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FORMER BANK PRESIDENT INDICTED FOR STEALING FROM HIS OWN BANK

Baltimore, Maryland – On September 26, 2017, a federal grand jury indicted David Harris Lavine, age 58, of Rockville, Maryland, on charges of theft of bank funds by a bank officer and bank fraud and Lavine and Charles L. Tobias, age 56, Potomac, Maryland for conspiracy to defraud the Internal Revenue Service and tax evasion.

The indictment was announced by Acting United States Attorney for the District of Maryland Stephen M. Schenning; Special Agent in Charge Gordon B. Johnson of the Federal Bureau of Investigation, Baltimore Field Office; Special Agent in Charge Kimberly Lappin of the Internal Revenue Service-Criminal Investigation; Assistant Inspector General Gerald Maye of the Federal Reserve Board Office of Inspector General and Special Agent in Charge Michael McGill of the Social Security Administration, Office of Inspector General.

From March 2010 until January 2011, David Harris Lavine was the Acting President of CFG Community Bank. From January 2011 until August 2011, Lavine was president of the bank affiliate, Capital Financial Ventures, LLC. According to the indictment, Lavine, while acting President, diverted \$100,000 of bank funds to his own benefit. The indictment also charges that while president of the bank affiliate, Lavine devised a scheme to defraud CFG Community Bank, a state member bank supervised by the Federal Reserve Board, through the re-finance of bank-owned mortgage loans and the diversion of loan proceeds to his personal benefit and the benefit of a friend.

According to court documents, Lavine used his position at Capital Financial Ventures to pose as the CEO/President of CFG Community Bank. For example, Lavine invited the borrowers of two loans with balances totaling over \$7.5 million, to refinance those loans with other financial institutions for a lower mortgage and pay off CFG Community Bank. At Lavine's direction, the settlement company sent the mortgage loan payoff not to CFG Community Bank but to another company so that Lavine could divert in excess of \$775,000. Lavine created false correspondence with the loan borrowers to provide to CFG Community Bank to conceal the diversion from CFG Community Bank.

According to the indictment, Lavine and Tobias owned Capital T Partners Brookfield, LLC, a Maryland limited liability corporation. In the fall 2011, Lavine and Tobias decided to realize a profit from a group of non-performing mortgages by fraudulently "donating" some of the mortgages to a charity as an in-kind donation and thereby receiving a valuable tax deduction for Capital T Partners Brookfield which would pass through to their

personal income tax returns. Lavine is also charged with tax evasion for two years for failing to report the monies he received through the bank offenses and using the fraudulent charitable contribution as a deduction. Tobias is charged with tax evasion for failing to report income and also using the fraudulent charitable deduction.

The maximum possible penalties for the bank offenses are thirty years in prison and/or a \$1 million fine per count and 5 years in prison and /or \$250,000 per count for the tax charges.

An indictment is not a finding of guilt. An individual charged by indictment is presumed innocent unless and until proven guilty at some later criminal proceedings.

Acting United States Attorney Stephen M. Schenning commended the IRS, FBI, the Office of Inspector General for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau and SSA-IG for their work in the investigation. Mr. Schenning thanked Assistant United States Attorney Joyce K. McDonald who is prosecuting the case.