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SUPREME COURT OF NEW JERSEY  
Disciplinary Review Board  
Docket No. DRB 06-311  
District Docket No. XIV-02-579E

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IN THE MATTER OF  
CIRO A. MEDEROS  
AN ATTORNEY AT LAW

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Decision

Argued: January 18, 2007

Decided: March 30, 2007

Richard J. Engelhardt appeared on behalf of the Office of Attorney Ethics.

William Shulman appeared on behalf of respondent.

To the Honorable Chief Justice and Associate Justices of the Supreme Court of New Jersey.

This matter came before us on a motion for final discipline filed by the Office of Attorney Ethics ("OAE"), based on respondent's criminal conviction in New Jersey for conspiracy to commit mail fraud, in violation of 18 U.S.C.A. §371. We determine to impose an eighteen-month suspension, retroactive to October 30, 2002, the date of respondent's temporary suspension.

Respondent was admitted to the New Jersey bar in 1989. He has no prior discipline. On October 30, 2002, respondent was temporarily suspended in New Jersey, following his guilty plea. That suspension is still in force.

On October 18, 2002, respondent appeared before the Honorable Joseph A. Greenaway, Jr., U.S.D.J., and pleaded guilty to a federal information charging him with conspiracy to commit mail fraud, in violation of 18 U.S.C.A. §371. The pre-sentence report ("PR") contains the factual basis for the conviction:

Background

During the 1990's, Rene Abreu was an owner/operator of multiple companies that he ran out of an office in Guttenberg, New Jersey, including The Mortgage Pros, Inc. ("Mortgage Pros"), Abreu Real Estate, and RLA Homes, Inc. ("RLA Homes"). Mortgage Pros was a mortgage brokerage company that was in the business of securing residential and commercial loans from banks on behalf of its clients. Abreu Real Estate was a company in the business of buying and selling real estate. RLA Homes was in the business of managing and overseeing the construction of residential properties.

Ana Martell was the Chief Financial Officer of RLA Homes and also did administrative work for Mortgage Pros. She is an accountant by trade.

Kathy Giunta, Fernando Jimenez,<sup>1</sup> Valeriano Sanchez, and Jorge Guerrero each were employed at Mortgage Pros. Giunta was the head loan processor at Mortgage Pros. Jimenez and Guerrero also were loan processors. Sanchez was a loan originator responsible for, among other things, soliciting loan customers for Mortgage Pros and preparing loan applications for Mortgage Pros' clients.

[Respondent] was one of the attorneys hired at the suggestion of Rene Abreu to conduct real estate closings for Mortgage Pros clients.

. . . .

Trial testimony, available documents, and statements made during plea allocutions in this case revealed the existence of six separate - yet interrelated fraud schemes involving the above individuals. The six schemes, as well as the nature of the involvement of the defendants in the schemes, are set forth below.

#### Residential Mortgage Fraud Scheme<sup>2</sup>

Rene Abreu and others working at Mortgage Pros intentionally provided false information to banks concerning the

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<sup>1</sup> Jimenez, an attorney admitted in New Jersey, and respondent were co-defendants in the same criminal enterprise, and also pleaded guilty to similar charges. He recently received an eighteen-month suspension from the practice of law, retroactive to the date of his temporary suspension. In re Jimenez, 187 N.J. 86 (2006).

<sup>2</sup> The residential mortgage fraud scheme was the only scheme in which respondent was involved. The other schemes included only his co-defendants and were denominated as Commercial Loan scheme, Extortion Scheme, Structuring Scheme, Check Kiting Scheme and Tax Fraud Schemes.

financial status of prospective borrowers. They did so with the intention of causing the banks to extend loans to home buyers who otherwise would not qualify for the loans.

Most of these borrowers were aware that false information was being provided to the banks; some borrowers were not. Many of these borrowers were first-time home buyers. Many did not speak or read English. Some of the borrowers were persuaded by Rene Abreu to purchase more expensive homes than they had planned. Some of the borrowers later defaulted on these loans.

Rene Abreu, Ana Martell, Kathy Giunta, Fernando Jimenez, Valeriano Sanchez, and Jorge Guerrero each participated in the falsification scheme. They carried out the scheme by including false information on documents provided to banks. Those documents included false versions of tax returns, false Form W-2's, and false paystubs, all of which were created by Martell. They also included false bank statements created by Sanchez.

The false documents submitted by Mortgage Pros employees also included false Verification of Employment ("VOE") forms. These VOE forms were supposed to be completed and signed by borrowers' employers, who were to send the forms to the lending banks. In this case, however, Mortgage Pros' employees themselves, including Martell, Giunta, and Jimenez, wrote false information on these forms and then forged employers' signatures. A 'light box' was periodically used at Mortgage Pros in order to forge signatures.

In some instances, the false information on the VOEs was simply an inflated salary.

In other instances, Mortgage Pros' employees actually created employment for borrowers that the borrowers never had. The false numbers on the VOEs and other falsified forms were arrived at and provided to the other processors by Rene Abreu or by Giunta, the head loan processor.

The co-conspirators also falsified HUD-1 settlement statements and sale contracts by inflating the purchase price of the home being purchased, so that the borrower could receive a loan representing a larger percentage of the true purchase price. Through these means, the buyer could, for example, avoid making any down payment on the home. These documents also misrepresented the exchange of funds between buyer and seller at the closing.

[Respondent] was the closing attorney for some of these home purchases and knew that information on the HUD-1 statements and sale contracts had been falsified. He further knew that the home buyers frequently did not have the financial means necessary to purchase these homes through legitimate means. Nevertheless, in accordance with his agreement with Rene Abreu, [respondent] signed the false HUD-1 statements and proceeded to oversee the closings of these transactions.

In exchange for producing the false documents, Mortgage Pros required prospective borrowers to pay an additional cash fee. In addition, Mortgage Pros obtained closing fees for each deal that closed. Where Abreu Real Estate or RLA Homes had been involved in the transaction, which frequently was the case, those entities received fees at closing as well. Out of these fees, Martel and Sanchez received a 'cut' for the false tax returns/false bank statements that

they prepared. Jimenez, Sanchez, and Guerrero further received a commission for closed loans that they had originated or processed.

[PR158-174.]

Rene Abreu, the owner and president of Mortgage Pros, was convicted of twenty counts for running a series of mortgage fraud, bank fraud, and other schemes to enrich himself and his companies. Ana Martell, Mortgage Pros' accountant, was convicted of eleven counts of residential and commercial mortgage fraud conspiracy, bank fraud, and structuring concurrency transactions. Kathy Giunta, Mortgage Pros' senior loan processor, was convicted of twelve counts for her role in residential and commercial mortgage fraud conspiracies. Luis Nieves, senior vice-president of a local bank (the Hudson United Bank), who managed Rene Abreu's numerous bank accounts, was found guilty of bank fraud, as the result of a check-kiting scheme with Abreu.

Respondent admitted that he had entered into an illegal agreement with Abreu and others to defraud lending institutions by causing the submissions of false loan documents, particularly HUD-1 statements containing materially false information about the financial status of the borrowers.

Judge Greenaway sentenced respondent to probation for three years (a downward sentencing departure) and a \$2,000

fine. The departure was based on respondent's considerable cooperation with law enforcement authorities in the case.

Respondent pleaded guilty and was convicted of conspiracy to commit mail fraud, in violation of 18 U.S.C.A. §371, for his involvement in the defrauding of lenders in a real estate scam.

The OAE urges the imposition of an eighteen-month suspension, retroactive to October 30, 2002, the effective date of respondent's temporary suspension.

Following a review of the record, we determine to grant the OAE's motion for final discipline.

The existence of a criminal conviction is conclusive evidence of respondent's guilt. R. 1:20-13(c)(1); In re Gipson, 103 N.J. 75, 77 (1986). Respondent's guilty plea to conspiracy to commit mail fraud constitutes a violation of RPC 8.4(b) (commission of a criminal act that reflects adversely on his honesty, trustworthiness or fitness as a lawyer). Only the quantum of discipline to be imposed remains at issue. R. 1:20-13(c)(2); In re Lunetta, 118 N.J. 443, 445 (1989).

The sanction imposed in disciplinary matters involving the commission of a crime depends on numerous factors, including the "nature and severity of the crime, whether the crime is related to the practice of law, and any mitigating

factors such as respondent's reputation, his prior trustworthy conduct, and general good conduct." In re Lunetta, supra, 118 N.J. at 445-46.

Attorneys who knowingly participate in fraudulent real estate schemes will ordinarily receive a suspension of at least a year. See, e.g., In re Alum, 162 N.J. 313, 315 (2000) (one-year suspension for attorney who participated in a series of fraudulent real estate transactions in which secondary financing was not disclosed to the primary lender; the Court stated that "[o]rdinarily, acts of dishonesty, such as the falsification of public documents or lending documents, warrant a period of suspension;" the Court suspended the suspension because of the passage of time since the conduct, (eleven years), the attorney's unblemished record, and his exemplary community service); In re Newton, 159 N.J. 526 (1999) (one-year suspension for attorney who participated in a scheme to defraud lenders by drafting lease/buyback agreements to avoid secondary financing and to allow the sellers, not the investors, to remain on the premises, leading the lenders to believe that the investors would occupy the subject properties as their primary residences; also, the attorney took at least one false jurat and, in eight transactions, acknowledged documents that contained misrepresentations, including



affidavits of title, "Fanny Mae" affidavits, agreements, and RESPA statements); In re Labendz, 95 N.J. 273 (1984) (one-year suspension for attorney who assisted his clients in obtaining a larger loan by submitting a fraudulent mortgage application and altering the contract submitted with the mortgage application to reflect a greater sale price); In re Jimenez, supra, 187 N.J. 86 (2006) (eighteen-month suspension for attorney who was convicted of mail fraud and conspiracy to commit mail fraud for preparing false documents, which included false tax returns, false W-2s, false pay-stubs, and false bank statements; the attorney also wrote false information on verification of employment forms and then forged employers' signatures, even resorting to the use of a "light box" to lend authenticity to the forgeries; the attorney was a law student at the time of his crimes); In re Panepinto, 157 N.J. 458 (1999) (two-year suspension for attorney who pled guilty in federal court to conspiracy to commit bank fraud in connection with a fraudulent loan from the attorney to a client; the scheme involved deceiving a lender that the funds were available to the purchaser of real estate in order to induce a mortgage commitment); In re Frost, 156 N.J. 416 (1998) (two-year suspension for attorney who breached an escrow agreement, failed to honor closing instructions, and prepared misleading

closing documents, including the note and mortgage, the "Fannie Mae" affidavit, the affidavit of title, and the settlement statement; the attorney's ethics history included two private reprimands, a three-month suspension, and a six-month suspension); In re Kaplan, 154 N.J. 13 (1998) (two-year suspension for attorney who pled guilty to one count of wire fraud for making an interstate telephone call in order to conceal misrepresentations made by the buyer and seller of realty, who had engaged in a scheme to defraud a lender); and In re Thomas, 183 N.J. 230 (2005) (three-year suspension for attorney who prepared RESPA statements in two real estate transactions that contained fraudulent information and participated in a scheme to defraud lenders; prior admonition and one-year suspension).

In mitigation, we considered that respondent has no prior discipline and that fourteen years have elapsed since his involvement in the scheme. We also considered that respondent's cooperation with law enforcement authorities was crucial to the convictions of the major co-defendants in the case. In addition, he participated in only three suspect transactions and received only his customary fee (\$900) for each closing. Respondent was, in the end, a minor participant in an otherwise large, organized criminal enterprise.

We find respondent's misconduct similar to that committed by his co-defendant in this enterprise, Fernando Jimenez, both of whom were involved in residential real estate schemes to defraud lenders. Jimenez, who advanced mitigating circumstances similar to those present in this case, received an eighteen-month retroactive suspension. We, therefore, determine to impose an eighteen-month suspension here as well, retroactive to respondent's October 30, 2002 temporary suspension.

Vice-Chair Pashman recused himself. Members Lolla and Baugh did not participate.

We further determine to require respondent to reimburse the Disciplinary Oversight Committee for administrative costs and actual expenses incurred in the prosecution of this matter, as provided in R. 1:20-17.

Disciplinary Review Board  
William J. O'Shaughnessy  
Chair

By: Julianne K. DeCore  
Julianne K. DeCore  
Chief Counsel

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**SUPREME COURT OF NEW JERSEY  
DISCIPLINARY REVIEW BOARD  
VOTING RECORD**

In the Matter of **Ciro A. Mederos**  
Docket No. DRB 06-311

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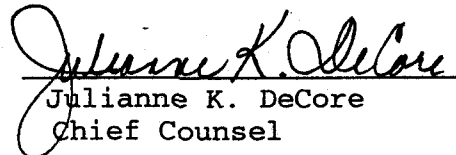
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Argued: January 18, 2007

Decided: March 30, 2007

Disposition: Eighteen-month suspension

Members	Disbar	Eighteen-month Suspension	Reprimand	Dismiss	Disqualified	Did not participate
O' Shaughnessy		X				
Pashman					X	
Baugh						X
Boylan		X				
Frost		X				
Lolla						X
Neuwirth		X				
Stanton		X				
Wissinger		X				
<b>Total:</b>		6			1	2

  
Julianne K. DeCore  
Chief Counsel