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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,)	No. CR 10-
)	
Plaintiff,)	<u>I N F O R M A T I O N</u>
)	
v.)	[18 U.S.C. § 157(1):
)	Bankruptcy Fraud; 18 U.S.C.
IRVING COHEN,)	§ 2: Aiding and Abetting and
)	Causing an Act to be Done]
Defendant.)	
)	
)	

The United States Attorney charges:
COUNTS ONE AND TWO
[18 U.S.C. §§ 157(1), 2]

A. INTRODUCTORY ALLEGATIONS

At all times relevant to this Information:

1. Defendant IRVING COHEN ("COHEN") was a resident of Los Angeles County, within the Central District of California.
2. A bankruptcy case typically commenced with the filing of a petition for bankruptcy. A person seeking relief from debts, referred to as the "debtor," could file a "voluntary petition" for bankruptcy.

EJD:ejd

1 3. The filing of a bankruptcy petition would trigger what
2 was known as an "automatic stay" against the debtor's creditors,
3 who would be immediately forbidden from taking any action on
4 claims they might have against the debtor or any property owned
5 by the debtor when the bankruptcy case was commenced, including
6 foreclosure and eviction actions, unless permission of the
7 bankruptcy court was first obtained.

8 B. THE SCHEME TO DEFRAUD

9 4. Beginning in or about December 2006, and continuing to
10 at least on or about July 28, 2010, in Los Angeles County, within
11 the Central District of California, and elsewhere, defendant
12 COHEN, together with others known and unknown to the United
13 States Attorney, knowingly and with intent to defraud, devised,
14 participated in, and executed a scheme to defraud lenders who
15 were attempting to foreclose on real properties through trustee
16 sales, by means of filing fraudulent petitions for bankruptcy
17 protection under Title 11 of the United States Code.

18 5. The purpose of the fraudulent scheme was to hinder,
19 delay, and obstruct lenders' lawful foreclosure and eviction
20 actions against property owners who had defaulted on their
21 mortgages.

22 6. The fraudulent scheme operated, in substance, as
23 follows:

24 a. Defendant COHEN and co-schemer Darwin Bowman
25 ("Bowman") distributed and caused to be distributed
26 advertisements, and contacted and caused others to contact
27 property owners in person, to solicit clients for their
28 foreclosure-delay services.

1 b. Through these advertisements and direct
2 solicitations, salespersons working with defendant COHEN and
3 Bowman told potential clients whose properties were being
4 foreclosed upon ("the subject properties") that, in exchange for
5 a monthly fee, the salespersons' company would indefinitely
6 postpone the foreclosure. The clients were not told that the
7 postponement would be achieved through the filing of serial false
8 bankruptcies by defendant COHEN and his co-schemers.

9 c. After a client had signed up and paid the fee, the
10 salespersons, operating at defendant COHEN's and Bowman's
11 direction, would obtain a client's signature on a deed
12 transferring a fractional share of a subject property to a
13 fictitious person, which deed the salespersons would then record.

14 d. Defendant COHEN and Bowman would direct co-schemer
15 R.P. to file a voluntary bankruptcy petition in the name of this
16 same fictitious person ("the false bankruptcy petition").

17 e. After the false bankruptcy petition was filed,
18 defendant COHEN or a co-schemer would fax a copy of the recorded
19 deed and the false bankruptcy petition, both of which listed the
20 same fictitious person's name, to the client's lender or the
21 lender's representative, thereby notifying the lender of the
22 automatic stay in order to stop the foreclosure sale.

23 f. When the bankruptcy court granted a lender's
24 motion to dismiss or a motion for relief from stay in the
25 fraudulently initiated bankruptcy case and another foreclosure
26 sale was scheduled, defendant COHEN and Bowman would cause the
27 client to sign another deed transferring another fractional share
28 of the subject property to a different fictitious person, file

1 another false bankruptcy petition in that different fictitious
2 person's name, and send both documents to the lender or the
3 lender's representative. In this way, defendant COHEN and his
4 co-schemers were able to delay the foreclosure even further.

5 g. After a bankruptcy case was dismissed, defendant
6 COHEN and his co-schemers would cause the deed transferring a
7 fractional share of the subject property to the fictitious person
8 in whose name the dismissed bankruptcy case was filed to be
9 reconveyed to the client.

10 h. Defendant COHEN and his co-schemers repeated this
11 course of action, thereby repeatedly delaying the sale of the
12 subject properties, for as long as the client paid the monthly
13 fee.

14 7. As part of the above-described fraudulent scheme, from
15 approximately December 1, 2006, through approximately July 28,
16 2010, defendant COHEN and his co-schemers delayed the foreclosure
17 sales of approximately 1,444 subject properties for between one
18 month and two years. This caused lenders to lose interest
19 payments on mortgage loans totaling more than \$725 million that
20 would otherwise have been partially or entirely satisfied through
21 the foreclosure sales. During that same period, defendant COHEN
22 and his co-schemers collected approximately \$546,000 from clients
23 in monthly fees paid for their illegal foreclosure-delay
24 services.

1 C. EXECUTIONS OF THE SCHEME TO DEFRAUD:

2 8. On or about the dates set forth below, within the
3 Central District of California, and elsewhere, for the purpose of
4 executing and attempting to execute the above-described scheme,
5 defendant COHEN filed and caused to be filed false bankruptcy
6 petitions in the following proceedings under Title 11 of the
7 United States Code, with the intent to defraud lenders:

8 <u>COUNT</u>	<u>DATE</u>	<u>DOCUMENT</u>
9 ONE	5/6/2009	Voluntary Bankruptcy Petition in the 10 name of Marcus Lamont Collins, a 11 fictitious person, bearing case number 6:09-19443 (filed in the U.S. Bankruptcy Court, Central District of California).
12 TWO	11/17/2009	Voluntary Bankruptcy Petition in the 13 name of Kenneth Jason Whitaker, a 14 fictitious person, bearing case number 6:09-37771 (filed in the U.S. Bankruptcy Court, Central District of California).

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