

Press Release

California man convicted of fraud for operating call centers that preyed on struggling homeowners

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For Immediate Release

U.S. Attorney's Office, Western District of Washington

Scheme defrauded homeowners of over \$5 million

Seattle –The operator of a web of boiler-room-type call centers was convicted Wednesday in U.S. District Court in Seattle for defrauding over 1,000 distressed homeowners facing foreclosure, announced Acting U.S. Attorney Teal Luthy Miller. Mohammed Zafaranchi, 43, aka ‘Mike Ferry’ was convicted of all twelve federal charges he faced: conspiracy to commit wire fraud, five counts of wire fraud, five counts of money laundering, and obstruction of justice. After a seven-day trial, the jury deliberated for about four hours before returning the guilty verdicts. Zafaranchi faces up to 20 years in prison when sentenced by U.S. District Judge John C. Coughenour on October 21, 2025.

“The defendant preyed on vulnerable homeowners who were desperate to avoid losing their homes in a difficult economy,” said Acting U.S. Attorney Miller. “He manipulated these people into paying him thousands of dollars they could not afford to lose. Mr. Zafaranchi demonstrated he knew his activities were illegal when he destroyed evidence just after learning the FBI had served search warrants at one of his call centers.”

Zafaranchi’s fraud involved purchasing data that identified homeowners who were behind on their mortgages and at risk of losing their homes. Each week, Zafaranchi sent thousands of solicitation mailers falsely telling the distressed homeowners they were eligible for government programs that would reduce their mortgage debt by 30% and reduce their interest rate to 2%. The mailers told homeowners to call a phone number before a made-up deadline to get the mortgage modification.

When homeowners called the call centers, operators followed a series of scripts telling homeowners that lawyers and underwriters had vetted their case and negotiated a modification with their lender. The scripts instructed operators to place callers on hold for a pre-determined amount of time to build suspense and make it appear a review was underway. The operator would then return to the line and tell each victim he or she was one of the very select few who qualified for the program—but only if the homeowner paid the call center a \$3,000 legal fee to “finalize” the modification. Assistant United States

Attorney Lauren Watts Staniar said in closing arguments that “Each stage of the script was designed to entice the victim into the fraud and get them to pay the fee.”

In fact, Zafaranchi’s businesses had no legal or underwriting staff. Instead, untrained workers simply scanned the homeowners’ financial records, completed a basic application form, and sent the documents to the banks. The homeowners did not receive the modifications promised in the mailers, and some lost their homes.

After taking the victims’ money, Zafaranchi laundered the funds through shell bank accounts and withdrew the proceeds in cash. He was convicted of money laundering for this conduct.

On March 29, 2018, the FBI served a search warrant on the call center in Everett Washington. After learning of this search, Zafaranchi told his California employees to remove the computers and other evidence from his California offices. That night, Zafaranchi destroyed all records associated with three email accounts he used to operate the businesses. For that conduct, Zafaranchi was convicted of obstruction of justice.

Zafaranchi’s two coconspirators have already pleaded guilty. Mark Lezama is scheduled for sentencing on October 14, 2025. Josh Herrera is scheduled for sentencing on October 21, 2025.

The case was investigated by the FBI. The case is being prosecuted by Assistant United States Attorneys Seth Wilkinson, Lauren Watts Staniar, and Dane A. Westermeyer. The Federal Housing Finance Agency Office of Inspector General provided support in the case.

Contact

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