

NEWS RELEASE



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

***United States Attorney
Laura E. Duffy***

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For Immediate Release

**MAN SENTENCED TO 57 MONTHS FOR LOAN MODIFICATION
SCAM CAUSING SCORES TO LOSE THEIR HOMES**

NEWS RELEASE SUMMARY - May 20, 2013

United States Attorney Laura E. Duffy announced that Christian Hidalgo of Chula Vista was sentenced today to 57 months of custody by District Court Judge William Q. Hayes for a mortgage loan-modification scheme that cheated over 120 people out of over \$670,000, and resulted in the loss of many homes to foreclosure. Hidalgo was also ordered to pay full restitution to all of his victims.

Between approximately March 2009 and October 2011, Hidalgo falsely told victims facing foreclosure that he could lower their mortgage payments. Hidalgo made these false

claims through a variety of business entities based in San Diego and Chula Vista, California, including: “Expo Enterprises,” “United Housing,” “Community Housing Agency,” “National Resource Services,” “Retro Management,” “My “Community Outreach,” and “Nuestra Comunidad Services.”

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

When the victims responded to the solicitation letters, Hidalgo or one of his employees would promise to provide relief under the HAMP program, despite having no connection with this government program. Hidalgo and his employees would then falsely represent 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 Hidalgo’s business entities instead of their lenders.

Although Hidalgo 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. Sadly, this often resulted in the foreclosure of the victims' homes as a result of the lenders' failure to receive mortgage payments. For his part, Hidalgo spent the victim funds in a variety of ways, including purchasing a BMW, diamond rings, a large-screen television, and firearms. All of these items, were seized by the United States and forfeited as part of Hidalgo's sentence. The items will be sold at auction, with proceeds going to the victims.

Hidalgo'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 Hidalgo and 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 Hidalgo's fraudulent scheme.

United States Attorney Duffy added, "We are grateful for the vigilant efforts of the U.S. Postal Inspection Service and HUD-OIG in discovering this dreadful practice of targeting vulnerable victims in the Latino community who merely sought assistance to

maintain their homes. Although many have suffered economically in the last few years, those in dire straits should not be targeted in their time of need. We hope that the sentence imposed in this case, and the restitution ordered, can bring some relief to the victims and serve as a strong deterrent to others conducting fraudulent home-loan modification scams that the consequences of your illegal conduct will be severe.”

DEFENDANT

Case Number: 12CR1658-WQH

Christian Hidalgo

SUMMARY OF CHARGES

Count 2	Title 18, United States Code, Section 1341, 2 (mail fraud, aiding and abetting) Maximum penalty: 20 years of custody; \$1,000,000 Fine
Counts 7	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.

