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DEC 05 2019

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

AW AT 8:30 4:25 PM
WILLIAM T. WALSH
CLERK

UNITED STATES OF AMERICA : HON.
: :
v. : Criminal No. 19- *882 (KM)*
: :
CABRAL SIMPSON : 18 U.S.C. §§ 1343, 1349 & 2

INDICTMENT

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

COUNT ONE
(Conspiracy to Commit Wire Fraud)

Background

1. At various times relevant to this Indictment:
 - a. Defendant CABRAL SIMPSON was a real-estate investor and a resident of New Jersey.
 - b. Co-conspirator 1 ("CC-1") was a resident of New Jersey.
 - c. Co-conspirator 2 ("CC-2") was a resident of New Jersey and loan officer with a mortgage company in New Jersey.
 - d. Financial Institution 1 and Financial Institution 2 were each financial institutions as defined by Title 18, United States Code, Section 20.
 - e. Mortgage loans were loans funded by banks, mortgage companies, and other institutions to enable borrowers to finance the purchase of real property. In exchange for funding a mortgage loan, lenders received a

secured interest in the property that was being purchased using the loan. In deciding whether to fund a mortgage loan, lenders typically evaluated whether prospective borrowers met, among other things, income, credit eligibility, and down payment requirements, and evaluated the financial representations set forth in the borrowers' loan applications and related documents pertaining to the borrowers' income, assets, credit eligibility, and down payment requirements.

f. Mortgage companies were entities that originated mortgages. Mortgage companies used their own funds, or funds borrowed from a warehouse lender, to fund mortgages. After a mortgage was originated, a mortgage company either retained the mortgage in its portfolio or sold it to an investor. A mortgage company's primary business was to earn fees associated with loan origination so it typically did not retain mortgages it originated in the mortgage company's own portfolio.

g. The Federal Housing Administration ("FHA") was a division of the United States Department of Housing and Urban Development ("HUD") that encouraged lenders to make certain types of mortgage loans to qualified borrowers by protecting against loan defaults through government-backed payment guarantees if the borrower defaulted on a mortgage loan. The FHA, however, had certain requirements that needed to be met before it guaranteed a mortgage loan.

h. Following preliminary approval of a mortgage loan by a lender, the closing attorney or title agent prepared a settlement statement known as a "HUD-1," a form prescribed by HUD that set forth the complete costs, fees, and disbursements associated with a residential real estate transaction. After the HUD-1 was prepared, the closing attorney or title agent sent it to the lender for final approval. If approved, the lender (often a mortgage company or bank) then caused an electronic wire transfer of funds to be transmitted to the closing attorney or title agent conducting the closing on the property, who subsequently distributed the closing proceeds in accordance with the HUD-1.

The Conspiracy

2. From at least as early as in or about October 2012 through in or about March 2016, in Essex County, in the District of New Jersey, and elsewhere, defendant

CABRAL SIMPSON

knowingly and intentionally conspired and agreed with others to devise and intend to devise a scheme and artifice to defraud banks, mortgage companies, and the United States Department of Housing and Urban Development, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, thereby affecting financial institutions, and, for the purpose of executing and attempting to execute such

scheme and artifice to defraud, transmitted and caused to be transmitted by means of wire communications in interstate commerce, certain writings, signs, signals, pictures, and sounds, as more fully set forth below.

Goal of the Conspiracy

3. The goal of the conspiracy was for defendant SIMPSON and his co-conspirators to enrich themselves by obtaining mortgage loans through fraudulent means, including but not limited to submitting materially false and fraudulent mortgage loan applications, supporting documents, and closing documents.

Manner and Means of the Conspiracy

4. It was part of the conspiracy that:
- a. Defendant SIMPSON located properties for sale in northern New Jersey (the "Subject Properties") for buyers that had been referred to him.
 - b. Defendant SIMPSON and his co-conspirators aided these buyers in obtaining mortgages by, among other things, creating fake bank statements and fake employee verification records and transferring money into the buyers' bank accounts for payment of the deposit of a Subject Property.
 - c. Defendant SIMPSON and his co-conspirators submitted and caused to be submitted materially false and fraudulent mortgage loan applications, supporting documents, and closing documents with the intention that lenders would rely upon those fraudulent documents and representations

to provide mortgage loans for the Subject Properties.

d. Defendant SIMPSON paid CC-1 for CC-1's acts in facilitating the fraudulent purchase of two of the Subject Properties.

e. CC-2 processed loan applications for defendant SIMPSON knowing that the loan applications contained fraudulent statements and documents.

f. Defendant SIMPSON and his co-conspirators fraudulently induced lenders to issue more than \$1,000,000 in loans, resulting in defaults and exposing the lenders and the FHA to more than \$1,000,000 in potential losses.

g. Defendant SIMPSON engaged in fraudulent transactions involving a number of the Subject Properties, including the examples provided below.

811 South 18th Street

i. On or about July 30, 2015, an individual ("Person A") purchased 811 South 18th Street, Newark, New Jersey ("Property A").

ii. On or about July 30, 2015, in furtherance of fraudulently obtaining the mortgage for Person A, CC-1 drafted and caused to be sent, from a location in New Jersey to a location outside of New Jersey, a wire communication verifying that CC-1 employed Person A. At that time, though, both CC-1 and defendant SIMPSON knew that CC-1 did not employ Person A.

iii. Defendant SIMPSON paid CC-1 for CC-1's actions concerning the fraudulent employment verification.

iv. As a result of defendant SIMPSON and CC-1's actions, the entity that provided the mortgage for Property A ("Financial Institution 1") sent a wire transfer of approximately \$375,000 from a bank account in New York to a bank account in New Jersey.

705 South 18th Street

v. On or about March 30, 2016, an individual ("Person B") purchased 705 South 18th Street, Newark, New Jersey ("Property B").

vi. In order to make it appear that Person B was financially fit to purchase Property B, defendant SIMPSON provided Person B with the approximately \$11,000 needed for the down payment as stated on the HUD-1.

vii. In order to fraudulently induce another party to provide a mortgage to Person B for Property B, defendant SIMPSON caused a fraudulent gift/donor letter to be submitted as part of the mortgage application.

viii. As a result of defendant SIMPSON's actions, the entity that provided the mortgage for Property B ("Financial Institution 2") sent a wire transfer of approximately \$350,000 from a bank account in Texas to a bank account in New Jersey.

In violation of Title 18, United States Code, Section 1349.

COUNTS TWO AND THREE
(Wire Fraud)

1. The allegations set forth in Paragraphs 1 and 4 of Count One are hereby repeated, realleged and incorporated as if fully set forth herein.

2. From at least as early as in or about October 2012 through in or about March 2016, in Essex County, the District of New Jersey, and elsewhere, defendant

CABRAL SIMPSON

knowingly devised and intended to devise a scheme and artifice to defraud individuals and entities, and to obtain money and property, by means of materially false and fraudulent pretenses, representations, and promises, thereby affecting financial institutions, namely, through the manner and means described in Count One of this Indictment, and for the purpose of executing and attempting to execute this scheme and artifice, defendant SIMPSON knowingly transmitted and caused to be transmitted by means of wire communication in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds, namely, the following wire

communications in interstate commerce on or about the dates set forth below, each constituting a separate count of this Indictment:

Count	Approximate Date	Subject Property
2	July 30, 2015	Bank Wire Transaction and Facsimile concerning 811 South 18th Street, Newark, NJ
3	March 31, 2016	Bank Wire Transaction concerning 705 South 18th Street, Newark, NJ

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

FORFEITURE ALLEGATION

1. The United States hereby gives notice to defendant SIMPSON that, upon conviction of the offenses charged in this Indictment, the government will seek forfeiture in accordance with Title 18, United States Code, Section 982(a)(2), which requires any person convicted of such offenses to forfeit any property constituting or derived from proceeds obtained directly or indirectly as a result of such offenses.

2. If by any act or omission of defendant SIMPSON any of the property subject to forfeiture herein:

- 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 subdivided without difficulty,

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of defendant SIMPSON up to the value of the property described in this forfeiture allegation.

A TRUE BILL

FOREPERSON



CRAIG CARPENITO
United States Attorney

CASE NUMBER: _____

United States District Court
District of New Jersey

UNITED STATES OF AMERICA

v.

CABRAL SIMPSON

INDICTMENT FOR

18 U.S.C. § 1343, 1349 & 2

A True Bill,

prosecutor

CRAIG CARPENITO

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