



Once you file your petition appealing the Order and requesting a hearing, you will be notified of the hearing date, time, place, the person who will preside at your hearing, and any other pertinent information.

You have the right to be represented by an attorney. Corporations may be required to be represented by an attorney.

The hearing and all other procedural matters will be governed by the Pennsylvania Administrative Agency Law, 2 Pa. C.S. §§ 501-508, 701-704, and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§ 31.1.-35.251.

FILED

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

2010 APR 15 PM 2: 57

PA DEPT OF BANKING

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING, BUREAU OF  
COMPLIANCE, INVESTIGATION AND  
LICENSING

Docket No.: 10 \_\_\_\_\_ (ENF-ORD)

v.

MICHAEL J. MCGRATH, JR.

ORDER OF PROHIBITION

WHEREAS, the Department of Banking ("Department") is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the Mortgage Licensing Act ("MLA"), 7 Pa. C.S. § 6101 *et. seq.*; and

WHEREAS, the Bureau of Compliance, Investigation and Licensing ("Bureau") is primarily responsible for administering and enforcing the MLA for the Department; and

WHEREAS, Michael J. McGrath, Jr. ("Mr. McGrath") was President of U.S. Mortgage Corporation d/b/a Icon Residential Capital ("U.S. Mortgage Corp."), a mortgage lender that was licensed by the Department, NMLS Entity Number 21371; and

WHEREAS, U.S. Mortgage Corp.'s principal place of business was located at 19D Chapin Road, Pine Brook, NJ 07058; and

WHEREAS, Mr. McGrath used his position as President of U.S. Mortgage Corporation to "facilitate the fraudulent sale of mortgage loans to Fannie Mae and others" and to "divert funds belonging to U.S. Mortgage Corp." (A copy of Mr. McGrath's plea agreement is attached as Exhibit A ("Exh. A")); and

**WHEREAS**, as a result of Mr. McGrath's conduct, on or about February 23, 2009, U.S. Mortgage Corp. lost the ability to fund consumers' mortgage loans, including Pennsylvania consumers; and

**WHEREAS**, Mr. McGrath's conduct "substantially jeopardized the safety and soundness of . . . U.S. Mortgage Corp., which declared bankruptcy because of the offense" (Exh. A, p. 6); and

**WHEREAS**, the loss resulting from Mr. McGrath's activities exceeded \$100 million (Exh. A, p. 6); and

**WHEREAS**, on or around April 8, 2009, Mr. McGrath pled guilty to mail and wire fraud conspiracy and money laundering conspiracy (Exh. A, pp.6-7); and

**WHEREAS**, Mr. McGrath's crimes involved the mortgage loan business; and

**WHEREAS**, as a result of Mr. McGrath's conduct, U.S. Mortgage surrendered its license to the Department on or about July 20, 2009; and

**WHEREAS**, by facilitating the fraudulent sale of mortgage loans to Fannie Mae and diverting funds belonging to U.S. Mortgage Corp., Mr. McGrath engaged in dishonest, fraudulent and illegal conduct in connection with the mortgage loan business, 7 Pa. C.S. § 6139(a)(3); and

**WHEREAS**, the Department has broad authority to issue orders as may be necessary for the proper conduct of the mortgage loan business and for the enforcement of the MLA, 7 Pa. C.S. § 6138(a)(4); and

**WHEREAS**, the Department has the authority to prohibit or permanently remove a person that violates the MLA from working in the mortgage loan business, 7 Pa. C.S. § 6138(a)(5); and

**AND NOW THEREFORE**, based upon the foregoing recitals, the Bureau, under the authority cited above, hereby imposes the following Order. Upon the effective date of this Order:

Michael J. McGrath Jr., as a natural person or as a corporation or as any other form of organization of any kind whatsoever, is hereby prohibited from working in the mortgage loan business as regulated by the MLA as a licensee, employee, independent contractor, agent, representative, or in any other capacity of any kind whatsoever, in any way whatsoever.

**IT IS SO ORDERED.**

Date: 4-15-2010

Jean Talalai, Enforcement Administrator  
Department of Banking  
Bureau of Compliance, Investigation and Licensing  
Market Square Plaza  
17 N. 2<sup>nd</sup> Street, Suite 1300  
Harrisburg, PA 17101

80000 SERIES  
30% P.C.W.





U.S. Department of Justice

United States Attorney  
District of New Jersey

09-436

970 Broad Street, Suite 700  
Newark, NJ 07102

973/645-2700

MBC/PL AGR  
2009R00124

April 8, 2009

Michael Critchley, Sr., Esq.  
Critchley, Kinum & Vazquez, LLC  
75 Livingston Avenue  
Roseland, New Jersey 07068

Re: Plea Agreement with Michael J. McGrath Jr.

Dear Mr. Critchley:

This letter sets forth the plea agreement between your client, Michael J. McGrath Jr. ("the defendant"), and the United States Attorney for the District of New Jersey ("this Office").

Charge

Conditioned on the understandings specified below, this Office will accept a guilty plea from Mr. McGrath to a two-count Information charging him with conspiracies to commit mail and wire fraud (Count One) and money laundering (Count Two) contrary to 18 U.S.C. §§ 1341, 1343 and 1957 and in violation of 18 U.S.C. §§ 1349 and 1956(h). If Mr. McGrath enters a guilty plea, is sentenced on these charges and otherwise fully complies with all of the terms of this agreement, this Office will not initiate any further criminal charges against him for his fraudulent sale of mortgage loans to Fannie Mae and others and his diversion of US Mortgage Corp. funds during 2004 through January 28, 2009. But if a guilty plea in this matter is not entered for any reason or the judgment of conviction entered as a result of this guilty plea does not remain in full force and effect, Mr. McGrath agrees that any dismissed charges and any other charges that are not time-barred by the applicable statute of limitations on the date this agreement is signed by him may be commenced against him, notwithstanding the expiration of the limitations period after he signs the agreement.

Sentencing

The violation of 18 U.S.C. § 1349 to which Mr. McGrath agrees to plead guilty carries a statutory maximum prison sentence of 20 years and a statutory maximum fine equal to the

greatest of: (1) \$250,000 (2) twice the gross amount of any pecuniary gain that any persons derived from the offense; or (3) twice the gross amount of any pecuniary loss sustained by any victims of the offense. The violation of 18 U.S.C. § 1956(h) to which Mr. McGrath agrees to plead guilty carries a statutory maximum prison sentence of 10 years and a statutory maximum fine equal to the greatest of and a statutory maximum fine equal to the greatest of: (1) \$250,000; (2) twice the gross amount of any pecuniary gain that any persons derived from the offense; (3) twice the gross amount of any pecuniary loss sustained by any victims of the offense; or (4) twice the amount of the criminally derived property involved in the monetary transactions involved in the offense. The sentence on each count may run consecutively. Fines imposed by the sentencing judge may be subject to the payment of interest.

The sentence to be imposed upon Mr. McGrath is within the sole discretion of the sentencing judge, subject to the provisions of the Sentencing Reform Act, 18 U.S.C. § 3551-3742, and the sentencing judge's consideration of the United States Sentencing Guidelines. The United States Sentencing Guidelines are advisory, not mandatory. The sentencing judge may impose any reasonable sentence up to and including the statutory maximum term of imprisonment and the maximum statutory fine. This Office cannot and does not make any representation or promise as to what guideline range may be found by the sentencing judge, or as to what sentence Mr. McGrath ultimately will receive.

Further, in addition to imposing any other penalty on Mr. McGrath, the sentencing judge: (1) will order him to pay an assessment of \$100 per count pursuant to 18 U.S.C. § 3013, which assessment must be paid by the date of sentencing; (2) must order him to pay restitution pursuant to 18 U.S.C. §§ 3663 et seq.; (3) may order him, pursuant to 18 U.S.C. § 3555, to give notice to any victims of his offense; and (4) may require him to serve a term of supervised release of not more than three years, which will begin at the expiration of any term of imprisonment imposed. Should Mr. McGrath be placed on a term of supervised release and subsequently violate any of the conditions of supervised release before the expiration of its term, he may be sentenced to not more than two years' imprisonment in addition to any prison term previously imposed, regardless of the statutory maximum term of imprisonment set forth above and without credit for time previously served on post-release supervision, and may be sentenced to an additional term of supervised release.

In addition, Mr. McGrath agrees to make full restitution for all losses resulting from the offense of conviction or from the scheme, conspiracy, or pattern of criminal activity underlying that offense, which is to be paid to those entities that suffered

losses in connection with mortgage loans that Mr. McGrath fraudulently sold to Fannie Mae and others.

#### Rights of this Office Regarding Sentencing

Except as otherwise provided in this agreement, this Office reserves its right to take any position with respect to the appropriate sentence to be imposed on Mr. McGrath by the sentencing judge, to correct any misstatements relating to the sentencing proceedings, and to provide the sentencing judge and the United States Probation Office all law and information relevant to sentencing, favorable or otherwise. In addition, this Office may inform the sentencing judge and the United States Probation Office of: (1) this agreement; and (2) the full nature and extent of Mr. McGrath's activities and relevant conduct with respect to this case.

#### Stipulations

This Office and Mr. McGrath agree to stipulate at sentencing to the statements set forth in Schedule A hereto. This agreement to stipulate, however, cannot and does not bind the sentencing judge, who may make independent factual findings and may reject any or all of the stipulations entered into by the parties. To the extent that the parties do not stipulate to a particular fact or legal conclusion, each reserves the right to argue the existence of and the effect of any such fact or conclusion upon the sentence. Moreover, this agreement to stipulate on the part of this Office is based on the information and evidence that this Office possesses as of the date of this agreement. Thus, if this Office obtains or receives additional evidence or information prior to sentencing that it determines to be credible and to be materially in conflict with any stipulation in the attached Schedule A, this Office shall not be bound by any such stipulation. A determination that any stipulation is not binding shall not release either this Office or Mr. McGrath from any other portion of this agreement, including any other stipulation. If the sentencing court rejects a stipulation, both parties reserve the right to argue on appeal or at post-sentencing proceedings that the sentencing court was within its discretion and authority to do so. These stipulations do not restrict the Government's right to respond to questions from the Court and to correct misinformation that has been provided to the Court.

#### Waiver of Appeal and Post-Sentencing Rights

As set forth in Schedule A, this Office and Mr. McGrath waive certain rights to file an appeal, collateral attack, writ or motion after sentencing, including but not limited to an appeal under 18 U.S.C. § 3742 or a motion under 28 U.S.C. § 2255.

Other Provisions

This agreement is limited to the United States Attorney's Office for the District of New Jersey and cannot bind other federal, state, or local authorities. However, this Office will bring this agreement to the attention of other prosecuting offices, if requested to do so.

This agreement was reached without regard to any civil or administrative matters that may be pending or commenced in the future against Mr. McGrath. This agreement does not prohibit the United States, any agency thereof (including the Internal Revenue Service ("IRS")), or any third party from initiating or prosecuting any civil proceeding against Mr. McGrath.

No Other Promises

This agreement constitutes the plea agreement between Mr. McGrath and this Office and supersedes any previous agreements between them. No additional promises, agreements, or conditions have been made or will be made unless set forth in writing and signed by the parties.

Very truly yours,

RALPH J. MARRA, JR.  
Acting United States Attorney

By: Mark E. Coyne  
Assistant U.S. Attorney

APPROVED:

Judith H. Germano  
Unit Chief) Criminal Division

John Michael Vazquez

File  
4/15/09

I have received this letter from my attorney, Michael  
~~Critchley, Sr., Esq.~~, I have read it, and I understand it fully.  
I hereby accept the terms and conditions set forth in this letter  
and acknowledge that it constitutes the plea agreement between  
the parties. I understand that no additional promises, agree-  
ments, or conditions have been made or will be made unless set  
forth in writing and signed by the parties.

AGREED AND ACCEPTED

~~Michael J. Critchley Sr.~~

Date: 4/15/09

~~Michael Critchley Jr., Esq.~~  
John Michael Vazquez

Date:

Plea Agreement With Michael J. McGrath Jr.

Schedule A

This Office and Michael J. McGrath Jr. agree to the following stipulations:

1. The version of the United States Sentencing Guidelines effective as of the date of sentencing applies in this case.

Count One - Mail and Wire Fraud Conspiracy

2. Pursuant to U.S.S.G. § 2X1.1, the applicable guideline is U.S.S.G. § 2B1.1.

3. The loss exceeded \$100 million, but did not exceed \$200 million. See U.S.S.G. § 2B1.1(b)(1)(N).

4. The offense substantially jeopardized the safety and soundness of a financial institution, namely, US Mortgage Corp., which declared bankruptcy because of the offense and is being liquidated. See U.S.S.G. § 2B1.1(b)(14)(B) & Application Note 1 (definition of "[f]inancial institution").

5. Mr. McGrath was an organizer or leader of a criminal activity that involved five or more participants or was otherwise extensive. See U.S.S.G. § 3B1.1(a).

6. Mr. McGrath abused a position of private trust in a manner that significantly facilitated the commission or concealment of the offense. See U.S.S.G. § 3B1.3.

Count Two - Money Laundering Conspiracy

7. The applicable guideline is U.S.S.G. § 2S1.1.

8. Mr. McGrath committed the underlying offenses of mail fraud and wire fraud from which the laundered funds were derived, and the offense level for those offenses can be determined in light of the stipulations set forth in ¶¶ 2-4 above. See U.S.S.G. § 2S1.1(a)(1).

9. Mr. McGrath is pleading guilty to a charge of conspiracy under 18 U.S.C. § 1956(h), and the sole object of that conspiracy was to commit an offense set forth in 18 U.S.C. § 1957. See U.S.S.G. § 2S1.1(b)(2)(A) & Application Note 3(C).

10. Mr. McGrath was an organizer, leader, manager, or supervisor of the relevant criminal activity. See U.S.S.G. § 3B1.1(c).

11. Mr. McGrath abused a position of private trust in a manner that significantly facilitated the commission or concealment of the offense. See U.S.S.G. § 3B1.3.

#### Grouping Analysis

12. Counts One (mail and wire fraud conspiracy) and Two (money laundering conspiracy) group together because the money laundering conspiracy Count involves funds that were derived from the underlying mail and wire fraud offenses described in the mail and wire fraud conspiracy Count. See U.S.S.G. §§ 2S1.1, Application Note 6, & 3D1.2(c).

13. The highest offense level of the two Counts should be applied. See U.S.S.G. § 3D1.3.

14. There is one unit, because there is only one Group. Thus, there is no increase in the offense level under the Grouping Analysis. See U.S.S.G. § 3D1.4.

#### Acceptance of Responsibility

15. As of the date of this letter, Mr. McGrath has clearly demonstrated a recognition and affirmative acceptance of personal responsibility for the offense charged. See U.S.S.G. § 3E1.1(a).

16. As of the date of this letter, Mr. McGrath has assisted authorities in the investigation or prosecution of his own misconduct by timely notifying authorities of his intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the government and the court to allocate their resources efficiently. See U.S.S.G. § 3E1.1(b).

#### Concurrent Sentences and Variance

17. The parties agree that the sentences imposed on Counts One and Two should run concurrently, and the United States will not seek sentences that run consecutively.

18. Mr. McGrath reserves the right to seek a variance under 18 U.S.C. § 3553(a), but will not seek a term of imprisonment shorter than 150 months. The Government reserves the right to oppose any term of imprisonment shorter than 240 months.

19. The parties will not seek or argue for any upward or downward departure or adjustment not based upon the facts set forth herein.

Waiver of Appeal and Collateral Attack

20. Mr. McGrath knows that he has and, except as noted below in this paragraph, voluntarily waives, the right to file any appeal, any collateral attack, or any other writ or motion, including but not limited to an appeal under 18 U.S.C. § 3742 or a motion under 28 U.S.C. § 2255, which challenges the sentence imposed by the sentencing court if the term of imprisonment of that sentence does not exceed 240 months. This Office will not file any appeal, motion or writ which challenges the sentence imposed by the sentencing court if the term of imprisonment of that sentence is at least 150 months. Furthermore, if the sentencing court accepts a stipulation, both parties waive the right to file an appeal, collateral attack, writ, or motion claiming that the sentencing court erred in doing so.

21. Both parties reserve the right to oppose or move to dismiss any appeal, collateral attack, writ or motion barred by the preceding paragraph and to file or to oppose any appeal, collateral attack, writ or motion not barred by the preceding paragraph.

Restitution

22. As part of his acceptance of responsibility and to facilitate restitution to his victims, Mr. McGrath will abandon, assign or forfeit to the United States the contents of the bank and brokerage accounts that are subject to seizure warrants previously executed by the United States and his interest, if any, in property known as 307-313 Newark Street, Hoboken, New Jersey. These assets were property involved in a violation of 18 U.S.C. § 1956(h) or are traceable to such property and are proceeds of Mr. McGrath's mail and wire fraud offense in violation of 18 U.S.C. § 1349. Mr. McGrath will cooperate in resolving third-party claims in favor of the United States and, if required by this Office, will endorse a preliminary order of forfeiture to be submitted to the Court at or after the time his guilty plea is entered.

6/14/09  
6/11/09

Certified as a true copy on  
This Date: 6/22/09  
By \_\_\_\_\_  
( ) Clerk  
(x) Deputy

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

FILED

2010 APR 15 PM 2:57

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING, BUREAU OF  
COMPLIANCE, INVESTIGATION AND  
LICENSING

PA DEPT OF BANKING

Docket No.: 100110 (ENF-ORD)

v.

MICHAEL J. MCGRATH, JR.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **Order of Prohibition** upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code § 33.31:

**VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED AND  
FIRST CLASS MAIL**

Michael J. McGrath, Jr.  
c/o John Michael Vazquez  
Critchley, Kinum & Vazquez, LLC  
75 Livingston Avenue  
Roseland, New Jersey 07068

Dated this 15 day of April 2010.

t Counsel  
Commonwealth of Pennsylvania  
Department of Banking  
17 North Second Street, Suite 1300  
Harrisburg, PA 17101  
(717) 787-1471