



Monitoring the Trial of Emmanuel Toto Constant: July 21st 2008: Prosecution Continues to Call Witnesses

Three witnesses testified on this day.

Witness 1: Gerard Quinn, from the investigative unit of the organized crime task force of the NY State Attorney General

Mr. Quinn and his team conducted surveillance at the offices of Regency Capital Funding in Melville, Long Island for several years. The FBI also investigated Regency during the same time. Mr. Quinn's team wiretapped the Regency offices from January 2004 to August 2004. They executed 14 search warrants, including 2 at Regency, as well as searches at several people's homes, the offices of 2 attorneys and the offices of Millennium Abstract, in which they seized a "warehouse full" of documents, computers and phones. They also interviewed over 100 concerned parties.

In March 2006, Mr. Constant called Mr. Quinn. Later that month, Mr. Constant met Mr. Quinn on 2 separate occasions (March 16 and March 22). Unbeknownst to Constant, these interviews were recorded with a hidden audio recorder.

The prosecution played some of the audio records. In many of the audio clips, Mr. Constant emphasized that he was kept in the dark about many aspects of his associates' business dealings; however, Mr. Quinn and the prosecution flagged several statements in which Constant seemed very aware of the nature of the fraud.

The prosecution prompted Mr. Quinn to elaborate on material evidence uncovered in the investigation that showed that Constant received payments of thousands of dollars following mortgage deal closings.

Mr. Quinn said that Mr. Constant had told him different stories about his occupation, stating that he was a real estate investor and also a branch manager for D&M Financial (a corrupt mortgage bank that had a branch in the same offices as Regency and, at one point, merged with Regency).

According to Mr. Quinn, the fraud that Constant and his associates were involved in fell into several categories:

- ; Forged appraisals which inflated the value of the property and for which those who carried them out typically received an extremely high rate of pay—ranging from \$1000 to \$1500 (whereas a normal amount would be \$500).
- ; Preparing false HUDs (documents that attorneys prepare to close mortgage deals, informing the bank of how bank money is to be distributed, identifying all of the parties, terms of the contract, etc).
- ; Using straw buyers (people recruited to put their name on mortgage application, with the incentive of making a return of \$10,000 in one year on an initial investment): At one point in the taped conversation, Mr. Constant denied knowledge that some of the



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people identified in the investigation as straw buyers were in fact straw buyers. At another point, he acknowledged he had known these same people were straw buyers. However, he claimed he didn't find the straw buyers.

; Forging titles: This was done by Mr. Constant's associate Val Crick. In one case, a property in question was a 6 family home (thus considered commercial property) but D & M would have had to pay a higher mortgage rate for this, so they forged a residential title, pretending that the property was a 4 family instead of 6 family home.

According to Mr. Quinn, it was very clear that Mr. Constant was heavily implicated in this scheme because, despite his denial of receiving payments for closing deals, he regularly received payments right after mortgage deals closed. The investigation also uncovered an email Mr. Constant received from a colleague listing several Brooklyn properties with inflated/fraudulent appraisal prices and asking what Mr. Constant wanted done next with these properties.

The Defense Attorney then questioned Mr. Quinn about the alleged pyramid scheme set up by several associates of Mr. Constant. This questioning ended abruptly.

Witness 2: Tracina McCormick, an appraiser from Brooklyn

Ms. McCormick said that she had been called several times and asked to "run a comp" on a property, meaning she would supply comparative prices of nearby properties. She did this for no pay as a business courtesy in hopes of getting an official appraisal for which she was paid \$300. She estimated she carried out around fifteen appraisals for D&M Financial during which time she spoke with Mr. Constant on at least two occasions.

Ms. McCormick was shown an appraisal for a property at 181 Bainbridge Street, and she was asked if it was her work. She replied no and explained that the filing numbers on the page did not correspond with her system. She was shown the final page and was asked if the signature was hers. She said that it was. Asked how that could happen she gave a curt response, "Cut and paste." It was clear from the testimony that she was a victim of forgery and no cross examination brought out anything to contradict this information.

Witness 3: Brian Badal, a CPA with Anderson and Ernst & Young who was employed by the NY State Attorney's Office and was assigned to review several properties relevant to the case:

In his review, Mr. Badal had noticed several discrepancies not the least of which was a \$16,000 check made out to Emmanuel Constant which was not reflected in the HUD transaction. Mr Badal showed a step-by-step process of what he thought took place. First, the property was appraised higher than it's true market value, a deed was forged and a loan application was falsified. For example, Mr. Perry made \$17,000 per year but qualified for a loan of (\$520,000). Second, one of the corrupt corporations sold the property to a straw buyer.



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Third, the same corporation bought the property from the seller with the fraudulent funds of the straw sale. In other words, proceeds from the sale of the property are used to buy the same property. Fourth, the property was resold soon thereafter and its price was inflated way above the original price and a tax return was filed. Many people who received payments for the transactions were not reflected in the HUD breakdown.

Mr. Badal was asked if there was any reason that the two checks paid out of the Bainbridge Street account to Mr. Constant should have been paid. Mr. Badal replied that he could see no reason for such a transaction.

Under cross-examination the Defense Attorney was unable to undermine any of Mr. Badal's testimony.