

United States District Court

EASTERN

DISTRICT OF

MICHIGAN

UNITED STATES OF AMERICA

CRIMINAL COMPLAINT

v.

PAUL BASHI and
DAVID LERNER

Case: 2:09-mj-30365
Judge: Unassigned,
Filed: 08-24-2009 At 04:49 PM
SEALED MATTER (LCB)

I, the undersigned complainant being duly sworn state the following is true and correct to the best of my knowledge and belief. From on or about July 13, 2009 to present in Macomb county, in the Eastern District of Michigan defendant(s) did, (Track Statutory Language of Offense)

conspire to execute a scheme or artifice to defraud financial institutions whose accounts are insured by the National Credit Union Share Insurance Fund ["NCUSIF"], and to obtain money and funds under the custody or control of NCUSIF-insured financial institutions by means of false or fraudulent pretenses, representations, or promises

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

I further state that I am a Special Agent with the Federal Bureau of Investigation and that this complaint is based on the following facts:

(SEE ATTACHED AFFIDAVIT)

Continued on the attached sheet and made a part hereof:

Yes No



Signature of Complainant
Rebekah Wiles
Special Agent
Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,

August 24, 2009
Date

at Detroit, Michigan
City and State

Hon. Mona K. Majzoub
United States Magistrate Judge
Name & Title of Judicial Officer


Signature of Judicial Officer

UNITED STATES DISTRICT COURT
Eastern District of Michigan
Detroit, Michigan

AFFIDAVIT IN SUPPORT OF A COMPLAINT AND ARREST WARRANT

I, Rebekah Wiles, after being duly sworn, do hereby declare and state:

1. I am a duly appointed Special Agent with the Federal Bureau of Investigation (hereinafter referred to as FBI) and have been employed as such since February 2004. I am currently assigned to the Detroit Office of the FBI and my current duties and responsibilities include the investigation of criminal violations pertaining to mortgage fraud, wire fraud, bank fraud, and mail fraud.

2. I make this affidavit in support of an application by the United States of America for the issuance of warrants to arrest individuals involved in Conspiring to Commit Bank Fraud (18 U.S.C. § 1349).

3. The statements contained in this affidavit are based on my personal knowledge, documents that I have reviewed, as well as from information provided by Rick Naltner, Special Agent (SA), United States Secret Service (USSS), other law enforcement agents, cooperating witnesses, and my observation, experience and background. Since this affidavit is being submitted for the purpose of establishing probable cause I have not included every fact about the case. Nor do I request that this Court rely upon any facts not set forth herein in reviewing this affidavit in support of a Complaint and Arrest Warrant.

4. PAUL BASHI, born November 19, 1982, and DAVID LERNER II, born February 3, 1982, conspired in a scheme to defraud Extra Credit Union (ECU) Credit Union One (CUO) and Michigan First Credit Union (MFCU), all credit unions with accounts insured by the National Credit Union Share Insurance Fund.

Extra Credit Union

5. BASHI facilitated a "straw borrower," LERNER, to obtain a loan for the alleged purchase of a luxury BMW vehicle. BASHI, on behalf of LERNER, provided false information and supporting documentation to Extra Credit Union ("ECU"), located in Warren, Michigan, in order to assist in securing the loan. Additionally, investigation to date has shown that BASHI obtained the \$60,000 loan proceeds and used it for his and LERNER's benefit. Because the loan was not used to purchase the BMW vehicle, the loan from ECU was left unsecured.

6. On August 5, 2009, I received a call from Carrie Robertson, loss prevention manager with ECU. According to Robertson, on July 30, 2009, ECU became aware that two automobile loans it had closed earlier that month were possibly fraudulent. In early July 2009, ECU closed two automobile loans to two different borrowers: Jovica Ristich and David LERNER. Both loans involved the alleged purchase of luxury cars from a local dealership called Luxury Vehicles, owned by Alex Pirkovic. Two different addresses were provided for Luxury Vehicles. The purchase agreements for both vehicles showed the address of Luxury Vehicles as 79649 Weyer, Bruce Township, Michigan 48065, and the Articles of Organization showed the address as 47833 Sandy Ridge, Macomb Township, Michigan 48044.

7. The first loan, in the amount of \$60,000, which closed on July 1, 2009, was in the name of Jovica Ristich. The loan was requested to purchase a 2008 BMW 6 Series, VIN # WBSEH93518CY24439, valued at \$81,650.

8. The second loan, in the amount of \$60,000, which closed on July 13, 2009, was in the name of LERNER. The loan was requested to purchase a 2008 BMW 6 Series, VIN # WBSEK935X8CY79537, valued at \$79,750.

9. LERNER's loan application indicated he was an area manager at American Brake & Clutch and earned \$8,700 a month. Pay stubs and W-2 wage and tax

statements were requested by ECU as part of the loan approval process for LERNER. LERNER's pay stub from American Brake & Clutch, Inc. dated June 19, 2009, which was faxed to ECU from a UPS Store, indicated he earned \$93,451.93 thus far this year. American Brake & Clutch W-2 wage and tax statements faxed to ECU showed that LERNER earned \$104,457.01 in 2007 and \$106,285.00 in 2008.

10. On August 3, 2009, Robertson contacted American Brake & Clutch to verify LERNER's employment and income information which were provided as part of the loan application process. American Brake & Clutch confirmed LERNER was a former employee who worked there from February 11, 2008 through December 17, 2008 and earned approximately \$10.00 an hour. According to American Brake & Clutch, LERNER's total amount earned while at American Brake & Clutch was \$16,682.23.

11. Since closing Ristich's and LERNER's loans, ECU has attempted to locate the BMW vehicles to place their liens, but their attempts have been unsuccessful. Robertson has contacted both insurance companies who the borrowers represented were the insurers of the vehicles. The policy associated with Ristich was valid; however, the BMW vehicle identified on the verification of insurance provided to ECU was not listed on the policy. The policy associated with LERNER for his BMW vehicle was cancelled eight days after ECU issued the cashier's check to purchase the vehicle.

12. Robertson has also attempted to contact Ristich, LERNER, and Pirkovic with no success. The contact telephone numbers provided to ECU for each individual have all been disconnected. ECU has sent out the individuals who repossess cars for ECU to locate and take possession of both vehicles. They have been unable to locate either vehicle.

13. Robertson also conducted an internet search on the address listed on the purchase agreements for Luxury Vehicles: 79649 Weyer, Bruce Township, Michigan 48065. Robertson found that the address is listed for sale as a working horse farm.

14. On August 24, 2009, I conducted an internet search on the address listed on the Articles of Incorporation for Luxury Vehicles: 47833 Sandy Ridge, Macomb Township, Michigan 48044. That address comes back to a business named AAA Super Party Rental. A check of State of Michigan Department of Energy, Labor and Economic Growth, Bureau of Corporation Services ("DLEG-BCS") business entity records, and specifically, the Articles of Organization, lists AAA Super Party Rental as a party supply rental business with a registered office of 79649 Weyer, Bruce Township, Michigan 48065.

15. On August 5, 2009, I interviewed the ECU bank representative who conducted the closing of LERNER's loan on July 13, 2009. The ECU bank representative stated LERNER attended the closing transaction with another individual, whom I identified through still photographs and surveillance footage from ECU as BASHI.¹

16. Prior to LERNER's and BASHI's arrival, the ECU bank representative had been talking to the branch manager. They were concerned because the purchase agreement for the vehicle was different than the purchase agreements they ordinarily receive from dealerships. The agreement did not have typical information included on it such as mileage and the manufactured suggested retail price (MSRP). They were attempting to contact the dealership to request a new purchase agreement containing the appropriate vehicle information.

17. While waiting for the dealer to return their call, the ECU bank representative began to open an ECU account for LERNER, which was necessary in order for LERNER obtain a loan from ECU. When the ECU bank representative explained the eligibility form to LERNER, he was informed that he was eligible to become a member of ECU because

¹ Since February 2009, BASHI has been the target of an ongoing mortgage fraud investigation being conducted by the FBI and USSS. As part of that investigation, I have had several opportunities to interview BASHI in person.

he had graduated from Sterling Heights High School (SHHS). LERNER immediately responded that he had not graduated from SHHS. BASHI immediately corrected LERNER and said, "Yeah we did, remember?" Then both individuals were quiet.

18. The ECU bank representative took the eligibility form to the branch manager because now there were concerns about LERNER's eligibility to become a member. While the ECU bank representative and the branch manager attempted to confirm the loan information initially provided to ECU, LERNER came to branch manager's office and said, "Does it count that I went there for nine months my freshman year?" The branch manager told LERNER that if he could bring in proof of eligibility by the end of the week, which he agreed to do, they would continue opening the account.

19. During both the opening of LERNER's account and the closing of his auto loan, the ECU bank representative asked questions directly to LERNER. However, BASHI always responded. According to the ECU bank representative, LERNER did not seem like he knew anything about the transaction. BASHI was doing all of the talking.

20. At some point, the ECU bank representative asked LERNER if he could contact the dealer to obtain a new purchase agreement. BASHI, who referred to the dealer as "Alex," said Alex was out picking up a car and would not be back until tomorrow. BASHI said he had also purchased a car from Alex a few months prior.

21. When the ECU bank representative asked LERNER for the verification of insurance for the vehicle he was purchasing, BASHI responded LERNER was his best friend and he had "set all this up for him." BASHI then proceeded to give the ECU bank representative instructions on how to log into LERNER's G-Mail account to obtain the verification. BASHI even provided the username and password to the ECU bank representative.

22. After logging into LERNER's G-Mail account, the ECU bank representative

saw it contained five or six e-mails. While clicking on the different e-mails to try and locate the verification for the vehicle, the ECU bank representative saw that they all dealt with automobile insurance, such as proofs of insurance or insurance confirmations, for at least two different vehicles.

23. ECU closed the loan to LERNER and provided him a cashier's check for \$60,000, made payable to Luxury Vehicles. This check was deposited into TCF bank account 288 361 6357, in the name of J&P Financial, Inc. BASHI is the only signor on the account.

24. BASHI, doing business as J&P Financial, opened the business checking account on June 2, 2009. On the TCF business account application and agreement, BASHI indicated J&P Financial's business address was 57806 Grey Fox Glen, Washington, Michigan 48094. Through my investigation, I have confirmed that 57806 Grey Fox Glen is BASHI's residence. DLEG-BCS records, and specifically, the Articles of Incorporation, show that J&P Financial was incorporated on March 26, 2009 by BASHI. On July 30, 2009, BASHI, as President of J&P Financial, filed a Certificate of Assumed Name which certified that J&P Financial would transact business under the assumed name of Luxury Vehicle.

25. I conducted a review of TCF's bank records for BASHI's J&P Financial account for the months of June and July 2009. During those two months, five checks were remitted by financial institutions for the purchase of vehicles and deposited into BASHI's account. The relevant information is summarized in the table below:

Date	Remitter	Payee	Deposit Amount	Memo
15Jun09	National City	J&P Financial	\$40,000.00	Jovica Ristich
07Jul09	ECU	Luxury Vehicles	\$60,000.00	Jovica Ristich
08Jul09	National City	J&P Financial	\$30,000.00	
13Jul09	ECU	Luxury Vehicles	\$60,000.00	David Lerner II
21Jul09	Wells Fargo	Huntington Ford	\$25,000.00	
		TOTAL	\$215,000.00	

26. Of the money deposited, BASHI, the only signor on the account, withdrew \$183,500 in cash. The relevant information is summarized in the table below:

Date	Amount Withdrawn	Date	Amount Withdrawn
17Jun09	\$10,000.00	13Jul09	\$10,000.00
18Jun09	\$10,000.00	15Jul09	\$30,000.00
19Jun09	\$10,000.00	16Jul09	\$10,000.00
30Jun09	\$1,500.00	16Jul09	\$2,000.00
02Jul09	\$30,000.00	20Jul09	\$10,000.00
03Jul09	\$20,000.00	22Jul09	\$2,000.00
08Jul09	\$7,000.00	27Jul09	\$21,000.00

09Jul09	\$10,000.00	TOTAL	\$183,500.00
---------	-------------	--------------	---------------------

27. The July 27, 2009 withdrawal listed above was used by BASHI to purchase TCF official bank check 500099015, made payable to LERNER, in the amount of \$11,000.

28. The approximately \$20,000 remaining in the account was spent by BASHI in a variety of ways. Most of the funds were spent at various locations such as gas stations and numerous retail stores, such as ABC Warehouse, Armani Exchange, Target, Home Depot, Victoria Secret and others. Payments were made to Verizon Wireless and DTE Energy. The review of records did not reveal any indication the account was used for legitimate business expenses.

Credit Union One

29. On August 6, 2009, I interviewed Jan White, Compliance/Security Specialist, Credit Union One (CUO). CUO opened an account for LERNER on July 21, 2009 at their Shelby, Michigan branch. At that time, he also attempted to close a loan for \$30,000 to purchase a Mercedes Benz from Luxury Vehicles. CUO had been provided with the exact same fraudulent employment and income information for LERNER that was previously provided to ECU, indicating LERNER was currently employed at American Brake & Clutch, earning approximately \$8,700 a month.

30. The CUO bank representative was waiting for the dealer from Luxury Vehicles to bring the RD-108 form, which detailed the transaction, which CUO required to close the loan. The dealer, who I identified as BASHI from CUO surveillance photos, brought the form into CUO. Most of the pertinent information, including dealership name, licensing number, purchase price, and sales tax, was missing from the form. For that reason, CUO told LERNER the loan could not be closed on that day.

31. LERNER returned to CUO the very next day with a completed RD-108 form from Luxury Vehicles. CUO checked the State of Michigan website to see if Luxury Vehicles was a licensed dealer, which they were not. LERNER was told the loan would not be closed with Luxury Vehicles. LERNER stated he would locate a different vehicle from a different dealership.

32. On July 29, 2009, LERNER brought a completed RD-108 form from Mercedes Benz of Rochester to CUO. The loan was closed and a check, in the amount of \$30,000, was issued to Mercedes Benz of Rochester.

33. On July 29, 2009, BASHI visited a TCF Bank and attempted to deposit a cashier's check, in the amount of \$30,000, drawn on Credit Union One, made payable to Mercedes Benz of Rochester, with LERNER listed as the remitter. The check was already endorsed "For deposit only not used for purpose intended." The bank representative became suspicious of the check since BASHI's account was in the name of J&P Financial, not Mercedes Benz of Rochester, and did not complete the transaction. To my knowledge, this check has still not been deposited.

34. As indicated earlier in Paragraph 24, on July 30, 2009, BASHI filed a certificate of assumed name with the State of Michigan. The certificate indicated the assumed name under which J&P Financial was to be transacted was Luxury Vehicle. BASHI provided the certificate to TCF Bank.

Michigan First Credit Union

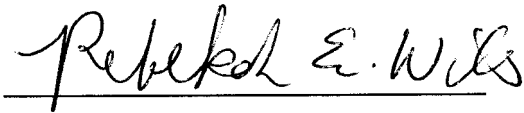
35. On August 11, 2009, I was contacted by Mark Sebastian, Assistant Risk Management Manager with Michigan First Credit Union (MFCU). According to Sebastian, on August 5, 2009, LERNER went to MFCU's Eastpointe branch location. Sebastian provided me with surveillance photos which show that LERNER was accompanied by

BASHI. LERNER opened a MFCU bank account and closed an auto loan, in the amount of \$30,000, to purchase a Mercedes Benz. MFCU had been provided with the exact same fraudulent employment and income information for LERNER that was previously provided to ECU and CUO, indicating LERNER was currently employed at American Brake & Clutch, earning approximately \$8,800 a month. Upon closing the loan, LERNER was issued MFCU cashier's check 2270465, made payable to LERNER and Luxury Vehicle, in the amount of \$30,000.

36. On August 11, 2009, BASHI went to MFCU's main branch located in Lathrup Village, Michigan and opened a business account in the name of J&P Financial doing business as Luxury Vehicle. BASHI provided MFCU with the Certificate of Assumed Name certifying that J&P Financial was to transact business as Luxury Vehicle. BASHI then attempted to cash MFCU cashier's check 2270465. Because MFCU had since become aware of the potential fraud associated with the loan to LERNER, they retained the cashier's check containing the loan's proceeds.

Conclusion

37. Based upon these facts, there is probable cause to believe that PAUL BASHI and DAVID LERNER have committed the offense of Conspiring to Commit Bank Fraud in violation of 18 U.S.C. § 1349.

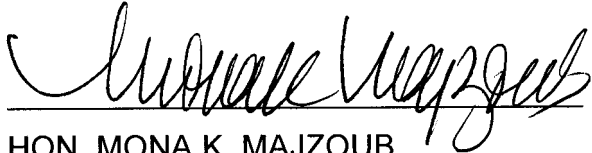


Rebekah E. Wiles

Special Agent

Federal Bureau of Investigation

Subscribed and sworn to before me
this 24th day of August, 2009.



HON. MONA K. MAJZOUB

U.S. Magistrate Judge

Eastern District of Michigan