

THE UNITED STATES ATTORNEY'S OFFICE
NORTHERN DISTRICT *of* OHIO

[U.S. Attorneys](#) » [Northern District of Ohio](#) » [News](#)

Department of Justice

U.S. Attorney's Office

Northern District of Ohio

FOR IMMEDIATE RELEASE

Tuesday, July 21, 2015

North Royalton man sentenced to nearly three years in prison for mortgage-relief scam

A North Royalton man was sentenced to nearly three years in prison for operating a loan-modification scheme in which he defrauded more than 90 homeowners struggling to make their mortgage payments out of \$286,000, said Steven M. Dettelbach, United States Attorney for the Northern District of Ohio, and Stephen D. Anthony, Special Agent in Charge of the FBI's Cleveland office.

Robert Walker, age 44, was sentenced to 33 months in prison after previously pleading guilty to five counts of fraud.

Walker convinced homeowners on the verge of foreclosure to pay himself and his company an up-front fee of at least \$1,995 but then did little or no work to get a loan modification for customers. He also promised customers that, if not modification was obtained, 80 percent of the fee would be reimbursed. But Walker never intended to reimburse those fees and when he failed to obtain a loan modification, he regularly refused the promised reimbursement, according to court documents.

According to court documents:

Walker incorporated and owned The Modification Group, or TMG, where he supervised and directed the employees. TMG did business under various names, including The Modification Group 4, U.S. Modification Group and Loan Modification Group, among others. It had offices at various times in Broadview Heights, Middleburg Heights, Bedford, Parma Heights, Ravenna and Cleveland.

TMG solicited people who were struggling to pay their home mortgages or that were pending foreclosure and offered to help improve their financial situation and avoid foreclosure by interceding on their behalf with the lending institution and obtaining a loan modification. TMG advertised itself – using direct mailings, telephone calls, a website and Internet and radio advertisements – as “specializ(ing) in loan modifications, debt settlements, credit repair, and financial planning services” and having “experienced negotiators that will secure your home with the lowest fixed rate available.” TMG claimed it “will eliminate or reposition all late payments back into your loan, bringing the account current, while also lowering your interest rate or payment, making it easier for you to afford.”

From 2009 through 2011, Walker devised a scheme to defraud by making representations that he knew TMG could not keep and had no intention of keeping, including: “‘Are You In A Loan You Can’t Afford? We Will Modify It. Guaranteed.’” Or “‘What [TMG] Can Do To Help: Lower interest rates (2-5.5 percent fixed) giving you a reduction in monthly payments; eliminate or shorten 2nd Lien, and/or lowering overall principle balance; Position yourself out of an interested only or adjustable rate mortgage and into a fixed 30 or 40 year payment.’”

Walker, through TMG, required consumers to pay \$1,995 or 1 percent of the mortgage balance, whichever was greater, up front, before TMG worked on obtaining a loan modification.

Walker directed his employees at TMG to solicit and accept clients for whom he knew TMG would not be able to obtain loan modifications on terms that that customers could realistically afford. Through TMG, he required customers to enter into written service agreements that were substantially one-sided, in favor of TMG. He also directed employees to tell potential customers that TMG would refund 80 percent of the fee paid if TMG failed to obtain a loan modification, when Walker had no intention of refunding the fee.

Walker, through TMG, prohibited customers from contacting their lending institution and directed customers to send any and all correspondence from their lenders to TMG.

TMG often failed to obtain any loan modification for the customer. In some cases, TMG never contacted its customer's lending institution to discuss a modification even though the customer had paid substantial monies to Walker and TMG to do so.

Walker and his employees at TMG often created illegitimate reasons that they claimed voided TMG's contract to avoid refunding customer's fees. For example, TMG often told customers that they had not provided requested documents quickly enough, and terminated their contracts without a refund.

Walker, through TMG, told customers who attempted to cancel their contracts that doing so was a breach that voided their right to a refund. He often refused to issue a refund for customers for whom TMG had failed to obtain a loan modification unless the customer filed a complaint with a consumer protection agency.

Defrauded customers include residents in Lakewood, Cleveland, Eastlake, Streetsboro and North Ridgeville, as well as North Carolina, Virginia, Connecticut, Indiana and elsewhere, according to the court documents.

This case is being prosecuted by Assistant U.S. Attorney Rebecca Lutzko following an investigation by the Federal Bureau of Investigation and the Ohio Attorney General's Office, Consumer Protection Section.

Topic(s):

Consumer Protection
Financial Fraud

Component(s):

USAO - Ohio, Northern

Updated July 21, 2015