



# 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, September 13, 2013

Media Inquiries: 202-927-8940

Twitter: @SIGTARP

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

## TWO ARRESTED IN FORECLOSURE RESCUE SCAM

*Scheme Continued after Earlier Arrest and Incarceration of Its Leader*

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, announced today that Tamara Teresa Tikal, 43, of Brentwood in Contra Costa County, Calif., and Ray Jan Kornfeld, 57, of Las Vegas, Nev., were arrested Thursday for their roles in a continuing multistate scam that has defrauded distressed homeowners throughout California and elsewhere.

On Wednesday, a federal grand jury returned a superseding indictment against Alan David Tikal, 45, adding charges for him and charging his wife, Tamara, and Kornfeld, who allegedly continued the scam while he was in custody awaiting trial. The indictment was unsealed after the arrests on Thursday.

According to court documents, beginning in January 2010, Alan Tikal operated a large-scale mortgage rescue scam by offering to eliminate homeowners' mortgages and replace the mortgages 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 to him 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. Alan Tikal was arrested on September 28, 2012, and indicted on charges of mail fraud.

Following his arrest, federal law enforcement continued to investigate the case. In November 2012, law enforcement learned that the scheme was still going on and searched KATN's Las Vegas office, seizing multiple computers and thousands of documents. Later this year, law enforcement learned that despite these efforts, the scheme continued, with victim homeowners continuing to make payments to the defendants' company. According to the superseding indictment, Tamara Tikal and Kornfeld have filled central roles in continuing to operate the scheme. A significant element of the continuing scheme has been an ongoing bankruptcy matter in the District of Nevada, filed in Alan Tikal's name. Tikal has listed the property of many of his client victims as his personal property, thus preventing the financial institutions, including TARP recipients, holding interests in those properties from foreclosing on them. In all, Tikal's scheme has victimized more than a thousand homeowners, who have paid in excess of \$3.4 million. Of the identified victim homeowners, approximately 95 percent reside in California and at least 185 resided within the Eastern District of California.

“Through their allegedly fraudulent mortgage relief scheme, Tikal, his wife, and their co-conspirator Kornfeld pocketed more than \$3.4 million in initial fees and ‘loan’ payments from homeowners struggling to keep a roof over their heads,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “The smugness of their alleged scam that deceived more than 1,000 victims is demonstrated by the very name of their business entity, KATN Trust, allegedly short for ‘Kicking Ass, Taking Names.’ The scam allegedly exploited bankruptcy law as a way to illegally halt foreclosure proceedings by mortgage lenders, including TARP recipients. Many of the duped homeowners did not speak English as their first language. SIGTARP and our law enforcement partners will aggressively investigate allegations of fraud related to TARP and ensure that perpetrators are brought to justice for their crimes.”

U.S. Attorney Wagner said: “Prosecuting mortgage fraud continues to be one of the top priorities of this office. Those who victimize homeowners when they are at their most vulnerable — when they are in fear of losing their homes — are the most deplorable of mortgage fraudsters. We will continue to relentlessly pursue those who engage in such scams.”

“As the foreclosure crisis continues, we are seeing a rise in scams that target struggling homeowners,” said California Attorney General Harris. “These predators rob innocent families of their life savings and their piece of the American dream. I am thankful for the fine work of the California Mortgage Fraud Strike Force and of our U.S. Department of Justice colleagues in cracking this case.”

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. 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.

Tamara Tikal was arraigned in court in Sacramento on Thursday. Kornfeld is expected to be brought to Sacramento in the near future. Alan Tikal is currently scheduled to go to trial on February 3, 2014. If convicted, each of the defendants faces a sentence of up to 30 years in prison. Any sentence, however, would be determined at the discretion of the court after consideration of any applicable statutory factors and the Federal Sentencing Guidelines, which take into account a number of variables. The charges are only allegations; the defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.

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).

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

###