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SECRET SERVICE ARRESTS SUSPECTS IN CALIFORNIA MORTGAGE FRAUD SCHEME

LOS ANGELES – On Thursday, January 23, the United States Secret Service arrested seven people suspected of carrying out an elaborate mortgage fraud scheme. The suspects have been charged with conspiracy to commit bank fraud.

Dubbed “Operation Golden Financial,” the 20-month investigation uncovered a multi-faceted fraud scheme that has been in existence since 1995, primarily in Kern, Los Angeles and San Diego Counties.

The actual loss to consumers in this case may exceed \$350,000, with the total amount of loans funded by fraudulent means approaching \$13.4 million.

To date, the investigation has led to the discovery of 85 fraudulent mortgage loans. The suspects manufactured loan documents, such as W2 forms, 1040 forms, and verifications of employment, rent and bank deposits, all of which were used to support fraudulent loan applications. The suspects also created fictitious personal checks, money orders and cashier's checks that were submitted with the fraudulent loan documentation. Furthermore, some of the suspects notarized documents without ever verifying the identity of the signatories.

Preying on victims who both lacked English language-skills, and a knowledge of the American financial system, the suspects convinced some of their victims to make mortgage payments directly to the suspects. In some cases, the victims invested the equity from their homes in fictitious investment schemes created by the suspects. These funds were laundered through multiple accounts and were also wired out of the United States to Mexico.

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“Based on the nature of these crimes, we believe that there are many more victims out there who are hesitant to come forward,” said Special Agent in Charge Rosa Alvarado of the Los Angeles Field Office.

The U.S. Secret Service is hoping to hear from others targeted by the scheme. Potential victims should call the Secret Service at 805-339-9180.

The suspects were charged the U.S. Attorney’s Office for the Central District of California with a violation of 18 USC 371, conspiracy to commit bank fraud in violation of include violations of 18 USC 1344.

The U.S. Secret Service was created in 1865 with the sole purpose of suppressing counterfeit currency. While the agency’s responsibilities have expanded to include presidential protection, its investigative mission still focuses on protecting the infrastructure of the nation’s financial systems.

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