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**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

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UNITED STATES OF AMERICA : **CRIMINAL COMPLAINT**  
v. :  
PAUL J. LOPAPA : Mag. No. 08-7147 (ES)

I, the undersigned complainant being duly sworn state the following is true and correct to the best of my knowledge and belief.

SEE ATTACHMENT A

All in violation of Title 18 United States Code, Sections 1349, and Title 42 United States Code, Section 408.

I further state that I am a Special Agent of the Office of the Inspector General, Office of Investigations, Social Security Administration, and that this complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached pages and made a part hereof.

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Brendon Murray, Special Agent  
Office of Inspector General  
Social Security Administration

Sworn to before me and subscribed in my presence,

October 6, 2008, at Newark, New Jersey  
HON. ESTHER SALAS, U.S.M.J.

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Signature of Judicial Officer

ATTACHMENT A

COUNT 1  
(Conspiracy)

From in or about August 2007 through on or about August 25, 2008, at Livingston, in the District of New Jersey and elsewhere, the defendant,

PAUL J. LOPAPA

knowingly and intentionally conspired and agreed with co-conspirators J.V., M.B. and others to execute a scheme and artifice to defraud investors of Skyline Equities, Inc., and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, did transmit and cause to be transmitted by means of wire in interstate commerce, writings, signs, signals, and sounds, contrary to Title 18 United States Code, Section 1343.

In violation of Title 18, United States Code, Section 1349.

COUNT 2  
(Social Security Fraud)

From in or about October 1998 through in or about October 2007, in Essex County, in the District of New Jersey, and elsewhere, the defendant,

PAUL J. LOPAPA

in a matter within the jurisdiction of the Social Security Administration, having knowledge of the occurrence of events affecting his initial and continued right to Disability Insurance Benefits, knowingly and willfully concealed and failed to disclose such events with an intent to fraudulently secure payment in a greater amount than was due and when no payment was authorized.

In violation of Title 42, United States Code, Section 408 (a) (4).

## ATTACHMENT B

1. I am a Special Agent with the Office of the Inspector General, Office of Investigations, Social Security Administration. Upon my investigation and my discussions with others, I have knowledge of the following facts:

2. Together with agents of the Federal Bureau of Investigation, I am participating in an investigation of individuals, including Paul J. LoPapa, along with J.V. and M.B., co-conspirators not named as defendants herein, as well as others. For the relevant time period relating to this Complaint, Defendant Paul J. LoPapa and J.V. resided at an address in Livingston, New Jersey. M.B. resided in North Arlington, New Jersey.

### Count 1: Conspiracy to Commit Wire Fraud

3. The primary purpose of the conspiracy was to induce investors to “invest” in a non-existent investment program in order to obtain their money which the co-conspirators then converted for their personal use.

### Background

4. Defendant Paul J. LoPapa purported to be Chairman, President, and Director of Skyline Equities, Inc. (“Skyline”), a company which he incorporated and operated out his residence in Livingston, New Jersey. J.V., who is believed to have a close personal relationship with Paul J. LoPapa, was identified at times in business documents as Skyline’s Vice President, Treasurer, and Secretary. M.B. was also identified at times in business documents as Skyline’s President.

5. Beginning at least as early as August 2007, Defendant Paul J. LoPapa, J.V., M.B. and others promoted and sold an investment program known as the Bank Guarantee program through Skyline (the “Bank Guarantee Program”), which purported to involve a

sophisticated international financial instrument which Defendant Paul J. LoPapa and others facilitated through financial institutions such as “Central European International Bank,” Credit Suisse, and UBS.

6. During this time period, in order to solicit funds from investors, Defendant Paul J. LoPapa, J.V., M.B., and others, made numerous material, false and misleading representations, directly and through others, concerning, among other things: the legitimacy of the Bank Guarantee Program itself, the use of investors’ funds, the promised rates of return, and Defendant Paul J. LoPapa’s personal credentials. The material, false and misleading representations were made in telephonic discussions, in written material, and in face-to-face meetings held at the residence of Defendant Paul J. LoPapa and J.V. in Livingston, New Jersey, and elsewhere.

7. For example, Defendant Paul J. LoPapa, J.V., M.B., and others, as part of their promotion of the investment program, produced a document entitled “Agreement N<sup>o</sup>,” to the investors for their signature (“the Agreement”). Among other things, the Agreement contains numerous contradictory representations such as a claim that the “authorisations [sic] of payment will be performed within ten (30) days after control,” and sets forth payment instructions via “swift wire transfer ... in the amount of Euro 3.000.000,00 (eighteen million Euro).”

8. In fact, the Bank Guarantee Program did not exist, and the representations set forth in the “Agreement N<sup>o</sup>” were false and fraudulent. In addition, in order to further gain the confidence of investors, Defendant Paul J. LoPapa, J.V., M.B. and others also provided investors with a document entitled “UBS Instrument of Guarantee” (the “Guarantee”). The Guarantee document was fraudulent.

9. Among other things, Defendant Paul J. LoPapa, J.V., M.B. and others fraudulently promised investors extraordinary rates of return, including but not limited to, a weekly-return of \$5 million on an investment of \$200,000.

10. In addition, in order to gain the confidence of the investors and induce their contributions of money, Defendant Paul J. LoPapa falsely represented that he was a licensed attorney at law.

Conspirators' Misappropriations of Investors' Monies

11. During the relevant time-period, Defendant Paul J. LoPapa, J.V., M.B. and others, directly and indirectly, solicited a series of investors who contributed more than \$800,000 for the purported purpose of investing in the Bank Guarantee Program. Defendant Paul J. LoPapa, J.V., M.B. and others directed the investors to wire-transfer monies, via interstate wire transmissions, to an account at JPMorgan Chase held in the name of Skyline, which listed the Livingston, New Jersey address as its location, and over which Defendant Paul J. LoPapa and J.V. had signatory authority and control. Immediately prior to the deposits of the investors' money, the Skyline account held at JPMorgan Chase had a negative balance. Upon receipt of the investors' monies, Defendant Paul J. LoPapa, J.V. and M.B. converted the money for their personal use.

12. For example, on or about December 19 and 20, 2007, Defendant Paul J. LoPapa, J.V., M.B. and others, solicited \$400,000 from investors identified as G.L., D.U. and C.U. for the purported purpose of investing into the Bank Guarantee Program, which was purportedly to be facilitated through financial institutions such as "Central European International Bank," Credit Suisse, and UBS.

13. Instead of investing G.L.'s, D.U.'s, and C.U.'s money into the supposed Bank Guarantee Program as promised, Defendant Paul J. LoPapa, J.V., and M.B. made a series of personal purchases and expenditures using the investors' money.

14. For example, on or about December 20, 2007, a wire-transfer in the amount of \$45,000 was issued from the Skyline account at JPMorgan Chase to a personal account at JPMorgan Chase held in the names of M.B. and B.B., who was M.B.'s spouse. In addition, on or about December 20, 2007, a certified bank check was drawn from the Skyline account at JPMorgan Chase and issued to Globe Motor Car Company, in Fairfield, New Jersey, in the amount of \$55,291, for the purchase of a 2008 Mercedes Benz ML 350, registered to M.B.

15. On or about December 21, 2007, Defendant Paul J. LoPapa authorized the issuance of a certified bank check which was drawn from the Skyline account at the Verona, New Jersey branch of JPMorgan Chase to Globe Motor Car Company, in the amount of \$100,000, for the purchase of a 2008 Mercedes Benz GL 550, registered to Defendant Paul J. LoPapa.

16. On or about December 31, 2007, Defendant Paul J. LoPapa authorized the issuance of a certified bank check which was drawn from the Skyline account at the Verona, New Jersey branch of JPMorgan Chase to Globe Motor Car Company, in the amount of \$96,031.80 for the purchase of a 2007 Mercedes Benz SL 550, registered to Defendant Paul J. LoPapa.

17. On or about January 4, 2008, Defendant Paul J. LoPapa authorized the issuance of a certified bank check which was drawn from the Skyline account at the Verona, New Jersey branch of JPMorgan Chase to Globe Motor Car Company, in the amount of

\$92,810.95 for the purchase of a 2008 Mercedes Benz G500, registered to J.V. On or about March 21, 2008, Paul J. LoPapa and J.V. traded-in the 2008 Mercedes Benz GL 550 and the 2007 Mercedes Benz SL 550 for a 2007 Mercedes CL 600, registered to J.V.

18. In addition, during the relevant time period, Defendant Paul J. LoPapa and J.V. used the investors' monies for personal expenditures such as the payment of property taxes on their personal residence at the Livingston, New Jersey address; payment for health insurance; and payment for purchases incurred on credit cards at Bloomingdales, Macy's, PETCO, Barnes and Noble, Kings Supermarket, Shoprite and elsewhere.

19. On or about January 25, 2008, Defendant Paul J. LoPapa opened a bank account at the Livingston, New Jersey branch of Sovereign Bank, in the name of Skyline at the Livingston, New Jersey address, on which Defendant Paul J. LoPapa, J.V., and M.B. had signatory authority. Paul J. LoPapa was listed as Skyline's Chairman; J.V. was listed as Skyline's Vice President, Treasurer, and Secretary; and M.B. was listed as Skyline's President.

20. On or about January 26, 2008, Defendant Paul J. LoPapa authorized the issuance of a certified bank check which was drawn from the Skyline account at the Verona, New Jersey branch of JPMorgan Chase which he deposited in the Skyline account at the Livingston, New Jersey branch of Sovereign Bank.

21. Immediately thereafter, Defendant Paul J. LoPapa and J.V. made a series of personal purchases and payments from the Skyline account held at Sovereign Bank, such as payments for the home mortgage for a residence in West Orange, New Jersey held in the name of M.B.; health insurance, interest payments for a Bank of America loan for another Mercedes Benz automobile, and retail vendors.

22. In or around mid-March 2008, Defendant Paul J. LoPapa opened a bank account at a Jersey City branch of Capital One, in the name of Skyline located at the Livingston, New Jersey address, on which Defendant Paul J. LoPapa, J.V., and M.B. had signatory authority. Paul J. LoPapa was listed as Skyline's Chairman; J.V. was listed as Skyline's Vice President, Treasurer, and Secretary; and M.B. was listed as Skyline's President.

23. On or about March 11, 2008, M.B. authorized the issuance of a certified bank check which was drawn from the Skyline account held at Sovereign Bank and deposited in the Skyline account held at Capital One.

24. Thereafter, Defendant Paul J. LoPapa and J.V. made a series of personal purchases and payments from the Skyline account held at Capital One, such as payments for interest payments for a Bank of America loan for a Mercedes Benz automobile, and payment for purchases incurred on credit cards. For example, on or about August 28, 2008, from the Capital One account, Defendant Paul J. LoPapa and J.V. paid for a series of personal purchases at Lord & Taylor, LL Bean, Walter Bauman Jewelers, Macy's, Supercuts, Millburn Car Wash, 1-800 Flowers and elsewhere.

25. Beginning in or around early 2008, the investors repeatedly attempted to contact Defendant Paul J. LoPapa, J.V., and/or M.B. for status updates regarding their investments as well as demands for payment of promised returns. In furtherance of the conspiracy, Defendant Paul J. LoPapa, J.V., and/or M.B. made additional false representations regarding the status of investments and assured the investors of forthcoming payments.

26. In or around July 2008, an investor identified as J.L. demanded payment from M.B. and advised M.B. that unless the full amount of her investment was returned, he/she was

going to report the ongoing fraudulent conduct to law enforcement authorities. On or about July 7, 2008, M.B. authorized a wire transfer from an unrelated business account in the amount of \$50,000 to J.L. No further payments from any of the co-conspirators were forthcoming.

27. With the exception of the above referenced payment of \$50,000 to J.L., to date, none of the investors received any of their principal investment money or any of the promised returns.

## Count 2: Social Security Fraud

28. On or about August 21, 2001, Defendant Paul J. Lopapa filed an Application for Disability Insurance Benefits with the Social Security Administration, claiming that he was disabled and unable to work as of December 1990. By filing the application, Defendant Paul LoPapa agreed to notify the Social Security Administration if there was any improvement in his medical condition or if he regained the ability to work.

29. On or about August 21, 2001, Defendant Paul J. LoPapa completed a Disability Report Adult, Form SSA-3368-BK. In the report, Defendant Paul J. LoPapa represented that he became unable to work as of December 1990. Defendant Paul J. LoPapa further represented that he had not worked since December 1990.

30. On or about September 15, 2001, Defendant Paul J. LoPapa completed an Activities of Daily Living Questionnaire. In the questionnaire, Defendant Paul J. LoPapa represented that he was unable to manage money due to loss of memory and stroke and was unable to leave his home.

31. On or about January 15, 2003, Defendant Paul J. LoPapa was found to be entitled to Social Security Disability benefits retroactive to October 1998. Paul J. LoPapa continued to receive those monthly Social Security Disability benefits until in or about October 2007.

32. On or about May 6, 2005, Defendant Paul J. LoPapa, through his representative, submitted an Affidavit to the Social Security Administration. In the Affidavit, Defendant Paul J. LoPapa represented that he sustained an accident in December 1990 and was never able to return to work following the accident. Defendant Paul J. LoPapa further

represented that he engaged in no gainful employment during 1991 or at anytime after his December 1990 accident.

33. On or about May 6, 2005, J.V., purporting to be Defendant Paul J. LoPapa's wife, allegedly submitted an Affidavit to the Social Security Administration. In the Affidavit, J.V., using "LoPapa" as her last name, represented that her "husband" never returned to work following his December 1990 accident. The Affidavit further represented that J.L. had been unable to work since 1990 and had become a full time care taker for her husband.

34. However, during an interview conducted by law enforcement on August 2, 2000, Defendant Paul J. LoPapa admitted, in substance and in part, that he maintained ownership of Citadel LLC; a New Jersey based Real Estate Investment Corporation. Defendant Paul J. LoPapa further admitted, in substance and in part, that he held 100% ownership of Citadel Real Estate Investments, a mortgage brokerage and consulting service firm. Defendant Paul J. LoPapa indicated, in substance and in part, that if a client needed a mortgage, Defendant Paul J. LoPapa would put together a mortgage package and seek funding for the customer. Defendant Paul J. LoPapa would charge a \$5,000.00 application fee and an additional \$10,000.00 could be required from the customer for 3rd party reports, appraisals, and points on the loan. Defendant Paul J. LoPapa also admitted, in substance and in part, that he was the sole owner of Buena Vista Corporation, a corporation formed in October 1999. Lastly, Defendant Paul J. LoPapa admitted, in substance and in part, that he was employed as a property manager for Washington Street Center L.L.C. in East Orange, New Jersey.

35. A review of the State of Delaware, Division of Corporation records revealed that Skyline Equities Incorporated was incorporated on June 18, 2001 and Defendant Paul J. LoPapa was elected as the Director of the Corporation.

36. A review of Social Security Administration records and other business related documentation revealed that Defendant Paul J. LoPapa and J.L. incorporated or worked for the following companies as President, Chairman, Vice President or Secretary Treasurer, after December 1990:

- a. Castle Rock Realty LLC / EIN: 22-3475477
- b. Citadel Holdings LLC / EIN: 22-3704910
- c. Buena Vista Holdings LLC / EIN: 22-3688700
- d. Bella Vista Investments LLC / EIN: 84-1690515
- e. General Trading Group LLC / EIN: 20-2262439
- f. Skyline Equities Incorporated / EIN: 22-3810558
- g. Summit Capital Partners Incorporated / EIN: 20-2262619
- h. Largo Properties LLC / EIN: 32-0113166
- i. Related Group LLC / EIN: 35-2326485

37. On or about May 3, 2005, Defendant Paul J. LoPapa admitted, under oath, that between the dates of November 1995 and February 1996, he was involved with Castle Rock Realty and the processing of a real estate application for property located in East Saddle River, New Jersey. Defendant Paul J. LoPapa, further admitted, in substance and in part, that between the dates of April 20, 2000 and June 7, 2002, Defendant Paul J. LoPapa received application fees for multi-million dollar loans which Defendant Paul J. LoPapa could not produce.

38. Although Defendant Paul J. LoPapa's employment and substantial gainful activity made him ineligible for Social Security Disability Insurance Benefits, at no time between 2001 and 2007, did Defendant Paul J. LoPapa inform the Social Security Administration that he was involved in substantial gainful activity.

39. On or about November 13, 2006, the Social Security Administration, Office of Disability Adjudication and Review determined that Defendant Paul J. LoPapa's entitlement to Disability Insurance Benefits was based on the concealment of work activity.

40. On or about September 28, 2007, an Administrative Law Judge concluded that since Defendant Paul LoPapa's alleged onset of disability, Defendant Paul J. LoPapa had engaged in significant substantial gainful activity and unreported illegal work activity. The Administrative Law Judge ruled that there had been no continuous 12-month period during which Defendant Paul J. LoPapa had not engaged in substantial gainful activity. Additionally, the Administrative Law Judge ruled that Defendant Paul J. LoPapa had not been under a disability, as defined by the Social Security Act from December 1, 1990 through September 28, 2007.

41. From on or about October 1998 through on or about October 2007, Defendant Paul J. LoPapa received Social Security Disability benefit payments of approximately \$145,923.00 to which he was not entitled due to his illegal unreported work activity and substantial gainful activity.

## **FORFEITURE ALLEGATIONS**

1. As a result of the offenses alleged in Counts One of this Criminal Complaint, defendant Paul LoPapa shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offense, including but not limited to:

a. a sum of money equal to approximately \$815,000 in United States currency, representing the amount of proceeds obtained as a result of the mail fraud offense;

b. the following property representing property traceable to the mail fraud offense:

(i) 2008 Mercedes Benz ML350, VIN # 4JGBB86E48A337695;

(ii) 2008 Mercedes Benz G500, VIN # WDCYR49E78X173316;

(iii) 2007 Mercedes Benz CL600, VIN # WDDEJ76X97A006762;

(iv) Contents of Account Number 7037009800 in the Name of Skyline Equities, Located at Capital One, 9025 Main Road, Mattituck, New York 11952

2. If any of the above-described forfeitable property, as a result of any act of omission of the defendant:

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third party;

c. has been placed beyond the jurisdiction of the court; or

d. has been commingled with other property which cannot be divided without difficulty, it is the intention of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated

by 28 U.S.C. § 2461, to seek forfeiture of any other property of said defendant up to the value of the forfeitable property described in paragraph 1 above.