



Alameda County
District Attorney's Office
Nancy E. O'Malley, *District Attorney*

PRESS RELEASE
(For Immediate Release)
May 23, 2011

**ALAMEDA COUNTY D.A. ANNOUNCES FORMATION OF HOMEOWNER
EDUCATION AND LOAN PROTECTION (H.E.L.P.) PROGRAM; CALIFORNIA
HOMEOWNERS WARNED OF NEW PRINCIPAL LOAN REDUCTION SCAM**

H.E.L.P. Program

Alameda County District Attorney Nancy E. O'Malley announces the creation of a new program entitled the Homeowner Education and Loan Protection (H.E.L.P.) Program that is designed to address crimes involving real estate on a multi-disciplinary, multi-system collaborative basis using education, prevention, and prosecution to target real estate fraud. The DA's program will address fraud within Alameda County and will also work in conjunction with the California Attorney General's Office to build a comprehensive statewide response to these crimes, an effort unveiled today in Los Angeles by Attorney General Harris.

The Alameda County DA's new program will serve to protect a victim's home, prevent large-scale scams, and hold individual criminal accountable. H.E.L.P. will partner with law enforcement agencies, community groups, and financial institutions to provide effective and proven strategies to improve local, regional, and national capacity to identify, intervene in, investigate, and prosecute real estate fraud cases while supporting and educating homeowners against fraud.

Consumer Alert

Alameda County District Attorney Nancy O'Malley is warning homeowners to watch out for a new real estate scam in which homeowners are asked to pay upfront fees to companies that offer to negotiate with banks to reduce or eliminate existing mortgages in exchange for a new loan at a lower interest rate. Regarding the latest consumer protection announcement, homeowners are urged to be wary of any company or product that charges advanced fees for any loan modification or reduction service. Charging advanced fees for any type of loan modification or loan reduction service is against the law in California, and is punishable by criminal charges or civil fines.

The "Principal Loan Reduction Scam" has many variants, but some common themes to the scam will help homeowner identify it:

- Homeowners are solicited by mail, email, or even in person to participate in a program

that will reduce or eliminate their existing mortgage in exchange for a new loan at a lower interest rate at 20 to 50 percent of the original value of the loan.

- Homeowners are asked to pay upfront fees of any amount to help get their existing mortgage reduced or eliminated.
- Homeowners are told that there is a program through the U.S. Treasury or the Federal Reserve Bank that provides money to homeowners which allows them to pay off their existing mortgage.
- Companies tell homeowners that they have found laws based on the Uniform Commercial Code (U.C.C.), Admiralty Laws, Trust Laws, Bankruptcy Laws, or in the “sovereign laws of the United States” that allow their loan to be reduced or eliminated.
- Homeowners are offered a new loan for their home at a lower rate without having to pay off their old loan.
- Homeowners are told that their current loan has been paid off, when in fact it has not. This creates a danger that homeowners may lose their home to foreclosure because they stop paying their mortgage thinking it has been paid off.

“This scam has the potential to ensnare hundreds of homeowners who are either facing foreclosure or falling behind in their mortgage payments,” said Nancy O’Malley, District Attorney for Alameda County. “The threat to public safety through this scam is huge because victims of this scam stand to lose their home to foreclosure.”

O’Malley added, “Beside the individual harm to the consumer, a wave of new foreclosure brought about by this scam could cause a secondary wave of foreclosure that could stall any economic recovery our state is hoping for.”

In January 2011, the Alameda County District Attorney’s Office obtained a Grand Jury indictment against Alan David Tikal, Bruce Blankenhorn, Luis P. DeLeon, and attorney Linda Voss for running a variation of the Principal Loan Reduction scam against a dozen homeowners in Alameda County. Tikal, who was running the scam under the company names “KATN Trust” and “CAA Inc. (Caring About America, Inc.), is currently in custody in Alameda County on \$780,000 bail, and faces 29 felony counts of real estate fraud.

The formation of the H.E.L.P. Program is designed to protect the public from this latest scam as well as all other variants of real estate fraud. H.E.L.P. will continue the mission of the Alameda County District Attorney’s Office in sharing information and resources with fellow law enforcement agencies and community organizations to aggressively crack down scams involving real estate.

For more information on H.E.L.P., see the attached brochure, flyer and blueprint, or contact the Alameda County District Attorney’s Office.

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