

Former Coastal Bank And Trust Executive Sentenced For Fraud Conspiracy And Obstruction

By Administrator
Friday, 08 June 2018 09:09 -

United States District Judge Louise W. Flanagan sentenced Robert Levie Norris Jr. 50, of New Bern, North Carolina to 48 months in prison for conspiracy to commit bank fraud and obstruction of a federal bank examination. The Court ordered the term of imprisonment to be followed by 3 years of supervised release. NORRIS was also ordered to pay \$2,397,475 in restitution. Norris pled guilty to the charges on May 17, 2017. Norris was the first President and Chief Executive Officer of Coastal Bank and Trust (CB&T), which opened its doors to customers in 2009 and served in this capacity until June 2013. In June 2013, it was discovered that Norris had engaged in a scheme to defraud CB&T by engineering fraudulent loan transactions with straw borrowers where the true beneficiaries of the loans were co-conspirators of Norris.

The fraudulent loans included unsecured lines of credit, small business loans, and mortgages for commercial and residential properties. Norris used his position of trust and authority at CB&T to circumvent the bank's internal controls and normal loan underwriting procedures. To conceal his scheme, he withheld relevant information about the fraudulent loans from CB&T's board of directors and examiners from the Board of Governors of the Federal Reserve System. CB&T suffered losses of approximately \$2.4 million as a result of Norris' conduct.

"When a bank official uses their position for their own personal profit they do more than commit a federal crime, they abuse their power and violate the public's trust. Mr. Norris' sentence today is proof of the commitment of the FBI to work with other law enforcement agencies to find these offenders and hold them accountable," said John Strong, Special Agent in Charge of the FBI in North Carolina.

United States Attorney Robert J. Higdon, Jr. said, "Mr. Norris used his position of trust to unlawfully line his pockets with money to which he was not entitled. The USAO-EDNC will always work with federal, state, and local law enforcement to vigorously investigate and prosecute this type of criminal conduct. Mr. Norris' sentence sends a strong message that this type of conduct will not be tolerated and will be punished accordingly."

"Mr. Norris' fraud scheme and deception of bank examiners is

the type of criminal conduct that impedes federal regulators from effectively supervising banking institutions," said Mark Bialek, Inspector General of the Board of Governors of the Federal Reserve System and Bureau of Consumer Financial Protection. "Today's sentencing is one more step in a joint effort with our federal partners to hold accountable those who undermine the integrity of those institutions."

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“This sentencing holds the defendant accountable for misusing his position as the bank President and CEO to fabricate fraudulent loans with straw borrowers, evade internal controls, and withhold information from the bank’s Board. The underlying conspiracy cost the bank millions of dollars. This case demonstrates the importance of cooperation among law enforcement partners to combat such criminal conduct and maintain the integrity of financial institutions,” said FDIC Inspector General Jay N. Lerner.

Investigation of this case was conducted by the Federal Bureau of Investigation, the Board of Governors of the Federal Reserve System - Office of Inspector General, and the Federal Deposit Insurance Corporation - Office of Inspector General. Assistant United States Attorney Adam Hulbig prosecuted the case