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Mortgage Fraud Artist who Victimized 47 Valley Homeowners Pleads Guilty

(Phoenix, Ariz. – April 15, 2009) Attorney General Terry Goddard today announced that Bobby John Herrera, 33, of Glendale, has pleaded guilty to one count of fraudulent schemes and artifices, a Class 2 felony, in connection with a mortgage loan “assistance” scam he orchestrated that victimized 47 Valley homeowners.

In December 2008, Herrera was arrested by Surprise and Peoria police in connection with the scheme. He pleaded guilty yesterday in Maricopa County Superior Court. He is scheduled to be sentenced on May 13 and faces five years in prison as well as \$73,000 in restitution to victims.

According to investigators, Herrera solicited struggling homeowners with fraudulent claims that he could modify mortgage terms or provide other assistance to help them prevent foreclosure. Herrera allegedly claimed to have “connections” and expertise negotiating with mortgage lenders to reduce consumers’ monthly payments and prevent foreclosure.

In exchange for the services he claimed to provide, investigators said Herrera often charged the victims upfront fees of \$1,245. Herrera is alleged to have not provided any such mortgage loan modification or foreclosure relief assistance, using the money instead for personal expenses.

“Herrera was a wolf in sheep’s clothing. He preyed on struggling homeowners at a time when they could have been getting real help to save their homes and their families’ economic stability,” Goddard said. “I urge all homeowners who feel they are at risk of foreclosure to reject offers from costly ‘loan assistance’ businesses and get help from a HUD certified housing counselor. These counselors can be trusted to look out for your best interests and they won’t cost you a dime.”

The Attorney General’s Office began receiving complaints about Herrera on December 3, 2008. In response to concerns raised in complaints, the Office initiated a criminal investigation into Herrera’s activities. The criminal investigation into this case involved the Arizona Attorney General’s Office, Surprise Police Department and Peoria Police Department.

Assistant Attorney General Todd Lawson is prosecuting this case in Maricopa County Superior Court. A photograph of Herrera is attached. A consumer advisory on mortgage assistance scams was released in early December. A copy can be found on the Attorney General’s Web site at http://www.azag.gov/press_releases/dec/2008/Mortgage%20Assistance%20Advisory.pdf.

Goddard recommends that homeowners who are in or facing foreclosure seek assistance promptly from their mortgage lender or servicer or a government-certified housing counselor. Federal, state and local governments offer numerous free resources for distressed homeowners, including the Arizona Foreclosure Help-Line at 1.877.448.1211. Additional tips and resources are available on the Attorney General's Web site, www.azag.gov.

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