

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
 :
 v. : Crim. No. 18-
 :
 CHRISTOPHER GOODSON : 18 U.S.C. § 1349

I N F O R M A T I O N

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

THE DEFENDANT AND OTHERS

1. At various times relevant to this Information:
 - a. Financial Institutions 1 and 2 were each “financial institutions” as defined by Title 18, United States Code, Sections 20 and 27.
 - b. Defendant CHRISTOPHER GOODSON resided in New Jersey and was an attorney licensed in New Jersey. He previously was a mortgage loan officer.
 - c. Defendant GOODSON owned and controlled a law office (“Law Firm 1”), which was based in New Jersey.
 - d. CC-1, a co-conspirator not charged herein, was a resident of New Jersey. CC-1 was a licensed real estate agent in the business of buying and selling real estate. CC-1 controlled numerous entities, including Entity 1.

e. CC-2, a co-conspirator not charged herein, was a resident of New Jersey who negotiated short sales and processed documents on behalf of CC-1.

THE MORTGAGE LENDING PROCESS

2. Mortgage loans were loans funded by financial institutions, which retained a security interest in the property.

3. To obtain a mortgage loan, a prospective borrower ordinarily had to meet income, asset, and credit eligibility requirements. Prospective borrowers applied for mortgage loans and submitted various types of documentation to demonstrate their eligibility for mortgage loans. Financial institutions relied upon the information submitted by borrowers in making their lending decisions.

4. Financial institutions also relied upon information related to the value and chain of title of a subject property. For example, and among other things, financial institutions examined the transaction history of the subject property, including the date of the most recent transfer, as well as the underlying value of the subject property.

5. If a prospective borrower met a financial institution's lending requirements, and the financial institution was satisfied with the chain of title and value of the subject property, the financial institution funded the mortgage loan, typically by causing an electronic wire transfer of funds from the financial institution to a settlement agent, such as a title company or a closing attorney.

The settlement agent then distributed the mortgage funds pursuant to a “HUD-1.”

6. A HUD-1 was a form prescribed by the United States Department of Housing and Urban Development that included a schedule of the borrower’s and seller’s charges in a real estate transaction and the disposition of funds.

7. A deed documented the transfer of ownership of real estate, and was recorded by the closing agent to a real estate transaction with the relevant county agency. The parties to a real estate transaction relied on the deed to establish ownership of a subject property on a particular date.

8. An attorney trust account (“ATA”) was a bank account or its equivalent that was established by an attorney to hold funds belonging to clients or financial institutions.

9. Closing attorneys were responsible for the administration and coordination of the closing of a real estate transaction, including, for example: (1) collecting the closing funds related to the transaction, including down payment funds and mortgage proceeds; (2) maintaining an ATA to safeguard the funds related to the transaction; (3) disbursing the funds related to the transaction; (4) preparing the HUD-1; (5) ensuring clear transfer of title, preparing deeds, and recording the deed; and (6) collecting and submitting documents to the financial institutions involved in the transaction.

10. A short sale was a type of real estate transaction in which the property was sold for less than the amount owed by the seller on the

underlying mortgage on the property. A short sale involved an agreement between the seller and the lender who held a mortgage on the property whereby the lender agreed to release its mortgage in exchange for payment of less than the total amount owed on the mortgage. After the closing of a short sale transaction, as with other real estate transactions, the closing agent was responsible for recording the deed with the relevant county agency to document the transaction date, the parties involved, and the amount paid by the buyer.

THE CONSPIRACY

11. From at least as early as in or about January 2011 through in or about December 2017, in Hudson and Essex Counties, in the District of New Jersey and elsewhere, defendant

CHRISTOPHER GOODSON

did knowingly and intentionally conspire and agree with CC-1, CC-2, and others (the “Co-Conspirators”) to execute and attempt to execute a scheme and artifice to defraud financial institutions, and to obtain moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, those financial institutions, by means of materially false and fraudulent pretenses, representations, and promises, contrary to Title 18, United States Code, Section 1344.

GOAL OF THE CONSPIRACY

12. The goal of the conspiracy was to profit from the sale and financing of certain properties by engaging in a mortgage fraud scheme based on

materially false and fraudulent representations to Financial Institutions 1 and 2.

MANNER AND MEANS OF THE CONSPIRACY

13. It was a part of the conspiracy that the Co-Conspirators targeted subject properties in New Jersey whose mortgages were in some stage of default proceedings. After identifying a subject property, the Co-Conspirators structured two transactions in a “short sale flip” of the subject property, which generally took place as follows:

a. First: the sale by the original owner (the “A Owner”) to a buyer (the “B Owner”) (the “A-B Transaction”). In the A-B Transaction, the Co-Conspirators and others represented to the financial institution holding the mortgage on the subject property (the “A-B Financial Institution”) that the B Owner was willing to pay a specific price for the subject property—a price less than the amount remaining on the mortgage. The Co-Conspirators thereby convinced the A-B Financial Institution to accept the sale of the subject property at a loss.

b. Second: the Co-Conspirators arranged to “flip” the subject property from the B Owner to a third participant (the “C Owner”) (the “B-C Transaction”). The C Owner typically obtained a mortgage from another financial institution (the “B-C Financial Institution”). The B-C Transaction closed for significantly more than the A-B Transaction.

14. It was further part of the conspiracy that the Co-Conspirators used affirmative misrepresentations and omissions to advance the conspiracy and to prevent the financial institutions from detecting the fraud. For instance:

a. The Co-Conspirators fraudulently recorded the deeds to subject properties to reflect closing dates significantly in advance of the actual closing date of the A-B Transaction. Often, the B-C Transaction was funded and closed even before the actual closing of the A-B Transaction, using the fraudulently recorded deed. Indeed, proceeds provided by the B-C Financial Institutions for the B-C Transactions in reliance on fraudulently recorded deeds sometimes funded the A-B Transactions themselves.

b. The Co-Conspirators prepared false and fraudulent documents, including Uniform Residential Loan Applications (“URLAs”), pay stubs, bank account statements, and title reports, and submitted them as part of mortgage loan applications to the B-C Financial Institutions.

15. It was further part of the conspiracy that the Co-Conspirators split the proceeds from the fraudulent short sale transactions among themselves and others.

SUBJECT PROPERTY: 2515 ADAM PLACE, UNION CITY, NEW JERSEY

16. It was further part of the conspiracy that the Co-Conspirators engaged in fraudulent transactions involving a number of subject properties, including, for example, transactions involving the property located at 2515 Adam Place, Union City, New Jersey (“2515 Adam”) that culminated in CC-1’s ownership of 2515 Adam.

17. In or around 2006, Person A purchased 2515 Adam. Financial Institution 1 owned and serviced Person A’s mortgage for 2515 Adam.

18. In or around 2012 and 2013, defendant GOODSON, CC-1, CC-2, and others negotiated an A-B Transaction on 2515 Adam, with Entity 1 as the prospective B Owner. As part of this negotiation, the Co-Conspirators caused multiple false and fraudulent documents to be sent to Financial Institution 1, including, among other things, false and fraudulent purchase contracts and a false and fraudulent document titled “Affidavit of Arm’s Length Transaction.” In the latter, the Co-Conspirators falsely represented that there were “no agreements, understandings or contracts relating to the current sale or subsequent sale” of 2515 Adam, when, in fact, the Co-Conspirators already had a contract in place for the impending B-C Transaction for a significantly higher amount.

19. Defendant GOODSON, CC-1, CC-2, and others also caused false and fraudulent documents to be sent to Financial Institution 2 to convince Financial Institution 2 to provide CC-1, as the prospective C Owner, with a

mortgage for 2515 Adam. These included, among other things, a fax sent on or about December 7, 2012 composed of documents that:

- a. concealed CC-1's control over the B Owner, Entity 1, by falsely identifying CC-2 as the person controlling that entity;
- b. contained a false and fraudulent URLA, listing bank account balances far higher than what CC-1 actually held in those accounts; and
- c. contained fraudulent pay stubs for CC-1.

20. The Co-Conspirators then executed the A-B and B-C transactions on 2515 Adam through fraudulent and misleading acts and practices. For example:

- a. The Co-Conspirators closed the B-C Transaction before closing the A-B Transaction, but falsely represented that the A-B Transaction closed first in time by recording a false and fraudulent deed for the A-B Transaction;
- b. The Co-Conspirators used some of the funds from the B-C Transaction to close the A-B Transaction and disperse profits to the Co-Conspirators; and
- c. The Co-Conspirators caused a false and fraudulent HUD-1 to be submitted in connection with the A-B Transaction.

21. The fraudulently engineered short sale flip of 2515 Adam resulted in illicit profits for Entity 1—the difference in value between the A-B and B-C Transactions—that flowed to the Co-Conspirators. Defendant GOODSON and

CC-1 funneled part of their illicit profits from the 2515 Adam transactions, among others, through various bank accounts owned or controlled by them to pay other Co-Conspirators, pay personal expenses, and finance other fraudulent transactions.

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

FORFEITURE ALLEGATION

1. The allegations contained in this Information are incorporated by reference as though set forth in full herein for the purpose of noticing forfeiture pursuant to Title 18, United States Code, Section 982(a)(2).

2. The United States hereby gives notice to defendant GOODSON that, upon conviction of the offense charged in this Information, the government will seek forfeiture in accordance with Title 18, United States Code, Section 982(a)(2), which requires any person convicted of such offenses to forfeit any property constituting or derived from proceeds obtained directly or indirectly as a result of such offenses.

3. If any of the above-described forfeitable property, as a result of any act or omission of defendant GOODSON:

- (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 divided without difficulty

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of such defendant up to the value of the forfeitable property described in paragraph 2.


CRAIG CARPENITO
UNITED STATES ATTORNEY

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INFORMATION FOR

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