



UNITED STATES ATTORNEY'S OFFICE

Southern District of New York

U.S. ATTORNEY PREET BHARARA

FOR IMMEDIATE RELEASE
Thursday, December 22, 2011
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CONTACT: Ellen Davis, Carly Sullivan,
Jerika Richardson
(212) 637-2600

QUEENS MAN WHO ORCHESTRATED \$10 MILLION COMMERCIAL BANK FRAUD AND BANK BRIBERY SCHEME PLEADS GUILTY IN MANHATTAN FEDERAL COURT

Preet Bharara, the United States Attorney for the Southern District of New York, announced that CHRISTOPHER CAVOUNIS, 31, of Fresh Meadows, New York, pled guilty today to participating in a bank fraud and bank bribery scheme to defraud several banks of at least \$10 million by obtaining commercial loans and lines of credit using false and fraudulent documents. CAVOUNIS was previously charged in a Superseding Indictment with Jagdish Cooma, 27, of Fresh Meadows, New York, and Thomas Nuccio, 31, of Promfret, Connecticut. As part of the scheme, CAVOUNIS, Cooma, and allegedly Nuccio, submitted loan applications in the names of shell companies with no assets and straw owners, using fraudulent documents they created to dupe the banks into believing those entities were real. CAVOUNIS also paid bribes totaling over \$135,000 to an employee of Citibank to obtain \$2.45 million worth of loans. CAVOUNIS pled guilty today before U.S. Magistrate Judge Ronald L. Ellis.

Manhattan U.S. Attorney Preet Bharara said: "As he admitted today, Christopher Cavounis used fake borrowers, fraudulent documents, and even bribes, to con banks into issuing him millions of dollars in credit that he had no intention of paying back. His conduct hurt the institutions that unwittingly did business with him, and now he will pay for his crimes."

According to the Superseding Indictment, the Complaint previously filed in connection with the case and statements made during today's proceeding:

From 2009 to November 2010, CAVOUNIS, Cooma, and allegedly Nuccio and others, fraudulently obtained at least 16 commercial loans and/or lines of credit, receiving at least \$10 million, from eight different lenders – Capital One Bank, N.A.; Citibank, N.A. ("Citibank"); First Republic Bank; Herald National Bank; New York Commercial Bank; Signature Bank; Sovereign Bank; and TD Bank, N.A. (collectively, the "Lenders"). All of these loans are presently in default. To induce the Lenders into providing the loans, CAVOUNIS, Cooma, and Nuccio prepared and then submitted applications and supporting documentation for commercial loans that contained false and misleading information on behalf of empty shell companies with no existing business or assets.

As part of the scheme, CAVOUNIS and Cooma recruited straw borrowers who provided personal identifying information to the defendants in exchange for future payment. In applications for loans from the Lenders, the defendants represented these individuals to be the

owners or executives of various companies. In addition, CAVOUNIS and Cooma created fraudulent documents, which included tax returns, identification documents, bank and other financial statements, which purported to accurately reflect the personal and financial information of each straw owner, and/or corresponding company, and submitted them to the Lenders in support of the loan applications. Unbeknownst to the Lenders, the straw borrowers were in no way affiliated with those companies, which were themselves complete shams. They were neither existing businesses nor had actual earnings or income. CAVOUNIS, in connection with certain applications, also assumed the identity of another individual and provided financial institutions with a fraudulent driver's license in the name of that individual.

Furthermore, to help obtain the loans, over the course of four months in 2010, CAVOUNIS paid a Citibank employee more than \$135,000 in bribes to secure approval for several lines of credit. In total, CAVOUNIS obtained approximately \$2.45 million in loans, which were issued to empty shell companies he controlled.

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CAVOUNIS pled guilty to one count of conspiracy to commit bank fraud, five substantive counts of bank fraud, and one count of bank bribery. Each count carries a maximum potential penalty of 30 years in prison. He faces a maximum potential penalty of 210 years in prison. In addition, the bank fraud counts each carry a potential fine of \$1,000,000, and the bank bribery count carries a potential fine of \$1,000,000 or three times the value of the bribe. As part of his agreement, CAVOUNIS agreed to forfeit at least \$8,200,000.

Cooma pled guilty yesterday to participating in the bank fraud conspiracy, which carries a maximum potential penalty of 30 years in prison and a fine of \$1,000,000.

A court appearance is scheduled next week for Nuccio. He is presumed innocent unless and until proven guilty.

Mr. Bharara praised the work of the Federal Bureau of Investigation and the Internal Revenue Service.

This case is being prosecuted by the Office's Complex Frauds Unit. Assistant U.S. Attorneys Zachary Feingold and Christopher D. Frey are in charge of the prosecution.