



FOR IMMEDIATE RELEASE

Thursday, July 24, 2014

Media Inquiries: 202-927-8940

Twitter: @SIGTARP

Web: www.SIGTARP.gov

FOUR CALIFORNIA MEN INDICTED FOR NATIONWIDE HOME LOAN MODIFICATION SCAM TARGETING STRUGGLING HOMEOWNERS

WASHINGTON, DC – The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) today announced that on Tuesday, federal agents arrested three defendants who worked at Orange County, Calif., businesses that allegedly offered bogus loan modification programs to financially distressed homeowners. As a result of the fraudulent scheme allegedly run as U.S. Homeowners Relief and several related entities, hundreds of financially distressed homeowners across the United States lost millions of dollars, and many victims also lost their homes in subsequent foreclosure proceedings.

The three defendants taken into custody on Tuesday were among four defendants named in a federal indictment returned in the Central District of California following an investigation by SIGTARP, the United States Postal Inspection Service, and the Internal Revenue Service - Criminal Investigation.

The four defendants named in the indictment are:

- Samuel Paul Bain, who also used the name Paul Bain, 35, of Tustin, Calif., an owner and principal of the businesses, who is currently in state custody;
- Aminullah Sarpas, who also used the names Amin Sarpas and David Sarpas, 32, of Irvine, Calif., an owner and principal of the businesses, who was arrested on Tuesday;
- Damon Grant Carriger, 36, of Corona, Calif., the principal sales manager, who was arrested on Tuesday; and
- Louis Saggiani, 64, of Huntington Beach, Calif., the manager and chief accountant for the businesses, who was arrested on Tuesday.

The defendants are charged in a 33-count indictment. All four defendants are charged with conspiracy, 21 counts of mail fraud and two counts of wire fraud. Bain, Sarpas, and Saggiani are charged with an additional five counts of mail fraud and two counts of wire fraud. Bain is also charged with two counts of money laundering.

“Bain, Sarpas, Carriger, and Saggiani are charged with ripping off homeowners struggling to keep a roof over their heads during the depths of the housing crisis,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “As alleged in the indictment, the defendants demanded upfront fees of up to \$4,200 from homeowners in exchange for false promises of securing mortgage loan modifications on their behalf, touting a ‘97%’ success rate in securing modifications, and advertising money-back guarantees and an affiliation with federal housing support programs. As a result, the indictment alleges that homeowners nationwide were ripped off by millions of dollars. When pressure from customer complaints about the purported scam grew, the group allegedly changed, on multiple occasions, the name of the operation to escape detection and continue the scheme. SIGTARP and our law

enforcement partners will aggressively investigate allegations of fraud that exploit TARP's housing programs, and perpetrators of such crimes will be brought to justice."

According to the indictment, the four defendants operated a series of telemarketing "boiler rooms" that pitched loan modification services to distressed homeowners in the wake of the financial collapse in 2008. The defendants operated multiple offices in California including in Irvine, Santa Ana, Newport Beach, Garden Grove, and Westminster under a series of company names from late 2008 to early 2010. Initially called Greenleaf Modify, the defendants subsequently operated under the names U.S. Homeowners Relief, Waypoint Law Group, and American Lending Review. The defendants would shut down each company name once their businesses attracted too many consumer complaints at the Better Business Bureau or attracted attention from state regulators such as the California Department of Justice.

The defendants and their associates used a consistent sales pitch throughout the scheme. According to the indictment, their advertising materials and telemarketers promised distressed mortgage holders that after paying advance fees ranging from about \$1,450 to approximately \$4,200, homeowners were highly likely to obtain a long-term modification to their current mortgage obligation, meaning they would have a lower monthly payment, an interest rate reduced to as low as 2 percent, and/or a reduction of principal. Many consumers were falsely told that their up-front money would be refunded if the promised loan modification failed to materialize.

The companies' marketing materials implied that they were affiliated with a government program and sometimes made specific references to actual government websites such as www.MakingHomeAffordable.gov, the indictment alleges. Telemarketers associated with the companies also told consumers that their mortgage relief services were part of the "Obama Act." The defendants claimed in writing that one or more of the entities were licensed California real estate brokers and that payments would be placed in a trust account, not to be withdrawn until loan modification services were actually performed. The defendants often claimed that specific attorneys were assigned to work on consumers' individual cases.

According to the indictment, all of the defendants' claims were false and/or materially misleading. The vast majority of the hundreds of victims received no favorable loan modifications as per promises made by the defendants. Several of the victims learned from their mortgage lenders that the defendants' companies had never made any contacts on the consumers' behalf. The defendants' companies were neither licensed real estate brokers, nor were they affiliated with any government program. The consumers' funds were generally spent on the defendants themselves, on payments to sales people and other business expenses, and were not placed in trust accounts as promised. While the defendants paid attorneys to write substantially identical form letters to some lenders, the attorneys did not give personalized attention to the individual victims. The defendants routinely used stalling tactics or simply ignored consumers' repeated demands for refunds after the customers did not receive their promised loan modifications.

The defendants who were arrested on Tuesday were arraigned in United States District Court in Los Angeles.

The conspiracy count carries a statutory maximum penalty of five years in prison, while each of the mail fraud, wire fraud, and money laundering charges carry a statutory maximum penalty of 20 years in prison.

An indictment contains allegations that a defendant has committed a crime. Every defendant is presumed innocent until and unless proven guilty in court.

This case is being prosecuted by the United States Attorney's Office for the Central District of California.

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. 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.

###