



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

Monday, October 6, 2014

Media Inquiries: 202-927-8940

Twitter: @SIGTARP

Web: www.SIGTARP.gov

COLORADO MEN SENTENCED FOR SCHEME TO DEFRAUD TARP BANK

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and John Walsh, U.S. Attorney for the District of Colorado, today announced that on October 3, 2014, bank loan officer Christopher Tumbaga, 37, and Brian Headle, age 38, both of Colorado Springs, Colo., were each sentenced to three years in federal prison, followed by four years of supervised release, and ordered to pay \$1,055,918 in restitution to the federal government joint and several for their roles in a scheme to defraud TARP recipient Colorado East Bank & Trust.

U.S. District Court Judge William J. Martinez sentenced Tumbaga, a loan officer at Colorado East Bank & Trust, for bank fraud and illegally receiving kickbacks and co-defendant Headle for corruptly influencing a bank officer.

Tumbaga and Headle were indicted by a federal grand jury in Denver on September 25, 2013. Tumbaga pleaded guilty on March 24, 2014, and was sentenced on September 30, 2014. Headle pleaded guilty on June 26, 2014, and was sentenced on Oct. 3, 2014.

“While taxpayers bailed out Colorado East bank with \$10 million in TARP bailout funds, bank loan officer Tumbaga chose to break the law, actively scheming with high school pal Headle to defraud the bank out of \$1 million in loans,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “This crime could not have happened without a bank gatekeeper like Tumbaga, who opened the door to Headle while taxpayers ended up losing \$2 million on their TARP investment.”

“The TARP program was designed to protect our economy by protecting banking institutions from fraud,” said U.S. Attorney John Walsh. “When an officer of a bank defrauds that institution, we will aggressively prosecute and seek to incarcerate those responsible.”

According to court documents, Tumbaga was employed as a loan officer at Colorado East. From approximately March 2009 to July 2011, Tumbaga obtained more than 14 loans and misapplied funds from a line of credit for the benefit of his high school friend, Headle.

In March 2009, Headle contacted Tumbaga to discuss securing a loan or line of credit from Colorado East to finance Headle’s real estate development business. Tumbaga subsequently secured a \$250,000 line of credit for Headle based on allegedly false financial information provided by Headle to Tumbaga that Tumbaga intentionally failed to verify. Shortly after, Tumbaga and Headle formed a partnership in which Tumbaga would secure fraudulent loans for Headle’s benefit, and in return, Tumbaga would receive from Headle kickbacks financed by profits from Headle’s real estate venture.

In order to obscure that the loans were intended entirely for Headle's benefit, Tumbaga obtained the loans in multiple names. Loans were obtained in the name of Headle's company, Investment One LLC; Headle's wife; and Headle's wife's company. When additional loans were needed in order to maintain payments on outstanding loans, Tumbaga obtained fraudulent loans in the names of Headle's parents and step-parent. When approval for a loan was needed from the bank's president, Tumbaga forged the bank president's signature. Additionally, in one instance, Tumbaga withdrew \$100,000 from a bank customer's line of credit and wired the money to Headle, all unbeknownst to the bank customer. Over the course of the bank fraud scheme, Tumbaga obtained approximately \$1.2 million from Colorado East for Headle's benefit, and Tumbaga purportedly received more than \$60,000 in kickbacks from Headle.

In February 2009, ColoEast Bankshares, Inc. the parent company of Colorado East Bank & Trust, received \$10 million in federal taxpayer funds through the U.S. Department of the Treasury Troubled Asset Relief Program. The bank was later unable to pay more than \$1 million it owed to taxpayers as a result of holding the TARP funds. In July 2013, the Treasury Department sold its stake in the company at auction for approximately \$9 million. In total, approximately \$2 million owed to federal taxpayers was lost on the investment.

This case was investigated by SIGTARP, the Federal Deposit Insurance Corporation Office of the Inspector General, and the Federal Bureau of Investigation. The case was prosecuted by Assistant U.S. Attorney Suneeta Hazra.

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.

###