



SIGTARP

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

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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CALIFORNIA MAN CHARGED WITH OPERATING MULTIMILLION DOLLAR FORECLOSURE RESCUE SCHEME

WASHINGTON, DC – Alan David Tikal, 44, of Brentwood, Contra Costa County, Calif., was arrested on Friday at his home on a complaint charging him with mail fraud for masterminding a multistate scam that defrauded distressed homeowners, announced the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) and United States Attorney for the Eastern District of California Benjamin B. Wagner.

According to the complaint filed in federal court in Sacramento, Tikal has victimized more than 1,000 homeowners, who have paid in excess of \$3.1 million.

According to court documents, beginning in January 2010 and continuing to the present, Tikal operated a large-scale mortgage rescue scam. He convinced homeowners that he could satisfy their preexisting mortgage debt and replace it with a new debt to his company, KATN Trust. He claimed the new loan would only be for 25 percent of the original principal. Victims paid thousands of dollars in upfront fees and then made regular payments on their new loans. Tikal and his underlings instructed the victims not to pay their original mortgage and to ignore all correspondence from the original lenders. This resulted in many of the victims losing their homes to foreclosure.

“The elaborate mortgage rescue scheme alleged in this case swindled more than 1,000 distressed homeowners in California and other jurisdictions out of more than \$3.1 million,” said Christy Romero, Special Inspector General at SIGTARP. “As alleged, Tikal’s operation duped victims with false claims of drastically lowering their mortgage debt in exchange for advance fees. As a result of his alleged deceit, homeowners’ financial condition worsened, and for some, the opportunity to participate in legitimate loan modification programs such as the government-sponsored Home Affordable Modification Program (HAMP) was lost. SIGTARP will continue to work aggressively with our law enforcement partners to stamp out this type of abuse.”

“Prosecuting mortgage fraud is a top priority of this office, and we are increasingly focusing on those scams that victimize distressed homeowners,” said United States Attorney Wagner.

The case is a joint prosecution by the United States Attorney’s Office for the Eastern District of California and the California Attorney General’s Office. It is the product of an extensive investigation by SIGTARP, Internal Revenue Service - Criminal Investigation, the California Department of Justice, and the Stanislaus County District Attorney’s Office. Assistant United States Attorney Philip Ferrari and California Deputy Attorney General Maggy Krell are prosecuting the case.

Tikal made his initial appearance in federal court on Friday before United States Magistrate Judge Edmund F. Brennan in Sacramento. If convicted, Tikal faces a sentence of up to 30 years in prison. The actual sentence, if convicted, will be determined at the discretion of the court after consideration of any applicable statutory sentencing factors and the Federal Sentencing Guidelines, which take into account a number of variables.

The allegations in the complaint are mere accusations, and the defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt in a court of law.

SIGTARP, the Consumer Financial Protection Bureau, and the U.S. Department of the Treasury have established a taskforce to combat mortgage modification scams exploiting HAMP and to raise public awareness of the scams. The taskforce has issued a Consumer Fraud Alert, which offers tips on how to identify and avoid mortgage modification scams. To view the Consumer Fraud Alert tip sheet, visit www.SIGTARP.gov/documents/Consumer_Fraud_Alert.pdf.

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.

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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