

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

*United States Attorney
Laura E. Duffy*

For Further Information, Contact:

Assistant U.S. Attorney Valerie H. Chu (619) 546-6750

For Immediate Release

OCEANSIDE ATTORNEY INDICTED FOR OPERATING \$11 MILLION LOAN MODIFICATION SCAM

THIRTEEN DEFENDANTS NOW CHARGED WITH PARTICIPATING IN SCHEME

NEWS RELEASE SUMMARY - October 2, 2012

United States Attorney Laura E. Duffy announced that Oceanside attorney Dean G. Chandler and telemarketing salesman Shelveen Singh were arraigned today in federal court in San Diego on a 50-count indictment charging them with defrauding thousands of homeowners in an \$11 million “loan modification” fraud scheme. According to the indictment, these defendants (and two others previously arraigned) used Chandler’s Oceanside-based law firm, 1st American Law Center (“1ALC”), to persuade victims to pay thousands of dollars each by deceptively touting 1ALC’s purported success and legal resources, and falsely promising that 1ALC would successfully modify their residential mortgage loans.

As alleged in the indictment, the defendants and their co-conspirators used high-pressure sales

tactics and outright lies to prey on homeowners located across the country who were struggling to make their monthly mortgage payments and were at risk of losing their homes to foreclosure. Among other alleged lies, the conspirators falsely promised to have a team of attorneys pre-screen client applications – claiming that these attorneys only approved 30% of those seeking to use 1ALC’s services -- and boasted of having a 98% success rate in obtaining loan modifications. 1st American Law Center’s telemarketers were encouraged (using call “scripts” and other training) to say virtually anything to customers in order to close the deal. The indictment alleges that among other ruses, employees pretended that that they had helped “thousands” of happy homeowners save their homes, that 1ALC had been in business for 20 years, that clients’ fees would be deposited into a client-trust account and remain untouched until the client was satisfied, and that there was a money-back guarantee. Conspirators even persuaded financially strapped homeowners to pay 1ALC’s fees, instead of the clients’ monthly mortgage payment.

According to the indictment, lead defendant Dean G. Chandler was the Oceanside attorney at the head of 1st American Law Center. He appeared in television commercials and on the company’s websites as the attorney in charge of the company, soliciting customers throughout the United States. Chandler is charged along with telemarketers Shelveen Singh, Anthony Calandriello, and call center manager Michael Eccles, with conspiring to commit the offenses of mail fraud and wire fraud through the operation of 1st American Law Center. Defendant Chandler is also charged with money laundering because he conducted financial transactions with the proceeds of the fraudulent conspiracy.

FBI Special Agent in Charge Daphne Hearn commented, "At a time when many homeowners in our nation are bearing extreme financial difficulty, it is most unfortunate that there are those individuals who prey on their vulnerability and egregiously attempt to defraud them. The FBI stands resolute in identifying those who are responsible for these schemes and will work with our law enforcement partners to maintain the integrity of the economic sectors of our country."

Leslie P. DeMarco, Special Agent in Charge of IRS – Criminal Investigation’s Los Angeles Field Office commented, “Mortgage modification scams prey on struggling and trusting homeowners. Today's

court actions are a strong reminder of how serious our courts consider this criminal activity. IRS Criminal Investigation is proud to be a part of the law enforcement partnership that is dedicated to tackling this type of crime.”

Defendants Chandler and Singh have been released on bond and will next appear in federal court before District Judge Roger T. Benitez on November 13, 2012 at 2:00 p.m. to set future dates for a motion hearing and trial. Defendant Calandriello was taken into custody in New York, and will appear in San Diego on October 17, 2012 at 10:30 am to set further dates. Defendant Eccles is in custody in San Diego, pending release on bond.

Nine other participants in 1ALC’s telemarketing scheme have already entered guilty pleas in federal court for their roles in the criminal enterprise and the subsequent cover-up. On December 16, 2011, 1ALC’s Director of Marketing Gary Bobel pled guilty to conspiracy and tax charges, and telemarketers Scott Thomas Spencer, Mark Andrew Spencer, and Travis Iverson each pled guilty to conspiracy charges in relation to their conduct at 1st American Law Center. These four defendants are next scheduled to appear before Judge Benitez for sentencing on December 3, 2012.

On August 21, 2012, 1ALC telemarketer Jonathon Hearn pled guilty to conspiracy charges, and will also face Judge Benitez for sentencing on December 3, 2012. Telemarketer Roger Jones pled guilty to conspiracy on December 23, 2010, and was sentenced in March 2011 to serve 21 months in custody for his role in defrauding desperate homeowners. On February 9, 2012, Director of Information Technology Steven Gerstzyn pled guilty to making a false statement to federal agents who were investigating the activities at 1ALC. Gerstzyn is scheduled to appear before Judge Benitez for sentencing on October 15, 2012. Finally, Sarah Grimm and Amy Hintz, both former employees of 1ALC, pled guilty on June 28, 2012, to theft of government property, and were each fined \$1,000 and ordered to serve 2 years’ probation.

Victims of 1st American Law Center may contact the U.S. Attorney’s Office Victim/Witness Coordinator, Polly Montano, at (619) 546-8921.

DEFENDANTS

Criminal Case No. 12CR4031-BEN

Dean Gregory Chandler

Shelveen Shraneel Singh

Anthony Calandriello

Michael Eccles

SUMMARY OF CHARGES

Counts 1 - 49: All Defendants

Count 1: Title 18, United States Code, Section 371 - Conspiracy. Maximum penalties: 5 years' imprisonment, \$250,000 fine, \$100 special assessment, 3 years of supervised release, mandatory restitution to victims.

Counts 2-12: Title 18, United States Code, Section 1341 - Mail Fraud. Maximum penalties: 20 years' imprisonment, \$250,000 fine, \$100 special assessment, 3 years of supervised release, mandatory restitution to victims.

Counts 13 - 49: Title 18, United States Code, Section 1343 - Wire fraud. Maximum penalties: 20 years' imprisonment, \$250,000 fine, \$100 special assessment, 3 years of supervised release, mandatory restitution to victims.

Count 50: Defendant Dean Gregory Chandler - Title 18, United States Code, Section 1957 - Money Laundering. Maximum penalties: 10 years' imprisonment, \$250,000 fine, \$100 special assessment, 3 years of supervised release, mandatory restitution to victims.

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

Other prosecutions related to 1st American Law Center:

DEFENDANTS

Criminal Case No. 11CR5725-BEN

Gary Bobel

Scott Thomas Spencer

Mark Andrew Spencer

Travis Iverson

SUMMARY OF CHARGES

Count 1: All Defendants

Title 18, United States Code, Section 371 - Conspiracy. Maximum penalties: 5 years' imprisonment,

\$250,000 fine, \$100 special assessment, 3 years of supervised release, mandatory restitution to victims.

Count 2: Gary Bobel

Title 26, United States Code, Section 7201 – Tax Evasion. Maximum penalties: 5 years' imprisonment, \$250,000 fine, \$100 special assessment, 3 years of supervised release, and costs of prosecution.

DEFENDANT

Criminal Case No. 12CR3041-BEN

Jonathon Hearn

SUMMARY OF CHARGES

Count 1: Jonathan Hearn

Title 18, United States Code, Section 371 - Conspiracy. Maximum penalties: 5 years' imprisonment, \$250,000 fine, \$100 special assessment, 3 years of supervised release, mandatory restitution to victims.

DEFENDANT

Criminal Case No. 10CR5046-BEN

Roger T. Jones

SUMMARY OF CHARGES

Count 1: Roger T. Jones

Title 18, United States Code, Section 371 - Conspiracy. Maximum penalties: 5 years' imprisonment, \$250,000 fine, \$100 special assessment, 3 years of supervised release, mandatory restitution to victims.

DEFENDANT

Criminal Case No. 12CR0282-BEN

Steven Gerstzyn

SUMMARY OF CHARGES

Count 1: Steven Gerstzyn

Title 18, United States Code, Section 1001 – False statements. Maximum penalties: 5 years' imprisonment, \$250,000 fine, \$100 special assessment, and 3 years of supervised release.

DEFENDANTS

Criminal Case No. 12MJ2190-RBB

Sarah Grimm

Amy Hintz

SUMMARY OF CHARGES

Count 1: Sarah Grimm and Amy Hintz

Title 18, United States Code, Section 641 – Theft of government property. Maximum penalties: 1 year imprisonment, \$5,000 fine, and \$25 special assessment.

PARTICIPATING AGENCIES

Federal Bureau of Investigation
Internal Revenue Service - Criminal Investigation