

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Crim. No. 13- ()
 :
 v. :
 : 18 U.S.C. §§ 1343 and 2
 HARRY KLAUSE :

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:

The Defendant

1. At all times relevant to this Information:
 - (a) Defendant HARRY KLAUSE resided in New Jersey.
 - (b) Defendant HARRY KLAUSE was the president, owner, and manager of Harry Klause Cars and Trucks, Inc., an automotive dealership located in Ocean City, New Jersey ("Harry Klause Cars and Trucks").

The Automotive Loan Lending Process Generally

2. At all times relevant to this Information:
 - (a) Automotive loans were loans funded by banks and other financial institutions ("Lenders") to enable purchasers to finance the purchase of automotive vehicles. M&T Bank was

such a Lender.

(b) Ordinarily, automotive dealerships submitted titles to the Lenders which held the titles as collateral securing the obligation to repay the loans until such time as the loans were paid off.

(c) Without the title, Lenders had no ability to re-possess the collateral (e.g., the vehicles) securing the loans in the event of a default.

The Scheme and Artifice

3. From on or about November 1, 2008, through on or about September 4, 2009, defendant HARRY KLAUSE did knowingly and intentionally devise a scheme and artifice to obtain money and property of Lenders and customers who traded in automotive vehicles to, and customers who purchased automotive vehicles from, Harry Klause Cars and Trucks by means of materially false and fraudulent pretenses, representations, and promises, which scheme and artifice in substance is set forth below.

The Object of the Scheme and Artifice

4. The object of the scheme and artifice was for Harry Klause Cars and Trucks to purchase trade-in automotive vehicles (the "trade-in vehicles"), agreeing to pay off customers' existing automotive loans but not timely doing so, and instead re-selling the trade-in vehicles to other customers of Harry Klause Cars and Trucks while steering those other customers

to obtain automotive loans to finance the purchases, requiring Harry Klause Cars and Trucks to forward to the Lenders titles to the vehicles, which Harry Klause Cars and Trucks did not timely do, all so that defendant HARRY KLAUSE could profit from the sales of the vehicles.

5. As part of the scheme and artifice, defendant HARRY KLAUSE caused Harry Klause Cars and Trucks to purchase trade-in vehicles, the agreed-upon price for which KLAUSE applied against a customer's purchase of another vehicle.

6. It was further part of the scheme and artifice that defendant HARRY KLAUSE agreed to pay off customers' existing automotive loans the customers had used to finance the purchase of the vehicles traded in to Harry Klause Cars and Trucks.

7. It was further part of the scheme and artifice that defendant HARRY KLAUSE did not timely pay off the existing automotive loans on the trade-in vehicles, thereby detrimentally lowering the credit score of the customer who traded the vehicle in to Harry Klause Cars and Trucks.

8. It was further part of the scheme and artifice that defendant HARRY KLAUSE caused the trade-in vehicles to be sold to other customers of Harry Klause Cars and Trucks, even though he had not paid the existing automotive loans off and had not obtained the titles from the Lenders which had extended those loans.

9. It was further part of the scheme and artifice that defendant HARRY KLAUSE steered customers of Harry Klause Cars and Trucks to various Lenders so that the customers could finance the purchase of the trade-in vehicles Harry Klause Cars and Trucks was re-selling.

10. It was further part of the scheme and artifice that defendant HARRY KLAUSE failed to timely forward the titles to the Lenders which extended loans to the customers who had purchased the trade-in vehicles Harry Klause Cars and Trucks was re-selling.

11. On or about August 15, 2007, in furtherance of the above-described scheme and artifice, in the District of New Jersey, and elsewhere, the defendant,

HARRY KLAUSE,

knowingly transmitted and caused to be transmitted by means of wire communications in interstate and foreign commerce certain writings, signs, signals, pictures and sounds, namely, an ACH wire transfer of approximately \$34,795 from M&T Bank in Buffalo, New York, to Harry Klause Cars and Trucks' bank account in New Jersey representing the proceeds of an automotive loan for O.P.C.'s purchase of a vehicle from Harry Klause Cars and Trucks.

In violation of Title 18, United States Code, Section

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

Paul J. Fishman

PAUL J. FISHMAN
UNITED STATES ATTORNEY