

JPN:WMN
F.#2011R00058

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA

I N F O R M A T I O N

- against -

SHARIF RASHED,

Defendant.

Cr. No. 13-300 (ENV)
(T. 18, U.S.C.,
§§ 981(a)(1)(C), 1349 and
3551 et seq.; T. 21,
U.S.C., § 853(p); T. 28,
U.S.C., § 2461(c))

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THE UNITED STATES ATTORNEY CHARGES:

INTRODUCTION

At all times relevant to this Information, unless otherwise indicated:

I. Background

1. The defendant SHARIF RASHED was a real estate appraiser licensed to operate in the State of New York. RASHED operated as an appraiser through his company, Coast to Coast Appraisal, Inc., which was hired to conduct appraisals for, among other things, real estate transactions.

2. The United States Department of Housing and Urban Development ("HUD") was a department of the Executive branch of the federal government. The mission of HUD was to aid individuals and communities in the development and purchase of affordable housing.

3. The Federal Housing Administration ("FHA") was an agency of HUD. Among other services, FHA guaranteed the

repayment of mortgage loans to FHA-approved lending institutions should a borrower default on his or her loan. To qualify for an FHA-insured loan, the borrower was required to, among other things, actually reside in the property for which the mortgage was obtained.

4. The Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac") were government-supported enterprises chartered by Congress with a mission to provide liquidity, stability, and affordability to the U.S. housing and mortgage markets. As part of this mission, Fannie Mae and Freddie Mac assisted mortgage lenders by purchasing the residential mortgage loans that lenders originated and packaging them for resale, which enabled the lenders to replenish their funds to finance additional single-family loans.

5. The Federal Housing Finance Agency ("FHFA") was a federal agency created to oversee Fannie Mae and Freddie Mac. Fannie Mae and Freddie Mac entered into conservatorships overseen by FHFA as conservator. In that capacity, FHFA had the authority to exercise all rights and remedies of Fannie Mae and Freddie Mac, including but not limited to, the authority to bring suits on behalf of and for the benefit of Fannie Mae and Freddie Mac.

II. The Fraudulent Scheme

6. The defendant SHARIF RASHED, together with others (the "Co-conspirators"), conspired to defraud various financial institutions, the deposits of which were insured by the Federal

Deposit Insurance Corporation ("FDIC"), and mortgage lending institutions (the "Lending Institution" or "Lending Institutions"). RASHED and the Co-conspirators caused mortgage loan applications ("Applications") to be submitted to the Lending Institutions in connection with the purchase of residential properties located within the Eastern District of New York and elsewhere (the "Property" or "Properties"). Among other things, the Co-conspirators fraudulently inflated the purchase prices of the Properties on the Applications. The Co-conspirators also submitted false information about the assets and income of the purchasers of the Properties, many of whom were being compensated as part of the scheme to act as purchasers of the Properties (the "Straw Purchaser" or "Straw Purchasers"). The false information that the Co-conspirators submitted made the borrowers, including the Straw Purchasers, falsely appear to be more creditworthy and falsely inflated the purported value of the Properties. As a result, the Lending Institutions were fraudulently induced to issue mortgage loans secured by Properties that had inflated appraisal values.

7. Among other things, the Co-conspirators recruited Straw Purchasers to pose as the purchasers of some of the Properties. The Straw Purchasers generally were individuals with good credit scores, but with insufficient income and assets to qualify for a mortgage loan. The Straw Purchasers did not intend to inhabit or control the Properties. Instead, the Co-

conspirators used the Straw Purchasers to conceal from the Lending Institutions the fact that the Co-conspirators were the true owners of the Properties. In exchange for the use of their names and good credit, the Co-conspirators paid the Straw Purchasers a fee.

8. As part of the scheme, the Co-conspirators caused the Applications for the Straw Purchasers and other borrowers to contain numerous misrepresentations and material falsehoods about their assets and income and the value of the Properties. For example, the Applications falsely inflated the bank account balances and income for Straw Purchasers and other borrowers. Additionally, the Applications often falsely stated that the Straw Purchasers intended to live at the Properties. The Co-conspirators caused these Applications and supporting documents to be sent to the Lending Institutions by facsimile or electronic transmissions, which traveled interstate between the State of New York and another state.

9. As a condition for issuing the mortgage loans, the Lending Institutions required the Straw Purchasers and other borrowers to make down payments in connection with the purchase of the Properties. Despite these requirements, the Straw Purchasers and other borrowers often did not make any down payments. To conceal this fact from the Lending Institutions, the Co-conspirators falsified HUD forms (the "Falsified HUD Forms") to make it appear as if the Straw Purchasers and the

other borrowers had in fact made down payments in connection with the purchase of the Properties. The Co-conspirators caused the Falsified HUD Forms to be submitted to the Lending Institutions at or around the time of the closings on the sales of the Properties.

10. As part of the scheme, the Co-conspirators often conducted simultaneous purchases and sales of the Properties in an effort to conceal their criminal involvement and to inflate the value of the Properties. For example, on occasion, a Co-conspirator would purchase a Property from a homeowner. That same day, the Co-conspirator would sell the Property to a Straw Purchaser at an inflated value.

11. To further conceal the fraudulent purchase of the Property by the Straw Purchaser, the Co-conspirators would submit to one of the Lending Institutions an Application that contained false information about the Straw Purchaser's assets and income. On some occasions, the Co-conspirators also supplied the Lending Institution with an appraisal for the Property that falsely contained an inflated appraisal value that exceeded the actual value of the Property. As part of his involvement in this scheme, the defendant SHARIF RASHED fraudulently created appraisal reports that falsely inflated the value of the Properties to be purchased by the borrowers. These false reports were fraudulently submitted with the mortgage loan applications for the Properties. Subsequently, the Lending Institution was

fraudulently induced into approving what was believed to be a legitimate mortgage loan to the borrower for the purchase of the Property at a price that exceeded the value of the Property.

12. To further conceal their involvement in the scheme from the Lending Institutions, the Co-conspirators, through the use of false documents and other means, concealed the fact that a Co-conspirator had initially purchased the Property from the homeowner. Accordingly, the Lending Institution was fraudulently induced to believe that the Straw Purchaser had purchased the Property directly from the homeowner at the inflated appraised value, as falsely stated in the Straw Purchaser's Application.

13. As a result of the fraudulent conduct alleged herein, the Lending Institutions approved the Applications that contained false and fraudulent information and disbursed mortgage loan proceeds in connection with what the Lending Institutions falsely believed were the legitimate purchases of the Properties.

14. At or around the time of the closings of the properties, the defendant SHARIF RASHED and the Co-conspirators diverted for their own use the portion of the loan proceeds that exceeded the actual value of the Properties.

15. In many instances, the Straw Purchasers and the other borrowers failed to make required mortgage payments to the Lending Institutions, which caused the mortgage loans that were secured by the Properties to be placed into default status.

CONSPIRACY TO COMMIT BANK FRAUD AND WIRE FRAUD

16. The allegations contained in paragraphs 1 through 15 are realleged and incorporated as if set forth fully in this paragraph.

17. In or about and between October 2008 and May 2011, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant SHARIF RASHED, together with others, did knowingly and intentionally conspire:

a. to execute a scheme and artifice to defraud one or more financial institutions, and to obtain moneys, funds, credits and other property owned by, and under the custody and control of, said financial institutions, by means of materially false and fraudulent pretenses, representations and promises, contrary to Title 18, United States Code, Section 1344; and

b. to devise a scheme and artifice to defraud the Lending Institutions and to obtain money and property from the Lending Institutions by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, to transmit and cause to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Section 1343.

(Title 18, United States Code, Sections 1349 and 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATION

18. The United States hereby gives notice to the defendant that, upon conviction of the charged offense, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require any person convicted of such offense to forfeit any property constituting or derived from proceeds obtained directly or indirectly as a result of such offense.

19. If any of the above-described forfeitable property, as a result of any act or 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;

(d) has been substantially diminished in value;

or

(e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek forfeiture of any

other property of the defendant up to the value of the
forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Section 981(a)(1)(C);
Title 21, United States Code, Section 853(p); Title 28, United
States Code, Section 2461(c))



LORETTA E. LYNCH
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK