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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA v. MICHAEL ELIASOF	: : : : : : : : :	Hon. Criminal No. 07- 907 (JLL) Title 18, United States Code, Section 1956(h)
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INFORMATION

The defendant having waived in open court prosecution by indictment, the United States Attorney for the District of New Jersey charges:

CONSPIRACY TO COMMIT MONEY LAUNDERING
(18 U.S.C. § 1956(h))

BACKGROUND

A. THE DEFENDANT

1. At various times relevant to this Information, **defendant MICHAEL ELIASOF** resided in or near Mahwah, New Jersey, and was a residential real estate agent with ReMax Property Center, located in or near Paramus, New Jersey. **Defendant MICHAEL ELIASOF** acted as the real estate agent for numerous real estate transactions involving properties located in or near Paterson, New Jersey. **Defendant MICHAEL ELIASOF** controlled a company known as Paterson Management LLC ("**Paterson Management**"), which purported to serve as the property management company at properties located in or near Paterson, New Jersey, and maintained a business checking account at Commerce Bank ("**the Paterson Management Commerce Bank Account**"). **Defendant MICHAEL ELIASOF** also controlled a

corporate entity known as “MGE Investments,” which maintained a business checking account at Commerce Bank. In addition, **defendant MICHAEL ELIASOF** maintained at least one personal checking account at Commerce Bank (“**the Eliasof Commerce Bank Account**”).

B. THE COCONSPIRATORS

2. At various times relevant to this Information:

a. **G.C.** G.C., who is named as a coconspirator but not as a defendant herein, resided in or near Fairlawn, New Jersey, and was employed as a loan officer for U.S. Mortgage Corp. (“**U.S. Mortgage**”), which was located in or near Pine Brook, New Jersey. G.C. acted as the mortgage broker for numerous real estate transactions involving properties located in or near Paterson, New Jersey. G.C. received commission payments from U.S. Mortgage for each real estate closing in which he had acted as a loan officer. G.C. maintained a personal checking account at Bank of America.

b. **W.C.** W.C., who is named as a coconspirator but not as a defendant herein, resided in or near Garfield, New Jersey, and practiced law in or near Garfield, New Jersey. W.C. maintained an Attorney Trust Account (“**the W.C. Attorney Trust Account**”), a business account, and several personal accounts at Interchange Bank, located in or near Saddle Brook, New Jersey. W.C. acted as the closing attorney for numerous real estate transactions involving properties located in or near Paterson, New Jersey.

c. **R.D.2** R.D.2, who is named as a coconspirator but not as a defendant herein, resided in or near Paterson, New Jersey, and was the co-owner of a company known as “Renhops Management LLC” (“**Renhops**”). Renhops purported to

be the property management company for numerous properties located in or near Paterson, New Jersey. Renhops maintained at least two business checking accounts at Commerce Bank.

d. **H.B.** H.B., who is named as a coconspirator but not as a defendant herein, resided in or near Paterson, New Jersey, and was a co-owner of Renhops along with R.D.2

e. **A.M.** A.M., who is named as a coconspirator but not as a defendant herein, resided in or near Jersey City, New Jersey, and was employed as a loan officer at United Home Mortgage Company ("**United Home Mortgage**"), a mortgage broker located in or near Jersey City, New Jersey. United Home Mortgage acted as the mortgage broker for numerous real estate transactions involving properties located in or near Paterson, New Jersey. A.M. received commission payments from United Home Mortgage for each real estate closing in which he had acted as a loan officer.

f. **C.M.** C.M., who is named as a coconspirator but not as a defendant herein, resided in or near Lincoln Park, New Jersey, and was employed by **defendant MICHAEL ELIASOF** to locate buyers for properties located in or near Paterson, New Jersey.

g. **W.O., a/k/a "Billy the Kid."** W.O., who is named as a coconspirator but not as a defendant herein, resided in or near Branchville, New Jersey, and despite not being a licensed New Jersey real estate appraiser, operated a property appraisal company known as "Equity Appraisals," located in or near Pine Brook, New Jersey.

h. **M.G.** M.G., who is named as a coconspirator but not as a defendant herein, resided in or near Wanaque, New Jersey, and worked as a legal assistant for W.C. As part of his/her employment responsibilities, M.G. prepared Form HUD-1 Settlement Statements and other documents for real estate transactions involving properties located in or near Paterson, New Jersey. M.G. also prepared checks that, as closing attorney, W.C. signed and disbursed in connection with the sales of properties located in or near Paterson, New Jersey.

i. **F.C.** F.C., who is named as a coconspirator but not as a defendant herein, resided in or near Wantage, New Jersey, and worked at U.S. Mortgage as a loan processor and assistant to G.C. F.C.'s duties involved processing loan paperwork for prospective buyers of properties located in or near Paterson, New Jersey, at the direction of G.C.

j. **N.B., R.D.1, and F.U.** N.B., R.D.1, and F.U., who are named as coconspirators but not as defendants herein, sold properties located in or near Paterson, New Jersey, to buyers recruited by **defendant MICHAEL ELIASOF**, C.M., R.D.1, H.B., and others.

C. THE LENDERS

3. At all times relevant to this Information:

a. Mortgage lenders such as GMAC Residential Funding, Argent Mortgage, Long Beach Mortgage Company, Finance America LLC, and others ("**the Lenders**") loaned money to buyers in order to enable them to finance the purchase of properties located in or near Paterson, New Jersey. Before making these loans, the Lenders evaluated whether the buyers satisfied the Lenders' income, credit eligibility, and down payment requirements, among other things, to obtain financing needed to

purchase the properties. The Lenders performed their evaluations by reviewing the buyers' financial representations set forth in Uniform Residential Loan Applications, which G.C., A.M., and others prepared and caused to be submitted to the Lenders. Once the lenders approved the loans, they initiated electronic wire transfers of monies from their banks to the W.C. Attorney Trust Account.

THE CONSPIRACY

4. From in or about May 2004 through in or about February 2005, in Passaic County, in the District of New Jersey, and elsewhere, defendant

MICHAEL ELIASOF

did knowingly and wilfully conspire and agree with others to engage in monetary transactions in criminally derived property of a value greater than \$10,000, such property having been derived from specified unlawful activity, namely wire fraud in violation of Title 18, United States Code, Section 1343, contrary to Title 18, United States Code, Section 1957(a).

OBJECT OF THE CONSPIRACY

5. It was the object of the conspiracy to launder proceeds of fraudulently obtained mortgage loans that were obtained for unqualified buyers to purchase residential properties in or near Paterson, New Jersey, at inflated prices.

MANNER AND MEANS OF THE CONSPIRACY

6. Among the means and methods employed by **defendant MICHAEL ELIASOF** and his coconspirators to carry out the conspiracy and effect the unlawful object set forth above were those set forth in paragraphs 7 through 33 below.

7. **Defendant MICHAEL ELIASOF** arranged to sell properties owned by N.B., R.D.1, and F.U. in or near Paterson, New Jersey ("**the Paterson Properties**"), to buyers, many of whom were not sophisticated real estate investors and had inadequate financial resources to qualify for mortgage loans for the purchase of the Paterson Properties.

A. RECRUITING BUYERS FOR THE PATERSON PROPERTIES

8. **Defendant MICHAEL ELIASOF**, along with C.M., R.D.2, H.B., and others, recruited buyers to apply for mortgage loans that would enable them to purchase the Paterson Properties at inflated prices.

9. **Defendant MICHAEL ELIASOF**, C.M., R.D.2, H.B., and others promised the buyers that, in exchange for purchasing the properties in their names, the buyers would receive monthly cash payments and a percentage of future sales profits.

10. **Defendant MICHAEL ELIASOF**, G.C., A.M., and others induced the buyers to purchase the Paterson Properties by telling them that they would not need to pay deposits or closing costs to acquire the properties, nor make monthly mortgage payments after they owned the properties.

B. MEETINGS AT THE FORUM DINER

11. **Defendant MICHAEL ELIASOF**, C.M., R.D.2, H.B., and others directed multiple buyers to visit the Forum Diner, located in or near Paramus, New Jersey, in

groups and wait their turn to sign sales contracts and mortgage loan applications for the Paterson Properties, which the buyers had often not previously seen.

12. **Defendant MICHAEL ELIASOF**, G.C., and A.M. further induced the buyers to purchase the Paterson Properties by representing that a management company, either MGE Investments or Renhops, would locate tenants, collect rents, and make the required mortgage payments to the Lenders.

13. When completing the fraudulent sales and loan paperwork for the buyers, the coconspirators set inflated prices for the Paterson Properties, sometimes exceeding 400% more than what N.B., R.D.1, or F.U. had paid to acquire the properties months or, in some cases, days earlier.

14. When G.C. and A.M. completed the buyers' mortgage loan applications, they attributed to the buyers inflated incomes, false bank account balances, fake sales contract deposits, and fictitious assets.

15. G.C., F.C., and A.M. falsely indicated on the buyers' mortgage loan applications that the Paterson Properties would be owner-occupied, rather than investment properties as explained to the buyers by **defendant MICHAEL ELIASOF**, C.M., H.B., R.D.2, and others.

C. PREPARING DOCUMENTS FOR THE LENDERS

16. **Defendant MICHAEL ELIASOF**, R.D.2, H.B., and others caused repairs to be made to the Paterson Properties, so that the homes would appear habitable to appraisers and prospective tenants.

17. **Defendant MICHAEL ELIASOF** and G.C. instructed W.O. to generate inflated appraisal reports for the Paterson Properties.

18. W.O. completed the inflated appraisal reports by forging the signature of R.M., an unwitting licensed New Jersey real estate appraiser, thereby attesting to the accuracy of the reports.

19. In order to enhance the buyers' creditworthiness for consideration by the Lenders, F.C., R.D.2, H.B., and others generated false verifications of employment, false verifications of rent, and false income verifications for buyers of the Paterson Properties.

20. Acting as the closing attorney, W.C. issued fraudulent letters to the Lenders attesting that he had purportedly received from the buyers substantial deposits that were being held in escrow for the purchases of the Paterson Properties, when no such deposits had actually been received ("**the Attorney Escrow Letters**").

21. G.C., F.C., and A.M. caused the fraudulent sales contracts, mortgage loan applications, appraisal reports, Attorney Escrow Letters, verifications of employment, verifications of rent, income verifications, and related documents to be provided to the Lenders, who relied upon these documents in determining whether to approve the buyers for mortgage loans to finance the purchase of the Paterson Properties.

D. CLOSINGS AT THE LAW OFFICE OF W.C.

22. Even though many of the buyers never saw the Paterson Properties prior to purchasing them, **defendant MICHAEL ELIASOF**, C.M., R.D.2, H.B., and others directed the buyers to attend closings at W.C.'s law office ("**the Paterson Properties Closings**").

23. W.C. directed his legal assistant M.G. to prepare documents for the Paterson Properties Closings, including:

- a. Form HUD-1 Settlement Statements reflecting buyers' deposits and sellers' concessions that had never actually been made;
- b. Checks drawn upon the W.C. Attorney Trust Account that were signed by W.C. and distributed to the coconspirators as proceeds of the scheme; and
- c. Fraudulent property management agreements between the buyers and Renhops that were prepared by W.C.

24. In situations where the buyers were required to have "cash to close" in order to complete the Paterson Properties Closings, W.C. accepted checks from **defendant MICHAEL ELIASOF** to cover the buyers' closing costs and deposited these checks into the W.C. Attorney Trust Account.

25. After approving the mortgage loans, the Lenders caused electronic wire transfers of monies to be sent to the W.C. Attorney Trust Account, representing the proceeds of the new mortgage loans for the buyers' purchases of the Paterson Properties.

26. W.C. distributed the proceeds of the scheme to his coconspirators by issuing checks from the W.C. Attorney Trust Account.

E. CERTAIN PATERSON PROPERTIES ARE RESOLD

27. Paterson Management and Renhops failed to keep current with the monthly mortgage payments due to the Lenders for the Paterson Properties, causing most of these mortgage loans to fall into default.

28. For certain Paterson Properties where the mortgage loans were in default, the coconspirators arranged to resell them to other unsophisticated buyers.

29. When reselling these Paterson Properties, the coconspirators further inflated the prices and arranged for new fraudulent mortgage loans to be funded by

other unwitting Lenders, resulting in additional illicit profits to be shared by the coconspirators.

30. In certain instances, rather than issuing a single check representing the aggregate sum due to the seller at closing, W.C. issued multiple checks made payable to that seller.

31. W.C. directed that these checks made payable to the seller be transferred to **defendant MICHAEL ELIASOF**.

32. Thereafter, **defendant MICHAEL ELIASOF** engaged in monetary transactions by diverting many of these checks to the Eliasof Commerce Bank Account and the Paterson Management Commerce Bank Account.

33. Using cash and checks, **defendant MICHAEL ELIASOF** paid kickbacks to G.C., W.C., A.M., R.D.2, and H.B.

All in violation of Title 18, United States Code, Section 1956(h).


CHRISTOPHER J. CHRISTIE
UNITED STATES ATTORNEY

CASE NUMBER:

United States District Court
District of New Jersey

UNITED STATES OF AMERICA

v.

MICHAEL ELIASOF

**INFORMATION CHARGING
VIOLATION OF**

18 U.S.C. § 1956 (h)

CHRISTOPHER J. CHRISTIE

*U.S. ATTORNEY
NEWARK, NEW JERSEY*

KEVIN G. WALSH
*ASSISTANT U.S. ATTORNEY
973-645-2909*

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