

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA :
 :
 v. : Criminal No. 13-
 :
 RAFFI OGHLIAN, : 18 U.S.C. § 1349
 :

INFORMATION

The defendant having waived in open court prosecution by indictment, the United States Attorney for the District of New Jersey charges:

The Defendant and Co-conspirators

1. At all times relevant to this Information:

(a) The defendant, RAFFI OGHLIAN, resided in New Jersey, and was a loan officer at MJS Lending, Inc.

(b) N.T., who is named as a co-conspirator but not as a defendant herein, resided in New Jersey, owned Oxford Funding Group, a sole proprietorship located in Totowa, New Jersey, and held himself out to be a provider of real estate investors.

(c) Timothy D. Ricks, who is named as a co-conspirator but not as a defendant herein, resided in East Orange, New Jersey, owned EZ Go Financial Corporation located in Edison, New Jersey, and held himself out to be a provider of real estate investors.

(d) Orlando Allen, who is named as a co-conspirator but not as a defendant herein, resided in New Jersey, was an associate of co-conspirator Timothy D. Ricks and recruited "straw purchasers."

(e) J.W., who is named as a co-conspirator but not as a defendant herein, resided in New Jersey, was an associate of co-conspirator Timothy D. Ricks, and provided false "Verification of Employment" documents (hereinafter, "VOE") for loan applications.

(f) M.O., who is named as a co-conspirator but not as a defendant herein, resided in New Jersey, and was employed as a settlement agent at Tri-State Title Agency, Inc. located in Montclair, New Jersey.

(g) L.D. was a resident of the State of Florida and employed as a settlement agent for Global Title Company located in Bonita Springs, Florida.

(h) T.H. was a resident of the State of Florida and employed as a settlement agent for Global Title Company located in Bonita Springs, Florida.

(i) R.A. was a United States citizen employed by the United States Postal Service, resided in Puerto Rico and was recruited as a "straw purchaser."

(j) W.B. was a resident of the State of New Jersey and recruited as a "straw purchaser."

(k) K.L. was a resident of New Jersey and recruited as a "straw purchaser."

(l) K.P. was a resident of New Jersey and an owner of real estate in Atlanta, Georgia.

(m) M.F. was a resident of the State of New York and was recruited as a "straw purchaser."

Other Individuals And Entities

2. At all times relevant to this Information:

(a) MJS Lending, Inc. ("MJS Lending") was engaged in the business of making mortgage loans and had offices in Hasbrouck Heights, New Jersey.

(b) Oxford Funding Group, was a sole proprietorship located in Totowa, New Jersey associated with N.T.

(c) Waterways Joint Venture IV, was a partnership which comprised a town home project located in Naples, Florida.

(d) McCain Law Firm was a place at which real estate settlements took place located in Atlanta, Georgia.

(e) Tri-State Title Agency was a place at which real estate settlements took place located in Montclair, New Jersey.

(f) Global Title Company was a place at which real estate settlements took place located in Bonita Springs, Florida.

Mortgage Lending Generally

3. Mortgage loans were loans funded by banks and other financial institutions ("Lenders") to enable purchasers to finance the purchase of real estate. To apply for a mortgage loan, purchasers/borrowers typically filled out several forms, including a form called the Uniform Residential Loan Application. Lenders evaluated and relied upon the financial representations contained in the Uniform Residential Loan Application and other documents pertaining to the purchaser/borrower's income, assets, credit eligibility, and down payment requirements in deciding whether to loan a particular purchaser/borrower money for a mortgage. Lenders also

evaluated and relied upon the representations in connection with the loan application pertaining to the purchaser/borrower's employment, and how the purchaser/borrower intended to use the property as a primary residence, secondary residence, or investment property. In addition, Lenders also assessed the value of the real estate that would secure the mortgage loan by reviewing and relying on property appraisals and other documents.

4. After locating an available property of interest, a purchaser/borrower typically applied for a mortgage loan through a mortgage Lender or a mortgage originator. Generally, mortgage brokers were third parties who acted as intermediaries between a purchaser/borrower and a pool of potential Lenders, one of which was selected based on the purchaser/borrower's financing needs and ability to repay the loan. Mortgage brokers were generally responsible for collecting documents from the purchaser/borrower in support of the mortgage loan, including the loan application. Additionally, the mortgage broker interviewed the proposed purchaser/borrower and obtained all pertinent data including the borrower's name, date of birth, social security number, home address, monthly base employment income, employer, assets, and liabilities. Frequently, the mortgage broker made the initial loan to the purchaser/borrower and then sold it to a Lender after a short period of time, usually within thirty days after making the loan. Other times, the mortgage broker simply obtained and verified all of the relevant information for the Lender, including information on the Uniform Residential Loan Application, and the Lender made the mortgage directly to the borrower. A mortgage originator also assisted a purchaser/borrower to complete a mortgage transaction. Unlike a mortgage broker, a mortgage originator distributed its own money to fund the mortgage.

5. Real estate appraisers were responsible for determining the fair market value of real estate properties. Fair market value was defined as the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, in which the buyer and seller act prudently and knowledgeably, assuming the price is not affected by undue stimulus.

6. Frequently, the mortgage loan was closed at a title company or an attorney's office. If a loan closed at a title company, the title company's escrow officers were responsible for depositing monetary instruments and funds provided by the purchaser/borrower (including down payments) and mortgage funds from the Lender (which were typically obtained by wire transfer) or on its behalf to the title company's escrow account, and, when authorized by the parties to the transaction and the Lender, for disbursing the funds from the escrow account to various individuals and entities as detailed on the U.S. Department of Housing and Urban Development Settlement Statement (hereinafter "HUD-1 Settlement Statement"). The HUD-1 Settlement Statement detailed the actual disbursement of monies, including mortgage fund loans, to the proper entities and/or individuals according to the original loan application.

7. After the loan application was approved, the mortgage Lender caused funds to be transmitted (typically by wire transfer) to a settlement agent, such as a title company or a closing attorney. The title companies and/or closing attorneys then distributed the funds according to the HUD-1 Settlement Statements, generally with a large portion of the funds being distributed to the seller of the property. After funding the mortgages, the mortgage Lenders either serviced the loans during the mortgage period or sold them in the secondary market.

The Conspiracy

8. From in or about February 2008 through on or about November 5, 2008, at Hasbrouck Heights, in Bergen County, in the District of New Jersey, and elsewhere, defendant

RAFFI OGHLIAN

did knowingly and intentionally conspire and agree with others to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, which scheme and artifice is set forth below in substance and in part, and for the purpose of executing such scheme and artifice, did transmit and cause to be

transmitted by means of wire communications in interstate commerce certain writings, signs, signals, pictures, and sounds, contrary to Title 18, United States Code, Section 1343.

Object Of The Conspiracy

9. The object of the conspiracy, which caused approximately two (2) million dollars in funds to be released from MJS Lending, was to profit from the sale of over-priced properties in Atlanta, Georgia and Newark, New Jersey which were controlled by the conspirators, and town homes located in Naples, Florida owned by developers seeking to sell real estate inventory, by obtaining mortgage loans for unqualified borrowers using fraudulent loan applications, HUD-1 Settlement Statements, and other documents.

Manner And Means Of The Conspiracy

10. It was part of the conspiracy that co-conspirators Timothy D. Ricks and N.T. located town homes for sale in Naples, Florida.

11. It was further part of the conspiracy that co-conspirators Timothy D. Ricks and N.T. purchased real estate in Atlanta, Georgia which could be flipped to a "straw purchaser" at inflated prices.

12. It was further part of the conspiracy that co-conspirator Timothy D. Ricks identified properties located in Atlanta, Georgia and Newark, New Jersey which could be flipped at inflated prices to "straw purchasers."

13. It was further part of the conspiracy that co-conspirators Timothy D. Ricks, N.T., and Orlando Allen, recruited "straw purchasers" (the "Straw Purchasers") to purchase properties in: (a) Naples, Florida; (b) Atlanta, Georgia; and (c) Newark, New Jersey. The Straw Purchasers included, R.A., K.L., W.B., and M.F., whom the conspirators knew had good credit scores, but lacked the financial resources to qualify for mortgage loans.

14. It was further part of the conspiracy that co-conspirator Timothy D. Ricks, N.T., and Orlando Allen informed the Straw Purchasers including K.L., W.B., R.A. and M.F and the

Straw Purchasers agreed, that in exchange for purchasing the properties in their names, the Straw Purchasers:

- a. would neither pay deposits nor closing costs to acquire the properties;
- b. in the case of "straw purchaser" K.L. would not have to make monthly mortgage payments after K.L. owned the property;
- c. would either receive an up-front payment after the closing for allowing their names and credit information to be used in connection with the transaction or a payment after the property was flipped; and/or
- d. would not have to manage the properties because Timothy D. Ricks would help find renters and collect rent payments.

15. It was further part of the conspiracy that the conspirators, including the defendant, RAFFI OGHLIAN, and co-conspirators N.T. and Timothy D. Ricks met in the offices of co-conspirator N.T. to discuss the transactions. Timothy D. Ricks provided the appraisals, properties and income documents for the "straw purchasers." Co-conspirator N.T. asked defendant RAFFI OGHLIAN to handle the "verification of deposit." Defendant RAFFI OGHLIAN understood that, for these transactions, the buyers would not have the required funds for settlement.

16. It was further part of the conspiracy that the conspirators obtained mortgage loans for the Straw Purchasers through defendant RAFFI OGHLIAN, who created fraudulent loan applications which contained false information concerning, among other things, the Straw Purchasers' employment, income, assets and intended use of the properties.

17. It was further part of the conspiracy that defendant RAFFI OGHLIAN contacted co-conspirator J.W., at the request of co-conspirator Timothy D. Ricks, in order to create a false "verification of employment" for "straw purchaser" W.B.

18. It was further part of the conspiracy that defendant RAFFI OGHLIAN created false "verification of deposit" documents which gave the false appearance that the "straw purchasers" had the required funds necessary to purchase a property.

19. It was further part of the conspiracy that prior to and during the closings, the conspirators caused the HUD-1 Settlement Statements, settlement disbursement sheets, and other documents to be manipulated, to show that the Straw Purchasers brought their own funds to the closing when, in fact, the Straw Purchasers did not.

20. It was further part of the conspiracy that co-conspirator N.T. would either wire funds directly to a settlement agency or wire funds to the account of a straw buyer in order for them to provide the funds to the settlement agency to disguise their source.

21. It was further part of the conspiracy that co-conspirator Timothy D. Ricks would provide funds due at closing to a settlement agency for a straw buyer.

22. It was further part of the conspiracy that co-conspirator Timothy D. Ricks directed the settlement regarding the property purchased by straw buyer K.L., which was located in Newark, New Jersey, to Tri-State Title Agency for co-conspirator M.O. to prepare a false HUD-1. Co-conspirator M.O. wired funds received from co-conspirator N.T. for the K.L. closing to the account of straw purchaser W.B. which was used to purchase a property located in Atlanta, Georgia.

23. It was further part of the conspiracy that the conspirators, including N.T. and Timothy D. Ricks, took proceeds from the fraudulent mortgage loans by having funds wired into various accounts that they controlled. The Straw Purchasers, including W.B., M.F. and R.A., were paid a portion of the funds. Co-conspirator Orlando Allen who was recruiter of straw purchasers K.L. and R.A. was paid a portion of the proceeds.

Furthering The Conspiracy

24. In furtherance of the conspiracy and to effect its objects, its members committed and caused to be committed numerous transactions involving the properties, including those on or about the following dates involving the following approximate amounts:

a. Naples, Florida Properties

Wire Date	Property	Lender	Mortgage Funds Released
3/11/08	15465 Summit Place Circle, Unit 296, Naples, Florida, 34120	MJS Lending, Inc.	\$357,136.92
3/24/08	15509 Summit Place Circle, Unit 307, Naples, Florida, 34120	MJS Lending, Inc.	\$343,389.63

b. Newark, New Jersey Property

Wire Date	Property	Lender	Mortgage Funds Released
5/16/08	106 South 7th Street, Newark, New Jersey, 07107	MJS Lending, Inc.	\$291,124.53

c. Atlanta, Georgia Properties

Wire Date	Property	Lender	Mortgage Funds Released
5/20/08	930 Hall Street, Atlanta, Georgia, 30318	MJS Lending, Inc.	\$276,149.50
7/01/08	306 Anderson Avenue, NW, Atlanta, Georgia, 30314	MJS Lending, Inc.	\$272,524.54
7/21/08	1624 Hasty Place, Atlanta, Georgia, 30318	MJS Lending, Inc.	\$265,065.63
11/7/08	1046 White Oak Avenue, SW, Atlanta, Georgia, 30310	MJS Lending, Inc.	\$105,774.66

25. These transactions generally followed the same pattern:

a. Co-conspirators Timothy D. Ricks and N.T. would identify real estate to purchase which they sometimes purchased themselves.

b. In the case of the properties located in Naples, Florida, co-conspirators N.T. and Timothy D. Ricks negotiated a fee to be paid to them by the seller for finding a buyer. This fee was not listed on the HUD-1.

c. Co-conspirators N.T., Timothy D. Ricks and/or Orlando Allen recruited Straw Purchasers to purchase the properties with promises of not having to pay closing

costs, receiving monies after the property was purchased or flipped and renting the property for them.

d. Defendant RAFFI OGHLIAN prepared a false loan application for the Straw Purchaser using false information provided by co-conspirator Timothy D. Ricks, by attributing to the Straw Purchaser inflated incomes, false bank account balances, and fictitious employments. Defendant RAFFI OGHLIAN sometimes falsely indicated that the properties would be owner-occupied rather than investment properties.

e. Defendant RAFFI OGHLIAN created fictitious verification of deposit forms and either created false verification of employment forms or directed co-conspirator J.W. to do so.

f. The Straw Purchaser either attended the closing or signed documents for the closing at the offices of MJS Lending, Inc. in front of a Notary. The closings of these transactions were handled by Global Title Company for the properties located in Florida, McCain Law Firm for the properties located in Georgia, and Tri-State Title Agency for the property located in Newark, New Jersey.

g. Co-Conspirators N.T. and Timothy D. Ricks either wired funds directly to the title firms or wired funds to accounts controlled by the straw purchasers for them either to get a certified check in their name or wire the funds to the title firm.

h. Co-conspirators N.T. and Timothy D. Ricks distributed a portion of the sales proceeds they received to straw purchasers such as M.F. and W.B. and co-conspirator Orlando Allen for his prospective role in recruiting certain straw purchasers such as R.A. and K.L.

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


PAUL J. FISHMAN
UNITED STATES ATTORNEY

CASE NUMBER: 2009R01281

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RAFFI OGHLIAN

INFORMATION FOR

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