

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA            )  
  )  
  )        No.  
  )  
  )  
BABAJAN KHOSHABE,                    )  
SUNIL KAUSHAL and                    )  
JAMES KOTZ                                )  
  )        Violations: Title 18, United States Code,  
  )        Sections 1341 and 1343.  
  )        **UNDER SEAL**

**COUNT ONE**

The SPECIAL JANUARY 2009 GRAND JURY charges:

1. At times material to this indictment:

a. The Federal Bureau of Investigation and the Department of Housing and Urban Development, Office of Inspector General, conducted an undercover operation in which a cooperating individual (CI) posed as someone selling residences to nominee buyers by fraudulently obtaining mortgage loans on behalf of the nominee buyers who would default on the loans; and undercover agents (UCs) posed as the nominee buyers and as paralegals assisting in closing the real estate transactions;

b. As part of this undercover investigation, residences owned by the government, including 4153 W. 89<sup>th</sup> Street, Hometown, Illinois (4153 W. 89<sup>th</sup>), were deeded to fictitious identities which the CI represented to be nominee sellers through which he controlled the residence;

b. Defendant BABAJAN KHOSHABE was the owner of Nationwide

Mortgage Company (“Nationwide”) and a mortgage broker who prepared and submitted loan applications and supporting documentation to lenders;

c. Defendant SUNIL KAUSHAL was an employee and loan officer at Nationwide who prepared loan applications and supporting documentation;

d. Defendant JAMES KOTZ is a licensed attorney in the State of Illinois;

e. Co-Schemer A was a certified public accountant; and

f. Equity Mortgage Corporation (Equity Mortgage) made mortgage loans.

2. Beginning in or about August 2007 and continuing until in or about April 2008, in the Northern District of Illinois, Eastern Division, and elsewhere,

BABAJAN KHOSHABE,  
SUNIL KAUSHAL and  
JAMES KOTZ,

defendants herein, together with others known and unknown to the Grand Jury, knowingly devised and participated in a scheme to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, as further described below.

3. It was part of the scheme that defendants BABAJAN KHOSHABE, SUNIL KAUSHAL, and JAMES KOTZ, together with Co-schemer A and other co-schemers, fraudulently obtained mortgage loan proceeds from Equity Mortgage by knowingly causing to be prepared and submitted a loan application and supporting loan documents on behalf of a nominee buyer of 4153 W. 89<sup>th</sup>, that contained material false statements concerning the nominee buyer’s qualifications for the loan.

4. It was further part of the scheme that, on or about August 21, 2007, defendant BABAJAN KHOSHABE met with Co-Schemer A, the CI and a UC posing as a nominee buyer of 4153 W. 89<sup>th</sup> who would be leaving the country and not returning to the United States after the closing. At that meeting, defendant BABAJAN KHOSHABE agreed that he would process a fraudulent mortgage loan and, in order to fraudulently obtain the loan, discussed adding the nominee buyer's name to another person's bank account to falsely represent that the nominee buyer had funds on deposit, and discussed creating a false verification of employment for the nominee buyer.

5. It was further part of the scheme that, on or about August 23, 2007, defendant BABAJAN KHOSHABE met with Co-Schemer A, the CI and the UC. During this meeting, defendant KHOSHABE demanded that the CI make at least six months of mortgage payments on the mortgage loan before defaulting, so that defendant KHOSHABE would not be held accountable for the mortgage loan, expressed concern that lending institutions would not view the transaction favorably because there was no contract for the sale of the property, and referred the CI and the UC to a real estate broker to draft a sales contract to make the sale appear to be an arms-length transaction.

6. It was further part of the scheme that, on or about October 23, 2007, defendants BABAJAN KHOSHABE and SUNIL KAUSHAL met with the CI to discuss obtaining a false verification of employment for the nominee buyer, and for which SUNIL KAUSHAL received \$300 in cash from the CI to prepare.

7. It was further part of the scheme that, on or about November 10, 2007,

defendants BABAJAN KHOSHABE and SUNIL KAUSHAL discussed with the CI the need to create a phone number that could be used to verify the nominee buyer's purported employment.

8. It was further part of the scheme that, on or about November 14, 2007, after the CI informed defendants BABAJAN KHOSHABE and SUNIL KAUSHAL that he had created a phone number for the verification of employment, defendant KAUSHAL advised the CI to prepare a voicemail answering message for that telephone number that would falsely answer as "Elgamel Plaster, Drywall and Paint."

9. It was further part of the scheme that, on or about January 24, 2008, defendants BABAJAN KHOSHABE and SUNIL KAUSHAL discussed with the CI the creation of a fraudulent verification of rent for the nominee buyer, which defendant KAUSHAL agreed to prepare in return for a payment of \$500 in cash by the CI.

10. It was further part of the scheme that defendant SUNIL KAUSHAL prepared a fraudulent verification of rent form purportedly from Louis Gorges at Nationwide Construction, Consulting & Management, Inc. that falsely stated that the nominee buyer resided at 6256 S. Spaulding Road, Chicago, Illinois.

11. It was further part of the scheme that, on or about November 6, 2007, defendant JAMES KOTZ met with the CI for the purpose of creating a power of attorney for the property closing and prepared a power of attorney for the nominee seller, well knowing that the CI and others were orchestrating the fraudulent sale of the 4153 W. 89<sup>th</sup> between false identities for the purpose of obtaining and keeping the proceeds of the mortgage loan.

12. It was further part of the scheme that defendants BABAJAN KHOSHABE and SUNIL KAUSHAL prepared and submitted to Equity Mortgage a loan application and supporting documentation on behalf of the nominee buyer of 4153 W. 89<sup>th</sup>, well knowing that it contained materially false and fraudulent statements and documents, including the false verification of rent form prepared by defendant KAUSHAL and the false real estate contract that defendant KHOSHABE instructed the CI to obtain.

13. It was further a part of the scheme that, prior to the closing, defendants BABAJAN KHOSHABE and SUNIL KAUSHAL received \$8,000 and \$1,000, respectively, from the CI for assisting in fraudulently obtaining the mortgage loan.

14. It was further part of the scheme that, on or about April 3, 2008, the defendants caused Equity Mortgage to close and fund a mortgage loan of approximately \$144,000, during which closing defendant BABAJAN KHOSHABE obtained proceeds of the fraudulent mortgage loan in the form of a check payable to defendant KHOSHABE's company, Nationwide Financial, in the amount of \$3,360, and defendant JAMES KOTZ obtained proceeds of the fraudulent mortgage loan in the form of a check in the amount of \$1,300.

15. It was further part of the scheme that BABAJAN KHOSHABE, SUNIL KAUSHAL, and JAMES KOTZ misrepresented, concealed, and hid, and caused to be misrepresented, concealed, and hidden, the purposes and acts done in furtherance of the scheme.

16. It was further part of the scheme that, on or about April 3, 2008, in the

Northern District of Illinois, Eastern Division, and elsewhere,

BABAJAN KHOSHABE,  
SUNIL KAUSHAL and  
JAMES KOTZ

defendants herein, for the purpose of executing the above-described scheme to defraud, and attempting to do so, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, a funds transfer of approximately \$141,654.62 from Buffalo, New York to Chicago, Illinois, which funds represented the proceeds of a mortgage loan for the purchase of 4153 W. 89th;

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

**COUNT TWO**

The SPECIAL JANUARY 2009 GRAND JURY further charges:

1. Paragraphs one through fifteen of Count One of this indictment are realleged and incorporated as though fully set forth herein.

2. On or about April 3, 2008, in the Northern District of Illinois, Eastern Division, and elsewhere,

BABAJAN KHOSHABE,  
SUNIL KAUSHAL and  
JAMES KOTZ,

defendants herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be delivered by Federal Express (“Fed Ex”), a commercial interstate courier, an envelope containing mortgage and closing documents for the purchase of 4153 W. 89th, which envelope was addressed to:

Closing Department,  
Equity Mortgage Corporation,  
33 W. Roosevelt Road,  
Lombard, IL 60148  
Fed Ex Tracking Number 8638 3679 3598;

In violation of Title 18, United States Code, Section 1341.

## FORFEITURE ALLEGATION

The SPECIAL JANUARY 2009 GRAND JURY further charges:

1. The allegations of Counts One and Two of this Indictment are realleged and incorporated herein by reference for the purpose of alleging forfeiture to the United States pursuant to Title 18, United States Code, Section 982.

2. As a result of their violation of Title 18, United States Code, Sections 1341 and 1343, as alleged in the foregoing Indictment,

BABAJAN KHOSHABE,  
SUNIL KAUSHAL and  
JAMES KOTZ

defendants herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(2), any and all right, title, and interest they may have in any property, real and personal, constituting, and derived from, proceeds obtained directly and indirectly, from mail and wire fraud in connection with Equity Mortgage Corporation, which property is subject to forfeiture pursuant to Title 18, United States Code, Section 982.

3. The interests of the defendants, jointly and severally, subject to forfeiture pursuant to Title 18, United States Code, Section 982, include: all money and other property that was the subject of each transaction; constituted and was derived from proceeds of each transaction and was obtained, directly and indirectly, as a result of those violations, including funds in the amount of approximately \$16,410.

4. If any of the property subject to forfeiture and described above, as a result of any act or omission of the defendants:



- (a) Cannot be located upon the exercise of due diligence;
- (b) Has been transferred or sold to, or deposited with, a third party;
- (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 divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

All pursuant to Title 18, United States Code, Section 982.

A TRUE BILL:

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FOREPERSON

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UNITED STATES ATTORNEY