



SIGTARP

OFFICE OF THE SPECIAL INSPECTOR GENERAL
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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LOAN OFFICER AT TARP BANK PLEADS GUILTY TO BANK FRAUD, ACCEPTING KICKBACKS

WASHINGTON, DC - The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) today announced that on Monday, Christopher Tumbaga, age 37, of Colorado Springs, Colo., pleaded guilty to one count of bank fraud and to one count of illegally receiving kickbacks for procuring loans. The charges stem from Tumbaga's involvement in a two-year long scheme to defraud TARP-recipient Colorado East Bank & Trust of Lamar, Colo., out of approximately \$1.2 million. The plea was entered before U.S. District Judge William J. Martinez in federal court in Denver.

According to court documents, Tumbaga was employed as a loan officer at Colorado East Bank & Trust (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 a high school friend, co-defendant Brian Headle, age 38, also of Colorado Springs, who stands charged in the scheme. The charges against Headle are based on allegations of Headle's conduct and involvement in the scheme, and Headle is presumed to be innocent unless and until proven guilty in court.

In court documents, Tumbaga stated that, in March 2009, Headle contacted him 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.

"After Colorado East Bank & Trust received \$10 million in TARP funds, bank loan officer Christopher Tumbaga treated the federal taxpayer support as nothing more than Monopoly money to shower upon friend Brian Headle," said Christy Romero, Special Inspector General for TARP (SIGTARP). "In order to

get bank funds into Headle's hands, Tumbaga submitted loan documents with falsified information, including fake financial statements and documents identifying loan recipients as Headle's relatives, as a way to qualify the loans and skirt bank lending limits to single individuals. Tumbaga also lied that he hadn't exceeded his personal lending authority at the bank, and he went as far as to use a line of credit in someone else's name, draw down on the funds himself, and extend the funds to Headle so that Headle could pay off debts to the bank. In exchange for his favors, Tumbaga received more than \$60,000 in kickbacks from Headle. TARP was designed to bring stability and confidence to the nation's financial system during a time of severe economic crisis, not to serve as a conduit for fraud to bail out buddies of the bank. SIGTARP and our law enforcement partners will aggressively investigate fraud related to TARP and bring perpetrators to justice."

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 (TARP). 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.

Tumbaga is scheduled to be sentenced on September 30, 2014. At sentencing, Tumbaga faces a maximum of 30 years in federal prison for each of the two counts for which he pleaded guilty.

Tumbaga and Headle were charged jointly in September 25, 2013. Headle was charged with seven counts of bank fraud and 11 counts of bribing a bank official. Headle's trial is scheduled for September 15, 2014.

This case is being investigated by SIGTARP, the Federal Deposit Insurance Corporation Office of the Inspector General, and the Federal Bureau of Investigation. The case is being 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).

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