PRESS RELEASE

Federal Deposit Insurance Corporation

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CALIFORNIA COUPLE INDICTED FOR CONCEALING ASSETS, MAKING FALSE STATEMENTS TO THE FDIC

FOR IMMEDIATE RELEASE

FDIC Inspector General Gaston L. Gianni, Jr. announced that a California couple was indicted September 5 by a federal grand jury in Albuquerque on charges of concealing assets and making false statements to the FDIC, bankruptcy fraud and conspiracy.

The FDIC, acting as receiver of a failed savings and loan, obtained a $2.4 million judgment in 1990 against Mitchell Brown through the U.S. Bankruptcy Court for the District of New Mexico in connection with a loan he had fraudulently obtained from the failed institution. The debt was nondischargeable through the bankruptcy, making it collectable by the FDIC.

Brown and his wife, Shirley Joyce Tanga Brown, provided information through the bankruptcy proceeding about assets available for collection in 1991. Based on the Browns' representation of having no assets from which the FDIC judgment could be collected, the FDIC settled the judgment in 1994 by accepting a $10,000 cash payment from Mitchell Brown.

According to the indictment, Mitchell Brown did not inform the FDIC of more than $135,000 he received and used for his personal benefit between 1989 and 1995. The indictment further charges that the Browns misled the FDIC by claiming that Mitchell Brown had no property interest in any business, including any community property interest with his wife. Brown allegedly did retain a community property interest in the Elan Fitness Center, a California health club owned and operated by his wife. The indictment also charges that the Browns maintained ownership and control of their residential property in San Rafael, California, through sham nominee and trust transactions designed to remove the property from the purview of the FDIC and the bankruptcy trustee.

An indictment is merely an accusation. The defendants are presumed innocent unless proven guilty.

This case was investigated by the FDIC's Office of Inspector General and the Federal Bureau of Investigation.