



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

Thursday, September 11, 2014

Media Inquiries: 202-927-8940

Twitter: @SIGTARP

Web: www.SIGTARP.gov

FORMER TIERONE BANK EXECUTIVE PLEADS GUILTY IN FRAUD SCHEME

WASHINGTON, DC - Special Inspector General for the Troubled Asset Relief Program Christy Romero (SIGTARP), Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division, U.S. Attorney Deborah R. Gilg of the District of Nebraska, and Special Agent in Charge Thomas R. Metz of the FBI's Omaha Division, today announced that Don A. Langford, a former senior vice president and chief credit officer of TARP applicant TierOne Bank, a publicly traded commercial bank formerly headquartered in Lincoln, Neb., pleaded guilty on Sept. 9, 2014, for his role in a scheme to defraud TierOne's shareholders and regulators.

Langford, 63, of Gibsonia, Penn., entered the plea before U.S. Magistrate Judge Cheryl R. Zwart of the District of Nebraska. He pleaded guilty to conspiring to commit securities fraud, wire fraud, and making false entries in a bank's books and records, as well as one count of making false statements.

"Langford, former TierOne senior executive and chief credit officer, conspired with others to hide losses at the bank by cooking the bank's books and reporting falsified information to stakeholders, regulators, external auditors, and the investing public," said SIGTARP Romero. "Langford and others engaged in fraud in order to keep regulators at bay and from closing the bank, to maintain and increase the bank's stock price, and to enrich themselves. The bank even made an unsuccessful attempt to get taxpayer TARP funds in November 2008. SIGTARP and our law enforcement officers will bring to justice perpetrators of fraud related to TARP and hold them accountable for their crimes."

According to a criminal information filed with his plea agreement, from at least 2009 to April 2010, Langford and others falsely inflated the value of TierOne's loan and real estate portfolio in its required reports to the U.S. Securities and Exchange Commission (SEC) and the Office of Thrift Supervision (OTS). In January 2009, TierOne had executed a supervisory agreement with OTS that required TierOne to report information about its performance and financial condition and to maintain a minimum capital position in relation to its loan portfolio and other assets. Langford and others intentionally used outdated appraisals on properties and rejected new appraisals that would have adversely impacted TierOne's reportable assets, revenue, and earnings. In addition, Langford and others delayed seeking new appraisals to conceal the current value of collateral and restructured loan terms to disguise borrowers' inability to make timely interest and principal payments. As a result, Langford and others were able to hide millions of dollars in losses from regulators and investors.

In 2008, TierOne submitted an application to the OTS seeking Troubled Asset Relief Program (TARP) funding. Ultimately, TierOne withdrew its application and did not receive TARP funds. TierOne filed for bankruptcy shortly after the bank was shut down by OTS in June 2010.

Sentencing is scheduled for Dec. 5, 2014.

The case was investigated by SIGTARP and the FBI's Omaha Division. The SEC provided substantial assistance with the investigation.

The case is being prosecuted by Trial Attorneys Henry P. Van Dyck and L. Rush Atkinson and Senior Litigation Counsel David A. Bybee of the DOJ Criminal Division's Fraud Section.

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.

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

To receive alerts about quarterly reports, new audits, and media releases issued by SIGTARP, sign up at www.SIGTARP.gov/pages/press.aspx. Follow SIGTARP on Twitter @SIGTARP.

###