



# 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**

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## CALIFORNIA MAN SENTENCED TO ADDITIONAL TIME IN FEDERAL PRISON FOR FAILING TO SURRENDER FOR SENTENCE

WASHINGTON, DC – Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Melinda Haag, United States Attorney for the Northern District of California, today announced that Walter Bruce Harrell, 73, of Montara, Calif., was sentenced on December 5, 2014, to an additional eight months in federal prison for failing to surrender in January 2014 to serve a 10-month prison sentence.

In February 2013, Harrell was indicted by a federal Grand Jury and charged with eight counts of bankruptcy fraud and two counts of making false statements in a bankruptcy proceeding. In August 2013, he pleaded guilty to filing bankruptcy petitions in furtherance of a scheme to defraud creditors owning mortgages and to making false statements in a bankruptcy petition. In November 2013, he was sentenced to 10 months in federal prison for bankruptcy fraud and for providing false statements in a bankruptcy proceeding.

Harrell was ordered to surrender himself on January 31, 2014, but failed to do so. He was arrested in March 2014 and then pleaded guilty to charges in a separate indictment which charged him with failing to surrender. Since his arrest Harrell has been serving his initial 10-month sentence.

According to court documents, Harrell operated a scheme in which he offered, in exchange for a fee from a homeowner facing foreclosure, to postpone foreclosure proceedings on the homeowner's property. Harrell accomplished this by instructing homeowner clients to deed fractional interests in their properties to other individuals whom Harrell would pay to file bankruptcy petitions in U.S. Bankruptcy Court. Once the bankruptcy petitions were filed, Harrell would notify creditors—which included multiple TARP banks—seeking to foreclose on his clients' properties, that the properties were part of an active bankruptcy proceeding. Because of "automatic stay" provisions of the U.S. Bankruptcy Code, the creditors were prevented from proceeding with foreclosure on the properties. Instead, the creditors were required to file motions to lift the automatic stays in Bankruptcy Court. Although these motions were invariably granted, Harrell's actions caused delays in the foreclosure process and caused the creditors to incur costs to lift the automatic stays.

"Harrell has once again thumbed his nose at the judicial system, first engaging in a foreclosure rescue scheme which preyed on homeowners and made false representations to the bankruptcy court in order to wrongfully delay bankruptcy proceedings by mortgage lenders, including TARP banks, and now by ignoring his court ordered surrender date to begin serving his sentence for this fraud," said Christy Romero, Special Inspector General for TARP (SIGTARP). "Harrell's blatant actions in trying to run from

the consequences of his crime cannot be tolerated. SIGTARP and our law enforcement partners will ensure that those convicted of fraud related to TARP are held fully accountable for their crimes.”

Harrell’s sentence was handed down by The Honorable Judge Susan Illston, United States District Court Judge, in San Francisco.

Assistant U.S. Attorney Kyle F. Waldinger is prosecuting the case with the assistance of Rayneisha Booth. The prosecution is the result of an investigation by SIGTARP, the Federal Bureau of Investigation, and the Alameda County District Attorney’s Office, with assistance from the United States Bankruptcy Trustee.

This prosecution was brought in coordination with President Barack Obama’s Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. SIGTARP is a member of the task force. To learn more about the President’s Financial Fraud Enforcement Task Force, please 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).

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