



Department of Justice

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7 FORMER BANK OFFICERS PLEAD GUILTY IN LOAN-FRAUD SCHEME THAT

PRECEDED COLLAPSE OF FIRST NATIONAL BANK OF SAVANNAH

SAVANNAH, GA: Alan Robert Fleming, 37, from Savannah, Georgia, pled guilty Tuesday before United States District Court Chief Judge Lisa Godbey Wood for his role in a massive loan-fraud scheme against First National Bank of Savannah and other federally-insured banks. Fleming was the last of 7 former officers of First National Bank to plead guilty to charges in a 47-count indictment returned by a federal grand jury sitting in Savannah in January 2013.

The 7 convicted former officers of First National Bank include:

- **Heys Edward McMath III**, 59, the former President and CEO of First National Bank, pled guilty on November 12, 2013 to conspiring to defraud First National Bank and other federally-insured banks;
- **Stephen Michael Little**, 65, the former Executive Vice President and CFO of First National Bank, pled guilty on January 15, 2014 to 2 counts of bank fraud;
- **Robert Wilson Dailey**, 52, the former City President and Senior Lending Officer of First National Bank, pled guilty on January 17, 2014 to 2 counts of bank fraud;
- **Jay Patrick Gardner**, 63, the former Vice President of Credit Administration of First National Bank, pled guilty on October 25, 2013 to a single count of bank fraud.
- **Isaac Jefferson Mulling**, 53, a former Senior Vice President and commercial loan officer of First National Bank, pled guilty on January 16, 2014 to 2 counts of bank fraud.

- **Alan Robert Fleming**, 37, the former City President of the Tybee Island branch and a commercial loan officer of First National Bank, pled guilty on January 21, 2014 to 2 counts of bank fraud;
- **Jeffrey Allen Farrell**, 45, the former City President of the Richmond Hill branch and a commercial loan officer of First National Bank, pled guilty on January 15, 2014 to a single count of false entries made in bank records.

United States Attorney Edward J. Tarver said, “These Defendants chose to hand out millions of dollars in fraudulent loans and to falsify numerous bank records, all in an effort to gamble with other people’s money and to hide the true condition of the bank that they ran. Their fraudulent conduct put at risk the deposits of those who sought a safe place to keep their money, and ultimately caused a payout of losses by the Federal Deposit Insurance Corporation (FDIC). As the nation continues to recover from a banking crisis of epic proportions, citizens should know this: no matter the complexity of the scheme, bank officers who place FDIC-funds at risk through fraud and other criminal conduct will be brought to justice.”

Matt Alessandrino, FDIC Assistant Inspector General for Investigations, stated, “The FDIC Office of Inspector General is proud to join our law enforcement colleagues in announcing the pleas of seven former bank officials for their roles in a complex loan-fraud scheme that contributed to the failure of First National Bank and caused losses to the Deposit Insurance Fund. It is especially important to investigate and prosecute cases where trusted insiders abuse their positions to undermine the integrity of the financial services industry. We are committed to preventing and addressing such threats to the safety and soundness of FDIC-insured banks throughout the country.”

“Bank executives who deliberately falsify and fabricate bank records to fraudulently deceive regulators, bank boards of directors, and the public must be brought to justice for their actions,” said Mark Bialek, Inspector General of the Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau. “We will continue to work with our law enforcement partners to vigorously pursue wrongdoers whose fraudulent actions impact any bank or bank-holding company regulated by the Federal Reserve Board’s supervision program.”

“The Treasury Office of Inspector General is proud to be a part of this joint effort to combat bank fraud which affects the U. S. Treasury,” said John L. Phillips, Assistant Inspector General for Investigations.

According to evidence presented during the guilty plea hearings, as First National Bank’s financial condition began to deteriorate, the Defendants schemed to hide from the bank, members of the bank’s Board of Directors, and from federal regulators millions of dollars in non-performing loans. The Defendants accomplished their scheme by unlawfully loaning money to unqualified nominees to make interest and other payments on other non-performing loans; by enticing others to take over non-performing loans with hidden promises, side deals, and other terms unfavorable to First National Bank; and by recruiting other banks to fund non-performing loans based upon fraudulent misrepresentations about the quality of the loans. To assist in their

scheme, the Defendants falsified and fabricated numerous bank documents and records. First National Bank failed and was taken over by the FDIC on June 25, 2010. The FDIC estimates that First National's failure will cost the Deposit Insurance Fund over \$90 million.

The Defendants will be sentenced after the United States Probation Office completes their presentence investigations. All of the Defendants remain on bond pending sentencing.

This case is the result of a joint investigation conducted by Special Agent Amy Whitcomb of the Office of Inspector General of the Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau; Special Agent Lance Endy of the FDIC Office of Inspector General; Assistant Special Agent In Charge Anthony Scott of the U. S. Department of Treasury Office of Inspector General; and Forensic Auditor Karen Hartley of the United States Attorney's Office. First Assistant United States Attorney James Durham and Assistant United States Attorney Jennifer Solari prosecuted the case on behalf of the United States.