2008R01222/MEB

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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| UNITED STATES OF AMERICA | : | Hon. |
| | : | |
| v. | : | Crim. No. 11- |
| | : | |
| RONALD HARRIS, JR. | : | 18 U.S.C. § 1349 |
| | : | 18 U.S.C. § 1956(h) |
| | : | 18 U.S.C. § 981 |
| | : | 28 U.S.C. § 2461 |

# INFORMATION

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

## COUNT ONE
(Conspiracy to Commit Wire Fraud)

1. At all times relevant to this Information:

a. Defendant RONALD HARRIS, JR. ("HARRIS"), owned and operated Harris Capital and Skyline Capital Group ("Skyline Capital"). At various times, defendant HARRIS held Harris Capital and Skyline Capital out as home foreclosure rescue companies. Harris Capital and Skyline Capital operated out of 550 Broad Street, Newark, New Jersey, later out of 23 Fulton Street, Newark, New Jersey, and finally out of 1781 Springfield Avenue, Maplewood, New Jersey. In addition to owning and operating Harris Capital and Skyline Capital, defendant HARRIS also controlled various shell companies such as Olympia Financial Services ("Olympia Financial"), Bubba Holdings, Bubba Resources, and Contemporary Vision (sometimes collectively referred to herein as "HARRIS's Shell Companies").

b. Sterling Bruce ("Bruce"), who is named as a co-conspirator but not as a defendant herein, worked with defendant HARRIS to, among other things, locate homeowners who were facing foreclosure, recruit individuals with good credit scores to act as straw buyers of the homes facing foreclosure, and create fraudulent documents that were submitted to lenders in support of loan applications. Bruce also controlled various shell companies, including Commonwealth Option One and Applegate Management (sometimes collectively referred to herein as "Bruce's Shell Companies").

c. Sabir Muhammad ("Muhammad"), who is named as a co-conspirator but not as a defendant herein, worked with defendant HARRIS to recruit individuals with good credit scores to act as straw buyers of the homes facing foreclosure.

d. Pia Perkinson ("Perkinson"), who is named as a co-conspirator but not as a defendant herein, was a loan officer who worked at various times at A&E Mortgage in Woodbridge, New Jersey and First Option Mortgage in Carteret, New Jersey. Perkinson assisted defendant HARRIS, Bruce, Muhammad and others in their fraudulent mortgage foreclosure rescue scheme by applying for loans for straw buyers based on fraudulent loan applications and false accompanying documents that defendant HARRIS and others submitted.

## The Conspiracy

2. From in or about 2005 to in or about 2008, in Essex County, in the District of New Jersey, and elsewhere, defendant

RONALD HARRIS, JR.

did knowingly and intentionally conspire and agree with Bruce, Muhammad, Perkinson, and others to devise a scheme and artifice to defraud, 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, to cause to be transmitted by means of wire communications in interstate commerce certain writings, signs and signals, contrary to Title 18, United States Code, Section 1343.

## Object of the Conspiracy

3. The object of the conspiracy was for defendant HARRIS and his co-conspirators to obtain money and property from financially distressed homeowners facing foreclosure and from mortgage lenders by making materially false and fraudulent misrepresentations.

## Methods and Means of the Conspiracy

4. Defendant HARRIS, Bruce and others, using face-to-face meetings, flyers, and newspaper advertisements, targeted persons in New Jersey who had equity in their homes but were facing foreclosure because of their inability to make their monthly payments.

5. Defendant HARRIS, Bruce and others fraudulently promised to help the homeowners avoid foreclosure, keep their

homes and repair their damaged credit. Defendant HARRIS, Bruce and others instructed the homeowners to permit title to their homes to be put in the names of third party purchasers (the "straw buyers") for approximately six months to one year, during which time defendant HARRIS, Bruce and others promised to improve the homeowners' credit ratings, help them obtain more favorable mortgages on their homes and ultimately, return to them the title to their homes. To other homeowners who were interested in selling their homes and moving out, defendant HARRIS, Bruce and others promised to sell the homes for them.

6. Defendant HARRIS, Bruce, Muhammad and others also recruited individuals with good credit scores to act as straw buyers of the homes facing foreclosure. Defendant HARRIS, Bruce, Muhammad and others typically told these individuals that they were helping someone to save their home and they would make money when they sold the property back to the current owner after approximately one year. The straw buyers were also told that the rental income stream from the residents of the subject property would be more than sufficient to cover all mortgage payments and other costs of ownership.

7. Once the straw buyers had been recruited, defendant HARRIS, Bruce, Perkinson, and others submitted and caused to be submitted to mortgage lenders fraudulent loan applications in the straw buyers' names. These applications contained material false personal and financial information about the straw buyers, such

as misstating their employment, income and assets, among other things, that the lenders relied upon when deciding whether to approve the loans. For example, many of the straw buyer's loan applications stated that they worked for one of defendant HARRIS's companies and made a substantial salary, even though the straw buyer had never been employed by HARRIS or one of his companies. Additionally, fraudulent investment account statements were regularly submitted with a straw buyer's loan application to support the inflated assets claimed on the application even though the straw buyer usually never had an account at the financial institution identified on the fraudulent statements.

8. Defendant HARRIS, Bruce, Muhammad and others also used many of the straw buyers to fraudulently obtain mortgage loans for multiple properties without fully disclosing the other transactions involving the same straw buyers to the lenders. To minimize the risk of detection by any of the lenders, these loan applications were often presented to different lenders and the loans were closed within a short period of time.

9. Prior to the closing of the transactions, defendant HARRIS, Bruce and others would regularly file and cause to be filed liens on the properties that were to be transferred from the distressed homeowner to the straw buyer. These liens were usually for tens of thousands of dollars and would be in the name of one of defendant HARRIS's Shell Companies or one of Bruce's

Shell Companies. These liens were filed so that at the closings of the transactions, these liens would be paid off with the proceeds of the fraudulently obtained loans and defendant HARRIS, Bruce and others would enrich themselves.

10. Defendant HARRIS and his co-conspirators primarily used two settlement agents to close the fraudulent loans - an attorney (the "Attorney"), and a title company (the "Title Company"). At the closings, the settlement agent prepared HUD-1 Settlement Statements ("HUD-1s") that were supposed to accurately reflect the amounts of money due from the straw buyers and to be paid to the sellers to close the sales. In most cases, these HUD-1s were fraudulent in that they indicated that the straw buyers were paying large sums of money to the sellers at the closings even though the straw buyers, in fact, did not pay money in connection with the transactions, and the sellers never received the stated amount.

11. Also at the closings, after each homeowner's debt was paid off and other fees were satisfied, the settlement agent would disburse the remainder of the loan proceeds to either defendant HARRIS or Bruce individually or in the name of one of their Shell Companies.

12. As a result of this conspiracy, defendant HARRIS, Bruce, Muhammad, Perkinson and others caused lenders to fund, by interstate wire transfer of monies into New Jersey, dozens of

fraudulent loans worth more than $10 million, of which defendant HARRIS received approximately $1,145,993 for himself.

13. In almost all instances, mortgage payments were not made to the lenders and the loans went into default.

PROPERTIES

14. It was a further part of the conspiracy that defendant HARRIS and his co-conspirators committed and caused to be committed the following acts in connection with the following properties:

Monticello Avenue, Newark, New Jersey

15. In or about January 2007, defendant HARRIS caused Perkinson to submit a false loan application in the name of E.H. to CIT Group in connection with the purchase of a home on Monticello Avenue, Newark, New Jersey ("Monticello Avenue Property"). This application falsely stated, among other things, that: E.H. had worked as a manager at Harris Capital for the previous two years; E.H.'s gross monthly income was approximately $6,000; and E.H. was going to occupy the Monticello Avenue Property as E.H.'s primary residence.

16. On or about January 18, 2007, before the closing of this transaction, Bubba Holdings, one of defendant HARRIS's Shell Companies, filed and recorded an approximately $84,238 lien against the Monticello Avenue Property.

17. The closing of this transaction took place on or about February 5, 2007 at the Title Company's office. On that day, CIT

Group transferred the proceeds of the loan, approximately $321,675, to the Title Company by check. With those funds, the Title Company paid off the seller's outstanding mortgage by transferring approximately $209,352 via interstate wire transfer to Countrywide Mortgage. To pay off the fraudulent lien described above, the Title Company also issued an approximately $82,664 check to Bubba Holdings. Two days later, that check was deposited in Bubba Resources account maintained at Commerce Bank in New Jersey. Defendant HARRIS's family member, B.H., was the sole signatory on the Bubba Resources account. Within days, B.H. transferred approximately $61,000 to Harris Capital.

18. The mortgage for the Monticello Avenue Property went into default for non-payment shortly thereafter.

Rutledge Avenue, East Orange, New Jersey

19. In or about January 2008, defendant HARRIS caused Perkinson to submit a loan application in the name of D.B. to IndyMac Bank, F.S.B. ("IndyMac") in connection with the purchase of a home on Rutledge Avenue, East Orange, New Jersey ("Rutledge Avenue Property"). This application falsely stated, among other things, that: D.B. had worked as a finance manager at Skyline Capital for the previous four years; D.B.'s gross monthly income was approximately $10,000; D.B. had approximately $131,000 in an account at GunnAllen Financial; and D.B. was going to occupy the Rutledge Avenue Property as D.B.'s primary residence.

20. In or about October 2007, before the closing of this transaction, Olympia Financial, one of defendant HARRIS's Shell Companies, filed and recorded an approximately $57,321 lien against the Rutledge Avenue Property.

21. The closing of this transaction took place on or about March 27, 2008 at the Attorney's office. The HUD-1 generated as part of this transaction contained false information. Specifically, the HUD-1 falsely stated that the borrower, D.B., had paid approximately $30,000 and that the sellers, J.T. and L.T., received approximately $32,777 at the closing. In fact, D.B. paid no monies at the closing and the sellers received none of the proceeds.

22. Based in part on the false information contained in the HUD-1, the loan application, and other fraudulent documents submitted therewith, IndyMac approved D.B. for an approximately $270,000 loan, the proceeds of which it funded at the closing via interstate wire transfer into the Attorney's trust account at Bank of America in New Jersey.

23. With a portion of the proceeds of the loan, the Attorney made two disbursements, one by wire transfer and one by check, to Olympia Financial which totaled over approximately $32,500. Defendant HARRIS caused the wire transfer and the check to be deposited into Olympia Financial's bank account at Commerce Bank in New Jersey.

24. The mortgage for the Rutledge Avenue Property went into default for non-payment shortly thereafter.

New England Terrace, Orange, New Jersey

25. In or about October 2007, defendant HARRIS and Muhammad submitted and caused to be submitted a false loan application in the name of C.M., Muhammad's wife, to Lydian Mortgage in connection with C.M.'s purchase of a home on New England Terrace, Orange, New Jersey ("New England Terrace Property"). This application falsely stated, among other things, that: C.M. worked as a manager at Harris Capital for the previous five years; her gross monthly income was approximately $9,700; and C.M. had assets in excess of $90,000 in an account with Andrew Garrett, an investment management company.

26. In or about October 2007, before the closing of this transaction, Olympia Financial filed and recorded an approximately $42,547 lien against the New England Terrace Property.

27. The closing of this transaction took place on or about November 27, 2007 at the Title Company's office. The HUD-1 generated as part of this transaction contained false information. Specifically, the HUD-1 falsely stated that C.M., as the borrower, had paid approximately $81,286 at the closing. In fact, C.M. had paid no monies at the closing.

28. Based in part on the false information contained in the HUD-1, the loan application, and other fraudulent documents

submitted therewith, Lydian Mortgage approved C.M. for an approximately $280,000 loan, the proceeds of which it funded at the closing via interstate wire transfer into the Title Company's account.

29. With a portion of the proceeds of the loan, the Title Company caused an approximately $25,929 check to be written to Olympia Financial, which defendant HARRIS caused to be deposited into Olympia Financial's bank account maintained at Commerce Bank in New Jersey.

30. The mortgage for the New England Terrace Property went into default for non-payment shortly thereafter.

All in violation of Title 18, United States Code, Section 1349.

COUNT TWO
(Conspiracy to Engage in Monetary Transactions in Criminally Derived Property)

1. The allegations set forth in paragraphs 1 and 4 through 30 of Count One of this Information are realleged and incorporated herein.

2. From at least as early as in or about 2005 to in or about 2008, in Essex County, in the District of New Jersey, and elsewhere, defendant

RONALD HARRIS, JR.

did knowingly conspire with Bruce, Muhammad, Perkinson and others to engage in monetary transactions, namely, deposits, withdrawals, transfers and exchanges of U.S. currency and monetary instruments, through financial institutions affecting interstate commerce, in criminally derived property of a value greater than $10,000 that was derived from specified unlawful activity, namely wire fraud in violation of Title 18, United States Code, Section 1343, as set forth in paragraphs 1 and 4 though 30 of Count One of this Information, contrary to Title 18, United States Code, Section 1957.

3. As part of the conspiracy, defendant HARRIS, Bruce, Muhammad, Perkinson and their co-conspirators caused millions of dollars in fraudulent mortgage loans to be funded during in or about 2005 through in or about 2008. Prior to the closing of these transactions, defendant HARRIS and Bruce regularly filed and caused to be filed liens for tens of thousands of dollars on

the properties that were to be sold as part of the scheme. Once the funds for the fraudulent mortgage loans had been transferred from the mortgage lenders to bank accounts that the Attorney or the Title Agent maintained at banks that affected interstate commerce, defendant HARRIS extracted proceeds from the fraud through checks or wire transfers made to one of his Shell Companies, including those checks and the wire transfer discussed below, for amounts defendant HARRIS specified or caused to be specified.

Check Associated With Monticello Avenue

4. As further part of the conspiracy, on or about February 5, 2007, the Title Company caused an approximately $82,664 check to be written to defendant HARRIS's Shell Company, Bubba Holdings.

5. As further part of the conspiracy, defendant HARRIS caused the $82,664 check to be deposited into Bubba Resources's bank account maintained at Commerce Bank in New Jersey. Within days of the check being deposited in the account, defendant HARRIS's wife, B.H., transferred approximately $61,000 to a bank account controlled by Harris Capital in New Jersey.

Wire Transfer Associated With Rutledge Avenue

6. As further part of the conspiracy, on or about March 27, 2008, the Attorney caused a wire transfer of approximately $26,284 to be sent to a bank account at Commerce Bank in New

Jersey controlled by Olympia Financial, one of defendant HARRIS's Shell Companies.

Check Associated With New England Terrace

7. As further part of the conspiracy, on or about November 27, 2007, the Title Company caused an approximately $25,929 check to be written to Olympia Financial.

8. As further part of the conspiracy, defendant HARRIS caused the $25,929 check to be deposited into Olympia Financial's bank account in New Jersey.

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

## FORFEITURE ALLEGATIONS

1. As the result of committing one or more of the charged offenses in violation of Title 18, United States Code Sections 1349 and 1956(h), alleged in Counts 1 and 2 of this Information, defendant RONALD HARRIS, JR. shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, 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 sum of money equal to $1,145,993 in United States currency, representing the amount of proceeds that defendant HARRIS obtained as a result of the offense.

2. 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 person;

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 subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property.

All in violation of Title 18, United States Code, Section 981 and 28 United States Code, Section 2461.

PAUL J. FISHMAN
United States Attorney

CASE NUMBER:

# United States District Court
# District of New Jersey

UNITED STATES OF AMERICA

v.

RONALD HARRIS, JR.

## INFORMATION FOR

18 U.S.C. § 1349
18 U.S.C. § 1956(h)


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