ORANGE COUNTY DISTRICT ATTORNEY

NEWS RELEASE

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FOR IMMEDIATE RELEASE
Case # 17CF2429

Date: July 17, 2018

MAN SENTENCED TO EIGHT YEARS IN PRISON FOR UNLAWFUL LOAN MODIFICATION AND MONEY LAUNDERING AFTER DEFRAUDING NEARLY $2.3 MILLION FROM 387 HOMEOWNERS

SANTA ANA, Calif. – A man was convicted and sentenced on Friday to eight years in state prison for operating an unlawful loan modification and money laundering scam that defrauded nearly $2.3 million from 387 homeowners.

Defendant	**Charges**	**Sentence (Court Offer)**
Assad Suleiman, 48, Irvine	Pleaded guilty on July 13, 2018, to the following felony counts: • (43) Money laundering • (10) Grand theft • (10) Second degree burglary • Conspiracy to commit grand theft, money laundering, and unlawful loan modification <u>Sentencing Enhancements</u> • Aggravated white collar crime over $500,000 <u>Prior Convictions</u> • Assault and mortgage fraud in 2010 in San Diego	• Eight years in state prison • Ordered to pay $1,568,717 in restitution

Codefendants Kevin Suleiman, 39, Irvine, and Rosa A. Barraza, 45, Santa Ana, were charged on Oct. 3, 2017, with 36 felony counts of money laundering, 12 felony counts of grand theft, 10 felony counts of commercial burglary, and one felony count each of conspiracy to commit grand theft, money laundering, and unlawful loan modification, with sentencing enhancements for aggravated white collar crime over $500,000 and property damage over $1.3 million. Kevin Suleiman is scheduled for a pre-trial hearing on July 27, 2018, at 8:30 a.m. in Department C-55, Central Justice Center, Santa Ana. Barraza is scheduled for a pre-trial hearing on July 30, 2018, at 8:30 a.m. in Department C-55, Central Justice Center, Santa Ana.

<u>Circumstances of the Case</u>
Assad Suleiman was convicted of, and Kevin Suleiman and Rosa Barraza are accused of the following:

- Between May 2012 and July 2017, engaging in a sophisticated loan modification scheme and operating as:
  - Jefferson Legal Group (Los Angeles)
  - Simplify Law Group (Irvine)

- Synergy Law Center (Anaheim)
- Wilshire Debt Advisors (Irvine)

- Operating without any lawyers involved, despite the misleading entity names
- Charging advance fees for loan modifications and, if no loan modification was approved, ceasing communication with the victims after receiving an initial payment
- If the defendant did get a loan modification approved for the victims, lying to the victims and telling them a trial payment and/or lump sum payment to their lender was required to cover taxes and various fraudulent fees
- Directing the homeowner to make their trial payment directly to one of the four fraudulent entities for a three to four month period and falsely telling the homeowner that the trial payments would be forwarded to their lender
- If the victims had any money still available, demanding additional payments to bring their impound accounts current
- Failing to forward any payments to the mortgage lenders and laundering the money by depositing funds to the defendants' Chase Bank and Bank of America accounts under their fraudulent businesses names
- Defrauding a total of 387 victims with a loss of at least $2.28 million

Barraza and Assad Suleiman were arrested on Oct. 5, 2017, during a warranted search of their office. The Orange County District Attorney's Office (OCDA) recovered $500,000 in cash. Kevin Suleiman was arrested by U.S. Marshals in San Diego on Jan. 10, 2018.

<u>About This Fraud Scheme</u>

It is against California law to charge an advance fee for a loan modification. Homeowners needing foreclosure relief are typically in financial distress and vulnerable to losing their family's principal asset. In many instances, the conspirators directed the homeowners to stop making their mortgage payments, ostensibly to prove to the lenders that a loan modification was necessary and freeing up funds to pay the conspirators. Directing homeowners to breach their contracts in many instances would precipitate the commencement of foreclosure proceedings that would otherwise be unnecessary.

This fraud scheme was particularly effective and insidious because the lenders were never aware that trial payments and impound fees had been collected by the conspirators, and the homeowners believed the lies the conspirators made to them that their monies would be forwarded to their lenders. Many homeowners never discovered the fraud until their lenders commenced foreclosure against their homes. The conspirators deliberately chose entity names that implied attorneys were involved, and when complaints began to pile up or suspicious raised, the same conspirators would contact victims with new entity names, while the old entity simply disappeared in a financial "hit and run."

The OCDA, along with the U.S. Federal Housing Finance Agency Office of Inspector General and U.S. Department of Housing and Urban Development Office of Inspector General, investigated this case.

Prosecutor: Deputy District Attorney George McFetridge, Major Fraud Unit

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