



FOR IMMEDIATE RELEASE

Thursday, January 16, 2014

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FORMER BANK COLLECTIONS MANAGER PLEADS GUILTY TO TAKING BRIBES FROM COLLECTIONS AGENCY

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Deirdre M. Daly, United States Attorney for the District of Connecticut, today announced that Michael Gesimondo, 57, of Farmingdale, N.Y., waived his right to indictment and pleaded guilty on Friday before U.S. District Judge Stefan R. Underhill in Bridgeport, Conn. to receiving kickbacks while he was a collections manager at Washington Mutual Bank.

“With his plea, Gesimondo, a collections manager at Washington Mutual, admitted to taking kickbacks from debt collectors at Oxford Collection Agency in exchange for Washington Mutual’s collections business,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “While the nation struggled through the financial crisis, rather than collect the debts of banks, executives at Oxford ripped off TARP recipients and Washington Mutual in a \$12 million debt fraud scheme, and Gesimondo shared in their spoils. Oxford executives collected funds on behalf of Washington Mutual and then made bribe payments to Gesimondo that equaled a percentage of the funds collected. After Washington Mutual was closed and purchased by TARP recipient JPMorgan Chase, Gesimondo spoke with Oxford executives about the vast increase in scale of his potential collections business. SIGTARP and our law enforcement partners will ensure that taxpayers’ TARP investments are protected and that those guilty of crimes against TARP are held accountable and brought to justice.”

According to court documents and statements made in court, Oxford Collection Agency was a private financial services company that engaged in accounts receivables management, primarily debt collecting, with offices in New York, Pennsylvania, and Florida. Between 2007 and 2011, Oxford Collection Agency executives engaged in a multi-year scheme to defraud its lender, investors, and clients. The investigation also revealed that Oxford Collection Agency was actively involved in bribing bank officials.

Gesimondo was employed as a collections manager in business banking at Washington Mutual Bank and was in charge of outsourcing collection accounts to collection agencies. Washington Mutual contracted with Oxford Collection Agency to collect debts owed to it by consumers. Between May 2008 and May 2009, Gesimondo received kickbacks from Oxford Collection Agency as a reward for providing Oxford Collection Agency with the bank’s debt collection business, often providing Gesimondo with a percentage of the collected debt amount.

On September 25, 2008, Washington Mutual was closed by federal regulators, and its banking operations were sold to JPMorgan Chase & Co. in a transaction facilitated by regulators. On October 28, 2008, JPMorgan Chase received \$25 billion in taxpayer funds from the U.S. Department of the Treasury Troubled Asset Relief Program (TARP). The TARP funds were repaid in full on June 17, 2009.

Gesimondo pleaded guilty to one count of conspiracy to accept money as a reward in connection with a business transaction of a bank. Judge Underhill scheduled sentencing for April 4, 2014, at which time Gesimondo faces a maximum term of imprisonment of five years.

Seven other individuals have been convicted as a result of this investigation and prosecution of criminal activity arising from Oxford Collection Agency and the debt collection industry.

This ongoing investigation is being conducted by SIGTARP, the Internal Revenue Service - Criminal Investigation, the Federal Bureau of Investigation, and the Connecticut Securities, Commodities, and Investor Fraud Task Force. The case is being prosecuted by Assistant U.S. Attorney Liam Brennan and Special U.S. Attorney John McReynolds

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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