

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

| | | |
|---------------------------------|---|---|
| UNITED STATES OF AMERICA | : | CRIMINAL NO: _____ |
| v. | : | DATE FILED: _____ |
| ROBERT COYLE, SR. | : | VIOLATIONS: |
| | : | 18 U.S.C. § 1014 (loan fraud – 4 |
| | : | counts) |
| | : | Notice of Forfeiture |
| | : | |

INDICTMENT

COUNT ONE

(Loan Fraud)

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

1. Defendant ROBERT COYLE, SR. (“COYLE”) through various entities, owned and/or rented more than 300 properties in Philadelphia, mainly in low income neighborhoods.

2. The entities included, among others, LVJ, LLC (“LVJ”), Landvest/LLP (“Landvest”), Landvest/LLP II (“Landvest II”), Landvest/LLP III (“Landvest III”), Alivest, LLP (“Alivest”), Nine, LLC (“Nine”), Ten Investments, LLC (“Ten”), Memory, LLC (“Memory”), Ralcrum, LLC (“Ralcrum”), JC Real Estate Investments, LLC (“JC Real Estate”), and Otay, LLC (“Otay”). These entities were created by defendant COYLE for the purpose of, among other things, acquiring real property to hold for rental income and appreciation.

3. Defendant COYLE operated his real estate business out of an office located at 2332 E. Allegheny Avenue in Philadelphia.

4. East River Bank was a financial institution whose deposits were insured by the Federal Deposit Insurance Corporation.

5. Polonia Bank was a financial institution whose deposits were insured by the Federal Deposit Insurance Corporation.

BACKGROUND

6. On or about May 14, 2007, defendant COYLE, through Landvest II, Landvest III, and Otay, obtained loans from East River Bank in the amount of approximately \$3,486,200. Specifically, East River Bank loaned approximately \$1,170,000 to Landvest III, \$1,131,200 to Landvest II, and \$1,185,00 to Otay. Defendant COYLE and his wife guaranteed the loans. Prior to settlement, East River Bank entered into a participation agreement with Polonia Bank with respect to the loans. Pursuant to the agreement, Polonia Bank purchased 49% of the loans after settlement.

7. The purported purpose of the loans was to refinance defendant COYLE's previously existing loans with another financial institution and to provide funds for improvements to existing properties and/or to pursue additional real estate opportunities. Defendant COYLE obtained approximately \$592,873 "cash out" from the loans.

8. The loans were secured by, among other things, a purported first position mortgage on approximately 71 of defendant COYLE's properties and an assignment of rents for the collateral properties. East River Bank anticipated that the loans would be repaid primarily through cash flow generated from the collateral properties and, if necessary, through the guarantors' cash flow and the sale of the collateral properties.

9. After the loans closed, defendant COYLE initially made the loan payments as scheduled. However, defendant COYLE ultimately defaulted on the loans in or about December 2008.

10. After defendant COYLE defaulted on the loans, it became apparent that defendant COYLE had provided false information to East River Bank in support of the loans.

11. Among other things, defendant COYLE made false and fraudulent representations regarding the status of certain properties pledged as collateral to secure the loans. For example, there were at least four collateral properties that were encumbered in that defendant COYLE had entered into rent-to-own or similar agreements with the then current occupants of the properties, as follows:

| PROPERTY | NAME OF OCCUPANT(S) | TYPE OF AGREEMENT |
|----------------------|----------------------------|---|
| 3524 Emerald Street | V.R. and A.A. | Installment sales agreement dated August 28, 2001 for a purchase price of \$19,900. |
| 1919 E. Birch Street | S.S. | Installment sales agreement dated March 7, 2003 for a purchase price of \$25,000. |
| 4607 Hurley Street | M.E. | Agreement of sale and addendum to option and sale agreement dated February 13, 2004 for a purchase price of \$58,400. |
| 3358 A Street | P. and J. R. | Addendum to lease agreement dated February 7, 2006, which included an option to purchase clause for a purchase price of \$39,000. |

12. Defendant COYLE never disclosed these encumbrances to East River Bank. Instead, on or about May 14, 2007, defendant COYLE executed mortgages for the collateral properties and warranted that the borrowing entities, namely, Landvest II, Landvest III,

and Otay, held good and marketable title of record for the pledged properties and that the properties were free and clear of all liens and encumbrances.

13. On or about May 14, 2007, in Philadelphia, in the Eastern District of Pennsylvania, defendant

ROBERT COYLE, SR.

knowingly made and caused to be made to East River Bank, a false statement for the purpose of influencing the actions of East River Bank upon a loan, that is a \$1,170,000 loan to Landvest/LLP III, a \$1,131,200 loan to Landvest/LLP II, and a \$1,185,00 loan to Otay, LLC, in that defendant COYLE executed mortgage agreements in which defendant COYLE represented that the borrowing entities held good and marketable title of record for the pledged properties and that the properties were free and clear of all liens and encumbrances, when, as defendant COYLE knew, at least four of the pledged properties were not free and clear of encumbrances in that the properties were subject to rent-to-own or similar agreements that defendant COYLE had entered into with the then current occupants of those properties.

In violation of Title 18, United States Code, Section 1014.

COUNT TWO

(Loan Fraud)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-10 of Count One are incorporated here.
2. The commitment by East River Bank to make the loans to Landvest III, Landvest II, and Otay was entered into based on information provided by defendant COYLE in support of the loan request. For example, prior to settlement of the loans, defendant COYLE provided certain information to East River Bank to verify income and cash flow.
3. Specifically, on or about April 24, 2007, defendant COYLE submitted to East River Bank a final rent roll, copies of leases, and other rental documents for the pledged properties. The rent roll purported to reflect, among other things, the occupancy status of each property and the monthly rent generated by the properties.
4. As defendant COYLE well knew, the rent roll falsely inflated the rent generated from several of the properties. Among other things, the April 24, 2007 rent roll submitted by defendant COYLE to East River Bank falsely represented that the following properties were "occupied" and generating rental payments, when in fact they were not:

| PROPERTY | MONTHLY RENT PER 4/24/2007 RENT ROLL | ACTUAL MONTHLY RENT | ACTUAL STATUS |
|---------------------------|---|----------------------------|----------------------|
| 2036 E. Clementine Street | \$675 | \$0 | Vacant/For Rent |
| 1859 E. Cornwall Street | \$625 | \$0 | Vacant/For Rent |

| PROPERTY | MONTHLY RENT PER 4/24/2007 RENT ROLL | ACTUAL MONTHLY RENT | ACTUAL STATUS |
|---------------------------|---|----------------------------|----------------------|
| 1859 E. Lippincott Street | \$650 | \$0 | Vacant/For Rent |
| 3125 Janney Street | \$650 | \$0 | Vacant/For Rent |
| 3065 Tulip Street | \$650 | \$0 | Vacant |
| 3506 Shelbourne Street | \$650 | \$0 | Vacant/For Rent |

5. Defendant COYLE also submitted leases and other documents for some of these vacant properties to East River Bank in an attempt to corroborate the false information included on the April 24, 2007 rent roll. As defendant COYLE well knew, the leases submitted to East River Bank for the properties listed above involved previous tenants and were not actually in effect at the time they were submitted.

6. Defendant COYLE also falsely inflated the monthly rental income generated by several of the collateral properties listed on the April 24, 2007 rent roll submitted to East River Bank, as follows:

| PROPERTY | MONTHLY RENT PER 4/24/2007 RENT ROLL | ACTUAL MONTHLY RENT |
|-------------------------|---|----------------------------|
| 1820 E. Cornwall Street | \$600 | \$500 |
| 3352 Ella Street | \$650 | \$500 |
| 615 E. Thayer Street | \$650 | \$375 |
| 1935 E. Wensley Street | \$650 | \$450 |
| 3340 Amber Street | \$625 | \$575 |
| 4219 Griscom Street | \$650 | \$595 |

| PROPERTY | MONTHLY RENT PER 4/24/2007 RENT ROLL | ACTUAL MONTHLY RENT |
|-----------------------|---|----------------------------|
| 2009 Hart Lane | \$600 | \$500 |
| 3009 Aramingo Avenue | \$650 | \$300 |
| 3509 Pennhurst Street | \$650 | \$550 |

7. Defendant COYLE submitted other false documents to East River Bank in support of the inflated rents, including letters addressed to the tenants purporting to raise their monthly rent from the amount stated in their respective leases to the inflated amount listed on the April 24, 2007 rent roll. These letters were fake and were never actually sent to the tenants.

8. On or about April 24, 2007, in the Eastern District of Pennsylvania, defendant

ROBERT COYLE, SR.

knowingly made and caused to be made to East River Bank a false statement for the purpose of influencing the actions of East River Bank upon a loan, that is a \$1,170,000 loan to Landvest/LLP III, a \$1,131,200 loan to Landvest/LLP II, and a \$1,185,00 loan to Otay, LLC, in that defendant COYLE caused to be submitted to East River Bank as part of a loan application a rent roll in which the defendant represented that the collateral properties generated a certain amount of monthly rent, when as the defendant knew, the rent roll falsely inflated the monthly rent of several of the collateral properties.

In violation of Title 18, United States Code, Section 1014.

COUNT THREE

(Loan Fraud)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-3 of Count One are incorporated here.
2. Republic First Bank, now known as Republic Bank, was a financial institution whose deposits were insured by the Federal Deposit Insurance Corporation.
3. On or about June 29, 2007, defendant COYLE obtained a loan of approximately \$6,620,000 from Republic First Bank. The loan was made to several co-borrowers, all entities created by defendant COYLE, including LVJ, Nine, Ten, Memory, Ralcrum, JC Real Estate, Alivest, and Otay. Defendant COYLE and his wife guaranteed the loan.
4. The purported purpose of the loan was to purchase approximately 42 properties controlled by defendant COYLE's son and to refinance two of defendant COYLE's existing loans with other banks. Defendant COYLE obtained approximately \$1.391 million "cash out" from the loan.
5. The loan was secured by, among other things, an assignment of rents and a purported first position mortgage on approximately 117 collateral properties, consisting of the 42 properties previously held by defendant COYLE's son and 75 properties held by defendant COYLE through his various entities. Republic First Bank anticipated that the loan would be repaid primarily through rental income from the collateral properties and, if necessary, by liquidation of the collateral and the guarantors' personal assets.

6. After the loan closed, defendant COYLE initially made the loan payments as scheduled. However, defendant COYLE stopped making regular payments in or around August 2008. The loan was considered in default in approximately October 2008.

7. After defendant COYLE defaulted on the loans, it became apparent that defendant COYLE had provided false information to Republic First Bank in support of the loans.

8. Among other things, defendant COYLE made false and fraudulent representations regarding the status of certain properties pledged as collateral to secure the loans. For example, at least several of the properties were encumbered in that defendant COYLE had entered into various ownership agreements with the then current occupants of the properties, as follows:

| PROPERTY | NAME OF OCCUPANT(S) | TYPE OF AGREEMENT |
|---------------------------|----------------------------|--|
| 3088 Helen Street | C.G. | House-for-house swap. |
| 3437 Hartville Street | J.R. | Addendum to lease agreement dated February 25, 2006, which included an option to purchase clause for a purchase price of \$50,000. |
| 3569 Frankford Avenue | D.T. and O.F. | Addendum to lease agreement dated November 1, 2006, which included an option to purchase clause for a purchase price of \$75,000. |
| 1936 E. Lippincott Street | V. and A. C. | Addendum to lease agreement dated February 13, 2006, which included a purchase agreement clause for a purchase price of \$50,000. |
| 2032 E. Clearfield Street | J.R. | Option to purchase agreement dated December 19, 2006 for a purchase price of \$97,200. |

| PROPERTY | NAME OF OCCUPANT(S) | TYPE OF AGREEMENT |
|----------------------|--------------------------------|--|
| 2071 Clarence Street | S.R. | Option to purchase agreement dated January 19, 2007 for a purchase price of \$82,900. |
| 3225 Howard Street | B.A. | Option to purchase agreement dated May 4, 2000 for a purchase price of \$29,000. |
| 3570 Joyce Street | N.A. and K.G. | Addendum to lease agreement dated February 21, 2006, which included an option to purchase clause for a purchase price of \$65,000. |

9. Defendant COYLE never disclosed these encumbrances to Republic First Bank. Instead, on or about June 29, 2007, defendant COYLE executed mortgages for the collateral properties and warranted that the relevant COYLE entities owned the properties free and clear of any liens, claims, or interests, except certain permitted encumbrances not relevant here, and that the respective mortgages created valid, enforceable first priority liens and security interests against the collateral properties. Moreover, in the loan agreement dated June 29, 2007, defendant COYLE warranted that with respect to the leases affecting the collateral properties, no tenant or other party had an option to purchase any portion of the properties.

10. On or about June 29, 2007, in Philadelphia, in the Eastern District of Pennsylvania, defendant

ROBERT COYLE, SR.

knowingly made and caused to be made to Republic First Bank a false statement for the purpose of influencing the actions of Republic First Bank upon a loan, that is the \$6,620,000 loan made on or about June 29, 2007, in that defendant COYLE executed mortgage agreements in which

defendant COYLE represented that the borrowing entities owned the properties free and clear of any liens, claims, or interests, except certain permitted encumbrances not relevant here, and that the respective mortgages created valid, enforceable first priority liens and security interests, when, as defendant COYLE knew, several of the pledged properties were not free and clear of encumbrances in that the properties were subject to various ownership agreements that defendant COYLE had entered into with the then current occupants of those properties.

In violation of Title 18, United States Code, Section 1014.

COUNT FOUR

(Loan Fraud)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-3 of Count One and 2-7 of Count Three are incorporated here.
2. Republic First Bank's projected cash flow and expenses for the 117 properties pledged as collateral for the \$6,620,000 loan made by Republic First Bank on or about June 29, 2007 was based on information provided by defendant COYLE. For example, defendant COYLE provided certain information to Republic First Bank to verify income and cash flow.
3. Specifically, on or about June 19, 2007 defendant COYLE submitted to Republic First Bank, a rent roll, copies of leases, and other rental documents for the properties pledged as collateral for the loan made by Republic First Bank on June 29, 2007. The rent roll purported to reflect, among other things, the monthly rent generated by the properties.
4. As defendant COYLE well knew, the rent roll falsely inflated the rent generated from several of the properties. Among other things, the June 19, 2007 rent roll submitted by defendant COYLE to Republic First Bank falsely represented that the following properties were generating rental payments, when in fact they were not:

| PROPERTY | MONTHLY RENT PER 6/19/2007 RENT ROLL | ACTUAL MONTHLY RENT | ACTUAL STATUS |
|-------------------------|---|----------------------------|----------------------|
| 1854 E. Cornwall Street | \$650 | \$0 | Vacant/For Rent |
| 3509 N. Lee Street | \$650 | \$0 | Vacant/For Rent |
| 1846 E. Wishart Street | \$600 | \$0 | Vacant/For Rent |
| 3026 A Street | \$675 | \$0 | Vacant/For Rent |
| 4284 Griscom Street | \$600 | \$0 | Vacant/For Rent |
| 549 N. Simpson Street | \$750 | \$0 | Vacant/For Rent |
| 622 E. Wensley Street | \$650 | \$0 | Vacant/For Rent |

5. Defendant COYLE also submitted leases and other documents for these vacant properties to Republic First Bank in an attempt to corroborate the false information included on the June 19, 2007 rent roll. As defendant COYLE well knew, the leases submitted to Republic First Bank for the properties listed above involved previous tenants and were not actually in effect at the time they were submitted.

6. Defendant COYLE also falsely inflated the monthly rental income generated by several of the collateral properties listed on the June 19, 2007 rent roll submitted to Republic First Bank, as follows:

| PROPERTY | MONTHLY RENT PER 6/19/2007 RENT ROLL | ACTUAL MONTHLY RENT |
|----------------------|---|----------------------------|
| 3433 Hope Street | \$650 | \$525 |
| 1854 Clarence Street | \$625 | \$570 |

| PROPERTY | MONTHLY RENT PER 6/19/2007 RENT ROLL | ACTUAL MONTHLY RENT |
|------------------------|---|-----------------------------|
| 1854 E. Russell Street | \$650 | \$550 |
| 2068 Kingston Street | \$600 | \$471 |
| 2523 Gaul Street | \$750 | \$0 |
| 3225 Howard Street | \$600 | \$325 (rent-to-own payment) |
| 3088 Helen Street | \$650 | \$0 |
| 3023 Janney Street | \$650 | \$550 |
| 3433 Arbor Street | \$650 | \$550 |

7. Defendant COYLE submitted other false documents to Republic First Bank in support of the inflated rents, including several forged leases purporting to show a monthly rent matching the inflated rent listed on the June 19, 2007 rent roll and/or fake letters addressed to the tenants purporting to raise their monthly rent from the amount stated in their respective leases to the inflated amount listed on the June 19, 2007 rent roll.

8. On or about June 19, 2007, in the Eastern District of Pennsylvania, defendant

ROBERT COYLE, SR.

knowingly made and caused to be made to Republic First Bank a false statement for the purpose of influencing the actions of Republic First Bank upon a loan, that is the \$6,620,000 loan made on or about June 29, 2007, in that defendant COYLE caused to be submitted to Republic First Bank as part of a loan application a rent roll in which the defendant represented that the collateral

properties generated a certain amount of monthly rent, when, as the defendant knew, the rent roll falsely inflated the monthly rent of several of the collateral properties.

In violation of Title 18, United States Code, Section 1014.

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Section 1014 set forth in this indictment, defendant

ROBERT COYLE, SR.

shall forfeit to the United States of America any property constituting, or derived from, proceeds obtained directly or indirectly as the result of such violations, including, but not limited to, the sum of \$10,106,200.

2. If any of the property subject to forfeiture, 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 party;
- (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 divided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982(a)(2).

A TRUE BILL:


ZANE DAVID MEMEGER
UNITED STATES ATTORNEY

GRAND JURY FOREPERSON