



Department of Justice

**United States Attorney Benjamin B. Wagner
Eastern District of California**

FOR IMMEDIATE RELEASE
Monday, June 24, 2013
www.justice.gov/usao/cae
Docket #: 2:11-cr-504-WBS

CONTACT: LAUREN HORWOOD
PHONE: 916-554-2706
usacae.edcapress@usdoj.gov

TWO PLEAD GUILTY TO FORECLOSURE RESCUE SCHEME

SACRAMENTO, Calif. — Jesse Wheeler, 36, of Roseville, and Brent Medearis, 46, of Modesto, pleaded guilty today to bankruptcy fraud in connection with a foreclosure rescue scheme, United States Attorney Benjamin B. Wagner announced.

According to court documents, on December 1, 2011, a federal grand jury indicted Wheeler and Medearis along with Jewel L. Hinkles, aka Cydney Sanchez, 63, of Los Angeles, and Cynthia Corn, 60, of Oakland, for a scheme run by Hinkles. Wheeler operated JW Financial Solutions in Roseville, and Medearis worked out of Modesto, both as affiliates of programs created by Hinkles.

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 "Save My Home" or "Homesaver" that promised to rescue financially distressed homeowners from foreclosure and reduce the principal on homeowners' mortgages. Horizon offered the program directly to clients and also through "affiliates," who promoted and sold the program to clients, mostly in Northern California. Corn sold the program through Property Relief!, a South San Francisco affiliate.

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 to 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 \$5 million from more than 1,000 clients.

According to court documents, 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 Federal Bureau of Investigation; the United States Postal Inspection Service; the Federal Housing Finance Agency, Office of Inspector General; and the Stanislaus County District Attorney's Office. Assistant United States Attorney Lee S. Bickley is prosecuting the case.

Wheeler and Medearis are scheduled to be sentenced on September 16, 2013, by United States District Judge William B. Shubb. They face 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.

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

####