

## PRESS RELEASE

# Three New Jersey Attorneys and a New Jersey Realtor Indicted for Roles in Short Sale Fraud Scheme

Wednesday, September 25, 2024

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U.S. Attorney's Office, District of New Jersey

NEWARK, N.J. – Three New Jersey licensed attorneys and a New Jersey licensed realtor were indicted for their roles in defrauding financial institutions in a short sale fraud scheme, U.S. Attorney Philip R. Sellinger announced.

Lawyers Bruce Egert, 69, of Tenafly, New Jersey, Nelson Kong, 44, of Bethpage, New York, Seung Han Shin, aka Aaron Shin, 42, of Old Tappan, New Jersey, and realtor Francisco Sanchez, 48, of Ridgefield Park, New Jersey, were each indicted by a federal grand jury with one count of conspiracy to commit bank fraud and three counts of bank fraud. Egert and Kong were also charged with three counts of false statements to a financial institution.

Shin and Kong were arraigned on Sept. 19, 2024, before U.S. Magistrate Judge Michael A. Hammer in Newark federal court. Egert and Sanchez were arraigned on Sept. 23, 2024, before U.S. Magistrate Judge Stacey D. Adams in Newark federal court. Each of the defendants was released on \$100,000 unsecured bond.

According to documents filed in this case:

From June 2013 through December 2016, Egert, Kong, Shin, Sanchez, and others fraudulently induced mortgage lenders to participate in "short sale" transactions. In a typical short sale transaction, a financial institution agrees to allow a homeowner in financial distress to sell their home for less than they owe on their mortgage. Such transactions are called short sales because the market value of the house is less than the amount owed by the homeowner and the lender agrees to accept a payment "short" of the amount owed. Through fraudulent misrepresentations and false statements, Mehdi Kassai, with the help of his conspirators, purchased homes at significant discounts from the note-holding banks both in his name and using stolen identities. Kassai, Egert, Kong, Shin, and Sanchez failed to reveal to the banks that Kassai and Egert had already

arranged to flip the homes to other buyers at much higher prices, and that the homes were flipped in violation of deed restrictions regarding the time before which a resale could occur and the maximum resale price. Some of the properties purchased were resold at a substantial profit, that is, "flipped," the same day the short sale closed.

Steve Kang and Joshua Son were realtors who represented short sale sellers whose homes were sold to Kassai. In return for their involvement in the scheme, Kassai shared with them portions of the profits of the resales. Egert was Kassai's attorney who represented him in the short sales, and, among other things, conspired with Kassai to use stolen identities to purchase short sale properties and submitted or caused to be submitted fraudulent HUD-1 Settlement Statements to the victim banks. Kassai recruited Kong to represent certain sellers, and, among other things, Kong drafted agreements that required Kassai to for managing and controlling the short sale process. Shin was a bankruptcy attorney Kassai paid to file bankruptcy petitions on behalf of short sale sellers to forestall imminent foreclosures on the properties. Shin failed to disclose that Kassai, the short sale buyer, was involved in these transactions. Sanchez was a realtor Kassai paid to assist in the management and control of the short sale process. If Kassai attempted to buy a short sale property in his own name and was rejected, Sanchez assisted Kassai with finding a straw buyer to acquire the short sale property.

Kassai pleaded guilty On Dec. 18, 2018, to an information charging him with bank fraud (Counts One and Two), wire fraud affecting a financial institution (Count Three), and money laundering (Count Four). He was sentenced by U.S. District Judge William J. Martini to 16 months in prison, three years of supervised release, and ordered to pay \$7.94 million in restitution for 32 illicit transactions.

Kang pleaded guilty on May 30, 2019, to an information charging him with bank fraud (Count One) and wire fraud affecting a financial institution (Count Two). He was sentenced by U.S. District Judge Claire C. Cecchi to time served and ordered to pay \$2.38 million in restitution.

Son pleaded guilty on May 30, 2019, to an information charging him with bank fraud (Count One) and wire fraud affecting a financial institution (Count Two). He was sentenced by Judge Martini to time served, two years of supervised release, and ordered to pay \$2.38 million in restitution.

The conspiracy to commit bank fraud count, bank fraud counts, and false statements to a financial institution counts each carry a maximum potential penalty of 30 years in prison and a fine of \$1 million, or twice the gross gain or loss from the offense, whichever is greatest.

U.S. Attorney Sellinger credited special agents of the Federal Housing Finance Agency, Office of Inspector General, under the direction of Special Agent in Charge Robert Manchak; special agents of Homeland Security Investigations Newark, under the direction of Acting Special Agent in Charge Spiros Karabinas; and special against of the Social Security Administration, Office of the Inspector General, Boston / New York Field Division under the direction of Special Agent in Charge Amy Connelly, with the investigation.

The government is represented by Assistant U.S. Attorney Shontae D. Gray of the Economic Crimes Unit in Newark, and Special Assistant U.S. Attorney Kevin DiGregory of the Federal Housing Finance Agency, Office of Inspector General.

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

[egertetal.indictment.pdf](#)

*Updated September 25, 2024*