

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA	:	Hon. Claire C. Cecchi
	:	
	:	
v.	:	Criminal No. 15-424
	:	
	:	18 U.S.C. § 1349
GEORGE BUSSANICH, SR.	:	26 U.S.C. § 7201

**SUPERSEDING
INFORMATION**

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

**COUNT ONE
(Conspiracy to Commit Bank Fraud)**

DEFENDANT AND OTHERS

1. At all times relevant to this Superseding Information:
 - a. Defendant George Bussanich, Sr. ("BUSSANICH SR.") resided in or around Park Ridge, New Jersey. BUSSANICH SR. owned and controlled various purported medical clinics and surgical centers in New Jersey (the "Bussanich Entities").
 - b. George Bussanich, Jr. ("Bussanich Jr."), who is named as a coconspirator but not a defendant herein, resided in or around Hillside, New Jersey, and was BUSSANICH SR.'s son.
 - c. "CC#1," who is named as a coconspirator but not a

defendant herein, resided in or around South Plainfield, New Jersey, and was BUSSANICH SR.'s partner in a sleep therapy clinic located in or around Cliffside Park, New Jersey.

d. "CC#2", who is named as a coconspirator but not a defendant herein, resided in or around South Plainfield, New Jersey. CC#2 worked for CC#1 and BUSSANICH SR. at the sleep therapy clinic in Cliffside Park, New Jersey.

e. The Internal Revenue Service ("IRS") was an agency of the United States within the Department of the Treasury that administered the tax and revenue laws of the United States including, among other responsibilities, assessing and collecting federal income taxes.

MORTGAGE LENDING AND SHORT SALES

2. Mortgage loans were loans funded by banks, mortgage companies, and other financial institutions ("Lenders") to enable borrowers to finance the purchase of real estate property, giving the Lenders a secured interest in the property.

3. In some instances, Lenders used third-party mortgage servicing companies to manage mortgage loans, including collecting loan payments from borrowers, responding to borrower inquiries and, if necessary, initiating foreclosure actions against borrowers who defaulted on the mortgage loans.

4. A short sale was a type of real estate transaction in which a

mortgaged 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 that 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.

5. The Lenders referred to herein were “financial institutions” as defined in Title 18, United States Code, Section 20, because they were “mortgage lending businesses” as defined in Title 18, United States Code, Section 27. Each Lender was an organization which financed or refinanced debts secured by interests in real estate and whose activities affected interstate commerce. The Lenders were also insured by the Federal Deposit Insurance Corporation.

THE CONSPIRACY

6. From at least as early as in or about 2009 through in or about 2012, in Bergen County, in the District of New Jersey, and elsewhere, defendant

GEORGE BUSSANICH, SR.

did knowingly and intentionally conspire and agree with Bussanich Jr. and others to devise 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

7. The goal of the conspiracy was for BUSSANICH SR. and Bussanich Jr. to enrich themselves by paying off mortgage loans on residential properties that they owned or controlled for amounts far less than owed to the Lenders through fraudulent short-sale transactions.

MANNER AND MEANS OF THE CONSPIRACY

8. It was part of the conspiracy that BUSSANICH SR. recruited straw purchasers, including CC#1 and CC#2, to pose as unrelated bona fide purchasers in connection with the fraudulent short-sale transactions.

9. It was further part of the conspiracy that Bussanich Jr. negotiated the fraudulent short-sale transactions with mortgage companies and/or third-party mortgage servicing companies and intentionally misrepresented the circumstances surrounding the transactions, the nature of his and BUSSANICH SR.'s relationships with the purported purchasers, and the source of the funds used to purchase the properties.

10. It was further part of the conspiracy that BUSSANICH SR. used business entities that he controlled to transfer money to fund the fraudulent short-sale transactions and his subsequent repurchase of the properties in order to conceal his identity and involvement in the unlawful transactions.

11. To effect the goal of the conspiracy, the following acts, among others, were taken:

a. In or about 2009, BUSSANICH SR. recruited CC#1 to serve as a straw buyer for property that Bussanich Jr. owned, located on Jefferson Avenue in Emerson, New Jersey (the "Jefferson Avenue Property"). Among other things, BUSSANICH SR. explained to CC#1 that he would provide CC#1 the funds to purchase the Jefferson Avenue Property, the transaction would be a short sale, and CC#1 would sell the Jefferson Avenue Property back to BUSSANICH SR. on a later date.

b. In or about January 2010, Bussanich Jr. submitted a request to a mortgage servicing company servicing a mortgage loan on the Jefferson Avenue Property for approval to sell the property in a short sale. In the written request to the mortgage servicing company, Bussanich Jr. made numerous material misrepresentations and omissions, including:

- i. referring to the Jefferson Avenue Property several times as Bussanich Jr.'s "home," when in reality he did not reside there;
- ii. claiming that he had "received an offer from a bona fide purchaser" whom he described as "strong buyers . . . putting down 20% of the purchase price," when, in reality, the buyer was a business partner of BUSSANICH SR. who had been recruited to serve as a straw purchaser; and
- iii. failing to disclose that his father, BUSSANICH SR.,

would be funding CC#1's purchase of the Jefferson Avenue Property, and that CC#1 had agreed to sell it back to BUSSANICH SR. on a later date.

c. In or about 2010, BUSSANICH SR. recruited CC#2 to serve as a straw buyer in a fraudulent short sale involving property that Bussanich Jr. owned located on Lillian Street in Park Ridge, New Jersey (the "Lillian Street Property").

d. In or about December 2010, BUSSANICH SR. and/or Bussanich Jr. paid CC#2 \$5,000 for serving as a straw purchaser in connection with the fraudulent short sale of the Lillian Street Property.

e. In or about April 2012, BUSSANICH SR., through an entity that he owned and controlled, purchased the Jefferson Avenue and Lillian Street Properties back from CC#1 and CC#2 using funds that BUSSANICH SR. owed CC#1 from prior business dealings.

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

COUNT 2
(Tax Evasion)

1. The allegations set forth in Paragraphs 1 through 5 and 8 through 11 of Count One of this Superseding Information are hereby repeated, realleged, and incorporated as if fully set forth herein.

2. On various dates between in or around January 2010 and in or around September 2010, BUSSANICH SR. used funds from one of the Bussanich Entities to purchase four high-end luxury vehicles collectively totally over \$300,000, including two Land Rover sport utility vehicles and a Ferrari Spyder that alone cost more than \$160,000. BUSSANICH SR. or his family members used the vehicles primarily for personal purposes. Indeed, BUSSANICH SR. stated that he considered the Ferrari Spyder an “antique” that his son drove “once in a while.”

3. BUSSANICH SR. also used money from one of the Bussanich Entities to purchase official bank checks to fund the fraudulent short sales in 2010 described above in paragraphs 8 through 11, including providing the straw purchasers with approximately \$326,000 and approximately \$492,000, respectively, to purchase the two properties. As set forth above, BUSSANICH SR. received the benefit of those funds by using them to pay off mortgage loans on properties that he controlled or in which he had an interest for far less than actually owed to the Lenders.

4. BUSSANICH SR. misrepresented to the Bussanich Entities’ outside accountant the true purpose of the disbursements described above.

Specifically, BUSSANICH SR. instructed the accountant to characterize those disbursements in the companies' accounting records as repayments to certain purported investors of the Bussanich Entities, even though BUSSANICH SR. knew those characterizations were false.

5. During calendar year 2010, BUSSANICH SR. earned significant taxable income, representing income he received from the Bussanich Entities. Based on the total amount of taxable income received by BUSSANICH SR., a substantial income tax was due and owing to the United States.

6. On or about October 10, 2012, BUSSANICH SR. knowingly filed and caused to be filed with the IRS a false joint income tax return for tax year 2010 that substantially underreported his income by failing to include the hundreds of thousands of dollars that BUSSANICH SR. received from the Bussanich Entities during that taxable period for the purchase of luxury vehicles and real estate transactions.

7. From in or about January 2010 through in or about December 2010, in the District of New Jersey and elsewhere, defendant,

GEORGE BUSSANICH, SR.

a resident of Bergen County, New Jersey, willfully attempted to evade and defeat income taxes due and owing by him to the United States of America, for the calendar year 2010, by committing the following affirmative acts, among others: (a) preparing and causing to be prepared, and signing and causing to be signed, a false and fraudulent personal income tax return, Form 1040, which was submitted to the Internal Revenue Service; and (b) committing the

affirmative acts, among others, described in Paragraphs 2 through 6 of this
Count.

In violation of Title 26, United States Code, Section 7201.

FORFEITURE ALLEGATION

1. As a result of committing the bank fraud conspiracy offenses charged in Count One, defendant BUSSANICH SR. shall forfeit to the United States, pursuant to 18 U.S.C. § 982(a)(2)(A), any and all property constituting or derived from proceeds obtained directly or indirectly as a result of such offense.

Substitute Assets Provision

2. If any of the above-described forfeitable property, as a result of any act or omission of the defendant(s):

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third person;
- (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;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b)(1), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property.


CRAIG CARPENITO
UNITED STATES ATTORNEY

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**18 U.S.C. § 1349 &
26 U.S.C. § 7201**

CRAIG CARPENITO

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