



# SIGTARP

Office of the Special Inspector General  
For The Troubled Asset Relief Program

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Media Inquiries: 202-927-8940

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## **MULTIPLE INDIVIDUALS CHARGED IN SWEEPING MORTGAGE FRAUD CONSPIRACY**

An attorney and a loan officer pleaded guilty yesterday in connection with a sweeping conspiracy to defraud banks and mortgage companies by engaging in sham “short” sales of residential properties in Merrimack Valley, Massachusetts. Separately, also in Massachusetts, a real estate broker was arrested on Wednesday, March 22, 2017, on related charges, and an attorney was sentenced after pleading guilty to participating in the same conspiracy.

Jasmin Polanco, 37, a real estate closing attorney, and Vanessa Ricci, 40, a mortgage loan officer, each pleaded guilty yesterday to one count of conspiracy to commit bank fraud. U.S. District Court Senior Judge Douglas P. Woodlock scheduled Ricci’s sentencing for June 22, 2017. Polanco’s sentencing hearing has not yet been scheduled.

Separately, a real estate broker from Methuen, Greisy Jimenez, 49, was indicted this week on two counts of bank fraud and one count of conspiracy to commit bank fraud in connection with the same alleged scheme. In addition, on March 22, 2017, U.S. District Court Judge Rya W. Zobel sentenced Hyacinth Bellerose, 51, a real estate closing attorney from Dunstable, Massachusetts, to time served and one year of supervised release to be served in home detention.

The charges arise out of an alleged scheme to defraud various banks via bogus short sales of homes in Haverhill, Lawrence and Methuen in which the purported sellers remained in their homes, with their debt substantially reduced. A short sale is a sale of real estate for less than the value of any mortgage debt on the property. Short sales are an alternative to foreclosure that typically occur only with the consent of the mortgage lender. Generally, the lender absorbs a loss on the loan and releases the borrower from the unpaid balance. By their very nature, short sales are intended to be arms-length transactions in which the buyers and sellers are unrelated, and in which the sellers cede their control of the subject properties in exchange for the short-selling bank’s agreement to release them from their unpaid debt.

The alleged conspiracy began in approximately August 2007 and continued through June 2010, a period that included the height of the financial crisis and its aftermath. Home values in Massachusetts and across the nation declined precipitously, and many homeowners found themselves suddenly “underwater” with homes worth less than the mortgage debt they owed. As part of the alleged scheme, Jimenez, Polanco, Ricci, Bellerose and others submitted materially false and misleading documents to numerous banks in an effort to induce them to permit the short-sales, thereby releasing the purported

sellers from their unpaid mortgage debts, while simultaneously inducing the purported buyers' banks to provide financing for the deals. In fact, the purported sellers simply stayed in their homes, with their debt substantially reduced.

The charging documents allege that as part of the conspiracy:

- The conspirators falsely led banks to believe that the sales were arms-length transactions between unrelated parties, when in fact, the transactions were not arms-length; the buyers and sellers were frequently related, and the sellers retained control of (and frequently continued to live in) the properties after the sale;
- The conspirators submitted phony earnings statements in support of loan applications that they submitted to banks in order to obtain financing for the purported sales; and
- The conspirators submitted phony "HUD-1 Settlement Statements" to banks that did not accurately reflect the disbursement of funds in the transactions. (HUD-1 Settlement Statements are standard forms that are used to document the flow of funds in real estate transactions. They are required for all transactions involving federally related mortgage loans, including all mortgages insured by the Federal Housing Administration.)

The charge of bank fraud and conspiracy to commit bank fraud provides for a sentence of no greater than 30 years in prison and a fine of \$1 million. Actual sentences for federal crimes are typically less than the maximum penalties. Sentences are imposed by a federal district court judge based upon the U.S. Sentencing Guidelines and other statutory factors.

Christy Goldsmith Romero, Special Inspector General of the Troubled Asset Relief Program ; Acting United States Attorney William D. Weinreb; Christina Scaringi; and Special Agent in Charge of the Department of Housing and Urban Development, Office of Inspector General, New York Field Office, made the announcement. Assistant U.S. Attorney Stephen E. Frank, Deputy Chief of Weinreb's Economic Crimes Unit is prosecuting the cases.

#### **About SIGTARP**

The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) is a federal law enforcement agency that targets financial institution crime and is an independent watchdog protecting taxpayer dollars. As of February 2, 2017, SIGTARP investigations have resulted in the recovery of \$10 billion to the government and 192 defendants sentenced to prison.

To report a suspected crime related to TARP, call SIGTARP's Crime Tip Hotline: 1-877-744-2009. To receive alerts about reports, audits, media releases, and other SIGTARP news, sign up at [www.SIGTARP.gov](http://www.SIGTARP.gov). Follow SIGTARP on Twitter @SIGTARP.

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