

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
v. : Criminal No.: 13-
SANG-KYU SEO : Title 18, United States Code,
Sections 1028(f), 1028A(a)(1),
1349, and 2, and Title 26,
United States Code, Section
7201

I N F O R M A T I O N

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 Unlawfully Produce Identification Documents and False Identification Documents)

Introduction

1. At all times relevant to this Information:
 - a. A criminal enterprise operated in Bergen County, New Jersey and elsewhere that engaged in identity theft and financial fraud (hereinafter the "Criminal Enterprise").
 - b. Co-Conspirator S.H.P. was the leader of the Criminal Enterprise.
 - c. Co-Conspirator H.J.Y. was the second-in-command of the Criminal Enterprise.
 - d. Defendant SANG-KYU SEO, a resident of Palisades Park, New Jersey, was the principal and owner and operator of Hang Jin Yi, Inc., d/b/a Hwangini, a room salon

located in North Bergen, New Jersey (hereinafter "Hwangini"). In addition, defendant SANG-KYU SEO was the principal and owner and operator of Pier 7 Corporation, a purported small business.

e. An individual, a co-conspirator not named as a defendant herein, was a relative of defendant SANG-KYU SEO (hereinafter "Co-Conspirator One").

f. An individual, a co-conspirator not named as a defendant herein, was an employee of defendant SANG-KYU SEO (hereinafter "Co-Conspirator Two").

g. Financial institutions provided members of the public with banking and financial services, including establishing check and savings accounts and issuing credit and debit cards, lines of credit and loans, and various companies and retail stores issued card cards to customers (hereinafter collectively the "Corporate Victims").

Overview of the Criminal Enterprise

Fraudulently Obtaining, Selling, and Producing Genuine and Counterfeit Identity Documents

2. Co-Conspirator S.H.P. advertised in local Korean newspapers in Bergen County, New Jersey and elsewhere, representing that he could obtain driver's licenses, credit cards, and money for others.

3. In exchange for cash, the Criminal Enterprise fraudulently obtained and sold social security cards to customers (hereinafter "Customer" or "Customers"). These social security

cards began with the prefix "586," which prefix the United States government typically used on social security cards issued to individuals, usually from China, who worked in American territories. The Criminal Enterprise and its Customers used the "586" social security cards, bearing the names of individuals of Chinese ethnicity, together with counterfeit Chinese passports and other fictitious documents, either to obtain genuine but fraudulently issued identity documents, such as identity cards and driver's licenses, or to produce counterfeit driver's licenses (hereinafter collectively the "Fraudulent Identity" or "Fraudulent Identities").

The Fraudulent Credit Build Up Phase

4. Because the Fraudulent Identities had no corresponding credit histories or credit scores, the Criminal Enterprise engaged in the fraudulent "build up" of the credit scores and the creation of bogus credit histories for these identities. This credit "build up" was accomplished by various co-conspirators of the Criminal Enterprise, referred to as "Build Up Teams." These Build Up Teams, knowing the Fraudulent Identities would be used to commit financial fraud, attached the Fraudulently Identities (e.g., Chinese names, "586" social security numbers, and dates of birth) to the Build Up Teams personal credit card accounts, or the credit card accounts of others, such as family members and friends. By attaching the

Fraudulent Identities to these credit card accounts, the Build Up Teams fraudulently established credit histories and obtained perfect or near perfect credit scores for the Fraudulent Identities. As part of this build up process, the Build Up Teams made false representations to companies issuing credit cards, such as providing false addresses for the Fraudulent Identities. The Corporate Victims relied on these credit histories and scores when deciding whether or not to issue credit cards, loans, or other forms of credit to prospective applicants and to ensure the bona fides of the applicants.

5. The Criminal Enterprise charged Customers a fee of between approximately \$5,000 and \$7,000 for each Fraudulent Identity and corresponding credit build up, and the Criminal Enterprise paid cash to the Build Up Teams for each Fraudulent Identity attached to a credit card account.

Credit Card Bust-Out ("Kkang") and Bank Fraud ("Check Jobs")

6. After providing the Customer with a Fraudulent Identity with a perfect or near perfect credit score, the Criminal Enterprise directed, coached, and assisted the Customers to use the Fraudulent Identities to open bank accounts (hereinafter the "Fraudulent Bank Accounts") and to apply for credit cards, loans, and other forms of financing for the purpose of committing fraud.

Credit Card Bust Out ("Kkang")

7. To obtain cash, the Criminal Enterprise charged or "swiped" the fraudulently obtained credit cards through credit card terminals possessed by wholly fictitious shell companies or other merchants (hereinafter "Collusive Merchants"). After the funds from these charges were electronically wired into bank accounts controlled by the Collusive Merchants, the cash was withdrawn and shared among the various co-conspirators, including the Customers. In other instances, members of the Criminal Enterprise, together with the Customers, used the fraudulently obtained credit cards to purchase high-end merchandise and to obtain gift cards. After making these credit card charges, the Criminal Enterprise used the Fraudulent Bank Accounts to make payments toward these credit card charges. These payments, however, were sham payments made with insufficient funds. After the Corporate Victims received these payments but before discovering the fraudulent nature of the payments, the Corporate Victims credited the credit card accounts, thereby allowing members of the Criminal Enterprise to make additional charges on these fraudulently obtained credit cards. In addition to "busting out" fraudulently obtained credit cards, the Criminal Enterprise also "busted out" lawfully issued credit cards belonging to Customers. In furtherance of this fraud, Customers provided their lawfully issued credit cards to the Criminal

Enterprise. The Criminal Enterprise then charged these credit cards through credit card terminals at Collusive Merchants or used the credit cards to make purchase at retail stores. The Criminal Enterprise then shared the money with the Customers. Members of the Criminal Enterprise referred to the practice of credit card "bust out" as "kkang."

Bank Fraud ("Check-Kiting")

8. The Criminal Enterprise also profited through bank fraud. Members of the Criminal Enterprise wrote hundreds of worthless checks drawn on Fraudulent Bank Accounts. These worthless checks were then negotiated at banks and mailed and given to other co-conspirators. These co-conspirators, who were often in others states with different time zones, deposited these worthless checks into other Fraudulent Bank Accounts. Thereafter, members of the Criminal Enterprise located in Bergen County, New Jersey and elsewhere, withdrew, and attempted to withdraw, money from these accounts before the banks determined that the checks were fraudulent.

The Conspiracy

9. From in or around mid-2009 through on or about September 15, 2010, in Bergen County, in the District of New Jersey, and elsewhere, defendant

SANG-KYU SEO

knowingly and intentionally conspired and agreed with Co-Conspirator S.H.P., Co-Conspirator H.J.Y., Co-Conspirator One, Co-Conspirator Two, and others to commit an offense against the United States, namely, unlawfully producing identification documents and false identification documents, in and affecting interstate and foreign commerce, contrary to Title 18, United States Code, Sections 1028(a)(1) and 1028(c)(3)(A).

Object of the Conspiracy

10. The object of the conspiracy was for the Criminal Enterprise and defendant SANG-KYU SEO to profit by unlawfully obtaining, transferring, and producing: (a) genuine but fraudulently issued identification cards and driver's licenses from various states; and (b) counterfeit driver's licenses.

Manner and Means of the Conspiracy

11. It was part of the conspiracy that Co-Conspirator S.H.P. recruited Customers by advertising in Korean newspapers.

12. It was further part of the conspiracy that Co-Conspirator S.H.P. fraudulently obtained and sold "586" social security cards to Customers.

13. It was further part of the conspiracy that defendant SANG-KYU SEO helped Customers to obtain Fraudulent Identities through the Criminal Enterprise. For example, in or around mid-2009, defendant SANG-KYU SEO referred Co-Conspirator One to Co-Conspirator S.H.P. for the purpose of obtaining a "586" social security card in the name of an individual with the initials Y.Q. (hereinafter the "Y.Q. Identity") and a corresponding counterfeit driver's license. In or around early 2010, defendant SANG-KYU SEO referred Co-Conspirator Two to Co-Conspirator S.H.P. for the purpose of obtaining a "586" social security card in the name of an individual with the initials X.Z. (hereinafter the "X.Z. Identity") and a corresponding counterfeit driver's license.

14. It was further part of the conspiracy that members of the Criminal Enterprise, at the direction of defendant SANG-HYUN PARK, a/k/a "Jimmy," escorted hundreds of Customers to various states, including Illinois, to fraudulently obtain identification cards and driver's licenses.

15. It was further part of the conspiracy that defendant SANG-HYUN PARK, a/k/a "Jimmy," procured from various fraudulent document makers counterfeit driver's licenses and sold them to the Customers.

All in violation of Title 18, United States Code, Section 1028(f).

COUNT TWO
(Aggravated Identity Theft)

1. The allegations set forth in Paragraphs 1 through 8 and 10 through 15 of Count One of this Information are hereby realleged as if fully set forth herein.

The Charge

2. From on or about mid-2009 through on or about September 15, 2010, in Bergen County, in the District of New Jersey, and elsewhere, defendant

SANG-KYU SEO

knowingly transferred, possessed, and used, and aided and abetted in the transfer, possession, and use, without lawful authority, of the means of identification of other person, namely, Y.Q., during and in relation to felony violations of federal law, namely, credit card fraud (18 U.S.C. § 1029), mail fraud (18 U.S.C. § 1341), wire fraud (18 U.S.C. § 1343), and bank fraud (18 U.S.C. § 1344).

In violation of Title 18, United States Code, Section 1028A(a)(1) and Title 18, United States Code, Section 2.

COUNT THREE
(Conspiracy to Commit Wire and Bank Fraud)

1. The allegations set forth in Paragraphs 1 through 8 and 10 through 15 of Count One of this Information are hereby realleged as if fully set forth herein.

2. At all times relevant to Count Three of this Information, each bank referred to herein was a "financial institution," as that term is defined in Title 18, United States Code, Section 20.

The Conspiracy

3. From in or about October 2009 through in or about December 2009, in Bergen County, in the District of New Jersey and elsewhere, defendant

SANG-HYUN PARK,
a/k/a "Jimmy,"

knowingly and intentionally conspired and agreed with Co-Conspirator S.H.P., Co-Conspirator H.J.Y., and others to:

a. devise a scheme and artifice to defraud the Corporate Victims, and to obtain money and property, by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing the scheme and artifice to defraud, to transmit and cause to be transmitted, by means of wire communication in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds, contrary to Title 18, United States Code, Section 1343; and

b. execute a scheme and artifice to defraud financial institutions, and to obtain money, funds, and assets owned by and under the custody and control thereof, by means of false and fraudulent pretenses, representations, and promises, contrary to Title 18, United States Code, Section 1344.

Object of the Conspiracy

4. The object of the conspiracy was for defendant SANG-KYO SEO and his co-conspirators to enrich themselves by "busting out" defendant SANG-KYO SEO's personal and corporate credit cards and business lines of credit.

Manner and Means of the Conspiracy

5. It was part of the conspiracy that defendant SANG-KYU SEO provided his personal and corporate credit cards and information related to business lines of credit to Co-Conspirator S.H.P. for the purpose of fraudulently obtaining money through "busting out" these credit cards and lines of credit.

6. It was further part of the conspiracy that Co-Conspirator S.H.P. and other members of the Criminal Enterprise used defendant SANG-KYO SEO's personal and corporate credit cards to make charges through Collusive Merchants and at retail stores. For example, on or about December 15, 2009, in Bergen County, New Jersey, Co-Conspirator S.H.P. charged, and caused to be charged, approximately \$879.84 on defendant SANG-KYU SEO's Visa credit card through a Collusive Merchant. On or about December 17,

2009, Co-Conspirator S.H.P. charged, and caused to be charged, approximately \$989.50 on defendant SANG-KYU SEO's Visa credit card through a nail salon controlled by Co-Conspirator S.H.P.

7. It was further part of the conspiracy that Co-Conspirator S.H.P. and other members of the Criminal Enterprise issued worthless checks drawn on Fraudulent Bank Accounts as payment toward defendant SANG-KYU SEO's credit card charges and lines of credit. For example, on or about December 18, 2009, a member of the Criminal Enterprise entered a bank in Bergen County, New Jersey and made a payment, in the form of a check drawn on a Fraudulent Bank Account, in the amount of \$18,462, toward defendant SANG-KYU SEO's Bank of America credit card. On or about December 21, 2009, this check was returned for insufficient funds.

8. It was further part of the conspiracy that defendant SANG-KYU SEO, Co-Conspirator S.H.P, and their co-conspirators shared the proceeds derived from this scheme.

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

COUNT FOUR
(Conspiracy to Commit Bank Fraud)

1. The allegations set forth in Paragraph 1d of Count One of this Information are hereby realleged as if fully set forth herein.

2. At all times relevant to Count Four of this Information:

a. A co-conspirator not named as a defendant herein was a loan broker (hereinafter "Co-Conspirator Three").

b. A bank (hereinafter "Bank One") was a "financial institution," as that term is defined in Title 18, United States Code, Section 20.

The Conspiracy

3. From in or around mid-2007 through in or around September 2007, in Bergen County, in the District of New Jersey and elsewhere, defendant

SANG-KYU SEO

knowingly and intentionally conspired and agreed with Co-Conspirator Three and others to execute a scheme and artifice to defraud a financial institution, and to obtain money, funds, or assets owned by and under the custody and control thereof, by means of false and fraudulent pretenses, representations, and promises, contrary to Title 18, United States Code, Section 1344.

Object of the Conspiracy

4. The object of the conspiracy was for defendant SANG-KYU SEO and his co-conspirators to fraudulently obtain a \$100,000 commercial loan to which they were not entitled.

Manner and Means of the Conspiracy

5. It was part of the conspiracy that in or about mid-2007, defendant SANG-KYU SEO and the Broker, on behalf of Pier 7 Corporation, applied for a small business loan/line of credit in the amount of \$100,000 from Bank One.

6. It was further part of the conspiracy that on the application for this commercial loan defendant SANG-KYU SEO and Co-Conspirator Three falsely stated that defendant SANG-KYU SEO's business revenue was \$620,000.

7. It was further part of the conspiracy that in support of the loan application defendant SANG-KYU SEO and Co-Conspirator Three submitted, and caused to be submitted, false and fictitious documents, including a fictitious tax returns.

8. It was further part of the conspiracy that after the bank issued this commercial loan based on the false and fraudulent representations and documents described above, Co-Conspirator Three received a portion of the loan proceeds, representing a commission for brokering the loan.

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

COUNT FIVE
(Tax Evasion)

1. The allegations set forth in Paragraph 1d of Count One of this Information are hereby realleged as if fully set forth herein.

2. At times relevant to Count Five of this Information, defendant SANG-KYU SEO:

a. provided goods and services to customers of his business, Hwangini, and, in return, received payment from said customers in the form of cash and credit card transactions;

b. deposited, and caused to be deposited, these proceeds into Hwangini's business bank account (hereinafter the "Hwangini Account");

c. issued checks, drawn on the Hwangini Account, to himself and others;

d. failed to report as income on Hwangini's corporate tax returns a significant amount of income representing Hwangini's taxable distributions; and

e. failed to report as income on his individual tax returns the proceeds he had withdrawn from the Hwangini Account, thereby causing such returns to understate a substantial amount of the income.

Defendant Sang-Kyu Seo's 2007 Income Tax Return

3. On or about April 15, 2008, defendant SANG-KYU SEO signed and caused to be filed with the Internal Revenue Service a Form 1040 for tax year 2007 on behalf of himself. That return declared that his taxable income for calendar year 2007 was approximately \$197, and the amount of tax due and owing was approximately \$19. That return did not include approximately \$304,848 in additional taxable income defendant SANG-KYU SEO had received in 2007. With this income, an additional tax of approximately \$81,643 was due and owing to the United States.

The Charge

4. On or about October 15, 2008, in Bergen County, in the District of New Jersey, defendant

SANG-KYU SEO

knowingly and willfully attempted to evade and defeat a substantial part of the income tax due and owing to the United States, in that he signed and caused to be filed a false and fraudulent 2007 Form 1040 knowing it to be false and fraudulent, as described in Paragraph 3 of this Count.

In violation of Title 26, United States Code, Section 7201 and Title 18, United States Code, Section 2.


PAUL J. FISHMAN
United States Attorney

CASE NUMBER: _____

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UNITED STATES OF AMERICA

v.

SANG-KYU SEO

INFORMATION FOR

**Title 18, United States Code, Sections 1028(f), 1028A(a)(1), 1349, and 2
and Title 26, United States Code, Section 7201**

PAUL J. FISHMAN

U.S. ATTORNEY NEWARK, NEW JERSEY

ANTHONY MOSCATO
ASSISTANT U.S. ATTORNEY
NEWARK, NEW JERSEY
973-645-2752
