

FILED

SEP 19 2018

CLERK U.S. DISTRICT COURT
SOUTHERN DISTRICT OF ILLINOIS
EAST ST. LOUIS OFFICE

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF ILLINOIS

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
vs.)
)
SEMJASE E. SANTANA,)
)
Defendant.)

Criminal No. 18-CR-30151-NJR

Title 18, United States Code, Section 1349

INFORMATION

THE UNITED STATES ATTORNEY CHARGES:

COUNT ONE

Conspiracy to Commit Mail Fraud and Wire Fraud – 18 U.S.C. § 1349

1. Beginning in approximately 2008, and continuing until at least October 5, 2016, Michael S. Davenport, owned and operated a telemarketing business located in Santa Barbara, California. Davenport operated this telemarketing business under several different names, including: MDSQ Productions, LLC; Housing Standard, LLC; Anchor House Financial, American Standard; American Standard Online; and Your American Standard Online. (For ease of reference, this company is referred to as “American Standard” throughout the remainder of this document, regardless of what specific name the company was using at any particular time.)

2. During the last few years of its existence, American Standard operated from two locations: 401 N. Milpas Street, Suites D & E, Santa Barbara, California 93101; and 115 N. V. Street, Lompoc, California 93436.

3. Defendant SEMJASE E. SANTANA was employed by American Standard from at least January 2014 through at least October 5, 2016. SANTANA worked as a salesperson at American Standard’s main office in Santa Barbara, California.

4. American Standard was a scam which defrauded thousands of consumers throughout the United States.

5. American Standard purported to be a program through which customers could purchase houses at prices substantially below market value.

6. American Standard generated business by placing advertisements in various publications. The vast majority of customer calls received by American Standard came in response to advertisements placed on Craigslist.

7. The Craigslist ads represented that certain houses were available for sale or rent at favorable prices. The ads did not provide the addresses of the houses. The ads directed the readers to call American Standard for more information about the houses.

8. The Craigslist ads placed by American Standard were false and misleading. American Standard had no information about the specific houses described and shown in the Craigslist ads. American Standard did not have the addresses of these houses, nor did it have any information that these houses were available for sale or rent at the prices shown in the ads.

9. When the customers called American Standard, the salespersons followed a script that was provided by the company.

10. When the customers asked about the houses shown in the Craigslist ads, the salespersons told them that they would have to purchase American Standard's listing of houses in order to obtain information about the houses shown in the ads.

11. The salespersons told the customers that American Standard helps homebuyers and renters find homes at prices substantially below market value. The salespersons further told the customers that the reason these houses were available at prices below market value was because the homeowners were in financial distress and/or the houses were in "pre-foreclosure." The

salespersons further told the customers that they could simply “take over the existing mortgage payments” on the houses, and that the deeds to the houses would be transferred to the customers.

12. The salespersons further represented that, for a fee of \$199, the customers would be given access to American Standard’s listing of houses that were in pre-foreclosure or financial distress. The salespersons also told the customers that the listing contained numerous houses that were available in the areas where the customers were seeking homes.

13. The salespersons’ statements that the houses on American Standard’s listing were in pre-foreclosure or financial distress, and the houses were available at prices below market value, were false and misleading. A substantial number of the addresses contained on American Standard’s listing were fictional and/or no houses existed at the locations indicated. In numerous other cases, although the houses actually did exist, they were not in pre-foreclosure or financial distress, and the houses were not available for purchase at prices below market value. Although some of the houses on the listing may have been in financial distress at one time, these conditions had long since passed and the information contained in the American Standard listing was so outdated that it was worthless.

14. When customers asked where American Standard obtained the information about the houses shown on its listing, the salespersons stated that individual homeowners asked that their houses be included on the listing. In addition, the salespersons stated that American Standard obtained information about the houses on its listing from banks and title companies.

15. The salespersons’ statements about the sources of the houses shown in the American Standard listing were false and misleading. Very few homeowners ever asked that their houses be listed with American Standard. In addition, American Standard did not obtain house listings from banks and title companies. Instead, in many instances, the information about

particular houses on the American Standard listing were completely fabricated. In many other instances, the information on the American Standard listing was simply copied from other real estate listing sources.

16. When the customers asked what the \$199 fee was for, the salespersons responded that, in addition to access to the listing of houses, the fee covered title searches and deed transfers.

17. The salespersons' statements that the \$199 fee covered title searches and deed transfers were false and misleading. American Standard rarely, if ever, performed title searches or deed transfers for its customers, because the customers rarely, if ever, located houses they could purchase using the American Standard listing. In reality, the \$199 fees were used to pay the operational costs of American Standard, including commissions paid to the salespersons on each sale, and profits to the owner of American Standard.

18. After the customers paid the \$199 fees, they were given the telephone number of American Standard's Customer Service Department. The customers were told to contact Customer Service if they had any questions about the American Standard listing or how to use the program.

19. If the customers still expressed an interest in houses they had seen in the Craigslist ads, the Customer Service Department always sent the customers an e-mail stating that the houses shown in the Craigslist ad were no longer available.

20. The purported purpose of the Customer Service Department was to assist customers in using the American Standard listing to locate houses to purchase. In reality, the employees of the Customer Service Department spent most of their time fielding phone calls from angry customers and homeowners whose houses had been included on American Standard's listing without their permission.

21. The employees who worked in the Customer Service Department were given standard “Rebuttals” to use in answering questions from customers regarding why the houses on the American Standard listing were not available for sale at below market prices. For example, when customers complained that certain houses shown on the listing did not exist, the Customer Service representatives were instructed to say that some customers wanted to purchase vacant lots. When customers complained that they had gone to certain houses and the homeowners had stated that their houses were not for sale, the Customer Service representatives were instructed to say that homeowners are usually too embarrassed to talk about their financial distress when approached, and that the proper way to initiate contact was by using form letters provided on American Standard’s website.

22. Many customers of American Standard did send the form letters to the addresses of houses they were interested in purchasing or renting. These form letters were sent via U.S. Mail. In the vast majority of cases, the customers received no responses to the form letters they sent, because either the houses were not available for sale or rent, or the houses did not exist.

23. American Standard attempted to avoid paying refunds to customers. To qualify for a refund, American Standard typically required its customers to meet conditions that were virtually impossible to satisfy. For example, American Standard required customers to mail in letters, signed by the owners of five of the houses on the listing, stating that the customers had viewed their houses. These letters were very difficult to obtain from homeowners who had not placed their houses on American Standard’s listing and were not interested in selling their homes. These letters were impossible to obtain when the addresses on the listing did not exist.

24. Some customers complained to their credit card companies that they had been defrauded and requested that their money be returned through “charge-backs.” When the credit

card companies contacted American Standard in response to their customers' inquiries, American Standard attempted to defeat these charge-backs so that they could retain the fees paid by the customers.

25. The conspiracy and scheme to defraud victimized individuals located in all fifty states and the District of Columbia. At least 104 victims were located in the Southern District of Illinois and resided in the following counties: St. Clair, Madison, Clark, Clinton, Cumberland, Edwards, Effingham, Fayette, Franklin, Gallatin, Hardin, Jackson, Jasper, Jefferson, Johnson, Marion, Monroe, Pulaski, Richland, Saline, Union, and Williamson. In addition, American Standard's list included at least 534 houses located in the Southern District of Illinois.

26. As a salesperson for American Standard, defendant SEMJASE E. SANTANA used the false and misleading statements described above to make sales. During the time period of January 2014, through October 5, 2016, defendant made sales totaling \$234,478.

27. Beginning in at least January 2014, and continuing until at least October 5, 2016, in the Southern District of Illinois, and elsewhere, the defendant,

SEMJASE E. SANTANA,

and other individuals associated with and employed by American Standard, did knowingly and willfully conspire to commit certain offenses against the United States, namely:

A. To devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, and for the purpose of executing the scheme, and attempting to do so, to knowingly cause mail matter and other documents to be sent from, and delivered to, addresses located throughout the United States, including the Southern District of Illinois, in violation of Title 18, United States Code, Section 1341; and


B. To devise and participate in a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, and for the purpose of executing the scheme, and attempting to do so, to knowingly cause interstate telephone calls, credit card transactions, and other signals to be transmitted in interstate commerce by means of wire and radio communications, including interstate telephone calls between employees of American Standard and customers located throughout the United States, including the Southern District of Illinois, in violation of Title 18, United States Code Section 1343.

28. In furtherance of and as a foreseeable consequence of the conspiracy, the conspirators caused documents to be sent and delivered by U.S. Mail, to and from addresses located throughout the United States, including the Southern District of Illinois.


29. In furtherance of and as a foreseeable consequence of the conspiracy, the conspirators caused telephone calls and credit card transactions to be conducted via interstate wire communications between California and locations throughout the United States, including the Southern District of Illinois.

All in violation of Title 18, United States Code, Section 1349.

The offense occurred in connection with the conduct of telemarketing, and the offense victimized ten or more persons over the age of 55, in violation of the SCAMS Act, punishable under Title 18, United States Code, Section 2326.



STEVEN D. WEINHOEFT
United States Attorney



SCOTT A. VERSEMAN
Assistant United States Attorney

Recommended bond: \$10,000 unsecured