

e. Co-Conspirator SIMON CURANAJ (“CURANAJ”) resided in New York and was a licensed real estate broker. CURANAJ was the principal owner and operator of several real estate entities located in the Bronx, New York.

f. “Unindicted Co-Conspirator-1” was a resident of Howell, New Jersey.

g. “Individual-1” was a resident of Yorktown, New York.

h. “Individual-2” was a resident of New York, New York.

i. “Individual-3” was a resident of Freeport, New York.

j. The “Jersey City Property” was a multi-family residential property located in Jersey City, New Jersey.

k. The “Freeport Property” was a single-family residential property located in Freeport, New York.

l. “LLC-1” was a purported dry cleaning company that was a limited liability company organized in New York. GONZALEZ was one of two members of LLC-1, along with Unindicted Co-Conspirator-1.

m. Victim Banks 1, 2, and 3 (collectively, the “Victim Banks”) were each federally regulated national banking associations, the accounts of which were insured by the Federal Deposit Insurance Corporation (“FDIC”), making them “financial institutions” as defined by Title 18, United States Code, Section 20.

THE LENDING PROCESS

2. A Home Equity Line of Credit (“HELOC”) 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 was 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 the Victim Banks, 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 was 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 "quitclaim deed" was a deed relinquishing all interest, title, or claim that an owner had on a property.

9. A "straw buyer" was an individual who was often paid to serve as a nominal purchaser of property in a real estate transaction.

THE CONSPIRACY

10. From at least as early as in or around 2010 through in or around February 2018, in the District of New Jersey and elsewhere, defendants

JORGE FLORES,
JOSEPH A. GONZALEZ,
JOSE L. PIEDRAHITA, and
YORCE YOTAGRI

did knowingly and intentionally conspire and agree with CURANAJ and others known and unknown (collectively, the “Co-Conspirators”) to execute and attempt to execute a scheme and artifice to defraud financial institutions, including the Victim Banks, and others, 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, contrary to Title 18, United States Code, Section 1344.

OBJECT OF THE CONSPIRACY

11. It was the object of the conspiracy for the Co-Conspirators, including defendants FLORES, GONZALEZ, PIEDRAHITA, and YOTAGRI, to profit by obtaining multiple HELOCs on the same property from financial institutions, including the Victim Banks, based on materially false and fraudulent pretenses, representations, and promises and then disbursing the funds from the HELOCs to and among themselves.

MANNER AND MEANS OF THE CONSPIRACY

12. It was part of the conspiracy that, beginning at least as early as in or around 2010, the Co-Conspirators agreed to obtain multiple HELOCs from financial institutions on residential properties located in New Jersey and New York on the basis of false and fraudulent pretenses, representations, and promises.

13. It was further part of the conspiracy that, to induce the banks to approve HELOCs they otherwise would not have approved, and in amounts they otherwise would not have offered, the Co-Conspirators: (a) used the name and personal information of an applicant (or straw buyer), sometimes with and sometimes without the applicant's knowledge, to apply for HELOCs; (b) made various false representations on loan documents about the applicant to obtain the necessary bank approvals for the HELOCs; and (c) pledged the same residential property several times as collateral for the multiple HELOCs either (i) within a short span of time to prevent the banks from discovering that the same residential property had been pledged for multiple HELOCs, or (ii) by transmitting false correspondence purportedly from the Victim Banks stating that senior mortgages had been paid down or paid off when they had not.

14. It was further part of the conspiracy that the Co-Conspirators recruited straw buyers with good credit to apply for HELOCs on their behalf by transferring the residential property via quitclaim deed to the straw buyers for a nominal purchase price.

15. It was further part of the conspiracy that, using the identity of the straw buyers, the Co-Conspirators submitted multiple HELOC applications pledging the same residential property 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. The Co-Conspirators often attended the closings for the HELOCs to ensure that the transactions closed as planned. The Co-Conspirators also often purposefully misled the straw buyers regarding the nature of the applications being submitted in their names to the financial institutions.

16. It was further part of the conspiracy that the Victim Banks did not discover the existence of the other HELOCs in order to properly assess the HELOC applications because of either (i) the short span of time between the HELOC applications and the banks' subsequent funding of the HELOCs; or (ii) the false correspondence purportedly from senior mortgage holders provided to the Victim Banks by the Co-Conspirators to conceal the existence of or amounts owed on senior mortgages.

17. It was further part of the conspiracy that, once the HELOCs were approved and the funds disbursed, the Co-Conspirators shared in the proceeds.

18. In total, the Co-Conspirators leveraged approximately 17 properties in New Jersey and New York to fraudulently apply for more than \$9,000,000 in HELOCs during the conspiracy.

REPRESENTATIVE TRANSACTIONS

SUBJECT PROPERTY 1: THE JERSEY CITY PROPERTY

19. In or around 2012, the Jersey City Property was owned by a corporate entity owned and controlled solely by Individual-1. Individual-1 permitted GONZALEZ to reside at the Jersey City Property in exchange for GONZALEZ providing maintenance services there.

20. In or around the summer of 2012, GONZALEZ and Unindicted Co-Conspirator-1 told Individual-2 that they were interested in starting a dry cleaning business, which they had incorporated as LLC-1. GONZALEZ and Unindicted Co-Conspirator-1 falsely told Individual-2, who had good credit, that Individual-1 gave them permission to apply for HELOCs using the Jersey City Property to fund LLC-1. GONZALEZ and Unindicted Co-Conspirator-1 also told Individual-2 that Individual-2 would be repaid money Individual-2 was owed by Unindicted Co-Conspirator-1 (on an unrelated matter) if Individual-2 acted as the straw buyer and participated in the scheme to leverage the Jersey City Property to obtain HELOCs. Based on these false representations, Individual-2 agreed.

21. In or around July 2012, a fraudulent quitclaim deed with CURANAJ's name on it as the preparer was drafted that facilitated the transfer of ownership of the Jersey City Property from a corporate entity solely owned by Individual-1, without the authority, knowledge, or consent of Individual-1, to Individual-2 for a nominal amount. The signatures of Individual-1 and Individual-2 on the deed were forged.

22. On or about August 29, 2012, with the Jersey City Property now fraudulently in Individual-2's name, FLORES called Victim Bank 1 and Victim Bank 2 and pretended to be Individual-2. FLORES applied for two HELOCs in Individual-2's name from two banks on the same day using the Jersey City Property as collateral: (i) on or about August 29, 2012, FLORES applied for a HELOC in Individual-2's name for approximately \$400,000 with Victim Bank 1; and (ii) on or about August 29, 2012, FLORES applied for a HELOC in Individual-2's name for approximately \$400,000 with Victim Bank 2 (collectively, the "Jersey City Property HELOCs"). The applications inflated Individual-2's income and contained false information about Individual-2's employer.

23. The Jersey City Property was pledged as collateral for each of the Jersey City Property HELOCs totaling approximately \$800,000, even though the available equity in the property was approximately \$355,000.

24. On or about September 26, 2012, Victim Bank 1 issued a HELOC to Individual-2 in the amount of \$264,000. On or about October 1, 2012, Victim Bank 2 issued a HELOC to Individual-2 in the amount of \$248,500. GONZALEZ accompanied Individual-2 to each bank for the closings that led to the issuance of the Jersey City Property HELOCs.

25. On or about September 29, 2012, GONZALEZ and Unindicted Co-Conspirator 1 opened a checking account for LLC-1, which they co-owned (the "LLC-1 Bank Account"). Defendant GONZALEZ's name and signature appear on the bank's signature card for the LLC-1 Bank Account.

26. LLC-1 obtained hundreds of thousands of dollars from the Jersey City Property HELOCs after they had been approved and funded by Victim Bank 1 and Victim Bank 2. Defendant GONZALEZ collected over \$150,000 from the LLC-1 bank account, including cash withdrawals, transfers to other bank accounts controlled by defendant GONZALEZ, and two cashier's checks: one payable to an automobile dealership in the amount of \$43,000, and the other in the amount of \$10,000 payable to CURANAJ. FLORES also received money from each of the Jersey City Property HELOCs.

27. The funds obtained by FLORES and GONZALEZ from the Jersey City Property HELOCs were not repaid, causing actual losses to Victim Bank 1 and Victim Bank 2 totaling approximately \$512,500.

SUBJECT PROPERTY 2: THE FREEPORT PROPERTY

28. In or around 2010, YOTAGRI lived at the Freeport Property. On or about January 4, 2010, the property was transferred via quitclaim deed from YOTAGRI, YOTAGRI's spouse, and another individual to YOTAGRI, YOTAGRI's spouse, and Individual-3. On or about February 10, 2010, Individual-3 obtained a HELOC worth \$300,000 on the Freeport Property (the "2010 Freeport Property HELOC") from Victim Bank 2. Individual-3 did not live at the Freeport Property, and the application to obtain the 2010 Freeport Property HELOC contained false information about Individual-3's income.

29. Individual-3 eventually defaulted on the 2010 Freeport Property HELOC. In or around 2014, Victim Bank 2 filed a notice of pendency of action (a "lis pendens") on the Freeport Property. In or around May 2016, Victim

Bank 2 wrote off as a loss the 2010 Freeport Property HELOC, and, on or about August 17, 2016, cancelled the lis pendens on the Freeport Property.

30. On or about August 22, 2016, a quitclaim deed was prepared that facilitated the transfer of ownership of the Freeport Property to YOTAGRI and PIEDRAHITA.

31. In or around September 2016, with the Freeport Property now in the names of PIEDRAHITA and YOTAGRI, the Co-Conspirators applied for a HELOC from Victim Bank 3 in PIEDRAHITA's and YOTAGRI's names in the amount of \$290,000 using the Freeport Property as collateral. PIEDRAHITA's contact information appeared on the HELOC application on the Freeport Property. The HELOC application inflated PIEDRAHITA's income and assets.

32. On or about December 2, 2016, based on the false representations of FLORES, PIEDRAHITA, and YOTAGRI, Victim Bank 3 issued a HELOC to PIEDRAHITA in the amount of \$290,000 (the "2016 Freeport Property HELOC").

33. After Victim Bank 3 funded the 2016 Freeport Property HELOC and deposited money into a bank account owned and controlled by PIEDRAHITA, PIEDRAHITA disbursed the entirety of the 2016 Freeport Property HELOC funds to himself, YOTAGRI, and FLORES. The funds obtained by PIEDRAHITA, YOTAGRI, and FLORES from the 2016 Freeport Property HELOC were not repaid, causing losses to Victim Bank 3 totaling approximately \$290,000.

34. In or around January 2017, FLORES called Victim Bank 2 and applied for a second HELOC in PIEDRAHITA's name for \$250,000 using the Freeport Property as collateral. FLORES's email address and phone number appeared on the second HELOC application on the Freeport Property.

35. To demonstrate to Victim Bank 2 that the Freeport Property was unencumbered by any senior mortgages, FLORES and PIEDRAHITA sent several fraudulent documents to Victim Bank 2 to conceal the existence of or amounts owed on senior mortgages on the Freeport Property from Victim Bank 2. The false documents submitted to Victim Bank 2 included a series of false payoff letters and fake checks from other banks, all submitted to deceive Victim Bank 2 into believing that the remaining value of the senior mortgages on the Freeport Property was far less than what was actually owed.

36. On or about March 22, 2017, Victim Bank 2 issued a HELOC to PIEDRAHITA in the amount of \$250,000 (the "2017 Freeport Property HELOC"). After the 2017 Freeport Property HELOC was funded, PIEDRAHITA disbursed nearly the entirety of the 2017 Freeport Property HELOC funds to bank accounts controlled by him and YOTAGRI.

37. The funds obtained by PIEDRAHITA and YOTAGRI from the 2017 Freeport Property HELOC were not repaid and, according to Victim Bank 2, were overdrawn, causing losses to Victim Bank 2 totaling approximately \$290,000.

38. At the time the applications to Victim Banks 2 and 3 were made for the 2016 and 2017 Freeport Property HELOCs, there was not sufficient equity

in the Freeport Property to support the \$540,000 in HELOC applications made by FLORES, PIEDRAHITA, and YOTAGRI to Victim Banks 2 and 3.

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

**COUNTS TWO AND THREE
(Bank Fraud)**

The allegations contained in paragraphs 1 through 9 and 11 through 27 of this Indictment constitute a scheme and artifice to defraud and are hereby repeated, realleged, and incorporated as if fully set forth herein.

On or about August 29, 2012, in the District of New Jersey, and elsewhere, defendants

**JORGE FLORES and
JOSEPH A. GONZALEZ**

did knowingly 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, financial institutions, by means of materially false and fraudulent pretenses, representations, and promises as described below:

Count	Property	Financial Institution	Amount
Two	Jersey City Property	Victim Bank 1	\$400,000
Three	Jersey City Property	Victim Bank 2	\$400,000

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

FORFEITURE ALLEGATION

1. The allegations contained in Counts One, Two, and Three 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 defendants FLORES, GONZALEZ, PIEDRAHITA, and YOTAGRI 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 and all 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 defendants FLORES, GONZALEZ, PIEDRAHITA, and YOTAGRI:

- (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: 19-cr-419-JMV

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

UNITED STATES OF AMERICA

v.

**JORGE FLORES,
JOSEPH A. GONZALEZ,
JOSE L. PIEDRAHITA, and
YORCE YOTAGRI**

INDICTMENT FOR

18 U.S.C. § 1349

18 U.S.C. § 1344

18 U.S.C. § 2

A True Bill,

Foreperson

CRAIG CARPENITO

U.S. ATTORNEY

NEWARK, NEW JERSEY

JASON S. GOULD

ASSISTANT U.S. ATTORNEY

(973) 645-2776

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