



*United States Attorney  
Southern District of New York*



**FOR IMMEDIATE RELEASE**  
**MARCH 15, 2010**

**CONTACT: U.S. ATTORNEY'S OFFICE**  
**YUSILL SCRIBNER,**  
**REBEKAH CARMICHAEL,**  
**JANICE OH**  
**PUBLIC INFORMATION OFFICE**  
**(212) 637-2600**

**SIGTARP**  
**KRIS BELISLE**  
**(202) 927-8940**

**ICE**  
**LOU MARTINEZ**  
**(646) 313-2716**

**NYSBD**  
**GLORIMAR PEREZ-GONZALEZ**  
**(212) 709-1691**

**FBI**  
**JIM MARGOLIN, RICHARD KOLKO**  
**(212) 384-2720, 2715**

**FDIC-OIG**  
**A. DEREK EVANS**  
**(917) 320-2560**

**MANHATTAN U.S. ATTORNEY CHARGES FORMER PRESIDENT OF  
THE PARK AVENUE BANK WITH SELF-DEALING, BANK BRIBERY,  
EMBEZZLEMENT OF BANK FUNDS, AND FRAUD**

***Regulators Seize The Park Avenue Bank Over Weekend  
To Protect Approximately \$500 Million In Deposits***

***Charles Antonucci Is First Defendant Ever Charged  
With Attempting To Defraud The Troubled Asset Relief Program***

PREET BHARARA, the United States Attorney for the Southern District of New York, NEIL M. BAROFSKY, the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP"), JAMES T. HAYES, JR., the Special Agent-in-Charge of the New York Office of the Department of Homeland Security Bureau of Immigration and Customs Enforcement ("ICE"), RICHARD H. NEIMAN, the Superintendent of the Banks of New York ("NYSBD"), GEORGE VENIZELOS, the Acting Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), and JON T. RYMER, Inspector General of the Federal Deposit Insurance Corporation ("FDIC-OIG"), announced the arrest this morning of CHARLES J. ANTONUCCI, SR., the former President and Chief Executive Officer of The Park Avenue Bank, on allegations of self-dealing, bank bribery, embezzlement of bank funds, and fraud, among others. ANTONUCCI also was alleged to have attempted to fraudulently obtain more than \$11 million worth of taxpayer rescue funds from the Troubled Asset Relief Program, or TARP. ANTONUCCI is the first defendant ever charged with attempting to defraud TARP. Additionally, ANTONUCCI was alleged

to have used The Park Avenue Bank in a scheme to defraud two pastors of a Florida congregation out of more than \$100,000 set aside to build a new church.

ANTONUCCI was arrested this morning in Fishkill, New York. He is expected to appear in Manhattan federal court later today.

On the evening of Friday, March 12, 2010, the NYSBD seized The Park Avenue Bank and appointed the FDIC as receiver; FDIC has arranged for the sale of The Park Avenue Bank.

According to the Complaint unsealed today in Manhattan federal court:

### **The Park Avenue Bank**

The Park Avenue Bank was a federally insured bank headquartered at 460 Park Avenue, New York, New York, with retail branches in Manhattan and Brooklyn. The bank's clients consisted primarily of small businesses, for whom the bank made loans, extended lines of credit, and maintained depository accounts. As of the end of 2009, the bank had approximately \$500 million on deposit, and over \$520 million in assets. ANTONUCCI served as President and Chief Executive Officer ("CEO") of The Park Avenue Bank from June 2004 to October 2009, and also served on its Board of Directors.

The Park Avenue Bank was federally-insured and regulated by the FDIC. Also, as a bank chartered under the laws of New York State, The Park Avenue Bank was regulated by the NYSBD. The bank was required to make certain regular disclosures to these regulators demonstrating that it was financially sound and that it had adequate capital.

FDIC and NYSBD regulations require banks such as The Park Avenue Bank to maintain certain levels of capital, as a percentage of the bank's total assets. Banks that do not maintain appropriate levels of capital are subject to various restrictions on their activities, and may be required by regulators to raise additional capital. Banks which do not meet minimum capital requirements can be closed by the NYSBD or the FDIC.

The Park Avenue Bank was also an applicant to the Capital Purchase Program of the Troubled Asset Relief Program ("TARP"). The purpose of TARP was to provide funds to stabilize and strengthen the nation's financial system by increasing the

capital base of viable institutions, enabling them to increase the flow of financing to U.S. businesses and consumers. TARP funds were made available to qualifying banks; one of the critical elements of the TARP qualification process was the capital position of the applicant bank.

### **Self-Dealing, Bank Bribery, And Embezzlement**

The Complaint alleges that ANTONUCCI engaged in numerous instances of self-dealing while President and CEO of The Park Avenue Bank, including authorizing extensions of credit and overdrafts to customers with whom he had financial relationships; authorizing extensions of overdraft credit to a customer in exchange for the use of the customer's private plane; and causing the bank to make improvements on, lease, and pay expenses for properties owned by ANTONUCCI.

#### The Easy Wealth Line Of Credit

ANTONUCCI used a company he owned, Easy Wealth Group, Ltd. ("Easy Wealth"), to fraudulently obtain funds from The Park Avenue Bank. ANTONUCCI could not authorize the extension of credit by The Park Avenue Bank to his own company without violating the bank's rules against self-dealing. Accordingly, to mask his interest in Easy Wealth, in early 2006, ANTONUCCI approached an associate and offered to make him president of Easy Wealth (the "Easy Wealth president"), with the understanding that his first order of business would be to apply for a line of credit from The Park Avenue Bank.

The Easy Wealth president applied for a line of credit from The Park Avenue Bank in the amount of \$300,000. ANTONUCCI personally approved the line of credit and later increased it to \$400,000. ANTONUCCI even assisted the Easy Wealth president in preparing the line of credit application documents. The application as submitted contained numerous misrepresentations, including false statements concerning the Easy Wealth president's personal assets and a fabricated business plan that contained false information about Easy Wealth's financial condition and earnings.

After the Easy Wealth president had drawn down the line of credit, ANTONUCCI approached him and demanded that he pay \$70,000 to ANTONUCCI in the form of interest-free loans. ANTONUCCI only repaid \$50,000 of the money. Easy Wealth ultimately defaulted on the fraudulently-obtained line of credit, causing a loss to The Park Avenue Bank of \$400,000.

### The Oxygen Overdrafts

ANTONUCCI also approved approximately \$8.5 million worth of overdrafts at The Park Avenue Bank to companies (the "Oxygen-related entities") controlled by a co-conspirator ("CC-1"), who was a close associate of ANTONUCCI's. Through the Oxygen-related entities, CC-1 brought numerous deposit accounts to The Park Avenue Bank, and submitted, or caused to be submitted, applications for numerous loans from the bank.

On more than ten occasions in 2008 and 2009, ANTONUCCI used CC-1's private plane to fly for free to, among other places, Florida, Panama, Arizona (so that ANTONUCCI could attend the Super Bowl), and Augusta, Georgia (so that ANTONUCCI could attend the Masters golf tournament). All the while, ANTONUCCI approved over \$8 million in overdrafts for the Oxygen-related entities' various accounts at The Park Avenue Bank. On one occasion in 2009, when a check issued by an Oxygen-related entity bounced, CC-1 communicated to ANTONUCCI that he would not be allowed to use CC-1's private plane.

### The Fishkill Leases

ANTONUCCI also arranged for The Park Avenue Bank to improve, lease, and pay expenses for properties he personally owned. More specifically, over a period of years, ANTONUCCI had The Park Avenue Bank spend more than \$1 million to improve, lease, and pay expenses for three properties in which he had an ownership interest: 1042 Main Street, 2 Broad Street, and 48 Jackson Street, all in Fishkill, New York. ANTONUCCI arranged for the bank to make these payments even though it had no legitimate need for two of the three properties.

### **Fraud Against The NYSBD, FDIC, And TARP**

In addition to the corrupt conduct outlined above, ANTONUCCI is also charged with using his position at The Park Avenue Bank to defraud bank regulators by arranging a round-trip transaction designed to deceive the NYSBD and FDIC into believing that ANTONUCCI himself had invested approximately \$6.5 million in the bank in an effort to improve its capital position. In truth and in fact, however, ANTONUCCI had fraudulently borrowed from the bank itself the funds that he purportedly invested. More specifically, at ANTONUCCI's direction, The Park Avenue Bank "loaned" funds totaling \$6.5 million to entities with which ANTONUCCI had relationships; those entities transferred the \$6.5 million to accounts controlled by ANTONUCCI; and ANTONUCCI then re-deposited the \$6.5 million into the bank -- claiming he was

investing his personal funds in order to recapitalize the bank -- in exchange for 308,349 shares of common stock, which represented a 52 percent controlling interest in The Park Avenue Bank's holding company.

In 2009, when the FDIC began investigating the source of the purported \$6.5 million capital infusion, ANTONUCCI lied to FDIC regulators about the true nature of the transaction. ANTONUCCI also provided regulators with documents purporting to reflect that he obtained the \$6.5 million from sales of stock, but those sales were actually sham deals designed to disguise the fact that the true source of the funds was The Park Avenue Bank itself.

ANTONUCCI also used the \$6.5 million round-trip transaction to support an application for taxpayer rescue funds through TARP. Once again, the bank's capital position was fraudulently misrepresented on its TARP application. Then, in telephone calls to FDIC regulators reviewing the bank's TARP application, ANTONUCCI, in an effort to obtain more than \$11 million in TARP funds, again falsely represented that he had made a substantial, personal capital contribution to The Park Avenue Bank.

ANTONUCCI also lied to the public about the true nature of the round-trip transaction. In a Park Avenue Bank press release issued February 13, 2009, ANTONUCCI was quoted as stating: "With this new round of capitalization from management, our application for additional capital from the Federal government's economic stabilization programs [i.e., the TARP] as well as our formal agreement with the regulators to assure stability, service, and liquidity, The Park Avenue Bank is now well positioned to grow strongly in the coming months."

When ANTONUCCI was advised by the FDIC that it would not recommend approval of The Park Avenue Bank's TARP application, he withdrew the application voluntarily. During a subsequent interview, ANTONUCCI was quoted as claiming that the bank withdrew its TARP application because of "issues" with the TARP, and the desire to avoid "market perception" that "bad bank[s]" take TARP money. ANTONUCCI also stated: "[I]n conjunction with withdrawing the application, we are also putting additional capital in. The capital is coming primarily from myself and other members of my board. It is the insiders that are investing capital into the bank, so the message to the depositors is that at this point, I don't need TARP money, I don't necessarily want TARP money, we are a strong bank, and management is committed to putting capital in as it is needed."

### **The Counterfeit Certificate Of Deposit**

To conceal the \$6.5 million round-trip transaction, ANTONUCCI created a counterfeit Certificate of Deposit ("CD"), in the amount of \$2.3 million, purportedly issued by The Park Avenue Bank. More specifically, at ANTONUCCI's direction, a portion of the \$6.5 million borrowed from the Bank was first funneled through accounts associated with U.S. Insurance Group ("USIG"). USIG filed for bankruptcy in April 2009, and at the time listed on its balance sheets a \$2.3 million loan from The Park Avenue Bank, which was, in truth and in fact, simply a portion of the \$6.5 million round-trip transaction executed by ANTONUCCI to defraud bank regulators and the TARP.

To ensure that the sham nature of the round-trip transaction was not discovered, ANTONUCCI and his co-conspirators engaged in a series of transactions designed to repay the outstanding \$2.3 million USIG loan using the funds of another bank depositor, General Employment Enterprise, Inc. ("GEE"). As part of these transactions, and to hide them from GEE's auditors, ANTONUCCI caused the creation of a 90-day CD at The Park Avenue Bank which purported to represent a \$2.3 million investment by GEE. In truth and in fact, however, there was no CD, and the \$2.3 million was simply wire transferred from GEE's account into an account controlled by ANTONUCCI. ANTONUCCI in turn used the money to pay off the outstanding USIG loan. Later, when GEE's auditors requested a certification from The Park Avenue Bank that the CD existed, ANTONUCCI fraudulently signed such a certification, even though he knew that no CD in fact existed.

### **The Florida Investment Fraud Scheme**

ANTONUCCI also is charged with a scheme to defraud the pastors of the Calvary Springs Chapel in Coral Springs, Florida, who were interested in obtaining investment income for the construction of a new church. ANTONUCCI's co-conspirator ("CC-4") promised the pastors that if they invested \$103,940 in the purchase of a bond, CC-4 would borrow up to four times that amount in foreign markets, and pay the pastors back the maturity value of the bond -- \$604,848 -- within two to three weeks.

CC-4 instructed the pastors to pay the \$103,940 investment to an account at The Park Avenue Bank held in the name of Park Avenue Insurance. That account was in fact owned by ANTONUCCI. After a series of misrepresentations by ANTONUCCI and CC-4, the pastors never received the promised \$604,848 return, or the return of their initial investment. Instead, ANTONUCCI and

CC-4 simply divided the pastors' \$103,940 investment between themselves.

\* \* \*

At approximately 5:00 PM on Friday, March 12, 2010, the NYSBD seized the offices, branches, and assets of The Park Avenue Bank. The FDIC was appointed receiver and will be administering the assets of the bank so as to protect the interests of the depositors. The FDIC has arranged for the sale of The Park Avenue Bank.

For more information regarding the failure of The Park Avenue Bank, please visit the FDIC's website at: <http://www.fdic.gov/bank/individual/failed/parkavenue-ny.html>.

\* \* \*

A chart setting forth the charges contained in the Complaint against ANTONUCCI and the maximum potential penalties for each offense is attached.

ANTONUCCI, 59, was arrested at his home in Fishkill, New York this morning, and will be presented before a United States Magistrate Judge in Manhattan later today.

"Charles Antonucci allegedly put his personal greed ahead of his professional duty, deliberately and repeatedly deceived regulators, and even attempted to obtain through fraud \$11 million in taxpayer rescue funds from the Troubled Asset Relief Program. Regulators simply cannot do their job if financial institutions obstruct them. Lying to financial regulators is the economic equivalent of obstruction of justice. This Office will continue to work through President Obama's Financial Fraud Enforcement Task Force with all of our agency partners to investigate and prosecute corrupt professionals in the financial services industry," said United States Attorney PREET BHARARA.

"Today's charges against Charles Antonucci describe his blatant attempt to steal more than \$11 million of TARP funds through lies and fraudulent conduct -- marking the first time that criminal charges have been brought in connection with a direct attempt to steal the taxpayers' investment in TARP," said SIGTARP NEIL M. BAROFSKY. "This case should stand as a stark warning to would-be wrongdoers that if you attempt to profit criminally from this historic program, SIGTARP and its law

enforcement partners will work tirelessly to ensure that you will be caught, you will be charged, and you will be brought to justice."

"This complex financial investigation, conducted by ICE's El Dorado Task Force and our law enforcement partners, demonstrated that Charles Antonucci enriched himself at the expense of the bank he controlled, committed a fraud on the bank's regulators and, perhaps most audaciously, attempted to defraud the American taxpayers by lying in an attempt to obtain TARP funds," said ICE Special Agent-in-Charge JAMES T. HAYES, JR. "ICE, through its El Dorado Task Force, will continue to work tirelessly to expose this type of financial duplicity that poses a significant risk to the stability of banks and other institutions that are of critical importance as we attempt to recover from this recent economic crisis."

"By discovering and substantiating this fraud, our bank examiners and Criminal Investigations Bureau send the message to all institutions that deception will be prosecuted," said RICHARD H. NEIMAN, New York Superintendent of Banks and Member of the TARP Congressional Oversight Panel. "I am grateful to the U.S. Attorney and our other federal partners in this outstanding collaborative effort. As the first prosecution in the nation against a financial institution for attempted abuse of the taxpayers' TARP program, this effort is of particular importance to me."

"Today's arrest highlights the need for continued support of the investigations surrounding false representations by banking institutions with the intention to defraud the FDIC, NYSBD, TARP, investors and the public," said FBI Acting Assistant Director-in-Charge GEORGE VENIZELOS. "I commend the hard work and dedication of everyone involved in this case and look forward to continued collaboration with our law enforcement partners on this joint venture."

"The Federal Deposit Insurance Corporation Office of Inspector General is pleased to join the U.S. Attorney's Office for the Southern District of New York and our law enforcement colleagues in defending the integrity of the financial services industry," said FDIC Inspector General JON T. RYMER. "We are particularly concerned when senior bank officials, who are in positions of trust within their institutions, are alleged to be involved in unlawful activity. By bringing perpetrators of bank fraud to justice, we help maintain the safety and soundness of the banks that the FDIC insures."



Mr. BHARARA praised the investigative work of SIGTARP, ICE, the NYSBD and its Criminal Investigations Bureau, the FBI, and the FDIC-OIG. Mr. BHARARA also expressed his gratitude to the New York County District Attorney's Office for its contribution to the case. Mr. BHARARA added that the investigation is continuing.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as Co-Chair of the Securities and Commodities Fraud Working Group and Mr. BAROFSKY serves as Co-Chair of the Rescue Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

This matter is being handled by the Office's Complex Frauds Unit. Assistant United States Attorneys LISA ZORNBERG and ZACHARY FEINGOLD are in charge of the prosecution.

The charges and allegations contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

10-081

###

United States v. Charles J. Antonucci, Sr.

Count	Charge	Maximum Penalties
1	Fraud on the FDIC Related to the \$6.5 Million Round-Trip Transaction	30 years in prison; \$1,000,000 fine; restitution
2	False Statements Related to Application for TARP Funds	5 years in prison; \$250,000 fine; restitution
3	Mail Fraud Related to Application for TARP Funds	20 years in prison; \$250,000 fine or twice the gross gain/loss; restitution
4	Bank fraud Related to USIG Loan	30 years in prison; \$1,000,000 fine; restitution
5	Bank Fraud Related to Easy Wealth Loan	30 years in prison; \$1,000,000 fine; restitution
6	Bank Bribery Related to the Easy Wealth Loan	30 years in prison; \$1,000,000 fine or three times the value of the thing given received; restitution
7	Bank Bribery Related to CC-1	30 years in prison; \$1,000,000 fine or three times the value of the thing given or received; restitution
8	Counterfeit Certificate of Deposit	25 years in prison; \$250,000 fine; restitution
9	Wire Fraud	30 years in prison; \$1,000,000 fine or three times the value of the thing given or received; restitution
10	Embezzlement	30 years in prison; \$1,000,000 fine or three times the value of the thing given or received; restitution