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Media Inquiries: 202-927-8940

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LAS VEGAS MAN SENTENCED TO FIVE YEARS IN FEDERAL PRISON FOR ROLE IN MULTI-MILLION DOLLAR MORTGAGE FRAUD SCAM

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP); Benjamin B. Wagner, United States Attorney for the Eastern District of California; and Kamala D. Harris, Attorney General for the State of California today announced that Ray Jan Kornfeld, 59, of Las Vegas, Nev., was sentenced on February 19, 2015, to five years in federal prison for his role in a large-scale mortgage relief fraud scheme. The sentencing hearing was presided over by United States District Judge Troy L. Nunley in federal court in Sacramento, Calif. Kornfeld was also ordered to pay more than \$3 million in restitution to victims of the scheme.

According to court documents, between January 7, 2010, and August 20, 2013, co-defendant Alan David Tikal was the principal behind a business known as KATN Trust, which targeted distressed homeowners throughout California and the nation, many of whom did not speak English. Members of the scheme promised to reduce victims' outstanding mortgage debt by 75 percent, falsely claiming that Tikal was a registered private banker with access to an enormous line of credit and the ability to pay off homeowners' mortgage debts in full. Homeowners were told that in return for various fees and payments, their existing loan obligations would be extinguished, and the homeowners would then owe new loans to KATN Trust in an amount equaling 25 percent of their original obligation. In reliance upon misrepresentations made by Tikal and others, homeowners stopped making payments on their existing mortgage loans, and many lost their homes to foreclosure as a result.

In fact, the defendants never satisfied the homeowners' mortgage debt and merely pocketed the money received through the scheme, which consisted of millions of dollars in fees and monthly payments. More than 1,000 homeowners were victimized.

Judge Nunley found that Kornfeld joined the conspiracy in September 2010. Kornfeld corresponded frequently with victims, reminding them to make their payments and assuring them the program would be successful even after Alan Tikal was indicted by state and federal authorities for his role in the scheme. Moreover, after promising federal authorities on November 27, 2012, that he would contact and advise the victims to make alternative plans to address their mortgage debt, Kornfeld instead continued to collect payments and file bankruptcy documents to further the scheme.

"Kornfeld was sentenced to five years in federal prison for his part in a fraud scheme that swindled more than 1,000 struggling homeowners out of millions of dollars," said Christy Romero, Special Inspector General for TARP (SIGTARP). "Kornfeld falsely promised these victims, many of whom didn't speak English as their first language, that he could save their homes from foreclosure and reduce their

mortgage debt by 75 percent if the homeowners agreed to pay him fees and regular 'loan' payments instead of making their monthly mortgage payments. Despite having the opportunity to stop his crime, Kornfeld kept the elaborate fraud going, frequently corresponding with victims, reminding them to pay up, while assuring them the operation would be successful. Many victims subsequently lost their homes to foreclosure. The scam also exploited bankruptcy law as a way to illegally halt foreclosure proceedings by mortgage lenders, including TARP recipients. SIGTARP and our law enforcement partners will ensure that perpetrators of fraud related to TARP are brought to justice for their crimes."

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.

Co-defendant Alan Tikal was convicted following a bench trial and is scheduled to be sentenced by Judge Nunley on March 5, 2015. Co-defendant Tamara Tikal previously entered a guilty plea and is awaiting sentencing.

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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