



***United States Attorney
Southern District of New York***

**FOR IMMEDIATE RELEASE
MARCH 30, 2011**

**CONTACT: U.S. ATTORNEY'S OFFICE
ELLEN DAVIS, JERIKA RICHARDSON
EDELI RIVERA, CARLY SULLIVAN
PUBLIC INFORMATION OFFICE
(212) 637-2600**

**FBI
JIM MARGOLIN, (212) 384-2720
OFFICE OF PUBLIC AFFAIRS
(212) 384-2100**

**IRS
JOSEPH FOY
PUBLIC INFORMATION OFFICER
(212) 436-1032**

**MANHATTAN U.S. ATTORNEY ANNOUNCES CHARGES AGAINST
TWO MEN IN A \$10 MILLION COMMERCIAL BANK
FRAUD AND IDENTITY THEFT SCHEME**

*Defendants Paid Bribes To A Bank Employee
To Obtain \$2.45 Million In Loans*

PREET BHARARA, the United States Attorney for the Southern District of New York, JANICE FEDARCYK, Assistant-Director-In-Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), and CHARLES PINE, Special-Agent-In-Charge of the New York Field Office of the Internal Revenue Service ("IRS"), announced the filing of charges against CHRISTOPHER CAVOUNIS and JAGDESH COOMA for orchestrating a scheme to defraud several banks of at least \$10 million by obtaining commercial loans and lines of credit using false and fraudulent documents. As part of the scheme, CAVOUNIS and COOMA allegedly submitted applications for loans in the names of shell companies with no assets, and with straw owners, using fraudulent documents created to trick the banks into believing those entities were real. The defendants also paid bribes totaling over \$135,000 to an employee of Citibank to obtain \$2.45 million worth of loans.

Manhattan U.S. Attorney PREET BHARARA stated: "The defendants engaged in a breathtaking array of elaborate financial schemes, obtaining millions of dollars from banks using fraudulent documents and misappropriated identity information. These charges should send a message that, along with our partners

at the FBI and IRS, we will vigorously pursue those who make it harder for law-abiding companies to obtain credit during these difficult economic times."

FBI Assistant Director-In-Charge JANICE K. FEDARCYK stated: "The defendants concocted an intricate scheme using false documents and identity theft to fraudulently obtain \$10 million in bank loans. By further using bribery and threats of violence, the defendants showed that their only objective was to make a profit themselves. Committing financial crimes of this magnitude undermines the integrity of the financial process created to help American businesses succeed."

IRS Special-Agent-In-Charge CHARLES PINE stated: "Bank fraud, like all financial crimes, adds to the underground economy, erodes the integrity of our tax system and threatens the financial health of our communities. IRS-Criminal Investigation is always ready to work with our law enforcement partners and lend its financial investigative expertise to investigations like this one."

According to the Indictment and the Complaint previously filed in Manhattan federal court:

From at least 2009 to November 2010, CAVOUNIS and COOMA allegedly obtained, through fraud, at least 16 commercial loans and/or lines of credit, totaling at least \$10 million, from eight different lenders -- Capital One Bank, N.A.; Citibank, N.A. ("Citibank"); First Republic Bank; Herald National Bank; New York Commercial Bank; Signature Bank; Sovereign Bank; and TD Bank, N.A. (collectively, the "Lenders"). All of these loans are presently in default. To trick the Lenders into providing the loans, CAVOUNIS and COOMA engaged in an elaborate scheme in which they prepared and then submitted applications and supporting documentation for commercial loans that contained false and misleading information on behalf of empty shell companies with no existing business or assets.

As part of the alleged scheme, CAVOUNIS and COOMA recruited straw borrowers who provided personal identifying information to the defendants in exchange for future payment. With the information in hand, the defendants represented these individuals to be the owners or executives of various companies in applications for loans from the Lenders. In addition, CAVOUNIS and COOMA provided the Lenders with fraudulent documentation in support of those applications, which they had created, and which purported to accurately reflect the personal and financial information of each straw owner, and/or corresponding company. This documentation included falsified tax

returns, identification documents, and bank or other financial statements. Unbeknownst to the Lenders, however, the straw borrowers were in no way affiliated with those companies, which were themselves complete shams with neither existing businesses nor actual earnings and income. CAVOUNIS, in connection with certain applications, also assumed the identity of another individual himself and provided financial institutions with a fraudulent driver's license in the name of that individual.

Furthermore, to help obtain the loans, over the course of an approximately four month period in 2010, CAVOUNIS paid a Citibank employee in excess of \$135,000 in bribes to secure approval for several lines of credit, in the total approximate amount of \$2.45 million, which were issued to empty shell companies he controlled.

When one of the banks froze a line of credit obtained through the scheme, CAVOUNIS allegedly resorted to threats in an attempt to obtain the loan. For example, in October 2010, after Citibank approved a \$450,000 line of credit but subsequently froze funding when CAVOUNIS attempted to withdraw that entire amount within mere days of approval, he threatened two Citibank bankers with physical violence unless the loan proceeds were made immediately available to him.

* * *

CAVOUNIS, 30, of Fresh Meadows, New York, and COOMA, 27, of Fresh Meadows, New York, are each charged with one count of conspiracy to commit bank fraud and four substantive counts of bank fraud, each of which carry a maximum sentence of 30 years in prison, as well as one count of aggravated identity theft, which carries a mandatory minimum sentence of two years in prison which must run consecutively to any other sentence imposed. CAVOUNIS and COOMA were previously charged in a complaint and were arrested on November 26, 2010. The case is assigned to U.S. District Judge ROBERT P. PATTERSON.

Mr. BHARARA praised the work of the Federal Bureau of Investigation and the Internal Revenue Service.

This case is being prosecuted by the Office's Complex Frauds Unit. Assistant U.S. Attorneys ZACHARY FEINGOLD and CHRISTOPHER D. FREY are in charge of the prosecution.

The charges contained in the Indictment are merely accusations and the defendants are presumed innocent unless and until proven guilty.

11-086

###