



# 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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## **UNITED STATES SETTLES TARP RELATED FALSE CLAIMS ACT ACTION AGAINST ESTATE AND TRUSTS OF LAYTON P. STUART FOR \$4 MILLION**

WASHINGTON, DC – Christy Goldsmith Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department’s Civil Division, and U.S. Attorney Christopher R. Thyer of the Eastern District of Arkansas announced a \$4 million settlement to resolve a False Claims Act action against the estate and trusts of the late Layton P. Stuart, former owner and president of One Financial Corporation, and its subsidiary, One Bank & Trust N.A., both based in Little Rock, Arkansas. One Bank, another victim of Stuart’s frauds that is now under new management, will receive an additional \$6.9 million.

The United States’ complaint, filed earlier this year, alleged that Stuart and One Financial violated the False Claims Act by making false statements about the financial condition of One Financial and One Bank to induce the Department of the Treasury to invest Troubled Asset Relief Program (TARP) funds in One Financial.

“TARP’s Capital Purchase Program was designed to provide emergency assistance to banks and other financial institutions to facilitate lending to the American public, not for personal use of the bank holding company’s CEO,” said Christy Goldsmith Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP). “This settles the government’s claim that as CEO of One Financial Corporation, Layton Stuart applied for TARP using false records or statements causing Treasury to provide TARP funds intended for the benefit of the bank, and then immediately diverted millions for his own personal use. This is an important False Claims Act case to bring and recover TARP funds on behalf of taxpayers. SIGTARP will aggressively root out and investigate all fraud related to TARP.”

Congress created TARP in response to the financial crisis of 2008 to restore liquidity and stability to the financial systems of the United States. Under the Capital Purchase Program component of TARP, the Treasury invested capital in financial institutions in exchange for preferred stock or debt securities.

“Today’s settlement is an important milestone in the recovery of TARP funds that were obtained under false pretenses and used for improper purposes,” said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department’s Civil Division. “We will continue to be vigilant in assuring the proper use of taxpayer funds.”

In the lawsuit, the United States alleged that in 2009, Stuart, on behalf of One Financial, applied for a TARP investment. According to the United States, Stuart knowingly made false statements about the financial condition of One Financial and One Bank and about their intended use of the TARP funds. In particular, Stuart allegedly concealed serial frauds that he and other One Financial directors and One Bank executives had been committing, and intended to continue committing, on One Bank. The schemes involved Stuart's diversion of One Bank funds for personal use, including Stuart's purchase of luxury vehicles for his wife and children. Within two weeks of receiving the TARP funds, Stuart allegedly diverted \$2.185 million into his personal accounts. Stuart was terminated from One Bank in September 2012.

Stuart's frauds were discovered through a federal investigation launched in 2013. The assets of Stuart's estate and the trusts he had created were subject to a civil forfeiture action in the Eastern District of Arkansas. The civil forfeiture action was settled and dismissed contemporaneously with the False Claims Act settlement with the Stuart estate and trusts. Under these settlements, in addition to the \$4 million recovered by the United States, \$6.9 million will be received by One Bank and \$4 million will be returned to the Stuart trusts.

"This resolution is a just and appropriate result," said U.S. Attorney Christopher R. Thyer of the Eastern District of Arkansas. "It is due in large part to the parties working toward an end to the forfeiture proceeding that would help the bank and the taxpayers of the United States who loaned money to the bank in 2009. I am hopeful that our community will benefit immensely from this result."

The government's False Claims Act lawsuit remains pending against One Financial. Separate criminal actions against several former One Financial and One Bank executives also remain pending in the Eastern District of Arkansas.

The investigation was conducted by the Treasury, Internal Revenue Service-Criminal Investigation Division, the Office of SIGTARP, the Civil Division's Commercial Litigation Branch and the U.S. Attorney's Office of the Eastern District of Arkansas.

The case is captioned *United States v. Estate of Layton P. Stuart, et al.*, No. 1:15-cv-01044-RDM (D.D.C.). The claims asserted by the government are allegations only and there has been no determination of liability.

## **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 SIGTARP at 1-877-SIG-2009 (1-877-744-2009) or visit [www.SIGTARP.gov/Pages/crimetips.aspx](http://www.SIGTARP.gov/Pages/crimetips.aspx).

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