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KANSAS BUSINESS EXECUTIVE PLEADS GUILTY TO DEFRAUDING TARP BANK

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Barry R. Grissom, United States Attorney for the District of Kansas, today announced that Timothy P. Fitzgerald, 56, of Leawood, Kan., pleaded guilty in federal court on Monday to taking part in a fraud scheme that cost TARP recipient Bank of Blue Valley more than \$877,000.

Fitzgerald pleaded guilty to one count of conspiracy to commit bank fraud. In his plea, Fitzgerald admitted that the fraud took place while he was chief financial officer of KC United, LLC, which was a holding company for five construction services companies located in Kansas City, Kan.

KC United was a loan customer of Bank of Blue Valley. In 2008, KC United was losing money. Fitzgerald and other conspirators knew that KC United needed to show a profit in order to maintain its bank and bonding relationships, so Fitzgerald and others manipulated KC United's quarterly financial statements to falsely reflect a profit. Fitzgerald delivered the falsified reports to Bank of Blue Valley, which relied on the false information to renew the company's line of credit. Fitzgerald and other conspirators also prepared annual financial statements that contained falsified profits and a cover letter falsely stating that an outside accounting firm had reviewed the statement. They placed the cover letter on the letterhead of an outside accounting firm.

"Just as taxpayers were bailing out Bank of Blue Valley with TARP funds, Fitzgerald as the CFO of KC United, began defrauding the bank and continued the fraud for years while Treasury was a shareholder in the bank," said Christy Romero, Special Inspector General for TARP (SIGTARP). "Fitzgerald gave the bank cooked books that whitewashed KC United's losses and concealed the red ink, a fraud which included a forged auditor signoff. The bank relied on these falsified documents to extend loans, and after three KC United companies filed for bankruptcy, the bank suffered a loss of more than \$877,000. Bank of Blue Valley did not repay TARP and missed 18 quarterly dividend payments totaling \$4.9 million, money owed to taxpayers as a result of the bank holding TARP funds. Treasury sold its TARP investment in the bank at a principal loss of nearly \$500,000, a loss in addition to the uncollected TARP dividend payments. SIGTARP and our law enforcement partners will bring swift justice to those who defraud TARP banks and risk taxpayers' TARP investments."

In December 2008, Blue Valley Ban Corp of Overland Park, Kan., the parent company of Bank of Blue Valley, received approximately \$21.8 million in federal taxpayer funds through the U.S. Department of the Treasury Troubled Asset Relief Program (TARP). In October 2013, Treasury sold its TARP investment in the bank at auction at a discount and suffered a principal loss of approximately \$500,000 in addition to foregoing \$4.9 million in missed dividend payments the bank owed as a result of holding TARP funds.

Sentencing will be set for a later date. At sentencing, Fitzgerald faces a maximum penalty of 30 years in federal prison and a fine up to \$1 million.

The case is being investigated by SIGTARP, the Office of Inspector General for the U.S. Department of Labor, the U.S. Department of Labor Employee Benefits Security Administration, Internal Revenue Service Criminal Investigation Division, and the Federal Bureau of Investigation. The case is being prosecuted by Assistant U.S. Attorney Jabari Wamble.

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.

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