

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA                   :     Hon.  
  :     Criminal No. 15-  
v.   :  
KWEN Y. CHUN                                 :     18 U.S.C. §§ 1341 & 2

**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 KWEN Y. CHUN was a resident of Midland Park,  
New Jersey, and a registered representative of the “Company,” a broker-dealer  
offering investment products and services, including variable life insurance and  
annuities.
  - b.     In his position with the Company, defendant CHUN had the  
authority to, among other things, assist clients with withdrawing funds from  
annuities held with the Company, processing loan requests against their  
insurance policies with the Company, and applying for deferred annuities.

### **The Scheme to Defraud**

2. From in or about April 2009 through in or about May 2014, in Bergen County, in the District of New Jersey and elsewhere, defendant

**KWEN Y. CHUN**

did knowingly and intentionally devise and intend to devise a scheme and artifice to defraud clients of the Company, and to obtain money and property from clients of the Company, by means of materially false and fraudulent pretenses, representations, and promises, which scheme and artifice was in substance as set forth below.

### **Object of the Scheme to Defraud**

3. It was the object of the scheme and artifice to defraud for defendant CHUN to enrich himself by diverting funds which belonged to clients of the Company to bank accounts under his control.

### **Manner and Means of the Scheme to Defraud**

4. It was part of the scheme and artifice to defraud that, in or about November 2010, defendant CHUN opened a bank account ending in 8920 at Financial Institution #1, in the name of "Individual #1," a client of the Company (hereinafter "the 8920 account"). Defendant CHUN opened the 8920 account using Individual #1's means of identification and without Individual #1's knowledge or permission.

5. It was further part of the scheme and artifice to defraud that defendant CHUN caused the Company to wire approximately \$2,800 on or about July 8, 2011, and approximately \$6,000 on or about August 26, 2011, from Individual #1's Company insurance policy into the 8920 account based upon defendant CHUN's false representations to the Company that the wires were loans that Individual #1 requested to take on the policy. Defendant CHUN thereafter converted the funds to his own use.

6. It was further part of the scheme and artifice to defraud that between on or about December 2, 2010 and on or about December 27, 2013, defendant CHUN caused the Company to send seven wire transfers from Individual #1's Company annuity account, totaling approximately \$192,344.22, into the 8920 account, based upon defendant CHUN's false representations to the Company that Individual #1 was requesting to make these withdrawals. Defendant CHUN thereafter converted the funds to his own use.

7. It was further part of the scheme and artifice to defraud that in or about July 2013, defendant CHUN caused "Individual #2," another Company client, to obtain loans from several Company insurance policy accounts insuring Individual #2 and two of Individual #2's relatives purportedly to fund an annuity account at the Company that defendant CHUN represented he would open on behalf of Individual #2. Thereafter, on or about August 15,

2013, Individual #2 gave defendant CHUN the loan proceeds in the form of two checks in the approximate amounts of \$70,000 and \$30,000, payable to the Company; instead of opening the Company annuity account in Individual #2's name, defendant CHUN deposited these checks into the 8920 account and converted the funds to his own use.

8. It was further part of the scheme and artifice to defraud that, between on or about November 15, 2010 and on or about April 23, 2012, defendant CHUN caused Individual #3, a Company client, to endorse and turn over approximately seven checks issued by the Company, payable to "Individual #3," and totaling approximately \$32,228.68, which checks represented loans from Company policy accounts insuring Individual #3 and relatives of Individual #3. Defendant CHUN falsely represented that he would open a Company investment account for Individual #3 with these loan proceeds; instead, defendant CHUN deposited the Company checks into either the 8920 account or into an account at Financial Institution #2 ending in 1980, in the name of defendant CHUN's relative (hereinafter the "1980 account"), and converted the funds to his own use.

9. It was further part of the scheme and artifice to defraud that, between on or about May 3, 2013 and on or about April 15, 2014, defendant CHUN caused Individual #3 to obtain additional policy loans from Company

accounts insuring Individual #3 and relatives of Individual #3, and to write two checks with these proceeds totaling approximately \$26,500, payable to a relative of defendant CHUN. Defendant CHUN falsely represented that he would deposit this money into the Company investment account that defendant CHUN had allegedly previously opened for Individual #3; instead, defendant CHUN deposited these two checks into an account at Financial Institution #1 ending in 6656 in the name of defendant CHUN's relative (hereinafter the "6656 account"), and converted the funds to his own use.

10. It was further part of the scheme and artifice to defraud that between on or about March 23, 2011 and on or about March 25, 2013, defendant CHUN received from Individual #3, eight checks totaling approximately \$46,271.27, purportedly made out to an attorney. Defendant CHUN falsely represented to Individual #3 that these checks would be deposited into the Company investment account that defendant CHUN had allegedly previously opened for Individual #3; instead defendant CHUN deposited these checks into the 8920 account, and converted the funds to his own use. To conceal this fraudulent conduct, defendant CHUN provided Individual #3 with several fabricated statements for the investment account purporting to show the interest earned, and balance on this account.

11. It was further part of the scheme and artifice to defraud that between on or about April 2, 2009 and on or about August 12, 2013, defendant CHUN caused the Company to mail five checks totaling approximately \$116,000, made out to "Individual #4," a Company client, or to a relative of Individual #4, but addressed to among other locations, defendant CHUN's Midland Park residence, based upon defendant CHUN's false representations to the Company that Individual #4 and Individual #4's relative had requested to take loans on their Company insurance policies. Thereafter, defendant CHUN deposited these five checks into the 8920 account, the 6656 account, or the 1980 account, and converted the funds to his own use.

12. It was further part of the scheme and artifice to defraud that between on or about April 21, 2014 and on or about May 16, 2014, defendant CHUN caused the Company to mail four checks totaling approximately \$38,274.17, made out to "Individual #5," a Company client, but addressed to defendant CHUN's Midland Park residence, based upon defendant CHUN's false representations to the Company that Individual #5 had requested to take a loan on his own insurance policy and on policies insuring three of Individual #5's relatives. Thereafter, defendant CHUN deposited these checks into either the 8920 account or the 6656 account, and converted the funds to his own use.

13. It was further part of the scheme and artifice to defraud that on or about May 7, 2012, defendant CHUN received from "Individual #6," a Company client, and "Individual #7," another Company client and Individual #6's spouse, two checks in the approximate amounts of \$20,000 and \$3,000, purportedly made out to an attorney, as well as approximately \$57,000 in cash. Defendant CHUN falsely represented to this married couple that he would open a variable annuity at the Company in their names; instead defendant CHUN used this money for his own purposes, including depositing the two checks into the 8920 account. To conceal this fraudulent conduct, defendant CHUN delivered to Individual #6 and Individual #7, paperwork purportedly illustrating the values and benefits that they would hypothetically receive for their approximate \$80,000 variable annuity investment.

14. It was further part of the scheme and artifice to defraud that between on or about March 20, 2014 and on or about March 27, 2014, defendant CHUN caused the Company to mail a check in the approximate amount of \$25,000, made payable to "Individual #8," a Company client, but addressed to defendant CHUN's Midland Park residence, based upon defendant CHUN's false representations to the Company that Individual #8 had requested to obtain a loan from a Company policy. Thereafter, defendant CHUN

deposited this check into the 6656 account, and converted the funds to his own use.

15. On or about March 24, 2014, for the purpose of executing and attempting to execute the aforesaid scheme and artifice to defraud, in Bergen County, in the District of New Jersey and elsewhere, defendant

**KWEN Y. CHUN**

knowingly placed and caused to be placed in a post office and authorized depository for mail matter certain mail to be sent or delivered by the United States Postal Service, namely, a check from the Company for approximately \$25,000 mailed to defendant CHUN's address in Midland Park, and payable to Individual #8.

In violation of Title 18, United States Code, Section 1341, and Section 2.



### **FORFEITURE ALLEGATION**


1. The allegations contained in this Information are incorporated by reference as though set forth in full herein for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461.

2. Upon conviction of the offense charged in this Information, the government will seek forfeiture from defendant CHUN, in accordance with Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 981(a)(1)(C), of any and all property, real or personal, that constitutes or is derived from proceeds traceable to the violation of Title 18, United States Code, Section 1341, including but not limited to the sum of money equal to \$530,418.34 in United States currency.

3. If by any act or omission of defendant CHUN 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), to seek forfeiture of any other property of defendant CHUN up to the value of the property described in this forfeiture allegation.

  
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PAUL J. FISHMAN  
UNITED STATES ATTORNEY

CASE NUMBER: 15-

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**United States District Court  
District of New Jersey**

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**UNITED STATES OF AMERICA**

**v.**

**KWEN Y. CHUN**

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**INFORMATION FOR**

**18 U.S.C. § 1341 and § 2**

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**PAUL J. FISHMAN**

*U.S. ATTORNEY NEWARK, NEW JERSEY*

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