

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon. Jessica S. Allen
:
v. : Mag. No. 21-8050
:
NATHANAEL ZIMMERMAN : **CRIMINAL COMPLAINT**

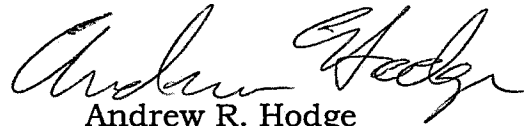
I, Andrew R. Hodge, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the Federal Bureau of Investigation, and that this complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached pages and made a part hereof.



Andrew R. Hodge
Special Agent
Federal Bureau of
Investigation

Special Agent Hodge attested to this Affidavit by telephone pursuant to F.R.C.P. 4.1(b)(2)(A) on this 21st day of April, 2021.


HONORABLE JESSICA S. ALLEN
UNITED STATES MAGISTRATE JUDGE
DISTRICT OF NEW JERSEY

Signed by SA Hodge at Judge Allen's direction pursuant to F.R.C.P. 4.1(b)(6)(C).

ATTACHMENT A

Count One
(Wire Fraud)

From at least as early as in or around August 2013 through in or about January 2014, in the District of New Jersey, and elsewhere, defendant

NATHANAEL ZIMMERMAN

knowingly and intentionally devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and, for the purpose of executing such scheme and artifice to defraud, did transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds, including a wire in the approximate amount of \$327,631.17, sent on or about October 3, 2013, in a manner affecting a financial institution, as that term is defined in Title 18, United States Code, Section 20.

In violation of Title 18, United States Code, Section 1343.

Count Two
(Bank Fraud)

Between on or about July 3, 2020 through or about July 21, 2020, in the District of New Jersey and elsewhere, defendant

NATHANAEL ZIMMERMAN

did knowingly and intentionally execute and attempt to execute a scheme and artifice to obtain moneys, funds, credits, assets, securities, or other property owned by, or under the custody or control of, a financial institution, to wit the Small Business Administration, which is a financial institution as that term is defined in Title 18, United States Code, Section 20 and Title United States Code, Section 662, and to obtain moneys, funds, and credits owned by and under the control of such financial institution by means of materially false and fraudulent pretenses, representations, and promises.

In violation of Title 18, United States Code, Section 1344(2).

Count Three
(Aggravated Identity Theft)

On or about July 3, 2020, in the District of New Jersey, and elsewhere,
defendant

NATHANAEL ZIMMERMAN

knowingly possessed and used, without lawful authority, the means of identification of another person, namely, the name, date of birth, and social security number of another individual during and in relation to a felony violation enumerated in Title 18, United States Code, Section 1028A(c), to wit bank fraud as charged in Count Two, knowing that the means of identification belonged to another actual person.

In violation of Title 18, United States Code, Section 1028A(a)(1).

ATTACHMENT B

I, Andrew R. Hodge, am a Special Agent with the Federal Bureau of Investigation. I have knowledge about the facts set forth below from my involvement in the investigation, my review of reports, documents, pictures, videos, witness interviews, and discussions with other law enforcement officials. Because this affidavit is submitted for the limited purpose of establishing probable cause, I have not set forth each and every fact that I know concerning this investigation. All statements described herein are relayed in substance and in part. In addition, where I assert that an event took place on a particular date, I am asserting that it took place on or about the date alleged.

Overview

1. From at least August 2013 through at least January 2014, Defendant Nathanael Zimmerman ("ZIMMERMAN") orchestrated and carried out a fraudulent scheme involving loans insured by the Federal Housing Administration ("FHA"). Specifically, ZIMMERMAN submitted false and fraudulent documents to lenders on behalf of borrowers, including inaccurate bank statements, in order to ensure that these borrowers qualified for FHA-insured loans. Zimmerman received a portion of the loan proceeds for his role in facilitating the loan process. Later, these unqualified borrowers defaulted on their loans, causing significant losses to the United States Department of Housing and Urban Development ("HUD") as the insurer of the loans.

2. Further, in and about 2020, ZIMMERMAN also submitted or caused to be submitted numerous applications to the Small Business Administration (the "SBA") and thereby obtained federal COVID-19 emergency relief funds. The investigation has demonstrated that applications contained false and fraudulent information that fabricated, among other information, gross revenue figures. As further detailed below, ZIMMERMAN used his deceased brother's identity in connection with at least one such fraudulent application. ZIMMERMAN then used portions of the proceeds of these loans to pay for personal expenses in further violation of the terms of the loans.

Background

FHA-Insured Residential Mortgage Loans

3. Mortgage loans are loans funded by banks, mortgage companies, and other institutions to enable borrowers to finance the purchase of real property. In exchange for funding a mortgage loan, lenders received a secured interest in the property that was being purchased using the loan. In deciding whether to fund a mortgage loan, lenders typically evaluated whether prospective borrowers met, among other things, income, credit eligibility, and down payment requirements, and evaluated the financial representations set forth in the borrowers' loan application and related documents pertaining to the borrowers' income, assets, credit eligibility, and down payment requirements. Loan officers typically review and cause the completed loan applications and supporting documents to be submitted to the lenders.

4. Mortgage companies are entities that originate mortgages. Mortgage companies use their own funds, or funds borrowed from a warehouse lender, to fund mortgages.

5. The FHA is a division of HUD that encourages lenders to make certain types of mortgage loans to qualified borrowers by protecting against loan defaults through government-backed payment guarantee if the borrower defaults on a mortgage loan. The FHA, however, has certain requirements that need to be met before it guarantees a mortgage loan. An FHA-insured loan is a HUD insurance backed mortgage loan provided by an FHA-approved lender.

6. Following preliminary approval of a mortgage loan by a lender, the closing attorney or title agent prepares a settlement statement known as a "HUD-1," a form prescribed by HUD that sets forth the complete costs, fees, and disbursements associated with a residential real estate transaction. After it is prepared, the closing attorney or title agent sends the HUD-1 to the lender for final approval. If approved, the lender (often a mortgage company) then caused an electronic wire transfer of funds to be transmitted to the closing attorney or title agent conducting the closing on the property, who subsequently distributes the closing proceeds in accordance with the HUD-1.

The Economic Injury Disaster Loan Program

7. The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act is a federal law enacted in or around March 2020 designed to provide emergency financial assistance to the millions of Americans who are suffering the economic effects caused by the COVID-19 pandemic.

8. The provisions of the CARES Act, in conjunction with an officially declared disaster by the United States Government, allowed for the Small Business Association (“SBA”) to offer funding through the COVID-19 Economic Injury Disaster Loans (“EIDL”) program to business owners negatively affected by the COVID-19 pandemic. More specifically, the EIDL program is an SBA program that provides low-interest financing and advances (or grants) to small businesses, renters, and homeowners in regions affected by declared disasters.

9. In order to obtain an EIDL, a qualifying business must submit an application to the SBA and provide information about its operations, such as the number of employees, gross revenues for the 12-month period preceding the disaster, and cost of goods sold in the 12-month period preceding the disaster. In the case of EIDLs for COVID-19 relief, the 12-month period is that preceding January 31, 2020. The business entity must have existed in an operational condition on February 1, 2020.

10. Using the SBA online portal, EIDL applicants submit personal and business information in support of each EIDL application. The EIDL loans/advances process required minimal documentation and information from small businesses to process the loan/advances for approval. The application includes a paragraph in which the applicant affirms that the information submitted is true and correct under the penalty of perjury and applicable criminal statutes.

11. EIDL applications are submitted directly to the SBA and processed by the agency with support from a government contractor. The amount of the loan/advance, if the application is approved, is determined based, in part, on the information provided by the applicant about employment, revenue, and cost of goods, as described above. As a general matter, the loan amount for most businesses, other than rental businesses and non-profit and agricultural businesses, is calculated the same way: gross revenue reported, less cost of goods sold reported, divided by two. The maximum loan amount is capped at \$150,000 per entity.

12. Pursuant to the provisions governing the EIDL program, loan/advance proceeds must be used by the receiving business only on certain permissible expenses. More specifically, the EIDL funding may be used by the business to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the COVID-19 disaster not occurred.

Relevant Entities and Individuals

13. At various times relevant to this Complaint:

a. Defendant ZIMMERMAN resided in or around Wyckoff, New Jersey.

b. “Company 1” was “a mortgage lending business” or an “entity that makes in whole or in part a federally related mortgage loan,” as defined in Title 18, United States Code, Section 20(10), and was therefore a “financial institution” within the meaning of Title 18, United States Code, Section 20, and its activities affected interstate commerce.

c. “Individual A” and “Individual B”, a married couple, purchased a property located in Newark, New Jersey in or about October 2013 (“Property 1”).

d. “Individual C” purchased a property located in West Orange, New Jersey in or about December 2013 (“Property 2”).

e. “Victim 1” was ZIMMERMAN’s brother. According to the records of the New York Department of Health and Hygiene, Victim 1 passed away on November 21, 2016. Prior to his passing, Victim 1 held a New York identification document with an address in Bronx, New York.

f. 103 Redwood Ave Paterson LLC (“103 Redwood Ave”) was an LLC with an address in Bergenfield, New Jersey, which ZIMMERMAN created on or about March 8, 2017. While ZIMMERMAN is the company’s registered agent, documents submitted to the SBA purportedly show Victim 1 as 100% owner of 103 Redwood Ave.

ZIMMERMAN's Fraudulent Activities Concerning FHA-Insured Loans

14. As noted above, ZIMMERMAN orchestrated and carried out a fraudulent scheme involving FHA-insured loans. Specifically, ZIMMERMAN aided individuals in applying for FHA-insured loans for which they were not qualified, causing significant losses to HUD as the insurer of the loans once these unqualified individuals defaulted on their loans.

Property 1 Loan

15. In the summer of 2013, Individual A and Individual B were looking to purchase a home. ZIMMERMAN told Individual A and Individual B that he could help them purchase a property. In or about August 2013, ZIMMERMAN identified Property 1 for Individual A and Individual B to purchase.

16. Individual A and Individual B provided ZIMMERMAN with certain personal financial information, including W-2s, paystubs and bank account information.

17. Thereafter, a loan application dated August 7, 2013 was submitted to Company 1 on behalf of Individual A and Individual B in connection with the purchase of Property 1 ("Loan 1").

18. On or about August 13, 2013, Company 1 approved Individual A and Individual B for Loan 1, an FHA-insured mortgage loan, in the amount of approximately \$338,751.

19. On or about October 4, 2013, the sale on Property 1 closed. In connection with the closing, ZIMMERMAN gave Individual A and Individual B approximately \$12,000 in cash and told them that the seller of Property 1 was trying to help them by providing them with cash to pay towards the closing costs. ZIMMERMAN then accompanied Individual A and Individual B to a bank and instructed Individual A to obtain a cashier's check in the amount of approximately \$12,075.29 made payable to the title company used in connection with the sale of Property 1.

20. Approximately \$89,423.05 from the sale proceeds of Property 1 was paid to a company registered in ZIMMERMAN's name. This payment was made outside of the closing and was not reflected on the closing documents or the HUD-1 for Loan 1.

21. In or about July 2014, Individual A and Individual B began falling behind on the monthly payments and eventually defaulted on Loan 1. Property 1 went into foreclosure, and HUD, who had insured the loan, paid and suffered a loss of approximately \$267,336.

22. A review of the documents submitted in furtherance of obtaining Loan 1 revealed several material misrepresentations that overstated the couple's finances and made them less of a lending risk. For example:

a. The loan application falsely claimed that Individual A and Individual B had a savings account with a balance of over \$20,000.

b. The HUD-1 for Property 1 showed a payment at closing by Individual A and Individual B in the amount of \$12,075.29—which was paid via the cashier's check referenced in paragraph 19 above—when this sum was in fact provided by ZIMMERMAN.

c. The loan application included bank statements purportedly of Individual A and Individual B's bank account. A comparison between account statements submitted to the Company 1 on behalf of the couple and copies obtained directly from the bank show that the submitted copies were altered to show higher account balances for Individual A and Individual B.

23. According to Individual A and Individual B, they did not make the misrepresentations and/or alterations referenced in paragraphs 22(a)-(c), nor did they authorize anyone else, including ZIMMERMAN, to do so.

Property 2 Loan

24. In the fall of 2013, Individual C was looking to purchase a home. Individual A gave Individual C ZIMMERMAN's contact information, and Individual C contacted ZIMMERMAN in or about October 2013. ZIMMERMAN identified Property 2 for Individual C to purchase.

25. Individual C provided ZIMMERMAN with certain personal financial information, including W-2s, paystubs, and bank account information.

26. Thereafter, a loan application was submitted to Company 1 on behalf of Individual C in connection with the purchase of Property 2 ("Loan 2").

27. Subsequently, ZIMMERMAN contacted Individual C to inform Individual C that Individual C may have difficulty qualifying for Loan 2 because

of low income and a low credit score. ZIMMERMAN, however, told Individual C that ZIMMERMAN would take care of this problem.

28. Prior to the closing date on Property 2, ZIMMERMAN notified Individual C that a down payment on Loan 2 was required to complete the transaction. ZIMMERMAN accompanied Individual C to a bank where ZIMMERMAN provided Individual C with approximately \$11,500 in cash. At ZIMMERMAN's direction, Individual C deposited the cash into Individual C's bank account and obtained a cashier's check in the amount of \$11,676.11, made payable to the title company used in connection with the sale of Property 2. Individual C then turned over the cashier's check to ZIMMERMAN.

29. On or about December 16, 2013, Company 1 approved Individual C for Loan 2, an FHA-insured mortgage loan, in the amount of approximately \$225,223, representing approximately 95% of the appraised value of Property 2.

30. On or about December 30, 2013, the sale of Property 2 closed. Approximately \$82,089.59 from the sale proceeds was paid to a company registered in ZIMMERMAN's name. This payment was reflected on the HUD-1 for Loan 2.

31. Thereafter, Individual C defaulted on Loan 2, causing Property 2 to enter foreclosure. HUD, who had insured the loan, paid and suffered a loss of approximately \$62,162.64, and is facing an additional potential loss of \$154,727.00.

32. A review of the documents submitted in furtherance of obtaining the loan for Property 1 revealed several material misrepresentations that overstated Individual C's finances and made Individual C less of a lending risk. For example:

a. The loan application erroneously stated that Individual C earned \$1,190 in monthly rental income, when in fact, Individual C did not receive any rental income at all.

b. The loan application overstated the balance of Individual C's bank account by more than \$20,000.

c. The HUD-1 for Property 2 showed a payment at closing by Individual C in the amount of \$11,676.11—which was paid via the cashier's

check referenced in paragraph 28 above—when this sum was in fact provided by ZIMMERMAN.

d. The loan application included bank statements purportedly of Individual C's bank account. A comparison between account statements ZIMMERMAN submitted to the Company 1 on behalf of Individual C and copies obtained directly from the bank show that the copies ZIMMERMAN submitted to the Company 1 were altered to show higher account balances for Individual C.

33. According to Individual C, Individual C did not make the misrepresentations and/or alterations referenced in paragraphs 32(a)-(d), nor did Individual C authorize anyone else, including ZIMMERMAN, to do so.

34. In order to execute and attempt to execute the scheme described herein concerning Loans 1 and 2 on Property 1 and Property 2, respectively, ZIMMERMAN sent and caused to be sent numerous interstate wire communications. For example, on or about October 3, 2013, approximately \$327,631.17 was sent by wire to the title company used in connection with the sale of Property 1 to be held in escrow. The wire was processed through the Fedwire Funds Service in a multistep fashion through Federal Reserve facilities in both Texas and New Jersey and thus resulted in the transmission of one or more interstate wire communications.

The Scheme to Defraud the SBA Through Fraudulent EIDL Loans

35. As previously noted, ZIMMERMAN submitted, or caused to be submitted, numerous fraudulent EIDL loan applications to the SBA. One of these fraudulent applications was submitted on behalf of 103 Redwood Ave in the name of ZIMMERMAN's deceased brother, Victim 1.

36. As noted above, on November 21, 2016, Victim 1 passed away. Thereafter, ZIMMERMAN unlawfully use his deceased brother's identity to fraudulently obtain several loans, including an EIDL loan.

37. On or about March 8, 2017, ZIMMERMAN formed 103 Redwood Ave as an LLC. Documents obtained from the state of New Jersey list ZIMMERMAN as the company's registered agent.

38. On or about July 3, 2020, an online application was submitted to the SBA in the name of 103 Redwood Ave seeking an EIDL loan. The application was submitted in Victim 1's name and used Victim 1's Social

Security number and date of birth. It listed Victim 1 as 100% owner of 103 Redwood Ave. The address listed for 103 Redwood Ave on the application is an address for a property registered in ZIMMERMAN's name.

39. The application described 103 Redwood Ave as a limited liability company with 5 employees that provides "business services." It listed the company's gross revenues for the 12 months prior to the enactment of the CARES Act as \$650,000, and its cost of goods sold for the same period as \$250,000. The investigation, however, has not uncovered any evidence that 103 Redwood Ave has conducted any business activity since its creation in March 2017. In fact, the New Jersey Department of Labor (the "NJDOLE") has no record of 103 Redwood Ave registering with the NJDOLE or maintaining any payroll records with the agency.

40. The application provided a bank account at TD Bank (the "TD Account") in the name of 103 Redwood Ave. Bank records show that the TD Account was opened in July 2020 with ZIMMERMAN as the sole signor on the account, and the mailing address for the TD Account is ZIMMERMAN's residence in New Jersey. The investigation has not uncovered any other bank accounts in the name of 103 Redwood Ave.

41. The application also listed the company's business email address as a Gmail address that contained Victim 1's first name, middle initial, and an abbreviated form of Victim 1's last name (the "Victim 1 Gmail Account"). Documents obtained from Google, Inc. show that the Victim 1 Gmail Account has been accessed on numerous occasions from Internet Protocol ("IP") addresses either registered to or associated ZIMMERMAN in New Jersey. Finally, the investigation has revealed that ZIMMERMAN has used the Victim 1 Gmail Account on multiple occasions to impersonate his deceased brother in order to obtain vehicle and other loans in Victim 1's name.

42. The application requested an immediate payment of up to \$10,000. On the same date, the SBA disbursed an initial payment of \$5,000 into the TD Account for the benefit of 103 Redwood Ave, which posted to the TD Account on or about July 7, 2020. This was the first ever transaction in the TD Account, which had a balance of zero prior to the disbursement of the SBA initial payment.

43. The SBA subsequently approved 103 Redwood Ave's loan application. On or about July 21, 2020, an electronic Security Agreement between the SBA and Victim 1 was digitally signed in Victim 1's name. On the

same day, the SBA made an electronic disbursement into the TD Account in the amount of \$149,900, which posted to the account on or about July 27, 2021.

44. Thereafter, much of the money that the SBA loaned to 103 Redwood Ave was used to pay for personal expenses. For example, on or about August 27, 2020, a debit transaction in the amount of \$2,654.96 was conducted in the TD Account to make a purchase from Gucci, a luxury retailer. Bank records also show additional expenditures at locations such as the Disney Store, Chipotle fast food restaurant, Lukoil gas station, Quick Stop Liquor, among others. None of the transactions listed in the account indicate any payments to any purported employees or third-party vendors of the company.

45. Additionally, a total of approximately \$35,500 was transferred from the TD Account to bank accounts also controlled solely by ZIMMERMAN. As of October 29, 2020, only \$17,620.40 remained in the TD Account.