



FOR IMMEDIATE RELEASE

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LOS ANGELES-AREA EXECUTIVE ARRESTED IN \$9 MILLION BANK FRAUD SCHEME AGAINST TARP BANKS

WASHINGTON, DC – Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP); Leslie R. Caldwell, Assistant Attorney General of the U.S. Department of Justice Criminal Division; Stephanie Yonekura, Acting U.S. Attorney for the Central District of California; David L. Bowdich, Assistant Director in Charge of the Federal Bureau of Investigation (FBI) Los Angeles Field Office; and Erick Martinez, Special Agent in Charge of the Internal Revenue Service - Criminal Investigation (IRS-CI) Los Angeles Field Office today announced that a Los Angeles-area executive was arrested earlier today in connection with a \$9 million scheme to defraud TARP recipients United Commercial Bank and East West Bank.

Chung Yu “Louis” Yeung, 37, of San Dimas, Calif., was indicted on October 22, 2014, in the Central District of California on five counts of bank fraud and one count of conspiracy to commit bank fraud. The indictment was under seal until Yeung’s arrest today. Guo Xiang “David” Fan, 52, was also indicted for bank fraud and conspiracy to commit bank fraud, as well as money laundering, and remains at large.

According to the indictment, Yeung was vice president and Fan was president of Eastern Tools and Equipment, an Ontario, Calif., company that sold portable generators and other equipment. The indictment charges Yeung and Fan with defrauding United Commercial Bank (UCB) and East West Bank, which took over UCB’s accounts, out of more than \$9 million.

Specifically, the indictment alleges that Yeung, Fan, and others overstated Eastern Tools’ accounts receivable to increase its line of credit with UCB and later East West Bank. To support the inflated accounts receivable submitted to the banks, Yeung, Fan, and others allegedly opened approximately 20 shell companies, backstopped with fictitious business name statements, post office boxes, bank accounts, and telephone numbers. They then allegedly moved money from Eastern Tools’ bank accounts into the shell companies’ bank accounts to create the false appearance of substantial commercial activity. Finally, Yeung, Fan, and others allegedly siphoned those funds into their own personal accounts.

“Today, federal agents arrested Yeung after he was charged in a \$9 million scheme to defraud TARP recipients UCB and East West Bank,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “Eastern Tools president and CEO Fan and vice president Yeung stand charged of conspiring to create more than 20 fake customers to make it appear as if Eastern Tools’ accounts receivable was far larger than it was. The alleged conspirators then used those fraudulently overstated accounts receivable to

make fraudulent requests to draw down money under a \$5 million line of credit with the banks and to have that line of credit extended and renewed to up to \$11 million. Additionally, Fan and Yeung stand charged of siphoning money from Eastern Tools to pay personal expenses. When Eastern Tools defaulted on its line of credit, it allegedly cost the TARP banks more than \$9 million, and when UCB collapsed, it cost taxpayers more than \$298 million in lost TARP funds. SIGTARP and our law enforcement partners will aggressively investigate allegations of fraud undertaken at the expense of taxpayers' TARP investments and bring swift justice to perpetrators."

East West Bank allegedly sustained a loss of approximately \$9,157,172 as a result of the fraud scheme.

In November 2008, UCBH Holdings, Inc., UCB's parent company, received \$298.7 million in federal taxpayer funds through the U.S. Department of the Treasury Troubled Asset Relief Program (TARP). On Nov. 6, 2009, UCB failed and was taken over by state and federal regulators. As a result of the bank's failure, none of the TARP funds was repaid, and the \$298.7 million TARP investment has been written-off.

The charges contained in an indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

The case is being investigated by SIGTARP, the FBI, and IRS-CI and is being prosecuted by Trial Attorney Fred Medick of the U.S. Department of Justice Criminal Division Fraud Section.

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.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

To report suspected illicit activity involving TARP, dial the **SIGTARP Hotline**: 1-877-SIG-2009 (1-877-744-2009).

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