

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA :

Hon.

v.

: Crim. No. 09-

DAVID A. MORO

: 18 U.S.C. §§ 1001, 1341, 1343
1344, 1349, 1957(a) and 2

I N D I C T M E N T

The Grand Jury in and for the District of New Jersey,
sitting at Newark, charges:

COUNT 1- CONSPIRACY
(18 U.S.C. § 1349)

BACKGROUND

A. The Coconspirators

1. At all times relevant to this Indictment:

a. Defendant DAVID A. MORO was a resident of the Village of Pomona, New York and the Chief Executive Officer and registered agent for Inchon LLC.

b. S.M., a coconspirator not named as a defendant herein, was a resident of Wayne, New Jersey, and the owner and operator of Smart Function LLC.

B. The Business Entities of the Coconspirators

2. At all times relevant to this Indictment:

a. Inchon LLC, based in Englewood Cliffs, New Jersey, was a limited liability company, engaged in a media and consulting business.

b. Russian Radio Network LLC, based in Englewood Cliffs, New Jersey, was a limited liability company and a wholly owned subsidiary of Inchon LLC, engaged in the business of providing ethnic language radio programming.

c. Smart Function LLC, based in Parsippany, New Jersey, was a limited liability company, engaged in the business of providing web hosting and network services.

C. The Lenders

3. At all times relevant to this Indictment:

a. Banks and corporate lending institutions were in the business of simultaneously purchasing new high-end broadcasting equipment from vendors and leasing that equipment to qualified creditworthy customers through lease-financing agreements. The banks and corporate lending institutions included, among others, CFC Investment, based in Cincinnati, Ohio; Hewlett Packard Financial Services, based in Murray Hill, New Jersey; Santa Barbara Bank and Trust, based in Santa Barbara, California; Wells Fargo Equipment Finance, Inc., located in Minneapolis, Minnesota; Citi Capital, based in Moberly,

Missouri; The CIT Group, based in Livingston, New Jersey; American Express Business Finance Corporation, based in Houston, Texas; ACC Capital Corporation, based in Salt Lake City, Utah; Diamond Lease (USA), Inc., based in New York, New York; Bank of the West, based in San Francisco, California; and NEC Financial Services, Inc., based in Teaneck, New Jersey, (hereinafter collectively the "Lenders").

D. **The Brokers**

4. At all times relevant to this Indictment:

a. Brokers were involved in facilitating equipment lease-financing agreements for new high-end broadcasting equipment between Inchon LLC and various banks and corporate lending institutions. The brokers included, among others, First Credit Corporation, based in Pennsacola, Florida; ACC Capital Corporation, based in Salt Lake City, Utah; RCR Capital LLC, based in Islandia, New York; Variant Leasing, based in San Juan Capistrano, California; First Financial Brokerage, based in Princeton, New Jersey; Wasco Capital Services, LLC, based in Glen Rock, New Jersey; and Amerifund, based in Scottsdale, Arizona, (hereinafter collectively the "Brokers").

THE CONSPIRACY

5. From in or about November 13, 2003 through in or about December 31, 2005, in the Counties of Bergen and Morris, in the District of New Jersey, and elsewhere, the defendant

DAVID A. MORO

did knowingly and intentionally conspire and agree with coconspirator S.M. 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: (a) to cause to be placed in a post office and authorized depository for mail matter, matters and things to be sent and delivered by the Postal Service and cause to be deposited matters and things to be sent and delivered by private and commercial interstate carriers, contrary to Title 18, United States Code, Section 1341, and (b) to cause to be transmitted by means of wire communications in interstate commerce, writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Section 1343.

OBJECT OF THE CONSPIRACY

6. The object of the conspiracy was for defendant DAVID A. MORO and his coconspirators to induce the Lenders to purchase more than \$4.2 million of purported new high-end broadcasting equipment, as part of fraudulent lease-financing agreements with Inchon LLC, by submitting false invoices, as well

as false loan applications and supporting documents to these Lenders.

MANNER AND MEANS OF THE CONSPIRACY

False Application for Financing

7. It was part of the conspiracy that Defendant DAVID A. MORO caused false and fraudulent lease-financing applications to be prepared and submitted to the Brokers and Lenders for the purchase of purported high-end broadcasting equipment to be leased to Inchon LLC. These applications were fraudulent, in that, among other things, they falsely represented the income, assets, and business associations of the individual submitting the application on behalf of Inchon LLC (hereinafter "Individual No. 1"), including that he was the 100% owner of Inchon LLC, when in fact, he had no ownership interest in the company.

False Supporting Documents for Application

8. It was further part of the conspiracy that Defendant DAVID A. MORO caused false and fraudulent Form 1065 partnership tax returns for Inchon LLC to be prepared and submitted to the Brokers and Lenders in support of the lease-financing applications. These partnership tax returns were fraudulent, in that, among other things, they falsely stated that Individual No. 1 earned ordinary income from Inchon LLC as a partner of more than \$500,000 in each of the tax years

identified, when, in fact, he was not a partner in Inchon LLC and did not earn this ordinary income from Inchon LLC.

9. It was further part of the conspiracy that Defendant DAVID A. MORO caused false and fraudulent Form 1040 individual income tax returns to be prepared and submitted, in support of the lease-financing applications, to the Brokers and Lenders for Individual No. 1, whom DAVID A. MORO had portrayed to the Brokers and Lenders as the owner of Inchon LLC and a personal guarantor on many of the lease-financing agreements. These individual tax returns were fraudulent, in that, among other things, they falsely stated that Individual No. 1 had partnership income of more than \$500,000 in the tax years indicated, when, in fact, Individual No. 1 was not a partner in Inchon LLC and did not earn this partnership income.

10. It was further part of the conspiracy that Defendant DAVID A. MORO caused false and fraudulent personal financial statements to be submitted, in support of the lease-financing applications, to the Brokers and Lenders for Individual No. 1. The personal financial statements were fraudulent in that, among other things, they falsely inflated Individual No. 1's net worth and net income from Inchon LLC.

False Equipment Invoices

11. It was further part of the conspiracy that, at times, defendant DAVID A. MORO and S.M. caused fraudulent

equipment invoices to be submitted to the Brokers and Lenders reflecting that Smart Function LLC and other purported vendors had provided Inchon LLC with new high-end broadcasting equipment, namely Digital Audio Servers (hereinafter the "Digital Audio Servers), for the purpose of upgrading and expanding Inchon's radio programming at a specified cost, when, in fact, DAVID A. MORO only supplied S.M. with the necessary hardware and software to assemble the servers, and at a fraction of the represented cost.

12. It was further part of the conspiracy that, at times, defendant DAVID A. MORO caused fraudulent equipment invoices to be sent to the Brokers and Lenders which represented that Digital Audio Servers had been provided, when in fact, this equipment did not exist. On these occasions, DAVID A. MORO instructed S.M. to place new serial numbers on old Digital Audio Servers when inspectors for the Lenders came to Smart Function's office in Parsippany, New Jersey to verify the existence of, what they believed to be, the newly purchased broadcasting equipment.

Receipt and Distribution of Money

13. It was further part of the conspiracy that after defendant DAVID A. MORO deceived the Lenders into believing that Smart Function LLC and other purported vendors had delivered the Digital Audio Servers at the cost specified in the fraudulent invoices, he caused the Lenders to issue and mail checks or

initiate wire transfers to the purported vendors, including Smart Function LLC in New Jersey, in an aggregate amount in excess of \$4.2 million as payment for the Digital Audio Servers.

14. It was further part of the conspiracy that defendant DAVID A. MORO instructed S.M. to set aside a small commission for Smart Function LLC and to transfer either by wire or by check the balance of the funds received from the Lenders to the account of Inchon LLC at Fleet Bank in New Jersey, later doing business as Bank Of America (hereinafter referred to as "Fleet Bank"), where this money was thereafter used for numerous personal and unrelated business expenses.

15. It was further part of the conspiracy that defendant DAVID A. MORO thereafter caused a portion of the funds received from the Lenders to be transferred to the account of Russian Radio Network at Fleet Bank in New Jersey where this money was thereafter used for numerous personal and unrelated business expenses.

16. It was further part of the conspiracy that after the lease financing agreements were executed and funded by the Lenders, defendant DAVID A. MORO ceased making the required lease payments on behalf of Inchon LLC resulting in a loss to the Lenders in excess of \$3 million.

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

COUNTS 2 THROUGH 7 - MAIL FRAUD
(18 U.S.C. § 1341)

1. The allegations set forth in paragraphs 1 through 4 and 6 through 16 of Count 1 of this Indictment are realleged and incorporated herein.

2. On or about the dates set forth below, in the Counties of Bergen and Morris, in the District of New Jersey and elsewhere, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, which scheme was in substance as described in paragraphs 1 through 4 and 6 through 16 of Count 1 of this Indictment, defendant

DAVID A. MORO

did knowingly cause to be sent and delivered by a private and commercial interstate carrier, to Smart Function LLC's offices located in or around Parsippany, New Jersey, certain mail matter as described below, in connection with equipment lease-financing agreements with the following Lenders:

<u>COUNT</u>	<u>DATE</u>	<u>ITEM DELIVERED</u>	<u>LENDER</u>
2	12/28/04	Check in the amount of \$248,385 delivered via FedEx from The CIT Group	The CIT Group
3	5/25/05	Check in the amount of \$265,983 delivered via FedEx from Diamond Lease (USA) Inc.	Diamond Lease (USA) Inc.

<u>COUNT</u>	<u>DATE</u>	<u>ITEM DELIVERED</u>	<u>LENDER</u>
4	6/27/05	Check in the amount of \$246,735 delivered via DHL from Hewlett Packard Financial Services	Hewlett Packard Financial Services
5	8/10/05	Check in the amount of \$263,984 delivered via DHL from Hewlett Packard Financial Services	Hewlett Packard Financial Services
6	10/3/05	Check in the amount of \$253,487 delivered via DHL from Hewlett Packard Financial Services	Hewlett Packard Financial Services
7	11/15/05	Check in the amount of \$240,487 delivered via DHL from Hewlett Packard Financial Services	Hewlett Packard Financial Services

In violation of Title 18, United States Code, Section 1341 and Section 2.

COUNTS 8 THROUGH 12 - WIRE FRAUD
(18 U.S.C. § 1343)

1. The allegations set forth in paragraphs 1 through 4 and 6 through 16 of Count 1 of this Indictment are realleged and incorporated herein.

2. On or about the dates set forth below, in the Counties of Bergen and Morris, in the District of New Jersey and elsewhere, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, which scheme was in substance as described in paragraphs 1 through 4 and 6 through 16 of Count 1 of this Indictment, defendant

DAVID A. MORO

did knowingly transmit and cause to be transmitted in interstate commerce by means of wire communications, certain writings, signs, signals, pictures, and sounds, namely, the following wire transmissions:

<u>COUNT</u>	<u>DATE</u>	<u>NATURE OF WIRE TRANSMISSION</u>
8	8/02/04	Facsimile, including an alleged Inchon LLC Operating Agreement, sent on behalf of Inchon LLC from Englewood Cliffs, New Jersey to the Lender Citi Capital in Missouri

<u>COUNT</u>	<u>DATE</u>	<u>NATURE OF WIRE TRANSMISSION</u>
9	12/22/04	Facsimile, including the first page of a lease agreement purported to be initialed by Individual No. 1, sent on behalf of Inchon LLC from Englewood Cliffs, New Jersey to the Lender American Express Business Finance in Texas
10	5/13/05	Facsimile, stating that the inspection for the lease agreement with ACC Capital had taken place and that the vendor for the sale was A & D Sales, sent on behalf of Inchon LLC from Englewood Cliffs, New Jersey to the broker RCR Capital in New York
11	7/26/05	Wire transfer of \$139,965 from the purported vendor A & D Sales in New York to the Inchon LLC account at Fleet Bank in New Jersey
12	10/17/05	Facsimile, including equipment lease application, fraudulent Inchon 1065 partnership returns for 2002-2004, fraudulent 1040 returns for Individual No. 1 for 2003 and 2004, and fraudulent personal financial statement for Individual No. 1, sent on behalf of Inchon LLC from the broker RCR Capital to NEC Financial Services in New Jersey

In violation of 18 United States Code, Section 1343 and
Section 2.

COUNT 13 - BANK FRAUD
(18 U.S.C. § 1344)

1. The allegations set forth in paragraphs 1 through 4 and 6 through 16 of Count 1 of this Indictment are realleged and incorporated herein.

2. At all times relevant to Count 13 of this Indictment, Santa Barbara Bank and Trust, was a "financial institution" within the meaning of Title 18, United States Code, Sections 20 and 1344.

3. From in or about January 9, 2004 to in or about March 18, 2004, in the Counties of Bergen and Morris, in the District of New Jersey and elsewhere, having devised and intended to devise a scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, which scheme was in substance as described in paragraphs 1 through 4 and 6 through 16 of Count 1 of this Indictment, defendant

DAVID A. MORO

did knowingly execute and attempt to execute the above described scheme and artifice to defraud Santa Barbara Bank and Trust, and to obtain moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, Santa Barbara Bank and Trust, by means of materially false and fraudulent pretenses, representations, and promises by submitting or causing to be submitted false and fraudulent invoices, loan

applications, and related documents to Santa Barbara Bank and Trust, in order to obtain equipment lease-financing for high-end broadcasting equipment on behalf of Inchon LLC, in the approximate amount of \$99,995.

In violation of Title 18, United States Code, Section 1344 and Section 2.

COUNT 14 - BANK FRAUD
(18 U.S.C. § 1344)

1. The allegations set forth in paragraphs 1 through 4 and 6 through 16 of Count 1 of this Indictment are realleged and incorporated herein.

2. At all times relevant to Count 14 of this Indictment, Bank of the West, was a "financial institution" within the meaning of Title 18, United States Code, Sections 20 and 1344.

3. From in or about May 12, 2005 to in or about July 26, 2005, in the Counties of Bergen and Morris, in the District of New Jersey and elsewhere, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, which scheme was in substance as described in paragraphs 1 through 4 and 6 through 16 of Count 1 of this Indictment, defendant

DAVID A. MORO

did knowingly execute and attempt to execute the above described scheme and artifice to defraud a financial institution, namely Bank of the West, and to obtain moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, the Bank of the West, by means of materially false and fraudulent pretenses, representations, and promises by submitting or causing to be submitted false and fraudulent

invoices, loan applications, and related documents to Bank of the West, in order to obtain equipment lease-financing for high-end broadcasting equipment on behalf of Inchon LLC, in the amount of \$160,000.

In violation of Title 18, United States Code, Section 1344 and Section 2.

COUNT 15 - BANK FRAUD
(18 U.S.C. § 1344)

1. The allegations set forth in paragraphs 1 and 2 and 8 through 11 of Count 1 of this Indictment are realleged and incorporated herein.

2. At all times relevant to Count 15 of this Indictment, Cathay Bank, was a "financial institution" within the meaning of Title 18, United States Code, Sections 20 and 1344.

3. From in or about March 16, 2004 to in or about December 6, 2005, in the Counties of Bergen and Morris, in the District of New Jersey and elsewhere, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, which scheme was in substance as described in paragraphs 1 and 2 and 8 through 11 of Count 1 of this Indictment, defendant

DAVID A. MORO

did knowingly and willfully execute and attempt to execute the above described scheme and artifice to defraud a financial institution, namely Cathay Bank, and to obtain moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, Cathay Bank, by means of materially false and fraudulent pretenses, representations, and promises by submitting or causing to be submitted false and fraudulent invoices, loan applications, and related documents to

Cathay Bank, in order to obtain a \$380,000 term loan and a \$600,000 revolving line of credit.

In violation of Title 18, United States Code, Section 1344 and Section 2.

COUNTS 16 THROUGH 32 - MONEY LAUNDERING
(18 U.S.C. § 1957(a))

1. The allegations set forth in paragraphs 1 through 4 and 6 through 16 of Count 1 of this Indictment are realleged and incorporated herein.

2. On or about the dates set forth below, in the Counties of Bergen and Morris, in the District of New Jersey, and elsewhere, defendant

DAVID A. MORO

did knowingly engage in and attempt to engage in the following monetary transactions in criminally derived property of a value greater than \$10,000, such property having been derived from specified unlawful activity, namely mail fraud, contrary to Title 18, United States Code, Section 1341, wire fraud, contrary to Title 18, United States Code, Section 1343, and bank fraud, contrary to Title 18, United States Code, Section 1344, such transactions affecting interstate commerce:

<u>COUNT</u>	<u>DATE</u>	<u>NATURE OF TRANSACTION</u>	<u>SOURCE OF PROCEEDS</u>
16	3/18/04	\$90,979.21 deposit into Inchon LLC account at Fleet Bank	Santa Barbara Bank equipment lease financing
17	4/29/04	\$80,000 deposit into Inchon LLC account at Fleet Bank	Wells Fargo equipment lease financing

<u>COUNT</u>	<u>DATE</u>	<u>NATURE OF TRANSACTION</u>	<u>SOURCE OF PROCEEDS</u>
18	6/21/04	\$92,000 deposit into Inchon LLC account at Fleet Bank	Wells Fargo equipment lease financing
19	8/12/04	\$300,000 deposit into Inchon LLC account at Fleet Bank	Citi Capital equipment lease financing
20	8/19/04	\$282,000 deposit into Inchon LLC account at Fleet Bank	Citi Capital equipment lease financing
21	9/27/04	\$360,000 deposit into Inchon LLC account at Fleet Bank	Cathay Bank equipment loan
22	9/27/05	\$183,523 wire transfer from Smart Function account at Fleet Bank to Inchon LLC account at Fleet Bank	Cathay Bank line of credit
23	1/6/05	\$243,000 deposit into Inchon LLC account at Fleet Bank	CIT Group equipment lease financing
24	1/13/05	\$249,000 deposit into Inchon LLC account at Fleet Bank	American Express equipment lease financing
25	5/27/05	\$90,000 deposit into Inchon LLC account at Fleet Bank	ACC Capital equipment equipment lease financing

<u>COUNT</u>	<u>DATE</u>	<u>NATURE OF TRANSACTION</u>	<u>SOURCE OF PROCEEDS</u>
26	6/2/05	\$263,798 deposit into Inchon LLC account at Fleet Bank	Diamond Leasing equipment lease financing
27	7/1/05	\$246,735 deposit into Inchon LLC account at Fleet Bank	Hewlett Packard equipment lease financing
28	8/24/05	\$249,894 wire transfer from Smart Function account at Fleet Bank to Inchon LLC account at Fleet Bank	Hewlett Packard equipment lease financing
29	10/11/05	\$242,020 wire transfer from Smart Function account at Fleet Bank to Inchon LLC account at Fleet Bank	Hewlett Packard equipment lease financing
30	11/23/05	\$213,339.78 wire transfer from Smart Function account at Fleet Bank to Inchon LLC account at Fleet Bank	Hewlett Packard equipment lease financing
31	7/26/05	\$139,965 wire transfer from A&D Sales account at State Bank of Long Island to Inchon LLC account at Fleet Bank	Bank of the West equipment lease financing

<u>COUNT</u>	<u>DATE</u>	<u>NATURE OF TRANSACTION</u>	<u>SOURCE OF PROCEEDS</u>
32	12/15/05	\$566,443.29 wire transfer from Smart Function account at Fleet Bank to Inchon LLC account at Fleet Bank	NEC Financial equipment lease financing

In violation of Title 18, United States Code, Section
1957(a) and Section 2.

COUNT 33 - FALSE AND FRAUDULENT STATEMENTS
(18 U.S.C. § 1001)

1. On or about November 29, 2007, in the County of Essex, in the District of New Jersey and elsewhere, in a matter within the joint jurisdiction of the Federal Bureau of Investigation within the Department of Justice and the Internal Revenue Service, within the Department of the Treasury, both being agencies of the United States, the defendant

DAVID A. MORO

knowingly and willfully made and caused to be made a false, fictitious, and fraudulent material statement and representation to wit, that he had relied upon financial information that he received from an alleged investor named Alexander "Sasha" Zakharov in preparing individual and partnership tax returns that were submitted to various lenders for the purpose of securing equipment lease financing for high-end broadcasting equipment on behalf of Inchon LLC.

In violation of Title 18, United States Code, Section 1001(a)(2).

COUNT 34 - FALSE AND FRAUDULENT STATEMENTS
(18 U.S.C. § 1001)

1. On or about February 22, 2008, in the County of Essex, in the District of New Jersey and elsewhere, in a matter within the joint jurisdiction of the Federal Bureau of Investigation within the Department of Justice and the Internal Revenue Service, within the Department of the Treasury, both being agencies of the United States, the defendant

DAVID A. MORO

knowingly and willfully made and caused to be made a false, fictitious, and fraudulent material statement and representation to wit, that Individual No. 1, referred to in Count 1 of this Indictment, had given defendant DAVID A. MORO permission to sign Individual No. 1's name on supporting financial documents submitted in connection with lease-financing applications to various lenders for the purpose of securing equipment lease financing for high-end broadcasting equipment on behalf of Inchon LLC.

In violation of Title 18, United States Code, Section 1001(a)(2).

A TRUE BILL

FOREPERSON

RALPH J. MARRA, JR.
ACTING UNITED STATES ATTORNEY

