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LOS ANGELES WOMAN PLEADS GUILTY TO FORECLOSURE RESCUE SCHEME

SACRAMENTO, Calif. — Jewel Hinkles, aka Cydney Sanchez, 63, of Los Angeles, pleaded guilty today to bankruptcy fraud in connection with a foreclosure rescue scheme she ran, United States Attorney Benjamin B. Wagner announced.

According to court documents, on December 1, 2011, a federal grand jury indicted Hinkles along with Jesse Wheeler, 36, of Roseville, Cynthia Corn, 60, of Oakland, and Brent Medearis, 46, of Modesto, in connection with the scheme. Wheeler operated JW Financial Solutions in Roseville and Corn operated Property Relief! in South San Francisco, both as affiliates of programs created by Hinkles. Medearis worked out of Modesto for Corn. Wheeler and Medearis previously pled guilty to bankruptcy fraud.

According to court documents, Hinkles was the founder and general manager of Horizon Property Holdings LLC, in Beverly Hills. From 2008 through 2010, Hinkles offered a service called the "Save My Home" or "Homesaver" that promised to rescue financially distressed homeowners from foreclosure and reduce the principal on homeowners' mortgages. Horizon offered its program directly to clients and also through several layers of "affiliates," who promoted and sold the program to clients, mostly in Northern California.

The defendants allegedly told homeowners that they would save their residences from foreclosure by arranging for investors to purchase their existing mortgage at a discounted price, thereby reducing the homeowner's principal and monthly mortgage payment. To prevent foreclosure and defraud the existing lenders, the defendants filed fraudulent deeds transferring an interest in the homeowner's property to a fictitious entity called Pacifica Group 49/II. In many instances, the defendants also filed fraudulent petitions in bankruptcy court, often naming both the homeowner and Pacifica Group 49/II as the debtor. The purpose of these petitions was to invoke the automatic provisions of federal bankruptcy law that bring to an immediate halt any foreclosure actions against a debtor's property.

Because the fraudulent deeds and bankruptcy petitions delayed foreclosure proceedings, the defendants were able to pretend that they were providing a legitimate service and continue to collect fees from defrauded homeowners. To enroll in the Save My Home program, clients were required to pay an initial payment of approximately \$3,500 and monthly fees up to \$1,500. The Homesaver program required clients to pay an initial

payment ranging from \$1,750 to \$6,500 and monthly fees up to \$850. In total, the scheme collected at least \$4.9 million from more than 1,000 homeowners, including homeowners whose mortgages were owned by the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).

According to the indictment, the defendants never arranged for the purchase of a single mortgage from any of the clients' lenders and never negotiated a single mortgage principal reduction for any of Horizon's clients.

This case is the product of an investigation by the United States Postal Inspection Service; the Federal Housing Finance Agency, Office of Inspector General; the Federal Bureau of Investigation; and the Stanislaus County District Attorney's Office. Assistant United States Attorneys Steven R. Lapham and Lee S. Bickley are prosecuting the case.

Hinkles is scheduled for sentencing September 30, 2013, and faces a maximum statutory penalty of five years in prison for bankruptcy fraud and a \$250,000 fine. The actual sentence, however, will be determined at the discretion of the court after consideration of any applicable statutory factors and the Federal Sentencing Guidelines, which take into account a number of variables.

Corn is scheduled for trial on August 6, 2013. The charges against her are only allegations; she is presumed innocent until and unless proven guilty beyond a reasonable doubt.

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