



SIGTARP

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

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FORMER BANK CEO, FINANCIER AND BUSINESS OWNER INDICTED FOR REGULATORY AND BANK FRAUD

The former CEO of First State Bank, a financier, and a New Jersey business owner were indicted today by a federal grand jury for their roles in an elaborate scheme to deceive the Federal Deposit Insurance Corporation (FDIC) and to deceive and defraud the now defunct First State Bank (FSB), formerly located in Cranford, New Jersey, announced Special Inspector General for the Troubled Asset Relief Program Christy Goldsmith Romero and U.S. Attorney Craig Carpenito.

Joseph Natale, Albert Gasparro, and Gary Ketchum were charged with conspiracy to mislead the FDIC and FSB, misleading those two entities, conspiracy to commit bank fraud and bank fraud in a 13-count indictment. Donna Conroy, a conspirator, pleaded guilty in May 2017 and is awaiting sentencing.

According documents filed in this and other cases and statements made in court:

From September 2009 to September 2010, Natale, Gasparro, Ketchum, Conroy and others created the appearance that \$7 million in new capital had been invested into FSB by three bona fide purchasers when, in fact, nominee investors and FSB's own assets had been misused for that purpose. FSB was defrauded into paying \$715,000 in fees for that fabricated capital to Gasparro, who then split that money with Natale. To conceal this misconduct, three fraudulent loans were subsequently obtained from FSB, from which Ketchum wrongfully received an additional \$176,000. The defendants then misrepresented the true facts underlying this misconduct to the FDIC and FSB. FSB also previously attempted to obtain funds from the Trouble Asset Relief Program (TARP), but ultimately withdrew the application.

The substantive bank and regulatory fraud charges each carry a maximum potential penalty of 30 years in prison and a maximum fine of \$1 million. The charged conspiracy has a five-year statutory maximum term of imprisonment and a maximum fine of \$250,000 or twice the loss caused or gain realized from that offense.

The indictment is a result of an investigation by SIGTARP, the Federal Bureau of Investigation, and the FDIC Office of Inspector General.

The government is represented by Senior Trial Counsel Andrew Leven of the Healthcare & Government Fraud Unit of the U.S. Attorney's Office, District of New Jersey.

The charges and allegations contained in the indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

Defense counsel:

Gasparro: Lawrence Lustberg Esq., Newark

Natale: Michael Critchley Esq., Livingston, New Jersey

Ketchum: Linda Foster, Assistant Federal Public Defender, Newark

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 263 defendants sentenced to prison.

To report a suspected crime related to TARP, call SIGTARP's Crime Tip Hotline: 1-877-744-2009. To receive alerts about reports, audits, media releases, and other SIGTARP news, sign up at www.SIGTARP.gov. Follow SIGTARP on Twitter @SIGTARP.

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