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SENIOR EXECUTIVE AT TARP BANK PLEADS GUILTY TO MAKING FALSE STATEMENTS ON A LOAN APPLICATION

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 Michael W. Yancey, 55, of Olathe, Kan., pleaded guilty on Wednesday to one count of conspiracy to make false statements on a loan application. Yancey was a former senior vice president and commercial loan officer at TARP recipient Farmers Bank & Trust (Farmers Bank) of Great Bend, Kan.

“SIGTARP investigations have uncovered instances in which senior bank executives committed fraud or other crimes against their bank prior to the financial crisis and then continued their schemes after the bank applied for and/or received federal taxpayer-funded TARP bailout funds,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “In this case, Yancey, a former senior vice president and commercial loan officer at TARP recipient Farmers Bank & Trust, lied about the true terms of a loan he secured on behalf of a bank customer in order to get the loan approved by the bank’s loan committee. Then, after the bank received TARP funds, Yancey recommended that the bank renew the loan without correcting the falsified information on file about the loan. Ultimately, Farmers Bank wasn’t able to repay its TARP investment in full. Crime against a TARP bank is crime perpetrated against the federal taxpayers who funded the TARP bailout. SIGTARP and our law enforcement partners will bring to justice perpetrators of crime related to TARP and hold them accountable for their actions.”

According to court documents, in March 2007, Yancey helped a bank customer obtain an \$825,000 commercial loan for the purchase of real estate in Basehor, Kan. (the Basehor property). In March 2007, the bank customer submitted to Yancey a falsified contract of sale stating that the purchase price for the Basehor property was \$1.1 million. The actual purchase price of the Basehor property was \$850,000. Yancey, knowing that the purchase price was falsified, accepted the contract of sale as part of the Farmers Bank loan file. Yancey and the bank customer stated that the purchase price was \$1.1 million in order to make it appear that the Basehor loan conformed to a maximum 75 percent loan-to-value ratio so that the loan could be approved by the bank’s loan committee. However, the \$825,000 loan, in truth, accounted for approximately 97 percent of the purchase price. In late-March 2007, the bank loan committee approved the Basehor loan at Yancey’s request.

Additionally, according to court documents, Yancey created an “Application for Approval of Large Credit Facilities” for the Farmers Bank loan committee that falsely stated that the Basehor real estate transaction involved a seller carryback in the amount of \$150,000 and a borrower equity injection in the amount of \$125,000. In subsequent years, Yancey recommended renewing the Basehor loan – even after the bank had received and held federal TARP funds – and consolidated it with other loans without correcting the false statements contained in the Farmers Bank loan file.

On May 19, 2014, Yancey was charged with one count of conspiracy to make false statements on a loan application as a result of the scheme. A sentencing date has not yet been scheduled. Yancey faces a maximum penalty of five years in federal prison and a fine up to \$250,000.

In June 2009, Farmers Enterprises, Inc., of Great Bend, Kan., the parent company of Farmers Bank, received \$12 million in federal taxpayer funds through the U.S. Department of the Treasury Troubled Asset Relief Program (TARP). In November 2012, Treasury sold its TARP investment in Farmers Enterprises back to the bank for approximately \$11.5 million, and the bank exited TARP. The bank's repurchase of the shares at a discount resulted in a principal loss on the TARP investment of approximately \$500,000.

This case is being investigated by SIGTARP, the Federal Bureau of Investigation, and the U.S. Department of Labor Office of Inspector General and Employee Benefits Security Administration. The case is being prosecuted by Assistant U.S. Attorney Jabari Wamble of the District of Kansas.

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.

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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