



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 OF FIRSTCITY BANK PLEADS GUILTY TO MULTI-MILLION DOLLAR FRAUD CONSPIRACY

*Bank Unsuccessfully Applied for TARP in Attempt to Conceal
Fraud Involving Commercial Real Estate Loans*

WASHINGTON, DC - The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) announced today that Mark A. Conner, former president, CEO, and chairman of FirstCity Bank of Stockbridge, Georgia, pleaded guilty this afternoon to charges of conspiracy to commit bank fraud in connection with misconduct at FirstCity Bank in the years before the bank's seizure by state and federal authorities on March 29, 2009. Conner also pleaded guilty to perjury in connection with his personal bankruptcy filing in Federal bankruptcy court in January 2011.

"Despite Conner's fiduciary duties as president, CEO, and chairman of FirstCity Bank, for years he went to great lengths to lie to bank regulators, cheat the bank, and steal millions of dollars," commented Christy Romero, Acting Special Inspector General for the Troubled Asset Relief Program. "He then attempted to steal more than \$6 million in TARP funding from U.S. taxpayers and Treasury to cover his tracks. It is precisely this type of deception and greed by key bank insiders that contributed to and exacerbated the financial crisis. Fraud in connection with TARP will be aggressively investigated and prosecuted by SIGTARP and its law enforcement partners."

United States Attorney for the Northern District of Georgia Sally Quillian Yates said, "Our nation's bank problems have contributed to the economic distress our citizens continue to experience across the country. We have felt this keenly in Georgia, with more than 70 bank failures since mid-2008, and another failure as recently as October 14, 2011. This defendant treated FirstCity Bank's commercial real estate lending operations like his own personal piggy bank, siphoning off millions of dollars from fraudulent commercial real estate loans, ultimately running FirstCity into the ground. Along the way, Conner and others defrauded Federal and state regulators and at least ten other federally insured banks in Georgia and Florida that invested in the fraudulent multi-million dollar loans."

According to 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, he conspired with others 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.

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. He 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, to conceal their unlawful scheme, Conner and his co-conspirators allegedly routinely misled Federal and state bank regulators and examiners. They also unsuccessfully sought \$6.1 million in Federal government assistance through the U.S. Department of the Treasury'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. In an effort to make FirstCity Bank's financial position look much better than it really was, they made 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.

With respect to the perjury charge, on January 5, 2011, knowing that he was under federal criminal investigation for his conduct at FirstCity Bank, 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 un-encumbered 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. The investigation showed that in truth, Conner had and controlled off-shore accounts containing over \$545,000 when he swore under oath that he was broke. In addition, Conner had \$4 million in real estate investments from his off-shore accounts (that is, 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 has been in Federal custody since March 20, 2011 - the two-year anniversary of FirstCity Bank's failure - when he was arrested by federal agents at Miami International Airport upon his arrival from the Turks and Caicos Islands in the West Indies.

United States District Judge Steve C. Jones will determine whether to accept Conner's guilty pleas after the preparation of a presentencing report. If Judge Jones accepts Conner's guilty pleas, Conner will be sentenced to 12 years in federal prison on all of the charges, be banned from the banking industry for life, forfeit \$7 million, and pay significant restitution to the FDIC and victim banks. Sentencing is set for January 31, 2012, at 10 a.m.

This case is being investigated by SIGTARP; the FDIC, Office of Inspector General; the Federal Bureau of Investigation; and Internal Revenue Service Criminal Investigation. Assistant United States Attorneys Douglas W. Gilfillan and David M. Chaiken are prosecuting 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.

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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