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United States of America

**FILED**

MAY 02 2013

CLERK, U.S. DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA

**S. MARTIN-GILL**

8 IN THE UNITED STATES DISTRICT COURT  
9 FOR THE EASTERN DISTRICT OF CALIFORNIA

10 UNITED STATES OF AMERICA,  
11 Plaintiff,  
12 v.  
13 JUAN RAMON CURIEL and  
14 HERNANDEZ SANTIAGO PALACIOS,  
15 Defendants.

Case No. 1:13 CR 00188 - LJO SKO

VIOLATION: 18 U.S.C. § 1349 -  
Conspiracy to Commit Mail Fraud;  
18 U.S.C. § 1341 - Mail Fraud (9  
Counts); 18 U.S.C. §§ 157(1) &  
(3) - Bankruptcy Fraud; 18 U.S.C.  
§ 981(a)(1)(C) and 28 U.S.C. §  
2461 - Criminal Forfeiture

17 I N D I C T M E N T

18 COUNT ONE: [18 U.S.C. § 1349 - Conspiracy to Commit Mail Fraud]

19 The Grand Jury charges:

20 JUAN RAMON CURIEL and  
21 HERNANDEZ SANTIAGO PALACIOS,

defendants herein as follows:

22 I. PARTIES, PERSONS AND ENTITIES

23 1. At all relevant times, defendants JUAN RAMON CURIEL  
24 ("CURIEL") and HERNANDEZ SANTIAGO PALACIOS ("PALACIOS") were the  
25 principal officers of and operated Star Reliable Mortgage, a  
26 business entity with locations in Bakersfield and Visalia,  
27 California, in the State and Eastern District of California, and  
28

1 elsewhere.

2       2. "Lenders" include business entities that lent money to  
3 finance real properties owned by homeowners who paid money to  
4 defendants in connection with their conspiracy and scheme to  
5 defraud, including mortgage lending companies and other  
6 federally-insured financial institutions. The lenders included,  
7 but were not limited to, Bank of America, JP Morgan Chase & Co.,  
8 Wells Fargo, and Flagstar Bank. Bank of America, JP Morgan Chase  
9 & Co., Wells Fargo, and Flagstar Bank were at all relevant times  
10 federally insured financial institutions as defined by Title 18,  
11 United States Code, Section 20.

12       II. CONSPIRACY

13       3. Beginning on a date unknown to the Grand Jury, but not  
14 later than in and about August 2010, and continuing thereafter  
15 to in and around October 2011, within the State and Eastern  
16 District of California and elsewhere, defendants CURIEL and  
17 PALACIOS did knowingly conspire, combine, and confederate with  
18 each other, and with others known and unknown to the Grand Jury,  
19 to execute a scheme and artifice to defraud homeowners and  
20 federally insured financial institutions (referred to as  
21 "lenders") of money and property, and to obtain money and  
22 property from such homeowners and lenders, by means of  
23 materially false and fraudulent pretenses, representations, and  
24 promises, and to cause the United States mail and commercial  
25 carriers to be used in execution of the scheme to defraud, in  
26 violation of Title 18, United States Code, Section 1341.

27       III. MANNER AND MEANS OF CONSPIRACY

28       4. During the above-described time period, the defendants

1 and others both known and unknown to the Grand Jury conspired to  
2 defraud homeowners and lenders of money and property, and caused  
3 money and property to be obtained from such homeowners and  
4 lenders, by the following manner, means, and acts:

5 5. Defendants knowingly, and with the intent to defraud,  
6 conspired to offer homeowners, in exchange for the homeowners'  
7 payment of advance fees and other fees, a purported "loan  
8 elimination" program to purportedly enable the homeowners to own  
9 their homes "free and clear" of any loans or mortgages. With the  
10 intent to defraud, defendants promised to eliminate loans but did  
11 not deliver on their promises.

12 6. Defendants required homeowner-clients to sign an  
13 "Agreement" to participate in defendants' purported loan  
14 elimination program. According to the Agreement, defendants'  
15 "Scope of Services" included, among other things, "Demanding  
16 appropriate revision of client's loan as appropriate" and  
17 "Rescind[ing] client loan as appropriate."

18 7. Defendants charged homeowner-clients an upfront fee,  
19 characterized as a "required donation," to participate in  
20 defendants' purported loan elimination program. If a homeowner-  
21 client's home was in foreclosure, the upfront fee charged by  
22 defendants was generally \$4,500, whereas if a homeowner-client  
23 was current in mortgage payments, the upfront fee charged by  
24 defendants was generally \$2,500. Defendants also charged  
25 homeowner-clients a monthly fee, also characterized as a  
26 "required donation," in the amount of a fixed percentage of the  
27 homeowner-client's monthly mortgage payment, and directed the  
28 homeowner-clients to cease making payments to their lenders.

1           8. In furtherance of their purported loan elimination  
2 program, defendants knowingly, and with the intent to defraud,  
3 conspired to file with country recorders' offices fraudulent  
4 documents purporting to substitute the trustee of the homeowner-  
5 clients' real properties and to reconvey all or portions of the  
6 real properties to fictitious business entities and purported  
7 trusts, including, among others: Advanta Mortgage Trust, Kingdom  
8 Ventures Inc., Baker Group, Cal Enterprises, Kelbaker Inn,  
9 Shoshore Ptnrs and Narang Telefilms. Defendants charged  
10 homeowner-clients advance fees and other fees to prepare the  
11 fraudulent documents and transmit the recorded documents to the  
12 legitimate trustees of the real properties.

13           9. Defendants transmitted the recorded, fraudulent  
14 documents described above to the legitimate trustees to illicitly  
15 "cloud title" and halt or stall the foreclosure process on the  
16 defrauded homeowner-clients' properties. Defendants' conduct in  
17 fraudulently attempting to halt or stall foreclosures reassured  
18 and lulled homeowner-clients to believe that defendants' services  
19 were legitimate and successful. As a result, homeowner-clients  
20 were lulled into paying and continuing to pay to defendants fees  
21 for their fraudulent services.

22           10. Defendants CURIEL and PALACIOS knowingly, and with the  
23 intent to defraud, made materially false and fraudulent  
24 representations and promises, and material omissions, to  
25 homeowners regarding the defendants' loan elimination program and  
26 services. These included, among others:

27           a. That defendants could eliminate homeowner-clients'  
28 home loans and that the homeowners could own their properties

1 "free and clear" by paying defendants advance and other fees and  
2 a percentage of the homeowners' mortgage payments;

3 b. That defendants could stop or temporarily halt the  
4 homeowner-clients' pending or expected home foreclosures;

5 c. That prospective clients each had one million  
6 dollars in a U.S. government bank account and that these funds  
7 would be used to pay-off the clients' home mortgages; and

8 d. That homeowner-clients would repurchase their  
9 homes from the defendants after defendants acquired title to  
10 those homes.

11 11. Defendants used registered mail to transmit to the  
12 clients' mortgage lenders trustee documents, including  
13 substitution of trust documents, purporting to replace the  
14 mortgage lender with a fictitious entity as the new trustee.

15 12. Defendant PALACIOS also instructed clients on various  
16 occasions to stop making mortgage payments to their lenders.

17 13. In some instances, and without the affected homeowner-  
18 client's or lender's authorization or knowledge, defendants  
19 fraudulently caused to be recorded documents purporting to  
20 transfer all or a portion of the homeowner-client's property to a  
21 bankruptcy debtor, including, among others, Armando Garcia doing  
22 business as Narang Telefilms, a fictitious entity. Such a filing  
23 would have the effect of halting or stalling foreclosure under  
24 the protection of the Bankruptcy Code.

25 14. Defendants' fraudulent misrepresentations caused many  
26 homeowner-clients to stop making payments to their lenders on  
27 their existing mortgage loans. Defendants also advised  
28 homeowner-clients to disregard and/or send to Star Reliable

1 Mortgage notices they received from lenders notifying the  
2 homeowner-clients they owed payments on their existing mortgage  
3 loans. As a result of these withheld payments, the lenders  
4 suffered losses, and many homeowner-clients became delinquent on  
5 their loans and ultimately had their homes foreclosed upon.

6 15. As a result of the conduct of the defendants in  
7 furtherance of the conspiracy, the defendants defrauded  
8 approximately 70 homeowners of approximately \$580,000, and also  
9 caused at least \$2 million of losses to financial institutions  
10 and other lenders.

11 All in violation of Title 18, United States Code, Section  
12 1349.

13 COUNTS TWO THROUGH TEN: [18 U.S.C. 1341 - Mail Fraud]

14 The Grand Jury further charges:

15 JUAN RAMON CURIEL and  
16 HERNANDEZ SANTIAGO PALACIOS,

17 defendants herein, as follows:

18 16. Paragraphs 1 and 2, and 4 through 15 of Count One are  
19 incorporated by reference as though fully set forth herein.

20 17. Beginning on a date unknown, but not later than in and  
21 about August 2010, and continuing thereafter to in and around  
22 October 2011, within the State and Eastern District of California  
23 and elsewhere, the defendants, and others both known and unknown,  
24 did knowingly devise and intended to devise a material scheme and  
25 artifice to defraud homeowners and lenders of money and property,  
26 and to obtain money and property from such homeowners and  
27 lenders, by means of materially false and fraudulent pretenses,  
28 representations, and promises, and material omissions.

18. On or about the dates set forth below, within the State and Eastern District of California and elsewhere, for the purpose of executing and attempting to execute the aforementioned scheme and artifice to defraud, defendants CUIEL and PALACIOS, with the intent to defraud, knowingly caused the mail matter described below to be sent and delivered by the U.S. Postal Service or delivered by a private or commercial interstate carrier.

COUNT	APPROX. DATE OF MAILING	SENT VIA U.S. MAIL TO	DESCRIPTION
TWO	2/24/2011	Bank of America, Charlotte, NC	USPS mailing (#7009 2820 0002 3171 1966) regarding notice of substitution of trustee from victims JZ and CZ, Bakersfield, CA
THREE	3/31/2011	Victims RG and OG, Tulare, CA	USPS mailing regarding payment instructions from Star Reliable Mortgage, Bakersfield, CA
FOUR	4/12/2011	Victims RG and OG, Tulare, CA	USPS mailing regarding new address for correspondence from Star Reliable Mortgage, Visalia, CA
FIVE	6/1/2011	Star Reliable Mortgage, Visalia, CA	USPS mailing (#7011 0470 0001 4428 0450) regarding payment by victim AD, Shafter, CA
SIX	7/6/2011	Star Reliable Mortgage, Visalia, CA	USPS mailing (#7011 1150 0000 1176 1422) regarding payment by victim AD, Shafter, CA
SEVEN	8/6/2011	Star Reliable Mortgage, Visalia, CA	USPS mailing (#7011 1150 0000 1176 4027) regarding payment by victim AD, Shafter, CA
EIGHT	9/14/2011	Victim AD, Shafter, CA	USPS mailing regarding invoice from Star Reliable Mortgage, Visalia, CA

1 2	NINE	9/22/2011	Victim MD and ED, Salinas, CA	USPS mailing regarding beneficial ownership from Monterey County Assessor, Salinas, CA
3 4 5	TEN	10/3/2011	Star Reliable Mortgage, Visalia, CA	USPS mailing (#7011 1570 0001 5393 1530) regarding payment by victim AD Shafter, CA

6 All in violation of Title 18, United States Code, Section  
7 1341.

8 COUNT ELEVEN: [18 U.S.C. §§ 157(1) & (3) - Bankruptcy Fraud]

9 The Grand Jury further charges:

10 JUAN CURIEL,  
11 defendant herein, as follows:

12 19. Paragraphs 1 and 2, and 4 through 18, inclusive of  
13 Counts One through Ten, are incorporated by reference as though  
14 fully set forth herein.

15 20. Beginning not later than in and about August 2010, and  
16 continuing thereafter to in and around October 2011, within the  
17 State and Eastern District of California and elsewhere,  
18 defendant CURIEL devised and intended to devise a scheme and  
19 artifice to defraud homeowners and lenders of money and  
20 property.

21 21. On or about October 4, 2011, for the purpose of  
22 executing and attempting to execute such scheme and artifice to  
23 defraud, defendant CURIEL filed, or caused to be filed, a  
24 petition for relief under Chapter 7 of the Bankruptcy Code, as  
25 Case No. 11-61032, in the United States Bankruptcy Court for the  
26 Eastern District of California, Fresno Division.

27 22. Prior to filing or causing to be filed the petition in  
28



1 Case No. 11-61032, and in furtherance of executing the scheme  
2 and artifice to defraud, defendant CURIEL knowingly made  
3 fraudulent misrepresentations to the debtor that he could save  
4 his home, including through filing bankruptcy. Defendant's  
5 fraudulent misrepresentations caused the debtor to pay money to  
6 the defendant in exchange for his fraudulent services, including  
7 his filing of the debtor's bankruptcy petition.

8 23. Defendant CURIEL caused the debtor's bankruptcy  
9 petition to falsely reflect that the debtor's home was to be  
10 foreclosed on October 5, 2011 - the day after defendant filed or  
11 caused to be filed the debtor's petition (October 4, 2011). In  
12 truth and in fact, the debtor's home already had been foreclosed  
13 on June 9, 2011, and the new owner obtained a writ of possession  
14 for the home on or about August 19, 2011, well before defendant  
15 filed or caused to be filed debtor's bankruptcy petition.

16 All in violation of Title 18, United States Code, Sections  
17 157(1) & (3).

18 FORFEITURE ALLEGATION: [18 U.S.C. §§ 981(a)(1)(C) and 28 U.S.C.  
19 § 2461 - Criminal Forfeiture]

20 24. The allegations in Counts One through Eleven are hereby  
21 realleged and incorporated by reference for the purpose of  
22 alleging forfeitures pursuant to Title 18, United States Code,  
23 Section 981(a)(1)(C) and Title 28, United States Code, Section  
24 2461.

25 25. Pursuant to Title 18, United States Code, Section  
26 981(a)(1)(C) and Title 28, United States Code, Section 2461, and  
27 upon conviction of one or more of the offenses set forth in  
28 Counts One through Eleven of this Indictment, defendants CURIEL

1 and PALACIOS shall forfeit to the United States any property,  
2 real or personal, which constitutes or is derived from proceeds  
3 traceable to a violation of the offenses set forth in Counts One  
4 through Eleven of this Indictment.

5 26. If any of the property described above, as a result of  
6 any act or omission of the defendants or agents of the  
7 defendants or upon direction by the defendants:

- 8 a. cannot be located upon the exercise of due  
9 diligence;
- 10 b. has been transferred or sold to, or deposited  
with, a third party;
- 11 c. has been placed beyond the jurisdiction of the  
12 Court;
- 13 d. has been substantially diminished in value; or
- 14 e. has been commingled with other property which  
cannot be divided without difficulty,

15 the United States of America shall be entitled to forfeiture of  
16 substitute property, including but not limited to a forfeiture  
17 money judgment, pursuant to Title 21, United States Code, Section  
18 853(p), as incorporated by Title 28, United States Code, Section  
19 2461(c).

20 A TRUE BILL.

21 **/s/ Signature on file w/AUSA**

22 FOREPERSON

23 BENJAMIN B. WAGNER  
United States Attorney

24 **Mark E. Cullers**

25 By: MARK E. CULLERS  
26 Assistant U.S. Attorney  
27 Chief, Fresno Office  
28

1:13CR 00188 - LJO SKO

FILED

UNITED STATES DISTRICT COURT

MAY 02 2013

Eastern District of California

Criminal Division

S. MARTIN GILL  
CLERK U.S. DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA  
DEPUTY CLERK

SEALED

THE UNITED STATES OF AMERICA

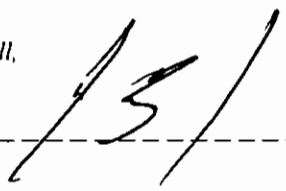
vs.

JUAN RAMON CUIEL,  
HERNANDEZ SANTIAGO PALACIOS

INDICTMENT

**VIOLATION(S):** 18 U.S.C. § 1349 - Conspiracy to Commit  
Mail Fraud; 18 U.S.C. § 1341 - Mail Fraud;  
18 U.S.C. § 157(1) & (3) - Bankruptcy Fraud;  
18 U.S.C. § 981(a)(1)(C) and  
28 U.S.C. §2461 - Criminal Forfeiture

A true bill,



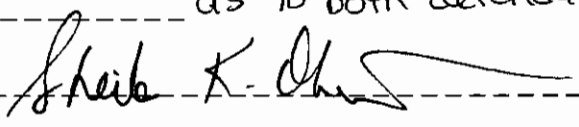
Foreman.

Filed in open court this \_\_\_\_\_ day

of \_\_\_\_\_, A.D. 20 \_\_\_\_\_

Clerk.

Bail, \$ **NO BAIL WARRANT** as to both defendants



DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION -- IN U.S. DISTRICT COURT

COMPLAINT     INFORMATION     INDICTMENT  
 SUPERSEDING INFORMATION     SUPERSEDING  
 SEALED     Court No.

Name of District Court, and/or Judge Magistrate Location (city)  
**EASTERN DISTRICT OF CALIFORNIA**  
**FRESNO, CALIFORNIA**

BY

**OFFENSE CHARGED**

\_\_\_\_\_ Petty  
 \_\_\_\_\_ Minor  
 \_\_\_\_\_ Misdemeanor  
 X  Felony

**DEFENDANT -- U.S. vs.** **SEALED**  
**JUAN RAMON CURIEL**

Place of Offense: Kern County/Tulare County  
 USC Citations:  
 See Indictment

Address { **1:13 CR 00188 - LJO SKO**  
 Birth Date \_\_\_\_\_ Male \_\_\_\_\_ Alien \_\_\_\_\_  
 Female \_\_\_\_\_ (if applicable)

(Optional unless a juvenile)

**PROCEEDING**  
 Name of Complainant Agency, or Person (& Title, if any)  
**Tulare County DA/Dwayne Johnson**

this person is awaiting trial in another Federal or State Court, give name of court.  
 this person/proceeding is transferred from another district per (circle one) FRCrP 20, 21, or 40. Show District  
 this is a reprosecution of charges previously dismissed which were dismissed on motion of:

U.S. Att'y     Defense    } SHOW DOCKET NO.

this prosecution relates to a pending case involving this same defendant  
 prior proceeding or appearance(s) before U.S. Magistrate regarding this defendant were recorded under

MAGISTRATE CASE NO.

**DEFENDANT**  
**IS NOT IN CUSTODY**

1)  Has not been arrested, pending outcome this proceeding if not detained give date any prior summons was served on above charges  
 2)  Is a Fugitive  
 3)  Is on Bail or Release from (show District)

**IS IN CUSTODY**

4)  On this charge  
 5)  On another conviction     Fed'l     State  
 6)  Awaiting trial on other charges  
 If answer to (6) is "Yes", show name of institution

Has detainer been filed?    Yes    If "Yes" give date

Name and Office of Person Furnishing information on THIS FORM  
**Donna McCloskey**

U.S. Att'y     Other U.S. Agency

DATE OF ARREST    Mo.    Day    Year  
 Or ... if arresting Agency & Warrant were not Federal  
 DATE TRANSFERRED TO U.S. CUSTODY    Mo.    Day    Year

Name of Asst. U.S. Att'y (if assigned) **CHRISTOPHER D. BAKER**  
 **ADD FORFEITURE UNIT (Check if Forfeiture Allegation)**

This report amends AO 257 previously submitted

**ADDITIONAL INFORMATION OR COMMENTS**  
 Penalties - see penalty slip. No Bail Warrant requested.

COB

PENALTY SLIP

**SEALED**

**DEFENDANT: JUAN RAMON CURIEL**

**VIOLATIONS: 18 U.S.C. § 1349 - Conspiracy to Commit Mail Fraud**

**1:13 CR 00188 - LJO SKO**

**PENALTIES: COUNT ONE:**

**30 years maximum imprisonment  
\$1,000,000 fine  
5 years supervised release**

**VIOLATIONS: 18 U.S.C. § 1341 - Mail Fraud**

**PENALTIES: COUNTS TWO THROUGH TEN:**

**30 years maximum imprisonment  
\$1,000,00 fine  
3 years supervised release**

**VIOLATIONS: 18 U.S.C. § 157(1) & (3) - Bankruptcy Fraud**

**PENALTIES: COUNT ELEVEN:**

**5 years maximum imprisonment  
\$250,000 fine  
3 years supervised release**

**VIOLATIONS: 18 U.S.C. §§ 981(a)(1)(C) and 28 U.S.C. § 2461 - Criminal Forfeiture**

**PENALTIES Forfeiture - As indicated in the Indictment**

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION -- IN U.S. DISTRICT COURT

COMPLAINT  INFORMATION  INDICTMENT  
 SUPERSEDING INFORMATION  SUPERSEDING  
 SEALED  Court No.

**OFFENSE CHARGED**

\_\_\_\_ Petty  
 \_\_\_\_ Minor  
 \_\_\_\_ Misdemeanor  
X Felony

Place of Offense: Kern County/Tulare County

USC Citations:

See Indictment

BY \_\_\_\_\_

Name of District Court, and/or Judge Magistrate Location (city)  
**EASTERN DISTRICT OF CALIFORNIA  
 FRESNO, CALIFORNIA**

**DEFENDANT -- U.S. VS.** **SEAL**

▶ **HERNANDEZ SANTIAGO PALACIOS**

Address { **1:13 CR 00188 - LJO SKO**

Birth Date \_\_\_\_\_ Male \_\_\_\_\_ Alien \_\_\_\_\_  
 Female \_\_\_\_\_ (if applicable)

(Optional unless a juvenile)

**PROCEEDING**

Name of Complainant Agency, or Person (& Title, if any)  
 Tulare County DA/Dwayne Johnson

this person is awaiting trial in another Federal or State Court, give name of court.

this person/proceeding is transferred from another district per (circle one) FRCrP 20, 21, or 40. Show District

this is a re prosecution of charges previously dismissed which were dismissed on motion of:  
 U.S. Att'y  Defense } SHOW DOCKET NO.

this prosecution relates to a pending case involving this same defendant

prior proceeding or appearance(s) before U.S. Magistrate regarding this defendant were recorded under **MAGISTRATE CASE NO.**

**DEFENDANT**

**IS NOT IN CUSTODY**

1)  Has not been arrested, pending outcome this proceeding if not detained give date any prior summons was served on above charges

2)  Is a Fugitive

3)  Is on Bail or Release from (show District)

**IS IN CUSTODY**

4)  On this charge

5)  On another conviction  Fed'l  State

6)  Awaiting trial on other charges  
 If answer to (6) is "Yes", show name of institution

Has detainer been filed? Yes \_\_\_\_\_ If "Yes" give date \_\_\_\_\_  
 No \_\_\_\_\_

DATE OF ARREST ▶ Mo. Day Year

Or ... if arresting Agency & Warrant were not Federal

DATE TRANSFERRED TO U.S. CUSTODY ▶ Mo. Day Year

Name and Office of Person Furnishing information on THIS FORM  
 Donna McCloskey

U.S. Att'y  Other U.S. Agency

Name of Asst. U.S. Att'y (if assigned) CHRISTOPHER D. BAKER

ADD FORFEITURE UNIT (Check if Forfeiture Allegation)

This report amends AO 257 previously submitted

ADDITIONAL INFORMATION OR COMMENTS  
 Penalties - see penalty slip. No Bail Warrant requested.

WB

PENALTY SLIP

**DEFENDANT: HERNANDEZ SANTIAGO PALACIOS**

**SEALED**

**VIOLATIONS: 18 U.S.C. § 1349 - Conspiracy to Commit  
Mail Fraud**

**PENALTIES: COUNT ONE:**

**1:13 CR 00188 - LJO SKO**

**30 years maximum imprisonment  
\$1,000,000 fine  
5 years supervised release**

**VIOLATIONS: 18 U.S.C. § 1341 - Mail Fraud**

**PENALTIES: COUNTS TWO THROUGH TEN:**

**30 years maximum imprisonment  
\$1,000,00 fine  
3 years supervised release**

**VIOLATIONS: 18 U.S.C. §§ 981(a)(1)(C) and 28 U.S.C. § 2461 -  
Criminal Forfeiture**

**PENALTIES Forfeiture - As indicated in the Indictment**