

Conviction for Making False Statements

A federal judge sentenced the defendant to a prison term after a jury found the defendant guilty of several counts of making false statements to a federally insured bank.

The defendant owned a construction firm. A federally insured bank granted the defendant a working capital line of credit to be utilized for his construction business. The loan agreement specified that the defendant was permitted to borrow up to a specified percentage of the total amount of the firm's accounts receivable. As a condition of the agreement, he was required to file monthly accounts receivable reports. For each advance requested against the line of credit, the defendant was required to submit a borrower's certificate.

The reports and certificates submitted were false and overstated the total amount of accounts receivable. The defendant submitted records which falsely represented collateral with the intention to deceive the bank in order to draw more money from his line of credit. These false statements resulted in significant losses to the bank.

It was through a proactive review of BSA filings that the case came to the attention of law enforcement officials. As a result of the cooperation between law enforcement and the bank, the defendant was ordered to pay restitution.

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