



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 SENTENCED TO PRISON FOR BANK FRAUD CONSPIRACY

Defendant Engaged in Phony Transactions to Conceal Bank's Toxic Assets

WASHINGTON, DC - Christy Goldsmith Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP) announced that earlier today, at the federal courthouse in Central Islip, New York, Poppi Metaxas, the former Chief Executive Officer and President of Gateway Bank, FSB (Gateway), was sentenced to 18 months in prison following her April 30, 2015, guilty plea to conspiracy to commit bank fraud for her role in defrauding Gateway of more than \$1.8 million in the aftermath of the financial crisis.

“The former President and CEO of Gateway Bank, FSB, Metaxas will now go to federal prison after orchestrating an elaborate conspiracy to commit bank fraud to hide the bank’s high numbers of non-performing loans and repossessed assets during the financial crisis,” said Christy Goldsmith Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP). “Facing a cease-and-desist order from its federal banking regulator from the weight of its toxic assets, Gateway Bank sought TARP as a lifeline. As the TARP application was pending (which was later denied), CEO Metaxas and her co-conspirators’ devised an intricate criminal scheme to sell the bank’s non-performing loans and repossessed assets in a sale that one board member called “too good to be true”. It was, in fact, criminal, as CEO Metaxas hid from the board and the bank’s books that \$3.64 million of the bank’s own money funded the 25% deposit by the buyers. She later engaged in a one-year cover up. She claimed that this was not an effort to enrich herself, but to appease regulators so that the bank could stay in business. Banks throughout the nation saw non-performing loans and repossessed assets rise, but they did not turn to crime. Her crime did not protect the bank, but hurt it, causing it to lose more than 1.8 million dollars. We commend U.S. Attorney Robert L. Capers, his team and our law enforcement partners for their work. SIGTARP will be relentless in our pursuit for justice of TARP-related crimes.”

Between 2009 and 2010, while the TARP application was pending, Metaxas 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, she 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 loans. To conceal the fraudulent “round trip” nature of the loan funds, Metaxas deceived Gateway’s board of directors and, in October 2009, she provided false testimony to bank regulators when asked about the

source of the down payment.

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 government's case is being prosecuted by the Office's Business and Securities Fraud Section. Assistant United States Attorney Christopher L. Nasson is 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. To learn more about the President's Financial Fraud Enforcement Task Force, visit 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.

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