



PRESS RELEASE

Federal Deposit Insurance Corporation

September 10, 1996

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FIVE CONTRACTORS SENTENCED FOR FALSIFYING RECORDS, FRAUDULENTLY BILLING FDIC, RTC

FOR IMMEDIATE RELEASE

Five Houston-area contractors who performed property management work for the FDIC and the Resolution Trust Corporation (RTC) were sentenced in U.S. District Court in Houston last month for defrauding the agencies. Sentences ranged from 8 years in prison to three years' probation. All five were also ordered to pay the FDIC restitution totaling \$251,343.

The contractors were hired by the FDIC and the RTC to manage several properties the agencies acquired after various financial institutions failed. The properties included two apartment complexes, a shopping center, 1,500 properties/residences, and a commercial building.

Gregory Eugene August, Earline Montgomery, Martha Alexander, and Willie Burns were found guilty in February of 39 federal offenses associated with their contract work with the FDIC and the RTC. Ephraim Tennie entered into a plea agreement and pled guilty to one count.

As part of their scheme, the contractors falsified records to the FDIC and the RTC in order to hire as subcontractors several shell companies they controlled. The defendants then falsely billed the FDIC and the RTC for subcontractor expenses by creating fraudulent invoices and falsely representing that the services had been provided by their shell companies.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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In his role as property manger, August also defrauded the RTC by altering invoices he received from legitimate subcontractors and submitting them to the RTC showing higher expenses than were actually incurred.

The investigation was conducted jointly by the FDIC's Office of Inspector General (OIG), the former RTC OIG, and the Federal Bureau of Investigation.

In addition to the ordered restitution, to date the investigation has resulted in recoveries of \$180,817; seizures totaling \$105,039; recoveries for victims (subcontractors) of \$26,875; and fines of \$8,500 for two prior indictments and convictions.