

NEWS

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FOR IMMEDIATE RELEASE
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Feds Arrest Alleged Ringleader of \$20 Million Home Equity Loan Scheme

Jacob Kim was President of American Macro Growth of Palisades Park

(More)

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NEWARK – The alleged ringleader in a \$20 million home equity line of credit fraud scheme was arrested last evening as he was taking swings at the Alley Pond Golf Center in Queens, N.Y., U.S. Attorney Christopher J. Christie announced.

Jacob Kim, 52, of Palisades Park, N.J., was indicted in June 2007 in connection with the activities of a business that he owned and operated called American Macro Growth (“AMG”), in Palisades Park. The Indictment alleges that Jacob Kim and AMG helped their clients obtain more than \$20 million in home equity and business lines of credit from at least 16 different lenders in northern New Jersey between February 2004 and November 2005.

Kim was arrested at the golf driving range by officers of the New York City Police Department acting at the direction and request of the FBI’s office in West Paterson, N.J. The arrest was the result of a fugitive hunt by the FBI along with law enforcement officers from the Federal Deposit Insurance Corporation and the Bergen County Prosecutor’s Office.

Kim is scheduled to make an initial appearance in federal court in Newark at 2:30 today before U.S. Magistrate Judge Michael A. Shipp.

Kim had been on the run since November 2005, when he learned that his activities were being investigated by the FBI. Since that time, he has resided in various locations throughout the country and resorted to a variety of methods to evade capture, including the use of aliases, fake identification documents and wearing a wig. The FBI’s search for Kim intensified once he was indicted in June 2007.

According to the arresting officers, Kim looked at them “like it was over.” Kim also had \$48,000 in cash in his pocket when he was arrested.

FBI agents arrested Kim’s wife, Se Ran Cho, 35, of Palisades Park, on Friday evening. Cho has been charged as a conspirator in the scheme for her role in allegedly opening and maintaining bank accounts that Jacob Kim is accused of using to deposit the proceeds of the scheme.

The 35-count Indictment charges 13 individuals with conspiracy to commit bank fraud and bank fraud. It alleges that AMG helped its clients use the same properties as collateral for multiple home equity lines of credit or “HELOCs” even though the loan amounts far exceeded the value of the properties that were to serve as security. In one instance, the Indictment alleges, an AMG client used less than \$300,000 of equity in a Palisades Park property to obtain approximately \$2,137,000 in credit from nine different banks. According to the Indictment, the scheme effectively stripped the banks of security for the loans.

AMG’s clients paid large commissions to Jacob Kim and AMG. One client allegedly paid AMG and Jacob Kim approximately \$122,529 in commissions for their help in obtaining approximately \$1,718,300 in lines of credit from at least seven different banks.

Ten people – all clients of Jacob Kim and AMG – have pleaded guilty in the scheme so far.

These individuals used AMG's services to procure total loans of between \$750,000 and \$1.9 million apiece. Three additional client-borrowers have been arrested and are pending trial. Federal agents also have arrested two persons who were brokers employed by AMG. They are Jun Hwang, 42, of Cliffside Park and Justin Kim, 27, of Palisades Park.

In a home equity line of credit, or HELOC, a borrower pledges the equity in the borrower's house or condominium as security for the line of credit. The bank's security interest in the house or condominium is then publicly recorded so that other lenders will be aware of prior claims on the property. According to the Indictment, AMG and its clients executed the scheme by closing on multiple HELOCs in a short period of time so that the earlier lenders' security interests would not be publicly recorded at the time that later lenders closed on subsequent loans.

The Indictment also alleges that AMG misrepresented clients' income and other important information in order to increase the amounts that clients would be eligible to borrow. According to the Indictment, AMG regularly submitted falsified income tax returns on behalf of its clients while applying for lines of credit. The falsified income tax returns grossly inflated the clients' income to create the illusion that the applicants would be able to repay the loans.

The government is pursuing other individuals and expects more activity in the case as it proceeds.

The victims of the scheme include Banco Popular, Bank of America, The Bank of New York, Citibank, Commerce Bank, Fleet Bank, JP Morgan Chase Bank, HSBC Bank, Hudson United Bank, North Fork Bank, PNC Bank, Sovereign Bank, Wachovia Bank, Washington Mutual Bank, Wells Fargo Bank and Countrywide Home Loans, Inc.

Christie credited Special Agents of the FBI, under the direction of Special Agent in Charge Weysan Dun, and the Federal Deposit Insurance Corporation, under the direction of Special Agent in Charge Gary Sherrill, for the investigation leading to the Indictment.

The government is represented by Assistant U.S. Attorney Bradley A. Harsch of the Criminal Division in Newark.

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Defense Counsel: Kenneth Kayser, Esq., Livingston, N.J.

