



SIGTARP

Office of the Special Inspector General
For The Troubled Asset Relief Program

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FINAL DEFENDENT SENTENCED IN PIERCE COMMERCIAL MORTGAGE FRAUD INVESTIGATION

Fifteen Bankers Ranging from Vice Presidents to Loan Officers Sentenced for Fraud that Resulted in the Collapse of a TARP Bank

The final defendant in a long running investigation of mortgage fraud at Pierce Commercial Bank was sentenced today in U.S. District Court in Tacoma, announced Special Inspector General for the Troubled Asset Relief Program Christy Goldsmith Romero and U.S. Attorney Annette L. Hayes. Between 2005 and 2008, Ben Leske, 40, of Puyallup, worked as a loan officer for PC Bank Home Loans, a division of Pierce Commercial Bank. Leske pleaded guilty in May 2017, to making false statements on loan applications. Today U.S. District Judge Benjamin H. Settle sentenced Leske to 30 days of home detention, 100 hours of community service, two years of supervised release and more than \$131,000 in restitution.

“With the sentencing of mortgage banker Ben Leske, 15 bank employees have now faced justice for a conspiracy that directly contributed to Pierce Commercial Bank’s failure and the loss of \$6.8 million in TARP bailout funds,” said Special Inspector General Goldsmith Romero. “Ringleader Shawn Portmann, who was sentenced to 10 years in federal prison for his crimes, created a culture at PC Bank Home Loans, Pierce Commercial Bank’s mortgage lending office, where all loans applications were expected to approved, regardless of the applier’s ability to repay. Under this ‘close every loan’ culture, he and his co-conspirators submitted false and fraudulent documents showing borrowers who appeared qualified for mortgages when in fact they were not. As a result, PC Bank Home Loans greatly expanded the residential mortgage lending operations of Pierce Commercial Bank prior to the financial crisis from no more than \$3.9 million a month to nearly \$500 million a year. I thank the U.S. Attorney’s Office for the Western District of Washington for its commitment to fighting fraud related to TARP.”

“Those whose crimes deepened the damage from the 2008 financial crisis deserve to be punished just like any other criminal, said U.S. Attorney Annette L. Hayes. “This defendant and 14 other well-paid bank employees from loan officers to bank vice presidents forged documents and made false statements to close loans they knew were not sound. The result was the collapse of Pierce Commercial Bank and the expenditure of nearly \$7 million of taxpayer funds to address the financial mess these defendants left behind.”

According to records in the case, between 2004 and 2008, the architect of the fraud, Shawn Portmann, and other members of the conspiracy submitted false documents within various loan documents and applications. They falsified information about the borrowers’ qualifications as well as their intention to reside in the homes being financed. A review of a sample of conventional and HUD loans showed that

members of the conspiracy closed over 300 loans with false and fraudulent documents and information. More than half of this sample of loans have defaulted or otherwise caused loss, causing an estimated loss of more than \$10 million to Pierce Commercial Bank, secondary investors and HUD/FHA. Court records detail multiple false statements included in loan documents regarding an applicant's employment, income, and intention to reside in the property. Pierce Commercial Bank was closed by regulators in November 2010. Pierce Commercial Bank received \$6.8 million from Troubled Asset Relief Program (TARP) in January 2009. This money was never repaid.

Shawn Portmann and nine other defendants were prosecuted and sentenced between 2011 and 2013, with sentences ranging from probation to the ten-year prison sentence for Portmann. Five additional conspirators were charged in 2017. In addition to Leske, four others sentenced in the 2017 case include: Sam Tuttle, 54, of Tacoma, a Vice-President of PC Bank Home Loans was sentenced to three years of supervised release; Angela Crozier, 44, of Olympia, a loan processor was sentenced to one year of supervised release; Ed Rounds, 53 of Puyallup, a loan officer was sentenced to two years of supervised release and Craig Meyer, 55, of Dickenson, Texas, a Vice President and loan officer was sentenced to one year of supervised release.

The case was investigated by the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), the Federal Bureau of Investigation, the HUD Office of Inspector General (HUD-OIG), Internal Revenue Service Office of Criminal Investigation (IRS-CI), the Washington State Department of Financial Institutions, Office of Inspector General for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau, the Federal Housing Finance Agency Office of Inspector General (FHFA-OIG) and the United States Postal Inspection Service.

The case was prosecuted by Assistant United States Attorney Brian Werner and Special Assistant United States Attorney Hugo Torres. Mr. Torres is a King County Senior Deputy Prosecuting Attorney specially designated to prosecute mortgage fraud in federal court.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) is a federal law enforcement agency that targets financial institution crime and is an independent watchdog protecting taxpayer dollars. As of September 8, 2017, SIGTARP investigations have resulted in the recovery of \$10 billion to the government and 232 defendants sentenced to prison.

To report a suspected crime related to TARP, call SIGTARP's Crime Tip Hotline: 1-877-744-2009. To receive alerts about reports, audits, media releases, and other SIGTARP news, sign up at www.SIGTARP.gov. Follow SIGTARP on Twitter @SIGTARP.

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