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FORMER FREDERICK BUSINESS OWNER SENTENCED TO 17 YEARS IN FEDERAL PRISON FOR BANK FRAUD OF MORE THAN \$49 MILLION

Baltimore, Maryland – U.S. District Judge Richard D. Bennett sentenced Mark Ian Gaver, age 56, of Bonita Springs, Florida, and previously of Middletown, Maryland, today to 17 years in federal prison, followed by three years of supervised release, on his conviction for eight counts of bank fraud and two counts of money laundering arising from a scheme in which he obtained over \$49 million in bank financing for his company Gaver Technologies, Inc., d/b/a GTI Federal (GTI), using false and fraudulent financial statements, balance sheets, and certifications of outstanding accounts receivable. Judge Bennett also ordered Gaver to forfeit assets valued at approximately \$4.2 million, and pay restitution in the amount of \$48,774,308.75. A federal jury convicted Gaver on August 1, 2018. Gaver has been in custody since his arrest on November 15, 2017, when he entered the United States from Canada.

The sentence was announced by United States Attorney for the District of Maryland Robert K. Hur; Special Agent in Charge Gordon B. Johnson of the Federal Bureau of Investigation (FBI), Baltimore Field Office; and Acting Special Agent in Charge Robert W. Manchak, Federal Housing Finance Agency, Office of Inspector General (FHFA-OIG), Northeast Region.

“Mark Gaver committed a massive fraud to maintain his lavish lifestyle,” said United States Attorney Robert K. Hur. “This sentence ensures that he will not profit from his crimes and will be held accountable for his years of lies.”

According to the evidence presented at his seven-day trial, in 1998 Gaver formed GTI, an information technology company based in Frederick, Maryland. Between November 2008 and December 2016, Gaver submitted materially false financial documents to a federally insured bank, including fraudulent audit reports and contract status reports, in order to establish and to obtain successive increases in the line of credit from the lender for GTI. Based upon the false documentation submitted by Gaver, the lender ultimately extended approximately \$49 million in financing to GTI. The evidence showed that Gaver diverted a large portion of these fraudulently obtained funds to his own personal use.

According to the evidence presented at trial, the bank initially approved an \$18.5 million line of credit for GTI in August 2009, when it took over the line of credit from another bank that had previously extended a \$16.5 million line of credit to GTI. This line of credit was subsequently increased eight separate times between March 2010 and March 2016, growing from \$18.5 million to a total of \$50 million. On an ongoing monthly, quarterly, and annual basis, and in connection with

each request by Gaver for an increase in GTI's credit line, the bank required GTI to submit specific documentation disclosing the company's financial performance and condition. The required documentation included audited annual financial statements, quarterly balance sheets, monthly borrowing base certificates, and monthly accounts receivable aging reports. The monthly borrowing base certificates required Gaver to certify the amount of GTI's outstanding accounts receivable, and were used by the bank to establish a maximum borrowing amount for GTI. Under the terms of GTI's line of credit agreement with the lender, GTI was only allowed to borrow up to 75% to 80% of the total amount of GTI's outstanding accounts receivable, and the funds loaned by the bank were only to be used by GTI for business purposes.

The evidence proved that between August 2009 and December 2016, Gaver also submitted Quarterly Contract Status Reports to the bank, which falsely represented that GTI had secured contracts with federal government agencies, such as the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) and the National Aeronautics and Space Administration (NASA), or that overstated the amount of GTI's ongoing contracts with federal government agencies.

The evidence showed that some of the funds obtained from the lender were used by Gaver to cover regular business expenses and thereby keep GTI open, but that Gaver also diverted half of the post-2009 loan proceeds – approximately \$15 million – to his own personal use. For example, Gaver used loan proceeds to pay \$779,000 for the rental of private planes that he used for non-business purposes, as well as to pay for personal pleasure trips to the Bahamas, France, Germany, Mexico, Jamaica, and the Bahamas. Gaver also used the funds to purchase vacation homes, including a 4,000-square-foot condominium with a view of the Gulf of Mexico in Bonita Springs, Florida, which cost \$2.275 million. Gaver also used loan proceeds to purchase a 2012 Maserati Gran Turismo; a 2011 Mercedes Benz SL Roadster; and a private membership at an exclusive golf club located in Naples, Florida that cost \$285,000.

United States Attorney Robert Hur commended the FBI and the FHFA-OIG for their work on the investigation. Mr. Hur also thanked Assistant U.S. Attorneys Jefferson M. Gray and Jeffrey J. Izant, who prosecuted the case.

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