

YESTERDAY'S MARKET

DOW JONES	8,579.11	▼	25.88	GOLD	\$836.40	▼	23.20
NYSE	5,616.13	▼	1.63	SILVER	\$10.819	▼	0.27
NASDAQ	1,664.32	▲	11.95	CRUDE OIL	\$33.87	▼	2.35
S&P 500	887.88	▲	2.60	ORANGE JUICE	77.40	▼	1.60
AMEX	1,340.88	▼	11.55	CATTLE	86.77	▲	1.07
RUSSELL 2000	486.26	▲	7.09	TREASURY NOTE (2 YEAR)	0.73	▲	0.06
WILSHIRE 5000	8,923.97	▲	38.44	TREASURY NOTE (10 YEAR)	2.11	▲	0.04

COURT VICTORY FOR BORROWERS

COAST BANK: \$3 million restitution from plea deal is at stake in fraud case

STAFF REPORT

Federal appeals court judges ruled Friday that Coast Bank borrowers were indeed victims in the scheme that involved a former bank executive skimming money from their loans.

Federal prosecutors had maintained that it was the bank that was the victim.

Sarasota attorney Alan Tan-

nenbaum, who represents more than 100 of Coast's borrowers, challenged that notion, and two of the three judges sitting on the 11th Circuit of the U.S. Court of Appeals agreed with him in a ruling filed on Friday. One judge dissented.

"It was the most favorable decision the victims could have hoped for," Tannenbaum said Friday.

At stake is \$3 million in restitution that Philip Coon, Coast's former executive vice president, and co-conspirator John Robert Miller will be ordered

to pay as part of their deals to resolve fraud charges.

Now Tannenbaum will have to demonstrate to the court how much his clients are entitled to and why it is that they should get the money ahead of the government or First Banks Inc., which bought Coast at a steep discount last year. Tannenbaum hopes the first goal is met through closing statements for the loans of each victim.

In Coon's plea agreement,

SEE COAST ON 2D

Appeals court determines Coast borrowers were victims

COAST FROM 1D

The U.S. Attorney's Office stated that the former Bradenton bank was the victim by being deprived of the "intangible right of honest services." With Coast no longer existing as a bank, restitution would have gone either to First Banks or to the federal government because Coast is defunct.

In his argument, Tannenbaum invoked the Crime Victims' Rights Act on behalf of 104 Coast borrowers who he says deserve to share in any restitution. Those customers were overcharged in their loans, and Coon and Miller pocketed the

money, the attorney says. That excess charge was spelled out in their loan agreements.

But prosecutors countered that the additional 1 percent fee Coon and Miller skimmed was actually paid for by the home builder, Construction Compliance Inc., which covered all closing costs. The borrowers did not lose any money.

But Tannenbaum says the loan closing statements reflect all closing costs, including loan fees, being paid out of the loan proceeds by the borrowers. Some of Coast's borrowers have since paid off their mortgages or agreed to loan workouts with First Bank. Other

have lost their homes to foreclosure. All of them, therefore, have paid for the fees that Coon and Miller skimmed, Tannenbaum contends.

Coon pleaded guilty last month to conspiracy to commit wire fraud and money laundering. He faces up to five years in prison and a \$250,000 fine when sentenced next year.

Miller, his partner in the scheme, used his Tampa mortgage brokerage to originate the loans. He pleaded guilty in August and also faces five years and a \$250,000 fine.

In their plea deals, each man will be ordered to pay more than \$1.5 million in restitution.