



Department of Justice

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FORMER BANK EXECUTIVE CHARGED FOR ROLE IN \$15 MILLION BANK LOAN SCHEME

WASHINGTON – A former Kansas bank executive was charged in an indictment filed today for his participation in a bank fraud scheme to obtain a \$15 million construction loan from 26 Kansas banks based on allegedly false information contained in the loan documents.

Acting Assistant Attorney General John P. Cronan of the Justice Department's Criminal Division, Special Agent in Charge David Anderson of the Federal Deposit Insurance Corporation Office of Inspector General's (FDIC-OIG) Kansas City Regional Office, Special Agent in Charge Karl A. Stiften of the Internal Revenue Service Criminal Investigation's (IRS-CI) St. Louis Field Office, Special Agent in Charge Darrin E. Jones of the FBI's Kansas City Field Office and Special Agent in Charge Catherine Huber of the Federal Housing Finance Agency Office of Inspector General's (FHFA-OIG) Central Region Office made the announcement.

Troy A. Gregory, 50, of Lawrence, Kansas, was charged in an indictment filed in the District of Kansas with one count of conspiracy to commit bank fraud, four counts of bank fraud, and two counts of false statements.

According to the indictment, Gregory was a bank executive and loan officer who had made millions of dollars in loans to a group of borrowers who were struggling to make payments on the loans. The indictment alleges that beginning in approximately late 2007, Gregory began the process of making a \$15.2 million construction loan to build an apartment complex to that same group of borrowers. The indictment further alleges that Gregory's bank shared this loan with 25 other Kansas banks. Gregory allegedly made or caused others to make false statements to the banks about the strength of the borrowers, the debt status of the apartment property and the existence of approximately \$1.7 million in certificates of deposit for collateral on the loan, all to get the loan approved. Instead of using the loan funds promised for building the apartments, Gregory allegedly immediately diverted over \$1 million of the loan to pay for part of the certificates of deposit pledged as collateral, pay off debt on the apartment property and make payments on unrelated loans. Other Kansas banks that shared in this loan allegedly would not have participated in the loan without the false representations and promises.

The indictment alleges that the banks ultimately wrote off millions of dollars on the \$15.2 million construction loan.

An indictment is merely an allegation and all defendants are presumed innocent unless proven guilty beyond a reasonable doubt in a court of law.

The FDIC-OIG, IRS-CI, FBI and FHFA-OIG are investigating this matter. Trial Attorney Andrew R. Tyler and Senior Litigation Counsel David A. Bybee of the Criminal Division's Fraud Section are prosecuting the case.

The Fraud Section plays a pivotal role in the Department of Justice's fight against white collar crime around the country, focusing on cases of national significance and international scope. Fraud Section prosecutors have vast experience in investigating and prosecuting securities and financial fraud, health care fraud and foreign corruption. The Section is routinely the national leader in large, sophisticated white collar investigations and prosecutions, frequently in partnership with U.S. Attorneys' Offices and in coordination with foreign law enforcement agencies.

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