



# 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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## PRESIDENT OF FIRSTCITY BANK SENTENCED TO TWELVE YEARS IN FEDERAL PRISON FOR BANK FRAUD CONSPIRACY AND PERJURY

WASHINGTON, DC - The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) and United States Attorney for the Northern District of Georgia Sally Quillian Yates today announced that Mark A. Conner, the former President of FirstCity Bank of Stockbridge, Georgia, who, while serving as a top officer of the bank was part of a multi-million dollar conspiracy to defraud the bank and who hid assets in the Cayman Islands and lied about it in his personal bankruptcy case, was sentenced yesterday by United States District Judge Steve C. Jones. The Court sentenced Conner, 46, formerly of Canton, Georgia, and Tallahassee, Florida, to serve twelve years in federal prison. Conner pleaded guilty to these charges on October 21, 2011. Conner has been in federal custody since being arrested on the charges by federal agents at Miami International Airport on March 20, 2011, upon his arrival in Miami from the Turks and Caicos Islands in the West Indies.

Christy Romero, Special Inspector General at SIGTARP said, "The financial crisis unveiled fraud that had been ongoing for years, as shrinking capital and increasing delinquent loans left fraudulent bank executives with nowhere to hide. This CEO and Chairman of failed FirstCity Bank had been committing fraud against the bank since 2004, directing bank loans to buy land where Conner was the disguised owner and causing the bank to fund draws on construction/development loans for his benefit or to keep other bank loans current. As the real estate market declined, Conner schemed to take foreclosed properties off the bank's books through sales to straw purchasers, concealing that the bank funded the purchases. The Court's sentence of 12 years in prison reflects the great lengths Conner went to lie to bank regulators and to cheat the bank, as well as the significance of his unsuccessful attempt to steal more than \$6 million in TARP funds to cover his tracks."

United States Attorney Sally Quillian Yates said, "Our state, which leads the nation in bank failures, is still recovering from a banking crisis of epic proportions. These failures have a ripple effect in every workplace and household in the State. This sentence should serve as a warning that regardless of your position or the complexity of your scheme, bank officers and directors who place FDIC-insured funds at risk through fraud and self-dealing will be brought to justice."

Conner was sentenced to twelve years in prison to be followed by five years of supervised release, banned from the banking industry for life, and ordered to pay restitution in the amount of \$19.5 million to the FDIC and victim banks. Conner also consented to forfeit \$7 million. Specifically, Conner agreed to forfeit \$1.7 million in cash and interests in multiple pieces of property in Georgia and Virginia.

According to United States Attorney Yates, the charges, and other information presented in court, Conner served in a variety of top positions at FirstCity Bank between 2004 and 2009, including as Vice Chairman of the Board of Directors, as a member of the bank's loan committee, as President, and later as acting Chairman and Chief Executive Officer. While serving in these positions, Conner and his co-conspirators conspired to defraud FirstCity Bank's loan committee and Board of Directors into approving multiple multi-million dollar commercial loans to borrowers who, unbeknownst to FirstCity Bank, were actually purchasing property owned by Conner or his co-conspirators personally.

Conner and his co-conspirators misrepresented the essential nature, terms, and underlying purpose of the loans and falsified documents and information presented to the loan committee and the Board of Directors. Conner and his co-conspirators caused at least 10 other federally-insured banks to invest in, or "participate in" the fraudulent loans based on these and other fraudulent misrepresentations, shifting all or part of the risk of default to the other banks. Conner alone reaped almost \$7 million in proceeds from the loans alleged in the Indictment.

In the process of defrauding FirstCity Bank and the "participating" banks, Conner and his co-conspirators allegedly routinely misled federal and state bank regulators and examiners to conceal their unlawful scheme. They also unsuccessfully sought federal government assistance through the U.S. Treasury Department's Troubled Asset Relief Program (TARP) and engaged in other misconduct in an attempt to avoid seizure by regulators and prevent the discovery of their fraud. Efforts to make FirstCity Bank's financial position look much better than it really was, included making loans to buyers to purchase property that FirstCity Bank held as a result of foreclosure or similar actions without requiring that such buyers make the required down payments. The bank was seized by state and federal authorities on March 20, 2009.

With respect to the perjury charge, on January 5, 2011, Conner filed a Chapter 7 bankruptcy petition in the United States Bankruptcy Court for the Northern District of Georgia. Among other misrepresentations and omissions, Conner's bankruptcy petition stated that he had a little over \$3,000 in cash and financial accounts and essentially no unencumbered interests in real estate. On February 3, 2011, Conner falsely testified under oath at a bankruptcy hearing in federal court that, among other things, his bankruptcy petition was true and accurate in all respects and that he was "down to less than nothing" despite having a large liquid reserve several years ago. In truth, Conner was far from being broke. Conner had and controlled off-shore accounts containing over \$545,000. In addition, Conner had made some \$4 million in loans from his off-shore accounts (i.e., assets of his bankruptcy estate) that were not disclosed in his bankruptcy petition or in his sworn testimony in open court on February 3, 2011.

Conner was initially indicted on March 16, 2011, on 12 counts of conspiracy to commit bank fraud, bank fraud, and operating a continuing financial crimes enterprise, along with FirstCity Bank's former top loan officer, Clayton A. Coe. FirstCity Bank's former top lawyer, Robert E. Maloney, Jr., was added as a defendant in the case on June 22, 2011. On October 21, 2011, Conner waived formal indictment on the perjury charge and pleaded guilty to a Criminal Information charging one count of perjury and tendered a guilty plea to one count of conspiracy to commit bank fraud. Coe pleaded guilty on June 26, 2012, and is awaiting sentencing. The case against Maloney is scheduled for trial beginning January 15, 2013.

This case was investigated by SIGTARP, the FDIC Office of Inspector General, the Federal Bureau of Investigation, and the Internal Revenue Service-Criminal Investigation.

Assistant United States Attorneys Douglas W. Gilfillan and David M. Chaiken prosecuted the case.

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](http://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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