



# Department of Justice

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## **BANK OFFICER SENTENCED IN \$11 MILLION FRAUD ON “nBANK”**

### ***Bank Was Shut Down Because Of The Fraud***

Newnan, GA - RONALD WALTON, 58, of Buford, Georgia, was sentenced late yesterday in federal court in Newnan, Georgia, on charges relating to a multi-million dollar bank fraud scheme that resulted in the closure of a Georgia bank called “nBank.”

United States Attorney David E. Nahmias said, “This case involved the defrauding of a federally insured bank by various mortgage brokers, aided by an insider who was an officer at the bank. The integrity of the banking system and soundness of the lending industry is of importance to all citizens. Along with the FBI and the FDIC’s Office of Inspector General, we will investigate and prosecute major frauds against our federally insured banking system.”

WALTON was sentenced to 97 months in federal prison, to be followed by 3 years of supervised release. The amount of restitution WALTON will pay will be determined at a later court hearing and is expected to be in the millions of dollars.

JOSEPH E. WHITE, 50, of Atlanta, Georgia; SOUTHERN LENDERS MORTGAGE CORPORATION, formerly located in Newnan, Georgia; MICHAEL JONES, 49, of Alpharetta, Georgia; and INFINITY MORTGAGE, formerly located in Alpharetta, will be sentenced on August 17, 2007 on related charges.

According to United States Attorney Nahmias and other information presented in court: “The Participating Loan Division” at nBank, an institution based in Commerce, Georgia, extended short term credit to mortgage brokers. The credit was used by the borrowing mortgage broker to fund sub-prime loans. The mortgage broker was to sell the sub-prime loans to investors in the secondary market who would then pay nBank for the funds advanced to the broker. WALTON allowed multiple brokers to submit false loans or submit the same loan multiple times. WALTON knew that nBank would unknowingly fund a fraudulent loan, or fund a loan more than one time. WALTON not only knowingly allowed the brokers to engage in this fraudulent conduct, but at times even suggested to the brokers that they submit the fraudulent loans.

WALTON'S sentence was based upon the court's finding that he participated in a conspiracy to defraud nBank with multiple brokers. The court also found that WALTON'S criminal conduct had substantially jeopardized the safety and soundness of nBank. After the fraud was discovered, the federal Office of the Comptroller of the Currency (OCC), the bank's primary federal regulator, changed nBank's capital rating to "critically undercapitalized." Pursuant to this rating, nBank was required by the OCC and the Federal Deposit Insurance Corporation (FDIC) to take prompt corrective action to avoid being declared insolvent and being placed into FDIC receivership.

Testimony at yesterday's sentencing from nBank's CEO indicated that due to the fraud and the resulting impact on its rating, nBank was forced to sell a significant portions of its operations. Even with those sales, nBank was unable to raise sufficient capital to continue operations and, in June of 2007, after being in business for over 103 years, nBank sold its remaining assets and ceased operations. The closure of this financial institution, located in Commerce, Georgia, resulted in the loss of approximately 300 jobs in addition to the economic loss.

This case was investigated by Special Agents of the Office of Inspector General of the Federal Deposit Insurance Corporation and the Federal Bureau of Investigation.

Assistant United States Attorney Barbara E. Nelan prosecuted the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is [www.usdoj.gov/usao/gan](http://www.usdoj.gov/usao/gan).