UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon. Joseph A. Dickson
v.	:	Mag. No. 18-6526
SAOUD RIHAN, a/k/a "SAM RIHAN"	:	CRIMINAL COMPLAINT

I, Anthony Mangarella, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with Federal Housing Finance Agency, Office of Inspector General and that this complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached pages and made a part hereof.

Anthony Mangarella, Special Agent
Federal Housing Finance Agency

Sworn to before me, and
Subscribed in my presence

January 25, 2018 at
Newark, New Jersey

HONORABLE JOSEPH A. DICKSON
UNITED STATES MAGISTRATE JUDGE

Signature of Judicial Officer

ATTACHMENT A

Count One
(Conspiracy to Commit Bank Fraud)

From at least in or around 2012 through in or around January 2014, in the District of New Jersey, and elsewhere, defendant

SAOUD RIHAN,
a/k/a "SAM RIHAN"

knowingly and intentionally conspired and agreed with others, to execute a scheme and artifice to defraud financial institutions, as defined in Title 18, United States Code, Section 20, namely Victim Bank #1, Victim Bank #2, and Victim Bank #3, whose deposits were insured by the Federal Deposit Insurance Corporation, and to obtain money, funds, assets and other property owned by, and under the custody and control of such financial institutions, by means of materially false and fraudulent pretenses, representations and promises, contrary to Title 18, United States Code, Section 1344.

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

ATTACHMENT B

I, Anthony Mangarella, am a Special Agent with the Federal Housing Finance Agency, Office of Inspector General ("FHFA-OIG"), and am assigned to the Federal Bureau of Investigation ("FBI") as a Task Force Officer. I am familiar with the facts set forth in this Complaint based on my own investigation, conversations with other law enforcement officers, and my review of reports, documents, and other items of evidence. Because this Complaint is being submitted for the limited purpose of establishing probable cause, I have not included each and every fact that I know concerning this investigation. Unless specifically indicated, all conversations and statements described herein are related in substance and in part.

Defendant and Relevant Individuals and Entities

1. At times relevant to this Complaint:

a. Defendant SAOUD RIHAN (a/k/a "SAM RIHAN") was a resident of New York and was a business partner of SIMON CURANAJ.

b. SIMON CURANAJ was a resident of New York, and a licensed real estate broker. CURANAJ was the principal owner and operator of several real estate entities, located in Bronx County, New York.

c. "Victim Bank 1," "Victim Bank 2," and "Victim Bank 3" (collectively, the "Victim Banks") were federally regulated national banking associations, the accounts of which were insured by the FDIC, making them "financial institutions" as that term is defined in Title 18, United States Code, Section 20.

Background

Home Equity Line of Credit ("HELOC")

2. A "HELOC" refers to a home equity line of credit, and was a revolving line of credit that banks offered to borrowers in which the equity in a borrower's house served as security or collateral for the loan. Equity is the difference between the fair market value of a property and any outstanding mortgage balance. After obtaining a HELOC, a borrower became eligible to borrow or "draw down" a certain amount of money which was required to be repaid within a specified time period and at a certain rate of interest.

3. In deciding whether to extend a HELOC to a borrower, lenders, such as Victim Bank 1, Victim Bank 2, and Victim Bank 3, considered the value of the collateral (*i.e.*, the value of the house owned by the borrower) that a borrower could offer to secure the line of credit, including any other liens on

the property. Thus, in connection with the security agreements, a borrower typically was required to disclose to the bank any mortgages or encumbrances on the property, and banks considered whether the house whose equity the borrower offered as collateral was also serving as collateral to any other lenders.

4. Lenders also considered the borrower's ability to repay, including a borrower's income, debts, and credit history, and required borrowers to provide documents concerning such information.

5. Upon obtaining a HELOC, a borrower entered into a security agreement with the bank that created a mortgage or lien on the borrower's property in the amount of the line of credit. This gave the bank the right to foreclose on the borrower's property if the borrower failed to repay the money owed to the bank that issued the HELOC.

6. After entering into a security agreement with a borrower, banks typically recorded their mortgages with the clerk of the county in which the mortgaged property was located. The recording of the mortgage served to publicly disclose a bank's right to foreclose on the property under the circumstances set forth in the security agreement.

7. If a property is secured by more than one loan (mortgage, HELOC, or both), then the subsequent bank would be in a subordinate lien position. Thus, if a property had a mortgage in first lien position and a borrower applied for a HELOC, the HELOC would be recorded in a second or subordinate lien position unless the first mortgage was paid off. In other words, a mortgage that was recorded before another mortgage had priority over, and was "senior" to the subsequently recorded or "junior" mortgage. Thus, in the event of a foreclosure on a mortgaged property used as collateral for a HELOC, the "senior" mortgage would have to be repaid or satisfied before the HELOC could be repaid.

8. A HELOC "shotgun" scheme described a situation where a borrower, using the same property, applied for a HELOC from two or more financial institutions simultaneously, but hid each application from the other financial institution.

Real Estate Transaction Terms

9. A "quitclaim deed" was a deed relinquishing all interest, title, or claim that an owner had on a property.

10. A "straw buyer" was an individual purchasing property for another to conceal the identity of the real purchaser and was often paid for doing so.

Overview of the Conspiracy

11. At various times from at least as early as in or about 2012 through in or around January 2014, co-conspirator CURANAJ and defendant RIHAN conspired with each other, and others, to obtain multiple HELOCs from Victim Bank 1, Victim Bank 2, and Victim Bank 3 on multiple residential properties located in New Jersey and New York on the basis of false and fraudulent pretenses, representations, and promises.

12. In order to induce the banks to approve HELOCs they otherwise would not have approved, and in amounts they otherwise would not have offered, defendant RIHAN, co-conspirator CURANAJ, and other co-conspirators: (a) used the name and personal information of an applicant, sometimes with and sometimes without the homeowners' knowledge, to apply for HELOCs; (b) made various false representations on loan documents about the applicant in order to obtain the necessary bank approvals for the HELOCs; and (c) pledged the same residential property over and over again as collateral for the multiple HELOCs within a short span of time in order to prevent the banks from discovering that the same residential property had been pledged for multiple HELOCs.

13. More specifically, through co-conspirator CURANAJ's real estate brokerage business and personal relationships, co-conspirator CURANAJ, defendant RIHAN, and others, identified homeowners who were either seeking bank loans or were seeking to purchase property.

14. Defendant RIHAN, co-conspirator CURANAJ, and others, transferred the residential properties by quitclaim deed for a nominal purchase price to straw buyers who would be used to apply for the HELOCs.

15. Using the identity of the straw buyers, defendant RIHAN, co-conspirator CURANAJ, and others, submitted multiple HELOC applications pledging the same residential property over and over again as collateral. These HELOC applications contained a variety of false statements, including false information about the HELOC applicant's income, occupancy of the home, and the true owner of the home. In addition, defendant RIHAN, co-conspirator CURANAJ and other co-conspirators did not disclose to the HELOC lenders that the property offered as collateral was either already subject to senior liens that had not yet been recorded, or that the same property was offered as collateral for a HELOC sought from another lender.

16. The temporal proximity of the HELOC applications and the failure of defendant RIHAN, co-conspirator CURANAJ, and others to disclose the other HELOCs on the property to the banks, prevented the banks from discovering the other HELOCs and properly assessing the HELOC applications.

17. Co-conspirator CURANAJ and others attended the closings for the HELOCs to ensure the transactions closed as planned. According to witness testimony and evidence obtained from the Victim Banks over the course of the investigation, defendant RIHAN, co-conspirator CURANAJ, and others, purposefully misled homeowners and straw buyers regarding the nature of the applications being submitted in their names to the Victim Banks.

18. Once the HELOCs were approved and the funds disbursed, defendant RIHAN, co-conspirator CURANAJ and others shared in the proceeds obtained from the Victim Banks.

Representative Transaction

19. In or around 2010, CURANAJ owned a real estate property in the Bronx, New York ("Residence 1"). Around that time, in coordination with defendant RIHAN, CURANAJ prepared a quitclaim deed that facilitated the transfer of ownership of Residence 1 for a nominal amount to a straw buyer ("Individual 1"), who did not live at Residence 1. Defendant RIHAN recruited Individual 1 to the scheme and, in exchange for Individual 1's participation, offered to pay Individual 1 $10,000. However, Individual 1 never received any payment.

20. Eventually, in or around May 2013, in coordination with defendant RIHAN, CURANAJ prepared another quitclaim deed that facilitated the transfer of ownership of Residence 1 for a nominal amount to Individual 1 and a second straw buyer ("Individual 2"). Neither Individual 1 nor Individual 2 ever lived at Residence 1. Defendant RIHAN recruited Individual 2 to the scheme and, in exchange for Individual 2's participation, offered to pay Individual 2 $10,000. Defendant RIHAN never paid Individual 2 any money.

21. In or around June and July 2013, with Residence 1 now in the name of Individual 1 and Individual 2, CURANAJ and defendant RIHAN caused Individual 2 to apply for multiple HELOCs from multiple banks in a relatively short span of time using Residence 1 as collateral.

22. For example, on or about June 4, 2013, CURANAJ and defendant RIHAN, and others, applied for a HELOC in Individual 2's name for approximately $250,000 with Victim Bank 2. The following month, on or about July 15, 2013, CURANAJ and defendant RIHAN applied for a HELOC in Individual 2's name for approximately $250,000 with Victim Bank 3. Less than two weeks later, on or about July 24, 2013, CURANAJ and defendant RIHAN caused Individual 2 to apply for yet another HELOC with Victim Bank 1 for approximately $250,000. Residence 1 was pledged as collateral in all three HELOC applications. The applications also contained false information concerning Individual 2's income, which was stated to be higher than Individual 2's actual income.

23. Notably, at the time the applications were made, the value of Residence 1 was approximately $481,000, and Residence 1 was encumbered by a remaining mortgage of approximately $126,000. Thus, there was not sufficient equity in Residence 1 to support the HELOC applications.

24. On or about August 16, 2013, Victim Bank 2 issued a HELOC to Individual 2 in the amount of $146,503. The following week, on or about August 23, 2013, Victim Bank 3 issued a HELOC to Individual 2 in the amount of $234,000, although Individual 2 rescinded this HELOC so no funds were disbursed from Victim Bank 3. Another week later, on or about August 31, 2013, Victim Bank 1 issued a HELOC to Individual 2 in the amount of $226,500.

25. In or around August 2013, Individuals 1 and 2 attended closings for the HELOC loans at the offices for Victim Bank 1 and Victim Bank 2. On both occasions, CURANAJ was also present.

26. After Victim Bank 1 and Victim Bank 2 funded the HELOCs and deposited money into Individual 2's bank accounts, Individual 2 disbursed almost the entirety of the HELOC funds into accounts owned or controlled by defendant RIHAN and/or CURANAJ, who together obtained over $370,000 from the HELOCs funded by Victim Bank 1 and Victim Bank 2.

27. In or around July 2014, Individual 2 defaulted on the HELOC loans causing total losses of over $370,000 to Victim Bank 1 and Victim Bank 2.