



FOR IMMEDIATE RELEASE

Tuesday, January 20, 2015

Media Inquiries: 202-927-8940

Twitter: @SIGTARP

Web: www.SIGTARP.gov

FORMER CHAIRMAN AND PRESIDENT OF TARP APPLICANT BANK CHARGED IN SCHEME TO OBTAIN BAILOUT FUNDS

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Zane David Memeger, United States Attorney for the Eastern District of Pennsylvania, today announced that an indictment was unsealed on January 16, 2015, charging Brian Hartline, 50, of Collegeville, Penn., and Barry Bekkedam, 47, of Hobe Sound, Fla., in a fraud conspiracy involving TARP applicant NOVA Bank, where Hartline served as president and chief executive officer and Bekkedam had served as board chairman.

According to the indictment, the scheme was devised in an attempt to defraud the government of more than \$13 million through the federal taxpayer-funded U.S. Department of the Treasury Troubled Asset Relief Program (TARP). The defendants are each charged with conspiracy to defraud the United States, TARP fraud, two counts of false statements to the federal government, and bank fraud. Bekkedam is charged with two additional counts of wire fraud.

“The investigation conducted by SIGTARP and our partners unraveled what is charged in the indictment - a major fraud against the United States by the president/CEO of NOVA Bank, Brian Hartline, with the sole purpose of duping Treasury to get TARP bailout funds,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “Hartline is alleged to have orchestrated a fraud with the bank’s former chairman Barry Bekkedam to use the bank’s own money to try and raise \$15 million in private capital as a condition for obtaining TARP funds. This is exactly the type of TARP fraud that Congress created SIGTARP to combat.”

Bekkedam and Hartline, with others, formed NOVA Bank in 2002. Bekkedam also owned and operated a financial advisory company, Ballamor Capital Management, and allegedly advised Ballamor clients to invest in NOVA. But in 2008, NOVA faced risk of failure because of bad loans and investments. Its investors were at risk of losing their investments.

In October 2008, NOVA Financial Holdings, Inc., of Berwyn, Penn., the parent company of NOVA Bank, applied for approximately \$13.5 million in TARP funds. In June 2009, NOVA Bank was approved to receive the TARP funds on the condition that the bank raise \$15 million in additional, private capital. The bank was ultimately unable to raise private capital, did not receive TARP funds, and in October 2012, the bank failed and was closed by state and federal banking regulators.

According to the indictment, Bekkedam and Hartline devised a scheme in which NOVA would loan money to G.L., a Florida businessman, for G.L. to transfer to NOVA’s parent company so it would appear

as though the bank had received new capital from an outside investor. On June 30, 2009, NOVA wired \$5 million to G.L.'s bank account in Florida, and approximately two hours later, G.L. wired \$5 million to an account used for investments in NOVA Financial Holdings, Inc. It is further alleged that in October and December 2009, Bekkedam and Hartline convinced two others to make similar "investments" using loans from NOVA, in efforts to make NOVA appear more financially sound than it actually was. The defendants also allegedly told and directed employees to tell the Treasury Department that NOVA had raised new capital when it had not. According to the indictment, the defendants concealed the true purpose of the loan to G.L. and falsely stated the purposes of the other two loans.

If convicted, defendant Bekkedam faces a statutory maximum sentence of 115 years imprisonment; a \$4,750,000 fine; five years supervised release; and a \$700 special assessment. Hartline faces a statutory maximum sentence of 55 years imprisonment; a \$2,750,000 fine; five years supervised release; and a \$500 special assessment.

The case was investigated by SIGTARP, the Federal Bureau of Investigation, and the Pennsylvania Department of Banking. The case is being prosecuted by Assistant United States Attorney David Ignall.

An indictment is an accusation; a defendant is presumed innocent unless and until proven guilty.

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.

###