



# 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 FIRST COMMUNITY BANK OF LOUISIANA PLEADS GUILTY TO BANK FRAUD

WASHINGTON, DC - The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) and United States Attorney for the Eastern District of Louisiana Jim Letten today announced that Reginald R. Harper, age 58, of Hammond, Louisiana, the former president and chief executive officer of First Community Bank of Hammond, La., pleaded guilty yesterday to one count of conspiracy to commit bank fraud before U.S. District Judge Nannette Jolivet Brown.

“The onset of the financial crisis was a crossroads for many bank executives,” said Christy Romero, Special Inspector General at SIGTARP. “Executives had the choice of writing off losses on bad loans or covering up those losses through fraud. Harper chose the latter and concealed the status of the loans from others at First Community Bank, from the bank’s regulators, and in the bank’s TARP application. Bank executives who abdicated their fiduciary duties helped lead our nation’s financial industry into crisis, and SIGTARP and our partners in law enforcement will ensure that justice is secured for those seeking to exploit TARP.”

According to court documents, in approximately 2004, Harper loaned in excess of \$2 million to co-defendant Troy Fouquet, a local real estate developer, or to one of a number of companies owned or controlled by Fouquet. The purpose of the loans was to purchase parcels of real estate, develop them into subdivisions, and build houses on them, which were to be eventually bought by prospective home buyers who would obtain permanent mortgages to finance the purchase. The permanent mortgages would pay off the original loans made by Harper on behalf of First Community Bank and also include monies to pay Fouquet.

According to court documents, however, beginning in 2005, it became difficult for Harper and Fouquet to identify qualified home buyers to obtain permanent mortgages. As a result, Harper and Fouquet developed various methods to avoid reporting the delinquency on the loans made by Harper, on behalf of First Community Bank, to Fouquet and/or his companies.

One method used by the defendants, according to court documents, included Harper making “loans” to prospective home buyers to make it appear to the permanent mortgage lender that the prospective home buyer had more funds on hand than he or she actually did. Another method employed by the defendants, according to court documents, was to use “nominee” loans or “straw” borrowers to sign up for new First Community Bank loans, authorized by Harper, the proceeds of which were then used to pay off the original loans made to Fouquet and/or his companies. An additional method used by the

defendants to avoid reporting the delinquency of these loans, according to court documents, included Fouquet presenting Harper with insufficient checks (e.g. a check not backed up with sufficient funds) and Harper accepting them, crediting the loan payment in First Community Bank's books and records despite knowing the checks were insufficient.

The fraudulent methods employed by the defendants, as set forth in court documents, led to a false call report (a report of First Community Bank's financial health), which impacted an application undertaken by the bank to receive funds from the Troubled Asset Relief Program (TARP), a program administered by the U.S. Department of the Treasury to provide support to the financial industry. First Community Bank was approved to receive \$3.3 million in TARP funds, but the bank withdrew its application after Treasury approval.

Ultimately, according to court documents, when the wrongdoing employed by the defendants was uncovered, First Community Bank suffered severe financial losses.

Harper faces a maximum penalty of up to five years in prison, a \$250,000 fine, and a \$100 special assessment, respectively. Sentencing has been scheduled for September 13, 2012, at 11:00 a.m. Eastern.

The case was investigated by agents from SIGTARP and the Federal Bureau of Investigation.

The case is being prosecuted by Assistant U. S. Attorney Matt Chester.

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.

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

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