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

UNITED STATES OF AMERICA : Hon. Steven C. Mannion
:
v. : Mag. No. 16-6179
:
SIMON CURANAJ, : CRIMINAL COMPLAINT
a/k/a SIMONE CURANAJ :
a/k/a SIMON CURANOVIC :
a/k/a SIMONE CURANAY :
MICHAEL ARROYO, and :
RAFAEL POPOTEUR :

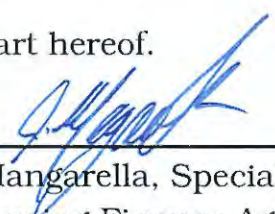
I, Anthony Mangarella, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with Federal Housing Finance Agency, and that this complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached pages and made a part hereof.



Anthony Mangarella, Special Agent
Federal Housing Finance Agency

Sworn to before me, and
Subscribed in my presence

December 13, 2016 at
Newark, New Jersey

HONORABLE STEVEN C. MANNION
UNITED STATES MAGISTRATE JUDGE



Signature of Judicial Officer

ATTACHMENT A

Count One
(Conspiracy to Commit Bank Fraud)

From at least in or around 2012 through in or around January 2014, in the District of New Jersey, and elsewhere, defendants

SIMON CURANAJ,
MICHAEL ARROYO, and
RAFAEL POPOTEUR

knowingly and intentionally conspired and agreed with each other and others to execute a scheme and artifice to defraud financial institutions, as defined in Title 18, United States Code, Section 20, namely, Victim Bank 1, Victim Bank 2, and Victim Bank 3, whose deposits were insured by the Federal Deposit Insurance Corporation, and to obtain money, funds, assets and other property owned by, and under the custody and control of such financial institutions, by means of materially false and fraudulent pretenses, representations and promises, contrary to Title 18, United States Code, Section 1344.

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

ATTACHMENT B

I, Anthony Mangarella, am a Special Agent with the Federal Housing Finance Agency, Office of Inspector General ("FHFA-OIG"), and am assigned to the Federal Bureau of Investigation ("FBI") as a Task Force Officer. I am familiar with the facts set forth in this Complaint based on my own investigation, conversations with other law enforcement officers, and my review of reports, documents, and other items of evidence. Because this Complaint is being submitted for the limited purpose of establishing probable cause, I have not included each and every fact that I know concerning this investigation. Unless specifically indicated, all conversations and statements described herein are related in substance and in part.

Defendants and Relevant Individuals and Entities

1. At times relevant to this Complaint:
 - a. Defendant SIMON CURANAJ (a/k/a, SIMONE CURANAJ, a/k/a SIMON CURANOVIC, a/k/a SIMONE CURANAY) ("CURANAJ") was a resident of New York, and a licensed real estate broker. Defendant CURANAJ was the principal owner and operator of several real estate entities, all located in New York.
 - b. Defendant MICHAEL ARROYO ("ARROYO") was a resident of Spring Valley, New York, a licensed real estate broker, and principal owner and operator of "On My Own Realty Inc.," located in Bronx County, New York.
 - c. Defendant RAFAEL POPOTEUR ("POPOTEUR") was a resident of Ridgefield Park, New Jersey.
 - d. "Victim Bank 1," "Victim Bank 2," and "Victim Bank 3" (collectively, the "Victim Banks") were federally regulated national banking associations, the accounts of which were insured by the FDIC, making them "financial institutions" as that term is defined in Title 18, United States Code, Section 20.

Background

Home Equity Line of Credit ("HELOC")

2. A "HELOC" refers to a home equity line of credit, and 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 is 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 Victim Bank 1, Victim Bank 2, and Victim Bank 3, 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 is 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 HELOC “shotgun” scheme described a situation where a borrower, using the same property, applied for a HELOC from two or more financial institutions simultaneously, but hid each application from the other financial institution.

Real Estate Transaction Terms

9. A quitclaim deed was a deed relinquishing all interest, title, or claim that an owner had on a property.

10. A “short sale” was a type of real estate transaction in which 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 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. Following the closing of a short sale transaction, the closing agent was required to record the deed in the official records of the relevant county agency in order to properly reflect the occurrence of the short sale on the date of the transaction, the parties involved, and the amount paid by the buyer.

Overview of the Conspiracy

11. At various times from at least as early as in or around 2012 through in or around January 2014, defendant CURANAJ conspired with others, including defendants ARROYO, POPOTEUR, to obtain multiple HELOCs from Victim Bank 1, Victim Bank 2, and Victim Bank 3 on multiple residential properties located in New Jersey and New York on the basis of false and fraudulent pretenses, representations, and promises.

12. In order to induce the banks to approve HELOCs they otherwise would not have approved, and in amounts they otherwise would not have offered, defendant CURANAJ and his co-conspirators: (a) used the name and personal information of a homeowner, sometimes with and sometimes without the homeowner’s knowledge, to apply for HELOCs; (b) made various false representations on loan documents about the homeowners in order to obtain the necessary bank approvals for the HELOCs; and (c) pledged the same residential property over and over again as collateral for the multiple HELOCs within a short span of time in order to prevent the banks from discovering that the same residential property had been pledged for multiple HELOCs.

13. More specifically, through defendants CURANAJ’s and ARROYO’s real estate brokerage businesses, defendants CURANAJ, ARROYO, and other uncharged co-conspirators, identified homeowners who were either seeking bank loans or were seeking to purchase property.

14. Defendants CURANAJ and ARROYO would transfer property into the homeowner’s name, often by quitclaim deed for a nominal purchase price.

15. Using the identities of the homeowners, defendants CURANAJ, ARROYO, and other uncharged co-conspirators, submitted multiple HELOC applications pledging the same property over and over again 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. In addition, defendant CURANAJ and his co-conspirators did not disclose to the HELOC lenders that the properties offered as collateral were either already subject to senior liens that had not yet been recorded, or that the same property was offered as collateral for a HELOC sought from another lender.

16. The temporal proximity of the HELOC applications and the failure of defendants CURANAJ, ARROYO, and others to disclose the other HELOCs on the property to the banks, prevented the banks from discovering the other HELOCs and properly assessing the HELOC applications.

17. Defendants CURANAJ, ARROYO, and other uncharged co-conspirators often attended the closings for the HELOCs with the homeowners in order to ensure the transaction closed as planned. In many cases, the homeowners were not aware that defendants CURANAJ and ARROYO were using their name and personal information to obtain HELOCs. According to witness testimony and evidence obtained from the Victim Banks over the course of the investigation, defendants CURANAJ and ARROYO, and others, purposefully misled the homeowners regarding the nature of the applications being submitted in their names to the Victim Banks.

18. In certain other cases, as in the case of defendant POPOTEUR, the homeowners were complicit in the scheme, and knowingly aided defendants CURANAJ and ARROYO in perpetrating the fraudulent scheme against the Victim Banks.

19. Once the HELOCs were approved and the funds disbursed, defendant CURANAJ, ARROYO, and others shared in the proceeds obtained from the Victim Banks.

Representative Transactions

The Ridgefield Park Property

20. In or around the summer of 2013, defendant POPOTEUR, who lived at a property located in Ridgefield Park, New Jersey ("Residence 1") was seeking a bank loan to start a new business and procured the assistance of defendant CURANAJ to obtain a loan using Residence 1 as collateral.

21. In or around August 2013, defendant CURANAJ prepared a quitclaim deed that facilitated the transfer of ownership of Residence 1 to defendant POPOTEUR and a relative of POPOTEUR for a nominal amount.

22. With Residence 1 now in his name, defendant POPOTEUR, with the assistance and at the direction of defendant CURANAJ, applied for multiple HELOCs from multiple banks using Residence 1 as the collateral. For example, on or about October 3, 2013, defendant POPOTEUR applied for two separate HELOCs, for approximately \$200,000 each, with Victim Bank 1 and Victim Bank 2. A few weeks later, on or about November 25, 2013, defendant POPOTEUR applied for yet another HELOC with Victim Bank 3 in the amount of \$200,000. Residence 1 was pledged as collateral for all three loans. The applications also contained false information concerning defendant POPOTEUR's income, which was stated to be higher than his actual income.

23. Notably, at the time the applications were made, the value of Residence 1 was approximately \$400,000 and was already encumbered by a mortgage of approximately \$115,000. Thus, there was not sufficient equity in Residence 1 to support the HELOC applications.

24. On or about October 31, 2013, Victim Bank 1 issued a HELOC to defendant POPOTEUR in the amount of \$190,500. A few days later, on or about November 2, 2013, Victim Bank 2 issued a HELOC to defendant POPOTEUR in the amount of \$182,000. On or about November 25, 2013, Victim Bank 3 issued a HELOC to defendant POPOTEUR in the amount of \$123,000.

25. After each of the three Victim Banks funded the HELOCs and deposited money into defendant POPOTEUR's bank accounts (hereinafter, "HELOC funds"), defendant POPOTEUR disbursed portions of the HELOC funds to himself, defendant CURANAJ, and others.

26. In or around 2014, defendant POPOTEUR defaulted on all three HELOC loans.

27. In or around 2015, defendant POPOTEUR admitted to his family friend from whom he had originally obtained ownership of Residence 1 that someone, referring to defendant CURANAJ, had helped them obtain the HELOC loans and that this person received some of the HELOC funds.

The Havermeyer Avenue Property

28. In or around the summer of 2013, an individual ("Individual 1") who owned and lived at a home located on Havemeyer Avenue in Bronx, New York ("Residence 2") sought a bank loan with the help of a family friend ("Individual 2") who would co-sign for the loan.

29. In or around August 2013, at a meeting at defendant ARROYO's real estate business, defendants CURANAJ and ARROYO obtained a copy of Individual 2's identification information and presented a quitclaim deed that conveyed Residence 2 to Individual 1 and Individual 2.

30. Defendant ARROYO then presented loan application documents for Individual 2 to sign. In fact, and without Individual 2's knowledge or understanding, the loan documents were HELOC applications, as opposed to personal loan application, to Victim Bank 1 and Victim Bank 2, in the amounts of \$250,000 and \$300,000, respectively. Neither defendants ARROYO nor CURANAJ informed Individual 2 that Individual 2's name would be used to obtain HELOCs. The applications for the HELOCs contained false information concerning Individual 2's income, stating a higher salary than the actual salary.

31. On or about December 9, 2013, an uncharged co-conspirator ("CC-1"), who was an associate of defendant CURANAJ, called Victim Bank 1 and Victim Bank 2 and pretended to be Individual 2 purportedly calling in connection with the two HELOC applications that had been submitted in Individual 2's name.

32. Residence 2 was pledged as collateral for each of the two HELOCs totaling approximately \$550,000, even though the value of the property was approximately \$360,000.

33. On or about December 27, 2013, Victim Bank 2 issued a HELOC in the amount of \$288,000 to Individual 2. On or about January 7, 2014, Victim Bank 1 issued a HELOC in the amount of \$260,000 to Individual 2.

34. From in or around December 2013 through in or around January 2014, Individual 1 and Individual 2 attended closings for the HELOC loans at the offices of Victim Bank 1 and Victim Bank 2. On both occasions, defendants ARROYO and CURANAJ were present.

35. Defendants ARROYO and CURANAJ each obtained tens of thousands of dollars from the HELOCs once they were approved and funded by Victim Bank 1 and Victim Bank 2, respectively.