

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon. Esther Salas
	:	
v.	:	
	:	Crim. No. 13-_____ (ES)
LINDA COHEN	:	
	:	
	:	18 U.S.C. § 1349
	:	18 U.S.C. § 1957
	:	18 U.S.C. § 2

I N F O R M A T I O N

The defendant having waived in open court prosecution by indictment, the United States Attorney for the District of New Jersey charges:

COUNT ONE  
(Conspiracy to Commit Bank Fraud)

THE DEFENDANT AND OTHERS

1. At various times relevant to this Information:
  - a. Defendant LINDA COHEN was employed as a paralegal for attorney S.B., an attorney licensed in the State of New Jersey, and handled real estate closings for S.B.
  - b. Klary Arcentales, a co-conspirator charged separately, resided in Lyndhurst, New Jersey, and was employed as a loan officer at Premier Mortgage Services, LLC ("Premier").
  - c. Premier was a real estate mortgage broker based in Woodbridge, New Jersey.

- d. L.S., a co-conspirator who is not named as a defendant herein, was a part-owner of Premier.
- e. A.P., a co-conspirator who is not named as a defendant herein, was the owner of a construction company based in Irvington, New Jersey.
- f. K.J., a co-conspirator who is not named as a defendant herein, was a tax preparer based in Elizabeth, New Jersey.
- g. JPMorgan Chase Bank was a financial institution as defined by Title 18, United States Code, Section 20, having accounts insured by the Federal Deposit Insurance Corporation.

#### THE MORTGAGE LENDING PROCESS

2. Banks, mortgage companies, and other private lending institutions (collectively, the "Mortgage Lenders") provided mortgages for real estate properties. Mortgages allowed borrowers who could meet income, credit eligibility, and down payment requirements, among other things, to obtain financing in order to acquire real estate properties.

3. After locating an available property of interest, a prospective borrower could apply for a mortgage loan from a Mortgage Lender through a mortgage broker, such as Premier. Generally, a mortgage broker acted as an intermediary between a borrower and a Mortgage Lender. A mortgage broker did not distribute its own money to fund a mortgage, but submitted the

borrower's information to the Mortgage Lender which ultimately decided whether to fund the mortgage loan.

4. Prior to making the mortgage loans, the Mortgage Lenders, including JPMorgan Chase Bank, evaluated whether the borrowers satisfied, among other things, income, credit eligibility, and down payment requirements to qualify for the requested financing. The Mortgage Lenders performed their evaluations by reviewing the financial representations set forth in Uniform Residential Loan Applications ("URLAs") and related documents which loan officers, such as co-conspirator Arcentales, caused to be submitted to the Mortgage Lenders.

5. Following approval by a Mortgage Lender of a mortgage loan, the closing attorney or closing agent, such as defendant COHEN, prepared a settlement statement, known as a "HUD-1." The HUD-1 was a form prescribed by the United States Department of Housing and Urban Development that set forth the costs, fees, and disbursements associated with a residential real estate transaction.

6. If, after reviewing the HUD-1, the Mortgage Lender then approved the HUD-1, the Mortgage Lender caused an electronic wire transfer of funds to be transmitted to the title company or closing attorney participating in the closing of title on the property. The title company or closing attorney then distributed the funds in accordance with the HUD-1, including by providing a portion of the funds to the seller, and a portion to the mortgage broker, such as Premier. The mortgage broker, in turn,

compensated the loan officer who shepherded the loan application through the mortgage lending process.

7. From at least as early as in or about March 2007 to in or about September 2010, in Middlesex and Bergen Counties, in the District of New Jersey and elsewhere, defendant

LINDA COHEN

did knowingly and intentionally conspire and agree with Klary Arcentales, L.S., A.P., K.J., and others (individually and collectively, the "Co-Conspirators") to devise a scheme and artifice to defraud financial institutions, including JPMorgan Chase Bank, and to obtain moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, those financial institutions, including JPMorgan Chase Bank, by means of materially false and fraudulent pretenses, representations, and promises, contrary to Title 18, United States Code, Section 1344.

ROLES OF THE CO-CONSPIRATORS

8. L.S. was a part-owner of Premier, and took a percentage of Premier's profits. L.S. also acted as a loan officer on certain Premier mortgage loan applications. L.S. employed document makers, including Co-Conspirator K.J., to create false and fraudulent documents in furtherance of the conspiracy and connected loan officers at Premier, including Arcentales, with these document makers to create yet other false and fraudulent documents.

9. Arcentales was a loan officer at Premier. Arcentales received a commission from Premier for each mortgage loan that she closed, and profited illegally from closings by diverting portions of the fraudulently-obtained mortgage proceeds for herself. Arcentales incorporated false and fraudulent documents into the loan applications of straw buyers in order to induce Mortgage Lenders, such as JPMorgan Chase Bank, to fund mortgage loans.

10. Defendant COHEN was a paralegal who handled real estate closings for S.B., an attorney licensed in the state of New Jersey. In that capacity, defendant COHEN acted as the closing agent for mortgage loans brokered by Arcentales and others for the Subject Properties. Defendant COHEN directed the proceeds of fraudulently-obtained mortgage loans into S.B.'s attorney trust account (the "S.B. ATA"). Defendant COHEN then signed and certified HUD-1s that were neither true nor accurate, as they failed to accurately disclose the monies that flowed through transactions. At or following the closings, defendant COHEN disbursed the fraudulently-obtained mortgage loan proceeds to defendant COHEN, Premier, Arcentales, and A.P., among others. Defendant COHEN received a fee for each loan in which defendant COHEN helped close fraudulently. Defendant COHEN also controlled nominee bank accounts, through which she funneled the proceeds of her fraudulent activity.

11. A.P. owned and managed Kelmar Construction Company

("Kelmar"). Kelmar built properties that were then sold to straw buyers utilizing fraudulent mortgage loans brokered by Arcentales.

12. K.J. was a tax preparer who created false and fraudulent documents to assist Arcentales, L.S., A.P., and others in using straw buyers to purchase real estate properties. K.J. also operated several fraudulent businesses (the "Shell Companies"), none of which had either employees or revenue. Using the Shell Companies, K.J. created fraudulent tax documents and Verifications of Employment for L.S., Arcentales, and others. K.J. received a fee for each fraudulent document that K.J. created.

#### OBJECT OF THE CONSPIRACY

13. The object of the conspiracy was to profit from the sale and financing of certain properties by obtaining loans from the Mortgage Lenders based on materially false and fraudulent representations.

#### MANNER AND MEANS OF THE CONSPIRACY

14. It was part of the conspiracy that the Co-Conspirators targeted properties in low-income areas of New Jersey (the "Subject Properties"), several of which were built by A.P.'s construction company.

15. It was further a part of the conspiracy that the Co-Conspirators recruited "straw buyers," individuals who the Co-Conspirators knew had no means of paying the mortgages on the Subject Properties and no intention of residing at the Subject

Properties, but who posed as legitimate purchasers to facilitate the fraud.

15. It was further a part of the conspiracy that the Co-Conspirators used a variety of fraudulent documents to make it appear as though the straw buyers possessed far more assets, and earned far more income, than they actually did. These fraudulent documents included bank statements, identification documents, Verifications of Deposit ("VODs"), Verifications of Rent ("VORs"), and Verifications of Employment ("VOEs").

16. It was further a part of the conspiracy that the Co-Conspirators and others submitted these fraudulent documents and representations in connection with mortgage loan applications to Mortgage Lenders, including JPMorgan Chase Bank, with the intention that the Mortgage Lenders would rely upon those fraudulent documents and representations to provide mortgage loans for the Subject Properties.

17. After approving the mortgage loans, the Mortgage Lenders, including JPMorgan Chase Bank, caused electronic wire transfers of funds to be sent to a settlement agent who closed the mortgage loans in connection with the Subject Properties.

18. It was further a part of the conspiracy that the Co-Conspirators fraudulently split the proceeds from the fraudulently-obtained mortgage loans among themselves and others by using fraudulent HUD-1s, which hid the true sources and destinations of the mortgage funds provided by the Mortgage Lenders.

19. In reality, as opposed to the Co-Conspirators' false representations and fraudulent documents, the straw buyers had no means of paying the mortgages on the Subject Properties, and many of the Subject Properties entered into foreclosure proceedings.

20. In total, as a result of the conspiracy, the Co-Conspirators and others caused JPMorgan Chase Bank to issue more than \$2 million in fraudulent mortgage loans.

#### SUBJECT PROPERTIES

21. As part of the fraudulent scheme, defendant COHEN acted as the closing agent for mortgage loans brokered by Arcentales on a number of Subject Properties, including, for example:

I. 97 22<sup>nd</sup> Street, Irvington, New Jersey ("97 22<sup>nd</sup> Street")

- a. In or around August 2007, Arcentales, L.S., and others submitted or caused to be submitted a false and fraudulent Uniform Residential Loan Application (the "97 22<sup>nd</sup> Street URLA") to JPMorgan Chase Bank on behalf of a straw buyer with the initials M.D. The 97 22<sup>nd</sup> Street URLA was submitted in support of an application for a mortgage loan of approximately \$400,500.
- b. The 97 22<sup>nd</sup> Street URLA contained false and fraudulent information, including fraudulently inflated income for M.D., false employment information for M.D., and false rent payment information.

- c. On or about September 4, 2007, based in part on the fraudulent information contained within the 97 22<sup>nd</sup> Street URLA, Arcentales, L.S., and others caused JPMorgan Chase Bank to transfer approximately \$406,985 to S.B.'s ATA to fund a mortgage for M.D.'s purported purchase of 97 22<sup>nd</sup> Street.
- d. On or about September 4, 2007, defendant COHEN prepared and caused to be prepared a fraudulent HUD-1, falsely certifying that M.D. had contributed a down payment of approximately \$44,500. Defendant COHEN then disbursed the fraudulently-obtained loan proceeds to defendant COHEN's nominee bank accounts, Premier, Kelmar, M.D., and others.

**II. 24 20th Avenue, Irvington, New Jersey ("24 20th Avenue")**

- a. In or around October 2007, Arcentales, L.S., and others submitted or caused to be submitted a false and fraudulent Uniform Residential Loan Application (the "24 20th Avenue URLA") to JPMorgan Chase Bank on behalf of a straw buyer with the initials D.D. The 24 20th Avenue URLA was submitted in support of an application for a mortgage loan of approximately \$422,500.
- b. The 24 20<sup>th</sup> Avenue URLA contained false and fraudulent information, including a false social

security number for D.D., fraudulently inflated income for D.D., and false employment information for D.D.

- c. At Arcentales's request, K.J. created a false and fraudulent VOE that claimed D.D. owned Cargon Royal Restaurant. In fact, D.D. was neither employed by, nor did he own, Cargon Royal Restaurant. K.J. was paid to create the false and fraudulent VOE.
- d. On or about October 19, 2007, based in part on the fraudulent information contained in the 24 20th Avenue URLA, Arcentales, L.S., K.J., and others caused JPMorgan Chase Bank to transfer approximately \$426,262 to S.B.'s ATA to fund a mortgage for D.D.'s purported purchase of 24 20th Avenue.
- e. On or about October 19, 2007, defendant COHEN prepared and caused to be prepared a false and fraudulent HUD-1, falsely certifying that D.D. had contributed a down payment of approximately \$39,967. Defendant COHEN then disbursed the fraudulently-obtained loan proceeds to defendant COHEN's nominee bank accounts, Premier, Kelmar, and others.

**III. 1359 Brookfall Avenue, Union, New Jersey ("1359 Brookfall")**

- a. In or around October 2007, Arcentales,

L.S., and others submitted or caused to be submitted a false and fraudulent Uniform Residential Loan Application (the "1359 Brookfall URLA") to JPMorgan Chase Bank on behalf of a straw buyer with the initials O.C. The 1359 Brookfall URLA was submitted in support of an application for a mortgage loan of approximately \$522,000.

- b. The 1359 Brookfall URLA included false and fraudulent information, including fraudulently inflated income for O.C., false employment information for O.C., false rent payment information, and false account balance information for O.C.
- c. On or about October 31, 2007, based in part on the fraudulent information on the 1359 Brookfall URLA, Arcentales, L.S., K.J., and others caused JPMorgan Chase Bank to transfer approximately \$526,189 to S.B.'s ATA to fund a mortgage for O.C.'s purported purchase of 1359 Brookfall.
- d. On or about October 31, 2007, defendant COHEN prepared and caused to be prepared a false and fraudulent HUD-1, falsely certifying that O.C. had contributed a down payment of approximately \$70,000. Defendant COHEN then disbursed the fraudulently-obtained loan proceeds to defendant

COHEN's nominee bank accounts, Premier, O.C. and others.

**IV. 396-398 Union Avenue, Irvington, New Jersey ("396 Union")**

- a. In or around November 2007, Arcentales, L.S., and others submitted or caused to be submitted a false and fraudulent Uniform Residential Loan Application (the "396 Union URLA") to JPMorgan Chase Bank on behalf of a straw buyer with the initials G.C. The 396 Union URLA was submitted in support of an application for a mortgage loan of approximately \$422,750.
- b. The 396 Union URLA contained false and fraudulent information, including a false social security number for G.C., fraudulently inflated income for G.C., and false employment information for G.C.
- c. At Arcentales's request, K.J. created a false and fraudulent VOE that claimed G.C. was employed by Royal Restaurant. In fact, G.C. was not employed by Royal Restaurant. K.J. was paid \$150 to create this false and fraudulent VOE.
- d. On or about November 30, 2007, based in part on the fraudulent information contained in the 396 Union URLA, Arcentales, L.S., K.J., and others caused JPMorgan Chase Bank to transfer approximately \$429,661 from outside New Jersey to

S.B.'s ATA in New Jersey to fund a mortgage for G.C.'s purported purchase of 396 Union.

- e. On or about November 30, 2007, defendant COHEN prepared and caused to be prepared a fraudulent HUD-1, falsely certifying that G.C. had contributed a down payment of approximately \$21,743. Defendant COHEN then disbursed the fraudulently-obtained loan proceeds to defendant COHEN's nominee bank accounts, Premier, Kelmar, and others.

22. As a result of the above fraudulent conspiratorial acts, the Mortgage Lenders, including JPMorgan Chase Bank, were induced to make mortgage loans to unqualified buyers and suffered losses.

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

COUNT TWO  
(Transacting in Criminal Proceeds)

1. The allegations set forth in Paragraphs 1 through 6 and 8 through 22 of Count One of this Information are hereby repeated, realleged and incorporated as if fully set forth herein.

2. On or about October 19, 2007, in the District of New Jersey and elsewhere, defendant

LINDA COHEN

did knowingly engage and attempt to engage in the following monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, such property having been derived from specified unlawful activity, that is bank fraud, contrary to Title 18, United States Code, Section 1344, in violation of Title 18, United States Code, Section 1349, as set forth in Count One of this Information, namely, on or about October 19, 2007, she wrote or caused to be written a \$403,522.84 check written payable to Kelmar Construction drawn on S.B.'s New Jersey bank account.

In violation of Title 18, United States Code, Sections 1957 and 2.

FIRST FORFEITURE ALLEGATION

1. As the result of committing an offense in violation of Title 18, United States Code, Section 1349, as alleged in Count 1 of this Information, defendant LINDA COHEN shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offense.

2. If any of the above-described forfeitable property, 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 person;
- 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 21 U.S.C. § 853(p), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property.

All in violation of Title 18, United States Code, Section 981 and 28 United States Code, Section 2461.

SECOND FORFEITURE ALLEGATION

1. As the result of committing an offense in violation of Title 18, United States Code, Section 1957, as alleged in Count 2 of this Information, defendant LINDA COHEN shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(1), any property, real and personal, involved in such offense, or any property traceable to such property.

2. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:  
cannot be located upon the exercise of due diligence;

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- 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 21 U.S.C. § 853(p), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property.

All in violation of Title 18, United States Code, Section 982.

  
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PAUL J. FISHMAN  
United States Attorney

CASE NUMBER: 13-

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UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

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UNITED STATES OF AMERICA

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LINDA COHEN

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INFORMATION FOR

18 U.S.C. § 1349

18 U.S.C. § 1957

18 U.S.C. § 2

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NEWARK, NEW JERSEY

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