



**SIGTARP**

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

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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## FORMER PRESIDENT AND CEO OF TARP APPLICANT GATEWAY BANK PLEADS GUILTY TO BANK FRAUD CONSPIRACY

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Kelly T. Currie, Acting United States Attorney for the Eastern District of New York, today announced that Poppi Metaxas, former president and chief executive officer of TARP applicant Gateway Bank, FSB (Gateway) pleaded guilty on April 30, 2015, to conspiracy to commit bank fraud for her role in defrauding the bank of more than \$1.8 million in the aftermath of the financial crisis.

According to court filings and the facts presented at the plea hearing, between 2009 and 2010, Metaxas, age 62, of Hillsborough, Calif., engaged in a scheme to defraud Gateway in connection with Gateway's sale of non-performing assets and mortgage loans to three entities in exchange for \$15 million. Specifically, Metaxas caused Gateway to enter into a sham loan agreement with Ideal Mortgage Bankers Ltd., d/b/a Lend America, a Long Island mortgage lender and Gateway's largest mortgage lending client. Metaxas and her co-conspirators, through a series of wire transfers, then used the proceeds of that sham loan to satisfy the 25 percent down payment that the three entities owed to Gateway in connection with the sale of the non-performing assets and loans. To conceal the fraudulent "round trip" nature of the loan funds, Metaxas deceived the board of directors of Gateway and, in October 2009, she provided false testimony to bank regulators when asked about the source of the down payment.

"While Gateway Bank was applying for TARP and being told by its federal banking regulator to raise capital and to reduce the amount of toxic assets on its books, bank president and CEO Poppi Metaxas orchestrated a fraudulent 'round-trip' transaction that masked the true health of the bank," said Christy Romero, Special Inspector General for TARP (SIGTARP). "Metaxas' criminal scheme involved 'selling' \$15 million in non-performing assets to outside investors, secretly using bank money to fund the buyers' 25 percent down payment, and deceiving the board and the bank's regulator about the source of the down payment. Metaxas' crime and cover up made the bank look healthier than it was while its TARP application was pending. SIGTARP and its law enforcement partners will ensure that justice is served for perpetrators of TARP-related crime."

"As Gateway Bank struggled to survive under the burden of its accumulated toxic assets, its CEO Poppi Metaxas turned to sham transactions to deceive regulators and convince them that the bank had rid itself of its bad loans and underwater real estate holdings," stated Acting United States Attorney Currie. "Today's guilty plea puts bank officers on notice that they will be brought to justice if they resort to lies and deceit to fix mistakes of the past."

Metaxas' guilty plea took place before United States District Judge Joseph F. Bianco at the United States Courthouse in Central Islip, N.Y. At sentencing, Metaxas faces up to five years in federal prison.

This case is being investigated by SIGTARP, the Federal Bureau of Investigation, and the U.S. Department of Housing and Urban Development Office of Inspector General.

The case is being prosecuted by the United States Attorney's Office Business and Securities Fraud Section. Assistant United States Attorneys Walter M. Norkin and Christopher L. Nasson are in charge of the prosecution.

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 and co-chairs the Rescue Fraud Working Group. To learn more about the President's Financial Fraud Enforcement Task Force, visit [www.StopFraud.gov](http://www.StopFraud.gov).

#### **About SIGTARP**

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