

## Feds target mortgage-elimination scheme

### Restraining order would shut down Dorean Group operations

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By [Glenn Roberts Jr.](#)  
[Inman News](#)

The U.S. government is working to shutdown the operations of a nationwide scheme based in California that has purported to eliminate home mortgages for an up-front fee.

The [U.S. Attorney's Office](#) for the Northern District of California has filed a complaint that seeks to permanently block an alleged "fraudulent mortgage elimination scheme" carried out by Dale Scott Heineman and Kurt F. Johnson through The Dorean Group, Oxford Trust and Universal Trust.

Heineman was arrested by police in Union City, Calif., and faces charges of communications fraud, racketeering, unlawful dealing of property by a fiduciary, theft, fraudulent handling of recordable writings and conspiracy in Utah.

Authorities are still seeking Johnson, who faces similar charges in Utah. A Web log, <http://www.doreanblog.com/>, purports to be authored by Johnson, and it includes details about current cases pending against Johnson and Heineman.

An Aug. 1 hearing date has been set to consider the U.S. Attorney's Office request for a restraining order that would prevent Dorean Group from "advertising their debt elimination services via the Internet, telephone, or any other wire communication, or by mail, to any individual and/or any entity."

The order, if approved, would also prevent the group from "withdrawing, transferring, removing, dissipating and disposing of property obtained as a result of the fraud," including money held in two Union City-based bank accounts.



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Rachel Dollar, a lawyer who operates a [mortgage-fraud blog](#), stated in a posting last week, "According to FBI statements in court papers, \$2.8 million was deposited into one Dorean bank account over the course of a year and at least \$230,000 was wired from that account to a bank account in Riga, Latvia."

The U.S. Attorney's Office complaint alleges that the Dorean Group's operators "are continuously alienating or disposing of funds they have obtained as a result of the fraudulent practices described (here)."

Rachel Dollar,  
Mortgage  
Fraud Blog

Heineman and Johnson "have been continuously transferring funds by wire from bank accounts within the Northern District of California to accounts controlled by defendants in Riga, Latvia," court documents state.

Several groups, including title companies and Better Business Bureaus across the country, have issued alerts warning about the Dorean Group's so-called mortgage elimination process.

The FBI, in conjunction with state and local law enforcement agencies, earlier this year raided a Union City, Calif., office used by promoters of The Dorean Group. Agents seized documents and bank accounts connected with the office, sources said, and the Dorean Group reportedly was evicted from its Union City offices.

Court documents allege that Dorean Group representatives "maintain offices in Newark, California" and that "fraudulent activities...continue to be conducted."

The Dorean Group is under fire in other states, too. North Carolina Attorney General Roy Cooper in March [filed a lawsuit](#) against Johnson and Heineman to bar them from operating a mortgage-elimination scheme in that state.

According to Web sites that have promoted the Dorean Group process, homeowners pay an up-front fee of about \$3,000 to begin the debt elimination process. The Dorean Group process has been promoted through a network of affiliates in many states who have set up Web sites and published comments about the process in Internet forums.

These mortgage-elimination Web sites have promoted anti-bank philosophies that question the validity of the nation's mortgage process and overall financial system, and some Dorean-affiliated Web sites have described intricately detailed conspiracy theories involving the Federal Reserve, the military industrial complex and a vastly powerful New World Order, for example.

Through some creative paperwork, [the Dorean Group process](#) attempts to dismiss loans by fighting the legitimacy of those loans.

"After receiving a homeowner's application and fee, defendants begin the 'mortgage elimination' process by recording various false documents with the county recorder's office in the county where the property is located," according to the U.S. Attorney's Office complaint.

"(Their) ultimate purpose in recording these false documents is to create the appearance on the public record that the property is free and clear of encumbrances."

Homeowners who participate in the process are encouraged to refinance their properties and to split these refinancing proceeds with the Dorean Group and affiliates, and to pocket a portion of the proceeds, according to Web descriptions of the Dorean Group process.

"The end result is that the client gets free and clear title to the home and a good amount of cash in hand," according to a Web description of the process.

But real estate industry lawyers have said that homeowners entering into such processes could face foreclosure, criminal charges or the challenge of clearing up a clouded title to their homes.

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