



Insider Fraud - Senior Bank Executive Charged in \$1 Million Loan Fraud Scheme

John Padilla, a former senior vice president at BancFirst in Oklahoma, was charged with defrauding the bank of over \$1 million by issuing fraudulent loans, according to court documents unsealed on Monday.

The Scheme

Prosecutors allege that from 2013 to 2019, Mr. Padilla recruited unqualified borrowers, many of whom were friends and associates, to take out loans from BancFirst that were below his \$350,000 individual lending authority. This allowed the loans to avoid additional scrutiny at the bank.

Mr. Padilla allegedly told the borrowers he would use the proceeds to invest in his real estate ventures and share the profits with them. He also assured them he would make all the loan payments. However, prosecutors say he used most of the money to fund his personal gambling habit.

False Loan Applications

According to the court filing, Mr. Padilla listed non-existent collateral on many of the fraudulent loan applications in order to get them approved. In cases where a borrower did own assets, he allegedly included those as collateral without the borrower's knowledge.

Mr. Padilla also frequently waived credit checks on the loan applicants and coached them on what to state as the loan purpose, even though he knew the funds would be diverted for his personal use, the document states.

Concealing the Fraud

To prevent detection of the scheme, Mr. Padilla allegedly used proceeds from new fraudulent loans to make payments on outstanding fraudulent loans. This enabled him to continue the fraud undetected for years, prosecutors allege.

In one example detailed in court papers, Mr. Padilla recruited a borrower identified as "T.V." in 2018 to take out a \$58,000 equipment loan purportedly secured by a Bobcat excavator and other machinery.

In reality, T.V. did not own the equipment and never made any payments on the loan, which went into default. Mr. Padilla used most of that loan for himself, including buying a \$53,000 cashier's check which he deposited into his own credit union account.

The Fallout

BancFirst suffered a total loss of approximately \$1.1 million from the fraudulent loans issued by Mr. Padilla, according to prosecutors. If convicted of bank fraud, he faces up to 30 years in prison and mandatory restitution. The government is also seeking forfeiture of any illegal proceeds.

In a statement, BancFirst said it could not comment on the ongoing case or personnel matters but that it is cooperating with authorities. The bank noted that it is insured by the FDIC and customer funds are not at risk. It has over \$8 billion in assets and operates branches across Oklahoma.

The charges against Mr. Padilla are the latest in a string of insider loan fraud cases to hit the banking industry. They underscore the need for robust internal controls and oversight to prevent employees from exploiting their positions for personal gain at the expense of the institution and the public trust.

Read the Full Complaint on Following Pages

**IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF OKLAHOMA**

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
-vs-)	No. <u>CR-24-199-JD</u>
)	
JOHN PADILLA,)	Violations: 18 U.S.C. § 1344
)	18 U.S.C. § 982(a)(2)
Defendant.)	28 U.S.C. § 2461(c)

INFORMATION

The United States Attorney charges:

Introduction

At all times material to this Information:

1. BancFirst was a financial institution, the accounts and deposits of which were insured by the Federal Deposit Insurance Corporation.
2. Defendant **John Padilla** was a resident of Lawton, Oklahoma, and was employed by BancFirst as a senior vice president and commercial loan officer. **Padilla's** delegated loan authority was \$350,000, providing him authority to approve any loans below this amount.

Count One
(Bank Fraud)

3. The United States Attorney incorporates by reference paragraphs 1 to 2.

4. Beginning in or before February 2013 and continuing through December 2019, in the Western District of Oklahoma and elsewhere, the defendant,

----- **JOHN PADILLA**, -----

with the intent to defraud, executed and attempted to execute a scheme and artifice to defraud and to obtain moneys, funds, credits, assets, securities, and other property owned by and under the custody and control of BancFirst, a financial institution whose deposits were then insured by the Federal Deposit Insurance Corporation, by means of materially false and fraudulent pretenses, representations, and promises.

5. It was part of the scheme that **Padilla** recruited borrowers to apply for loans from BancFirst that were under his delegated loan authority of \$350,000. Most of these borrowers were not creditworthy and would not have been approved for the loans but for **Padilla** approving them. Many of these borrowers were **Padilla's** friends and associates. **Padilla** often explained to them that he would use the loan proceeds to invest in his real estate venture and then pay the borrowers a percentage of the profit. **Padilla** also assured these borrowers that he would make all the payments toward the outstanding balance on each loan.

6. It was further part of the scheme that **Padilla** often listed collateral on these loan applications to secure the loans knowing that the collateral did not exist.

Additionally, in the event the borrower did own certain collateral, **Padilla** would often list this collateral on the loan application.

7. It was further part of the scheme that **Padilla** often waived the credit report for these borrowers. **Padilla** also instructed these borrowers what to represent as the purpose of the loan even though he received and used most of the loan proceeds almost exclusively to support his personal gambling habit.

8. It was further part of the scheme that **Padilla** often used loan proceeds from unauthorized loans he had approved to make payments toward earlier unauthorized loans he had approved, thus enabling the scheme to continue undetected.

9. **Padilla's** scheme caused a loss to BancFirst of approximately \$1,092,135.50.

Execution of the Scheme

10. On or before November 7, 2018, **Padilla** recruited T.V. to invest in a real estate investment venture that **Padilla** operated. **Padilla** explained to T.V. that T.V. would obtain a BancFirst loan and that **Padilla** would use the proceeds from that loan to fund the venture. **Padilla** prepared and processed BancFirst loan number XXXXXXXX449 on November 7, 2018. T.V. was listed as the purported borrower. **Padilla** represented that T.V. was requesting approximately \$58,002.50 for an “equipment loan.” The loan documentation provided that the loan will not be used for “personal, family, household purposes or personal investment purposes.” **Padilla**

prepared the loan documentation to show that it was secured with various collateral purportedly owned by T.V., including a “2015 Bobcat E35i Compact Excavator and a 2015 Bobcat 418 T4.” **Padilla** knew this loan was not secured and he further knew that T.V. did not own the property that was listed as collateral in the loan documentation.

Padilla approved this fraudulent loan on November 7, 2018. Given that the amount of the loan was below **Padilla**’s delegated loan authority, the loan was not subjected to any additional scrutiny from BancFirst. BancFirst funded this loan on November 7, 2018, for \$58,002.50. On that same date, BancFirst issued a cashier’s check for \$58,000.00 made payable to T.V. The \$58,000.00 was then used to purchase another cashier’s check for \$53,000.00 in the name of R.F. **Padilla** deposited the cashier’s check issued in R.F.’s name into a credit union account that **Padilla** controlled. **Padilla** used the proceeds for his personal gain, including to support his gambling habit. Neither **Padilla** nor T.V. made any payments on this loan. BancFirst charged off \$58,002.50 on February 7, 2020.

All in violation of Title 18, United States Code, Section 1344.

FORFEITURE

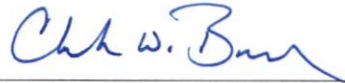
The allegation contained in this Information is hereby re-alleged and incorporated for the purpose of alleging forfeiture.

Upon conviction of the offense alleged in Count 1 of this Information, **John Padilla** shall forfeit to the United States any property constituting, or derived from, proceeds obtained, directly or indirectly, as a result of such offense, including, but not limited to, a money judgment representing the proceeds obtained as a result of the offense.

Pursuant to Title 21, United States Code, Section 853(p), as adopted by Title 28, United States Code, Section 2461(c), **John Padilla** shall forfeit substitute property, up to the value of the property described above if, by any act or omission of **John Padilla**, the property described above, or any portion thereof, cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third person; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property that cannot be subdivided without difficulty.

All pursuant to Title 18, United States Code, Section 982(a)(2), and Title 28, United States Code, Section 2461(c).

ROBERT J. TROESTER
United States Attorney



CHARLES W. BROWN
Assistant United States Attorney