



# 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 OF ORION BANK PLEADS GUILTY TO BANK FRAUD AND RELATED CHARGES

WASHINGTON, DC – The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) and U.S. Attorney for the Middle District of Florida Robert E. O’Neill today announced that Jerry J. Williams (51), formerly of Naples, Florida, and currently residing in Fort Worth, Texas, pleaded guilty today to conspiracy to commit bank fraud and making false statements to federal regulators. Williams faces a maximum penalty of 15 years in federal prison. A sentencing date has not yet been set.

"Williams is another senior bank executive being held criminally responsible for his actions in a fraud that contributed to the financial crisis," said Christy Romero, Deputy Special Inspector General for the Troubled Asset Relief Program. "As the President, CEO, and Chairman of Orion Bank, Williams fraudulently conspired to have the bank survive the economic downturn by creating the illusion that non-performing loans were performing. Thousands of banks faced losses during the financial crisis without turning to fraud. Anyone looking for a bailout from TARP who engaged in criminal fraud will be brought to justice by SIGTARP and its partners in law enforcement."

Orion Bancorp, Inc., the parent company of Orion Bank, unsuccessfully sought \$64 million in federal government assistance through the U.S. Department of the Treasury’s Troubled Asset Relief Program (TARP).

According to the plea agreement, Williams, the former President of Orion Bank, participated in a conspiracy with top Orion Bank executives, Thomas Hebble (former Executive Vice President), Angel Guerzon (former Senior Vice President), and former Orion Bank borrower, Francesco Mileto, to mislead state and federal regulators that Orion Bank was in a better capital position than it was in truth and fact. The conspiracy had two objectives: 1) to finance the sale of promissory notes secured by mortgages held by Orion Bank on distressed properties, thereby creating the illusion that non-performing loans were performing loans, and 2) to conceal the financing for the sale of Orion Bancorp, Inc. stock to Mileto, thus creating the illusion of a legitimate capital infusion into the bank. The conspirators accomplished these objectives by falsifying the books and records of Orion Bank and deceiving state and federal regulators over a period of seven months, from May 2009 until November 13, 2009.

As part of the scheme to defraud, Williams directed Hebble and Guerzon to increase loans-in-process to nominee entities associated with Mileto, to \$82 million, including a \$26.5 million line of credit. Within the lines of credit, Williams concealed \$15 million of financing for Mileto's purchase of Orion Bancorp, Inc. stock, despite knowing that banking laws and regulations prohibited the bank from financing the purchase of its, or its affiliates', own stock. The loans closed on June 29, 2009, the end of the banking

quarter. In order to ensure capital infusion to the bank, Williams directed Hebble and Guerzon to close the loans after discovering that Mileto had submitted fraudulent financial documentation to Orion Bank, in support of the current loans, and in support of \$41 million of previously acquired loans.

According to the plea agreement, Williams made false statements to the Federal Reserve about the true source of the capital infusion. Based upon these transactions and other actions by the bank, the Federal Reserve Board issued a Cease and Desist Order to Orion Bank on September 18, 2009. The Florida Office of Financial Regulation closed Orion Bank on November 13, 2009, and appointed the Federal Deposit Insurance Corporation ("FDIC") as the receiver.

On October 25, 2011, United States District Judge Charlene E. Honeywell sentenced Thomas Hebble to 2 ½ years in prison, Angel Guerzon to 2 years in prison, and Francesco Mileto to 5 ½ years in prison for their participation in the conspiracy. Hebble and Guerzon were ordered to pay \$33,512,618 in restitution to the FDIC. The court ordered Mileto to pay restitution to the FDIC in the amount of \$65,214,491.

This case was investigated by SIGTARP, the Federal Bureau of Investigation, Federal Deposit Insurance Corporation - Office of Inspector General, Federal Reserve Board - Office of Inspector General, and Internal Revenue Service Criminal Investigation. It is being prosecuted by Assistant U.S. Attorney Nicole H. Waid.

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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