



SIGTARP

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

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FORMER TENNESSEE COMMERCE BANK EXECUTIVE PLEADS GUILTY TO DECEIVING FEDERAL REGULATORS

TCB received a \$30 million bailout from TARP, all of which was lost when the bank failed

Lamar Cox, 73, of Nashville, Tenn., former Chief Operating Officer and Board of Directors member of now defunct Tennessee Commerce Bank (TCB), pleaded guilty on April 21, 2017, to causing the bank to make a false statement to the Federal Deposit Insurance Corporation (FDIC), announced Christy Goldsmith Romero, Special Inspector General for the Troubled Asset Relief Program (TARP) and Jack Smith, Acting U.S. Attorney for the Middle District of Tennessee. TCB was closed by federal regulators on January 27, 2012, due to its failing financial condition.

"In 2009, at the height of the financial crisis and while Tennessee Commerce Bank was in TARP, Lamar Cox had an important decision to make: as required by law, he could tell the truth to bank examiners about loan losses or hatch a scheme to make the bank appear healthier than it actually was," said Special Inspector General Goldsmith Romero. "Cox chose lies and deception to understate the bank's losses and inflate its income. And, as the chief operating officer and member of the bank's board of directors, he made that decision to deceive in a key position of authority with decades of experience in finance, compliance, and lending. Tennessee Commerce Bank received a \$30 million bailout from TARP, all of which was lost when the bank failed. I commend Acting U.S. Attorney Jack Smith and Assistant U.S. Attorney Thomas J. Jaworski for standing united with SIGTARP against crime by this TARP banker."

According to the Information, Cox devised a scheme to deceive the FDIC by delaying reporting of the full amount of a \$710,000 loss by TCB on the bundled sale of \$4,000,000 in foreclosed properties. Cox sought to delay reporting the full amount of the loss so that TCB's books would look better to federal bank examiners, who were scheduled to soon examine TCB. In order to accomplish the deception, Cox created a pre-planned and fraudulent "posting error," causing TCB to report only \$270,000 of the \$710,000 loss from its sale of the foreclosed properties in the third quarter of 2009. Cox's actions caused TCB to understate its net loss by \$440,000 reported in the Call Report filed with the FDIC for the third quarter of 2009, thus concealing the true financial condition of TCB from shareholders, examiners and the public.

"Deceiving federal regulators can have dire consequences for banks and ultimately place its stakeholders in financial peril," said Acting U.S. Attorney Jack Smith. "Those who engage in such behavior should expect that they will be held accountable through the efforts of our office and our financial regulatory partners."

Cox is scheduled to be sentenced on August 14, 2017. He faces up to 30 years in prison, a criminal fine of up to \$1,000,000, and restitution to be determined by the Court. His sentence will be imposed by the Court after consideration of the U.S. Sentencing Guidelines and applicable federal statutes.

The case was investigated by the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP); the FDIC Office of Inspector General-Office of Investigations; and the FBI. The United States is represented by Assistant U.S. Attorney Thomas J. Jaworski.

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 February 2, 2017, SIGTARP investigations have resulted in the recovery of \$10 billion to the government and 192 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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