



BUTTE COUNTY DISTRICT ATTORNEY



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PRESS RELEASE

For Immediate Release
April 8, 2008

FRAUDULENT MORTGAGE FORECLOSURE SCHEME IN BUTTE COUNTY WARN DISTRICT ATTORNEY AND COUNTY CLERK-RECORDER

Butte County District Attorney Mike Ramsey and County Clerk-Recorder Candace Grubbs today warned local property owners in the process of foreclosure to beware of persons offering to save their property from foreclosure. The perpetrators are contacting owners of property against which a notice of default has been recorded, the first step in the foreclosure process. The scheme is supposed to work by having the owner grant a fractional interest in the property to a sham business entity. The property owner is also asked to pay the person who gains the fractional interest a monthly fee. The fractional interest owner then files bankruptcy for the sham business entity to stop foreclosure. Unfortunately, the bankruptcy is found to be fraudulent; the foreclosure continues and the owner loses the property and the fees they paid to the perpetrator of the scheme.

Grubbs heard of the scheme through her network of county recorders and checked her county records finding at least one such suspicious case. She referred the case to Ramsey, who said his Economic Crime Unit is currently investigating the case which has ties to a similar scheme out of Alameda County.

The Alameda County District Attorney has brought charges against two people who have gained fractional interests from property owners in Alameda, Fresno and Napa. The United States Attorney in Sacramento has indicted 19 people on similar charges. The United States Trustee's office and the California Attorney General are also investigating this foreclosure-bankruptcy scheme. "We urge property owners who are approached by perpetrators of this scheme to contact the Economic Crime Unit of the Butte County District Attorney's office," said Ramsey who is working with Grubbs on this issue. The number for unit is 1-866-DA FRAUD (323-7283) or online at www.buttecounty.net/da/FraudForm.