



SIGTARP

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

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FORMER CREDIT UNION CEO & PRESIDENT CHARGED WITH EMBEZZLEMENT

*The Credit Union Sustained Significant Losses in the Aftermath of the 2008 Financial Crisis
and Received a \$1 Million TARP Bailout*

A federal grand jury sitting in Charlotte, North Carolina, has indicted Sandra Torrence, a/k/a Sandra Scales, 61, of Charlotte, for her role in defrauding a Charlotte-based credit union of more than \$375,000 in the aftermath of the financial crisis.

Special Inspector General for the Troubled Asset Relief Program Christy Goldsmith Romero is joined in making today's announcement by U.S. Attorney R. Andrew Murray of the Western District of North Carolina, and John A. Strong, Special Agent in Charge of the Federal Bureau of Investigation (FBI), Charlotte Division.

According to allegations contained in the indictment, from 1985 to August 2012, Torrence was the President and Chief Executive Officer (CEO) of First Legacy Community Credit Union (FLCCU), which is headquartered in Charlotte. In the fall of 2010, FLCCU received \$1,000,000 as part of a program under TARP, which allowed the U.S. Treasury Department to make investments in certain financial institutions that provided credit and financial services to underserved populations and communities.

The indictment alleges that Torrence abused her position as FLCCU's President and CEO by, among other things, making false entries in the books and records of the credit union, misapplying and stealing funds from the credit union, and fraudulently using the identity of at least one third party victim to obtain a loan from FLCCU. Torrence's wrongdoing caused FLCCU to suffer significant losses while she personally received more than \$110,000 from the misconduct, exposed the credit union to the risk of additional losses, and caused regulatory action against FLCCU.

Specifically, the indictment alleges that, during the relevant time period, Torrence approved the payment of compensation to herself and others without authorization and contrary to the policies of FLCCU. This included compensation for unused sick leave, compensation for the sale of GAP insurance in connection with automobile loans, and other uncategorized compensation. The indictment also alleges that much of this compensation was not reported as taxable income, which caused underreporting and underpayment of federal and state income and/or employment taxes.

The indictment further alleges that Torrence fraudulently obtained a loan from FLCCU in the name of at least one third-party victim, K.H. In connection with this loan, Torrence falsified documentation and circumvented FLCCU policies and reporting requirements. The indictment also alleges that Torrence

improperly transferred funds between and among various third-party accounts at FLCCU and her own accounts at FLCCU. On certain occasions, Torrence improperly transferred the proceeds of loans given by FLCCU to third parties into her own accounts. To conceal her wrongdoing, Torrence falsified documents and made and caused false entries in the books and records of FLCCU. These false entries caused FLCCU's reported financial results to be inaccurate.

Torrence is charged with 13 counts of theft and embezzlement from a financial institution; 19 counts of making or causing false entries; and one count of fraudulent participation. Each of the charged counts carries a maximum penalty of 30 years in prison, a \$1 million fine, or both.

The charges contained in the indictment are allegations. The defendant is presumed innocent unless and until been proven guilty beyond a reasonable doubt in a court of law.

The investigation of the case was handled by the SIGTARP and the FBI. Assistant United States Attorney Daniel Ryan of the U.S. Attorney's Office in Charlotte is in charge of the prosecution.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) is a federal law enforcement agency that targets crime at financial institutions or in TARP housing programs and is an independent watchdog protecting the interests of the America people. SIGTARP investigations have resulted in the recovery of \$10 billion and 237 defendants sentenced to prison.

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