



Department of Justice

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FOR IMMEDIATE RELEASE
THURSDAY, DECEMBER 14, 2017
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TWO CALIFORNIA RESIDENTS CHARGED WITH DEFRAUDING THOUSANDS IN NATIONWIDE TELEMARKETING REAL ESTATE SCAM

Donald S. Boyce, United States Attorney for the Southern District of Illinois, announced that on Tuesday, a grand jury in East St. Louis, IL, returned an indictment charging two California residents for their participation in a nationwide telemarketing real estate scam. Michael S. Davenport, 49, of Santa Barbara, CA, and Cynthia L. Rawlinson, 51, also of Santa Barbara, CA, were both charged with conspiracy to commit mail and wire fraud, five counts of wire fraud, and one count of mail fraud. The indictment arises from Davenport's and Rawlinson's participation in a Santa Barbara based telemarketing business. The business changed names several times, but was known at various times as MDSQ Productions, LLC, Housing Standard, LLC, Anchor House Financial, American Standard, American Standard Online, and Your American Standard (for ease of reference hereafter "American Standard").

According to the indictment, American Standard placed ads on Craigslist stating that certain houses were available for sale or rent at very favorable prices. When individuals called in response to these ads, American Standard salespersons told them they would have to purchase American Standard's list of houses in order to get more information about the property in the Craigslist ad. The salespersons also said that the houses on the American Standard list were in

“pre-foreclosure,” that the customers could purchase the houses by simply taking over the homeowners’ mortgage payments, and the deeds to these homes would then be transferred into the customers’ names. The salespersons told the customers that there was a \$199 fee for access to the list, but claimed that this \$199 fee would cover title searches and deed transfers. In addition, regardless of what area of the country the customers lived in, the salespersons told them that the list contained numerous pre-foreclosure properties that were available in their area.

The indictment further alleges that, after the customers paid the \$199 fee, they learned that the houses on American Standard’s list were not available to be purchased. Instead, the customers found that a substantial number of the addresses contained on the list were fictional and/or no houses existed at those locations. In numerous other cases, the customers learned that the houses were not in pre-foreclosure or financial distress, and were not available to be purchased at below market prices. If the customers asked for more information about the houses they had seen on Craigslist, American Standard’s Customer Service Department informed them that the houses were no longer available.

The indictment charges that Davenport was the owner of American Standard and oversaw the operations of the company. It is alleged that Rawlinson started out as a salesperson, but was promoted to the position of Sales Manager for American Standard’s Santa Barbara office. American Standard also had a sales room located in Lompoc, CA.

According to the indictment, the conspiracy and scheme to defraud operated from approximately January 2009 through at least October 5, 2016. During this period, American Standard victimized over 100,000 people and defrauded these individuals out of more than \$27,000,000. The victims were located in all fifty of the United States and the District of Columbia. At least 104 victims of the scam were located in twenty-two counties within the Southern District of Illinois, with multiple victims in both St. Clair and Madison Counties. In

addition, the indictment charges that American Standard's list included 534 houses located in Southern Illinois.

Davenport and Rawlinson are scheduled to be arraigned on the indictment on January 17, 2018, at the Federal Courthouse in East St. Louis, IL.

Under the SCAMS Act, because it is alleged that the crimes took place in connection with telemarketing, and victimized ten or more persons over the age of 55, the maximum penalty for the conspiracy to commit mail and wire fraud charge is 30 years of imprisonment. Each of the individual mail and wire fraud counts carries a maximum sentence of 20 years in prison. The defendants can also be ordered to serve up to five years of supervised release after any term of imprisonment, can be fined up to \$250,000 per count, and can be ordered to pay restitution to the victims. The indictment also seeks forfeiture of \$853,210.11 that was seized from Davenport's Merchant Processing accounts, and \$104,000 in cash that was seized from Davenport at the Bill and Hillary Clinton Airport in Little Rock, Arkansas.

This case is part of an ongoing investigation by the St. Louis Field Office of the Chicago Division of the United States Postal Inspection Service. The Office of the Honorable Joyce E. Dudley, District Attorney for Santa Barbara County, and the Santa Maria Office of the FBI have provided substantial assistance in the investigation. The case is being prosecuted by Assistant United States Attorney Scott A. Verseman.

An indictment is a formal charge against a defendant. Under the law, that charge is merely an accusation and the defendant is presumed innocent unless proven guilty.

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