



SIGTARP

OFFICE OF THE SPECIAL INSPECTOR GENERAL
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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Media Inquiries: 202-927-8940

Twitter: @SIGTARP

Web: www.SIGTARP.gov

NEW JERSEY MAN SENTENCED TO TWO YEARS IN FEDERAL PRISON FOR ROLE IN \$5 MILLION MORTGAGE FRAUD SCHEME

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Paul J. Fishman, United States Attorney for the District of New Jersey, today announced that Kenneth Sweetman was sentenced on July 27, 2015, to 24 months in federal prison for his role in a massive mortgage fraud scheme involving multiple properties in Elizabeth, N.J.

Sweetman, 34, of Nutley, N.J., previously pleaded guilty before U.S. District Judge Susan D. Wigenton to one count of conspiring to commit wire fraud affecting a financial institution. Judge Wigenton imposed the sentence in Newark federal court.

“Sweetman was sentenced to two years in federal prison for his role in orchestrating a \$5 million mortgage fraud scheme that defrauded multiple banks, including TARP recipients,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “Sweetman and others schemed to obtain mortgage loans by filing fake documents and falsifying information on mortgage applications to purchase \$5 million in real estate in New Jersey. Those who seek to profit through fraud at the expense of the TARP bailout and taxpayers’ hard-earned investments will be shut down and brought to justice by SIGTARP and our law enforcement partners.”

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

From March 2011 through July 2012, Sweetman; Carmine Fusco, 47, of East Hanover, New Jersey; and others conspired to obtain mortgage loans through fraudulent means. For their roles in the scheme, Sweetman and Fusco formed shell limited liability companies with names similar to licensed title companies. They then opened bank accounts in the shell companies’ names to conceal their identity and control the receipt and distribution of fraudulently obtained mortgage loan proceeds. Sweetman and Fusco also conducted real estate closings even though they were neither licensed attorneys nor title agents. In addition, Sweetman, Fusco and other conspirators submitted false and fraudulent loan applications, supporting documents and closing documents to mortgage lenders. Among other things, these documents included and reflected fraudulent gift loans, false appraisals, and documents that misrepresented the owner of properties and the intended disposition of loan proceeds.

Using these methods, Sweetman, Fusco, and others conducted 16 fraudulent real estate transactions, including 11 Elizabeth properties, and obtained more than \$5 million in illegitimate proceeds.

In addition to the prison terms, Judge Wigenton ordered Sweetman to serve three years of supervised release and pay \$2,233,131.55 in restitution.

Fusco previously pleaded guilty before Judge Wigenton to conspiring to commit wire fraud affecting a financial institution. He was sentenced on July 13, 2015, to 27 months in prison and ordered to pay \$2,233,131.55 in restitution.

The 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, Federal Housing Finance Agency Office of Inspector General, Internal Revenue Service—Criminal Investigation, and the Hudson County (N.J.) Prosecutor’s Office.

The case is being prosecuted by Assistant U.S. Attorneys Lakshmi Srinivasan Herman and Andrew Kogan of the U.S. Attorney’s Office Economic Crimes Unit in Newark, as well as by Barbara Ward, Acting Chief of the office’s Asset Forfeiture and Money Laundering 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 and co-chairs the Rescue Fraud Working Group. To learn more about the President’s Financial Fraud Enforcement Task Force, 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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