

Tuesday, February 13, 2018

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Attorney General Becerra Announces Arrest and Indictments for \$2 Million Mortgage Fraud Scheme in Southern California

Four defendants indicted on 194 criminal charges for scam that cost vulnerable homeowners \$2 million

SAN DIEGO – California Attorney General Xavier Becerra announced the indictment of four individuals on 194 criminal felony counts for allegedly operating a mortgage fraud scheme throughout Southern California. The scheme resulted in a loss of approximately \$2 million for 40 victims who were seeking loans to help pay off their mortgages. Many of the victims lost their homes and life savings.

Andrew Valles, Jemal Lilly, Mark Bellinger and Arnold Millman were indicted by a grand jury in the San Diego Superior Court for grand theft, filing false or forged documents in a public office, conspiracy to commit those offenses, and identity theft, as well as special allegations for aggravated white collar crime. Two of defendants, Jemal Lilly and Mark Bellinger were arrested on January 30, 2018, they pled not guilty at their arraignments on February 2 and February 13, 2018. Defendants Andrew Valles and Arnold Millman have not been arrested and are currently at large and out of custody. The arrests were the product of a joint investigation by the California Department of Justice, the California Department of Insurance, and the Federal Housing Finance Agency Office of the Inspector General (FHFA-OIG). The United States Trustee Program assisted in providing a grand jury witness.

“The perpetrators of this mortgage fraud stole the life savings of decent Californians,” said Attorney General Becerra. “It's too common a story with all-too-common tactics. I hope today's arrests and indictments break the stride of those who prey on hard-working Americans and betray their trust. This case demonstrates the potency of multi-jurisdictional law enforcement agencies collaborating to fight fraud.”

According to the indictment, between 2012 and 2017, the defendants conspired using a fake insurance company, “SafeCare,” which promised to provide home loan services at a low monthly price to primarily Latino and African American families. During this time, the defendants would delay foreclosures and eviction actions by filing false bankruptcy and other court documents under fictitious names. They would instruct victims to deposit illegal advance fees and other large payments into a bank account controlled by the defendants and when the promised loan did not come through, would proceed with the fabricated filings. One of the defendants allegedly committed identity theft by posing as an attorney purporting to assist the

victims. The victims were charged additional fees for the false “attorney services.” The scheme took place in San Diego, Riverside, Orange, Los Angeles, and San Bernardino counties.

“These individuals are alleged to have played a role in this scheme by promising distressed homeowners new financing only to turn around and deliver bad credit. These actions not only cost the government sponsored enterprises and financial institutions hundreds of thousands of dollars, but they harmed consumers who were trying to do the right thing. FHFA-OIG thanks its law enforcement partners for their efforts,” said Rene Febles, Deputy Inspector General for Investigations for the Federal Housing Finance Agency Office of the Inspector General.

“This case is evidence that insurance fraud is not a victimless crime,” said Insurance Commissioner Dave Jones. “These suspects allegedly deceived dozens of victims to the tune of over \$2 million, leaving them uninsured and at great financial risk. Thanks to the hard work of our law enforcement partners, we were able to work together to unravel this case and stop this criminal enterprise.”

Attorney General Becerra is committed to protecting Californians from criminal fraudsters. If you are a homeowner who believes you may have been targeted by SafeCare, please contact the California Department of Justice. For those located in California, please call: 1-800-952-5225. For those located outside of California, please call: 1-916-322-3360.

It is important to note that a criminal indictment contains charges that must be proven in a court of law. Every defendant is presumed innocent until proven guilty.

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