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FORMER BANK OF AMERICA SENIOR VICE PRESIDENT PLEADS GUILTY TO MISAPPLICATION OF BANK FUNDS

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP); Leslie R. Caldwell, Assistant Attorney General of the U.S. Department of Justice Criminal Division; Daniel G. Bogden, U.S. Attorney for the District of Nevada; and Laura A. Bucheit, Special Agent in Charge of the Federal Bureau of Investigation Las Vegas Office today announced that a former senior vice president at Bank of America (BOA) in Las Vegas, Nev., pleaded guilty on February 24, 2015, to misapplication of bank funds in a scheme that led to more than \$6.4 million in losses to BOA on two business-related loans.

Justin T. Brough, 39, of North Las Vegas pleaded guilty in federal court to one count of misapplication of bank funds before U.S. District Judge Andrew P. Gordon of the District of Nevada. A sentencing hearing is scheduled for May 28, 2015.

According to court documents, Brough was a senior vice president at BOA in Las Vegas, serving as a business banking market executive. Brough provided financial services to high-net-worth clients.

Brough admitted to misapplying bank funds in connection with two business loans: a \$6.3 million short-term construction loan, and a \$600,000 line of credit in connection with the acquisition of a business. Brough admitted that neither borrower qualified for the loans, because they did not meet the bank's underwriting requirements. Brough further admitted that he falsified documents in order to help both borrowers obtain the loans, including forging signatures on loan papers.

According to Brough's admissions, when the borrowers had difficulty making payments on the loans, Brough misused the bank's general ledger fund to make a total of \$436,676 in payments on the loans for the borrowers. Brough admitted that he disguised those payments, among other ways, as "goodwill," "miscellaneous adjustments," and refunds of various fees. He also admitted that he kept each of the individual payments under \$10,000 so he would not need additional approval within BOA.

Both borrowers ultimately defaulted on the loans. According to Brough's plea agreement, the aggregate loss to BOA was \$6,468,767: \$5,291,000 on the first loan, and \$1,177,167 on the second loan.

"Brough, a former senior vice president at Bank of America, pleaded guilty to misapplying bank funds in a scheme designed to bypass the bank's controls on requiring personal guarantees for a construction loan and line of credit to acquire a business, loans that later defaulted and cost the TARP bank more than \$6.4 million," said Christy Romero, Special Inspector General for TARP (SIGTARP). "Months after

Bank of America received TARP bailout funds, the bank's risk management department decided that the bank would not make a \$6.3 million construction loan that Brough requested unless the borrower made a cash guarantee of \$5 million. Brough forged the signatures of other unsuspecting clients to make the guarantee. In another instance, Brough tricked a set of clients into signing personal guarantees. When both loans began to go bad, Brough misapplied the bank's general ledger funds in an attempt to conceal his scam and to keep the loans current. Risk management at banks, particularly at TARP banks, is incredibly important to protect not only the bank, but taxpayers who were called upon to bailout these banks. We commend the Justice Department Criminal Division's Fraud Section, U.S. Attorney Daniel Bogden, and the FBI for standing united with SIGTARP against bailout-related crime."

BOA received a total of \$45 billion in taxpayer funds through the U.S. Department of the Treasury Troubled Asset Relief Program (TARP), and the bank repaid the funds in full in December 2009.

The case was investigated by SIGTARP and the FBI. This case is being prosecuted by Senior Trial Attorney Nicholas Acker of the U.S. Department of Justice Criminal Division Fraud Section.

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.

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