

## Former Maryland bank president sentenced to prison term

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**Baltimore, MD** - On Thursday, Dec. 20, U.S. District Judge Richard D. Bennett sentenced David Harris Lavine, age 58, of Rockville, today to three years in federal prison, followed by two years of supervised release, for bank fraud in connection with a scheme to defraud the financial institution, where he served as acting president and later president of a bank affiliate, and for income tax evasion. Lavine was also ordered to pay \$892,541.75 in restitution to the financial institution and \$365,228.80 in restitution to the Internal Revenue Service and to forfeit \$503,378.87.

The sentence was announced by United States Attorney for the District of Maryland Robert K. Hur; Special Agent in Charge Gordon B. Johnson of the Federal Bureau of Investigation, Baltimore Field Office; Special Agent in Charge Kelly Jackson of the Internal Revenue Service-Criminal Investigation; Assistant Inspector General Gerald Maye of the Office of Inspector General for the Board of Governors of the Federal Reserve System and the Consumer Finance Protection Bureau; and Special Agent in Charge Michael McGill of the Social Security Administration, Office of Inspector General.

From March 2010 until January 2011, David Harris Lavine was the acting president of CFG Community Bank. According to his plea agreement, Lavine admitted that, while acting President, he diverted \$100,000 of bank funds to his own benefit. Lavine directed bank employees to wire funds, which Lavine mischaracterized as payments to a mortgage broker on bank loan refinances, to a company that belonged to a friend of Lavine's. Lavine lied to the friend about the source of the funds and had the friend pay the \$100,000 over to Lavine.

In January 2011, shortly after Lavine resigned as the acting president of CFG Community Bank to become president of Capital Financial Ventures (CFV), an affiliate of the bank, Lavine devised a scheme to defraud CFG Community Bank, through the re-finance of two bank-owned commercial mortgage loans and the diversion of the Bank's loan payoffs to his personal benefit and the benefit of Charles Tobias, his co-defendant in this case.

Lavine admitted that in order to execute the scheme to divert loan payoffs, he used his position at CFV to pose as the CEO/President of CFG Community Bank. For example, Lavine invited the borrowers of two loans with balances totaling over \$7.5 million, to refinance those loans with other financial institutions for lower mortgages and pay off CFG Community Bank. At Lavine's direction, the settlement companies sent the mortgage loan payoffs not to CFG Community Bank but to an escrow account managed by Tobias so that Lavine could divert over \$775,000. The records created by Lavine showed one payoff amount to the borrower, but the records Lavine sent to the bank understated the payoff amounts and concealed the fact that Lavine had diverted over \$775,000 from the Bank's loan payoffs. Lavine divided the fraud proceeds with Tobias.

Lavine also diverted a total of \$91,126.56 in insurance premium refunds on one of the commercial loans purchased by the bank to his personal account instead of paying the funds over to the borrower. Lavine spent over \$14,000 of the refunded premium; over \$76,000 remained in the custody of the bank. The bank repaid the full \$91,125.56 to the borrower.

Lavine and Tobias owned Capital T Partners Brookfield, LLC, a Maryland limited liability corporation. In the fall of 2011, Lavine and Tobias attempted to realize a profit from a group of non-performing mortgages their company had purchased by "donating" some of the mortgages to a charity as an in-kind donation and taking a charitable deduction on their income tax returns. Lavine admitted that he and Tobias created a false IRS Form 8283 and false appraisal which they had Ari Gerzowski, a real estate agent and not a licensed appraiser, sign. As a result of the fraudulent appraisal, Tobias and Lavine received a valuable tax deduction for Capital T Partners Brookfield which would pass through to their personal income tax returns. Lavine and Tobias divided the tax benefits from the \$1,032,722 purported charitable deduction they were claiming.

Lavine also admitted that he failed to report income of more than \$176,000 in 2010, and failed to report income of \$480,289.44, from the loan fraud proceeds and two stolen insurance refunds in 2011. Lavine underpaid his taxes for 2010, 2011, and 2012 by \$365,228.80 based on his failure to report fraud proceeds as income and his fraudulent charitable contribution deduction which sheltered reported income.

Charles L. Tobias, 56 of Potomac, previously pleaded guilty to willfully subscribing to a false tax return, and was sentenced to two years of probation with 8 months of home confinement with electronic monitoring and ordered to pay restitution of \$154,438 to the Internal Revenue Service. Ari Gerzowski, 47 of Baltimore, pleaded guilty to aiding and abetting the willful submission of a materially false document to the Internal Revenue Service and was sentenced to probation.

United States Attorney Robert K. Hur commended the IRS, the FBI, the Office of Inspector General for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau, and the Office of Inspector General for the Social Security Administration for their work in the investigation. Mr. Hur thanked Assistant United States Attorneys Joyce K. McDonald and Peter J. Martinez, who prosecuted the case.

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