



SIGTARP

OFFICE OF THE SPECIAL INSPECTOR GENERAL
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

FOR IMMEDIATE RELEASE

Thursday, February 25, 2016

Media Inquiries: 202-927-8940

Twitter: @SIGTARP

Web: www.SIGTARP.gov

FORMER TARP BANK CEO AND PRESIDENT SENTENCED TO 84 MONTHS IN FEDERAL PRISON AND \$3.9 MILLION RESTITUTION

WASHINGTON, DC – A former TARP-recipient bank president was sentenced today for his role in a bank fraud scheme in which he hid underperforming and at-risk loans from the bank and the Federal Deposit Insurance Corporation (FDIC), among others, announced Acting U.S. Attorney G.F. Peterman, III of the Middle District of Georgia.

Gary Patton Hall Jr., 49, of Tifton, Georgia, was sentenced by Senior U.S. District Court Judge Hugh Lawson in Valdosta, Georgia to 84 months of imprisonment for conspiracy to commit bank fraud and conspiracy to commit fraud against the United States. Hall was also ordered to pay restitution in the amount of \$3,931,018 to the Federal Deposit Insurance Corporation (FDIC), as the successor in interest to the bank, and to the Small Business Administration and the U.S. Department of Agriculture, as guarantors on fraudulent loans.

Hall entered a guilty plea to the charges on December 4, 2015. According to facts stipulated in the plea agreement, Hall was the president and Chief Executive Officer of Tifton Banking Company (TBC) from August 2005 until June 2010. During that time, Mr. Hall was engaged in an ongoing scheme to mislead the bank and its loan committee about loans TBC made to local individuals and businesses. As part of the scheme, Mr. Hall hid past due loans from the FDIC and the TBC loan committee, which resulted in the bank continuing to approve and renew delinquent loans and loans for which the collateral was lacking. Several of the borrowers eventually defaulted on the loans, resulting in millions of dollars in losses to TBC and others.

Mr. Hall admitted that in certain transactions in which he exercised approval authority, Mr. Hall hid his personal and business interests. In one instance, Mr. Hall approved loans to the buyer of a condominium in Panama City Beach, Florida, owned by Mr. Hall himself. In doing so, he made false representations about the loans to TBC's loan committee and failed to disclose his personal interest in the transaction. When the buyer's loan payments became delinquent, Mr. Hall hid the loans from both the FDIC and state regulators. Mr. Hall received \$50,000 profit from the sale of his condominium in this transaction, the entire purchase price being funded in full by an unsecured loan to the buyer approved by him. The buyer eventually declared bankruptcy resulting in a loss of more than \$400,000 to TBC.

Additionally, Mr. Hall admitted to making fraudulent representations which led to loan guarantees being issued by the United States Small Business Administration and the United States Department of Agriculture on two other loan transactions. The loans were made by TBC, and guaranteed by the

government agencies, to refinance earlier non-performing loans made by TBC. Those guaranteed loans resulted in losses to the bank and the agencies of more than \$2 million.

TBC was closed by the Georgia Department of Banking and Finance in November 2010 due to its poor financial condition. At that time, TBC had not repaid the \$3.8 million it received from the Department of Treasury's Troubled Asset Relief Program (TARP).

Acting United States Attorney G.F. Peterman, III said, "As the president of the Tift Banking Company, Gary Patton Hall owed a duty to its depositors to protect and care for their money more carefully than if it were his own; instead, he used it like it was his own. His self-dealing and dishonesty violated the trust his own community and neighbors had placed in him, causing harm to them and to the reputation of the banking industry itself. I commend the federal and local authorities who investigated this case and brought Mr. Hall to justice for his violation of that trust."

"Today, another TARP banker was sentenced to jail for hiding a bank's past due loans during the crisis to make the bank appear healthy," said Christy Goldsmith Romero, Special Inspector General for TARP (SIGTARP). "SIGTARP special agents working with prosecutors at the U.S. Attorney's Office in the Middle District of Georgia and other law enforcement partners uncovered that Tifton Banking Company President and CEO Pat Hall engaged in a long running fraud scheme that began pre-crisis in 2005. He made risky bank loans pre-crisis, and later criminally concealed the fact that the loans were past due and that the collateral had dropped in value. On behalf of the bank, in 2009, Hall obtained \$3.8 million in TARP bailout funds to fill holes in the bank's books caused by his fraud, all of which was lost when the bank failed. He deceived taxpayers, shareholders including Treasury, banking regulators and the bank's loan committee. TARP was not a bailout for bank fraud and SIGTARP and our law enforcement partners will ensure that bankers who commit fraud related to TARP will be brought to justice." said Christy Goldsmith Romero, Special Inspector General for TARP (SIGTARP).

The case was investigated by SIGTARP, the FBI, the Small Business Administration's Office of the Inspector General, the Federal Deposit Insurance Corporation's Office of the Inspector General, the Department of Agriculture's Office of Inspector General and the Tift County Sheriff's Office. The case is being prosecuted by Senior Trial Attorney N. Nathan Dimock of the Criminal Division's Fraud Section and Assistant U.S. Attorney Robert McCullers of the Middle District of Georgia.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program was created as an independent law enforcement agency to investigate fraud, waste, and abuse related to the TARP bailout. To date, SIGTARP investigations have resulted in the recovery of over \$2.57 billion to the Government and over 140 defendants sentenced to prison.

To report a suspected crime related to TARP, call **SIGTARP's Crime Tip Hotline: 1-877-SIG-2009 (1-877-744-2009)**.

To receive alerts about reports, audits, media releases, and other SIGTARP news, sign up at www.SIGTARP.gov/pages/press.aspx Follow SIGTARP on Twitter @SIGTARP.

###

