



Department of Justice

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Farmers Exchange Bancorp. to Pay United States \$2.1 Million to Settle Allegations of Loan Fraud

WASHINGTON—Farmers Exchange Bancorporation and Farmers Exchange Bank (FEB) located in Cherokee, Okla. have agreed to pay the United States more than \$2 million to settle allegations that they violated the False Claims Act, the Justice Department announced today.

Today's settlement resolves allegations that from 1993 to 2006 FEB submitted false claims to the Farm Service Agency of the Department of Agriculture. In its complaint, the government alleges that FEB improperly charged excessive fees and inflated interest rates on federally-guaranteed agricultural loans, which in turn resulted in FEB's submission of false claims for payment to the United States for guaranteed loss claims and interest assistance payments. The bank will pay a total of 2,127,004 to settle claim.

"Today's settlement demonstrates the United States' commitment to protecting taxpayers from fraud and abuse," said Peter Keisler, Assistant Attorney General for the Justice Department's Civil Division.

The allegations arose from a qui tam lawsuit filed by Ronald Jenlink and Greg Boruff, former agricultural loan customers of FEB, under the whistleblower provisions of the False Claims Act, a federal law that allows private individuals to sue on behalf of the United States. As a result of the settlement, the whistleblowers will receive \$340,320.64.

The lawsuit was unsealed on May 3, 2006 in Oklahoma City, Oklahoma. The civil investigation and settlement were jointly handled by the Office of the United States Attorney for the Western District of Oklahoma and the Civil Division of the Justice Department. The action is entitled United States ex rel. Ronald Jenlink and Greg Boruff v. Farmers Exchange Bancorporation, Inc. and Farmers Exchange Bank, CIV 03-1424-R (W.D. Okla.).

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