



# SIGTARP

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

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## **BANKER SENTENCED TO PRISON FOR FRAUD SCHEME AT BANK WHERE TARP SUFFERED TENS OF MILLIONS IN LOSSES**

*Defendant helped three previously-sentenced codefendants fraudulently obtain over \$2.1 million from PBI Bank*

A former Vice President of PBI Bank in Lexington, Kentucky was sentenced to two years in federal prison after pleading guilty to helping three other people defraud the bank.

U.S. District Judge Danny C. Reeves sentenced Joseph Tobin, age 45, for six counts of aiding and abetting bank fraud and one count of bank fraud. Judge Reeves had previously sentenced Daniel Sexton to 109 months, Jonathan Williams to 60 months, and Sheila Flynn to 24 months of imprisonment for their roles in the fraud. Sexton, Williams, and Flynn are currently serving their sentences in federal prisons after pleading guilty.

“Joseph Tobin, a former vice president at TARP recipient PBI bank, was sentenced to prison for taking part in a bank fraud scheme while the bank was in TARP,” said Christy Goldsmith Romero, Special Inspector General for TARP. “The conspiracy led to the loss of \$2.2 million for PBI bank. Taxpayers suffered a loss of \$31.5 million on the TARP investment in this bank along with missed dividend payments totaling more than \$6.5 million.”

According to their guilty pleas, Sexton and Williams owned and operated several mobile home businesses in Georgetown, Kentucky. Flynn worked at those businesses as an office manager. Tobin was a Vice President at PBI Bank in Lexington, which was receiving funds through the Troubled Assets Relief Program at the time of the offense.

Sexton, Williams, and Flynn conspired together to obtain various bank loans using false corporate accounting records, false tax records, and false appraisals for assets such as a private plane. They also failed to disclose debts they owed to others in their loan applications. Tobin knew that the loan applications were fraudulent but approved them anyway.

Sexton and Williams also recruited other people to take out loans from PBI Bank then direct the money to them. Tobin approved these loans even though he knew that Sexton and Williams were the true borrowers. Tobin also set up a straw loan for another borrower.

In addition to their prison sentences, Judge Reeves ordered the four defendants to pay restitution to four victimized banks. Sexton and Williams were each ordered to pay over \$2.6 million in restitution, Tobin is responsible for \$185,001 and Flynn for over \$1.4 million.

Christy Goldsmith Romero, Special Inspector General for TARP; Carlton S. Shier, IV, Acting U.S. Attorney for the Eastern District of Kentucky; Amy S. Hess, Special Agent in Charge, Federal Bureau of Investigation, jointly announced the sentence. Assistant U.S. Attorney Dmitriy Slavin represented the United States.

### **About SIGTARP**

The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) is a federal law enforcement agency that targets financial institution crime and is an independent watchdog protecting taxpayer dollars. As of June 30, 2017, SIGTARP investigations have resulted in the recovery of \$10 billion to the government and 222 defendants sentenced to prison.

To report a suspected crime related to TARP, call SIGTARP's Crime Tip Hotline: 1-877-744-2009. To receive alerts about reports, audits, media releases, and other SIGTARP news, sign up at [www.SIGTARP.gov](http://www.SIGTARP.gov). Follow SIGTARP on Twitter @SIGTARP.

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