



SIGTARP

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

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FORMER NOVA BANK PRESIDENT AND CEO BRIAN HARTLINE SENTENCED TO 14 MONTHS IN FEDERAL PRISON

Bank Applied for \$13 Million from TARP before Failing

WASHINGTON – Brian Hartline, 52, of Collegeville, PA, was sentenced today by U.S. District Court Judge C. Darnell Jones, II, to a term of imprisonment of 14 months and fined \$50,000 for his role in a fraud conspiracy to obtain \$13.5 million in public funds for NOVA Bank. On April 27, 2016, Hartline and co-defendant Barry Bekkedam were found guilty of conspiracy to defraud the United States, TARP fraud, and two counts of false statements to the federal government. Hartline had served as President and Chief Executive Officer of NOVA Bank and co-defendant Bekkedam had served as Board Chairman. Their scheme involved the Troubled Asset Relief Program (TARP) and was devised to defraud the government of more than \$13 million.

“Today’s prison sentence for the CEO of NOVA Bank for criminally defrauding TARP and the U.S. government is justice served,” said Christy Goldsmith Romero, Special Inspector General for TARP. “Make no mistake that rather than follow the law, CEO Hartline chose to commit a crime by lying to the U.S. government in order to try and get \$13 million. The fact that the government did not lose \$13 million is sheer luck and timing. This is exactly the kind of fraud that SIGTARP was created to find and investigate, and the commitment and excellence by U.S. Attorney David Memeger and his top prosecutors shows that trying to rip off the government will bring dire consequences.”

Bekkedam and Hartline, with others, formed NOVA Bank in 2002. Bekkedam also owned and operated a financial advisory company, Ballamor Capital Management, and advised Ballamor clients to invest in NOVA. But in 2008, NOVA faced risk of failure because of bad loans and investments. In October 2008, NOVA Financial Holdings, Inc., of Berwyn, Penn., the parent company of NOVA Bank, applied for approximately \$13.5 million through the U.S. Department of the Treasury Troubled Asset Relief Program. In June 2009, NOVA Bank was approved to receive the TARP funds on the condition that the bank raised \$15 million in additional, private capital.

Bekkedam and Hartline devised a scheme to make NOVA bank appear more financially sound than it was – that new money was being invested in the bank. As part of the scheme, the defendants arranged for NOVA Bank to loan money to three individuals to transfer to NOVA’s parent company so it would appear as though the bank had new capital from an outside investor. In fact, the “new money” investment was the bank’s own money.

The bank ultimately did not receive TARP funds, and in October 2012, the bank failed and was closed by state and federal banking regulators.

The case was investigated by the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), the Federal Bureau of Investigation, Internal Revenue Service Criminal Investigations, the Federal Deposit Insurance Corporation Office of Inspector General, the Office of Inspector General of the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau. It is being prosecuted by Assistant United States Attorney David J. Ignall.

About SIGTARP

SIGTARP's cross-cutting authority enables us to investigate and conduct oversight over all organizations and individuals involved in TARP programs. Our analytical, experienced-based approach identifies hidden complex crime and we work with the U.S. Department of Justice to hold accountable individuals and institutions that break the law. SIGTARP's oversight prevents fraud and drives improvements in ongoing TARP programs. As of October 20, 2016, SIGTARP investigations have resulted in the recovery of \$10.29 billion to the government and 163 defendants sentenced to prison.

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