



# 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 AND CEO OF PARK AVENUE BANK, THE FIRST DEFENDANT CONVICTED OF FRAUD AGAINST THE TROUBLED ASSET RELIEF PROGRAM, SENTENCED TO PRISON**

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 today that CHARLES ANTONUCCI, SR., the former president and chief executive officer of The Park Avenue Bank, was sentenced today to 30 months in prison for his involvement in a massive fraud involving self-dealing, bank bribery, embezzlement of bank funds, attempting to fraudulently obtain more than \$11 million worth of taxpayer rescue funds from the Troubled Asset Relief Program ("TARP"), and participating in a \$37.5 million fraud scheme that left an Oklahoma insurance company in receivership. ANTONUCCI pled guilty pursuant to a cooperation agreement with the government in October 2010 before U.S. District Judge Naomi Reice Buchwald, who imposed today's sentence. Yesterday, Judge Buchwald sentenced Matthew L. Morris, a former senior vice president of the Bank, who also pled guilty pursuant to a cooperation agreement, to one year and one day in prison.

ANTONUCCI was the first defendant convicted of fraud of TARP funds, a program whose purpose was to provide funds to viable financial institutions to stabilize and strengthen the nation's financial system, and to enable those financial institutions to increase the flow of financing to U.S. businesses and consumers.

"The former president and CEO of Park Avenue Bank Charles Antonucci Sr., was the first person convicted for trying to steal TARP bailout funds, and for that he will spend the next 30 months in federal prison," said Christy Goldsmith Romero, Special Inspector General for TARP (SIGTARP). "Antonucci and his co-conspirators brazenly committed crimes that were at the core of the financial crisis. He blatantly lied to bank examiners and took bribes from bank clients in cash and by using clients' private planes and luxury automobiles. He and his co-conspirators orchestrated a scheme to defraud taxpayers through Treasury into giving the bank \$11 million dollars in TARP funding by making it appear that an investor invested millions in the bank, when it was really the bank's money. We commend U.S. Attorney Preet Bharara for being the first to stand united with SIGTARP to bring to justice bankers involved in TARP related crime."

According to the Information, Complaint, sentencing submissions, and statements made during court proceedings:

### *Background*

The Park Avenue Bank (the “Bank”) was a federally insured and state-chartered bank that was headquartered on Park Avenue, New York, New York. The Bank’s clients consisted primarily of small businesses, for which the Bank made loans, extended lines of credit, and maintained depository accounts. As of the end of 2009, the Bank had approximately \$500 million on deposit, and over \$520 million in assets. ANTONUCCI served as president and chief executive officer (“CEO”) of the Bank from June 2004 to October 2009, and also served on its Board of Directors. During this period, and as part of the fraudulent schemes for which he was convicted and sentenced, ANTONUCCI maintained a corrupt relationship with Wilber Anthony Huff, a Kentucky-based businessman, and Morris, the senior vice president of the Bank.

### *The Schemes*

From 2006 through 2010, ANTONUCCI, Morris, and Huff engaged in a massive multifaceted conspiracy, in which they schemed to (i) receive and pay bank bribes, (ii) engage in self-dealing; (iii) defraud bank regulators and the board and shareholders of a publicly traded company, and (iv) fraudulently purchase an Oklahoma insurance company.

### *Bank Bribery*

From 2007 to 2009, Huff paid ANTONUCCI and Morris at least \$400,000 in exchange for which they: (i) provided Huff with fraudulent letters of credit obligating the Bank to pay an investor in one of Huff’s businesses \$1.75 million if Huff failed to pay the investor back himself; (ii) allowed certain of Huff’s beneficially owned businesses to accrue \$9 million in overdrafts; (iii) facilitated intra bank transfers in furtherance of certain of Huff’s other frauds; and (iv) fraudulently caused the Bank to issue at least \$4.5 million in loans to Huff’s beneficially owned businesses.

In particular, ANTONUCCI and Morris accepted bribes from Huff, including but not limited to hundreds of thousands of dollars of cash bribes, free use of Huff’s airplane, and free use of another customer’s luxury automobile. On more than 10 occasions in 2008 and 2009, ANTONUCCI used a private plane owned by Huff to fly to, among other places, Florida, Panama, Arizona (so that ANTONUCCI could attend the Super Bowl), and Augusta, Georgia (so that ANTONUCCI could attend the Masters Golf Tournament).

### *Self-Dealing*

ANTONUCCI also engaged in a pattern of self-dealing in connection with his position as President and CEO of the Bank. For example, ANTONUCCI, among other things, approved a \$400,000 loan through the Bank to an entity he controlled called Easy Wealth, through which ANTONUCCI obtained tens of thousands of dollars in proceeds. ANTONUCCI also had the Bank pay rent to him for one or more properties that ANTONUCCI owned and which the Bank did not use, including a property in Fishkill, New York, and directed Bank employees to perform substantial work on non-Bank matters in which he had personal financial interests.

### *Fraud on Bank Regulators and a Publicly Traded Company*

From 2008 to 2009, ANTONUCCI, Morris, and Huff engaged in a scheme to prevent the Bank from being designated as “undercapitalized” by regulators – a designation that would prohibit the Bank from engaging in certain types of banking transactions, and that would subject the Bank to a range of potential enforcement actions by regulators. Specifically, they engaged in a series of deceptive, “round-trip” financial transactions to make it appear that ANTONUCCI had infused the Bank with \$6.5 million in new capital when, in actuality, the \$6.5 million was part of the Bank’s pre-existing capital. ANTONUCCI, Morris, and Huff funneled the \$6.5 million from the Bank through accounts controlled by Huff to ANTONUCCI. This was done to make it appear as though ANTONUCCI was helping to stabilize the Bank’s capitalization problem, so the Bank could continue engaging in certain banking transactions that it would otherwise have been prohibited from doing, and to put the Bank in a better posture to receive \$11 million from the TARP. To conceal their unlawful financial maneuvering, Huff created, or directed the creation of, documents falsely suggesting that ANTONUCCI had earned the \$6.5 million through a transaction involving another company ANTONUCCI owned. When the Bank’s regulators began investigating the source of the purported \$6.5 million capital infusion, ANTONUCCI lied to them about the true nature of the transaction. ANTONUCCI, Morris, and Huff further concealed their scheme by stealing \$2.3 million from General Employment Enterprises, Inc. (“GEE”), a publicly traded temporary staffing company, in order to pay the Bank back for monies used in connection with the \$6.5 million transaction. In order to conceal this transaction, ANTONUCCI caused a counterfeit certificate of deposit (“CD”) to be created by the Bank, making it appear that GEE’s \$2.3 million had been invested in a CD at the Bank.

### *Fraud on Insurance Regulators and the Investment Firm*

From July 2008 to November 2009, ANTONUCCI, Morris, Huff, and Allen Reichman, an employee at an investment bank and financial services company headquartered in New York, New York (the “Investment Firm”), conspired to (i) defraud Oklahoma insurance regulators into allowing ANTONUCCI to purchase the assets of Providence P&C (the Oklahoma insurance company), and (ii) defraud the Investment Firm into providing a \$30 million loan to finance the purchase. Specifically, ANTONUCCI and Huff devised a scheme in which ANTONUCCI would purchase Providence P&C’s assets by obtaining a \$30 million loan from the Investment Firm, which used Providence P&C’s own assets as collateral for the loan. However, because Oklahoma insurance regulators had to approve any sale of Providence P&C, and because Oklahoma law forbade the use of Providence P&C’s assets as collateral for such a loan, ANTONUCCI, Morris, Huff, and Reichman made, and conspired to make, a number of material misstatements and material omissions to the Investment Firm and Oklahoma insurance regulators concerning the true nature of the financing for ANTONUCCI’s purchase of Providence P&C. Among other things, Reichman directed ANTONUCCI to sign a letter that provided false information regarding the collateral that would be used for the loan, and ANTONUCCI, Morris, and Huff conspired to falsely represent to Oklahoma insurance regulators that the Bank – not the Investment Firm – was funding the purchase of Providence P&C.

After deceiving Oklahoma regulators into approving the sale of Providence P&C, Huff took \$4 million of the company’s assets. Ultimately, in November 2009, the insurance company became insolvent and was placed in receivership after ANTONUCCI, Morris, and Huff had pilfered its remaining assets.

In addition to the prison sentence, ANTONUCCI, 64, of Woodside, New York, was also ordered to forfeit \$11.2 million to the United States and to provide more than \$54 million in restitution to victims of his crimes, including, among others, the Federal Deposit Insurance Corporation (“FDIC”).

Huff, who pled guilty to his role in the above-described offense and other interrelated frauds in December 2014, was sentenced by Judge Buchwald on June 4, 2015, to 12 years in prison. Reichman, who pled guilty to his role in the Providence P&C scheme in February 2015, was sentenced by Judge Buchwald on July 15, 2015, to 21 months in prison.

The case was investigated by Special Inspector General for the Troubled Asset Relief Program, the Federal Bureau of Investigation, the IRS, the New York State Department of Financial Services, Immigration and Customs Enforcement’s Homeland Security Investigations, and the Office of Inspector General of the FDIC and assistance was provided by the Department of Justice’s Tax Division and the United States Attorney’s Office for the Southern District of Florida.

The charges were brought in connection with the President’s Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. attorneys’ offices, and state and local partners, it’s the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets; and conducting outreach to the public, victims, financial institutions and other organizations. Since fiscal year 2009, the Justice Department has filed over 18,000 financial fraud cases against more than 25,000 defendants. For more information on the task force, please visit [www.StopFraud.gov](http://www.StopFraud.gov).

The case is being handled by the Office’s Complex Frauds and Cybercrime Unit. Assistant U.S. Attorneys Janis Echenberg and Daniel Tehrani are in charge of the criminal case.

### **About SIGTARP**

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