



SIGTARP

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

FOR IMMEDIATE RELEASE

May 31, 2022

Media Inquiries: 202-308-5060

www.sigtar.gov

@SIGTARP

Bank CEO Convicted For Taking Bribes In Connection With Loans Guaranteed By The Small Business Administration

Damian Williams, the United States Attorney for the Southern District of New York, announced Thursday the conviction of Edward Shin, then-CEO of a Pennsylvania-based bank (the “Bank”), for taking bribes in connection with the Bank’s issuance of loans that were guaranteed by the United States Small Business Administration (SBA). Shin was arrested in May of 2019 and charged with taking bribes by siphoning off a portion of commissions on SBA-guaranteed loans and causing the Bank to issue SBA-guaranteed and commercial loans to companies in which Shin had a secret interest. The charges are the culmination of a joint investigation with the Federal Deposit Insurance Corporation – Office of Inspector General (FDIC-OIG), Homeland Security Investigations (HSI), and the SBA Office of the Inspector General (SBA-OIG). Shin was convicted on all counts of the indictment in Manhattan federal court before U.S. District Judge John P. Cronan.

According to the allegations in the Criminal Complaint, Indictment, and statements made during trial in Manhattan federal:

The SBA helps Americans start, build, and grow businesses by guaranteeing certain loans made by banks to help those businesses succeed. Between 2009 and 2013, the Bank offered a range of financial products, including SBA-guaranteed loans to small businesses in the New York-New Jersey area, which the Bank could extend only on the condition that all aspects of those loans complied with SBA regulations and SBA’s standard operating procedures. In particular, SBA regulations and procedures prohibited bank officers, including Shin, from receiving any payments in connection with SBA-backed loans and prohibited banks from extending such loans to any institution in which a bank officer held an interest.

Notwithstanding these regulations, Shin, then the CEO of the Bank, secretly solicited and received bribe payments in connection with SBA-guaranteed loans issued by the Bank and caused the Bank to extend SBA-guaranteed and commercial loans to companies in which Shin had secret ownership interests. Specifically, when the Bank issued business loans that did not involve the use of any actual broker, Shin nonetheless arranged to have his longtime friend, a real estate and loan broker (the “Broker”), inserted unnecessarily into the transaction solely to generate a broker fee that could be shared with Shin; in fact, the Broker did no actual work to earn a commission on those transactions, but split the “broker’s fee” with Shin as an illegal kickback.

Shin also arranged for the Bank to issue SBA-guaranteed loans to businesses in which he secretly retained an ownership interest, in violation of SBA regulations and procedures. For example, in or about June 2010, the Bank issued an SBA-guaranteed loan for approximately \$950,000 to a business in New York, New York. Although documents submitted to the Bank for purposes of securing the loan did not mention Shin's financial interest, the business was secretly operated as a partnership between Shin, the Broker, and another individual. The loan ultimately went into default status, ultimately resulting in a loss to the Bank of approximately \$591,278.

Shin, 58, of Ambler, Pennsylvania, was convicted of one count of conspiracy to commit bank fraud and wire fraud affecting a financial institution, which carries a maximum potential sentence of 30 years in prison, one count of conspiracy to commit bank bribery, which carries a maximum potential sentence of five years in prison, one count of conspiracy to commit loan fraud, which carries a maximum potential sentence of five years in prison, another count of conspiracy to commit bank fraud, which carries a maximum potential sentence of 30 years in prison, and one count each of bank bribery, and theft of funds by a bank officer, each of which carries a maximum potential sentence of 30 years in prison. The maximum potential sentences in this case are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendant will be determined by the judge.

This case is being handled by the Office's Money Laundering and Transnational Criminal Enterprises Unit. Assistant U.S. Attorneys Tara La Morte, Anden Chow, Jessica Greenwood, and Daniel M. Tracer are in charge of the prosecution.

About SIGTARP

SIGTARP was created as an independent law enforcement agency to investigate fraud, waste, and abuse related to the Emergency Economic Stabilization Act (EESA). To date, SIGTARP investigations have resulted in the recovery of over \$11.3 billion, 409 criminal convictions and 316 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). To receive alerts about reports, audits, media releases, and other SIGTARP news, sign up at www.SIGTARP.gov/pages/press.aspx. Follow SIGTARP on Twitter @SIGTARP.

###