



Department of Justice

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Southern District of Georgia

FOR IMMEDIATE RELEASE
1/11/13

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**FORMER BANK PRESIDENT AND OTHER OFFICERS INDICTED IN
MASSIVE FRAUD THAT PRECEDED THE COLLAPSE OF FIRST NATIONAL BANK**

SAVANNAH, GA: The former president and six other officers of First National Bank of Savannah were indicted by a federal grand jury, accused of defrauding First National Bank and other banks out of millions of dollars. The long-running scheme allegedly contributed to the failure of First National Bank in 2010, which will cost the FDIC deposit-insurance fund over \$90 million.

The 35-count indictment, returned today in federal court in Savannah, charges the following former officers of First National Bank:

- * **Heys Edward McMath III**, 58, who served as the President and CEO of the bank. McMath is charged with conspiracy, bank fraud, misapplication of bank funds and false statements to influence a bank.
- * **Stephen Michael Little**, 65, who served as the Executive Vice President and CFO of the bank. Little is charged with conspiracy and bank fraud.
- * **Robert Wilson Dailey**, 51, who served as the City President and Senior Lending Officer of the bank. Dailey is charged with conspiracy, bank fraud, and false entries made in bank records.
- * **Jay Patrick Gardner**, 62, who served as a Vice President and the Chief Credit Officer of the bank. Gardner is charged with conspiracy and bank fraud.
- * **Isaac Jefferson Mulling**, 53, who served as a Senior Vice President and commercial loan officer of the bank. Mulling is charged with conspiracy, bank fraud, false statements to influence a bank, and false entries made in bank records.
- * **Alan Robert Fleming**, 36, who served as the City President of the Tybee Island branch and a commercial loan officer of the bank. Fleming is

charged with conspiracy, bank fraud, misapplication of bank funds, false statements to influence a bank, and false entries made in bank records.

- * **Jeffrey Allen Farrell**, 44, who served as the City President of the Richmond Hill branch and a commercial loan officer of the bank. Farrell is charged with conspiracy, bank fraud, false statements to influence a bank, and false entries made in bank records.

United States Attorney Edward J. Tarver said, “The State of Georgia leads the nation in bank failures, with 84 banks failing since 2008, including First National Bank. As the nation still recovers 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.”

According to the allegations in the indictment, 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 the scheme by unlawfully loaning money to unqualified nominees to make interest and other payments on other non-performing loans; enticing others to take over non-performing loans with hidden promises, side deals and other terms unfavorable to First National Bank; and 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.

This case is the result of a joint investigation conducted by the Board of Governors of the Federal Reserve Office of Inspector General; the FDIC Office of Inspector General; the U.S. Department of Treasury Office of Inspector General; the U.S. Secret Service; and the United States Attorney’s Office. First Assistant United States Attorney James D. Durham and Assistant United States Attorney Jennifer Solari are prosecuting the case on behalf of the United States.