



*United States Attorney
District of New Jersey*

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CONTACT: Rebekah Carmichael
Matthew Reilly
Office of Public Affairs
(973) 645-2888

**AFFORDABLE HOUSING DEVELOPER INDICTED FOR ALLEGED FRAUD,
DIVERTING PUBLIC FUNDS FROM TRENTON, N.J. PROJECTS**

TRENTON, N.J. – A federal grand jury in New Jersey has indicted the developer of three Trenton affordable housing projects for allegedly diverted money intended for the developments, announced New Jersey U.S. Attorney Paul J. Fishman.

A federal grand jury returned a 25-count indictment today charging Robert Kahan, 67, of Sunny Isles Beach, Fla., with 10 counts of making false statement in a loan application, three counts of bank fraud, three counts of mail fraud, two counts of fraud against a local government receiving federal benefits, and seven counts of transacting in criminal proceeds. Kahan will be required to appear in federal court to face the charges on a date to be determined.

“As alleged in the indictment, Kahan took money intended for projects designed to help those in need of affordable housing and used it for his own ends,” said U.S. Attorney Fishman. “It isn’t just defrauded financial institutions and programs that lose: it’s the people of our cities who are the most vulnerable. They can’t afford it, and we won’t stand for it.”

“Mr. Kahan allegedly took advantage of the system and the good faith of banks, credit lenders and the local and federal government by diverting funds procured for the development of affordable housing,” said FBI Special Agent in Charge Aaron T. Ford. “The Newark office of the FBI remains committed to bringing to justice those individuals that insist on misusing funds through fraud and deception. Today’s plea is the result of the hard work of the men and women of the FBI and our federal partners at the Internal Revenue Service and U.S. Department of Housing and Urban Development, Office of Inspector General. Together with our federal partners we will continue combating fraud at all levels of society.”

According to the indictment:

Kahan was a developer of three affordable housing projects in Trenton between 2006 and 2010 – the Canal Plaza Homeownership Project, the Southwest Village II Project and the Catherine S. Graham Project – for which he obtained both private and public funding.

When seeking loans for projects, including the three Trenton projects, Kahan caused personal financial statements to be submitted to banks on behalf of himself and his spouse that falsely overstated the value of his assets.

Kahan also falsely represented in payment applications, when requesting advances of loan and subsidy money in connection with the three Trenton projects, that all money he was previously paid had been used to pay costs for labor, materials and other obligations for a particular project. Kahan allegedly caused substantial portions of the money to be diverted for his own personal use, his other development projects and other uses that were not authorized.

The false statement in a loan application, bank fraud and mail fraud counts each carry a maximum potential penalty of 30 years in prison and a \$1 million fine. The charges of fraud against a local government receiving federal benefits and transacting in criminal proceeds each carry a maximum potential penalty of 10 years in prison and a \$250,000 fine.

U.S. Attorney Fishman credited special agents of the FBI, under the direction of Special Agent in Charge Ford; IRS-Criminal Investigation, under the direction of Special Agent in Charge Shantelle P. Kitchen; and the U.S. Department of Housing and Urban Development, Office of Inspector General, under the direction of Cary Rubenstein, Special Agent in Charge, Northeast Region, with the investigation leading to the indictment.

The government is represented by Assistant U.S. Attorney Eric Moran in Trenton and Senior Litigation Counsel J Fortier Imbert in Newark, both of the U.S. Attorney's Office Special Prosecutions Division.

The charges and allegations contained in the Indictment are merely accusations, and the defendant is considered innocent unless and until proven guilty.

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Defense counsel: Scott Krasny Esq., West Trenton, N.J.