



SIGTARP

OFFICE OF THE SPECIAL INSPECTOR GENERAL
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

FOR IMMEDIATE RELEASE

Wednesday, May 4, 2016

Media Inquiries: 202-927-8940

Twitter: @SIGTARP

Web: www.SIGTARP.gov

CALIFORNIA MAN FOUND GUILTY OF ORCHESTRATING \$31 MILLION MORTGAGE MODIFICATION FRAUD SCHEME WITH OVER 30,000 VICTIMS NATIONWIDE *SIGTARP Sole Law Enforcement Agency to Investigate Case*

WASHINGTON DC – Christy Goldsmith Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Preet Bharara, the United States Attorney for the Southern District of New York announced that Dionysius Fiumano, a/k/a “D,” was found guilty late yesterday in Manhattan federal court of orchestrating a massive mortgage modification scheme through which he and his co-conspirators defrauded more than 30,000 American homeowners out of a total of approximately \$31 million.

“A jury convicted Dionysius Fiumano for his role in orchestrating an elaborate advance fee scheme that defrauded more than 30,000 struggling homeowners out of more than \$30 million,” said Christy Goldsmith Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP). “Using the Treasury’s Home Affordable Modification Program (HAMP) as the backdrop for their fraud, Fiumano and his co-conspirators conned homeowners who had fallen behind on their mortgage payments into believing their mortgages were being modified. In reality, they did little or nothing to help these homeowners. And when consumer complaints attracted attention, the co-conspirators renamed their companies to continue the fraud. These crimes were uniquely despicable, as HAMP is a free federal government housing program designed to help those most impacted by the financial crisis. Rather than offer relief, Fiumano added to the distress and despair of thousands of innocent Americans struggling to stay in their homes.”

“Dionysius Fiumano was the ringleader of a heartless criminal conspiracy that preyed on desperate homeowners struggling to pay their mortgages. Claiming to offer a lifeline to homeowners, Fiumano deceived tens of thousands into paying exorbitant fees for mortgage modification services they never got,” said Manhattan U.S. Attorney Preet Bharara.

According to the Indictment other filings in Manhattan federal court and the evidence presented at trial: Fiumano was the general manager of sales at Vortex Financial Management, Inc., a/k/a Professional Marketing Group, a/k/a Professional Legal Network (“PMG”), an Irvine, California, company that offered purported “mortgage modification” services, that is, assistance persuading the homeowner’s lender to agree to a modification to the terms of the homeowner’s mortgage to make it more affordable. In that capacity, Fiumano oversaw PMG’s sales staff of approximately 65 telemarketers and managers. From about November 2011 through May 2014, Fiumano perpetrated a scheme to defraud homeowners in dire financial straits who were seeking relief through government mortgage relief

programs. Through a series of false and fraudulent representations, Fiumano duped thousands of homeowners into paying thousands of dollars each in up-front fees in exchange for little or no mortgage modification service. In total, through their scheme, Fiumano and his co-conspirators obtained approximately \$31 million from more than 30,000 victim-homeowners throughout the United States. PMG purchased thousands of "leads," consisting of the name, address, and other contact information of homeowners who had fallen behind in making mortgage payments on their homes. PMG then sent false and fraudulent solicitation letters by e-mail to the homeowners they identified through the "leads," misleading these homeowners into believing that their mortgages were already under review and that new, modified rates had already been contemplated and approved by the homeowners' lenders.

At Fiumano's direction, Fiumano's sales staff called and emailed homeowners who received PMG's fraudulent solicitations. During these calls, in an effort to convince the homeowners to pay up-front fees, Fiumano, through his sales staff, regularly lied to homeowners, including by saying that (a) the homeowners were retaining a "law firm" and an "attorney" who would complete a mortgage modification application and negotiate aggressively on the homeowners' behalf with banks to modify the terms of the homeowners' mortgages; (b) the homeowners had been "pre-approved" or "pre-qualified" to receive a mortgage modification; (c) PMG employed underwriters who would calculate and guarantee the homeowners a new, modified rate and monthly mortgage payment; and (d) the up-front fees paid by the homeowners would be paid directly to the homeowners' lenders, to the attorneys to pay their fees, or to pay the purported "hard costs" of the modification. In truth and in fact, and as Fiumano well knew, all of these representations were false.

* * *

Fiumano, 43, of Irvine, California, was convicted of one count of conspiracy to commit wire fraud and one count of wire fraud, each of which carries a statutory maximum sentence of 20 years in prison. Fiumano is scheduled to be sentenced by U.S. District Judge John F. Keenan on September 13, 2016, at 11:00 a.m.

Three other co-conspirators have also been convicted for their roles in the scheme:

Pedram Abghari, a/k/a "Ted Allen," 38, of Irvine, California, pled guilty to one count of conspiracy to commit wire fraud and one count of wire fraud, each of which carries a statutory maximum sentence of 20 years in prison, and one count of misprision of a felony, which carries a statutory maximum sentence of three years in prison.

Justin Romano, 41, of Blue Point, New York, pled guilty to one count of conspiracy to commit wire fraud and one count of wire fraud.

Mahyar Mohases, 33, of Irvine, California, pled guilty to one count of conspiracy to commit wire fraud and one count of wire fraud.

Abghari, Romano, and Mohases are scheduled to be sentenced in the coming months.

The maximum potential sentences in this case are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendants will be determined by the judge.

Mr. Bharara praised the investigative work of the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP).

The case is being prosecuted by the U.S Attorney, Southern District of New York's Complex Frauds and Cybercrime Unit. Assistant U.S. Attorneys Edward A. Imperatore and Patrick Egan are in charge of the prosecution.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program was created as an independent law enforcement agency to investigate fraud, waste, and abuse related to the TARP bailout. To date, SIGTARP investigations have resulted in the recovery of \$10.24 billion to the Government and 147 defendants sentenced to prison.

To report a suspected crime related to TARP, call **SIGTARP's Crime Tip Hotline**: 1-877-SIG-2009 (1-877-744-2009).

To receive alerts about reports, audits, media releases, and other SIGTARP news, sign up at www.SIGTARP.gov/pages/press.aspx. Follow SIGTARP on Twitter @SIGTARP.

###