



SIGTARP

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

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

FOR IMMEDIATE RELEASE

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NEW YORK BUSINESSMAN SENTENCED TO 37 MONTHS IN FEDERAL PRISON FOR CONSPIRING TO MAKE FALSE STATEMENTS TO A BANK AND TO FILE MATERIALLY FALSE TAX RETURNS

TARP banks deceived in years-long campaign of lies

WASHINGTON, DC – Christy Goldsmith Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Preet Bharara, United States Attorney for the Southern District of New York, announced Tuesday that Westchester, New York businessman Selim Zherka was sentenced to 37 months in federal prison on charges that he conspired to make false statements to a bank in order to receive millions of dollars in loans and to file materially false tax returns with the IRS.

Zherka pled guilty to the conspiracy on August 27, 2015, before U.S. District Judge Cathy Seibel, who imposed yesterday's sentence. In addition to the prison sentence, Zherka was ordered to forfeit \$5.23 million in ill-gotten gains and to pay a \$1.5 million fine.

U.S. Attorney Bharara said: "Selim Zherka waged a years-long campaign of lies to banks and the IRS to obtain millions of dollars in loans and fraudulently reduce his tax liabilities. Now he faces prison and the forfeiture of over \$5 million. I want to thank the IRS, the FBI, and the TARP Special Inspector General for their excellent work on this case."

According to the Superseding Information to which Zherka pled guilty, and other court documents filed in this case: From December 2005 through the present, Zherka conspired with others to obtain \$63.5 million in loans from Sovereign Bank (now Santander) for the purchase of apartment house complexes in Tennessee by lying about the purchase price of the real estate he was acquiring and the amount of the down payments he was making toward the purchases in question. In addition, Zherka repeatedly submitted fraudulent tax returns to the IRS that overstated depreciation expenses and understated his capital gains for the real estate holding companies in which he was a partner, thereby reducing their tax liabilities.

Four other individuals have previously pled guilty in White Plains, New York federal court to conspiring with Zherka to commit offenses related to the conduct to which Zherka pled guilty, and are awaiting sentencing.

In addition to the prison sentence and forfeiture, Zherka was ordered to make restitution as follows: \$878,871 (plus interest and civil fraud penalties thereon) in federal taxes; \$179,634 (plus interest and

civil fraud penalties thereon) in New York State Taxes; \$207,508 in Connecticut taxes; and \$10,373 (plus interest and civil fraud penalties thereon) in Massachusetts taxes; and to pay a fine of \$1.5 million.

U.S. Attorney Bharara praised the outstanding efforts of SIGTARP, the IRS, the FBI, and the Department of Justice's Tax Division for their significant assistance in this investigation and prosecution.

This case is being handled out of the White Plains Division. Assistant United States Attorneys Elliott B. Jacobson and Perry A. Carbone, and Special Assistant United States Attorney Andrew J. Kameron are in charge of the case.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program was created as an independent law enforcement agency to investigate fraud, waste, and abuse related to the TARP bailout. To date, SIGTARP investigations have resulted in the recovery of over \$2.48 billion to the Government and 135 defendants sentenced to prison.

To report a suspected crime related to TARP, call **SIGTARP's Crime Tip Hotline**: 1-877-SIG-2009 (1-877-744-2009).

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