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FORMER LOAN OFFICER ADMITS ROLE IN MULTI-MILLION DOLLAR MORTGAGE FRAUD SCHEME

WASHINGTON, DC – The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) today announced that Delio Coutinho, 71, of Colonia, N.J., pleaded guilty on Tuesday before U.S. District Judge Susan D. Wigenton in Newark, N.J., federal court to an information charging him with conspiracy to commit wire fraud. Through the plea, Coutinho admitted his role in a large-scale mortgage fraud scheme that caused millions of dollars in losses.

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

Coutinho was a loan officer at a northern New Jersey mortgage brokerage company. From March 2008 through June 2012, Coutinho and his co-defendants conspired with each other and others to release liens on encumbered properties via fraudulently arranged short sale transactions. This allowed Coutinho and his co-defendants to profit from new fraudulent mortgage loans obtained on the properties from other mortgage lenders. To complete the short sale transactions, Coutinho and his co-defendants submitted materially false closing and other documents to mortgage lenders. They submitted fraudulent mortgage loan applications to lenders, which included TARP banks, to obtain new loans on properties in and around Elizabeth, N.J.

“The fraudulent mortgage scheme that Coutinho and his co-conspirators committed is precisely the sort of fraud that helped lead to the nation’s financial crisis in 2008,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “Coutinho, a loan officer at a New Jersey mortgage brokerage, with the help of others, fraudulently arranged short sales on numerous properties in New Jersey, only to turn around and obtain financing for new mortgages on the properties by defrauding mortgage lenders, including TARP banks. To obtain the mortgages, Coutinho and others sent the lenders false documentation including fake bank statements, false tax returns, inflated earnings and asset statements, and bogus employment information. Coutinho and his co-conspirators then distributed the proceeds of the loans – eventually totaling \$2 million – among themselves and others. If you defraud a TARP bank, SIGTARP and our law enforcement partners will bring you to justice and hold you accountable for your crimes.”

Coutinho’s co-defendants included Jose Luis Salguero Bedoya, 37, of Elizabeth, a real estate investor who, along with his girlfriend, Yazmin Soto-Cruz, 33, of Elizabeth, provided much of the funds used by the defendants to perpetuate the fraudulent schemes. Christopher Ju, 28, of Edison, N.J., negotiated the fraudulent short sale real estate transactions. In all, Coutinho and the others obtained approximately \$2 million in illegal mortgage proceeds.

The conspiracy count to which Coutinho pleaded guilty carries a maximum potential penalty of 30 years in prison and a \$100,000 fine.

This case is being investigated by SIGTARP, the Federal Bureau of Investigation, the U.S. Postal Inspection Service, the U.S. Department of Housing and Urban Development Office of Inspector General, the Federal Housing Finance Agency Office of Inspector General, the Internal Revenue Service - Criminal Investigation, and the Hudson County [New Jersey] Prosecutor's Office.

The government is represented by Assistant U.S. Attorneys Lakshmi Srinivasan Herman of the District of New Jersey U.S. Attorney's Office Economic Crimes Unit in Newark, and Charlton A. Rugg of the U.S. Department of Justice Narcotics/OCDETF Unit.

This prosecution was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. SIGTARP is a member of the task force. To learn more about the President's Financial Fraud Enforcement Task Force, please visit www.StopFraud.gov.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

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