



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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FINANCIAL FRAUD ENFORCEMENT TASK FORCE MEMBERS REVEAL RESULTS OF DISTRESSED HOMEOWNER INITIATIVE

*First Law Enforcement Effort Focused on Crimes Against Struggling Homeowners;
530 Criminal Defendants Charged, 73,000 Victims, and Losses of More Than \$1 Billion*

WASHINGTON, DC - Attorney General Eric Holder, Housing and Urban Development (HUD) Secretary Shaun Donovan, FBI Associate Deputy Director Kevin L. Perkins, and Federal Trade Commission (FTC) Chairman Jon Leibowitz yesterday announced the results of the Distressed Homeowner Initiative, the first-ever nationwide effort to target fraud schemes that prey upon suffering homeowners. The yearlong initiative, launched by the FBI, a co-chair of the Financial Fraud Enforcement Task Force's Mortgage Fraud Working Group, and supported by SIGTARP, resulted in 530 criminal defendants charged, including 172 executives, in 285 federal criminal indictments or informations filed in U.S. District Courts across the country. These cases involved more than 73,000 homeowner victims, and the total loss by those victims is estimated by law enforcement at more than \$1 billion.

From Oct. 1, 2011, to Sept. 30, 2012 (FY 2012), the Distressed Homeowner Initiative focused on fraud targeting homeowners, such as foreclosure rescue schemes that take advantage of homeowners who have fallen behind on their mortgage payments. Typically, the con-artist in such a scheme promises the homeowner that he can prevent foreclosure for a substantial fee by, for example, having so-called investors purchase the mortgage or by transferring title in the home to persons in league with the scammer. In the end, the homeowner can lose everything. Other targets of the Distressed Homeowner Initiative include perpetrators of loan modification schemes who obtained advance fees from homeowners after false promises that they would negotiate more favorable mortgage terms on behalf of the homeowners.

As a part of the Justice Department's efforts to improve the lives of struggling homeowners, the Financial Fraud Enforcement Task Force's Victims' Rights Committee, in partnership with the Certified Financial Planning Board and the Foundation for Financial Planning, will begin offering unprecedented pro-bono financial planning assistance to the victims of a foreclosure rescue scheme indicted by the U.S. Attorney's Office for the Central District of California. All 4,000 victims of the scheme, many of whom lost their homes as a result of the fraud, have been invited to attend a free financial planning workshop in Riverside, California. Those who attend the workshop will receive free financial information and education to assist them in recovering from the devastating effects the crime had on their lives and to help them plan for the future. The financial planners at the workshop will be able to answer critical questions relating to tax planning, debt management, foreclosure assistance, job loss, retirement planning, investment advice, insurance, employee benefits, and more.

In federal civil actions involving distressed homeowner victims, the Justice Department's U.S. Trustee Program, the Federal Trade Commission, and the Consumer Financial Protection Bureau (CFPB), protectors of the nation's bankruptcy laws and federal consumer laws, filed 110 cases against 153 defendants in federal cases across the country, with more than 15,000 victims identified and losses estimated at more than \$37 million. False or abusive filings in U.S. Bankruptcy Court are commonly used to execute foreclosure rescue scams. State Attorneys General also filed criminal cases against 51 defendants, with losses at more than \$2 million, and filed at least 104 civil enforcement actions against 125 defendants with losses to homeowners at approximately \$5 million. Additionally, the Treasury Department's Office of Financial Stability's Antifraud Unit and SIGTARP, in order to protect homeowners from fraudulent or confusing websites that misuse the Treasury seal and key TARP housing program names such as the Home Affordable Modification Program (HAMP), shut down or forced into compliance more than 900 mortgage rescue websites or web advertisers.

In order to protect struggling homeowners and increase the number of criminal enforcement actions made as part of this initiative, the members of the Mortgage Fraud Working Group were proactive. The FBI generated new investigations by gathering victim complaint data from FTC databases and other sources, analyzed the data and distributed information of lead value to field offices from coast-to-coast. The FBI, together with HUD Office of Inspector General, also utilized sophisticated undercover operations to facilitate the development of federal distressed homeowner criminal cases. Further, the FBI led a surge consisting of several law enforcement agencies in southern California, where many foreclosure rescue scam operators are located, to develop investigations that could be prosecuted in various federal districts. Many of the investigations initiated as part of the Distressed Homeowner Initiative are ongoing and will result in additional enforcement actions in the near future.

The initiative included federal criminal prosecutions brought by various U.S. Attorneys' offices and the Department of Justice's Criminal and Civil Divisions; civil enforcement cases filed by the Department of Justice's U.S. Trustee Program, FTC, and CFPB; and criminal and civil cases brought by Attorneys General in more than 11 states. Participating federal agencies included SIGTARP, the FBI, the Office of Inspector General of the Department of Housing and Urban Development, the Federal Housing Finance Agency's Office of Inspector General (FHFA-OIG), Internal Revenue Service-Criminal Investigation, U.S. Postal Inspection Service, and the U.S. Secret Service. In addition, the Financial Crimes Enforcement Network, a task force partner, announced yesterday that during the Distressed Homeowner Initiative, it collected 4,395 foreclosure rescue Suspicious Activity Reports, a critical tool for law enforcement agencies when conducting investigations. For more on this announcement, please visit: www.FinCEN.gov.

To learn more about scams targeting homeowners, how to protect yourself from scams, and how to report fraud if you believe you have been a victim, please visit www.StopFraud.gov. SIGTARP, CFPB, and the U.S. Department of the Treasury have also established a task force to combat mortgage modification scams exploiting HAMP and to raise public awareness of the scams. The task force has issued a Consumer Fraud Alert, which offers tips on how to identify and avoid mortgage modification scams. To view the Consumer Fraud Alert tip sheet, visit www.SIGTARP.gov/documents/Consumer_Fraud_Alert.pdf.

For information about the Distressed Homeowner Initiative, including stories about common scams, fraudsters' sample marketing materials, plus radio and television public service announcements, please visit www.StopFraud.gov.

The results announced yesterday were made 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).

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