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(202) 514-2007

TTY (866) 544-5309

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## **FOUR CALIFORNIA RESIDENTS SENTENCED IN SCHEME TO DEFRAUD CONSUMERS THROUGH DEBT RELIEF FIRMS**

WASHINGTON – Four defendants were sentenced today in connection with a fraudulent Orange County, California, debt relief firm, the Justice Department and U.S. Postal Inspection Service announced. The defendants all worked at Nelson Gamble and Associates and Jackson Hunter Morris and Knight, companies that offered to settle credit card debts but instead took victims' payments as undisclosed up-front fees.

“These scams take advantage of consumers already struggling with debt,” said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department’s Civil Division. “The Department of Justice will continue to work with its law enforcement partners to protect consumers from fraud, especially when they are targeted based on their financially vulnerable conditions.”

“We are gratified by today’s sentencing, on behalf of the many unsuspecting victims who sought financial relief, only to be further burdened by these criminals,” said Inspector in Charge Regina L. Faulkerson of Criminal Investigations, U.S. Postal Inspection Service. “We applaud the work of the Justice Department’s Consumer Protection Branch in bringing these fraudulent credit repair conspirators to justice.”

The sentences were imposed Monday by U.S. District Court Judge Dale Fischer of the Central District of California in Los Angeles. The four defendants all previously pleaded guilty for their roles in the scheme.

Jeremy Nelson, 31, of Dana Point, California, was sentenced to serve 87 months in prison and ordered to pay \$4,225,924 in restitution. Nelson [admitted](#) to being the owner and CEO of the companies and overseeing the scheme

Elias Ponce, 30, of Santa Ana, California, was sentenced to serve 42 months in prison and ordered to pay \$2,340,373 in restitution. Ponce worked in the “customer service” department and handled complaints.

Christopher Harati, 33, of Long Beach, California, was sentenced to serve 27 months in prison and ordered to pay \$408,403 in restitution. [Harati](#) worked with Ponce in customer service at the companies.

Athena Maldonado, 32, of Lake Forest, California, was sentenced to serve one month in prison and six months home confinement and ordered to pay \$130,224 in restitution. [Maldonado](#) handled complaints and held herself out as the vice president of the company's "legal department."

Nelson and Ponce both pleaded guilty to one count of conspiracy to commit mail and wire fraud. Harati and Maldonado pleaded guilty to a separate Information charging one count of conspiracy to commit wire fraud. A fifth defendant, John Vartanian, 57, of Newport Beach, California, [pleaded guilty](#) to conspiracy in July in connection to his role as a salesman at the companies. He is scheduled to be sentenced on Nov. 21.

Members of the conspiracy at times portrayed Nelson Gamble and Jackson Hunter as law firms or attorney-based companies. Clients were told the companies would negotiate favorable settlements with creditors. Clients made monthly payments expecting the money to go toward settlements. The conspirators instead took at least 15 percent of the total debt as company fees, with the first six months of payments going almost entirely toward undisclosed up-front fees.

The scheme ran from February 2010 to September 2012. Nelson changed the name of the company from Nelson Gamble to Jackson Hunter in 2011. Nelson and his co-conspirators told victims that Nelson Gamble had gone bankrupt and that Jackson Hunter was an unrelated company that had taken over some of the accounts. Nelson and his co-conspirators blamed past problems on Nelson Gamble and denied requests for refunds of money paid to Nelson Gamble. Some victims who previously demanded refunds accepted the explanation that Nelson Gamble was bankrupt and did not pursue complaints against Jackson Hunter.

In September 2012, the Federal Trade Commission (FTC) brought a [civil case](#) against Nelson and the companies, alleging that the defendants misrepresented debt relief services offered to consumers. (See <https://www.ftc.gov/enforcement/cases-proceedings/122-3030-x120048/nelson-gamble-associates-llc-et-al>). The case was settled by entry of a consent decree in August 2013.

Principal Deputy Assistant Attorney General Mizer commended the Postal Inspection Service team assigned to the Civil Division's Consumer Protection Branch for their investigative efforts. He thanked the U.S. Attorney's Office for the Central District of California for their contributions to the case and expressed appreciation to the FTC for referring the case to the Consumer Protection Branch. The case is being prosecuted by trial attorneys Alan Phelps and James Harlow of the Consumer Protection Branch.

For more information about the Consumer Protection Branch, visit its website at <http://www.justice.gov/civil/consumer-protection-branch>.