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

FOR IMMEDIATE RELEASE
Thursday, June 29, 2017

Media Inquiries: 202-927-8940
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FORMER PRESIDENT OF FAILED TARP BANK SENTENCED TO PRISON FOR BANK FRAUD SCHEME

GulfSouth Private Bank Received $7.5 Million in TARP Funds, Which Were Lost When Bank Failed

Anthony J. Atkins, 51, of Eufaula, Alabama, was sentenced yesterday to 63 months in prison and ordered to pay more than $2.4 million in restitution for 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. Atkins was convicted by a jury on March 10, 2017. The sentence was announced by Christopher P. Canova, United States Attorney for the Northern District of Florida.

"Today, a federal court sentenced to prison a bank president along with the bank's vice president, who were investigated and arrested by SIGTARP," said Special Inspector General Christy Goldsmith Romero (SIGTARP). "Taxpayers lost $7.5 million in TARP dollars invested in Gulfsouth Private Bank – a bank that failed after being led by the top two officers committing bank fraud. Bank president Tony Atkins brought in friends and family as co-conspirators in this conspiracy to make troubled loans appear current. Each of those co-conspirators have been convicted. I want to thank the U.S. Attorney for the Northern District of Florida for unwavering dedication, including Assistant United States Attorney Tiffany Eggers who was committed to seeking justice."

In 2007, an individual went to Anthony J. 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 able to make payments on the mortgage loans issued by GulfSouth Private Bank that had been secured by three condominiums. To conceal that the $3.4 million in loans were going into default, Atkins devised a scheme to conceal the bad debt.

As a part of the scheme, Atkins and Samuel D. Cobb, who was a vice president at GulfSouth, solicited Bruce A. 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. 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 $7.5 million in Troubled Asset Relief Program 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.

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

“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 its partnerships with others in the law enforcement community as we address bank fraud cases throughout the country. The American people need to be assured that we are working to ensure integrity in the financial services industries and that those involved in criminal activities that undermine that integrity will be held accountable.” said Jason Moran, Special Agent in Charge, FDIC-OIG.

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 June 16, 2017, SIGTARP investigations have resulted in the recovery of $10 billion to the government and 213 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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