

# ***NEWS RELEASE***



***OFFICE OF THE UNITED STATES ATTORNEY  
SOUTHERN DISTRICT OF CALIFORNIA  
San Diego, California***

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***For Immediate Release***

**HEAD OF FAILED NATIONWIDE LOAN MODIFICATION FRAUD  
SENTENCED TO 92 MONTHS IN CUSTODY**

**NEWS RELEASE SUMMARY** - December 4, 2012

United States Attorney Laura E. Duffy today announced the sentencing of three defendants in connection with a telemarketing scheme involving an Oceanside company called 1<sup>st</sup> American Law Center. Defendants Gary Bobel, Scott Thomas Spencer (a.k.a. Thomas Cole), and Travis Iverson were each sentenced yesterday before District Court Judge Roger T. Benitez for their role in stealing over \$11 million from more than 4,000 desperate homeowners who were seeking to modify their mortgages. A fourth defendant, Mark Andrew Spencer (a.k.a. Mark Andrews) had his sentencing continued to February 5, 2013.

According to documents filed in court, Gary Bobel opened up a loan modification business in Northern San Diego County in 2008 and hired telemarketers to target homeowners who were having trouble paying their mortgages. Defendants Scott Spencer and Mark Spencer were among his most

successful telemarketers, and Iverson ran a separate call center in Riverside. Using high-pressure sales tactics and outright lies, the defendants and their co-conspirators preyed on homeowners who were struggling to make their monthly mortgage payments and at risk of losing their homes to foreclosure. Among other lies, the defendants falsely promised to have a team attorneys pre-screen clients, and falsely boasted of having a 98% success rate in obtaining loan modifications. 1<sup>st</sup> American Law Center's telemarketers were encouraged to say virtually anything it took to close the deal. Among other ruses, employees pretended that they had helped thousands of happy homeowners save their homes, that they 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. Sadly, the telemarketers even persuaded homeowners to pay the company's fees instead of using their limited funds to stay current on their mortgage payments.

The truth was devastating to the thousands of homeowners taken in by 1<sup>st</sup> American Law Center's offer of help and hope. As admitted by the defendants, there was no selective pre-screening process conducted by an attorney. While there was an attorney who worked at 1<sup>st</sup> American Law Center, he received just a \$100 or \$125 commission for each case, out of the thousands of dollars charged to the client as an attorney retainer fee. As suggested by that token amount, the attorney did not pre-screen all of the applications, work on clients' loan modification cases, or negotiate with lenders.

Court documents also reveal that, rather than having thousands of satisfied clients as they claimed, 1<sup>st</sup> American Law Center had thousands of unsatisfied former clients who did not have their loans modified or receive refunds as promised. While co-conspirators promised that client fees would be deposited into an attorney client trust account and not touched until the client was satisfied, defendant Gary Bobel took control of the funds in the trust accounts and funneled those funds into accounts that he controlled, using the money to pay himself, other employees, or company expenses.

At a prior hearing, several victims testified about the impact of defendants' fraud on their lives. Marla Gay, of Ventura, California, told the Court that she had paid 1<sup>st</sup> American Law Center \$1750 to

help save her home of 11 years. It was the most desperate time in her life, she said, and she even had to borrow funds to pay to attend her sister's funeral in Indiana. She did not receive a modification of her loan, and never got any of her desperately needed money refunded by the company. Another victim, Tony Welcker of Petaluma, California, told the Court that he has been a homeowner for 34 years. He said he and his wife lost their home of 17 years to a short sale, and now live in a rented duplex. They paid 1<sup>st</sup> American Law Center almost \$4,000 for a loan modification but got no assistance. Their finances are now "in shreds," he said, and he feels that the crime exacerbated the medical condition of his wife, who suffers from multiple sclerosis and who appeared in court in her wheelchair. Victim Mark Mendoza said that 1<sup>st</sup> American Law Center kept calling him to get him to sign up. To pay the \$3500 up-front fee, he and his wife had to tap into his wife's pension fund. The Mendozas' mortgage balance increased \$62,000, because 1<sup>st</sup> American Law Center's employees told them to stop making their mortgage payments. After taking its fee, 1<sup>st</sup> American Law Center stopped returning Mr. Mendoza's calls. When he did communicate with employees, they told him to write letters to his mortgage company with false information about his income, which he refused to do. He asked for his money back but never received it from the company.

At the sentencing hearing, Judge Benitez had stern words for the defendants: "You took advantage of people who were desperate to save their homes. You should be ashamed of yourselves." The judge remanded each of the three defendants into custody after imposing sentence.

United States Attorney Laura E. Duffy commented, "Yesterday's sentencing should bring some measure of solace to the victims who were preyed upon at a vulnerable time in their lives, and should deter others who might attempt to exploit the financial crisis to profit from the suffering of others."

FBI Special Agent in Charge Daphne Hearn commented, "Mortgage fraud losses cost taxpayers billions of dollars every year and is a threat to our national economy. The defendants in this case preyed upon those who were desperate and in vulnerable financial situations. This case demonstrates the FBI's commitment to aggressively pursue those who would seek to take advantage of those in dire financial

situations.”

IRS Criminal Investigation (CI) Acting Special Agent in Charge N. Dawn Mertz commented, “the defendants scammed and exploited homeowners in dire financial situations seeking assistance. IRS CI has partnered with federal law enforcement counterparts to end the sale of these bogus schemes and forfeit assets purchased with the illegal proceeds. Today’s sentencing affirms IRS CI’s commitment to investigating criminal activity associated with vulnerable homeowners.”

The Court will conduct a restitution hearing on March 5, 2013, to determine how much money should be ordered repaid to victims of 1<sup>st</sup> American Law Center. A website will be set-up shortly with instructions for how victims can request and document their claims for restitution in advance of that hearing. Victims of 1<sup>st</sup> American Law Center may contact the U.S. Attorney’s Office Victim/Witness Coordinator, Polly Montano, at (619) 546-8921.

**DEFENDANTS**

**Criminal Case No. 11CR5725-BEN**

Gary Michael Bobel

Scott Thomas Spencer

Mark Andrew Spencer

Travis Corey Iverson

**SUMMARY OF SENTENCES**

Gary Bobel: 46 months in custody on Count 1, 46 months in custody on Count 2, to be served consecutively, for a total of 92 months. 3 years of Supervised Release.

Scott Spencer: 30 months in custody, 3 years of Supervised Release.

Travis Iverson: 24 months in custody, 3 years of Supervised Release.

**INVESTIGATING AGENCIES**

Federal Bureau of Investigation

Internal Revenue Service - Criminal Investigation