

Eastern District of California

JULY 2010

U.S. Attorney's Report to the District

By U.S. Attorney Benjamin B. Wagner

Financial crimes, including mortgage fraud, are among my highest priorities as U.S. Attorney. According to the FBI's June, 2009, annual mortgage fraud report, of the six cities nationally claiming the highest foreclosure rates, three were in the Eastern District of California. An index prepared by a financial risk analysis firm revealed that of the top 10 cities ranked for mortgage fraud risk, seven were in this district.

Mortgage Fraud Working Group

As co-chair of the national Mortgage Fraud Working Group, I have had the opportunity to work toward increased mortgage fraud enforcement both in this district and throughout the country. The Working Group is part of President Obama's Financial Fraud Enforcement Task Force (FFETF), which is combating financial fraud on many fronts. On June 24, I attended a meeting of the FFETF in Washington, chaired by Attorney General Eric Holder, in order to report on the activities of the Mortgage Fraud Working Group. While much has been accomplished in the six months since the Working Group's creation, our most noteworthy accomplishment has been Operation Stolen Dreams.

National Effort in Operation Stolen Dreams

Operation Stolen Dreams, a national mortgage fraud enforcement sweep that began March 1 and ended June 18, 2010, was the largest mortgage fraud law enforcement action ever undertaken. It

resulted in the filing of 823 federal indictments, charging 1,517 defendants with a variety of mortgage fraud crimes. The estimated losses in those cases exceeded \$3 billion. In addition, during the sweep, 391 defendants were convicted of mortgage-fraud-related crimes, and 245 defendants were sentenced. These figures are triple the results of a similar mortgage fraud sweep — Operation Malicious Mortgage — that occurred during a similar time frame two years ago. Operation Stolen Dreams was not limited to federal criminal prosecutions; nearly 200 civil suits were filed against 395 defendants, and many more criminal and civil actions were filed by state and local authorities throughout the country.

Stolen Dreams in Our District

For our part, Operation Stolen Dreams resulted in the filing of 16 felony cases charging 46 defendants with mortgage fraud offenses. We secured 11 guilty pleas and one defendant was sentenced. The new cases involve a variety of schemes, and defendants include homebuilders, mortgage brokers, and real estate professionals who are alleged to have caused millions of dollars in losses. We worked with the Butte County District Attorney on two major cases, and the District Attorneys in Fresno, Merced, San Joaquin, Sacramento, Stanislaus, and Tulare also filed mortgage fraud charges as a result of this operation.

We Dream of No Mortgage Fraud

While Operation Stolen Dreams was a success, it is only a beginning. We will continue to focus on mortgage fraud, and Assistant U.S. Attorneys in this office are working to develop new cases for indictment.
