



# 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**

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Media Inquiries: 202-927-8940

Twitter: @SIGTARP

Web: [www.SIGTARP.gov](http://www.SIGTARP.gov)

## OWNERS OF KANSAS CITY-AREA CONSTRUCTION COMPANY CHARGED WITH DEFRAUDING TARP BANK AND TAX EVASION

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Barry R. Grissom, U.S. Attorney for the District of Kansas, today announced that K. Kevin James, 57, and his son, Charlie M. James, 35, owners of KC United, LLC, a holding company for five construction services companies, were indicted on September 3, 2014.

K. Kevin James, of Lenexa, Kan., is charged with 10 counts of bank fraud, eight counts of wire fraud, and one count of conspiracy to defraud the United States, on charges of defrauding Bank of Blue Valley, which received federal taxpayer funds from the U.S. Department of the Treasury's Troubled Asset Relief Program (TARP). His son, Charlie M. James, of Desoto, Kan., is charged with four counts of wire fraud, one count of conspiracy to defraud the United States, three counts of tax evasion, and one count of bankruptcy fraud.

According to the indictment, the alleged crimes were committed while the defendants were owners of KC United, which was located in Kansas City, Kan.

The indictment alleges that K. Kevin James and others obtained business loans from Bank of Blue Valley by hiding and falsely representing the failing financial condition of KC United. The fraud resulted in a loss to the former TARP bank of \$877,382. The indictment also alleges the defendants diverted prevailing wage fringe benefit payments for employees for other purposes including personal use.

"When KC United's construction business was losing money, its owner, Kevin James, allegedly directed that the company's CFO cook the books to get more funding from Bank of Blue Valley, a bank that had recently been bailed out by taxpayers," said Christy Romero, Special Inspector General for TARP (SIGTARP). "James allegedly ordered that the company's financial statements be falsified to make it appear profitable to the bank, not once, but ten times from 2008 to 2011, resulting in the bank increasing the company's line of credit to \$2.8 million and renewing more than \$1 million in the company's outstanding loans. When worried that KC United's external auditor would discover the scheme, James purportedly made a fake auditor letter approving the company's financial statement, which was submitted to the bank. Bank of Blue Valley suffered losses on the loans and was unable to repay TARP or its quarterly TARP dividend, and eventually sold the loans at a loss of \$877,000. Taxpayers suffered a loss of more than \$5 million in unpaid dividends and when Treasury auctioned off the TARP investment in the bank at a loss. Crime that causes losses to a bank supported by TARP victimizes taxpayers. SIGTARP and our law enforcement partners will bring to justice those who engage in fraud at the expense of TARP banks and American taxpayers."

In December 2008, Blue Valley Ban Corp of Overland Park, Kan., the parent company of Bank of Blue Valley, received approximately \$21.8 million in federal taxpayer funds through TARP. While the bank was in TARP, it was unable to make 18 required dividend and interest payments totaling approximately \$4.9 million to Treasury owed as a result of holding TARP funds. In October 2013, Treasury sold its TARP investment in the bank at auction at a discount and suffered a principal loss of approximately \$500,000.

If convicted, the defendants face a maximum penalty of 30 years in federal prison on each bank fraud count and a fine up to \$1 million, a maximum penalty to 20 years on each wire fraud count and a fine up to \$250,000, a maximum penalty of five years for each count to conspire to defraud the United States and a fine up to \$250,000, a maximum penalty of five years for each tax evasion count and a fine up to \$250,000, and a maximum penalty of five years for each bankruptcy fraud count and a fine up to \$250,000.

The case is being investigated by SIGTARP and the Internal Revenue Service-Criminal Investigation. The case is being prosecuted by Assistant U.S. Attorney Jabari Wamble of the District of Kansas.

In all cases, defendants are presumed innocent until and unless proven guilty. An indictment merely contains allegations of criminal conduct.

This prosecution was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. SIGTARP is a member of the task force. To learn more about the President's Financial Fraud Enforcement Task Force, please visit [www.StopFraud.gov](http://www.StopFraud.gov).

#### **About SIGTARP**

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

To report suspected illicit activity involving TARP, dial the **SIGTARP Hotline**: 1-877-SIG-2009 (1-877-744-2009).

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