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For Immediate Release

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Home Foreclosure Rescue Scam Ring Broken Up, Leaving Approximately 400 Victims

San Diego County District Attorney Bonnie M. Dumanis, California Attorney General Edmund G. Brown, Jr. and San Diego FBI Special Agent in Charge Keith Slotter announced today that a huge real estate fraud scheme has been broken up after victimizing potentially 400 homeowners in San Diego County alone, with additional victims in other counties. There are many more victims throughout the state who have not yet come forward or do not yet realize they have been scammed.

Investigators from the District Attorney's Office and FBI agents served arrest warrants and three simultaneous search warrants on May 21. Arrested were the ringleader William Hutchings, 62, Xiaoke Li, 43, both of San Diego (Scripps Ranch); Edgar Martinez, 30 and Diego Gil Gil, 38 on charges of conspiracy, grand theft, and deceitful practices as Foreclosure Consultants. An arrest warrant for Shawna Landis, 29, of Sorrento Valley, has been issued and is outstanding. When investigators served the search warrant, Martinez and Gil were in the middle of giving a presentation to more than 50 new prospective victims.

"The defendants preyed on mostly non-English speaking, Hispanic homeowners who were in foreclosure, claiming to offer assistance in preventing the victims from losing their home," DA Dumanis said. "These transactions were illegal and left the victims even worse off than they were before. Some of the victims have been evicted from their own homes when this scheme failed."

The defendants are facing more than 100 felony charges and that number is expected to increase. Also filed were allegations that the scheme resulted in significant financial losses to the victims. They could face up to 44 years in prison if convicted. The District Attorneys Office also took action to freeze the assets and bank accounts of the suspects to preserve assets for restitution for the victims.

In addition to the criminal case being prosecuted by the San Diego DA's Office, the Attorney General served a civil injunction and temporary restraining order.

"There hasn't been a legitimate use of the land grant since the conclusion of the Mexican-American war," Attorney General Brown said. "If some fast talking scam artist offers a quick escape from foreclosure using archaic documents, be extremely suspicious."

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The defendants also used the business names of Federal Land Grant Company; Land Grant Services; and KBS Resources.

Some of the victims who have been evicted from their homes are difficult to locate and more victims are being sought. **The District Attorney's Office and FBI are asking all victims who signed the properties over to the defendants and/or the companies, to call a DA hotline at (619) 531-4475** to provide current contact information for purposes of prosecution and restitution.

"The arrests should be seen as a warning," FBI Special Agent in Charge Slotter said. "Those who consider similar scams should know this: When individuals who are already facing an extreme financial crisis are preyed upon by the very people from whom they are seeking help, the FBI will aggressively investigate and pursue prosecution of these individuals."

The defendants were allegedly engaged in a widespread foreclosure rescue scam by which they acquired grant deeds to homes in foreclosure based on untrue or misleading statements that their "land grant program" would prevent homeowners from losing their homes through foreclosure.

Two methods were used for inducing owners of residences in foreclosure to participate in a so-called land grant program. One method required homeowners to pay a one-time fee of up to \$10,000 to put their property in a land grant. The second method was a lease back scheme in which homeowners paid the suspects \$500 or more and then transferred their property via grant deeds to the defendants for no consideration and then made monthly payments to the defendants, purportedly to rent their homes back from the defendants.

In both scenarios, the homeowner was typically evicted from their property at the completion of foreclosure proceedings and retained no legally recognized title to their property. While the total loss is still being tallied, the defendants probably got away with hundreds of thousands of dollars.

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