

AO 91 (Rev. 08/09) Criminal Complaint

UNITED STATES DISTRICT COURT

for the
District of New Jersey

United States of America

v.

Michael Noreski

Case No. 10-2034 (JS)

Defendant(s)

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of March through November 2008 in the county of Camden and Gloucester in the District of New Jersey, the defendant(s) violated:

Code Section
Title 18, United States Code,
Sections 1343 and 2.

Offense Description
SEE ATTACHMENT A

This criminal complaint is based on these facts:
SEE ATTACHMENT B

Continued on the attached sheet.

Nicole Canales
Complainant's signature

Nicole M. Canales, FBI Special Agent
Printed name and title

Sworn to before me and signed in my presence.

Date: 07/22/2010

Joel Schneider
Judge's signature

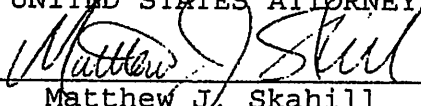
City and state: Camden, New Jersey

Joel Schneider, United States Magistrate Judge
Printed name and title

CONTENTS APPROVED

UNITED STATES ATTORNEY

By: _____

A handwritten signature in black ink, appearing to read "Matthew J. Skahill", is written over a horizontal line.

Matthew J. Skahill
Assistant United States Attorney

Date: July 22, 2010

ATTACHMENT A

Between in or about March 2008 and November 2008, in Camden and Gloucester Counties, in the District of New Jersey, and elsewhere, the defendant,

MICHAEL NORESKI,

having knowingly and intentionally devised and intending to devise a scheme and artifice to defraud and obtain money and property by means of false and fraudulent pretenses and promises, as set forth in Attachment B, did knowingly transmit and cause to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures and sounds for the purpose of executing such scheme and artifice.

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

ATTACHMENT B

1. I, Nicole M. Canales, (the "affiant"), state that I am a Special Agent with the Federal Bureau of Investigation ("FBI"). I have personally participated in this investigation. I am knowledgeable of the facts and circumstances contained herein based upon my personal participation in this investigation, as well as the participation of other law enforcement officers. As part of this investigation, I have personally reviewed the documents and records referred to herein and have discussed those documents and records with other law enforcement officers. This Affidavit is being submitted for the sole purpose of establishing probable cause to support the issuance of a complaint and arrest warrant for Michael Noreski. Therefore, I have not included each and every fact concerning this investigation, which is known to the Government in this Affidavit.

2. I have been employed as a FBI Special Agent since 2009 and I am currently assigned to the Philadelphia Division of the FBI, South New Jersey Resident Agency, Cherry Hill, New Jersey. My present responsibilities include investigating allegations of criminal activity, collecting and reviewing evidence, and conducting arrests and searches where probable cause has been established for violations of Title 18 of the United States Code, and other violations of federal criminal laws.

Background

3. At certain times relevant to this complaint, Michael Noreski ("Noreski"), resided at 51 Woodbrook Drive, Mantua, New Jersey or 105 Dow Ave, Kure Beach, North Carolina. Noreski owned and operated 4 Solutions LLC ("Solutions") located 145 Lakeview Drive, Gibbsboro, New Jersey.

4. Solutions' principal business purported to be facilitating "short sale" property transactions for distressed homeowners.¹ Noreski claimed to investors with Solutions and to his employees to have facilitated hundreds of short sales and to have connections with banks, enabling him to facilitate short sale deals. Noreski claimed to know decision makers at the banks and held himself out as knowledgeable and experienced with the short sale process. However, the investigators have determined, based on an interview of Noreski's former employer, that Noreski, before forming Solutions, was involved in collections on defaulted mortgages. Noreski's employer was not licensed to perform short sales or mortgage modifications and short sales were not part of Noreski's job responsibilities.

¹ A "short sale" is a means for a property owner, who is facing foreclosure, to sell the property when the outstanding debt/loans on the property are greater than what the property can be sold for on the market. In a short sale, the proceeds will fall short of what the owner still owes on the mortgage. However, the lender benefits by avoiding the costs and delays of the foreclosure process and the homeowner benefits by being able to pay off the loan for less than what is owed.

5. At times relevant to this complaint, Noreski, doing business as Solutions, maintained multiple bank accounts at Wachovia Bank, at a branch in Gibbsboro, New Jersey. Noreski maintained signature authority on the bank accounts at Wachovia Bank. Noreski also maintained a personal bank account with Wachovia.

6. At times relevant to this complaint, Noreski utilized the email address michael@solutionsshortsale.com. The investigators have interviewed the owner and operator of the email server used by Solutions. The servers used for Solutions including for this email address were located in Pennsauken, New Jersey. All emails sent and received from this account passed through the server in Pennsauken, New Jersey.

7. At all times relevant to this complaint G.J. was a resident of Cheyney, Pennsylvania. G.J. maintained bank accounts at Wachovia Bank, Citizens's Bank, and Willow Financial Bank (now Harleysville National Bank), at branches located in Pennsylvania.

The Instant Scheme

8. In or about early 2008, G.J. met Noreski through a business associate. In March of 2008, Noreski suggested that G.J. invest funds with Noreski and Solutions. Noreski proposed that he would utilize G.J.'s investment money to purchase foreclosed properties from banks at a discount to then be sold on the market in quick flip transactions. Noreski represented that

he had investors lined up to purchase the properties. Noreski initially promised G.J. that the return on his investment was due on April 4, 2008.

9. G.J. invested approximately \$340,000.00 with Noreski and Solutions. On or about March 17, 2008, Noreski, based on his representations, caused G.J. to send an interstate wire transmittal of \$220,000.00 from his account at Citizens Bank to the Solutions account at Wachovia Bank. On March 18, 2008, Noreski, based on his representations, caused G.J. to send an interstate wire transmittal of \$30,000.00 from his account at Willow Financial Bank to the Solutions account at Wachovia Bank. Additionally, on or about March 31, 2008, G.J., based on Noreski's representations, completed a bank to bank transaction of \$90,000.00 in funds originating from his Prime Equity Line of Credit account at Wachovia Bank in Pennsylvania into the Solutions Wachovia account. The Wachovia Bank records confirm that an account in the name of 4 Solutions for which Noreski had signature authority was credited with the deposited wire transmittals and bank to bank transaction described above.

10. Noreski did not provide the promised return on G.J.'s investment by April 4, 2008 and sought from G.J. a delay on the investment's return date. On April 21, 2008, Noreski sent an email from the email address, michael@solutionsshortsale.com, through the server in Pennsauken, New Jersey to G.J. in

Pennsylvania. In this email, Noreski provided additional details regarding G.J.'s investment and represented that G.J. would receive approximately \$377,485.20 back on his investment of \$340,000.00. Noreski falsely represented that G.J. had already earned \$24,720.00 on his investment and that he stood to make an additional \$12,765.20 by rolling over his funds in two new deals proposed by Noreski, namely purchasing mortgage notes on distressed properties to be resold at a profit and investing in properties, which the bank had foreclosed on, which Noreski would resell for a profit. Based on Noreski's representations and this email, G.J. believed that he would be sharing on the return in this investment with other investors.

11. On April 21, 2009, in a separate email to G.J., also sent from the address, michael@solutionsshortsale.com, Noreski represented that the return on this investment would be made by May 6, 2008. G.J. agreed to the roll over his investment to the new return date based on the representations made by Noreski. G.J., however, did not receive back his initial \$340,000.00 investment or the promised return by May 6, 2008 as represented to him by Noreski.

12. A review of Wachovia Bank records by the Affiant and other law enforcement officers document that the funds transmitted from G.J. to Noreski were not disbursed in accordance with Noreski's representations that he would purchase mortgage

debt and flip foreclosed properties. Instead, the funds were disbursed to pay for personal and business expenses of Noreski and Solutions. Following the deposit of G.J.'s investment funds in the Solutions Wachovia Bank account, specific withdrawals and transfers of G.J.'s investment funds were made. These debit transactions included but were not limited to the following payments: Hyatt Princeton, Canal's Liquors, Federal Express, Heritage Balloons, US Airways, Cort Furniture Rental, Exxon, Chase Limo, Deer Park, Spirit Airways, Sprint, office rent, cash withdrawals, and to pay employees of Solutions. Additionally, on or about March 20, 2008, Noreski transferred approximately \$70,000.00 of G.J.'s money from the Solutions bank account to his personal bank account at Wachovia Bank. At the time of this transfer, Noreski only had approximately \$5,090.91 in this personal account. Following this transfer, specific withdrawals and transfers were made, including but not limited to the following payments: Passport Photo Service, New Jersey EZ Pass, Old Navy, Shop Rite, The Borgata, BJs Wholesale, Talbots, and Boscovs. None of these expenditures were authorized by G.J. and G.J. never discussed using his investment money as working capital for Solutions or as a loan to Noreski and his family for their personal expenses. G.J. has no knowledge as to the disposition of his investment funds.

13. Beginning in or about July 2008 through November 2008,

over the course of approximately 4 wire transfers, Noreski utilized money provided, in part, from three additional investors with Solutions to pay back G.J. approximately \$62,400.00. The three additional investors did not consent or agree for their money to be used to pay G.J. and these investors have lost approximately \$327,000 as a result of their own investments with Noreski and Solutions. G.J. has received no additional money from Noreski or Solutions despite receiving repeated emails from Noreski promising to pay back the money.

14. The investigators have interviewed several former Solutions' employees. The interviews have revealed, in sum and substance, that in or about June 2008, Noreski moved out of New Jersey and relocated to North Carolina, that in approximately July 2008, the remaining employees at Solutions closed up the office and that Noreski abandoned all of the office's equipment and records when he left New Jersey. Based on interviews of former employees and a review of the bank records, Solutions was not completing short sales as represented and very few if any deals actually were closed.