



*United States Attorney
District of New Jersey*

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**REAL ESTATE DEVELOPER SENTENCED TO 27 MONTHS IN PRISON FOR
DIVERTING MONEY FROM TRENTON AFFORDABLE HOUSING PROJECTS**

TRENTON, N.J. – The developer of three Trenton affordable housing projects was sentenced today to 27 months in prison for making false statements to a financial institution to divert project money for personal and other unauthorized purposes, and to conducting a transaction with the proceeds of this crime, U.S. Attorney Paul J. Fishman announced.

Robert Kahan, 69, of Sunny Isles Beach, Florida, previously pleaded guilty before U.S. District Judge Peter G. Sheridan to two counts of an indictment charging him with making false statements in a loan application (Count 8) and to transacting in criminal proceeds that resulted from those false statements (Count 12). Judge Sheridan imposed the sentence today in Trenton federal court.

According to documents filed in this case and statements made in court:

Between 2006 and 2009, Kahan was a developer of three affordable housing projects in Trenton – 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.

The Southwest Village II Project was a project to construct 52 affordable housing units. Kahan diverted substantial portions of the project's financing from a \$6,435,000 construction loan from Roma Bank to his own personal use, his other development projects and other uses that were outside of the project budget. In October 2008, Kahan diverted \$343,354 of Southwest Village II project financing and applied it as a down payment to purchase a Florida condominium. In numerous payment applications made to the loan administrator for the project financing requesting advances of loan and subsidy money, Kahan falsely stated that all money that he was previously paid had been used to pay costs for labor, materials and other obligations for the Southwest Village II Project.

In addition to the prison term, Judge Sheridan sentenced Kahan to four years of supervised release. Under terms of the plea agreement, Kahan must forfeit \$989,901 in criminal proceeds.

U.S. Attorney Fishman credited special agents of the FBI, under the direction of Special Agent in Charge Aaron T. Ford; IRS-Criminal Investigation, under the direction of Acting Special Agent in Charge Jonathan D. Larsen; and the U.S. Department of Housing and Urban Development, Office of Inspector General, under the direction of Christina Scaringi, Special Agent in Charge, Northeast Region, with the investigation leading to today's sentencing.

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

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Defense counsel: Scott Krasny Esq., West Trenton, New Jersey