

U.S. Department of Justice

*United States Attorney
District of Connecticut*

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CONTACT:

Tom Carson
Public Information Office
(203) 821-3722
(203) 996-1393 (cell)

**SEVEN CALIFORNIA RESIDENTS CHARGED WITH
OPERATING BOILER ROOM MORTGAGE LOAN MODIFICATION
SCHEME**

New Haven, Conn – A federal grand jury in New Haven has returned an indictment charging seven California residents with conspiracy and fraud offenses stemming from an alleged scheme to defraud homeowners across the United States who were seeking mortgage loan modifications. The 14-count indictment was returned under seal on January 21 and all seven defendants were arrested this morning.

Charged in the indictment are:

ARIA MALEKI, 33, of Santa Ana, Calif.

MEHDI MOAREFIAN, a.k.a. “Michael Miller,” 36, of Irvine, Calif.

KOWIT YUKTANON, a.k.a. “Eric Cannon,” 31, of Huntington Beach, Calif.

CUONG HUY KING, a.k.a. “James Nolan” and “Jimmy,” 32, of Westminster, Calif.

DANIEL SHIAU, a.k.a. “Scott Decker,” 30, of Irvine, Calif.

SERJ GEUTTISOYAN, a.k.a. “Anthony Kirk,” 33, of Santa Ana, Calif.

MICHELLE LEFAOSEU, a.k.a. “Michelle Bennett,” 41, of Huntington Beach, Calif.

The defendants will make initial appearances at 2:00 p.m. (PST) in federal court in Santa Ana, California, before U.S. Magistrate Judge Douglas F. McCormick. They are scheduled to be arraigned on February 17 before U.S. Magistrate Judge William I. Garfinkel in Bridgeport, Connecticut.

In association with today’s arrests, law enforcement seized approximately \$350,000 from various bank accounts, approximately \$362,000 from a Bitcoin account, a \$100,000 cashier’s check, and a 2013 Ferrari 458 Italia.

“As the indictment alleges, these seven defendants preyed on struggling homeowners in Connecticut and across the United States, falsely offering mortgage relief in exchange for

thousands of dollars that the victims clearly could not afford to spend,” said Deirdre M. Daly, U.S. Attorney for the District of Connecticut. “I thank our federal and state law enforcement partners in New England, New Jersey, California and Oklahoma for investigating this matter, shutting down this alleged scam and arresting these seven defendants.”

“Some frauds are complex with multiple dimensions, but our agents coupled with all law enforcement multipliers will inevitably uncover the scheme,” said Terence Opiola, Special Agent in Charge of Homeland Security Investigations (HSI) in Newark. “I commend all of our partners for a job well done.”

“These individuals allegedly took advantage of the national mortgage crisis,” said Shelly A. Binkowski, Postal Inspector in Charge for the Boston Division of the U.S. Postal Inspection Service. “These arrests clearly demonstrate that those who target hardworking homeowners in today’s challenging economy will be held accountable. I commend the hard work and countless hours put forth by all of the law enforcement agencies involved in this investigation. The U.S. Postal Inspection Service will continue to investigate these crimes to protect consumers and our nation’s mail system from being used for illegal or dangerous purposes.”

“The arrests and charges announced today serve to remind the public that we will continue the important work of investigating mortgage industry professionals who deceive and defraud homeowners, HUD’s Federal Housing Administration, and mortgage lending institutions to satisfy their greed,” said Christina Scaringi, Special Agent in Charge, HUD OIG, Northeast Region. “As alleged, the conduct of these defendants is particularly troubling as it is yet another reminder of the profit schemes designed to enrich themselves at the expense of lenders and government programs designed to help citizens find their way out of the mortgage crisis of the late 2000’s. We thank our law enforcement partners and the U.S. Attorney’s Office for this joint effort in ensuring these defendants are brought to justice.”

“These individuals are alleged to have engaged in a scheme that deceived and victimized homeowners at a time when the victims were most vulnerable as they were working to stay in their homes,” said Leslie DeMarco, Special Agent in Charge, Western Region, Federal Housing Finance Agency – Office of Inspector General. “We are proud to work with our law enforcement partners on this case and will continue to work with them to bring to justice all fraudsters who attempt to take advantage of unwitting victims.”

“This indictment highlights the collaborative effort of law enforcement across this country to protect home owners and potential buyers against financial fraud,” said Patricia M. Ferrick, Special Agent in Charge of the New Haven Division of the Federal Bureau of Investigation. “These seven individuals ultimately failed at attempts to avoid law enforcement by changing the names of their business. Despite the name changes, the mission of profit by deceit remained the same. We will pursue mortgage and financial fraud utilizing all local, state and federal resources available.”

According to the indictment, the defendants jointly operated a series of California-based companies that falsely purported to provide home mortgage loan modification services to numerous homeowners in Connecticut and across the United States in exchange for upfront

fees. The defendants did business, at various times, as “First Choice Financial Group, Inc.,” “First Choice Financial,” “First Choice Debt,” “Legal Modification Firm,” “National Freedom Group,” “Home Care Alliance Group,” “Home Protection Firm,” “Hardship Center,” “Network Solutions Center, Inc.,” “Premiere Financial Center,” “Premiere Financial,” “Rescue Firm,” “International Research Group LLC,” “Hardship Solutions,” “American Loan Center,” “Loan Retention Firm,” “Clear Vision Financial,” “Green Tree Financial Group,” “Green Tree Financial,” “Enigma Fund, Inc.,” “National Aid Group,” “Southern Chapman Group LLC,” “Save Point Financial,” “Best Rate Financial Solutions,” “Best Rate Financial Solution,” “Best Rate Financial,” “Best Rate Finance Group,” “Nation Star Financial,” and “Nation Star Fin Group.”

The indictment alleges that, acting as representatives of these entities, the defendants and their co-conspirators cold-called homeowners and offered to provide mortgage loan modification services to those who were having difficulty repaying their home mortgage loans. The defendants charged homeowners fees that typically ranged from approximately \$2,500 to \$4,300 for their services. To induce homeowners to pay these fees, the defendants falsely represented that the homeowners already had been approved for mortgage loan modifications on extremely favorable terms; the mortgage loan modifications already had been negotiated with the homeowners’ lenders; the homeowners qualified for and would receive financial assistance under various government mortgage relief programs, including the Troubled Asset Relief Program and the Home Affordable Modification Program; and if for some reason the mortgage loan modifications fell through, the homeowners would be entitled to a full refund of their fees.

The indictment alleges that the homeowners had not been preapproved for mortgage loan modifications with lenders, mortgage loan modifications had not been negotiated with the lenders, homeowners did not qualify for and did not receive any financial assistance through government mortgage relief programs, and homeowners did not receive a refund of their fees upon request. Few homeowners ever received any type of mortgage loan modification through the defendants’ companies, and few homeowners received refunds of their fees.

The indictment further alleges that the defendants used pseudonyms and periodically changed their business and operating names to evade detection. The defendants also directed homeowners to mail their checks to addresses and mail boxes that the defendants and their co-conspirators had set up in states other than California.

According to the indictment, the defendants routinely ignored cease and desist orders directed at them, including a December 17, 2013, order from the State of Connecticut Department of Banking to cease and desist from charging advance fees to Connecticut residents for mortgage modification services.

The indictment alleges that MALEKI presided over the entire structure of this scheme, that MOAREFIAN, YUKTANON, KING, SHIAU and GEUTSSOYAN acted as “closers,” and that LEFAOSEU was the head of the processing team.

The indictment charges all of the defendants with conspiracy to commit mail and wire fraud. In addition, MOAREFIAN, YUKTANON, KING, SHIAU, GEUTSSOYAN and

LEFAOSEU are each charged with one or more counts of mail fraud, and MOAREFIAN, YUKTANON, KING and SHIAU are charged with one of more counts of wire fraud.

If convicted, the defendants face a maximum term of imprisonment of 20 years on each count, and up to an additional 10 years of imprisonment for participating in a crime that involved telemarketing fraud and victimized 10 or more persons over age 55.

This matter is being investigated by U.S. Department of Homeland Security – Homeland Security Investigations, the U.S. Postal Inspection Service, Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), U.S. Department of Housing and Urban Development – Office of Inspector General, the Federal Housing Finance Agency – Office of Inspector General, and Federal Bureau of Investigation, with assistance from the Oklahoma Attorney General’s Office.

The case is being prosecuted in the District of Connecticut by Assistant U.S. Attorneys Avi M. Perry and Sarah P. Karwan, with assistance from Assistant U.S. Attorney Joshua Robbins of the U.S. Attorney’s Office for the Central District of California.

U.S. Attorney Daly stressed that an indictment is not evidence of guilt. Charges are only allegations, and each defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt.

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