

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 10-80101-CR-ZLOCH/ROSENBAUM

18 U.S.C. § 1349
18 U.S.C. § 1956(h)

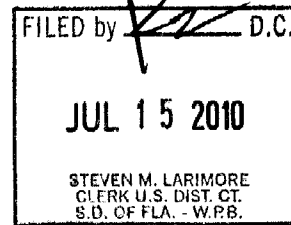
UNITED STATES OF AMERICA,

Plaintiff,

vs.

RODNEY J. KAHANE and
DANIEL C. PAINE

Defendants.



INFORMATION

The United States Attorney charges that:

GENERAL ALLEGATIONS

At all times relevant to this Information:

1. Palm Beach Business Consultants, Inc. (PBBC) was a business incorporated in the state of Florida and located in Boca Raton, Florida. PBBC provided assistance to businesses and individuals seeking personal and business lines of credit.

2. Wachovia Bank, N.A. (now known as Wells Fargo Bank, N.A.), Fifth Third Bank, Regions Bank, HSBC Bank U.S.A., N.A., and Bank of America, N.A. were financial institutions whose accounts were insured by the Federal Deposit Insurance Corporation. These banks provided personal and business lines of credit to qualified borrowers.

3. Defendant **RODNEY J. KAHANE** was employed at PBBC from approximately October 2005 through June 2010. **KAHANE** was responsible for preparing line of credit applications and

supporting financial documents for PBBC customers.

4. Defendant **DANIEL C. PAINE** was employed at PBBC from approximately February 2008 through December 2009. During his employment, **PAINE** prepared applications for lines of credit and assisted with the preparation of false financial documents in support of the credit applications.

COUNT 1
(Conspiracy to Commit Bank Fraud: 18 U.S.C. § 1349)

5. Paragraphs 1 through 4 of the General Allegations section of this Information are realleged and incorporated as though fully set forth herein.

6. From in or about October 2005, and continuing through in or about June 2010, at Palm Beach County, in the Southern District of Florida, and elsewhere, the defendants,

RODNEY J. KAHANE and
DANIEL C. PAINE,

did knowingly and willfully combine, conspire, confederate, and agree with each other and with others, known and unknown to the United States Attorney, to execute, and cause the execution of, a scheme and artifice to defraud financial institutions, including Wachovia Bank, N.A. (now known as Wells Fargo Bank, N.A.), Fifth Third Bank, Regions Bank, HSBC Bank U.S.A., N.A., and Bank of America, N.A., and to obtain any of the moneys, funds, assets and other property owned by and under the custody and control of said financial institutions, by means of materially false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, Sections 1344 and 2.

PURPOSE OF THE CONSPIRACY

7. It was the purpose and object of the conspiracy for the defendants and their co-

conspirators to unlawfully enrich themselves by (a) preparing and submitting to financial institutions false and fraudulent lines of credit applications and financial documents on behalf of PBBC borrowers, (b) paying kickbacks to bank officers in order to facilitate the processing and approval of the fraudulent lines of credit, and (c) collecting substantial fees from the PBBC borrowers in return for these services.

MANNER AND MEANS OF THE CONSPIRACY

The manner and means by which the defendants and their co-conspirators sought to accomplish the objects and purpose of the conspiracy included, but were not limited to, the following:

8. PBBC borrowers requested the assistance of PBBC in obtaining lines of credit from financial institutions. These borrowers did not have sufficient income, credit scores, and/or collateral to qualify for legitimate loans or lines of credit.

9. In order to obtain lines of credit for the borrowers, the owner of PBBC directed his employees to prepare fraudulent credit application packages for submission to local banks, including Wachovia Bank, N.A. (now known as Wells Fargo Bank, N.A.), Fifth Third Bank, Regions Bank, HSBC Bank U.S.A., N.A., and Bank of America, N.A.

10. Defendant **RODNEY J. KAHANE** was responsible for preparing most of the false documents included in the fraudulent line of credit applications. In most instances, the owner of PBBC would provide **KAHANE** with the amount of credit the borrower desired and a general idea of the income required to qualify for such credit. Using this information, defendant **KAHANE** would create fraudulent financial documents in support of the credit application, including false tax returns, false corporate documents, false financial statements, and false verifications of salary. These

documents falsely represented, among other things, the income of the borrowers, the identity of the true borrower and the reason for obtaining the line of credit.

11. Defendant **DANIEL C. PAINE** also participated in the preparation of fraudulent line of credit applications and assisted with the preparation of the supporting financial documents for PBBC borrowers.

12. In most instances, defendants **KAHANE** and **PAINE** would prepare the fraudulent credit application in the name of the borrower or a business owned by the borrower. However, in some instances, if the borrower had a friend or relative with good credit or available collateral, the defendants would use the name of the friend or relative or a business owned by the friend or relative on the fraudulent application. This was often done without the knowledge or consent of the friend or relative. On other occasions, the owner of PBBC would arrange to have an inactive or “shelf” corporation placed in the name of the borrower and used on the line of credit.

13. PBBC charged the borrowers substantial fees for preparing and submitting the fraudulent line of credit packages.

14. The owner of PBBC had arrangements with numerous bank officers who would facilitate the processing of the fraudulent applications for lines of credit. In return, the owner of PBBC would give the bank officer a cash kickback, American Express gift cards or other compensation. In most instances, the fraudulent line of credit applications were approved by the bank with little scrutiny of the underlying financial documents; however, in some instances, the fraudulent credit packages were detected and declined by the bank.

15. When the fraudulent lines of credit were approved by the banks, the borrowers would withdraw funds against the lines of credit. In many instances, the borrowers would fail to repay all

or a portion of the lines of credit thereby causing substantial losses to the banks.

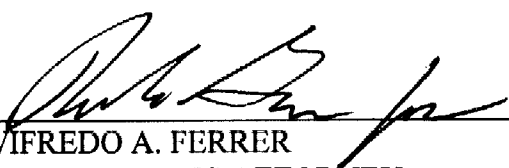
All in violation of Title 18, United States Code, Section 1349.

COUNT 2
(Conspiracy to Launder Money: 18 U.S.C. § 1956(h))

From in or about April 2010, and continuing through in or about May 2010, in Palm Beach County, in the Southern District of Florida, and elsewhere, the defendants,

**RODNEY KAHANE and
DANIEL PAINE,**

did knowingly and willfully combine, conspire, confederate, agree, and reach a tacit understanding with each other and with persons known to the United States Attorney, to knowingly conduct and attempt to conduct financial transactions affecting interstate or foreign commerce involving property represented by a law enforcement officer to be proceeds of a specified unlawful activity, that is, illegal narcotics trafficking, in violation of the laws of the United States, with the intent to conceal and disguise the nature, location, source, ownership and control of property believed to be the proceeds of specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(3)(B), all in violation of Title 18, United States Code, Section 1956(h).



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UNITED STATES ATTORNEY



ADRIENNE RABINOWITZ
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