



SIGTARP

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

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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Media Inquiries: 202-927-8940

Twitter: @SIGTARP

Web: www.SIGTARP.gov

FOUR SENTENCED TO FEDERAL PRISON FOR 21st CENTURY MORTGAGE REFINANCE FRAUD SCHEME

Defendants Took More Than \$7 Million From Over 4,000 Homeowners

WASHINGTON, DC – Christy Goldsmith Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Eileen M. Decker, U.S. Attorney for the Central District of California announced yesterday that four defendants who worked for a Rancho Cucamonga, Calif. based business that offered bogus loan modifications were sentenced to federal prison, with one of the leaders of the scheme being ordered to spend 20 years in custody.

“Mortgage modifications under TARP’s HAMP [Home Affordable Modification Program] are free, a homeowner does not need an attorney to apply, and no one can guarantee that an application will be approved in advance, but criminals, like these four from 21st Century, prey on homeowners with the promise that with an attorney working on their case for a fee, they are guaranteed a lower mortgage payment or their money back,” said Christy Goldsmith Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP). “Struggling homeowners, including school teachers and retirees, thought that 21st Century was part of the government ‘Obama Plan’ to save their homes by a company that had a 98% success rate, but instead they became victims to a disgusting fraud scheme built entirely on lies, and in the end many lost their houses. The monies they lost never went to their mortgage payment, but instead went into the pockets of criminals. These non-attorneys said whatever was needed to get homeowners to part with their money, and told homeowners not to talk to their lenders to cover their tracks. Most homeowners’ files sat untouched for months and many were closed with no work. Some work included false statements sent to lenders, including banks that received TARP. George, DiRoberto, Buck and Padilla have time in federal prison to dwell on the devastation they caused to innocent people. SIGTARP stands united with our prosecutor partners to stop all TARP-bailout related crime.”

The defendants were convicted of federal fraud charges for their roles in a telemarketing operation known under a series of names – including 21st Century Legal Services, Inc. – that bilked more than 4,000 homeowners across the nation, many of whom lost their homes to foreclosure.

Christopher George, 45, a co-owner of 21st Century, was sentenced to 20 years in federal prison; Crystal Buck, 40, a sales “closer” who persuaded numerous victims to pay fees to 21st Century received a sentence of five years; Albert DiRoberto, 62, handled sales and marketing – which included making a commercial for 21st Century and preparing talking points to respond to negative publicity – was sentenced to five years in prison; and Yadira Padilla, 38, who handled client complaints and refund

requests, and who posted bogus reviews of the company on the internet – was sentenced to four years in prison.

George, Buck and DiRoberto were sentenced after being found guilty by a federal jury in June 2015 on various fraud charges. Padilla pleaded guilty in 2013.

In addition to the prison term, a California judge ordered George to pay \$7,065,117 in restitution to victims of the scam. Buck, DiRoberto and Padilla were ordered to return to court next month for restitution hearings.

A total of 11 defendants linked to 21st Century have been convicted of federal fraud charges as a result of an investigation conducted by SIGTARP with the Federal Bureau of Investigation, IRS Criminal Investigation division, the United States Postal Inspection Service, and the Federal Housing Finance Agency, Office of Inspector General.

During a 15-month period that began in the middle of 2008, Andrea Ramirez, 47, who previously plead guilty to fraud charges and is scheduled to be sentenced November 15 – operated 21st Century, which defrauded financially distressed homeowners by making false promises and guarantees regarding 21st Century's ability to negotiate loan modifications for homeowners. Employees of 21st Century made numerous misrepresentations to victims during the course of the scheme, including falsely telling victims that 21st Century was operating a loan modification program sponsored by the United States Government. Victims were generally instructed to stop communicating with their mortgage lenders and to cease making their mortgage payments.

In addition to being a co-owner of 21st Century, Christopher George acted as a sales manager, and he ran his own sales office there for several months. George instructed 21st Century employees to make misrepresentations to distressed homeowners, including guaranteeing that 21st Century would obtain loan modifications and telling homeowners that payments made to 21st Century would go toward homeowners' mortgages.

21st Century employees contacted distressed homeowners through cold calls, newspaper ads and mailings, and the company controlled websites that advertised loan modification services. Once they contacted the distressed homeowners, 21st Century employees often falsely told clients that the company was operating through a federal government program, that they would be able to obtain new mortgages with specific interest rates and reduced payments, and that attorneys would negotiate loan modifications with their lenders. 21st Century employees regularly instructed financially distressed homeowners to cease making mortgage payments to their lenders and to cut off all contact with their lenders because they were being represented by 21st Century. On some occasions, 21st Century employees told homeowners that 21st Century was using the fees paid by the homeowner to make mortgage payments, when Ramirez, George and their co-defendants simply were pocketing the homeowners' money.

In addition to Ramirez and the four sentenced yesterday, six other California-based defendants previously pleaded guilty. They are:

- Michael Bruce Bates, of Moreno Valley, who is scheduled to be sentenced on October 19;
- Michael Lewis Parker, of Pomona, who is scheduled to be sentenced on November 19;
- Catalina Deleon, of Glendora, who is scheduled to be sentenced on December 14;
- Hamid Reza Shalviri, of Montebello, who is scheduled to be sentenced on December 7;
- Mindy Sue Holt, of San Bernardino, who is scheduled to be sentenced on October 26; and

- Iris Melissa Pelayo, of Upland, who has been sentenced to four years in federal prison.

This prosecution was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. SIGTARP is a member of the task force and co-chairs the Rescue Fraud Working Group. To learn more about the President's Financial Fraud Enforcement Task Force, please visit www.StopFraud.gov.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP. To date, SIGTARP investigations have yielded more than 200 convictions and resulted in the recovery of over \$1.5 billion to the Government.

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