



SIGTARP

Office of the Special Inspector General
For The Troubled Asset Relief Program

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FRAUDSTERS CONVICTED OF OPERATING NATIONWIDE MORTGAGE SCAM

Defendants Preyed Upon Hundreds of Desperate Homeowners Taking Money in Exchange for Empty Promises of Admission into HAMP

Three co-conspirators who operated a nationwide, multi-year “home mortgage modification” fraud that scammed hundreds of victims out of at least \$10 million were convicted today by a federal jury.

“Today justice was served to three scam artists who preyed upon hundreds of desperate homeowners taking money in exchange for empty promises of admission into the Home Affordable Modification Program (HAMP),” said Christy Goldsmith Romero, Special Inspector for the Troubled Asset Relief Program (TARP). “This was a scheme of deception and thievery: the defendants pocketed the homeowner dollars but did nothing to help their victims. I thank U.S. Attorney Boente and his team for their hard work and commitment protecting homeowners getting help through HAMP.”

According to court records and evidence presented at trial, Sammy Araya, Michael Henderson, and Jen Seko, all from the greater Los Angeles area, operated a large-scale “home mortgage modification” scam that victimized vulnerable individuals and families across the country for several years. The conspirators sent targeted mass mailers to homeowners facing foreclosure through Seko’s company, Seko Direct Marketing. The mailers referenced real federal programs designed to help struggling homeowners, such as HAMP, and were titled “Notice of HUD Relief,” “Notice of Mortgage Relief,” and “New HAMP Benefits,” among other misleading titles. The mailers listed various toll-free telephone numbers for the homeowners to call for assistance. When a victim homeowner who had been solicited via a mass mailing called the toll-free number listed on the mailer, a member of the conspiracy posing as a “customer service representative” would answer the phone and collect financial information from the victim, as well as inquire about the victim’s mortgage and how far behind the victim was on his or her mortgage payments. The victims were told the information would be reviewed to determine if they qualified for a mortgage modification. Instead, the information was used by the conspirators to determine how much money could be stolen from the victim. Henderson served as one of the purported “customer service representatives” and helped to distribute the money collected by the scam, while Araya was the mastermind and principal beneficiary of the entire fraudulent operation.

“These defendants scammed hundreds of individuals and families who were trying desperately to save their homes,” said Dana J. Boente, U.S. Attorney for the Eastern District of Virginia. “Their crimes were rooted in dishonesty and greed, and they shamelessly enriched themselves at their victims’ expense. I am very pleased with the convictions and want to commend the efforts of the Assistant United States Attorneys and our investigative partners for their terrific work on this important and complex case.”

According to court records and evidence presented at trial, after being contacted by another member of the conspiracy and told that their mortgage modification had been approved, the victim homeowner would be told that their lender required a “reinstatement fee,” usually in the amount of thousands of dollars. Victims were also told that they were required to make several “trial” mortgage modification payments. After these so-called “trial payments” were completed, their modification would be complete and their new lower mortgage payment would become permanent for the life of the loan.

“These defendants preyed upon innocent homeowners when they were at their most vulnerable, and simply trying to save their homes,” said Leslie DeMarco, Special Agent in Charge, Western Region, Federal Housing Finance Agency – Office of Inspector General. “These egregious schemes victimize homeowners and entire communities, and today a jury held them accountable for their actions. 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 individuals who attempt to defraud unwitting victims.”

Throughout this process, the members of the conspiracy represented themselves to homeowners in mass mailings, phone calls, emails, and other communications using a laundry list of aliases and fictitious entity names. Some of those fictitious entities included “Equity Restoration Group,” “Neighborhood Counseling Services of America,” and “Home Retention Center,” among many others. The conspirators changed their aliases and entity names regularly, in an effort to evade detection by law enforcement. The conspirators also falsely represented themselves as a “non-profit” organization or as affiliated with the federal government or the victims’ lenders, and they directed the victims to make their checks and money orders payable to other fake entities, such as “Payment Processing Services,” “Default Servicing,” and “Trust Funding.” They then opened bank accounts using those false entity names, and used those bank accounts to briefly deposit victim payments before withdrawing the funds and distributing the proceeds among the members of the conspiracy.

The victims of this scheme dutifully sent their payments to the fraudulent entities as instructed by the conspirators, only to discover that they had not been granted a mortgage modification by their lenders. When victims confronted the members of the conspiracy about this fact, the conspirators would make lulling statements designed to reassure the victims, such as telling them that the mortgage modification process takes time, and that they were dealing with individuals at a higher level at the bank than the lender representatives with whom the victims had spoken. In reality, however, the members of the conspiracy were simply diverting the victims’ payments for their own personal benefit, without doing anything to assist in modifying the victims’ mortgages. Araya, the ringleader of the scheme, used the proceeds of the fraud to purchase expensive vehicles, a racehorse, and a variety of luxury goods, as well as to fund his personal travel and a reality television show he produced called “Make It Rain.TV.” This scheme had devastating consequences for the victim homeowners, all of whom were already in a precarious financial position. Many victims suffered substantially greater financial hardship after falling victim to this conspiracy than they were already facing when they entered into the bogus agreements with the conspirators. In many cases, the lenders ultimately foreclosed on the victims’ homes, after the victims had been induced to make their “trial” mortgage payments to the members of the conspiracy rather than to their lenders.

Twelve defendants have been convicted in the Eastern District of Virginia in this case and a related case. They include the following individuals:

Name, Age Hometown	Result	Sentencing
Sammy Araya, 41 Santa Ana, California	Convicted on Counts 1-11 of superseding indictment at trial today	Faces maximum penalty of 20 years in prison on each count of conviction
Michael Henderson, 49 Costa Mesa, California	Convicted on Counts 1-6 and 9-11 of superseding indictment at trial today	Faces maximum penalty of 20 years in prison on each count of conviction
Jen Seko, 36 Anaheim, California	Convicted on Counts 1-6 and 9-11 of superseding indictment at trial today	Faces maximum penalty of 20 years in prison on each count of conviction
Roscoe Umali, 38 Santa Ana, California	Pleaded guilty March 22, 2016	220 months in prison on Aug. 18, 2016
Joshua Sanchez, 37 Las Vegas, Nevada	Pleaded guilty July 8, 2015 in case 1:15cr147	151 months in prison on Oct. 29, 2015
Kristen Ayala, 32 Las Vegas, Nevada	Pleaded guilty August 4, 2015 in case 1:15cr147	135 months in prison on Oct. 29, 2015
Isaac Perez, 33 Los Angeles	Pleaded guilty March 30, 2016	130 months in prison on Sept. 1, 2016
Joshua Johnson, 36 Huntington Beach, California	Pleaded guilty March 30, 2016	121 months in prison on July 7, 2016
Jefferson Maniscan, 34 Los Angeles	Pleaded guilty March 29, 2016	120 months in prison on Aug. 18, 2016
Raymund Dacanay, 47 Newport Beach, California	Pleaded guilty March 29, 2016	60 months in prison on July 21, 2016
Nicholas Estilow, 34 Mission Viejo, California	Pleaded guilty January 18, 2017	Faces maximum penalty of 20 years in prison on June 1.
Sabrina Rafo, 24 Garden Grove, California	Pleaded guilty January 19, 2017	Faces maximum penalty of 20 years in prison on June 1.

Araya faces a maximum penalty of 220 years in prison, and Henderson and Seko each faces a maximum penalty of 180 years in prison when sentenced on July 19. Actual sentences for federal crimes are typically less than the maximum penalties. A federal district court judge will determine any sentence after taking into account the U.S. Sentencing Guidelines and other statutory factors.

Christy Goldsmith Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP); Dana J. Boente, U.S. Attorney for the Eastern District of Virginia; William Hedrick, Acting Inspector in Charge of the Los Angeles Division of the U.S. Postal Inspection Service; Leslie DeMarco, Special Agent in Charge for the Federal Housing Finance Agency (FHFA-OIG); and James Todak, Special Agent in Charge, U.S. Housing and Urban Development, Office of Inspector General, Los Angeles Field Office, made the announcement after Senior U.S. District Judge James C. Cacheris accepted the verdict. Assistant U.S. Attorneys Samantha P. Bateman and Ryan S. Faulconer are prosecuting the case. Assistant U.S. Attorneys

Zach Terwilliger and James Gillis formerly prosecuted the case.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) is a federal law enforcement agency that targets financial institution crime and is an independent watchdog protecting taxpayer dollars. As of February 2, 2017, SIGTARP investigations have resulted in the recovery of \$10billion to the government and 192 defendants sentenced to prison.

To report a suspected crime related to TARP, call SIGTARP's Crime Tip Hotline: 1-877-744-2009. To receive alerts about reports, audits, media releases, and other SIGTARP news, sign up at www.SIGTARP.gov. Follow SIGTARP on Twitter @SIGTARP.

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