

## **FACT SHEET**

### ***Ocegueda v. Nathanson***

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*All statements below are allegations provided by the plaintiffs. None of these allegations have been proven yet.*

#### **ABOUT *Ocegueda v. Nathanson***

This class action lawsuit brings to light the unscrupulous business practices of loan modification scammers as they prey on vulnerable homeowners in California. Homeowners who believe they have been the victim of a scam are encouraged to call either 888-995-HOPE (4673) or visit [www.preventloanscams.org](http://www.preventloanscams.org) and click the link "[Report a Scam!](#)" Individuals who would like to report a complaint against any of the entities named below should email [loanscamvictim@orrick.com](mailto:loanscamvictim@orrick.com). The Law Foundation, Lawyers' Committee and Orrick are representing victims free of charge.

#### **AN ELABORATE SCHEME TO ENTICE DESPERATE HOMEOWNERS**

Defendants' business is based on a statewide network, which included some of the following steps:

- Step 1* Find Victim: Defendants locate desperate homeowners through several means, including solicitation from local real estate agents and brokers and Internet advertisements. [Complaint ¶¶ 30-31, 55-56, 79-80, 96-97]
- Step 2* Feign Expertise: Defendants advertise seeking guaranteed loan modification assistance from a Beverly Hills attorney with experience in commercial litigation and real estate. The attorney Defendant's advertised expertise led homeowners to believe that the attorney Defendant would have extra leverage with the banks in negotiating better mortgage terms. [Complaint ¶¶ 30, 35-36, 55, 100]
- Step 3* Promise a Refund: One Defendant promised to refund 100 percent of the upfront fees paid if the homeowners enter into an agreement to seek home loan modification help and pay upfront fees to the attorney Defendant. In some cases, the attorney Defendant promised to refund upfront fees paid minus a small attorneys' fee if he was unsuccessful in seeking a modification. [Complaint ¶¶ 41, 46, 62, 82, 87, 97, 102-03]

**Step 4 Take the Upfront Fee:** Defendants demand and receive upfront payments ranging from \$2,975 to \$4,995 per property. In some cases, Defendants also tell victims to stop contacting or sending payments to their mortgage lenders. [Complaint ¶¶ 40, 46, 61, 86, 105]

**Step 5 Fail to Perform and Stall:** Defendants fail to obtain more favorable loan modifications for a vast majority of the homeowners. Further, Defendants neglect to provide meaningful updates regarding the status of the homeowner's modification application. Instead, Defendants stall and hassle the homeowners to continuously send updated financial documents for their application. [Complaint ¶¶ 66-67, 88, 112-13]

## **ABOUT THE SCAMMERS**

Defendants Adeel Amin and American Brother Corporation, doing business as RewireMyLoan.com ("Rewire Defendants"), worked side by side with Ken Nathanson and his law businesses, Sherman & Nathanson and the Nathanson Law Center ("Nathanson Defendants") to entice homeowners to sign up for their loan modification services.

- **Adeel Amin:** The owner of Defendant American Brother Corporation doing business as RewireMyLoan.com. [Complaint ¶ 25]
- **American Brother Corporation:** A California corporation located at 17700 Castleton Street, Suite 200 in City of Industry, California. Defendant American Brother Corporation does business under the fictitious business name of RewireMyLoan.com. [Complaint ¶ 24]
- **Ken Nathanson:** An attorney licensed to practice by the State Bar of California, a partner at Defendant Sherman & Nathanson P.C., and the principal attorney at Defendant Nathanson Law Center. Homeowners paid their upfront fees to attorney Nathanson. [Complaint ¶ 21]
- **Sherman & Nathanson:** A professional law corporation located at 9454 Wilshire Boulevard, Suite 900 in Beverly Hills, California. [Complaint ¶ 22]
- **Nathanson Law Center:** The successor-in-interest to Defendant Sherman & Nathanson. The Law Center is located at 9454 Wilshire Boulevard, Suite 900 in Beverly Hills, California. [Complaint ¶ 23]

## **ABOUT THE VICTIMS**

Some of the plaintiffs in the *Ocegueda v. Nathanson* are:

### ***Mr. and Mrs. Ocegueda (Union City, CA):***

- Mr. and Mrs. Ocegueda are a married couple with three children. The couple speaks Spanish as their primary language. [Complaint ¶ 53]

- In the middle of 2009, Mr. and Mrs. Ocegueda starting looking for a loan modification company to help reduce their monthly mortgage payments and pay down the principal balance on the mortgage. [Complaint ¶ 55]
- The couple heard about the loan modification opportunity being offered by the Rewire and Nathanson Defendants on a local real estate agent's Spanish-language radio show. [Complaint ¶ 55]
- The Defendants and their agents explained the modification services being offered in Spanish. Subsequently, the Defendants and their agents provided Mr. and Mrs. Ocegueda with a contract in English. [Complaint ¶ 56-60]
- Mr. and Mrs. Ocegueda paid \$3,995 to modify their mortgage. After paying their upfront fee the couple rarely heard from the Defendants. The Defendants allowed months to pass by without providing requested updates to the Oceguedas. [Complaint ¶ 61]
- The Oceguedas decided to call their lender and get an update on the modification application supposedly submitted by the Defendants. The Oceguedas' lender did not have a modification application from them on file. [Complaint ¶ 68]
- Mr. and Mrs. Ocegueda asked for a refund from the Defendants. The Defendants refused to provide a refund. [Complaint ¶ 69]

***Judy Jones (San Jose, CA):***

- In early 2009, Ms. Jones wanted to modify the mortgage on her primary residence because a significant portion of her income went to pay for the mortgage. [Complaint ¶ 95]
- She first heard about the modification services being offered by the Rewire Defendants and the Nathanson Defendants from a friend who referred her to a real estate agent. [Complaint ¶ 96]
- Ms. Jones paid \$3,995 to modify her mortgage with the Defendants. Ms. Jones believed that if the modification was not successful, she would receive a refund from the Defendants. [Complaint ¶ 105]
- After paying her upfront fee, Ms. Jones rarely heard from the Defendants. [Complaint ¶ 112]
- Nearly a year passed by without any substantive updates regarding Ms. Jones' application. Ms. Jones' lender eventually denied her modification request. [Complaint ¶¶ 112-16]
- Throughout the modification process, Ms. Jones asked for a refund from the Defendants. The Defendants refused to provide Ms. Jones with a refund as promised in the contracts she signed. [Complaint ¶¶ 114, 115, 116, 117]

## HOMEOWNERS FIGHT BACK – ABOUT THE LEGAL CLAIMS

Plaintiffs are seeking injunctive relief to prevent the Defendants from engaging in any further scams, compensatory damages, and restitution of money and property wrongfully taken from them. The complaint alleges various causes of action, some of which include:

- Breach of Corporate Guaranty Contract. The Rewire Defendants promised to refund the homeowners' upfront fees paid if they entered into an Attorney-Client Agreement with the Nathanson Defendants and the Nathanson Defendants failed to provide the services promised in the agreement. [Complaint ¶¶ 134-142]
- Unfair Competition. The Nathanson Defendants violated the rules governing attorney conduct under both the State Bar Act and the California Rules of Professional Conduct by splitting fees with non-attorneys, using referral fees to obtain clients, and using another person to solicit business for them. [Complaint ¶ 145]. The Rewire Defendants used a form Corporate Guaranty as a "material inducement" for the victims to enter into contracts with the Nathanson Defendants and/or Rewire Defendants and failed to provide the promised money-back guaranty after the Nathanson Defendants did not succeed in obtaining loan modifications for the victims. [Complaint ¶ 147]
- Failure to Translate Attorney Contract. The Nathanson Defendants explained the Fee Agreement and made guarantees in Spanish, but only provided English contracts to a subset of homeowners whose primary language is Spanish. [Complaint ¶¶ 155-58]
- Breach of Attorney Contract. The Nathanson Defendants failed to honor the refund promised in their Attorney-Client Agreement to some of the homeowners. [Complaint ¶¶ 168-181]