

**\* NEWS RELEASE \***

# **MORTGAGE LOAN BROKERS ORDERED TO PAY OVER \$300,000 IN PENALTIES IN FRAUD PROSECUTION FOR ILLEGAL BUSINESS PRACTICES & DECEPTIVE MARKETING**

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**FOR IMMEDIATE RELEASE**

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Monterey County District Attorney Dean Flippo announced today that a civil judgment has been obtained against a local mortgage loan brokerage, Ed Veronick Mortgage Loans, Inc., and its corporate officers and employees. The civil suit, filed by the District Attorney's Real Estate Fraud Unit, charged the defendants with engaging in a civil conspiracy and illegal business practices between June 2004 and June 2007 to obtain an unfair advantage over competitors and earn illegal profits out of commissions on loans brokered by unlicensed persons.

The defendants were ordered not to engage in illegal business practices, a violation of which could result in criminal or civil penalties. The final judgment imposed a total of \$315,000 in civil penalties. The individual defendants were responsible for different shares. To reduce their penalty liabilities, several defendants voluntarily surrendered their licenses. Defendant employee Ronnie Esparza was determined by the Court to have committed acts of fraud which could entitle former clients to restitution.

The defendants had been expressly directed, in November 2005, by the Department of Real Estate to cease illegal marketing and sharing loan commissions with unlicensed persons. The District Attorney's complaint alleged that in order to market their loans and products to a largely Hispanic population, the corporate officers decided to partner with the unlicensed Esparza in June 2004 and allowed him to manage their Salinas office and pay him out of loan commission proceeds.

The California's Real Estate Recovery Act maintains funds for victims who can claim losses as a result of fraudulent activities by a real estate licensee. Persons believing that they may qualify for restitution from dealings with Ed Veronick Mortgage Loans, Inc., can download claim forms from [http://www.dre.ca.gov/frm\\_recovery.html](http://www.dre.ca.gov/frm_recovery.html) or contact the Department of Real Estate at (916) 227-9458.