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ATTORNEY GENERAL ANNOUNCES ARRESTS IN FORECLOSURE RESCUE SCAM

Las Vegas, NV— Attorney General Catherine Cortez Masto announced today the arrest of William Vargas, one of three defendants who allegedly operated a foreclosure rescue scam in Las Vegas since February 2007, under the business name of Federal Housing Aid.

Two additional defendants are still at large with warrants issued for their arrest. Paula Luna is believed to be in California and Michael Sinclair is believed to have fled to the Philippines. The Vargas arrest was made by investigators working for the Attorney General's Mortgage Fraud Task Force, created in early 2008, to investigate and prosecute mortgage related crimes in Nevada.

"Foreclosure rescue scams are particularly egregious because they target victims who are already experiencing financial hardship," said Attorney General Cortez Masto. "These types of scams prey on vulnerable victims who are desperate for hope and who are looking for ways to avoid foreclosure. The victims end up paying whatever money they have left to the perpetrators, only to end up in a worse position than before they were scammed"

The alleged scheme involved the collection of upfront fees for the purpose of assisting the victims with avoiding foreclosure on their homes. The suspects allegedly charged the victims between \$899 to \$1500 for foreclosure rescue services and offered a 100% money back guaranty, claiming their company would refund the money if the foreclosure could not be stopped.

Collection of fees upfront is in violation of Nevada Revised Statute 645D.400, which makes it unlawful for a mortgage consultant to collect or receive any compensation until after the consultant has fully performed the consulting services that he contracted to perform or represented that he would perform. The State alleges that the defendants failed to provide the foreclosure rescue services and failed to refund the victims' money as promised.

Defendants Vargas, Sinclair and Luna are each charged with multiple felonies including: One (1) felony count of Theft of a Person 60 Years or Older; seven (7) felony counts of Theft by Material Misrepresentation; and eight (8) misdemeanor counts of Deceptive Trade Practice. The initial appearance in Justice Court is set for December 10 at 7:30 am in Las Vegas Justice Court Department 9.

The case was filed by prosecutors assigned to the Attorney General's Mortgage Fraud Task Force, which was created by Attorney General Masto in early 2008 to address mortgage fraud scams throughout Nevada. The task force combines the resources of several Attorney General Bureaus, including the Bureau of Criminal Justice and the Bureau of Consumer Protection. It works closely with other State agencies including the Mortgage Lending Division to investigate and prosecute mortgage fraud crimes in Nevada.

The charges against the named individuals are merely allegations. The defendants are presumed innocent until or unless proven otherwise in a court of law.

Consumers who wish to report mortgage fraud are asked to contact the Attorney General's Bureau of Consumer Protection in Las Vegas at (702) 486-3194 to obtain a complaint form. Consumers with internet access may also obtain a Consumer Complaint Form, as well as other consumer protection and contact information, on the Attorney General's website at www.ag.state.nv.us.

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