



# SIGTARP

OFFICE OF THE SPECIAL INSPECTOR GENERAL  
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

**FOR IMMEDIATE RELEASE**

Monday, January 9, 2012

[www.SIGTARP.gov](http://www.SIGTARP.gov)

Media Inquiries:

202-927-8940

## AUSTIN, TEXAS, MAN PLEADS GUILTY TO BANKRUPTCY FRAUD AND IDENTITY THEFT IN CONNECTION WITH NATIONWIDE FORECLOSURE-RESCUE SCHEME

*Defendant Collected \$1.6 Million from 1,100 Distressed Homeowners*

WASHINGTON, DC – The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) today announced that on Friday, an Austin, Texas, man pleaded guilty in the Western District of Texas for his role in operating a foreclosure-rescue scam in Southern California and elsewhere that charged distressed homeowners fees in exchange for fraudulently postponing foreclosure sales.

The guilty plea was announced by Christy Romero, Deputy Special Inspector General for SIGTARP; Assistant Attorney General Lanny A. Breuer of the Justice Department's Criminal Division; U.S. Attorney Andre Birotte Jr. of the Central District of California; U.S. Attorney Robert Pitman of the Western District of Texas; and Assistant Director in Charge Steven Martinez of the FBI's Los Angeles Field Office.

Frederic Alan Gladle, 53, was charged on December 9, 2011, in U.S. District Court in Los Angeles with one count of bankruptcy fraud and one count of aggravated identity theft.

Gladle admitted that beginning in October 2007 and continuing until October 2011, he operated a foreclosure-rescue fraud scheme that netted him more than \$1.6 million in fees from distressed homeowners. According to court documents, Gladle used five aliases to avoid detection, including stealing the identity of at least one person and setting up a mobile phone account in that victim's name.

Gladle admitted that he recruited homeowners whose properties were in danger of imminent foreclosure and falsely promised to delay the foreclosures for up to six months, in exchange for a fee of approximately \$750 per month. Gladle, directly or through salespersons, directed homeowners to sign deeds granting fractional interest in their properties to debtors in bankruptcy proceedings whose names Gladle found by searching bankruptcy records. The debtors were unaware that their names and bankruptcy cases were being used by Gladle in his scheme. Gladle then sent the unsuspecting debtors' bankruptcy petitions, and the deeds that transferred fractional interests to the debtors, to the homeowners' lenders to stop foreclosure proceedings.

Because bankruptcy filings give rise to automatic stays that protect debtors' properties, the receipt of the bankruptcy petitions and deeds in the debtors' names forced lenders to cancel foreclosure sales. The lenders, which included banks who received government funds under the Troubled Asset Relief Program (TARP), could not move forward to collect money that was owed to them until getting permission from the bankruptcy courts, thereby repeatedly delaying the lenders' recovery of their

money. When homeowners wanted to void the deeds to the unsuspecting debtors, Gladle would forge the debtors' signatures on papers voiding the deeds.

The crime of bankruptcy fraud carries a statutory maximum sentence of five years in federal prison. The aggravated identity theft charge carries a mandatory sentence of two years.

This case is being prosecuted by Trial Attorney Paul Rosen of the Fraud Section in the Justice Department's Criminal Division, Assistant U.S. Attorney Evan Davis for the Central District of California, with substantial assistance provided by Assistant U.S. Attorneys Chris Peele and Mark Lane of the Western District of Texas. The investigation was conducted by SIGTARP and the FBI, which received substantial assistance from the U.S. Trustee's Office.

This prosecution is part of efforts underway by President Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information about the task force visit: [www.stopfraud.gov](http://www.stopfraud.gov).

#### **About SIGTARP**

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

To report suspected illicit activity involving TARP, dial the **SIGTARP Hotline**: 1-877-SIG-2009 (1-877-744-2009).

To receive alerts about quarterly reports, new audits, and media releases issued by SIGTARP, sign up at [www.SIGTARP.gov/press.shtml](http://www.SIGTARP.gov/press.shtml)

###