



SIGTARP

OFFICE OF THE SPECIAL INSPECTOR GENERAL
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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LOUISIANA REAL ESTATE DEVELOPER PLEADS GUILTY TO CONSPIRACY TO COMMIT BANK FRAUD

WASHINGTON, DC – The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) and U.S. Attorney for the Eastern District of Louisiana Jim Letten today announced that Troy A. Fouquet, age 43, a resident of Covington, Louisiana, pled guilty on Thursday to one count of conspiracy to commit bank fraud before U.S. District Judge Nannette Jolievette Brown.

“As the housing crisis unfolded, Fouquet, a real estate developer, became more and more delinquent on construction loans from First Community Bank,” said Christy Romero, Deputy Special Inspector General for SIGTARP. “Fouquet pled guilty to conspiring with bank president and CEO Reginald Harper to cover up the delinquent loans with sham loans, which led to false reporting to the bank, regulators, and Treasury in the bank’s TARP application, which was approved. The housing crisis is not an excuse to commit fraud against banks that serve as lifelines for their communities. This type of bank fraud results in real economic consequences to everyone in the community.”

According to court documents, in approximately 2004, Reginald R. Harper, the former President and Chief Executive Officer of First Community Bank, loaned in excess of \$2 million to Fouquet or to one of a number of companies Fouquet owned. The purpose of the loans was to purchase parcels of real estate, develop them into subdivisions, and build houses on them, eventually to be bought by prospective homebuyers who would obtain permanent mortgages to finance the purchase. The permanent mortgages would pay off the original loans made by Harper on behalf of First Community Bank and also include monies to pay Fouquet.

According to the court documents, however, beginning in 2005, it became difficult for Harper and Fouquet to identify qualified homebuyers to obtain permanent mortgages. As a result, Harper, who has also been charged in this case, and Fouquet developed various methods to avoid reporting the delinquency on the loans made by Harper, on behalf of First Community Bank, to Fouquet and/or his companies.

One method used by the defendants, according to court documents, included Harper making “loans” to the prospective homebuyers to make it appear to the permanent mortgage lender that the prospective homebuyer had more funds on hand than he or she actually did. Another method employed by the defendants, according to court documents, was to use “nominee” loans or “straw” borrowers to sign up for new First Community Bank loans, authorized by Harper, the proceeds of which were then utilized to pay off the original loans made to Fouquet and/or his companies. Finally, another method used by the defendants to avoid reporting the delinquency of these loans, according to court documents, included

Fouquet presenting Harper with an insufficient check (i.e. a check not backed up with sufficient funds) and Harper accepting it, crediting the loan payments in First Community Bank's books and records, despite knowing the check was insufficient.

The fraudulent methods employed by the defendants, as set forth in court documents, led to a false call report (i.e. a report of First Community Bank's financial health), which impacted an application undertaken by the bank to receive funds from the Troubled Asset Relief Program (TARP), a program administered by the U.S. Department of the Treasury to provide support to the financial services industry. First Community Bank was approved to receive \$3.3 million in TARP funds, but the bank withdrew its application after Treasury approval. Ultimately, according to court documents, when the wrongdoing employed by the defendants was uncovered, First Community Bank suffered severe financial losses.

Fouquet faces a maximum penalty of up to five years imprisonment, a \$250,000 fine, and a \$100 special assessment. Sentencing has been scheduled for June 7, 2012, at 11:00 a.m. Eastern.

The case is being prosecuted by Assistant U. S. Attorney Matt Chester.

The case was investigated by agents from SIGTARP and agents from the Federal Bureau of Investigation.

This prosecution was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. SIGTARP is a member of the task force. To learn more about the President's Financial Fraud Enforcement Task Force, please visit www.stopfraud.gov.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

To report suspected illicit activity involving TARP, dial the **SIGTARP Hotline**: 1-877-SIG-2009 (1-877-744-2009).

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