



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

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www.SIGTARP.gov

Media Inquiries:
202-927-8940

SIGTARP AND CALIFORNIA ATTORNEY GENERAL KAMALA D. HARRIS ANNOUNCE ARRESTS IN STOCKTON, CALIFORNIA FORECLOSURE SCAM

WASHINGTON, DC - The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) and California Attorney General Kamala D. Harris today announced the arrests of three top officers of a Stockton, California real estate company who took thousands of dollars in up-front loan modification fees and made false promises to lower the mortgage payments of struggling Central Valley homeowners.

Magdalena Salas, 42, Angelina Mireles, 42, and Julissa Garcia, 36, of Stockton, were arrested today on 13 felony and two misdemeanor counts, including conspiracy, grand theft, and false advertising. They are being held at the San Joaquin County Jail on \$100,000 bail.

“This operation was nothing more than a scam,” said Christy Romero, Deputy Special Inspector General for SIGTARP. “Salas, Mireles, and Garcia lined their pockets with up-front fees while making false promises to homeowners of lowering their mortgage payments through the ‘Obama Plan’. They deceived struggling homeowners and exploited TARP’s efforts to help those in need. Today’s criminal charges should be a warning to anyone involved in this type of scam – SIGTARP is catching those who perpetrate these crimes and is working with its law enforcement partners to prosecute them and hold them accountable.”

“These scam artists preyed on innocent homeowners who were simply trying to protect their homes and families from foreclosure,” Attorney General Harris said. “The mortgage crisis has caused tremendous damage to our state and to California families. There is nothing worse than those who seek to capitalize on this devastation by defrauding Californians who have already been victimized in this crisis.”

Salas, owner of Legacy Home Loans and Real Estate, Mireles, her twin sister, and Garcia took upfront fees of up to \$5,000 from dozens of Central Valley homeowners for loan modification services that were never performed.

From November 2009 to August 2011, Salas and her employees circulated flyers throughout Stockton that read, in both English and Spanish: “We will save your home! Guaranteed!” and “Guaranteed new lower mortgage payments!” Along with the flyers, Legacy Home Loans ran television and radio advertisements in English and Spanish and broadcast its services on a billboard.

Clients of Legacy Home Loans and its related businesses – including Salas Properties, Salas Estates, Peace and Freedom Legal Services, and Divinity Legal Services – were promised a full refund if they did not receive a loan modification. Many clients ended up losing their homes.

The case was investigated jointly by SIGTARP, the California Attorney General's office, the San Joaquin District Attorney's office, the California Department of Real Estate, and the Stockton Police Department.

SIGTARP investigates, among other things, mortgage modification schemes in which companies charge struggling homeowners a fee in exchange for false promises of lowering the homeowner's mortgage through TARP's housing program known as the Home Affordable Modification Program (HAMP).

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

If you suspect that you may have been a victim of a mortgage modification scam related to HAMP or to report other suspected illicit activity involving TARP, dial the SIGTARP Hotline: 1-877-SIG-2009 (1-877-744-2009).

Homeowners struggling to make their mortgage payments should beware of con artists and scams that promise to save their homes and lower their mortgage debt or payments. For tips on how to identify and avoid mortgage modification scams, visit the following Web site:

http://www.sig tarp.gov/pdf/Consumer_Fraud_Alert.pdf. This information was compiled and presented courtesy of a joint federal task force comprised of SIGTARP, the Consumer Financial Protection Bureau, and the U.S. Department of the Treasury.

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