

**Remarks by Christy Goldsmith Romero, Special Inspector General for TARP (SIGTARP)
Office of the Special Inspector General for the Troubled Asset Relief Program**

Press Statement

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Jury convicts Brian Hartline, former NOVA Bank president and chief executive officer and Barry Bekkedam, former NOVA Bank board chairman, of fraud to get \$13 million TARP bailout funds

Today a federal jury convicted former NOVA Bank president and chief executive officer Brian Hartline and board chairman Barry Bekkedam of criminally defrauding the U.S. government in their attempt to get more than \$13 million in TARP funds. TARP was an emergency rescue program during the financial crisis. TARP was created to invest capital in banks so they would lend to hardworking Americans. To protect taxpayers investments were limited to healthy banks.

TARP fraud is a heinous crime. Hartline and Bekkedam were convicted today for not telling the truth about the health of NOVA Bank to get TARP funds. NOVA Bank was not a healthy bank when it applied for TARP. It was suffering from major losses and did not have sufficient capital. Of the more than 700 banks that received approval to get TARP, only seven had conditional approval, and NOVA Bank was one of them: the government would only invest TARP funds in NOVA Bank if it raised \$15 million from investors.

Hartline and Bekkedam hatched a fraudulent scheme to dupe the government into believing that the bank had raised private investor money. As the CEO and bank president, Hartline was in a position of trust. Even though Bekkedam had left the bank by 2008, he wielded significant influence over NOVA Bank because his company owned more than half the bank and he was one of the former founders. His own emails discuss his plans to get TARP.

Rather than bring outside money into the bank as the government required, they used the bank's own money. In a one two hour transaction, the bank's own money flowed out and then came right back into the bank. They hid this fact from the government, which wanted more money in the bank—not double counting of existing money.

The jury has brought justice to these bank executives who defrauded an emergency crisis-era rescue program. The fact that the bank did not get TARP funds boils down to luck and timing, not because these defendants decided to come clean.

The convictions of these bankers today is the reason why SIGTARP was created—to bring justice to bankers who commit fraud related to TARP. I commend United States Attorney Zane David Memeger for prosecuting this critical TARP-fraud case, and his excellent team of David Ignall and Jennifer Chun Barry who did an outstanding job.