

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
 :
 v. : Criminal No. 16-
 :
 RUBEN VARGAS : 12 U.S.C. § 1715z-19

INFORMATION

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

1. At times relevant to this Information:
 - a. Defendant RUBEN VARGAS resided in West New York, New Jersey.
 - b. The National Housing Act, 12 U.S.C. § 1701, authorized the Federal Housing Administration ("FHA"), a division of the United States Department of Housing and Urban Development ("HUD"), to insure certain mortgage loans made by private lending institutions for acquisition of certain residential properties. The FHA-insured mortgage loans were protected against loan defaults through a government-backed payment guarantee if the borrower defaulted on the mortgage loan. By assuring mortgage repayment, FHA encouraged private lenders to provide financing which they might not otherwise extend.
2. On or about September 21, 2007, in Hudson County, New Jersey, defendant RUBEN VARGAS obtained an FHA-insured mortgage loan from a

mortgage lender (the "Lender"), in the amount of \$417,449, to purchase a multifamily property located at 5512 Grant Place, West New York, New Jersey (the "5512 Loan"). The 5512 Loan was secured by 5512 Grant Place.

3. In order to obtain FHA insurance on the 5512 Loan, defendant RUBEN VARGAS submitted, or caused to be submitted to FHA, via the Lender, a loan application and supporting documentation that contained false and fraudulent information, including fraudulently inflated income, false employment information, and false rental history. Based in part on this false and fraudulent information, FHA agreed to insure the 5512 Loan.

4. Beginning on or about March 1, 2008, defendant RUBEN VARGAS was in default on the 5512 Loan, because defendant RUBEN VARGAS had not made timely monthly payments towards the 5512 Loan.

5. Between in or about March 2008 and in or about December 2013, while the 5512 Loan was in default, defendant RUBEN VARGAS rented the first and second floors of 5512 Grant Place and received approximately \$149,000 in rental income, which he used to pay for personal expenses. Defendant RUBEN VARGAS failed to apply any of the rental income to the defaulted 5512 Loan, and he failed to apply any of the rental income towards expenses associated with 5512 Grant Place.

6. In or about December 2012, FHA paid insurance on the 5512 Loan in the amount of approximately \$491,000, inclusive of unpaid principal and interest.

7. From in or about March 2008 to in or about December 2013, in Hudson County, in the District of New Jersey, and elsewhere, the defendant, RUBEN VARGAS, acting as agent, manager, and person in custody, control and possession of a 1-to-4 family residence, namely 5512 Grant Place, that was security for a mortgage note that was insured, acquired and held by the Secretary of Housing and Urban Development pursuant to the National Housing Act, willfully used and authorized the use of part of the rents, assets, proceeds, income and other funds derived from 5512 Grant Place for purposes other than to meet reasonable and necessary expenses of 5512 Grant Place, during a period of time when the mortgage note was in default.

In violation of Title 12, United States Code, Section 1715z-19.

Paul J. Fishman/rah
PAUL J. FISHMAN
United States Attorney

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