

United States Department of Justice

For Immediate Release

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Central District of California

Downey Man Agrees to Plead Guilty in Multi-Million-Dollar Fraud that Bilked Investors and Homeowners - Juan Rangel Agrees to Serve 15-Year Sentence for Targeting Spanish-Speaking Victims and Stealing Their Savings and Titles to their Homes

LOS ANGELES—A Downey man has agreed to plead guilty to federal fraud and money laundering charges, admitting that he ran two fraudulent operations—a Ponzi scheme that took in \$30 million from more than 300 victims and a mortgage fraud scheme that preyed on homeowners by stealing the equity from their homes and secretly taking title to their properties.

Juan Rangel, 46, who is currently in federal custody, signed a plea agreement that was filed late Friday in United States District Court. Rangel agreed to plead guilty to one count of mail fraud and one count of money laundering. In the plea agreement, federal prosecutors and Rangel ask the court to impose a sentence of 15 years in prison.

Rangel agreed to plead guilty to a mail fraud count related to the Ponzi scheme in which Rangel and his company, the Commerce-based Financial Plus Investments, recruited new investors through Spanish-language newspapers and magazines, as well as in radio advertisements and infomercials broadcast on television. Rangel and Financial Plus promised to pay investors guaranteed returns of 60 percent each year out of the profits from Financial Plus' real estate investments and lending business. However, Rangel admitted in the plea agreement that Financial Plus did not make any actual profits from real estate or lending. Rangel instead used the victims' money to make Ponzi payments to other investors and for his own personal use, including the monthly mortgage payments on his \$3 million home and monthly payments for his Lamborghini sports car.

In the plea agreement, Rangel also admitted that he and others operated a mortgage fraud scheme that targeted Latino homeowners at risk of losing their homes by offering them help to avoid foreclosure. Rather than assisting the distressed homeowners, however, Rangel took titles to their homes and drained the remaining equity out of the properties. As part of this scheme, Rangel arranged to sell the homeowners' properties, usually without their knowledge, to third-party straw buyers. He then applied for loans in the straw buyers' names related to these supposed purchases, and used a variety of falsified documents to ensure that the fraudulent loans were approved. Rangel admitted that the scheme caused mortgage lenders to fund more than \$10 million in fraudulent loans.

Rangel is scheduled to plead guilty Wednesday afternoon before United States District Judge S. James Otero. Once he pleads guilty, Rangel will face a statutory maximum sentence of 30 years

in federal prison. Although the parties will recommend a sentence of 15 years, Judge Otero will make the final determination as to the appropriate sentence in the case.

A federal grand jury indicted Rangel last month in the Financial Plus schemes. The indictment also charges Javier Juanchi, 42, of Sherman Oaks, a vice president at Financial Plus, and Pablo Araque, 40, of Downey, who owns the Downey-based tax preparation and bookkeeping company A-One Tax Pros. Juanchi and Araque were charged in relation to the mortgage fraud and are currently scheduled to go to trial before Judge Otero on November 23.

The case involving Financial Plus is the result of an investigation by the Federal Bureau of Investigation, the United States Postal Inspection Service, and IRS-Criminal Investigation.