



# SIGTARP

Office of the Special Inspector General  
for the Troubled Asset Relief Program

## **Federal Court Sentences Mortgage Company Executive to Three Years in Prison for Fraud Scheme Related to a Bank's Application for TARP**

In July 2019, a federal court sentenced Lend America executive Michael Ashley to three years in prison for his role in a bank fraud conspiracy with Poppi Metaxas, the CEO of Gateway Bank to create the appearance that Gateway had improved its financial condition when it applied to TARP. The court ordered Ashley, who pled guilty in 2011, to pay \$49 million in restitution and \$800,000 in forfeiture.

In August 2008, Gateway Bank's regulator was conducting an examination when the bank applied for TARP in October 2008. While the application was pending, in November 2009, the bank examiner informed the bank that it was concerned about capital levels and toxic assets, and said that the bank needed to increase capital and reduce toxic assets. CEO Metaxas then engaged in a number of fraudulent schemes, including a conspiracy with Ashley at Lend America to make it look like the bank had reduced toxic assets. In March 2009, while the TARP application was pending, Metaxas caused Gateway to engaged in roundtrip transactions of \$3.64 million in sham loan proceeds to Lend America, which Ashley transferred out of the bank to three entities he controlled, and back to the bank for a purported down payment for an asset sale. Metaxas proposed a \$15 million sale of toxic assets to the bank's board, concealing the source of the down payment, and misleading the board. She later lied to bank regulators, all while the TARP application was pending. The bank then was not approved for TARP. In November 2009, Lend America failed, and Gateway wrote off the entire loan. In 2015, the court sentenced Metaxas to one year and six months in prison.

SIGTARP was joined in the investigation by the Federal Bureau of Investigation and the Department of Housing and Urban Development Office of Inspector General. The U.S. Attorney's Office for the Eastern District of New York prosecuted the case.