

NEWS

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FOR IMMEDIATE RELEASE
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Livingston Man with Extensive Criminal Fraud Record
Arrested Today for Investment and Social Security Fraud

(More)

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NEWARK – A Livingston man was arrested today at his residence and charged with conspiracy for defrauding investors of more than \$800,000 in an investment scheme, and for committing a decade-long Social Security fraud, U.S Attorney Christopher J. Christie announced.

Paul J. LoPapa, 62, had an initial appearance today before U.S. Magistrate Judge Esther Salas relating to a two-count criminal Complaint which charged him with conspiracy to commit wire fraud and with defrauding the Social Security Administration. At the time of his arrest, law enforcement seized three high-end Mercedes Benzes and seized contents of a bank account as proceeds from the fraudulent conduct, according to Robert Kirsch, the Assistant U.S. Attorney who is handling the prosecution.

In addition, law enforcement agents from the FBI, U.S. Postal Inspection Service, and Social Security Administration Office of Inspector General executed a search warrant on the Livingston residence.

At his initial appearance, Kirsch told Judge Salas that LoPapa has multiple criminal convictions dating back to 1985. LoPapa has done stints in both state and federal prison for fraud. He was currently on probation for a New Jersey state conviction out of Bergen County for theft by unlawful taking, for which he served approximately 15 months in prison. His last federal conviction was in 1993 for bank fraud and Social Security fraud out of Virginia.

Judge Salas ordered him detained pending a further bail hearing Friday at 2:30.

The Investment Scheme

The Complaint alleges that LoPapa, and individuals identified as J.V. and M.B. solicited investors for an investment program referred to as the “Bank Guarantee Program,” through a company LoPapa formed named Skyline Equities, Inc. (“Skyline”). LoPapa and the others promoted the Bank Guarantee Program as a supposedly sophisticated international financial instrument facilitated through well-known financial institutions such as Credit Suisse and UBS.

LoPapa was listed in various documents as Skyline’s Chairman, President and Director; M.B. was listed at times as Skyline’s President; and J.V., who lives with LoPapa, was listed as Skyline’s Vice President, Treasurer, and Secretary. Skyline operated out of LoPapa’s and J.V.’s Livingston residence.

In order to lure investors, LoPapa and others promised extraordinarily high returns, and to further gain credibility, LoPapa represented himself as an attorney, which he is not. LoPapa, J.V., and M.B. sales pitches included face-to-face meetings with investors at the

Livingston residence. The government alleges that the Bank Guarantee program did not exist, and that the documents provided to investors were fraudulent.

The Complaint charges that immediately upon receipt of investors monies, instead of investing their money in any investment program, LoPapa, his live-in companion J.V., and M.B. spent the money on personal items, including a series of lavish vehicles.

For example, the Complaint charges on Dec. 19 and 20, 2007, a series of investors wire-transferred \$400,000 to a Skyline bank account held at JP Morgan Chase, over which LoPapa and J.V. had control and signatory authority. Prior to the investors' money, the Skyline account at JP Morgan Chase had a negative balance. On Dec. 20, 2007, \$45,000 of the investors' money was allegedly wire-transferred from Skyline to M.B. and his spouses' personal account also held at JP Morgan Chase, and a check was drawn from that Skyline account to Globe Motor Car Company, in Fairfield, for a 2008 Mercedes Benz ML 350, registered to M.B. Over the next two weeks, LoPapa purchased an additional three high-end Mercedes Benzes, each for approximately \$100,000, drawn from the same Skyline bank account. LoPapa registered a 2008 Mercedes GL 550 and a 2007 Mercedes SL 550 in his name, and J.V. registered a 2008 Mercedes G500 in her name. The complaint states that in March 2008, LoPapa and J.V. traded in the 2008 Mercedes GL 550 and the 2007 Mercedes Benz SL 550 in exchange for a 2007 Mercedes CL 600, which was registered to J.V.

LoPapa and J.V. also allegedly spent investor money to pay for their property taxes on their Livingston residence, health insurance premiums, and credit card purchases for items and services at stores such as Bloomingdales, Lord & Taylor, Walter Bauman Jewelers, Millburn Car Wash, 1-800 Flowers and elsewhere.

In total, Lopapa and others obtained approximately \$815,000 from investors. With the exception of one investor who received back \$50,000 of her \$200,000 investment after she threatened to report her suspicions of fraudulent conduct, all of the investors lost all their money.

LoPapa's Social Security Fraud

Count Two of the Complaint alleges that LoPapa had unlawfully received Social Security Disability payments from October 1997 through the present, which totaled approximately \$145,000. In his application for Disability Insurance Benefits to the Social Security Administration, LoPapa claimed that he had not worked since 1990, that he suffered from memory loss, and that a stroke rendered him unable to leave his home. J.V., using LoPapa as her last name, submitted an affidavit to the Social Security Administration attesting that her "husband" has not been able to work since 1990, and that she had become his full-time care-taker.

The Complaint alleges that LoPapa, in fact, was gainfully employed throughout the time-period by simultaneously serving as a property manager, and that he owned and operated a series of businesses, including Skyline, as well as a mortgage brokerage and consulting firm.

In the event of conviction, LoPapa faces a maximum statutory term of 20 years in federal prison for the conspiracy charge, and five years in prison for the Social Security fraud. Both counts carry a statutory maximum fine of \$250,000.

Christie credited Special Agents of the Social Security Administration Office of Inspector General, Office of Investigations, under the direction of Special Agent in Charge Edward J. Ryan for the New York Field Division; and Special Agents of the FBI, under the direction of Special Agent in Charge Weysan Dun in Newark

Christie said the investigation is continuing.

The case is being prosecuted by Assistant U.S. Attorney Robert Kirsch of the U.S. Attorney's Office Securities and Health Care Fraud Unit in Newark.

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Defense counsel: Thomas Roth, Esq., West Orange