

NEWS

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FOR IMMEDIATE RELEASE
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Ringleader of Major Bank Fraud Sentenced to 12 Years in Federal Prison

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NEWARK – A Palisades Park man was sentenced today to 12 years in prison for orchestrating a bank fraud scheme involving millions of dollars of fraudulent home equity and business lines of credit, Acting U.S. Attorney Ralph J. Marra, Jr. announced.

U.S. District Judge Peter G. Sheridan also ordered Jacob Kim, 53, to make restitution in the amount of \$10,485,114, representing the verifiable actual losses to the banks.

Kim pleaded guilty on July 28 to conspiracy to commit bank fraud.

Kim, who was president of American Macro Growth (AMG) in Palisades Park, was indicted in June 2007 along with four AMG employees and eight AMG clients. Kim was a fugitive from justice until he was arrested on May 5 while taking swings at the Alley Pond Golf Center in Queens, N.Y. The arrest capped off an intensive fugitive hunt that involved law enforcement personnel from the FBI, Federal Deposit Insurance Corporation and Bergen County Prosecutor's Office.

At his plea hearing, Kim admitted that he engaged in a conspiracy with AMG employees and clients to fraudulently obtain millions of dollars in home equity and business lines of credit from at least 16 different lenders in northern New Jersey between February 2004 and November 2005. Kim specifically admitted receiving \$59,519 in commission payments from one AMG client for assisting the client in obtaining lines of credit from 10 different banks, which totaled approximately \$1.35 million, by using the same property as collateral for each of the loans. Kim also admitted that he obtained falsified income tax returns and submitted those returns to the banks on behalf of his clients. He further admitted instructing his employees in the means and methods of perpetrating the scheme.

Kim admitted that AMG and its clients executed the scheme by closing on multiple home equity lines of credit, or HELOCs, in a short period of time so that the earlier lenders' security interests would not be publicly recorded at the time that later lenders closed on subsequent loans. The scheme effectively stripped lenders of security for the loans.

In sentencing Kim, Judge Sheridan noted that Kim drew more than 20 people into his scheme. The Judge stated that Kim "also drew his son and former wife into the scheme" which the Judge termed "reprehensible." He labeled Kim the "ringleader" of an "outrageous scheme" and stated that he "conned financial institutions" and did so in a deliberate and calculated manner. The Judge also found that Kim "turned his crime into a business, rented space, recruited brokers" and did so for more than a year. He also stated that the "nature and circumstances of the offense are very serious." The Judge also said that Kim instructed other employees of AMG to shred documents after learning of the FBI investigation and this reflected "a clear effort to destroy evidence and obstruct justice."

Sixteen other individuals are scheduled to be sentenced in connection with the scheme between now and Jan. 7. They include four former AMG employees, 11 former clients, and Jacob Kim's current wife, who pleaded guilty to helping Kim avoid arrest by law enforcement.

In formulating Kim's sentence, Judge Sheridan included enhancements for obstruction of justice for the destruction of documents and computer evidence, and for the number of victims and Kim's status as an organizer and leader of the fraud.

The victims of the scheme include Banco Popular, Bank of America, The Bank of New York, Citibank, Commerce Bank, Fleet Bank, JP Morgan Chase Bank, HSBC Bank, Hudson United Bank, North Fork Bank, PNC Bank, Sovereign Bank, Wachovia Bank, Washington Mutual Bank, Wells Fargo Bank and Countrywide Home Loans, Inc.

Marra credited Special Agents of the FBI, under the direction of Special Agent in Charge Weysan Dun, and the Federal Deposit Insurance Corporation, under the direction of Special Agent in Charge Gary Sherrill, with the investigation leading to the guilty pleas.

The government was represented by Assistant U.S. Attorney Bradley A. Harsch of the Criminal Division in Newark.

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Defense Counsel: Kenneth W. Kayser, Esq., Livingston, NJ