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BANK FOUNDER SENTENCED TO PRISON

PHILADELPHIA – Barry R. Bekkedam, 49, of Hobe Sound, FL, was sentenced today by U.S. District Court Judge C. Darnell Jones, II, to 11 months in prison and was ordered to pay a \$100,000 fine for his role in a fraud conspiracy to obtain \$13.5 million in public funds for NOVA Bank. On April 27, 2016, Bekkedam and co-defendant Brian Hartline were found guilty of conspiracy to defraud the United States, TARP fraud, and two counts of false statements to the federal government. Hartline had served as President and Chief Executive Officer of NOVA Bank and Bekkedam had served as Board Chairman. Their scheme involved the Troubled Asset Relief Program (TARP) and was devised to defraud the government of more than \$13 million.

“Lending drives economic growth and law enforcement plays an important role in protecting banks’ ability to lend by removing criminals from their ranks,” said Christy Goldsmith Romero, Special Inspector General for TARP. “TARP is intended for healthy banks. NOVA was not a healthy bank. As NOVA’s founder, Bekkedam wielded enormous influence over the bank, allowing him to orchestrate a conspiracy with its CEO to cook the bank’s books to make it appear that the bank had healthy capital levels. SIGTARP stands united with the United States Attorney’s Office in combatting fraud in banks.”

Bekkedam and Hartline, with others, formed NOVA Bank in 2002. Bekkedam also owned and operated a financial advisory company, Ballamor Capital Management, and advised Ballamor clients to invest in NOVA. But in 2008, NOVA faced risk of failure because of bad loans and investments. In October 2008, NOVA Financial Holdings, Inc., of Berwyn, Penn., the parent company of NOVA Bank, applied for approximately \$13.5 million through the U.S. Department of the Treasury Troubled Asset Relief Program. In June 2009, NOVA Bank was approved to receive the TARP funds on the condition that the bank raised \$15 million in additional, private capital.

Bekkedam and Hartline devised a scheme to make NOVA bank appear more financially sound than it was – that new money was being invested in the bank. As part of the scheme, the defendants arranged for NOVA Bank to loan money to three individuals to transfer to NOVA’s parent company so it would appear as though the bank had new capital from an outside investor. In fact, the “new money” investment was the bank’s own money.

The bank ultimately did not receive TARP funds, and in October 2012, the bank failed and was closed by state and federal banking regulators.

The case was investigated by the Federal Bureau of Investigation, the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), Internal Revenue Service Criminal Investigations, the Federal Deposit Insurance Corporation Office of Inspector General, the Office of Inspector General of the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau. It is being prosecuted by Assistant United States Attorney David J. Ignall.

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