



**SIGTARP**

OFFICE OF THE SPECIAL INSPECTOR GENERAL  
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

**FOR IMMEDIATE RELEASE**

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## KENTUCKY BUSINESSMAN SENTENCED TO 12 YEARS IN FEDERAL PRISON FOR \$53 MILLION TAX SCHEME AND MASSIVE FRAUD THAT INVOLVED THE BRIBERY OF SENIOR EXECUTIVES AT TARP APPLICANT BANK

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP); Preet Bharara, the United States Attorney for the Southern District of New York; and Caroline D. Ciralo, Acting Assistant Attorney General of the U.S. Department of Justice Tax Division, announced that Wilbur Anthony Huff, a Kentucky businessman, was sentenced on June 4, 2015, to 12 years in federal prison and ordered to pay more than \$108 million in restitution for committing various tax crimes that caused more than \$50 million in losses to the Internal Revenue Service (IRS) and for a massive fraud that involved the bribery of bank officials, the fraudulent purchase of an insurance company, and the defrauding of insurance regulators and an investment bank. Huff pleaded guilty to related charges in December 2014 before U.S. District Judge Naomi Reice Buchwald, who imposed Huff's sentence.

"Huff chose to engage in criminal acts with senior executives at TARP applicant Park Avenue Bank in a three-year, multi-faceted scheme to make the bank appear better capitalized in an attempt to receive \$11 million in TARP bailout funds and for Huff's own personal gain," said Christy Romero, Special Inspector General for TARP (SIGTARP). "For his role in the scam, which included bank fraud and the bribery of bank officials, Huff will spend the next 12 years in federal prison. Huff conspired with Park Avenue Bank president and CEO Charles Antonucci and others to orchestrate a \$6.5 million fraudulent 'round trip' financial transaction, thereby hiding the bank's use of its own money so that the money appeared instead to be new investor money purportedly coming from an outside source into the bank. Bank president and CEO Antonucci pleaded guilty for his role in the scheme in October 2010 and was the first person convicted of attempting to steal from TARP. We commend U.S. Attorney Preet Bharara and our law enforcement partners for their steadfast commitment to protecting federal taxpayers and bringing justice to perpetrators of fraud and other crimes related to TARP."

Manhattan U.S. Attorney Preet Bharara said: "Anthony Huff and his co-conspirators stole millions of dollars from taxpayers and engaged in extensive frauds, all in the pursuit of additional property, luxury cars, and the like. His crimes have earned him 12 years in prison. I would like to thank our law enforcement partners for their assistance on this case."

According to court documents and statements made during court proceedings:

### *Background*

Huff was a businessman who controlled numerous entities located throughout the United States (Huff-controlled entities). Huff controlled the companies and their finances, using them to orchestrate a \$53 million fraud on the IRS and other schemes, spanning four states, involving tax violations, bank bribery, fraud on bank regulators, and the fraudulent purchase of an insurance company. As part of his crimes, Huff concealed his control of the Huff-controlled entities by installing other individuals to oversee the companies' day-to-day functions and to serve as the companies' titular owners, directors, or officers. Huff also maintained a corrupt relationship with Park Avenue Bank and its executives, Charles J. Antonucci, Sr., the president and chief executive officer, and Matthew L. Morris, the senior vice president.

### *Tax Crimes*

From 2008 to 2010, Huff controlled O2HR, a professional employer organization (PEO) located in Tampa, Florida. Like other PEOs, O2HR was paid to manage the payroll, tax, and workers' compensation insurance obligations of its client companies. However, instead of paying \$53 million in taxes that O2HR's clients owed the IRS, and instead of paying \$5 million to Providence Property and Casualty Insurance Company (Providence P&C) – an Oklahoma-based insurance company – for workers' compensation coverage expenses for O2HR clients, Huff stole the money that his client companies had paid O2HR for those purposes. Among other things, Huff diverted millions of dollars from O2HR to fund his investments in unrelated business ventures and to pay his family members' personal expenses. The expenses included mortgages on Huff's homes, rent payments for his children's apartments, staff and equipment for Huff's farm, designer clothing, jewelry, and luxury cars.

### *Conspiracy to Commit Bank Bribery, Defraud Bank Regulators, and Fraudulently Purchase an Oklahoma Insurance Company*

From 2007 through 2010, Huff engaged in a massive multifaceted conspiracy, in which he schemed to (i) bribe executives of Park Avenue Bank, (ii) defraud bank regulators and the board and shareholders of a publicly traded company, and (iii) fraudulently purchase an Oklahoma insurance company. As described in more detail below, Huff paid bribes totaling hundreds of thousands of dollars in cash and other items to Morris and Antonucci in exchange for their favorable treatment at Park Avenue Bank.

As part of the corrupt relationship between Huff and the bank executives, Huff, Morris, Antonucci, and others conspired to defraud various entities and regulators during the relevant time period. Specifically, Huff conspired with Morris and Antonucci to falsely bolster Park Avenue Bank's capital by orchestrating a series of fraudulent transactions to make it appear that Park Avenue Bank had received an outside infusion of \$6.5 million and engaged in a series of further fraudulent actions to conceal from bank regulators the true source of the funds.

Huff further conspired with Morris, Antonucci, and others to defraud Oklahoma insurance regulators and others by making material misrepresentations and omissions regarding the source of \$37.5 million used to purchase Providence Property and Casualty Insurance Company, an Oklahoma insurance company that provided workers' compensation insurance for O2HR's clients and to whom O2HR owed a significant debt.

### *Bribery of Park Avenue Bank Executives*

From 2007 to 2009, Huff paid Morris and Antonucci at least \$400,000 in exchange for which they: (i) provided Huff with fraudulent letters of credit obligating Park Avenue Bank to pay an investor in one of Huff's businesses \$1.75 million if Huff failed to pay the investor back himself, (ii) allowed the Huff-controlled entities to accrue \$9 million in overdrafts, (iii) facilitated intra-bank transfers in furtherance of Huff's frauds, and (iv) fraudulently caused Park Avenue Bank to issue at least \$4.5 million in loans to the Huff-controlled entities.

### *Fraud on Bank Regulators and a Publicly Traded Company*

From 2008 to 2009, Huff, Morris, and Antonucci engaged in a scheme to prevent Park Avenue Bank from being designated as "undercapitalized" by regulators – a designation that would prohibit the bank from engaging in certain types of banking transactions, and that would subject the bank to a range of potential enforcement actions by regulators. Specifically, they engaged in a series of deceptive, "round-trip" financial transactions to make it appear that Antonucci had infused the bank with \$6.5 million in new capital when, in actuality, the \$6.5 million was part of the bank's pre-existing capital. Huff, Morris, and Antonucci funneled the \$6.5 million from the bank through accounts controlled by Huff to Antonucci. This was done to make it appear as though Antonucci was helping to stabilize the bank's capitalization problem, so the bank could continue engaging in certain banking transactions that it would otherwise have been prohibited from doing, and to put the bank in a better posture to receive \$11 million from the Troubled Asset Relief Program (TARP). To conceal their unlawful financial maneuvering, Huff created, or directed the creation of, documents falsely suggesting that Antonucci had earned the \$6.5 million through a bogus transaction involving another company Antonucci owned. Huff, Morris, and Antonucci further concealed their scheme by stealing \$2.3 million from General Employment Enterprises, Inc., a publicly traded temporary staffing company, in order to pay Park Avenue Bank back for monies used in connection with the \$6.5 million transaction.

### *Fraud on Insurance Regulators and the Investment Firm*

From July 2008 to November 2009, Huff, Morris, Antonucci, and Allen Reichman, an executive at an investment bank and financial services company headquartered in New York, New York (the "investment firm"), conspired to (i) defraud Oklahoma insurance regulators into allowing Antonucci to purchase the assets of Providence P&C (the Oklahoma insurance company that was owed \$5 million by O2HR), and (ii) defraud the investment firm into providing a \$30 million loan to finance the purchase. Specifically, Huff and Antonucci devised a scheme in which Antonucci would purchase Providence P&C's assets by obtaining a \$30 million loan from the investment firm, which used Providence P&C's own assets as collateral for the loan. However, because Oklahoma insurance regulators had to approve any sale of Providence P&C, and because Oklahoma law forbade the use of Providence P&C's assets as collateral for such a loan, Huff, Morris, Antonucci, and Reichman made, and conspired to make, a number of material misstatements and material omissions to the investment firm and Oklahoma insurance regulators concerning the true nature of the financing for Antonucci's purchase of Providence P&C. Among other things, Reichman directed Antonucci to sign a letter that provided false information regarding the collateral that would be used for the loan, and Huff, Morris, and Antonucci conspired to falsely represent to Oklahoma insurance regulators that Park Avenue Bank – not the investment firm – was funding the purchase of Providence P&C.

After deceiving Oklahoma regulators into approving the sale of Providence P&C, Huff took \$4 million of the company's assets, which he used to continue the scheme to defraud O2HR's clients. Ultimately, in November 2009, the insurance company became insolvent and was placed in receivership after Huff, Morris, and Antonucci had pilfered its remaining assets.

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In addition to the prison sentence, Huff, 53, of Caneyville and Louisville, Kentucky, was sentenced to three years of supervised release, ordered to forfeit \$10.8 million to the United States, and ordered to pay a total of more than \$108 million in restitution to victims of his crimes, including, among others, the Federal Deposit Insurance Corporation (FDIC) and the IRS.

In imposing Huff's sentence, Judge Buchwald said Huff's crimes were "truly staggering" and "eye popping." Judge Buchwald described Huff's conduct, which was preceded by a federal conviction and failure to pay millions in civil judgments, as "a living example" of "chutzpah," which she defined as "shameless audacity and unmitigated gall."

Matthew L. Morris and Allen Reichman pleaded guilty for their roles in the above-described offenses on October 17, 2013, and February 20, 2015, respectively. Reichman is scheduled to be sentenced before Judge Buchwald on July 15, 2015. Morris is scheduled to be sentenced before Judge Buchwald on August 19, 2015.

Charles Antonucci pleaded guilty on October 8, 2010, to his role in the crimes described above and is scheduled to be sentenced on August 20, 2015, also before Judge Buchwald.

This case was investigated by SIGTARP, the FBI, IRS - Criminal Investigation, the New York State Department of Financial Services, Immigration and Customs Enforcement Homeland Security Investigations, and the FDIC Office of Inspector General

The case is being handled by the United States Attorney's Office for the Southern District of New York Complex Frauds and Cybercrime Unit, which received assistance from the United States Attorney's Office for the Southern District of Florida. Assistant U.S. Attorneys Janis Echenberg and Daniel Tehrani of the Southern District of New York and Special Assistant U.S. Attorney Tino Lisella of the U.S. Department of Justice Tax Division are in charge of the criminal 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 and co-chairs the Rescue Fraud Working Group. To learn more about the President's Financial Fraud Enforcement Task Force, visit [www.StopFraud.gov](http://www.StopFraud.gov).

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