



# 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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## OWNER OF FLORIDA DEBT COLLECTIONS FIRM CHARGED IN \$76 MILLION FRAUD SCHEME

WASHINGTON, DC - The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) today announced that Leonard G. Potillo, III, 48, of Longwood, Fla., has been charged in a 33-count indictment with wire fraud, bribing a bank official, and unlawful monetary transactions in an alleged \$76 million fraud scheme involving the purchase and sale of delinquent debt portfolios from banks, including multiple TARP banks, and re-selling the portfolios to third-parties at higher prices.

Potillo faces seven counts of wire fraud, 10 counts of bribing a bank official, and 16 counts of unlawful monetary transactions. He was arrested at his residence Monday morning and then made his initial appearance before United States Magistrate Judge David Baker in Orlando, Fla., in the afternoon.

“Potillo is charged with fraud and bribing an officer at TARP recipient U.S. Bank to the tune of \$1 million in exchange for inside information to benefit his debt collections agency,” said Christy Romero, Special Inspector General for TARP. “Potillo and his company allegedly amassed \$76 million in ill-gotten profits after buying debt portfolios from TARP banks and falsifying the quality of the debt to flip the debt to other collections agencies. Potillo purportedly went on a spending spree, buying luxury vehicles including an Aston Martin, Maserati, Ferrari, and Jaguar, as well as real estate including multiple properties in Florida and property in Montreal, Canada, and in Edinburgh, Scotland, all of which the United States intends to forfeit as proceeds of his alleged crimes. The TARP bailout was designed to stabilize the nation’s banks at a time of crisis, not as an opportunity to fund the lavish lifestyles of those committing crimes. SIGTARP and our law enforcement partners will aggressively investigate allegations of fraud related to TARP and ensure that perpetrators are held accountable and brought to justice for their crimes.”

According to the indictment, Potillo is the owner and manager of United Credit Recovery, LLC (UCR), of Seminole County, Fla. UCR purchased charged-off consumer overdraft debt portfolios from financial institutions for the purposes of collecting debt and selling the debt to third-parties at a profit. UCR advertised on its website that it purchased in excess of \$10 billion of overdraft debts from financial institutions, such as U.S. Bank and Wells Fargo, among others. When purchasing debt portfolios from U.S. Bank, Potillo allegedly bribed a U.S. Bank officer with more than \$1 million for inside information relating to the bank’s auction of overdraft debt portfolios.

The indictment further alleges that after purchasing debt portfolios from financial institutions, UCR re-sold them to third-party debt purchasers. When selling its debt portfolios, UCR misrepresented the quality of the debt to the third-party debt purchasers as premium quality debt, when in fact it was lower quality debt. UCR also sold the debt portfolios with fictitious “Affidavits of Correctness/Assignments”

that were created by UCR on a mass scale. By making such misrepresentations, UCR and Potillo amassed at least \$76 million in profits from the scheme. With those illegal proceeds, Potillo spent hundreds of thousands of dollars on prime real estate holdings in the United States and abroad, and purchased luxury vehicles.

In November 2008, U.S. Bancorp, of Minneapolis, Minn., the parent company of U.S. Bank, received approximately \$6.6 billion in federal taxpayer funds through the U.S. Department of the Treasury Troubled Asset Relief Program (TARP). The bank repaid the funds in full in June 2009.

If convicted, Potillo faces a maximum penalty of 20 years in federal prison for each wire fraud charge, up to 30 years in prison for each bribery charge, and up to 10 years in federal prison on each of the money laundering charges.

An indictment is merely a formal charge that a defendant has committed a violation of the federal criminal laws, and every defendant is presumed innocent unless, and until, proven guilty.

This case is being investigated by the Internal Revenue Service - Criminal Investigation, the United States Secret Service, and SIGTARP. The case is being prosecuted by Assistant United States Attorney David Haas.

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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