



SIGTARP

Office of the Special Inspector General
For The Troubled Asset Relief Program

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Bank CEO Sentenced To 14 Months In Prison For Taking Bribes In Connection With Loans Guaranteed By The Small Business Administration

Damian Williams, the United States Attorney for the Southern District of New York, announced yesterday that defendant EDWARD SHIN, a/k/a “Eungsoo Shin,” was sentenced to 14 months in prison for his role in defrauding a Pennsylvania-based bank (the “Bank”) while serving as its CEO. SHIN was convicted after a three-week trial before U.S. District Judge John P. Cronan on all counts, which charged SHIN with taking bribes in connection with the Bank’s issuance of loans that were guaranteed by the United States Small Business Administration (“SBA”) and with causing the Bank to issue SBA-guaranteed and commercial loans to companies in which SHIN had a secret financial interest.

U.S. Attorney Damian Williams said: “As CEO, Edward Shin was entrusted with stewardship of a Pennsylvania-based bank. Instead of promoting and protecting the bank’s interests, Shin used the bank as his own piggy bank, stealing from it to line his pockets and the pockets of his corrupt friends. For violating the trust placed in him, Shin will rightly serve prison time.”

According to the allegations contained in the Criminal Complaint, Indictment, and evidence adduced during trial:

The SBA helps Americans start, build, and grow businesses by guaranteeing certain loans made by banks to help those businesses succeed. Between 2009 and 2013, the Bank offered a range of financial products, including SBA-guaranteed loans to small businesses in the New York-New Jersey area, which the Bank could extend only on the condition that all aspects of those loans complied with SBA regulations and SBA’s standard operating procedures. In particular, SBA regulations and procedures prohibited bank officers, including SHIN, from receiving any payments in connection with SBA-backed loans and prohibited banks from extending such loans to any institution in which a bank officer held an interest.

Notwithstanding these regulations, SHIN, then the CEO of the Bank, secretly solicited and received bribe payments in connection with SBA-guaranteed loans issued by the Bank and caused the Bank to extend SBA-guaranteed and commercial loans to companies in which SHIN had secret ownership interests. Specifically, when the Bank issued business loans that did not involve the use of any actual broker, SHIN nonetheless arranged to have his longtime friend, a real estate and loan broker (the “Broker”), inserted unnecessarily into the transaction solely to generate a broker fee that could be shared with SHIN; in fact, the Broker did no actual work to

earn a commission on those transactions but split the “broker’s fee” with SHIN as an illegal kickback.

SHIN also arranged for the Bank to issue SBA-guaranteed loans to several businesses in which he secretly retained an ownership interest, in violation of SBA regulations and procedures. For example, in or about June 2010, the Bank issued an SBA-guaranteed loan for approximately \$950,000 to a business in New York, New York. Although documents submitted to the Bank for purposes of securing the loan did not mention SHIN’s financial interest, the business was secretly operated as a partnership between SHIN, the Broker, and another individual. The loan ultimately went into default status, resulting in a loss to the Bank of approximately \$591,278.60. On another occasion, in or about 2013, the Bank issued an SBA-guaranteed loan for approximately \$1,050,000 to a business in New York, New York. Again, even though the business was secretly operated as a partnership between SHIN and another family member of SHIN’s, the documents submitted to the Bank for purposes of securing the loan did not mention SHIN’s financial interest nor the family member’s relationship to SHIN.

SHIN, 59, of Ambler, Pennsylvania, was convicted at trial of one count of conspiracy to commit bank fraud and wire fraud affecting a financial institution, one count of conspiracy to commit bank bribery, one count of conspiracy to commit loan fraud, another count of conspiracy to commit bank fraud, and one count each of bank bribery and embezzlement of funds by a bank officer. In addition to the prison terms, Judge Cronan sentenced SHIN to three years of supervised release and ordered SHIN to pay forfeiture in the amount of \$5,506,050 and a \$600 special assessment fee.

Mr. Williams praised the outstanding investigative work of the Federal Deposit Insurance Corporation – Office of Inspector General, Homeland Security Investigations, the SBA Office of the Inspector General, and the Office of the Special Inspector General for the Troubled Asset Relief Program.

This case is being handled by the Office’s Money Laundering and Transnational Criminal Enterprises Unit. Assistant United States Attorneys Tara La Morte, Anden Chow, and Jessica Greenwood are in charge of the prosecution.

About SIGTARP

SIGTARP was created as an independent law enforcement agency to investigate fraud, waste, and abuse related to the Emergency Economic Stabilization Act (EESA). To date, SIGTARP investigations have resulted in the recovery of over \$11.3 billion, 411 criminal convictions and 319 defendants sentenced to prison.

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