



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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FORMER VICE PRESIDENT OF WHOLESALE COMPANY SENTENCED TO MORE THAN FIVE YEARS IN PRISON FOR ROLE IN \$9 MILLION BANK FRAUD SCHEME

TARP Bank Was Defrauded of More Than \$9 Million

Washington, DC—The former vice president of a California wholesale tool company was sentenced to 63 months in prison today for his role in a scheme to defraud United Commercial Bank (UCB) and East West Bank, which took over UCB's accounts, that resulted in losses of over \$9 million.

Special Inspector General Christy Goldsmith Romero of the Troubled Asset Relief Program (SIGTARP), Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division, U.S. Attorney Eileen M. Decker of the Central District of California, Assistant Director in Charge Deidre Fike of the FBI's Los Angeles Division, and Acting Special Agent in Charge Anthony J. Orlando of Internal Revenue Service-Criminal Investigation's (IRS-CI) Los Angeles Field Office made the announcement.

Chung Yu Yeung, aka Louis Yeung, 39, of San Dimas, California, was sentenced by U.S. District Judge Christina A. Snyder of the Central District of California. Judge Snyder also ordered Yeung to pay \$9,618,908.34 in restitution and to forfeit a San Dimas property that was purchased with proceeds of the scheme. On March 30, 2016, Yeung pleaded guilty to one count of conspiracy to commit bank fraud and four counts of bank fraud.

"Yeung defrauded TARP-recipients East West Bank and United Commercial Bank, the latter of which failed less than a year after receiving nearly \$300 million in TARP funds," said Christy Goldsmith Romero, Special Inspector General for the Troubled Asset Relief Program. "He established fake companies to create the illusion that they were doing business with Eastern Tools & Equipment Inc. and then lied about accounts receivable and inventory to secure an \$11 million line of credit with UCB. When Eastern Tools failed, UCB lost more than \$9 million. SIGTARP will continue to aggressively investigate allegations where U.S. taxpayer funds may be put at risk."

As part of his guilty plea, Yeung, a former vice president of Eastern Tools of Ontario, California, admitted that he and his co-conspirators defrauded East West Bank by making material misrepresentations about Eastern Tools' accounts receivable and its financial statements to obtain and maintain a loan with the bank. The conspirators created numerous shell corporations to act as purported suppliers and retailers doing business with Eastern Tools, when, in reality, these shell corporations were entirely under the control of Yeung and existed for the sole purpose of creating the illusion of such business, he admitted. Yeung also admitted that the fictitious companies allowed Yeung and other conspirators to falsely inflate Eastern Tools' accounts receivable and financial statements in representations to East West Bank.

Yeung admitted that in order to further the scheme, he and others opened post office boxes, phone accounts and email accounts purportedly associated with the shell retail companies, and provided information about them to East West Bank auditors, to promote the illusion that these shell customers were independent entities.

SIGTARP, the FBI, and IRS-CI investigated the case. Senior Litigation Counsel David A. Bybee of the Criminal Division's Fraud Section prosecuted the case.

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.

SIGTARP's cross-cutting authority enables us to investigate and conduct oversight over all organizations and individuals involved in TARP programs. Our analytical, experienced-based approach identifies hidden complex crime and we work with the U.S. Department of Justice to hold accountable individuals and institutions that break the law. SIGTARP's oversight prevents fraud and drives improvements in ongoing TARP programs. As of July 13, 2016, SIGTARP investigations have resulted in the recovery of \$10.29 billion to the Government and 148 defendants sentenced to prison.

To report a suspected crime related to TARP, call **SIGTARP's Crime Tip Hotline**: 1-877-SIG-2009 (1-877-744-2009).

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