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An extensive review of the reported cases concluded that the original figures included in the Distressed Homeowner Initiative were not just criminal defendants who had been charged in Fiscal Year 2012, as reported, but also a number of defendants who were the subject of other prosecutive actions – such as a conviction or sentence – in Fiscal Year 2012. In addition, the announcement included a number of defendants who were charged in mortgage fraud cases in which the victim(s) did not fit the narrow definition of distressed homeowner that the initiative targeted. As a result, the announcement overstated the number of defendants that should have been included as part of the Distressed Homeowner Initiative, as well as the corresponding estimated loss amount and number of victims. While all of the cases originally reported were part of our collective efforts to ensure stability and fairness in our financial and housing markets, these updated numbers reflect the subset of cases targeted by the Fiscal Year 2012 Distressed Homeowner Initiative.

Financial Fraud Enforcement Task Force Members Reveal Results of Distressed Homeowner Initiative First Law Enforcement Effort Focused on Crimes Against Struggling Homeowners 107 Criminal Defendants Charged, 17,185 Victims and Losses of More Than $95 million

Attorney General Eric Holder, Housing and Urban Development (HUD) Secretary Shaun Donovan, FBI Associate Deputy Director Kevin L. Perkins and Federal Trade Commission (FTC) Chairman Jon Leibowitz today announced the results of the Distressed Homeowner Initiative, the first-ever nationwide effort to target fraud schemes that prey upon suffering homeowners. The yearlong initiative, launched by the FBI, a co-chair of the Financial Fraud Enforcement Task Force's Mortgage Fraud Working Group, resulted in 107 criminal defendants charged in U.S. District Courts across the country. These cases involved more than 17,185 homeowner victims and total losses by those victims estimated by law enforcement at more than$95 million.

"These comprehensive efforts represent an historic, government-wide commitment to eradicating mortgage fraud and related offenses," said Attorney General Holder. "The success of the Distressed Homeowner Initiative, and the developments we announce today, underscore our determination to pursue these and other financial fraud criminals around the country."

From Oct. 1, 2011, to Sept. 30, 2012 (FY 2012), the Distressed Homeowner Initiative focused on fraud targeting homeowners, such as foreclosure rescue schemes that take advantage of homeowners who have fallen behind on their mortgage payments. Typically, the con-artist in such a scheme promises the homeowner that he can prevent foreclosure for a substantial fee by, for example, having so-called investors purchase the mortgage, or transferring title in the home to persons in league with the scammer. In the end, the homeowner can lose everything. Other targets of the Distressed Homeowner Initiative include perpetrators of loan modification schemes who obtained advance fees from homeowners after falsely promises that they would negotiate more favorable mortgage terms on behalf of the homeowners.

"With home price increases helping homeowners get back above water and billions of dollars in new resources for families still at risk through the recent mortgage servicing settlement, borrowers are finally beginning to see the light at the end of the tunnel. We know, however, that too many families are still facing threats to sharing in that recovery," said HUD Secretary Donovan. "The Financial Fraud Enforcement Task Force has made important progress through its Mortgage Fraud Working Group to crack down on some of the same types of scam artists that got us into this crisis in the first place—pushing predatory or fraudulent loans on families who simply wanted to own a home, and now pushing false hope for modification of those loans— often preying upon the trust families have in HUD and the Federal Housing Administration. With actions like those announced today, we send a very clear message: if you don't operate ethically, transparently, and within the boundaries of the law, we will not hesitate to act."

As a part of the Justice Department's efforts to improve the lives of struggling homeowners, the Financial Fraud Enforcement Task Force's Victims' Rights Committee, in partnership with the Certified Financial Planning Board and the Foundation for Financial Planning, will begin offering unprecedented pro-bono financial planning assistance to the victims of a foreclosure rescue scheme, indicted by the U.S. Attorney's Office for the Central District of California. All 4,000 victims of the scheme, many of whom lost their homes as a result of the fraud, have been invited to attend a free financial planning workshop in Riverside, California. Those who attend the workshop will receive free financial information and education to assist them in recovering from the devastating effects the crime had on their lives and to help them plan for the future. The financial planners at the workshop will be able to answer critical questions relating to tax planning, debt management, foreclosure assistance, job loss, retirement planning, investment advice, insurance, employee benefits and more.

"We recognize the negative impact that mortgage fraud and foreclosures have on our economy and on our communities. We cannot merely investigate after the fact. We must use intelligence and sophisticated techniques to identify and stop those who seek to defraud American homeowners. We will continue to work with our partners across the country to ensure the integrity of the housing market, and to keep our communities safe," said FBI Associate Deputy Director Perkins.

In federal civil actions involving distressed homeowner victims, the Justice Department's U.S. Trustee Program, the Federal Trade Commission and the Consumer Financial Protection Bureau (CFPB), protectors of the nation's bankruptcy laws and federal consumer laws, filed cases against 128 defendants in federal cases across the country, with at least19,198 victims identified and losses estimated at more than $54 million. False or abusive filings in U.S. Bankruptcy Court are commonly used to execute foreclosure rescue scams. State Attorneys General also filed criminal cases against 51defendants, with losses at more than $2 million, and also filed at least 104 civil enforcement actions against 125 defendants with losses to homeowners at approximately $5 million. Last, the Treasury Department's Office of Financial Stability's Antifraud Unit and the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), in order to protect homeowners from fraudulent or confusing websites that misuse the Treasury seal and key TARP housing program names, such as the Home Affordable Modification Program, shut down or forced into compliance more than 900 mortgage rescue websites or web advertisers.

"With many homeowners still struggling to hold onto their homes, the FTC takes a hard line against con artists who are seeking their next victim," said FTC Chairman Leibowitz. In order to protect struggling homeowners and increase the number of criminal enforcement actions made as part of this initiative, the members of the Mortgage Fraud Working Group were proactive. The FBI generated new investigations by gathering victim complaint data from FTC databases and other sources, analyzed the data and distributed information of lead value to field offices from coast-to-coast. The FBI, together with HUD Office of Inspector General, also utilized sophisticated undercover operations to facilitate the development of federal distressed homeowner criminal cases. Many of the investigations initiated as part of the Distressed Homeowner Initiative are ongoing and will result in additional enforcement actions in the near future.