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Eight Linked To Fraudulent Mortgage Brokerage in Ventura County that Generated Millions in Sales Arrested in Federal Case

VENTURA, California – Federal and local authorities this morning arrested eight individuals linked to a mortgage fraud scheme that filed loan applications on behalf of lower-income, primarily Spanish-speaking individuals, generating substantial loan fees and commissions and causing lending institutions to suffer millions of dollars in losses when homes went into foreclosure.

This morning's arrests are the result of a grand jury indictment that charges the eight defendants in a conspiracy to commit bank fraud and wire fraud. The investigation, which was started by the Ventura County District Attorney's Office, determined that members of the scheme generated dozens of mortgage loans for unqualified borrowers. The indictment specifically outlines a series of allegedly fraudulent loans worth more than \$11 million.

The federal investigation that resulted in the indictment unsealed this morning was conducted by the Federal Bureau of Investigation; the Federal Housing Finance Agency, Office of Inspector General; the U.S. Department of Housing and Urban Development, Office of the Inspector General; and the United States Secret Service.

The indictment details a scheme led by Camarillo resident Jose Garcia and run out of an Oxnard-based company called New Concepts Home Loans (NCHL), where members of the alleged conspiracy prepared mortgage applications that contained false information about borrowers' income, employment and assets. As part of the scheme, according to the indictment, Jose Garcia's wife and others obtained bogus "CPA letters" from tax preparers that falsely stated the mortgage applicants were engaged in a particular business.

The defendants in these cases generated huge commissions and fees through the mortgage application process – typically at least \$10,000 per mortgage.

The victim lenders who suffered losses as a result of the alleged scheme include Washington Mutual Bank, Wells Fargo Bank, Countrywide Bank, IndyMac Bank, SunTrust Bank, World Savings Bank and JPMorgan Chase Bank.

“Jose Garcia and his cohorts are alleged to have lured unsophisticated borrowers with promises of putting them into homes they clearly could not afford,” said United States Attorney André Birotte Jr. “But this American dream quickly turned into a nightmare for these borrowers when they realized they could not afford their new homes. All the while, real estate professionals like Jose Garcia reaped huge profits from the fraudulent loans that they brokered.”

District Attorney Gregory D. Totten stated: “These arrests for serious federal crimes illustrate the tenacity of state and federal law enforcement to continue our years-long effort to bring to justice those who perpetrated real estate fraud-based crimes against unsuspecting, often monolingual, victims in our communities.”

FBI Assistant Director in Charge Bill L. Lewis commented: “Mr. Garcia allegedly directed his workforce, including unlicensed individuals acting as realtors, to peddle the dream of home ownership in the poorest neighborhoods of Oxnard, where they easily found people eager to buy. This case and others were made based on the cooperative relationship among federal and local investigators working as a team to combat mortgage fraud in Ventura County.”

The indictment charges:

- Jose “Joe” Bautista Garcia, 46, of Camarillo, a real estate broker who in addition to NCHL owned Century 21 Premier Realty, who allegedly directed agents to go door-to-door and “cold call” unqualified borrowers in Ventura County;
- Lucy Ann Garcia, Jose Garcia’s wife, 46, also of Camarillo, who co-owned NCHL;
- Jose Fernando Murguia, 47, of Oxnard, a loan officer at NCHL;
- Sesilia Garcia, one of Jose Garcia’s sisters, 30, of Oxnard, a loan officer at NCHL;
- Lili Ayala Hernandez, 41, of Oxnard, a loan officer at NCHL;
- Lidubina “Lido” Mendoza Perez, 41, of Moreno Valley, a loan officer who worked at NCHL’s office in Bakersfield;
- Gregg Scott Quinn, 40, of Camarillo, a loan officer at NCHL; and
- Cesar Rodriguez Azamar, 36, of Santa Paula, an employee of NCHL.

All of the defendants in this case face a statutory maximum sentence of 30 years in prison if they are convicted of the conspiracy count in the indictment.

An indictment contains allegations that a defendant has committed a crime. Every defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.

The defendants arrested today will begin making their initial court appearances this afternoon in United States District Court in Los Angeles.

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