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**FORMER PRESIDENT OF THE PARK AVENUE BANK PLEADS GUILTY
IN MANHATTAN FEDERAL COURT TO FRAUD ON THE TARP,
SECURITIES FRAUD, SELF-DEALING, BANK BRIBERY,
AND EMBEZZLEMENT OF BANK FUNDS**

***Charles Antonucci Is First Defendant Ever Convicted
Of Fraud Against 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"), RICHARD H. NEIMAN, the Superintendent of the Banks of New York ("NYSBD"), JAMES T. HAYES, JR., the Special Agent-in-Charge of the New York Office of Homeland Security Investigations ("HSI"), JANICE K. FEDARCYK, the 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 today that CHARLES J. ANTONUCCI, SR., the former President and Chief Executive Officer of The Park Avenue Bank, pled guilty in Manhattan federal court to multiple criminal charges. The charges to which ANTONUCCI pled include securities fraud relating to ANTONUCCI's attempt to fraudulently obtain more than \$11 million worth of taxpayer rescue funds from the Troubled Asset Relief Program ("TARP"), bank bribery, embezzlement of bank funds, and participating in a \$37.5 million scheme that left an Oklahoma insurance company in receivership.

Manhattan U.S. Attorney PREET BHARARA said: "Today's guilty plea, the first ever conviction for fraud against the TARP, should send a strong message to all those who would attempt to loot the public fisc or steal from our financial institutions: This Office and our law enforcement partners will be watching. Whether you are a bank teller or a bank president, you are not above the law."

SIGTARP Special Inspector General NEIL M. BAROFSKY said: "In March, Charles Antonucci become the first defendant charged with attempting to steal from the taxpayers' investment in TARP. Today, he becomes the first to be convicted. Today's plea marks an important chapter and demonstrates that SIGTARP and its law enforcement partners will ensure that would-be wrongdoers who seek to profit criminally from this historic program will be caught, charged, and brought to justice."

"Over the past few years, New York has seen too many cases of unscrupulous individuals using their positions at financial institutions for their own personal gain, leaving a shaken financial system in their wake. Charles Antonucci used his role at a state-chartered bank to defraud TARP and the system it was meant to stabilize," said RICHARD H. NEIMAN, Superintendent of Banks and Member of the TARP Congressional Oversight Panel. "I am particularly proud of our bank examiners and Criminal Investigations Bureau for their diligence and persistence in substantiating this fraud, and the cooperative efforts of the state and federal agencies that contributed to today's resolution."

HSI Special Agent-in-Charge JAMES T. HAYES, JR., said: "The TARP fund was designed to strengthen American financial institutions during unprecedented economic difficulties. Mr Antonucci devised a scheme to subvert federal banking laws at the taxpayers expense, exploiting a soft economy for his own personal gain. ICE, through its El Dorado Task Force, will continue to work 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 to the American economy."

FBI Assistant Director-in-Charge JANICE K. FEDARCYK said: "Charles Antonucci committed serious crimes, including flagrant self-dealing, but perhaps the most offensive affront to taxpayers was his admitted attempt to defraud TARP. The FBI is determined to ensure the integrity of a program created to strengthen the financial system, not line the pockets of swindlers."

FDIC-OIG Inspector General JON T. RYMER said: "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 announcing this guilty plea. We are particularly concerned when senior bank officials, who are in positions of trust within their institutions, are involved in criminal activity. Prosecutions of individuals and entities involved in criminal misconduct help maintain the safety and soundness of the Nation's financial institutions."

According to the Information, the Complaint previously filed in Manhattan federal court, statements made during the guilty plea proceeding, and other information in the public record:

The Park Avenue Bank (the "Bank") was a federally-insured and state-chartered bank that was 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.

On March 12, 2010, the NYSBD seized the offices, branches, and assets of the Bank, citing ineffective management and inadequate capital, and immediately appointed the FDIC as receiver. Three days later, on March 15, 2010, federal authorities arrested ANTONUCCI at his home in Fishkill, New York, for engaging in a broad range of illegal conduct that contributed, in part, to the Bank's demise.

With his guilty plea today, ANTONUCCI became the first defendant convicted of fraud on the TARP, a program whose purpose was to provide funds to viable financial institutions to stabilize and strengthen the nation's financial system, and to enable those financial institutions 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, which was evaluated by the FDIC as one of the Bank's regulators. Among other things, ANTONUCCI misled the FDIC and NYSBD by misrepresenting the source of millions of dollars of money that he claimed to have invested in the Bank out of his own pocket to recapitalize the Bank. He then attempted to use that

sham recapitalization to fraudulently obtain over \$11 million in TARP funds by convincing the Bank's regulators that ANTONUCCI had recapitalized the Bank when, in fact, he had not.

Specifically, ANTONUCCI pled guilty in Count One of the Information to deceiving the FDIC and NYSBD by falsely stating that he had invested \$6.5 million of his own funds into the Bank. Instead, ANTONUCCI had engaged in a complicated round-trip loan transaction in which he merely borrowed from the Bank itself the funds that he purportedly invested in the Bank, meaning that the Bank received no additional capital from the transaction. When the Bank's regulators began investigating the source of the purported \$6.5 million capital infusion, ANTONUCCI lied to them about the true nature of the transaction.

ANTONUCCI also pled guilty to engaging in fraud in connection with the offer and sale of securities relating to the Bank's application for TARP funds through the Capital Purchase Program. As charged in Count Two of the Information and in the Complaint, ANTONUCCI tried to induce the U.S. Government to provide TARP funds in exchange for securities issued by the Bank by misrepresenting the Bank's capital position. In furtherance of this scheme, ANTONUCCI fraudulently used the round trip transaction to support his application, in, among other things, telephone calls to FDIC regulators reviewing the Bank's TARP application, and falsely represented that his purported substantial, personal capital contribution to the Bank should factor in favor of the Bank's TARP application. Again, the supposed personal contribution by ANTONUCCI was actually money loaned by the Bank itself. Ultimately, the Bank's application for an \$11,252,480 investment from TARP was denied.

ANTONUCCI also pled guilty to a pattern of self-dealing and accepting bribes to influence his decisions as the President and CEO of the Bank. For example, as charged in Count Three of the Information and described in the Complaint, ANTONUCCI accepted bribes from customers of the Bank, including but not limited to over \$250,000 in cash bribes, free use of a customer's airplane, and free use of another customer's luxury automobile, in exchange for ANTONUCCI'S approval of various banking transactions. Indeed, on more than ten occasions in 2008 and 2009, ANTONUCCI used a private plane owned by a co-conspirator ("CC-1") to fly 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 on accounts for entities controlled by CC-1 at Park Avenue Bank.

In addition to this self-dealing, ANTONUCCI pled guilty to personally embezzling and misappropriating bank funds, as charged in Count Four of the Information. Among other things, ANTONUCCI approved a \$400,000 loan through the Bank to an entity he controlled called Easy Wealth, through which ANTONUCCI obtained tens of thousands of dollars in proceeds. ANTONUCCI also had the Bank pay rent to him for one or more properties that ANTONUCCI owned and which the bank did not use, including a property in Fishkill, New York, and directed Bank employees to perform substantial work on non-Bank matters in which he had personal financial interests.

To hide and repay a \$2.3 million loan that was part of the fraudulent round-trip loan transactions described above, between June and October 2008, ANTONUCCI and his co-conspirators engaged in a series of sham transactions using the funds of another Park Avenue Bank depositor, General Employment Enterprise, Inc. ("GEE"). As charged in Count Five of the Information, to hide these transactions from GEE's auditors, ANTONUCCI caused a counterfeit certificate of deposit ("CD") to be created by Park Avenue Bank, making it appear that GEE's \$2.3 million had been invested in a 90-day CD at the Bank. In fact, and as ANTONUCCI well knew, there was no CD, and the \$2.3 million was wire transferred from GEE's account into an account controlled by ANTONUCCI, which was then used to repay a loan. Later, when GEE's auditors requested certification from Park Avenue Bank that the CD existed, ANTONUCCI fraudulently signed that certification, when he knew that no CD in fact existed.

Further, from July 2008 through November 2009, as charged in Count Six of the Information, ANTONUCCI conspired with others to defraud the State of Oklahoma Insurance Department in connection with the \$37.5 million sale of an insurance company that was later placed in receivership. In connection with this, ANTONUCCI made various false statements to the Oklahoma Insurance Department regarding the financial state of the insurance company.

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As part of his guilty plea today, ANTONUCCI also admitted the \$44 million in forfeiture allegations in the Information, and reached an agreement with the Government to pay an \$11.2 million money judgment and forfeit various assets owned by him.

ANTONUCCI, 59, faces a maximum sentence of 135 years in prison on the charges to which he pled guilty. He is scheduled to be sentenced by the U.S. District Judge NAOMI BUCHWALD on April 8, 2011.

ANTONUCCI resigned as President and CEO of the Bank in November 2009.

Following the NYSBD's seizure of the Bank on March 12, 2010, the FDIC, as receiver entered into a purchase and assumption agreement with Valley National Bank, Wayne, New Jersey. Valley National Bank assumed all deposits and certain assets of Park Avenue Bank, except certain brokered deposits, which are being paid out by the FDIC.

Mr. BHARARA praised the investigative work of SIGTARP, the NYSBD and its Criminal Investigations Bureau, HSI, the FBI, the FDIC-OIG, and New York High Intensity Financial Crime Area. 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 case is being handled by the Office's Complex Frauds and Asset Forfeiture Units. Assistant U.S. Attorneys LISA ZORNBERG, ZACHARY FEINGOLD, DANYA PERRY, and KAN MIN NAWADAY are in charge of the prosecution.

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