



SIGTARP

Office of the Special Inspector General
For The Troubled Asset Relief Program

FOR IMMEDIATE RELEASE

Wednesday, October 25, 2017

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MAN CHARGED WITH THEFT FROM GOVERNMENT FOR DEFRAUDING A TARP BANK

Federal prosecutors this week charged a Mississippi man with stealing government property by defrauding an Alabama bank that received money through the Troubled Asset Relief Program following the 2008 financial crisis, said Christy Goldsmith Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), U.S. Attorney Jay E. Town, and FBI Special Agent in Charge Johnnie Sharp Jr.

The U.S. Attorney's Office charged Thomas G. Comer Jr., 58, of Columbus, Miss., with one count of theft of government money or property between January 2010 and July 2014. In conjunction with the charge, prosecutors also filed a plea agreement with Comer in which he agrees to plead guilty, pay restitution of \$136,278 to the U.S. Treasury and forfeit that same amount to the government as proceeds of illegal activity. Comer must appear before a federal judge to formally enter his guilty plea.

The Treasury Department lost nearly \$500,000 in its TARP investment in the Lamar County, Ala., bank that Comer defrauded, according to his plea agreement.

"Today's plea is an important step in the fight against fraud that hurt a TARP bank and cost taxpayers," said Special Inspector General Goldsmith Romero. "One week after taxpayers funded Bank of Vernon with \$6 million in a TARP program to foster small business lending, the bank loaned money to Thomas Comer to buy river barges. Months later, Comer sold the barges that served as collateral for the loans, and defrauded the bank, keeping the money for himself rather than repaying the loans," she said. "Fraud against a TARP bank is fraud against taxpayers, as seen here when the bank could not repay TARP in full and Treasury took a loss of nearly half a million dollars. I thank U.S. Attorney Jay E. Town and his team for fighting with SIGTARP against TARP bailout-related crime and recovering funds for Treasury."

"Those who greedily seek a self-indulgent advantage during times of calamity, especially in times of financial crisis or natural disaster, will be vigorously prosecuted by the United States," Town said. "I want to thank SIGTARP and the FBI for their outstanding work on this case."

"Mr. Comer ultimately stole from tax-paying citizens in order to line his own pockets," Sharp said. "The FBI and our partners will continue to pursue and bring to justice those who perpetrate this type of fraud."

Comer owned a Mississippi-based company, CFC Transportation, which specialized in hauling gravel and other freight on the Mississippi and other rivers. He and his company filed for bankruptcy in federal court in May 2014, according to his plea agreement. Comer had an established banking relationship with the Bank of Vernon in Lamar County and in March 2009 obtained a \$295,922 business loan to buy nine barges, according to the plea agreement. The loan documentation designated the barges as security for the loan.

Several months later, Comer obtained a second loan, in the form of a \$136,278 line of credit, saying the barges “had been arrested” and he needed money to recover them, according to the plea agreement. In early 2010, Comer sold six of the nine barges for \$239,000 but used that money to prop up his struggling businesses rather than to repay his bank loans. Comer also did not inform the Bank of Vernon that he had sold the barges. Between July 27, 2010, and June 25, 2013, on 11 loan renewals and extensions of his two loans, Comer misrepresented his security for the loans, listing the nine barges as collateral, according to his plea agreement.

The Vernon bank, through its holding company, First Vernon Bancshares, received \$6 million in TARP funds from the U.S. Treasury in June 2009, according to Comer’s plea agreement. The Treasury Department established TARP as part of the Emergency Economic Stabilization Act of 2008. TARP was designed to restore liquidity and stability to the country’s financial system in the wake of the financial crisis.

In exchange for the TARP funds to First Vernon Bancshares, the government held shares in the bank and the holding company was required to pay quarterly dividends to the U.S. Treasury until the bank redeemed its stock. In September 2010, the bank converted to a different TARP program designed to help small businesses obtain credit, but First Vernon Bancshares still was required to make quarterly dividend payments to the Treasury Department until the bank repaid its investment, according to Comer’s plea agreement.

The holding company ultimately missed some of the quarterly payments and, in November 2016, reached an agreement with Treasury to buy back its preferred stock for about \$5.7 million, according to the plea agreement. Treasury lost about \$499,600 on its investment in First Vernon Bancshares.

Comer could face a prison sentence of up to 10 years.

The Office of the Special Inspector General for the Troubled Asset Relief Program and the FBI investigated the case, which Assistant U.S. Attorney Xavier Carter is prosecuting.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) is a federal law enforcement agency that targets financial institution crime and is an independent watchdog protecting taxpayer dollars. SIGTARP investigations have resulted in the recovery of \$10 billion and 237 defendants sentenced to prison.

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