



Department of Justice

United States Attorney's Office

Eastern District of Louisiana

FOR IMMEDIATE RELEASE

FRIDAY MARCH 22, 2019

WWW.USDOJ.GOV/USAO/LAE

TWITTER: @EDLANEWS

CONTACT: SHANE JONES

PHONE: (504) 680-3111

FAX: (504) 589-4978

BANK GENERAL COUNSEL CHARGED WITH CONSPIRACY TO DEFRAUD FIRST NBC BANK

NEW ORLEANS – The United States Attorney's Office announced that **GREGORY ST. ANGELO** ("**ST ANGELO**"), age 54, a resident of St. Tammany Parish, was charged today with conspiracy to defraud First NBC Bank, the New Orleans-based bank that failed in April 2017.

According to the Bill of Information, from in or around 2006 through the fall of 2016, **ST. ANGELO** was the general counsel of First NBC Bank. During this time, he and several businesses owned or controlled by him (the "Entities") were First NBC Bank borrowers. Bank President A was a founder of First NBC Bank and acted as its president and Chief Executive Officer from in or around May 2006, until in or around December 2016. From in or around 2006 through April 2017, Bank Officer B was employed by First NBC Bank as its Chief Credit Officer, and was responsible for, among other things, the overall quality of the bank's lending function.

Beginning at a time unknown, but at least in or around 2006, through in and around April 2017, in the Eastern District of Louisiana and elsewhere, the defendant, **ST. ANGELO**, and others known and unknown conspired to defraud First NBC Bank by means of false and fraudulent pretenses, representations, and promises, relating to a material fact.

The purpose of the conspiracy was for the defendant, **ST. ANGELO**, Bank President A, Bank Officer B, and others to enrich themselves unjustly by disguising the true financial status of **ST. ANGELO**, the Entities, and other borrowers, concealing the accurate performance of loans, and misrepresenting the nature of payments to **ST. ANGELO** and certain Entities.

ST. ANGELO, Bank President A, Bank Officer B, and others sought to accomplish the conspiracy by engaging in the below activities:

ST. ANGELO, Bank President A, Bank Officer B, and others provided First NBC Bank with materially false and fraudulent documents and personal financial statements, which, among other things, overstated the value of **ST. ANGELO**'s and the Entities' assets, understated their liabilities, and omitted material information. The materially false and fraudulent personal financial

statements, collateral summaries, and other documents concealed **ST. ANGELO's** and the Entities' true financial condition.

Bank President A, Bank Officer B, and others disguised **ST. ANGELO's** and the Entities' true financial condition by, among other things, issuing new loans to **ST. ANGELO** and certain Entities to pay older loans that **ST. ANGELO** was unable to repay and to cover his overdrafts. The new loans then appeared to be current, while the old loans and overdrafts appeared to have been paid. In reality, the new loans were designed to avert the downgrading or impairment of **ST. ANGELO's** and several Entities' loans and to avoid reporting them as nonperforming or losses to the bank.

Another means the conspirators used to disguise **ST. ANGELO's** and the Entities' true financial condition was to extend the maturity date of older loans on which **ST. ANGELO** was unable to make payments, which allowed First NBC Bank to avoid downgrading, impairing, or reporting the loans as nonperforming or losses to the bank.

Bank President A, Bank Officer B, and others funded fraudulent tax credit investments that First NBC Bank purportedly made in certain Entities owned by **ST. ANGELO**. In reality, the supposed investments simply funneled money from First NBC Bank's general ledger to **ST. ANGELO** and certain Entities, so that **ST. ANGELO** could make his loan payments and cure overdrafts, and so the bank could avoid downgrading, impairing, or reporting the loans as nonperforming or losses to the bank.

On multiple occasions, Bank President A and **ST. ANGELO** executed false documents entitled "Agreements to Purchase Tax Credits" designed to make it appear that First NBC Bank was paying **ST. ANGELO** money in exchange for ownership interests in entities supposedly owned by **ST. ANGELO**. In reality, these agreements were a way for Bank President A, Bank Officer B, and **ST. ANGELO** to justify the diversion of bank funds to **ST. ANGELO** and certain Entities to cure overdrafts and avoid reporting requirements. On multiple occasions, Bank Officer B directed the disbursement of payments to **ST. ANGELO** and certain Entities from First NBC Bank's general ledger, purportedly for tax credit investments, knowing that the tax credit investments were false.

Yet another means by which Bank President A, **ST. ANGELO**, Bank Officer B, and others concealed the true financial condition of **ST. ANGELO's** loans was to lend funds to **ST. ANGELO's** associates as nominees. Bank President A and **ST. ANGELO** caused the nominees to sign loan documents, making it appear that the nominee entity was taking out the loan solely for its own use. In fact, the loan proceeds often were paid to **ST. ANGELO** or the Entities, not the nominees, and were, in part, used to pay **ST. ANGELO's** and the Entities' existing debts to First NBC Bank or to enrich **ST. ANGELO**.

ST. ANGELO, Bank President A, and Bank Officer B caused employees of First NBC Bank to transfer the nominee loan proceeds directly to **ST. ANGELO's** or the Entities' deposit accounts, when **ST. ANGELO**, Bank President A, and Bank Officer B knew the loans were not solely for

the nominee, but benefitted **ST. ANGELO**, who was not named in the loan documents or listed as a guarantor.

By April 28, 2017, First NBC Bank had advanced approximately \$46 million to **ST. ANGELO** and the Entities based on the false personal financial statements, and practice of advancing loans to cover overdrafts and make loan payments. First NBC Bank had also paid **ST. ANGELO** an additional \$9.6 million dollars in false tax credit investment money.

If found guilty, **ST. ANGELO** could face up to 30 years' imprisonment, a fine of more than \$1 million or twice the gross gain to him or the gross loss of any victims, five years of supervised release, and a special assessment of \$100.

First Assistant United States Attorney Michael Simpson stated that a Bill of Information is merely an accusation and that the guilt of the defendant must be proven beyond a reasonable doubt.

This case is being investigated by the Federal Bureau of Investigation; the Federal Deposit Insurance Corporation, Office of Inspector General; and the Board of Governors of the Federal Reserve System, Consumer Financial Protection Bureau, Office of Inspector General. Assistant U.S. Attorneys Sharan E. Lieberman, Matthew R. Payne, Nicholas D. Moses, and J. Ryan McLaren are in charge of the prosecution.

* * *