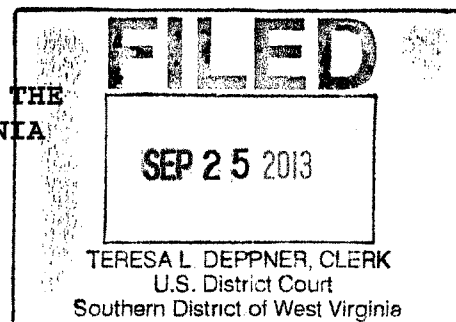


SEALED

UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF WEST VIRGINIA
CHARLESTON GRAND JURY 2013-1
SEPTEMBER 24, 2013, SESSION



UNITED STATES OF AMERICA

v.

CRIMINAL NO.

3:13-cr-00245

18 U.S.C. § 1344

18 U.S.C. § 656

18 U.S.C. § 2

JACKIE D. CANTLEY

I N D I C T M E N T

The Grand Jury Charges:

Introduction

At all times relevant to this Indictment:

1. First State Bank was a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation, located in Barboursville and elsewhere in the Southern District of West Virginia.

2. From approximately May 27, 2003, through approximately September 7, 2012, defendant JACKIE D. CANTLEY ("CANTLEY") was employed by First State Bank (the "Bank"). CANTLEY began his career there as an intern, eventually became a commercial lender, and later rose to vice president, a position he held from approximately July 1, 2010, until the time he left the Bank over two years later. CANTLEY worked at the Bank in Barboursville, West Virginia.

3. CANTLEY was required to adhere to the Bank's internal policies and procedures, as well as sound banking practices, in approving loan applications.

4. Pursuant to the Bank's written internal policies and procedures, CANTLEY's lending authority was initially an aggregate amount of \$100,000, and then, in or about March - April 2012, became an aggregate amount of \$250,000 per borrower. For loan applications in amounts exceeding his loan authority, CANTLEY was required to present said loan applications to the Bank's Officers' Loan Committee ("OLC") for review and approval or rejection. CANTLEY was also required to disclose an applicant's prior borrower relationship(s) to the OLC to ensure that he did not exceed his aggregate lending authority per borrower.

5. Further, Bank policies and procedures and sound banking practices required CANTLEY to do the following regarding loans, among other things:

(a) determine that an applicant was credit-worthy and had sufficient collateral before authorizing loans, and was of good character;

(b) obtain certain documents in support of the loan applications before disbursing credit (funds), including, but not limited to, tax returns, personal and business financial statements (such as bank statements and wage statements), guarantor information, credit reports, cash-flow analyses, appraisals,

promissory notes, and deeds of trust, and to ensure that such documents, as well as the loan applications, were in the loan application files;

(c) include documents reflecting the specific purposes of the loan applications in the loan files;

(d) disburse funds to approved borrowers for closed-end loans (that is, loans for the purchase of an asset) only once, rather than multiple times;

(e) obtain receipts and supporting documentation from Bank borrowers to support the distribution of loan funds to their accounts;

(f) record accurately the existence and status of loans and any and all loan disbursements and repayments in the Bank's books and records; and

(g) obtain approval to transfer funds to a borrower's account from another borrower's account.

6. From approximately in and between 2009 and 2012, CANTLEY repeatedly approved loans for a number of individuals and related business entities, in violation of the Bank's policies and procedures, and contrary to sound lending practices. In approving these loans, among other things, CANTLEY did the following, or caused them to be done:

(a) approved loans to borrowers who did not qualify for the loans;

(b) forged signatures on loan-related documents, such as for E.Y., his cousin who was in prison when CANTLEY forged his signature;

(c) failed to obtain, record, and compile accurately documents required to be in loan files prior to authorizing loans and disbursing credit;

(d) made multiple disbursements from closed-end loans;

(e) authorized disbursements without receipts or supporting documentation from Bank borrowers;

(f) failed to record accurately the existence and status of loans and loan disbursements in the Bank's books and records; and

(g) transferred funds from one borrower's account to another borrower's account without authorization.

7. CANTLEY resigned from the Bank after the initiation of an internal review of a number of loans which he had authorized.

COUNT ONE

(Bank Fraud)

1. Paragraphs One through Seven of the Introduction of this Indictment are re-alleged and incorporated as if fully set forth here.

2. From approximately in and between September 2009 and September 2012, at or near Barboursville, Cabell County, West Virginia, and within the Southern District of West Virginia, defendant JACKIE D. CANTLEY, being aided and abetted by others, knowingly executed and attempted to execute a scheme and artifice to defraud a financial institution, First State Bank, the deposits of which were then insured by the Federal Deposit of Insurance Corporation, and to obtain the moneys, funds, credits, assets, securities and other properties owned by and under the custody and control of said financial institution by means of materially false pretenses, representations, and promises, as set forth below:

(a) CANTLEY authorized an aggregate loan amount of \$335,000, exceeding his maximum loan authority, to his cousin E.Y., and Y. L. Co., a business entity owned by E.Y., in loan numbers ****4778 and ****1499, causing said loans to be funded, and made disbursements from said loans;

(b) CANTLEY authorized loans to E.Y. and Y. L. Co., loan numbers ****4778, ****1499, ****8858 and ****9341, causing them to be funded, and made disbursements from said loans, without the required documentation, such as loan applications, tax returns and financial statements;

(c) CANTLEY authorized loan numbers ****4778, ****1499, ****8858 and ****9341, causing them to be funded, and made disbursements from said loans, knowing that E.Y. was not credit-worthy for said loans;

(d) CANTLEY authorized loans to E.Y. and Y. L. Co., loan numbers ****4778, ****1499, ****8858 and ****9341, causing them to be funded, and made disbursements from said loans, without obtaining sufficient collateral for said loans;

(e) CANTLEY authorized loan number ****4778 for E.Y., and forged the signature of E.Y. on documents related to said loan;

(f) CANTLEY failed to obtain receipts and supporting documentation in disbursing \$7,000 to J.F. from loan number ****8858;

(g) CANTLEY made multiple disbursements from a closed-end loan to E.Y., loan number ****8858: \$7,000 to J.F., and \$1,100 to apply to another loan CANTLEY made to E.Y., ****2761; and

(h) CANTLEY transferred \$18,959.11 in funds from a loan to E.Y., loan number ****9341, to an account for J.H., who then obtained a cashier's check with those funds to purchase a pizza

business in the name of J.H. and CANTLEY, said transfer of funds being contrary to the purpose of E.Y.'s loan.

All in violation of Title 18, United States Code, Sections 1344 and 2.

COUNT TWO

(Bank Fraud)

1. Paragraphs One through Seven of the Introduction of this Indictment are re-alleged and incorporated as if fully set forth here.

2. From approximately in and between September 2010 and September 2012, at or near Barboursville, Cabell County, West Virginia, and within the Southern District of West Virginia, defendant JACKIE D. CANTLEY, being aided and abetted by others, knowingly executed and attempted to execute a scheme and artifice to defraud a financial institution, First State Bank, the deposits of which were then insured by the Federal Deposit of Insurance Corporation, and to obtain the moneys, funds, credits, assets, securities and other properties owned by and under the custody and control of said financial institution by means of materially false pretenses, representations, and promises, as set forth below:

(a) CANTLEY authorized an aggregate loan amount of over \$1 million, exceeding his maximum loan authority, to J.M. and 1 W. L. Development, a business entity owned by J.M., in loan numbers ****9379, ****8850, ****9351, ****1228, ****7529 and ****9862, causing said loans to be funded, and made disbursements from said loans;

(b) CANTLEY authorized loans to J.M. and 1 W. L. Development, loan numbers ****9379, ****8850, ****9351, ****1228 and ****7529, causing them to be funded, and made disbursements from said

loans, without the required documentation, such as tax returns, financial statements, guarantor information, and cash-flow analyses;

(c) CANTLEY authorized loans to J.M. and 1 W. L. Development, loan numbers ****8850, ****9351, ****1228 and ****7529, causing them to be funded, and made disbursements from said loans, without determining that J.M. was credit-worthy for said loans;

(d) CANTLEY authorized loans to J.M. and 1 W. L. Development, loan numbers ****8850, ****9351, ****1228 and ****7529, causing them to be funded, and made disbursements from said loans, without obtaining sufficient collateral for said loans;

(e) CANTLEY disbursed funds to others from loans funded for J.M. without J.M.'s consent: \$4,000 from loan number ****7529 to J.H., and \$4,366.78 from loan number ****9351 to S. R., Inc.;

(f) CANTLEY disbursed \$4,000 from loan number ****7529 to J.H., and \$4,366.78 from loan number ****9351 to S. R. Inc., without obtaining receipts and supporting documentation for said disbursements; and

(g) CANTLEY made multiple disbursements from closed-end loans to J.M.: \$4,000 to J.H. and \$10,000 to J.M. from loan number ****7529, and \$10,000 and \$30,000 to J.M. from loan number ****1228.

All in violation of Title 18, United States Code, Sections 1344 and 2.

COUNT THREE

(Bank Fraud)

1. Paragraphs One through Seven of the Introduction of this Indictment are re-alleged and incorporated as if fully set forth here.

2. From approximately in and between November 2011 and September 2012, at or near Barboursville, Cabell County, West Virginia, and within the Southern District of West Virginia, defendant JACKIE D. CANTLEY, being aided and abetted by others, knowingly executed and attempted to execute a scheme and artifice to defraud a financial institution, First State Bank, the deposits of which were then insured by the Federal Deposit of Insurance Corporation, and to obtain the moneys, funds, credits, assets, securities and other properties owned by and under the custody and control of said financial institution by means of materially false pretenses, representations, and promises, as set forth below:

(a) CANTLEY authorized an aggregate loan amount over \$350,000, exceeding his maximum loan authority, to D.R., and D. L., LLC, a business entity owned by D.R., in loan numbers ****7375, ****6003 and ****2223, causing said loans to be funded, and making disbursements from said loans;

(b) CANTLEY authorized loans to D.R. and D. L., LLC, loan numbers ****7375, ****6003 and ****2223, causing them to be funded, and made disbursements from said loans, without the required

documentation, such as tax returns, financial statements, appraisals, promissory notes, deeds of trusts, and guarantor information;

(c) CANTLEY authorized loans to D.R. and D. L., LLC , loan numbers ****7375, ****6003 and ****2223, causing them to be funded, and made disbursements from said loans, without determining that D.R. was credit-worthy for said loans;

(d) CANTLEY authorized a commercial car loan in the amount of \$57,384.25 for the purchase of a 2012 Dodge Challenger loan to D.R. , loan number ****2223, causing said loan to be funded, and made disbursements from said loan, without obtaining sufficient collateral for said loan;

(e) CANTLEY authorized a commercial car loan in the amount of \$57,384.25 for the purchase of a 2012 Dodge Challenger loan to D.R. , loan number ****2223, causing said loan to be funded, and made disbursements from said loan, but failed to ensure that the loan funds were used for the purpose of the loan in disbursing \$36,384.25 to the dealer and \$21,000 to D.R.;

(f) CANTLEY authorized loan number ****6003 to D. L., LLC, and failed to obtain a receipt and supporting documentation in disbursing to D.R. the amount of \$138,863.78 from said loan; and

(g) CANTLEY made multiple disbursements from closed-end loans to D.R.: \$5,000 and \$10,000, both to D.R., from loan number ****7375, and \$20,417.22 to C.R. and \$138,863.78 to D.R. from loan number ****6003.

All in violation of Title 18, United States Code, Sections 1344
and 2.

COUNT FOUR

(Misapplication of Bank Funds)

1. Paragraphs One through Seven of the Introduction of this Indictment are re-alleged and incorporated as if fully set forth here.

2. On or about January 23, 2012, at or near Barboursville, Cabell County, West Virginia, and within the Southern District of West Virginia, defendant JACKIE D. CANTLEY, being an agent and officer of First State Bank, the deposits of which were then insured by the Federal Deposit of Insurance Corporation, with intent to injure and defraud First State Bank, aided and abetted by others, willfully misapplied, embezzled, abstracted and purloined monies, funds, and credits exceeding \$1,000 in value belonging to and entrusted to the custody and care of said Bank, in that CANTLEY caused the Bank to fund an aggregate loan amount of \$335,000, exceeding his maximum loan authority, to E.Y., and Y. L. Co., a business entity owned by E.Y., in loan numbers ****4778 and ****1499.

All in violation of Title 18, United States Code, Sections 656 and 2.

COUNT FIVE

(Misapplication of Bank Funds)

1. Paragraphs One through Seven of the Introduction of this Indictment are re-alleged and incorporated as if fully set forth here.

2. On or about May 21, 2012, through on or about August 14, 2012, at or near Barboursville, Cabell County, West Virginia, and within the Southern District of West Virginia, defendant JACKIE D. CANTLEY, being an agent and officer of First State Bank, the deposits of which were then insured by the Federal Deposit of Insurance Corporation, with intent to injure and defraud First State Bank, aided and abetted by others, willfully misapplied, embezzled, abstracted and purloined monies, funds, and credits exceeding \$1,000 in value belonging to and entrusted to the custody and care of said Bank, in that CANTLEY caused the Bank to fund an aggregate loan amount of \$735,000, exceeding his maximum loan authority, to 1 W. L. Development, a business entity owned by J.M., in loan numbers ****9379, ****8850 and ****9351.

All in violation of Title 18, United States Code, Sections 656 and 2.

COUNT SIX

(Misapplication of Bank Funds)

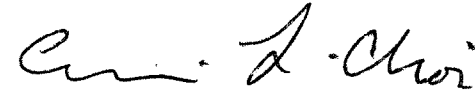
1. Paragraphs One through Seven of the Introduction of this Indictment are re-alleged and incorporated as if fully set forth here.

2. On or about July 12, 2012, through on or about September 4, 2012, at or near Barboursville, Cabell County, West Virginia, and within the Southern District of West Virginia, defendant JACKIE D. CANTLEY, being an agent and officer of First State Bank, the deposits of which were then insured by the Federal Deposit of Insurance Corporation, with intent to injure and defraud First State Bank, aided and abetted by others, willfully misapplied, embezzled, abstracted and purloined monies, funds, and credits exceeding \$1,000 in value belonging to and entrusted to the custody and care of said Bank, in that CANTLEY caused the Bank to fund an aggregate loan amount over \$350,000, exceeding his maximum loan authority, to D.R., and D. L., LLC, a business entity owned by D.R., in loan numbers ****7375, ****6003 and ****2223.

All in violation of Title 18, United States Code, Sections 656
and 2.

R. BOOTH GOODWIN II
United States Attorney

By:



EUMI L. CHOI
Assistant United States Attorney