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## State sanctions promoter of “foreclosure rescue” scheme

*Tony Schwartz promised to help distressed homeowners, then illegally sold interests in homes*

(Salem) — The Oregon Department of Consumer and Business Services (DCBS) issued a cease-and-desist order and assessed \$250,000 in fines against Anthony “Tony” Schwartz and two businesses he controlled for selling interests in foreclosed homes he seized in a complex “foreclosure rescue” scheme.

Schwartz, who owned REI Exchange, LLC and TMG Ventures, Inc. in the Portland area, raised nearly \$850,000 by convincing buyers to purchase fractional interests in real estate “land trusts” from the sale of homes seized from owners unable to repay their loans. Schwartz, who was not licensed to sell securities, falsely represented that the unusual, unsecured investments were safe. In addition to the fines, Schwartz is prohibited from raising capital, formally or informally, from other individuals for use or investment on their behalf.

“I urge homeowners facing foreclosure to be careful when seeking assistance,” said David Tatman, administrator of DCBS’ Division of Finance and Corporate Securities. “Though many legitimate organizations offer valuable information and aid to those struggling to avoid the loss of their home, this case stands as proof positive that some seek to profit mightily at the expense of desperate homeowners.”

Under a series of complex legal documents, Schwartz lent money to struggling homeowners – some facing imminent foreclosure. In exchange for the home’s title, Schwartz made payments on behalf of the homeowner but would take the home when the homeowner failed to repay the loan. Schwartz claimed the right to seize and sell a house and then pocket – in some cases – significant equity.

The Mortgage Rescue Fraud Protection Act of 2008 protects homeowners from such foreclosure rescue schemes by requiring those who purchase a homeowner’s equity in order to avoid foreclosure to ensure the homeowner has the ability to buy back the home and entitling the homeowner to a share of the proceeds if the home is resold quickly. Schwartz’s activities occurred before the law took effect.

The Department of Justice recently took action against a California firm, USMAC Law Group, for violating the Mortgage Rescue Fraud Protection Act by collecting advance fees for loan modifications and using misleading advertising. DCBS and DOJ are working collaboratively with the Oregon Legislature and consumer groups to help protect distressed homeowners.

DFCS can help investors find licensing, registration, and enforcement history information on individuals, companies, and securities products. You can call DFCS toll-free 1-866-814-9710, 503-378-4140 in Salem, or go to [www.dfcs.oregon.gov](http://www.dfcs.oregon.gov). Homeowners facing foreclosure can receive free help from HUD-certified counselors by calling 1-800-SAFENET.

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The Division of Finance and Corporate Securities, part of the Department of Consumer and Business Services, helps ensure that a wide range of financial products and services are available to Oregonians and helps protect consumers from financial fraud and abuse. For more information, visit [www.dfcs.oregon.gov](http://www.dfcs.oregon.gov).

The Department of Consumer and Business Services is Oregon's largest business regulatory and consumer protection agency. For more information, visit [www.dcbs.oregon.gov](http://www.dcbs.oregon.gov).