

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon. Katherine S. Hayden
: :
v. : Crim. No. 19-036 (KSH)
: :
ANTHONY GARVIN : 18 U.S.C. § 1349
: 18 U.S.C. § 1344
: 18 U.S.C. § 2

SUPERSEDING INDICTMENT

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

COUNT ONE
(Conspiracy to Commit Bank Fraud)

THE DEFENDANT AND OTHERS

1. At various times relevant to this Indictment:
 - a. The victim lenders, including but not limited to Financial Institutions 1, 2, 3, 4, 5, and 6 (collectively, the “Victim Lenders”), were each “financial institutions” as defined by Title 18, United States Code, Sections 20 and 27.
 - b. Defendant ANTHONY GARVIN was a resident of New Jersey. GARVIN was a licensed real estate agent in the business of buying and selling real estate. GARVIN controlled numerous entities, including, but

not limited to, Caviar Apparel Purveyors, LLC (“Caviar Apparel”) and Laura Mae, LLC.

c. Co-Conspirator A (“CC-A”) resided in New Jersey and was an attorney licensed in New Jersey. He previously was a mortgage loan officer.

d. CC-A owned and controlled a law office (“Law Firm 1”), which was based in New Jersey.

e. Co-Conspirator B (“CC-B”) was a resident of New Jersey who negotiated short sales and processed documents on behalf of defendant GARVIN.

f. Individual A and Individual B served as straw borrowers for certain loans obtained as part of the conspiracy.

BACKGROUND

2. Mortgage loans were funded by financial institutions, including certain of the Victim Lenders. Mortgage loans enabled borrowers to finance the purchase of real estate property. The financial institution that provided the mortgage loan retained a secured interest in the property.

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

4. Financial institutions also relied on information related to the value and chain of title of a subject property in deciding whether to make a mortgage loan. 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 usually 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" was a document that evidenced a transfer of ownership of real estate on a particular date. Deeds included the transaction date, the parties involved, and the amount paid by the buyer. Deeds were "recorded" with the relevant county agency: they were kept on file and were available to the public. The parties to a real estate transaction relied on the deed to reflect the accurate ownership history of a subject property.

8. A “short sale” was a type of real estate transaction in which the property was sold for an amount less than the seller owed on the mortgage. A short sale involved an agreement between the seller and the lender who held the mortgage on the property. 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 deed was recorded with the relevant county agency.

9. A home equity line of credit (“HELOC”) was a loan that financial institutions, including certain of the Victim Lenders, offered to borrowers. The borrower’s equity in their property served as collateral for the HELOC loan. If a financial institution approved a HELOC for a borrower, the borrower became eligible to borrow a certain amount of money, which was required to be repaid within a specified time period and at a specified rate of interest.

10. Financial institutions, including certain of the Victim Lenders, considered a variety of information in determining whether to extend a HELOC loan to a prospective borrower, including:

- a. The amount of equity a borrower had in the property that would serve as collateral for the HELOC loan;
- b. Whether the property that would serve as collateral for the HELOC loan was also serving as collateral for any other loans; and
- c. The prospective borrower’s ability to repay – including, for example, the borrower’s income, debt, and credit history.

11. Like with mortgage loans, to obtain a HELOC loan, a borrower ordinarily had to apply and meet income, asset, debt, and credit eligibility requirements. Borrowers submitted various types of documentation to demonstrate their eligibility for HELOC loans. Financial institutions relied on the information submitted by borrowers in making their lending decisions for HELOC loans.

THE CONSPIRACY

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

ANTHONY GARVIN

did knowingly and intentionally conspire and agree with CC-A, CC-B, 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

13. The goal of the conspiracy was to profit from buying, selling, and obtaining loans (including mortgage loans and HELOC loans), on real estate properties by making materially false and fraudulent pretenses, representations, and promises to the Victim Lenders.

MANNER AND MEANS OF THE CONSPIRACY

14. It was a part of the conspiracy that the Co-Conspirators conducted fraudulent two-step “short sale flips” on certain subject properties:

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.

15. It was further part of the conspiracy that the Co-Conspirators fraudulently obtained, and attempted to obtain, HELOC loans using certain subject properties as collateral. Sometimes, the Co-Conspirators applied for and/or obtained more than one HELOC loan on a single property, concealing from each financial institution the existence of the Co-Conspirators' other HELOC applications and/or loans on the same property. This thwarted the financial institutions' efforts to learn of security interests held by other financial institutions in that property and induced each financial institution to approve their respective loan.

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

a. The Co-Conspirators fraudulently recorded the deeds to certain subject properties;

b. The Co-Conspirators prepared, and caused to be prepared, false and fraudulent documents relating to mortgage and HELOC loan applications, including but not limited to Universal Residential Loan Applications ("URLAs"), pay stubs, W-2 tax information, tax returns, bank account statements, and title reports.

c. The Co-Conspirators submitted those false and fraudulent documents to the Victim Lenders as part of mortgage and HELOC loan applications.

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

18. It was further part of the conspiracy that the Co-Conspirators engaged in fraudulent transactions involving a number of subject properties. Several examples are provided below.

2515 ADAM STREET

19. It was further part of the conspiracy that the Co-Conspirators conducted a fraudulent “short sale flip” of the property located at 2515 Adam Place, Union City, New Jersey (“2515 Adam”), which culminated in defendant GARVIN’s ownership of 2515 Adam:

a. In or about 2006, Person A purchased 2515 Adam.

Financial Institution 1 owned and serviced Person A’s mortgage for 2515 Adam.

b. In or about 2012 and 2013, defendant GARVIN, CC-A, CC-B, and others negotiated an A-B Transaction for 2515 Adam, with Caviar Apparel 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.

c. Defendant GARVIN, CC-A, CC-B, and others also caused false and fraudulent documents to be sent to Financial Institution 2 to

convince Financial Institution 2 to provide defendant GARVIN, as the prospective C Owner, with a mortgage for 2515 Adam.

d. The Co-Conspirators then executed the A-B and B-C transactions on 2515 Adam through fraudulent and misleading acts and practices, including by: recording a false and fraudulent deed; submitting fraudulent documents to financial institutions; and using funds from the B-C Transaction to close the A-B Transaction.

e. The Co-Conspirators then split their illicit profits from the fraudulently-engineered short sale flip of 2515 Adam.

239 FULTON AVENUE

20. It was further part of the conspiracy that the Co-Conspirators fraudulently applied for and obtained multiple HELOC loans on the property located at 239 Fulton Avenue, Jersey City, New Jersey ("239 Fulton").

a. In or about January 2012, defendant GARVIN and others caused an application for a HELOC to be submitted to Financial Institution 3, listing Individual A as the borrower and the resident of 239 Fulton ("HELOC Application 1").

b. HELOC Application 1 contained false and fraudulent information, including, for example, false and fraudulent pay stubs and W-2 tax documents for Individual A.

c. Approximately one month later, in or about February 2012, defendant GARVIN and others caused an application for a second

HELOC to be submitted that was secured by 239 Fulton – this time listing Individual A and Individual B jointly as the borrowers and the residents of 239 Fulton – but this second HELOC was submitted to Financial Institution 4 (“HELOC Application 2”).

d. HELOC Application 2 also contained false and fraudulent information, including, for example, false and fraudulent pay stubs and W-2 tax documents for Individual A and Individual B.

e. Neither Financial Institution 3 nor Financial Institution 4 was aware of the Co-Conspirators’ nearly-contemporaneous HELOC loan application relating to 239 Fulton to the other financial institution.

f. On or about March 24, 2012, in reliance on HELOC Application 1, Financial Institution 3 funded a HELOC loan for approximately \$100,000 in the name of Individual A.

g. On or about April 2, 2012, in reliance on HELOC Application 2, Financial Institution 4 funded a HELOC loan for approximately \$120,000 in the names of Individual A and Individual B.

h. The Co-Conspirators disbursed the proceeds of these fraudulently-obtained HELOC loans amongst themselves.

42 UNION STREET

21. It was further part of the conspiracy that the Co-Conspirators fraudulently applied for and obtained multiple HELOC loans on the property located at 42 Union Street, Jersey City, New Jersey (“42 Union”).

a. In or about February 2012, defendant GARVIN and others caused an application for a HELOC to be submitted to Financial Institution 5, listing Individual A and Individual B jointly as the borrowers and the residents of 42 Union (“HELOC Application 3”).

b. HELOC Application 3 contained false and fraudulent information, including, for example, false and fraudulent pay stubs and W-2 tax documents for Individual A and Individual B.

c. Also in or about February 2012, defendant GARVIN and others caused an application for a second HELOC to be submitted that was secured by 42 Union, also listing Individual A and Individual B as the borrowers and the residents of 42 Union – but this second HELOC was submitted to Financial Institution 6 (“HELOC Application 4”).

d. HELOC Application 4 also contained false and fraudulent information, including, for example, false and fraudulent pay stubs and W-2 tax documents for Individual A and Individual B.

e. Neither Financial Institution 5 nor Financial Institution 6 was aware of the Co-Conspirators’ nearly-contemporaneous HELOC loan application relating to 42 Union to the other financial institution.

f. On or about March 16, 2012, in reliance on HELOC Application 4, Financial Institution 6 funded a HELOC loan for approximately \$210,000 in the name of Individual A and Individual B.

g. On or about March 24, 2012, Financial Institution 5, in reliance on HELOC Application 3, funded a HELOC loan for approximately \$200,000 in the names of Individual A and Individual B.

22. The Co-Conspirators disbursed the proceeds of these fraudulently-obtained HELOC loans amongst themselves.

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

COUNTS TWO THROUGH SIX
(Bank Fraud)

1. The allegations set forth in Paragraphs 1 through 11 and 14 through 22 of Count One are re-alleged and incorporated as if fully set forth herein.

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

ANTHONY GARVIN

did knowingly and intentionally execute and attempt to execute a scheme and artifice to defraud financial institutions, and to obtain money, 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, namely, through the manner and means described in paragraphs 14 through 22 of Count One of this Indictment, each constituting a separate count of this Indictment:

Count	Victim Lender	Subject Property
2	Financial Institution 2	2515 Adam Place, Union City, New Jersey
3	Financial Institution 3	239 Fulton Avenue, Jersey City, New Jersey
4	Financial Institution 4	239 Fulton Avenue, Jersey City, New Jersey
5	Financial Institution 5	42 Union Street, Jersey City, New Jersey
6	Financial Institution 6	42 Union Street, Jersey City, New Jersey

All in violation of Title 18, United States Code, Sections 1344 and 2.

FORFEITURE ALLEGATION

1. The allegations contained in this Indictment 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 GARVIN that, upon conviction of the offenses charged in this Indictment, 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 GARVIN:

- (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.

A TRUE BILL

FOREPERSON


CRAIG CARPENITO
UNITED STATES ATTORNEY

CASE NUMBER: _____

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

UNITED STATES OF AMERICA

v.

ANTHONY GARVIN

SUPERSEDING INDICTMENT FOR

18 U.S.C. § 1349

18 U.S.C. § 1344

18 U.S.C. § 2

A True Bill,

Foreperson

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