

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

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For Immediate Release

LOAN MODIFICATION SCAM RESULTING IN FORECLOSED HOMES AND OVER ONE MILLION DOLLARS IN LOSSES SENDS SAN DIEGO MAN TO 57 MONTHS IN PRISON

NEWS RELEASE SUMMARY – July 18, 2013

United States Attorney Laura E. Duffy announced that Jose Ruiz of San Diego was sentenced today to 57 months of custody by District Court Judge William Q. Hayes for crimes arising from a mortgage loan-modification scheme that cheated 289 families out of over \$1.1 million, and resulted in the loss of many victims' homes to foreclosure. Ruiz was also ordered to pay full restitution to all of his victims.

Between approximately March 2009 and October 2011, Ruiz falsely told victims facing foreclosure that he could lower their mortgage loan payments. Ruiz made these false claims through his business entities based in San Diego and Chula Vista, California, including: "Equity Choice," "Casa

Nuestra,” and “UHUD National Reserve.” Ruiz pleaded guilty on August 2, 2012 to one count of mail fraud (18 U.S.C. § 1341), and one count of money laundering (18 U.S.C. § 1357).

In order to carry out his fraud, Ruiz sent hundreds of solicitation letters in which he falsely represented that his businesses were affiliated with the U.S. Department of Housing and Urban Development (“HUD”), and its Home Affordable Modification Program (“HAMP”). The letters directed the recipients to contact one of Ruiz’s business entities by telephone, or obtain information from one of the websites he had created to advertise his services. Ruiz specifically targeted low-income persons with Hispanic surnames by obtaining marketing leads with these specific criteria.

When the victims responded to the solicitation letters, Ruiz or one of his employees promised to provide relief under the HAMP program, despite having no connection with this government program. Ruiz and his employees then falsely represented that they would negotiate a modified mortgage payment on behalf of the victims with the victims’ respective lenders. In exchange, the victims were instructed to send mortgage payments directly to one of Ruiz’s business entities instead of their lenders.

Although Ruiz and his employees promised the victims that their payments would be held untouched in an impound account, and ultimately sent to the victims’ lenders at the end of negotiations, none of the money was forwarded. Many of his victims lost their homes to foreclosure as a result of the lenders’ failure to receive mortgage payments.

Rather than maintaining the victims’ funds, Ruiz spent the proceeds on a variety of luxury furnishings and personal items, including a diamond ring, computers, and a large-screen television. All of these items were seized by the United States and forfeited as part of Ruiz’s sentence. The items will be sold at auction, with proceeds going to the victims. Additionally, Ruiz was ordered to pay \$1,122,031 in restitution to the victims.

Ruiz’s scheme was discovered after Special Agents from the United States Postal Inspection Service of the Downtown San Diego Station received over 750 undeliverable solicitation letters in April 2011 sent by Ruiz and his associates. The solicitation letters appeared to offer loan modification services

and a free consultation regarding HAMP, or another HUD home-loan restructure program. Because the letters bore non-existent or incorrect return addresses, Postal Inspection agents began investigating the legitimacy of the offered services. In conjunction with the HUD Office of the Inspector General, agents interviewed hundreds of victims, conducted various searches, and seized property purchased with proceeds obtained pursuant to Ruiz's fraudulent scheme.

On May 20, 2013, Judge Hayes sentenced Christian Hidalgo (Case Number: 12CR1658-WQH), a former associate of Ruiz, to 57 months of custody and ordered he pay restitution of over \$687,000, for perpetrating the identical scam on over 120 additional victims. Judge Hayes also ordered Hidalgo forfeit various items he purchased from fraud proceeds, including a BMW, diamond rings, a large-screen television, and firearms.

United States Attorney Duffy added, "Although we are pleased with the successful investigation by the U.S. Postal Inspection Service and HUD-OIG, the swift prosecution, and the fruitful seizure of many valuable items purchased with the fraud proceeds, we are dismayed by the continued suffering of many innocent victims who have suffered the loss of their home and significant funds as a result of this repugnant scam. The victims suffered financially and emotionally from the defendant's exploitation of their belief they were obtaining necessary relief from a government agency. They were targeted both because of their financial predicament and their Hispanic surnames. We will continue to seek redress for all victims of home-loan modification scams and hope that the defendant's punishment serves as a strong deterrent to others who are committing, or plan to commit, similar crimes."

DEFENDANT

Case Number: 12CR1657-WQH

Jose Ruiz

SUMMARY OF CHARGES

Count 5	Title 18, United States Code, Section 1341, 2 (mail fraud, aiding and abetting) Maximum penalty: 20 years of custody; \$1,000,000 Fine
Counts 10	Title 18, United States Code, Section 1957 (money laundering) Maximum penalty: 10 years of custody; \$250,000 Fine

AGENCIES

United States Postal Inspection Service (“USPIS”)

United States Department of Housing and Urban Development, Office of the Inspector General (“HUD-OIG”)

An indictment itself is not evidence that the defendants committed the crimes charged. The defendants are presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.