. Attorney's Office's Government Fraud Unit.

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