

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA	:	Hon.
	:	
v.	:	Crim. No. 24-
	:	
BRUCE EGERT,	:	<u>Count One</u>
NELSON KONG,	:	18 U.S.C. § 1349
SEUNG HAN SHIN,	:	
a/k/a “Aaron Shin,” and	:	<u>Counts Two through Four</u>
FRANCISCO SANCHEZ	:	18 U.S.C. § 1344
	:	18 U.S.C. § 2
	:	
	:	<u>Counts Five through Seven</u>
	:	18 U.S.C. § 1014
	:	18 U.S.C. § 2

INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting at Newark,
charges:

COUNT ONE
(Conspiracy to Commit Bank Fraud)

1. At all times relevant to this Indictment:

The Defendants

a. Defendant BRUCE EGERT (“EGERT”) was a New Jersey resident and New Jersey-licensed attorney who acted as a settlement agent for real estate settlements or closings and represented buyers and sellers of real estate.

b. Defendant NELSON KONG (“KONG”) was a New York resident and New Jersey-licensed attorney who represented buyers and sellers,

including short-sale sellers, in real estate transactions, including multiple fraudulent short sales.

c. Defendant SEUNG HAN SHIN (“SHIN”) was a New Jersey resident and New Jersey-licensed attorney who represented debtors in bankruptcy proceedings.

d. Defendant FRANCISCO SANCHEZ (“SANCHEZ”) was a New Jersey resident and New Jersey-licensed realtor who represented buyers and sellers in real estate transactions and negotiated short sales with lenders.

Other Relevant Individuals and Entities

e. Mehdi Kassai, also known as “Mike Kassai” (“Kassai”), was the sole member and registered agent of Glen Place Realty, LLC (“Glen Place Realty”). Glen Place Realty was a domestic limited liability company formed under the laws of New Jersey whose stated business purpose was to own and manage real estate and whose sole member and registered agent was Kassai. Kassai was EGERT’s client.

f. Young Jin Son, also known as “Joshua Son” (“Son”), and Steve Kang (“Kang”) were New Jersey-licensed realtors.

g. Victim Banks, including Victim Bank1, were “financial institutions” as that term is defined in Title 18, United States Code, Section 20. The Victim Banks held liens on multiple short sale properties in New Jersey.

Background

Real Estate

h. A real estate settlement or closing transferred legal title from the seller to the purchaser of a property. A title agency or any attorney acting as a settlement agent conducted the settlement or closing by receiving funds from the buyer and buyer's lender and disbursing the proceeds of the transaction in the manner set forth on the settlement statement, known as the Housing and Urban Development Form 1 ("HUD-1").

i. The HUD-1 was used to itemize and capture the receipt and disbursement of all funds in a real estate transaction and report mortgage information, if applicable. The HUD-1 was submitted to lenders by facsimile, email, and other means on behalf of the seller and buyer. At closing, the settlement agent was required to certify that the information contained in the HUD-1 was true and accurate. Lenders relied on the HUD-1 when deciding to approve and fund a loan or approve a short sale.

j. A quit claim deed was a deed relinquishing all interest, title, or claim an owner has in a property, if any, without representing, covenanting, or warranting that the title is good.

k. A mortgage was a pledge of real property as security for a debt and a mortgage commitment was an agreement between lender and borrower detailing the terms of a mortgage loan such as interest rate, loan type, term, and amount.

l. A foreclosure was a legal procedure in which a mortgaged property was sold in a legal process to pay the outstanding debt in case of default.

Bankruptcy

m. Bankruptcy was a process under federal law by which debtors obtain relief from their creditors. The process allowed debtors to file for bankruptcy and restructure their debts or liquidate their assets in order to satisfy their debts.

n. Filing for bankruptcy invoked the “automatic stay provision” under Title 11 of the United States Bankruptcy Code (the “Bankruptcy Code”), delaying creditors and sometimes preventing creditors from collecting debts. These automatic stays could, among other things, apply to foreclosure proceedings.

o. To avoid potential conflicts of interest and prevent possible fraud, the United States Bankruptcy Court required attorneys representing debtors to disclose the source of their compensation.

The Short Sale Process

p. A short sale was a sale of real estate secured by a mortgage loan where the lender accepted less than the total payoff amount of the loan. A short sale could not occur without the approval of the lender who held the mortgage on the subject property. As part of the short sale approval process, the lender typically required sellers and their agents to submit information about the borrower, the property, and the proposed sale. The information provided to the lender was material to the lender’s decision whether to accept a loss on the loan, approve the short sale, and release the lien.

q. As part of the short sale approval process, lenders typically required homeowners and their agents to document the homeowner's financial hardship and inability to continue making loan payments, as well as the actual fair market value at which the house could then be sold. To accomplish this, homeowners were typically required to document their finances, and, along with the buyer, affirm that the proposed short sale was an "arm's-length" transaction, that is, one in which there was no undisclosed relationship between the homeowner selling the home and the person or entity buying it (other than the short sale itself). Lenders also often required homeowners to affirm that there were no side agreements with other parties that were unknown to the lender and imposed restrictions on the time periods during which resales could occur and the resale prices. The affirmations are typically made in a short sale affidavit containing conditions to the short sale, including anti-fraud provisions, that must be agreed to by all parties involved in the transaction.

r. Before approving a short sale, lenders typically required the homeowner to engage a realtor to market the property through a multiple listing service ("MLS") to ensure that the residence was sold for actual market value so that the lender's losses on the short sale were minimized.

s. In addition, short sale buyers and sellers were required to sign HUD-1s. At closing, the buyer, homeowner seller, and settlement agent certified that the information contained in the HUD-1 was true and correct.

The Conspiracy

2. From in or around June 2013 through in or around December 2016, in Bergen County, in the District of New Jersey and elsewhere, the defendants,

**BRUCE EGERT,
NELSON KONG,
SEUNG HAN SHIN,
a/k/a “Aaron Shin,” and
FRANCISCO SANCHEZ,**

did knowingly and willfully combine, conspire, confederate, and agree with each other and others to commit bank fraud, that is, to knowingly and intentionally execute and attempt to execute a scheme and artifice to defraud financial institutions, as defined in Title 18, United States Code, Section 20, namely Victim Bank 1, whose deposits were insured by the Federal Deposit Insurance Corporation, and to obtain money, funds, assets and other property owned by, and under the custody and control of such financial institution, by means of materially false and fraudulent pretenses, representations and promises, contrary to Title 18, United States Code, Sections 1344(1) and (2).

Goal of the Conspiracy

3. The goal of the conspiracy was for EGERT, KONG, SHIN, SANCHEZ, Kassai, Son, Kang, and others to enrich themselves by fraudulently deceiving lenders in connection with the sale and resale of short sale properties.

Manner and Means of the Conspiracy

4. It was a part of the conspiracy that:

a. EGERT, KONG, Kassai, and their co-conspirators identified multiple residential properties in New Jersey to be purchased in short sales (the “Short Sale Properties”).

b. EGERT, KONG, SANCHEZ, Kassai, and their co-conspirators structured and caused to be structured two or more interrelated transactions in a “short sale flip” for each of the Short Sale Properties, which generally took place as follows:

- i. The A-B Transaction: Kassai, either in his own name or that of a straw buyer (“B”), purchased the property from the short sale seller (“A”). In the A-B Transaction, the co-conspirators and others represented to the financial institution holding and/or servicing the mortgage on the Short Sale Property that B (Kassai, or a straw buyer for Kassai), was willing to pay a specific price for the Short Sale Property, which was less than the full amount owed on the mortgage. If B was a straw buyer for Kassai, the straw buyer would then transfer the Short Sale Property to Kassai, the actual buyer, for a nominal price.
- ii. The Flip Transaction: In the Flip Transaction, the co-conspirators quickly sold, or “flipped,” the Short Sale Property from Kassai or Glen Place Realty to a buyer for significantly more than the short sale price.

c. Kassai, and his co-conspirators physically damaged and caused to be damaged the Short Sale Properties to lower their market value prior to Kassai's acquisition of the properties in order to reduce the Short Sale Properties' purchase price and generate a higher profit for the co-conspirators.

d. KONG, Kassai, and their co-conspirators prepared and caused to be prepared: (i) agreements between Kassai and the short sale sellers that provided for thousands of dollars to be paid to the short sellers in exchange for allowing Kassai to manage and otherwise control the short sale process, and buy the Short Sale Property; and (ii) partnership agreements between Kassai and the short sale seller that provided the short sale seller a percentage of the profits of the short sale fraud.

e. KONG, EGERT, Kassai, and their co-conspirators offered and provided and caused to be offered and provided cash kickbacks to short sale sellers in return for the short sale sellers' agreement to allow Kassai to manage and otherwise control the short sale process.

f. EGERT, KONG, Kassai, and their co-conspirators prepared, obtained, and caused to be prepared and obtained quit claim deeds from the owners of the Short Sale Properties to prevent the Short Sale Properties from being sold to a third party not acting in furtherance of the conspiracy.

g. EGERT, KONG, Kassai, and their co-conspirators listed or caused to be listed for sale via the MLS the Short Sale Properties. The co-conspirators artificially limited the time the Short Sale Properties were listed and

misrepresented the availability of those properties for sale. EGERT, KONG, Kassai, Son, Kang, and their co-conspirators prevented, and caused to be prevented acceptance of offers made to purchase the listed Short Sale Properties by the sellers other than those made in furtherance of the conspiracy.

h. SHIN, KONG, Kassai, and their co-conspirators filed and caused to be filed fraudulent bankruptcy petitions in the District of New Jersey in the names of short sale sellers for the purpose of invoking the automatic stay provision of the Bankruptcy Code to hinder, delay, and obstruct lawful foreclosures of the Short Sale Properties Kassai wanted to purchase.

i. At the request of Kassai, SHIN filed bankruptcy petitions on behalf of short sale sellers without their knowledge. The petitions were filed for the purpose of forestalling an imminent foreclosure so that Kassai could continue his attempt to buy the property. Although Kassai paid SHIN's fees, SHIN never disclosed Kassai's involvement or his bankruptcy plan payments and falsely represented to the Bankruptcy Court that the short sale sellers were paying him. The lenders who held the mortgages on the Short Sale Properties, as creditors of the short sale sellers, were notified of the filing of the bankruptcy petitions and Kassai's involvement was concealed from them as well the Bankruptcy Court.

j. EGERT, KONG, SANCHEZ, Kassai, and their co-conspirators stole or caused to be stolen the identities of individuals whom they used as straw borrowers to purchase properties for Kassai. These straw buyers were not aware

that their identities were used, and their signatures were forged unlawfully to purchase the Short Sale Properties.

k. SANCHEZ, who was paid by Kassai, assisted Kassai in the management and control of the short sale process and communicated with the lenders who held liens on the Short Sale Properties. If Kassai attempted to buy a short sale property in his own name and was rejected, Sanchez would advise Kassai that a new buyer was needed and continue to help Kassai acquire the short sale property with the identity of a straw buyer.

l. To effectuate the Short Sale Properties transactions EGERT, KONG, SANCHEZ, Kassai, and their co-conspirators submitted and caused to be submitted to the Victim Banks HUD-1s containing misrepresentations, including the identity of the short sale buyers.

m. KONG, as attorney for the short sale sellers, prepared and caused to be prepared deeds transferring the Short Sale Properties from the short sale sellers to the identities of the short sale straw buyers.

n. To ensure the Short Sale Properties were transferred to Kassai, EGERT, Kassai, and their co-conspirators, caused to be obtained and obtained loans to fund the purchase of the Short Sale Properties.

o. EGERT, Kassai, and their co-conspirators prepared and caused to be prepared deeds transferring the Short Sale Properties from the identities of the straw buyers to Kassai for a nominal price.

p. EGERT, KONG, SANCHEZ, Kassai, and their co-conspirators concealed or caused to be concealed from the Victim Banks the resales or “flips” of the Short Sale Properties, which sometimes took place the same day the short sales closed at substantially higher prices, in contravention of the Victim Banks short sale conditions.

q. KONG, SANCHEZ, Kassai, and their co-conspirators, including short sale sellers, real estate agents, and others, agreed to and did split the proceeds of the resales of the Short Sale Properties among themselves.

r. EGERT, KONG, Kassai, Son, Kang, and their co-conspirators signed and submitted, and caused to be signed and submitted to the Victim Banks, short sale affidavits that falsely represented that: (i) there were no agreements, understandings, or contracts relating to the current or later sale of the Short Sale Properties not disclosed to the Victim Banks; (ii) all amounts paid to any person in connection with the short sales were reflected on the HUD-1; and (iii) the short sale seller would receive no proceeds from the short sale.

s. These representations were false because, among other things: (i) EGERT and Kassai obtained quit claim deeds from the owners of the Short Sale Properties to prevent the Short Sale Properties from being sold to a third party not acting in furtherance of the conspiracy; (ii) contracts for the resale of the Short Sale Properties were negotiated, drafted, and exchanged by Kassai as seller and a third-party buyer, and agreements were reached while the short sale was pending; and (iii) short sale sellers were paid thousands of dollars in exchange for allowing

Kassai to negotiate the short sale and buy their Short Sale Properties. None of this material information was disclosed to the Victim Banks.

t. EGERT, KONG, Kassai, Son, Kang, and their co-conspirators falsely represented and caused to be falsely represented to the Victim Banks that short sales were completed in accordance with the short sale approvals and affidavits when they were not.

u. EGERT, as settlement agent, falsely certified that the HUD-1 Settlement Statement he prepared was a true and accurate account of the short sale transactions.

v. EGERT, Kassai, and their co-conspirators negotiated and executed contracts for resales of Short Sale Properties before the short sales were closed, contrary to the express conditions of the short sale approvals and affidavits.

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

COUNTS TWO THROUGH FOUR
(Bank Fraud)

1. Paragraphs 1, 3, and 4 of Count One of this Indictment are realleged here.

2. On or about the dates indicated in the table below, in Bergen County, in the District of New Jersey and elsewhere, the defendants,

**BRUCE EGERT,
NELSON KONG,
SEUNG HAN SHIN,
a/k/a “Aaron Shin,” and
FRANCISCO SANCHEZ,**

did knowingly and intentionally execute and attempt to execute a scheme and artifice to defraud Victim Bank 1, a financial institution as defined by Title 18, United States Code, Section 20, the deposits of which were insured by the Federal Deposit Insurance Corporation, and to obtain any of the monies, funds, credits, assets, securities, or other property owned by, or under the custody or control of, those financial institutions, by means of materially false or fraudulent pretenses, representations and promises, each constituting a separate count of this Indictment as to the defendants specified for each count:

COUNT	DEFENDANTS	SHORT SALE PROPERTY	APPROXIMATE DATE
2	EGERT KONG SANCHEZ SHIN	Glen Place, Old Tappan, New Jersey	September 22, 2015

3	EGERT SANCHEZ SHIN	Woodland Avenue, Demarest, New Jersey	December 10, 2015
4	EGERT KONG	W. Edsall Blvd., Palisades Park, New Jersey	January 28, 2016

In violation of Title 18, United States Code, Sections 1344(1) and (2), and
Section 2.

COUNTS FIVE THROUGH SEVEN
(False Statement to a Financial Institution)

1. Paragraphs 1, 3, and 4 of Count One of this Indictment are re-alleged here.

2. On or about the dates indicated in the table below, in Bergen County, in the District of New Jersey and elsewhere, the defendants,

**BRUCE EGERT and
NELSON KONG,**

knowingly made and caused to be made false statements, that is, HUD-1 Settlement Statements, to Victim Bank 1, for the purpose of influencing in any way the actions of Victim Bank 1 in deciding whether to approve the purchase of the real properties identified in the table below in short sale transactions, when in truth and in fact, the defendants knew them to be false, each constituting a separate count of this Indictment as to the defendants specified for each count:

COUNT	DEFENDANT(S)	SHORT SALE PROPERTY	DATE
5	EGERT KONG	Glen Place, Old Tappan, New Jersey	September 22, 2015
6	EGERT	Woodland Avenue, Demarest, New Jersey	December 10, 2015
7	EGERT KONG	W. Edsall Blvd., Palisades Park, New Jersey	January 28, 2016

In violation of Title 18, United States Code, Section 1014 and Section 2.

**FORFEITURE ALLEGATIONS AS TO
COUNTS ONE THROUGH SEVEN**

1. Upon conviction of the offenses charged in Counts One through Seven of this Indictment, the defendants charged in each respective count shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(2), all property, real and personal, that constitutes or is derived from proceeds each defendant obtained directly or indirectly as a result of such offenses, and all property traceable to such property.

Substitute Assets Provision

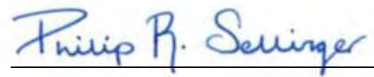
2. If any of the property described above, as a result of any act or omission of the defendant(s):
- a. cannot be located upon the exercise of due diligence;
 - b. has been transferred or sold to, or deposited with, a third party;
 - c. has been placed beyond the jurisdiction of the court;
 - d. has been substantially diminished in value; or
 - e. has been commingled with other property which cannot be divided without difficulty,

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other.

property of such defendant up to the value of the forfeitable property described in paragraph 1.

A True Bill,

Foreperson



PHILIP R. SELLINGER
United States Attorney