

FOR IMMEDIATE RELEASE

Friday, August 7, 2015

San Diego Loan Broker Indicted for Bribing Bank Vice President

NEWS RELEASE SUMMARY – August 7, 2015

SAN DIEGO – Jocelyn J. Brown, a loan broker for the now-defunct La Jolla Bank, was indicted yesterday by a federal grand jury on charges that she paid kickbacks to the bank's vice president and Small Business Administration ("SBA") lending department manager.

According to the indictment, which was unsealed today, Brown paid the bribes in return for the banker's assurance that the loans Brown referred would be approved and funded, and, more importantly, that Brown's commissions would keep on flowing. Brown allegedly collected tens of thousands of dollars in referral fees from La Jolla Bank, and kicked back a portion to the bank manager, in cash, every time she was paid, the indictment said.

La Jolla Bank was a bank and financial services company that provided consumer, business, and construction loans. It opened its SBA lending department in 2005. In February 2010, the bank failed, and was taken over by the FDIC. At the time of its failure, the bank had outstanding debt of over \$1 billion, which the FDIC absorbed—and ultimately passed on to the American taxpayers.

According to the indictment, Brown worked as an unofficial broker for La Jolla Bank, referring business loan customers to the bank's SBA department. As part of this job, Brown helped her borrowers compile their loan application packages and submit them to the bank. In return for generating business, La Jolla Bank paid Brown a commission or referral fee, calculated as a percentage of each loan she referred.

In 2006, as alleged in the indictment, Brown and the SBA manager made a deal where Brown would pay a portion of her commissions back to the SBA manager, in cash, after her clients' loans were funded. In turn, the SBA manager would make sure that Brown's clients' loans were approved so that Brown could continue collecting tens of thousands of dollars in commission payments. In addition, the bank manager arranged to pay Brown a fraudulent \$30,000 "commission" for a loan she in fact had no part in brokering or referring to the bank. Brown went so far as to generate a fake invoice, pretending that she had earned the commission. After she was paid, Brown cashed the \$30,000 check and gave a portion of the cash to the bank manager.

Brown and the SBA manager allegedly agreed to conceal these bribe payments by hiding the commissions from borrowers, making the payments in cash, and lying to law enforcement agents if they were asked about the payments. In fact, the indictment charges, Brown did lie to law enforcement to conceal the conspiracy. Despite the fact that she and the SBA manager traded several phone calls and text messages and had a sit-down meeting in June 2014, Brown falsely reported to federal agents in September 2014 that she had not spoken to or seen the bank manager since before she learned about the federal investigation.

Brown was taken into custody this morning after self-surrendering at the San Diego FBI Field Office.

“As this case demonstrates, bribing bank officials to issue loans threatens the security of the banking system and our economy,” said U.S. Attorney Laura E. Duffy. “These charges reflect our commitment to rooting out corruption at all levels.”

“Inside deals like the one alleged in this case undermine our nation’s financial system and cost taxpayers millions of dollars,” said FBI Special Agent in Charge Eric S. Birnbaum. “The FBI is committed to rooting out fraud and corruption within the financial industry.”

“Today’s indictment is a reminder that those who corrupt the banking system and place the integrity of government programs at risk will be brought to justice and held accountable for their actions,” said Inspector General Peggy E. Gustafson of the Small Business Administration. “Lies by individuals that are afforded a degree of trust by virtue of their professions are particularly egregious. I want to thank the U.S. Attorney’s Office for its dedicated leadership and professionalism in the pursuit of justice in this matter.”

“The Treasury Inspector General for Tax Administration is committed to investigating and prosecuting individuals to the fullest extent of the law when they choose to commit acts of bribery,” said TIGTA Special Agent in Charge Rod Ammari. “Bribery will never be tolerated and TIGTA is committed to rooting out such illegal activity, especially when the millions of dollars that are lost from bribery are passed on to the hard working American taxpayer.”

These charges are the result of an active, ongoing criminal investigation. Anyone with information relating to these charges should contact the San Diego branch of the Federal Bureau of Investigation at (858) 320-1800.

**An indictment is not evidence that the defendant committed the crime charged. The defendant is presumed innocent until the United States meets its burden in court of proving guilt beyond a reasonable doubt.*

DEFENDANT

Case Number 15CR2049-AJB

Jocelyn J. Brown,

Age: 59

San Diego, CA

CHARGES

Conspiracy, in violation of 18 U.S.C. § 371

Maximum Penalties: 5 years' imprisonment, \$250,000 fine or twice the pecuniary loss or gain, three years supervised release, \$100 special assessment, restitution.

Bank bribery, in violation of 18 U.S.C. § 215

Maximum Penalties: 30 years' imprisonment, \$1,000,000 fine or three times the value of the thing given, offered, or promised, five years' supervised release, \$100 special assessment, restitution.

Making a false statement to a federal agent, in violation of 18 U.S.C. § 1001

Maximum Penalties: 5 years' imprisonment, \$250,000 fine, \$100 special assessment, restitution.

AGENCIES

Federal Bureau of Investigation

U.S. Small Business Administration – Office of Inspector General

Treasury Inspector General for Tax Administration

Federal Deposit Insurance Corporation – Office of Inspector General

Department of the Treasury – Office of Inspector General

Federal Housing Finance Agency – Office of Inspector General