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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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NOV 19 2019

AT 8:30 ^P
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UNITED STATES OF AMERICA

Hon.

v.

Criminal No. 19-

NITIN VATS and [REDACTED]

18 U.S.C. § 1349

18 U.S.C. § 1343

18 U.S.C. § 2

838 (SDW)

INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting at Newark,
charges:

Count One

(Conspiracy to Commit Wire Fraud)

1. At all times relevant to this Indictment:

a. Defendant NITIN VATS ("VATS") was the Purchasing and
Operations Director of Lotus Exim International, Inc. in India.

b. [REDACTED]

c. Lotus Exim International, Inc. ("LEI") was a wholesale
distributor of marble and granite with offices in Elmwood Park, New Jersey and
India, among other places.

d. The "Victim Bank" was a financial institution, as defined by
Title 18, United States Code, Section 20, with accounts insured by the Federal
Deposit Insurance Corporation.

The Conspiracy

2. From in or about March 2016 through in or about March 2017, in the District of New Jersey and elsewhere, defendants

NITIN VATS
and

[REDACTED]

knowingly and intentionally conspired and agreed with each other and others to devise a scheme and artifice to defraud the Victim Bank and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and, for the purpose of executing such scheme and artifice to defraud, to transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds, contrary to Title 18, United States Code, Section 1343.

Goal of the Conspiracy

3. It was the goal of the conspiracy for defendants VATS and [REDACTED] (together, "the defendants") and others (collectively, the "Co-Conspirators") to fraudulently induce the Victim Bank to extend a \$17 million line of credit to LEI by, among other things, fabricating certain accounts receivable (the "Fictitious Accounts Receivable") that LEI used as collateral to secure the line of credit from the Victim Bank.

Manner and Means of the Conspiracy

4. It was part of the conspiracy that:

a. The Co-Conspirators devised and carried out a scheme to defraud the Victim Bank by, among other things, creating fraudulent email accounts and impersonating LEI's customers in order to falsely confirm the existence of the Fictitious Accounts Receivable that served as collateral for a \$17 million line of credit provided by the Victim Bank to LEI.

b. VATS created the fraudulent email accounts, referred to in this Indictment as Fraudulent Email Accounts-1, -2, -3, -4 and -5, to impersonate customers of LEI.

c. VATS created the Fraudulent Email Accounts from an internet protocol ("IP") address in New Jersey associated with LEI.

d. [REDACTED]

e. Certain Co-Conspirators then used the Fraudulent Email Accounts to pose as LEI's customers and falsely confirm the existence of the Fictitious Accounts Receivable [REDACTED]

f. The Co-Conspirators also provided the Fraudulent Email Accounts to certain third parties, including the Victim Bank's accountants, auditors and/or field examiners, causing these third parties to use the Fraudulent Email Accounts in their attempt to confirm the existence of the

Fictitious Accounts Receivable. Certain Co-Conspirators then used the Fraudulent Email Accounts to pose as LEI's customers and falsely confirm the existence of the Fictitious Accounts Receivable in response to emails from these third parties.

g. By deceiving the Victim Bank and its representatives into believing that the Fictitious Accounts Receivable were real, the Co-Conspirators fraudulently induced the Victim Bank to extend to LEI a \$17,000,000 line of credit secured in part by the Fictitious Accounts Receivable.

h. The Co-Conspirators caused losses of approximately \$16,972,003 to the Victim Bank after LEI defaulted on the loan.

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

Counts Two Through Six
(Wire Fraud)

1. The allegations in Paragraphs 1, 3 and 4 of Count One are hereby incorporated and realleged as if set forth fully herein.

2. From in or about March 2016 through in or about March 2017, in the District of New Jersey and elsewhere, defendants

NITIN VATS
and



knowingly and intentionally devised and intended to devise a scheme and artifice to defraud the Victim Bank and to obtain money by means of materially false and fraudulent pretenses, representations, and promises, to wit, the scheme described in Count One, and on or about the dates set forth below, for the purpose of executing and attempting to execute this scheme and artifice to defraud, knowingly and intentionally transmitted and caused to be transmitted by means of wire communications in interstate and foreign commerce the following writings, signs, signals, pictures and sounds, each constituting a separate count of this Indictment:

<u>Count</u>	<u>Approximate Date</u>	<u>Description</u>
Two	March 7, 2016	VATS created Fraudulent Email Account-1 from an IP address associated with LEI in New Jersey. Co-Conspirators, including [REDACTED], subsequently used Fraudulent Email Account-1 to further the scheme to defraud.
Three	March 10, 2016	VATS created Fraudulent Email Account-2 from an IP address associated with LEI in New Jersey. Co-Conspirators, including [REDACTED], subsequently used Fraudulent Email Account-2 to further the scheme to defraud.
Four	February 17, 2017	VATS created Fraudulent Email Account-3 from an IP address associated with LEI in New Jersey. Co-Conspirators, including [REDACTED], subsequently used Fraudulent Email Account-3 to further the scheme to defraud.
Five	February 20, 2017	VATS created Fraudulent Email Account-4 from an IP address associated with LEI in New Jersey. Co-Conspirators, including [REDACTED], subsequently used Fraudulent Email Account-4 to further the scheme to defraud.
Six	February 20, 2017	VATS created Fraudulent Email Account-5 from an IP address associated with LEI in New Jersey. Co-Conspirators, including [REDACTED], subsequently used Fraudulent Email Account-5 to further the scheme to defraud.

In violation of Title 18, United States Code, Section 1343 and Section 2.

Forfeiture Allegations

1. The allegations contained in Counts One through Six of this Indictment are hereby realleged and incorporated by reference as though set forth in full herein for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

2. The United States hereby gives notice to the defendants that, upon conviction of any of the offenses charged in Counts One through Six, the Government will seek forfeiture, in accordance with Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), of any and all property, real or personal, that constitutes or is derived from proceeds traceable to the violations of Title 18, United States Code, Sections 1343 and 1349, alleged in Counts One through Six of this Indictment.

Substitute Assets Provision

3. If by any act or omission of the defendants, any of the property subject to forfeiture described above:

- 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, the United States of America will be entitled to forfeiture of substitute property up to the value of the property described above, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

A TRUE BILL

FOREPERSON


CRAIG CARPENITO
United States Attorney

CASE NUMBER: 19- cr- 838- SDN ✓

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

UNITED STATES OF AMERICA

v.

NITIN VATS and

[REDACTED]

INDICTMENT FOR

18 U.S.C. §§ 1349, 1343, 2

[REDACTED]

Foreperson

CRAIG CARPENITO

*UNITED STATES ATTORNEY
FOR THE DISTRICT OF NEW JERSEY*

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