

FILED  
U.S. DISTRICT COURT  
EASTERN DISTRICT OF LA.

2019 JUL 25 P 4: 34

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UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA

**FELONY**

**INDICTMENT FOR BANK FRAUD AND  
FALSE STATEMENTS IN AN APPLICATION FOR  
GOVERNMENT INSURED LOANS AND NOTICE OF FORFEITURE**

UNITED STATES OF AMERICA

\*

CRIMINAL NO.

**19 - 147**

v.

\*

SECTION:

**SECT. JMAG. 5**

GILLES CASSE

\*

VIOLATIONS: 18 U.S.C. § 1014

18 U.S.C. § 1344

\*

18 U.S.C. § 2

\* \* \*

The Grand Jury charges that:

**COUNT 1**

**(False Statement to a Bank)**

**A. AT ALL TIMES MATERIAL HEREIN:**

1. In 2000, defendant **GILLES CASSE**, and other individuals, created a Louisiana corporation called GMD International, doing business as Nolatek. Nolatek was located at 201 N. Hollywood, Houma, in the Eastern District of Louisiana.

2. Defendant **GILLES CASSE** also created another company, Test and Measurement Rentals, LLC. This company was wholly controlled and operated by **GILLES**

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Process \_\_\_\_\_  
X Dktd \_\_\_\_\_  
CtRmDep \_\_\_\_\_  
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**CASSE.** The Nolatek business model involved purchasing used electronic testing equipment, refurbishing the equipment, and reselling the items on the open market.

3. Coastal Commerce Bank (CCB) was a financial institution based in Houma, Louisiana, deposits of which were then insured by the Federal Deposit Insurance Corporation (FDIC). CCB was purchased by Pedestal Bank in 2018.

4. Prosper Bank (PB), was a financial institution based in Texas, the deposits of which were insured by the FDIC.

5. First NBC Bank (FNBC) was a financial institution based in New Orleans, Louisiana, the deposits of which were then insured by the FDIC. FNBC was taken over by the FDIC and the assets were purchased by Hancock Whitney.

6. Gulf Coast Bank (GCB) was a financial institution based in New Orleans, Louisiana, the deposits of which were then insured by the FDIC.

7. The United States Department of Agriculture (USDA) was an executive agency led by the Secretary of Agriculture. The USDA's Rural Development Administration offered loan guarantees to businesses through banks to support economic development. The USDA expected the applicants to be truthful in their applications.

8. The United States Small Business Administration (SBA) was a government agency that ran a program that, according to certain guidelines, provided guarantees to loans made by lenders to small businesses. An SBA guarantee ranged from 50% to 90%. This meant that the SBA would purchase from 50% to 90% of the balance of the guaranteed loan from the note's holder in the event the borrower defaulted. The SBA expected the applicants to be truthful in their applications.

9. Nolatek obtained at least four bank loans for operating capital from 2000-2009.

10. The first loan was valued at \$3.0 million and was originated by CCB, Houma, LA on August 4, 2004. The CCB loan was underwritten by the USDA.

11. The second loan, valued at \$3.0 million and made by PB on November 20, 2007, refinanced the CCB loan and was a USDA Rural Development Business and Industry (USDA RD B&I) guarantee loan. The funds were provided to enable Nolatek to relocate to Terrell, Texas from Louisiana due to Hurricane Katrina and additionally, the funds were used for fees, inventory, and working capital. Nolatek opened a warehouse in Texas, but always remained headquartered in Houma, Louisiana.

12. Nolatek defaulted on the USDA RD B&I guarantee loan on August 20, 2009 and caused the U.S. Government to suffer a total loss of approximately \$2,107,259.55. USDA then paid loan guarantees to banks that purchased the loan from PB: \$1,053,089.24 on March 22, 2010 to Farm Credit Services, \$525,260.85 on March 22, 2010 to Intercredit Bank N.A., and \$528,309.45 on April 26, 2010 to Advance Bank.

13. The third loan, valued at \$1.0 million, was made by FNBC on March 9, 2009. The FNBC loan was guaranteed by the SBA. The FNBC loan was structured as a line of credit. The funds were earmarked to be issued for the purchase of electronic testing equipment. Nolatek was required to submit invoices for the purchase of inventory to FNBC. FNBC would review and approve the request. The funds were to be deposited into Nolatek's operating account.

14. Nolatek defaulted on the SBA loan and caused the U.S. Government to suffer a loss of about a \$1.0 million on or about January 1, 2010.

15. Nolatek was also involved in a factoring agreement with GCB, New Orleans, Louisiana, in or around May 2009. The factoring arrangement involved the financial institution purchasing the accounts receivable at a discount from Nolatek. GCB would receive the accounts

receivable invoices from Nolatek. GCB would deposit the discounted funds into the Nolatek operating account and collect the outstanding balance from the Nolatek customer. GCB made 260 deposits approximating \$2,000,000 starting on February 1, 2007 and ending on December 31, 2009. Gulf Coast Bank did not receive payment from any of the alleged customers. Gulf Coast Bank suffered approximately \$2.0 million in losses.

16. Firm A was an appraisal firm which Nolatek employed to prepare appraisals to submit with loan applications. Firm A used information solely supplied by defendant **GILLES CASSE** for initial valuation of Nolatek inventory. The Nolatek inventory was valued at approximately \$21,489,800 by Firm A based on figures supplied by defendant **GILLES CASSE**. The same inventory was sold in 2010 for approximately \$64,994.56.

17. On his loan applications, defendant **GILLES CASSE** claimed to be a United States citizen. Department of Homeland Security (DHS) records indicate that he is in fact a citizen of the French Republic and not eligible for U.S. government guaranteed loans.

**B. THE FALSE STATEMENT TO PROSPER BANK FOR A UNITED STATES DEPARTMENT OF AGRICULTURE INSURED LOAN:**

18. On or about May 23, 2007, defendant **GILLES CASSE** knowingly prepared a loan application in the Eastern District of Louisiana, for a government insured loan which knowingly contained a false statement, namely an inflated appraisal from Firm A, which overvalued collateral for the purposes of influencing the action of Prosper Bank, a financial institution insured by, and the accounts of which were insured by the FDIC, and which loan was insured by the USDA. Defendant **GILLES CASSE** supplied the initial value of the Nolatek inventory, which he well knew was grossly overvalued and fraudulent. On March 22, 2010, the false statement resulted in the government honoring its guarantee.

19. Furthermore, defendant **GILLES CASSE** verified that he was a citizen of the United States, which was required to qualify for a USDA guaranteed loan. As defendant **GILLES CASSE** well knew, he was a citizen of the French Republic and not a citizen of the United States.

All in violation of Title 18, United States Code, Sections 1014 and 2.

**COUNT 2**  
**(Bank Fraud)**

**A. AT ALL MATERIAL TIMES HEREIN:**

1. The allegations contained in paragraphs A and B of Count 1 are hereby incorporated and re-alleged by reference.

**B. THE SCHEME TO DEFRAUD FNBC BANK:**

2. Beginning in or around March 9, 2009, and continuing until on or about January 1, 2010, in the Eastern District of Louisiana, the defendant, **GILLES CASSE**, did devise a scheme and artifice to defraud FNBC and to obtain moneys, funds, credits, assets, securities, and other property under the care, custody and control of FNBC in the total amount of \$1,000,000 by means of fraudulent pretenses, representations, and promises.

3. In or around 2009, to further his scheme and artifice to defraud, the defendant contracted with Firm A to prepare fraudulent appraisals which grossly inflated the value of the inventory upon which FNBC Bank would base its lending decision and use for collateral if the loan failed. As defendant **GILLES CASSE** well knew, the appraisals were false and fictitious and would never make the bank whole as represented.

4. In or around 2009, in order to further his scheme and artifice to defraud, the defendant structured the FNBC loan as a line of credit.

**C. THE EXECUTION OF THE SCHEME TO DEFRAUD FNBC:**

5. Beginning on or about March 9, 2009 and continuing through on or about January 1, 2010, the defendant, **GILLES CASSE**, applied for a loan and line of credit with FNBC, the deposits of which were insured by the FDIC.

6. To further his scheme and artifice to defraud, the defendant, **GILLES CASSE**, included in the loan application an appraisal from Firm A which was grossly inflated which influenced FNBC to approve a \$1,000,000 loan.

7. Defendant **GILLES CASSE'S** false statement caused FNBC to make disbursements as listed below:

<b>Date</b>	<b>Amount Disbursed</b>
5/1/09	\$12,435.56
5/12/09	\$73,000.00
5/21/09	\$305,000.00
5/26/09	\$64,299.96
6/05/09	\$160,000.00
6/11/09	\$10,000.00
7/27/09	\$20,234.28
7/30/09	\$10,000.00
7/31/09	\$345,030.20
<b>Total</b>	<b>\$1,000,000.00</b>

8. This scheme and artifice to defraud and actions by **GILLES CASSE** caused FNBC to tender to the defendant a total of \$1,000,000 under the care custody and control of the bank, to which the defendant well knew that he was not entitled.

All in violation of Title18, United States Code, Sections 1344 and 2.

**COUNT 3**  
**(False Statement to a Bank)**

**A. AT ALL MATERIAL TIMES HEREIN:**

1. The allegations contained in Counts 1 and 2 are hereby incorporated and re-alleged by reference.

**B. THE FALSE STATEMENTS TO FNBC BANK AND UNITED STATES SMALL BUSINESS ADMINISTRATION:**

2. On or about March 9, 2009, defendant **GILLES CASSE** knowingly prepared a loan application in the Eastern District of Louisiana for a government insured loan which knowingly contained a false statement, namely, an inflated appraisal from Firm A which overvalued collateral for the purposes of influencing the action of First NBC Bank, a financial institution insured by, and the accounts of which were insured by the FDIC, and which loan was insured by the SBA.

3. Defendant **GILLES CASSE** verified on a loan application that he was a citizen of the United States, which was required to qualify for a U.S. Small Business guaranteed loan. As defendant **GILLES CASSE** well knew, he was a citizen of the French Republic and not a citizen of the United States.

4. The \$1 million SBA loan was funded in 2009 to fund his businesses.

5. Defendant **GILLES CASSE** defaulted on the SBA guarantee loan on January 10, 2010 and caused the U.S. Government to suffer a total loss of \$774,041.10.

All in violation of Title 18, United States Code, Sections 1014 and 2.

**COUNT 4**  
**(Bank Fraud)**

**A. AT ALL TIMES MATERIAL HEREIN:**

1. The allegations contained in Counts 1 through 3 are hereby incorporated and re-alleged by reference.

**B. THE SCHEME TO DEFRAUD GULF COAST BANK:**

2. Beginning in or around May 2009, and continuing until September 30, 2010, in the Eastern District Louisiana, the defendant, **GILLES CASSE**, did devise a scheme and artifice to defraud GCB and to obtain moneys, funds, credits, assets, securities, and other property under the care custody and control of GCB in the total amount of \$2,000,000 by means of fraudulent pretenses, representations and promises.

3. To further his scheme and artifice to defraud, defendant **GILLES CASSE** created fictitious sales invoices in order to defraud GCB. Nolatek sold approximately 31 of these fictitious invoices to GCB. GCB deposited the funds into the Nolatek account. GCB made 260 deposits approximating \$2,000,000 starting on February 1, 2007 and ending on December 31, 2009. GCB did not receive payment from any of the alleged customers. Subsequently, GCB attempted to contact the purported owners of the fictitious invoices. GCB learned that the transactions never occurred and that the invoices provided by Nolatek were fictitious.

4. In order to further advance his scheme and artifice to defraud, defendant **GILLES CASSE** created and submitted fraudulent invoices via fax to GCB. Nolatek maintained a factoring agreement with GCB. This factoring agreement was under the personal direction of **GILLES CASSE**. An employee of Nolatek was directed by **GILLES CASSE** to prepare an invoice without a customer purchase order. This deviated from the normal practice of having a



customer purchase order to support the Nolatek invoice. The Nolatek employee followed **GILLES CASSE'S** instructions since he owned Nolatek and feared termination for failing to follow defendant **GILLES CASSE'S** orders.

5. Defendant **GILLES CASSE** would alter original invoices by whiting out a line item and handwriting a different line item. The altered invoice would be photocopied and **GILLES CASSE** would fax this altered invoice to the bank. GCB suffered approximately \$2.0 million in losses.

**C. THE EXECUTION OF THE SCHEME TO DEFRAUD GULF COAST BANK:**

6. Beginning in or around May 2009 and continuing through September 30, 2010, in order to execute his scheme and artifice to defraud GCB, the deposits of which were insured by the FDIC, the defendant **GILLES CASSE** submitted approximately 31 fraudulent invoices representing legitimate business transactions for which he was seeking funds under the care custody and control of GCB, but as he well knew, in truth and in fact, the invoices were fraudulent and fictitious. The invoices are detailed in the chart below:

<b>Date</b>	<b>Invoice</b>	<b>Billed</b>	<b>Actual Value</b>
7/13/2009	09-7013	\$48,200	\$0
7/15/2009	09-7017	\$124,500	\$0
7/20/2009	09-7020	\$35,500	\$0
7/21/2009	09-7031	\$75,500	\$0
7/22/2009	09-7033	\$41,000	\$3,000
7/22/2009	09-7035	\$48,200	\$0
7/22/2009	09-7037	\$38,500	\$2,200

7/23/2009	09-7040	\$39,500	\$0
7/23/2009	09-7041	\$68,000	\$0
7/27/2009	09-7044	\$112,500	\$0
7/31/2009	09-7064	\$32,500	\$0
		<b>July Billed: \$663,900</b>	<b>Actual Value Sold: \$5,200</b>
8/3/2009	09-8032	\$28,500	\$0
8/5/2009	09-8005	\$60,000	\$0
8/11/2009	09-8010	\$37,500	\$0
8/11/2009	09-0812	\$35,000	\$0
8/13/2009	09-8018	\$43,500	\$0
8/20/2009	09-8024	\$42,025	\$0
8/20/2009	09-8025	\$22,000	\$12,000
8/25/2009	09-8030	\$66,000	\$0
8/26/2009	09-8033	\$24,000	\$0
8/27/2009	09-8033	\$24,000	\$0
8/27/2009	09-8037	\$32,400	\$0
		<b>August Billed: \$414,925</b>	<b>Actual Value Sold: \$12,000</b>
9/08/2009	09-9021	\$13,500	\$0
9/10/2009	09-9030	\$22,500	\$0
9/15/2009	09-9041	\$58,000	\$0
9/16/2009	09-9044	\$47,500	\$0
9/23/2009	09-9060	\$22,250	\$0

9/23/2009	09-9061	\$14,000	\$0
9/28/2009	09-9079	\$34,500	\$0
9/28/2009	09-9080	\$28,000	\$0
9/30/2009	09-9083	\$28,500	\$0
		<b>September Billed: \$268,750</b>	<b>Actual Value Sold: \$0</b>
		<b>July, August, and September Billed: \$1,347,575</b>	<b>Total Value Product Sold: \$17,200</b>

The fraudulent invoices caused GCB to release the funds under its care custody and control to defendant **GILLES CASSE**, when he well knew the invoices in part or in whole were false, fictitious and fraudulent.

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

**NOTICE OF FORFEITURE**

1. The allegations of Counts 1 through 4 are realleged and incorporated by reference as though set forth fully herein for the purpose of alleging forfeiture to the United States.

2. As a result of the offenses alleged in Counts 1 through 4, the defendant, **GILLES CASSE**, shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(2)(A), all property, real or personal, constituting or derived from proceeds the defendant obtained directly or indirectly as a result of said offenses.

3. If any of the above-described property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;

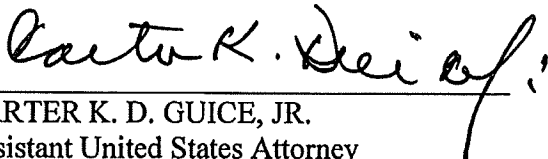
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

the United States shall, pursuant to Title 21, United States Code, Section 853(p), seek forfeiture of any other property of the defendant up to the value of the above-described property.

A TRUE BILL:

  
~~FOREPERSON~~

PETER G. STRASSER  
UNITED STATES ATTORNEY

  
CARTER K. D. GUICE, JR.  
Assistant United States Attorney  
Louisiana Bar Roll No. 16771

New Orleans, Louisiana  
July 25, 2019