



SIGTARP

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

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FORMER BANK OFFICERS AND BORROWER CONVICTED IN BANK FRAUD SCHEME

GulfSouth Private Bank Received \$7.5 million in TARP funds, which was lost when the bank failed

On Friday, March 10, after a five-day trial, Anthony J. Atkins, 51, of Eufaula, Alabama, was convicted of conspiracy to commit bank fraud, four counts of false statements to a federally insured financial institution, bank fraud, and mail fraud affecting a financial institution.

Today, co-conspirator Bruce A. Houle, 57, of Inlet Beach, Florida, pled guilty to conspiracy to commit bank fraud and one count of false statement to a federally insured financial institution.

On February 27, 2017, co-conspirator Samuel D. Cobb, 37, of Destin, Florida, pled guilty to conspiracy, four counts of false statement to a financial institution, and bank fraud.

The jury's verdict and the guilty pleas were announced today by Christy Goldsmith Romero, Special Inspector General for TARP (SIGTARP) and Christopher P. Canova, United States Attorney for the Northern District of Florida.

In 2007, an individual went to Anthony Atkins, the president of GulfSouth Private Bank, and notified Atkins that the individual's company, which had been loaned \$3.4 million, was no longer going to be able to make payments on the mortgage loans issued by GulfSouth Private Bank that had been secured by three condominiums. In an effort to conceal that the loans were going into default, and instead of recognizing that the \$3.4 million in loans were losses to the bank, Atkins devised a scheme to conceal the bad debt.

As a part of the scheme, Atkins and Cobb solicited Houle, Mark W. Shoemaker, Michael Bradley Bowen, and William Blake Cody to take out new loans with the bank to purchase the three condominiums. To persuade Houle, Shoemaker, Bowen, and Cody to engage in the scheme, Atkins and Cobb told these individuals that the loans would be non-recourse, meaning that, if the men defaulted, GulfSouth would have no recourse against them.

Thereafter, Atkins and Cobb caused new mortgage loans and additional lines of credit to be issued for approximately \$3.8 million to the men they had solicited. According to the terms of the fraudulent loans issued during the scheme, the men Atkins and Cobb solicited were not required to make any payments on the loans until the loans came due months down the road. These new loans were then used to pay off the old loans that were going into default. Issuing these new loans and new

lines of credit created the appearance that the debt was “performing”, which allowed Atkins to avoid having to report the loans associated with the condominiums as bad debt, as required. Further, as a part of the scheme, Atkins and Cobb caused fraudulent security agreements to be prepared that falsely represented that Houle, Shoemaker, Bowen, and Cody were obligated to repay their respective new mortgage loans and lines of credit.

In September 2009, GulfSouth received \$7,500,000 in Troubled Asset Relief Program (“TARP”) funds from the United States Treasury. Thereafter, Atkins and Cobb allowed the condominiums that were collateral for the mortgage loans to be sold in short sales, resulting in a loss to GulfSouth. Further, Atkins allowed the deficiencies and the lines of credit to be charged off of GulfSouth’s books and records.

The defendants face a maximum of 30 years in prison for each count. The sentencing hearings are scheduled at the United States Courthouse in Pensacola, as follows:

- Atkins: May 31, 2017, at 10:30 a.m.
- Houle: May 31 at 2:00 p.m.
- Cobb: May 16 at 10:30 a.m.

This case resulted from a joint investigation by the SIGTARP and the Federal Deposit Insurance Corporation Office of Inspector General (FDIC-OIG).

“In 2008, at the height of the financial crisis, former GulfSouth Private Bank president Anthony Atkins had a decision to make: tell the truth about the bank’s troubled finances or take intricate steps to criminally conceal millions of dollars in bad loans,” said Christy Goldsmith Romero, Special Inspector General for TARP. “Unlike most bank executives, Atkins chose the latter and, along with former vice president Samuel Cobb, hatched a scheme to hide the loans and make the bank appear healthier than it actually was. GulfSouth then received \$7.5 million from TARP, a program designed for healthy banks. But GulfSouth was not a healthy bank and later failed—causing taxpayers to lose their entire investment. SIGTARP will continue to bring justice to bankers who commit bailout-related fraud.”

“This bank fraud case is a reminder that my office will vigorously prosecute those who do not conduct ethical transactions, especially financial representatives who abuse their positions of trust,” said U.S. Attorney Canova. “I commend the hard work of the investigators and prosecutors who enforce our federal laws and ensure that justice is served.”

“The Federal Deposit Insurance Corporation Office of Inspector General is committed to working with U.S. Attorneys and law enforcement partners throughout the country in investigating and prosecuting individuals whose fraudulent activities threaten the safety and soundness of our nation’s banks,” said Jason Moran, Special Agent in Charge, FDIC-OIG. “It is particularly troubling when those individuals are bank insiders like Messrs. Atkins and Houle, who violate the public trust, conspire with others, and engage in activities that ultimately cause losses to their banks. Today’s verdict and the associated guilty pleas should deter others from pursuing similar criminal activity.”

Assistant United States Attorney Tiffany H. Eggers prosecuted the case.

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. As of February 2, 2017, SIGTARP investigations have resulted in the recovery of \$10 billion to the government and 192 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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