



Department of Justice



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GRAND JURY INDICTS 11 LINKED TO AN INLAND EMPIRE LOAN MODIFICATION SCAM THAT TARGETED FINANCIALLY DISTRESSED HOMEOWNERS

LOS ANGELES – Federal agents this morning arrested 10 defendants who worked at a Rancho Cucamonga, Calif., based business that allegedly offered bogus loan modification programs to financially distressed homeowners. As a result of the scheme allegedly run out of 21st Century Real Estate Investment Corp. and several related companies, more than 4,000 financially distressed homeowners lost at least \$7 million in fees they paid to the company, and many homeowners lost their homes to foreclosure.

Those taken into custody this morning were among 11 defendants named in a federal indictment unsealed today following an investigation by the FBI; Internal Revenue Service (IRS)-Criminal Investigation; the U.S. Postal Inspection Service; the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP); and the Federal Housing Finance Agency, Office of Inspector General.

According to the indictment, during an 18-month period that began in June 2008, a Rancho Cucamonga woman – Andrea Ramirez – operated 21st Century and several other companies. According to the indictment, 21st Century “defrauded financially distressed homeowners by making false promises and guarantees regarding 21st Century’s ability to negotiate loan modifications from the homeowners’ mortgage lenders, falsely representing that 21st Century was operating a loan modification program

sponsored by the United States government, instructing homeowners to cease communication with their mortgage lenders and to cease making their mortgage payments.”

“The housing crisis provided fraud artists a new avenue to exploit people in financial distress,” said U.S. Attorney André Birotte Jr. “Many of the victims in this alleged scheme were in desperate financial straits, and shameless financial predators promised relief they could not deliver. As a result, many homeowners went into foreclosure and now have to deal with the ramifications of losing their homes.”

Ramirez and the other 21st Century employees contacted distressed homeowners through cold calls, newspaper ads and mailings and various 21st Century-controlled websites that advertised loan modification services. Once they contacted the distressed homeowners, according to the indictment, Ramirez and other 21st Century employees often falsely told clients that the company was operating through a federal government program, that they would be able to obtain new mortgages with specific interest rates and reduced payments, and that attorneys would negotiate loan modifications with their lenders. Ramirez and other 21st Century employees regularly instructed financially distressed homeowners to cease making mortgage payments to their lenders and to cut off all contact with their lenders because they were being represented by 21st Century. On some occasions, Ramirez and other 21st Century employees would tell homeowners that 21st Century was using the fees paid by the homeowner to make mortgage payments, when in fact Ramirez and 21st Century simply were keeping the homeowner’s money.

Christy Romero, Special Inspector General at SIGTARP, stated: “Ramirez and her co-conspirators are charged with fraudulently operating 21st Century to exploit the hardships of homeowners fighting to keep a roof over their head. As alleged, these con artists swindled distressed homeowners by lying about their affiliation with federal housing programs and giving money-back guarantees that the homeowners would get a lower mortgage payment if they paid an advance fee. SIGTARP and our law enforcement partners are committed to shutting down schemes that prey on those who can least afford it by falsely claiming an affiliation with TARP’s housing programs.”

Leslie P. DeMarco, Special Agent in Charge of the IRS-Criminal Investigation’s Los Angeles Field Office, said: “Using the guise of a federally sponsored loan modification program, and the assurance of a qualified legal team, the defendants preyed on financially distressed homeowners allegedly depriving them of much needed money and property. Those who find ways to fraudulently benefit from government programs meant to help struggling homeowners keep their homes will be brought to justice.”

The 11 defendants named in the indictment are: Andrea Ramirez, a.k.a. Andrea Parker and Lisa Evans, 44, of Rancho Cucamonga; Christopher Paul George, 42, Rancho Cucamonga, who surrendered this morning to authorities; Michael Bruce Bates, a.k.a. Michael Bruce Myers and Robert Allen Castro, 61, of Moreno Valley, Calif.; Crystal Taiwana Buck, 37, of Long Beach, Calif.; Michael Lewis Parker, 34, of Pomona, Calif., who is currently a fugitive being sought by federal authorities; Catalina Deleon, 35, of Glendora, Calif.; Hamid Reza Shalviri, 50, Montebello, Calif., who self-surrendered this morning after

being contacted by federal agents; Yadira Garcia Padilla, 35, of Rancho Cucamonga; Mindy Sue Holt, 53, of San Bernardino, Calif.; Iris Melissa Pelayo, 42, of Upland, Calif.; and Albert DiRoberto, 59, of Fullerton, Calif..

The defendants arrested this morning are expected to be arraigned this afternoon during their initial court appearances in U.S. District Court in Riverside, Calif.

“Fraudulent loan modification scams affect consumers at the most basic level, jeopardizing their ability to retain ownership of their homes,” said B. Bernard Ferguson, Inspector in Charge of the U.S. Postal Inspection Service - Los Angeles Division. “The U.S. Postal Inspection Service will investigate these crimes to protect consumers and when the nation’s mail system is used for illegal or dangerous use.”

Steve Linick, the Federal Housing Finance Agency Inspector General, stated: “The government created programs intended to assist homeowners by allowing them to remain in their homes during these troubling financial times. Anyone attempting to engage in schemes designed to exploit struggling homeowners and the government programs created to help those same homeowners will ultimately be brought to justice.”

All 11 defendants are charged with nine felony counts – five counts of mail fraud, three counts of wire fraud and one count of conspiracy. Each count in the indictment carries a statutory maximum penalty of 20 years imprisonment.

An indictment contains allegations that a defendant has committed a crime. Every defendant is presumed to be innocent until and unless proven guilty in court.

Today’s announcement is part of efforts underway by President Obama’s Financial Fraud Enforcement Task Force (FFETF) which was created in November 2009 to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. attorneys’ offices and state and local partners, it’s the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets and conducting outreach to the public, victims, financial institutions and other organizations. Over the past three fiscal years, the Justice Department has filed more than 10,000 financial fraud cases against nearly 15,000 defendants including more than 2,700 mortgage fraud defendants. For more information on the task force, visit www.stopfraud.gov.

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