



FOR IMMEDIATE RELEASE

Friday, March 27, 2015

Media Inquiries: 202-927-8940

Twitter: @SIGTARP

Web: www.SIGTARP.gov

FLORIDA MAN SENTENCED TO MORE THAN 11 YEARS IN FEDERAL PRISON FOR MORTGAGE RELIEF SCAM

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Stephen R. Wigginton, United States Attorney for the Southern District of Illinois, today announced that Jonathan L. Herbert, age 36, of Lighthouse Point, Fla., was sentenced today to 140 months in federal prison for wire fraud in connection with a fraudulent mortgage relief scam.

Herbert operated the fraud scheme from a strip mall office located in Fort Lauderdale, Fla. As part of his guilty plea, Herbert admitted that he usually contacted his victims through unsolicited telephone calls, introducing himself as a "federal loan officer" with the "Federal Debt Commission," "Federal Mortgage Marketplace," or "Federal Assistance Program." Herbert used these names and titles in order to deceive the victims into believing that his fraudulent program was either operated by or approved by the federal government. Herbert told his victims that they qualified for a loan modification because of financial hardship or some type of illegal conduct engaged in by their lenders.

After the initial phone calls, Herbert mailed letters to the victims who expressed interest in his bogus loan modification programs. These letters congratulated the victims on their acceptance into the program, quoted a new monthly mortgage payment rate, and directed the victims to begin sending their monthly mortgage payments to one of two addresses located in Washington, D.C. The Washington, D.C., addresses were for mailboxes which Herbert had rented at UPS Stores. Pursuant to forwarding orders Herbert put in place with these UPS stores, the victims' payments were forwarded to Herbert in Florida.

Herbert admitted that he did not apply any of the money he received from the victims to reduce their home loan debt. Instead, he used the money he received from the victims for his own personal expenses and to continue his fraudulent operation. In the plea agreement, Herbert acknowledged that the total of the losses sustained by the victims as a result of his fraud scheme is approximately \$750,000.

One of Herbert's victims resides in Troy, Ill. The charges state that during a telephone call in September of 2013, Herbert falsely told this victim that the Federal Debt Commission had selected her to benefit from a new federal mortgage assistance program instituted by President Obama.

"There is nothing more reprehensible than a con man viewing the financial crisis and a TARP foreclosure prevention scheme as an opportunity, and Herbert has the next 11 years in prison to think about the hundreds of homeowners that he devastated with his crime," said Christy Romero, Special Inspector

General for TARP (SIGTARP). “TARP’s HAMP program was designed to help struggling homeowners avoid foreclosure, not to provide a list of victims. Herbert outright swindled 247 struggling homeowners out of more than \$750,000 with false claims that he was affiliated with federal housing aid programs, including HAMP, and could modify homeowners’ mortgage loans in order to make their payments more affordable. Instead, Herbert set-up businesses with names including ‘Federal’ with sham mailing addresses located in Washington, D.C., addresses which were really just UPS mailboxes; instructed homeowners to mail their ‘modified’ mortgage payments to him at the addresses; re-routed homeowners’ payments to himself in Florida; and pocketed the proceeds himself for personal expenses and to keep the scam operating. SIGTARP and our law enforcement partners will bring swift justice to perpetrators of criminal schemes that fraudulently exploit TARP’s housing programs.”

United States Attorney Wigginton stated: “The stiff sentence imposed by Judge Herndon is entirely appropriate. The fraud scheme conducted by this defendant was particularly heinous. Herbert stole money by taking advantage of our citizens’ trust in government. He labeled his fraudulent companies as ‘federal’ or ‘government’ related. He took money that his victims thought was being paid toward their mortgages. This crime caused severe financial hardship for the victims, and even caused a few of them to lose their homes. We hope that the long prison sentence Herbert received will cause other criminals to think twice before engaging in similar fraud schemes. As always, whether a person steals money by pointing a gun or does so with a pen and a crafty ruse, my office will continue to protect the good people of Southern Illinois and elsewhere.”

In addition to the 140 month prison sentence, United States District Judge David R. Herndon also ordered Herbert to serve five years of supervised release following his release from prison and ordered Herbert to pay restitution to the victims of his crime. Judge Herndon gave the parties additional time to calculate the exact amount owed in order that all losses would be the subjects of restitution.

In July 2014, the Chicago Office of the Federal Trade Commission (FTC) took legal action to shut down Herbert’s business. The FTC has cooperated with, and provided substantial assistance to, the investigation of this case which was conducted jointly by SIGTARP, the United States Attorney’s Office, and the United States Postal Inspection Service.

The case was prosecuted by Assistant United States Attorney Scott A. Verseman.

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 report suspected illicit activity involving TARP, dial the **SIGTARP Hotline**: 1-877-SIG-2009 (1-877-744-2009).

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

###