



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

Friday, March 6, 2015

Media Inquiries: 202-927-8940

Twitter: @SIGTARP

Web: www.SIGTARP.gov

CALIFORNIA MAN SENTENCED TO 24 YEARS IN FEDERAL PRISON FOR LEADING MASSIVE FORECLOSURE RESCUE SCAM

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Benjamin B. Wagner, United States Attorney for the Eastern District of California, today announced that Alan David Tikal, 46, formerly of Brentwood, Calif., was sentenced on Thursday by United States District Judge Troy L. Nunley to 24 years in federal prison for his convictions on 11 counts of mail fraud and one count of mail fraud relating to a foreclosure rescue scam. Tikal was convicted following a bench trial before Judge Nunley on September 15, 2014.

“Justice was served today when Tikal was sentenced to 24 years in federal prison for defrauding struggling homeowners out of millions of dollars and their homes through empty promises of foreclosure prevention,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “Tikal’s silver tongue and gilded false promises masqueraded as financial sophistication to convince victims, many of whom weren’t fluent in English, that with his help, they would not lose their homes to foreclosure. From the start, he never had any intention of operating KATN Trust to help homeowners. In reality, he used victims’ mortgage payments to live the high life, chartering private planes, buying new cars, and renting a big house. When SIGTARP executed a search warrant at his house, our agents found an incredible volume of unopened correspondence from banks about those homeowners. Even after SIGTARP arrested Tikal, he continued to scam homeowners from his jail cell through his co-conspirators. SIGTARP stands united with our law enforcement partners to bring swift justice to perpetrators of fraud related to TARP.”

“The financial crisis that hit our communities so hard made it very difficult for a lot of people to make ends meet,” said U.S. Attorney Wagner. “Alan Tikal cynically took advantage of the desperation those people felt for his own profit, stealing payments meant to preserve family homes. Although we cannot undo the harm Tikal inflicted, today’s sentence provides a measure of justice.”

According to evidence presented at trial, between January 7, 2010, and August 20, 2013, Tikal was the principal behind a business known as KATN Trust, which targeted distressed homeowners experiencing difficulties making their existing monthly mortgage payments. Many of the victims did not speak English. Tikal promised to reduce their outstanding mortgage debt by 75 percent, falsely claiming he was a registered private banker with access to an enormous line of credit and the ability to pay off homeowners’ mortgage debts in full. Tikal told homeowners that in return for various fees and payments, their existing loan obligations would be extinguished, and the homeowners would then owe new loans to Tikal in an amount equaling 25 percent of their original obligation. In reliance upon

misrepresentations made by Tikal, many of these homeowners stopped making payments on their existing mortgage loans and lost their homes to foreclosure as a result.

In fact, Tikal never made any payments to financial institutions on behalf of homeowners in satisfaction of their pre-existing mortgage debt obligations; the purported "loan" payments paid to Tikal were simply spent by himself, his family, and his associates for personal use; and there was not a single instance in which a homeowner's debt was paid, forgiven, or otherwise extinguished as a result of the mortgage relief program. In all, Tikal and his associates convinced more than 1,000 homeowners in California and other states to participate in the program. As a result of their participation, many homeowners became delinquent on their loans and ultimately had their homes foreclosed upon. Those homeowners paid more than \$5,800,000 in fees and monthly payments into the program. Of that, more than at least \$2,500,000 was paid into accounts controlled by Tikal and/or his family.

In sentencing Tikal, Judge Nunley referenced the victims who, as a result of their participation in Tikal's scam, "can't reside in houses they had, in some instances, spent their entire lives trying to pay off." Judge Nunley called Tikal, "the mastermind behind this whole scheme," and said Tikal was deserving of the sentence he was receiving.

This case is being investigated by SIGTARP, the Internal Revenue Service - Criminal Investigation, the California Department of Justice, and the Stanislaus County District Attorney's Office.

This 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. Assistant United States Attorney Philip Ferrari and California Deputy Attorney General Maggy Krell are prosecuting the case.

A hearing on restitution has been scheduled for March 26, 2016. Co-defendant Ray Kornfeld was previously sentenced to a term of imprisonment of 5 years. Co-defendant Tamara Tikal previously entered a guilty plea and is scheduled to be sentenced by Judge Nunley on April 23, 2015.

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).

To receive alerts about quarterly reports, new audits, and media releases issued by SIGTARP, sign up at www.SIGTARP.gov/pages/press.aspx. Follow SIGTARP on Twitter @SIGTARP.

###