2010R000666/rah

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon.
	:	
v.	:	Crim. No. 10-
	:	
RACHELL FISCHBEIN	:	18 U.S.C. § 1349

INFORMATION

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

1. At all times relevant to this Information:

A. Defendant RACHELL FISCHBEIN was a resident of Hillsdale, New Jersey, and was employed by Diversified Financial Group d/b/a Residential Mortgage Corporation ("Residential Mortgage") as a Loan Processor. Residential Mortgage was a mortgage brokerage business with offices in Ridgewood, New Jersey that assisted individual borrowers in applying for and receiving mortgage and other loans from various lenders in connection with the purchase or refinancing of real estate properties.

B. Defendant FISCHBEIN's duties at Residential Mortgage included, among other things, preparing borrowers' mortgage and other loan applications; assembling supporting documents regarding borrowers' assets, liabilities, employment, and income; submitting the applications and supporting documents

to lenders; and responding to lenders' questions and requests for additional information.

C. CC-1, who is named as a co-conspirator and a co-schemer but not as a defendant herein, was a co-owner and principal of Residential Mortgage. In addition, CC-1 served as the Chairman and a Commissioner of the Bergen County Improvement Authority (the "BCIA"). The BCIA was an independent public agency created by the Bergen County Board of Chosen Freeholders and authorized by New Jersey law to make loans to governmental units, entities, and persons for the planning, design, construction, and acquisition of public facilities in Bergen County.

D. CC-2, who is named as a co-conspirator and co-schemer but not as a defendant herein, was a licensed mortgage loan originator and a co-owner and principal of Residential Mortgage.

E. CC-3, who is named as a co-conspirator and co-schemer but not as a defendant herein, was employed at Residential Mortgage as a Loan Officer and Vice President.

F. CC-4, who is named as a co-conspirator and co-schemer but not as a defendant herein, was employed at Residential Mortgage as a Loan Officer.

G. The following entities were engaged in the business of making mortgage and other loans to the public (collectively, the "Lenders"):

i. American Partners Bank, later known as Waterfield Bank, with offices in New Jersey, Florida, and Indiana;

ii. JPMorgan Chase Bank, N.A., with offices in Florida, North Carolina and Ohio;

iii. Hudson City Savings Bank, FSB ("HCSB"), with offices in New Jersey;

iv. Citibank, N.A., with offices in Maryland, Missouri and Texas;

v. CitiMortgage, Inc., with offices in Maryland, Missouri and Texas.

vi. Gateway Funding Diversified Mortgage Services, L.P., with offices in Pennsylvania;

vii. First Magnus Financial Corporation, with offices in New Jersey and Arizona;

viii. Lincoln Mortgage Company, with offices in New Jersey and Pennsylvania; and

ix. LBA Financial Group, LLC, with offices in New Jersey and Pennsylvania.

H. Each of the Lenders, other than HCSB, funded mortgage and other loans for Residential Mortgage clients in New Jersey via wire transfers originating outside the State of New Jersey.

2. From in or about June 2006 to in or about June 2009, in Bergen County, in the District of New Jersey, and elsewhere, defendant

RACHELL FISCHBEIN

did knowingly and intentionally conspire and agree with CC-1, CC-2, CC-3, CC-4 and others to use wire communications in interstate commerce for the purpose of executing a scheme and artifice to defraud the Lenders and to obtain money from the Lenders by means of materially false and fraudulent pretenses, representations, and promises, contrary to Title 18, United States Code, Section 1343.

3. The object of the conspiracy was for defendant RACHELL FISCHBEIN, CC-1, CC-2, CC-3, CC-4 and others to submit materially false and fraudulent mortgage and other loan applications and supporting documents to the Lenders in order to fraudulently cause the Lenders to fund mortgage and other loans to borrowers, as well as fees paid to Residential Mortgage that were calculated on the basis of those loans, via wire communications in interstate commerce.

4. It was a part of the conspiracy that defendant RACHELL FISCHBEIN, CC-1, CC-2, CC-3, CC-4 and others falsely represented on loan applications and supporting documents submitted to the Lenders that certain borrowers were employed by and receiving a salary from the BCIA when, in fact, the borrowers were not so

employed and did not receive such a salary.

5. It was a further part of the conspiracy that defendant RACHELL FISCHBEIN, CC-1, CC-2, CC-3, CC-4 and others created, caused to be created, and submitted to the Lenders false and fraudulent Verification of Employment ("VOE") forms, Forms W-2, paystubs, and other documents that purported to provide evidence of the borrowers' employment and salary at the BCIA.

6. It was a further part of the conspiracy that defendant RACHELL FISCHBEIN, CC-1, CC-2, CC-3, CC-4 and others caused the staff of the BCIA to respond to telephone calls from the Lenders seeking to verify the borrowers' employment by falsely stating that the borrowers were employed at the BCIA.

7. It was a further part of the conspiracy that defendant RACHELL FISCHBEIN, CC-1, CC-2, CC-3, CC-4 and others provided false employment information for borrowers involving purported employers other than the BCIA on loan applications submitted to the Lenders and created, caused to be created, and submitted to the Lenders false and fraudulent documentation--including false and fraudulent VOE forms, Forms W-2, paystubs, and letters purportedly written by Certified Public Accountants--in support of the applications.

8. It was a further part of the conspiracy that defendant RACHELL FISCHBEIN, CC-1, CC-2, CC-3, CC-4 and others provided false asset information for borrowers on loan applications

submitted to the Lenders and created and submitted to the Lenders false and fraudulent documentation, including false and fraudulent Verification of Deposit forms, as well as bank and brokerage account statements, many of which were created by fraudulently altering CC-1's account statements in order to make it appear that the accounts belonged to the borrowers, in support of the applications.

9. It was a further part of the conspiracy that defendant RACHELL FISCHBEIN, CC-1, CC-2, CC-3, CC-4 and others created and submitted to the Lenders false and fraudulent lease agreements purporting to show that certain borrowers had rental income from existing properties--income that the borrowers did not in fact receive.

10. It was a further part of the conspiracy that defendant RACHELL FISCHBEIN, CC-1, CC-2, CC-3, CC-4 and others used wire communications in interstate commerce fraudulently to obtain at least approximately 40 mortgage and other loans in this manner, including by submitting false and fraudulent loan applications and supporting documents via interstate electronic submissions, e-mails, and fax transmissions.

11. It was a further part of the conspiracy that defendant RACHELL FISCHBEIN, CC-1, CC-2, CC-3, CC-4 and others received fees from these activities--both directly and indirectly, via interstate wire transfers from the Lenders--including fixed

brokerage fees and Yield Spread Premiums ("YSPs"), totaling at least approximately $200,000, which were calculated on the basis of the fraudulently-obtained mortgage and other loans.

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

PAUL J. FISHMAN
United States Attorney

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District of New Jersey

UNITED STATES OF AMERICA

v.

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INFORMATION FOR

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PAUL J. FISHMAN
UNITED STATES ATTORNEY
NEWARK, NEW JERSEY

RACHAEL A. HONIG
ASSISTANT U.S. ATTORNEY
NEWARK, NEW JERSEY
(973) 645-2777