

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
v. : Criminal No. 08-
NORMAN BARNA : 18 U.S.C. § 371

I N F O R M A T I O N

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

CONSPIRACY TO COMMIT WIRE FRAUD
(18 U.S.C. § 371)

Defendant and Coconspirators

1. At various times relevant to this Information:
 - a. Defendant Norman Barna resided in Clifton, New Jersey, and purchased and subsequently sold for higher prices residential real estate in and near Paterson, New Jersey (the "Paterson Properties").
 - b. Michael Eliasof, named as a coconspirator but not as a defendant herein, resided in Mahwah, New Jersey, and was employed as a residential real estate agent at Re/Max Property Center in Paramus, New Jersey.
 - c. W.C., named as a coconspirator but not as a defendant herein, resided in Garfield, New Jersey, and practiced law from a Garfield, New Jersey office where he conducted real estate closings.

d. Melanie Gebbia, named as a coconspirator but not as a defendant herein, resided in Wanaque, New Jersey, and was employed as a legal assistant in W.C.'s law office.

The Conspiracy

2. From in or about January 2002 through in or about December 2005, in Bergen, Hudson and Passaic Counties, in the District of New Jersey, and elsewhere, defendant

Norman Barna

did knowingly and intentionally conspire and agree with Michael Eliasof, W.C., Melanie Gebbia and others to commit an offense against the United States, that is, 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, which scheme and artifice is set forth below in substance and in part, and for the purpose of executing such scheme and artifice, to transmit and cause to be transmitted by means of wire communications in interstate commerce certain writings, signs, signals, pictures, and sounds, contrary to 18 U.S.C. § 1343.

Object of the Conspiracy

3. The object of the conspiracy was to profit from the sale and refinancing of residential rental properties by obtaining mortgage loans for unqualified borrowers using fraudulent loan applications, appraisals and other documents.

Manner and Means of the Conspiracy

4. As part of the conspiracy, the conspirators would obtain and arrange to sell the Paterson Properties to unsophisticated real estate investors whom the conspirators knew lacked financial resources to qualify for mortgage loans to purchase the properties (the "Borrowers").

5. As further part of the conspiracy, the conspirators would induce the Borrowers to buy the Paterson Properties by claiming that the properties would be good investments for the Borrowers and by promising that in exchange for purchasing the Paterson Properties in their names while ceding control of the properties to the conspirators, the Borrowers:

a. would neither pay deposits and closing costs to acquire the properties, nor make monthly mortgage payments after they owned the properties;

b. would receive monthly cash payments and a percentage of future sales profits when the conspirators sold the properties; and

c. would not have to manage the properties because Paterson Management or other entities would maintain the properties, locate tenants, collect rent and make mortgage payments.

6. As further part of the conspiracy, the conspirators would obtain mortgage loans for the Borrowers through fraudulent loan applications, including:

- a. false agreements of sale for the Paterson Properties describing substantial down payments from the Borrowers that the conspirators knew would not be made;
- b. false information concerning the Borrowers' employment, income, assets and rental payments; and
- c. false appraisals inflating the value of the Paterson Properties.

7. As further part of the conspiracy, the conspirators would cause fraudulent documents to be prepared concerning the Paterson Properties, including RESPA settlement statements (also called "HUD-1 Uniform Settlement Statements") that were supposed to accurately reflect the amounts of money due from the Borrowers and to be paid to the sellers to close the sales of the Paterson Properties.

8. As further part of the conspiracy, the conspirators took proceeds from these fraudulent mortgage loans by having checks made payable to -- or deposited by -- themselves and others.

9. As further part of the conspiracy, when problems arose with the Borrowers' mortgage loans, the conspirators would pay off the mortgage loans by refinancing them with new, fraudulent mortgage loans for the unqualified Borrowers or by reselling the Paterson Properties to new, unqualified Borrowers for whom the conspirators obtained new, fraudulent mortgage loans.

Overt Acts

10. In furtherance of the conspiracy and to effect its unlawful object, defendant Norman Barna and his coconspirators committed, and caused to be committed, the following overt acts in the District of New Jersey and elsewhere:

a. On or about October 23, 2002, defendant Norman Barna purchased the property located at 138 Highland Street in Paterson, New Jersey, for \$110,000.

b. On or about October 23, 2002, defendant Norman Barna signed a contract of sale in which he agreed to sell this property to C.W., for \$220,000.

c. On or about December 6, 2002, at a closing occurring at W.C.'s law office, defendant Norman Barna sold this property to C.W. for \$220,000.

d. At the closing, defendant Norman Barna signed a HUD-1 Uniform Settlement Statement falsely stating that C.W. had paid a \$22,000 deposit and directing that \$32,400 be paid to MGE Investments.

e. At the closing, defendant Norman Barna received a check for \$134,235.06, representing his share of the proceeds from this sale.

All in violation of Title 18, United States Code, Section 371.



RALPH J. MARRA, JR.
ACTING UNITED STATES ATTORNEY

CASE NUMBER: _____

**United States District Court
District of New Jersey**

UNITED STATES OF AMERICA

v.

NORMAN BARNA

INFORMATION FOR

18 U.S.C. § 371

RALPH J. MARRA, JR.

ACTING U. S. ATTORNEY NEWARK, NEW JERSEY

MARK E. COYNE

ASSISTANT U. S. ATTORNEY

NEWARK, NEW JERSEY

973-645-2700
