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Five Who Targeted Homeowners in Default Sentenced to Federal Prison in \$13 Million Mortgage Fraud Case. Orange County Man Gets 15 Years for Fraud, Refusal to Account for Off-Shore Money

LOS ANGELES—A Downey woman who orchestrated a real estate fraud scheme that caused nearly \$13 million in losses after falsely promising to help homeowners in default on their mortgages has been sentenced to 10 years in federal prison. A second person involved in the scheme was sentenced yesterday to 15 years in prison after a federal judge determined that he had refused to account for proceeds of the scheme in an off-shore bank account that he had agreed in his plea agreement to repatriate.

Martha Rodriguez, 38, who pleaded guilty to mail fraud and money laundering charges in relation to the scheme that ran from May 2003 until November 2005, was sentenced yesterday morning to 120 months in prison by United States District Judge George H. King. In issuing the decade-long sentence, Judge King noted that Rodriguez perpetrated the mortgage fraud scheme while she was free on bond after being charged in another real estate fraud scheme. Edward Seung Ok, 44, of Huntington Beach, who pleaded guilty to mail fraud, was sentenced yesterday afternoon to 15 years in prison. Before issuing the sentence, Judge King ruled that Ok violated his plea agreement by failing to provide investigators with access to an account in the Bank of Nevis on the Caribbean island of St. Kitts into which Ok had transferred more than \$1.6 million during the course of the fraudulent scheme. In his plea agreement, Ok had agreed to repatriate and transfer to the government all of the funds in that account. In addition to continuing to conceal the money, Ok transferred more than \$1 million of the off-shore money into a secret account in the United States, where he could access the funds for his personal expenses, which included golf club memberships, illegal drugs and a \$235,000 Lamborghini Gallardo, prosecutors told Judge King during yesterday's hearing. Addressing the court during yesterday's hearing, Ok admitted that he spent more than \$1 million of the money he had hidden in the off-shore account during a two-year period when he was free on bond in this case.

The prison sentences stem from a fraud case in which Rodriguez, Ok and three others used computerized databases that list homes going into foreclosure to locate victims, who were promised refinancing services. The scheme was operated through Rodriguez's real estate and escrow agencies, Silvernet Properties in Downey and Bellasi Escrow in Seal Beach. Instead of obtaining refinancing, Rodriguez and her co-schemers submitted loan applications in the names of "straw buyers" who were purportedly buying the properties. In some cases, the defendants paid the straw buyers for the use of their personal information. In other cases, the defendants used personal information of people without their knowledge. The loan applications for the straw buyers—which always contained false information—caused a series of lenders to fund more than 100 mortgages worth more than \$40 million. The loan proceeds were used to pay off the loans in

default, sometimes to make a few mortgage payments on the new loans, and to provide some instant cash to homeowners. However, the remaining proceeds, typically representing the bulk of the homeowner's equity, were skimmed off by Rodriguez and her co-schemers.

Even though they were promised that they would be able to keep their homes, the victim homeowners usually lost title to their homes. The lenders suffered losses when the straw buyers then failed to make loan payments and the new loans went into default. Lenders were often unable to foreclose because the straw buyers did not know the properties were in their names. The scheme targeted commercial lenders and more than 100 homeowners across the Southland.

Three other defendants in this case were sentenced late yesterday by Judge King. They are:

Cynthia Valenzuela, a 27-year-old Orange resident who pleaded guilty to mail fraud, was sentenced to one year and one day in prison;

Vladimir Stefanovic, 38, of Huntington Beach, was sentenced to 18 months in prison; and Maria G. Juarez, 39, of Canoga Park, was sentenced to three years in prison, in part because, after she was arrested on the case, she continued to perpetrate loan fraud while she was free on bond.

This case is the result of an investigation by the Federal Bureau of Investigation and IRS - Criminal Investigation. The Los Angeles County Department of Consumer Affairs, Real Estate Fraud Section, provided substantial assistance during the investigation.