

Department of Justice

U.S. Attorney's Office

District of New Jersey

FOR IMMEDIATE RELEASE

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Two Bergen County Men Admit Roles in Fraud Scheme

NEWARK, N.J. – Two Bergen County, New Jersey, men have admitted their respective roles in a scheme to defraud financial institutions and others, U.S. Attorney Craig Carpenito announced today.

Steve Young Kang, a/k/a “Steven Young Kang” and “Young Tae Kang,” 64, of Ridgefield, New Jersey, and Young Jin Son, a/k/a “Joshua Son,” 49, of Norwood, New Jersey, pleaded guilty on May 30, 2019, before U.S. District Judge William J. Martini in Newark federal court to separate informations charging each defendant with one count of bank fraud and one count of wire fraud.

According to documents filed in these cases and statements made in court:

Kang, Son and others fraudulently induced mortgage lenders to participate in “short sale” transactions. In a typical short sale transactions, a financial institution agrees to allow a house owner in financial distress to sell his or her home for less than they owe on their mortgages. Such transactions are called short sales because the market value of the house is less than the amount owed by the house owner and the lender agrees to accept a payment “short” of the amount owed by the house owner.

Kang, a real estate broker and agent, admitted to a scheme in which, from June 2013 to January 2017, he sold his own properties and recruited others to sell properties in short sales to a co-schemer, Mehdi Kassai, who was able to obtain the properties for substantially less than the properties were actually worth through false documents, straw buyers, cosmetic damage to properties, and restricting the ability of others to bid on and buy those properties. Kassai then sold many of those properties to third-parties at a substantial profit. Kang defrauded financial institutions and others of \$2.7 million in this manner.

Son, a real estate broker and agent, admitted recruiting others to sell properties in short sales to Kassai, who obtained the properties for substantially less than they were actually worth through false documents, straw buyers, cosmetic damage to properties, and restricting the ability of others to bid and buy those properties. Kassai sold many of those properties to third-parties at a substantial profit. Son defrauded financial institutions and others of \$1.9 million in this manner.

The bank fraud and wire fraud charges each carry a maximum potential statutory penalties of 30 years in prison and a \$1 million fine. Kang and Son have both agreed to forfeit the proceeds of the

scheme. Sentencing for both defendants is scheduled for Oct. 1, 2019. Kassai previously pleaded guilty to his role in the scheme and is awaiting sentencing.

U.S. Attorney Carpenito credited the Bergen County Prosecutor's Office, under the direction of Prosecutor Mark Musella; special agents of the Federal Housing Finance Agency, Office of Inspector General, under the direction of Acting Special Agent in Charge, Robert Manchak; and special agents of the U.S. Department of Homeland Security Investigations, under the direction of Special Agent in Charge Brian Michael, with the investigation leading to the guilty pleas.

The government is represented by Senior Trial Counsel Andrew Leven of the Healthcare & Government Fraud Unit of the U.S. Attorney's Office, District of New Jersey, and Special Assistant U.S. Attorneys Charlie Divine and Kevin Di Gregory of the Federal Housing Finance Agency, Office of Inspector General.

Component(s):

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