



The United States Attorney's Office

Eastern District of North Carolina

FOR IMMEDIATE RELEASE:

TUESDAY - December 6, 2011

FAYETTEVILLE ATTORNEY SENTENCED FOR MORTGAGE FRAUD

RALEIGH - United States Attorney Thomas G. Walker announced that in federal court yesterday Chief United State District Judge James C. Dever III, sentenced **DAVID JOSEPH PIKUL**, 44, to 14 months' imprisonment followed by three years' supervised release. The Court also imposed restitution in the amount of \$182,702.73.

According to the Criminal Information filed on March 29, 2011, **PIKUL** operated a law practice in Fayetteville, North Carolina. Between 2002 and 2004, Eric Omar Jones, also from Fayetteville, operated a business called the University of Hard Knocks Investments, Inc. (UHK). Jones purported to be experienced in the purchase, renovation, and resale of foreclosed real estate for profit. During this time, **PIKUL** served as closing attorney for numerous real estate transactions in which Jones used his investors' loan monies from Omni National Bank to purchase properties for himself and U.H.K. **PIKUL THEN ASSISTED** Jones to "flip" these properties to the unwitting investors for a higher price, with Jones receiving the profit and the investors receiving all the credit risk.

To facilitate the scheme, **PIKUL** created and submitted false HUD-1 settlement statements to numerous banks selling foreclosed properties and to numerous banks financing the purchase of the foreclosed properties. The false statements to selling banks generally reflected that UHK had a loan with Omni when it did not, or that UHK was bringing cash to closing, when in fact, Omni was financing the deals under the auspices of a loan to a third party borrower. Simultaneously, **PIKUL** sent false documents to Omni and other banks funding the transactions. These documents generally reflected that the buyers brought money to closing or made earnest money payments that they did not make. It is estimated that losses to the various banks exceeded \$200,000.

Investigation of this case was conducted by the Federal Bureau of Investigation and the North Carolina State Bureau of Investigation. Assistant United States Attorneys David Bragdon and William Gilmore served as prosecutors for the government.

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