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Thursday, February 4, 2021

## GPB Capital Founder and CEO Among Three Individuals Indicted in Private Equity Investment Fraud

### The Defendants Allegedly Misrepresented GPB's Performance and Paid Distributions with Investor Funds

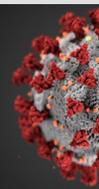
An indictment was unsealed today in federal court in Brooklyn charging three individuals affiliated with GPB Capital Holdings, LLC ("GPB") with securities fraud, wire fraud and conspiracy. Defendants David Gentile, the founder, owner and Chief Executive Officer ("CEO") of GPB; Jeffry Schneider, the owner and CEO of Ascendant Capital LLC ("Ascendant"); and Jeffrey Lash, a former managing partner of GPB, are charged with engaging in a scheme to defraud investors by misrepresenting the source of funds used to make monthly distribution payments to them and the amount of revenue generated by two of GPB's investment funds, GPB Holdings, LP and GPB Automotive Portfolio, LP. The defendants were arrested today, and Gentile will appear this afternoon in federal court in Boston, Massachusetts, Schneider will appear in federal court in Austin, Texas, and Lash in federal court in Fort Myers, Florida.

Seth D. DuCharme, Acting United States Attorney for the Eastern District of New York, and William F. Sweeney, Jr., Assistant Director-in-Charge, Federal Bureau of Investigation, New York Field Office (FBI), announced the charges.

"As alleged, by paying investors from an undisclosed and improper source such as investor capital, the defendants repeatedly misled investors about the health and performance of their investments," stated Acting United States Attorney DuCharme. "This Office is committed to ensuring honesty and integrity in the management of investment funds."

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Mr. DuCharme expressed his grateful appreciation to the Securities and Exchange Commission, New York Regional Office, for their significant cooperation and assistance during the investigation, and thanked the Business Integrity Commission and the New York City Police Department and for their support during the investigation.

“As alleged, the defendants misrepresented the holdings of GPB Capital through deceptive marketing practices, luring investors with promises of monthly distributions that would be covered by funds from the investments and not drawn from underlying invested capital. As we allege today, however, this was all a lie. In truth, a significant portion of GPB’s distributions were paid directly from investor funds. Investment fraud schemes are not only problematic for the victims they claim, but for the overall investing public who loses faith in a free-market system every time they hear of crimes like this. Along with our partners, we’re committed to exposing these frauds whenever and wherever we find them—and holding the fraudsters accountable,” stated FBI Assistant Director-in-Charge Sweeney.

As detailed in the indictment and other court documents, GPB, founded by Gentile in or around 2013, was a New York-based investment advisor registered with the SEC. GPB served as the general partner of several investment funds, including GPB Holdings, LP (“Holdings I”), GPB Holdings II, LP (“Holdings II”), GPB Automotive Portfolio, LP (“Automotive Portfolio”), GPB Waste Management, LP (“Waste Management”) and GPB Cold Storage, LP (“Cold Storage”) (collectively, the “GPB Funds”). The business of GPB Capital was to manage the GPB Funds, which raised and invested capital in a portfolio of private equity investments. Gentile and Schneider worked closely together on the founding, development, operation and marketing of the GPB Funds. From 2013 through early 2018, Lash was responsible for overseeing the GPB Funds’ investments in car dealerships, which made up a sizable percentage of GPB’s portfolio companies.

Between August 2015 and December 2018, the defendants, together with others, allegedly engaged in a scheme to defraud investors and prospective investors in the GPB Funds through material misrepresentations and omissions.

Specifically, Gentile and Schneider, both individually and through employees at Ascendant, represented to investors in Holdings I, Holdings II and Automotive Portfolio that the GPB funds would make a monthly distribution payment to investors that would be fully covered by funds from operations, meaning that the companies purchased by the funds would be sufficiently profitable for the monthly payments to be made from the companies’ cash flow, without drawing from capital raised by investors.

In reality, despite the defendants’ representations, investor capital was used to pay for a significant portion of the distributions made to investors in each of these funds. Gentile and Schneider were aware that the GPB Funds were underperforming, and authorized repeated distribution payments that used investor funds to cover income shortfalls, to the obvious detriment of investors.

The charges in the indictment are allegations, and the defendants are presumed innocent unless and until proven guilty. If convicted, the defendants each face up to 20 years’ imprisonment.

The government’s case is being handled by the Office’s Business & Securities Fraud

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Section. Assistant United States Attorneys Lauren Howard Elbert, Artie McConnell and Garen Marshall are in charge of the prosecution.

**The Defendants:**

DAVID GENTILE

Age: 54

Manhasset, New York

JEFFREY LASH

Age: 51

Naples, Florida

JEFFRY SCHNEIDER

Age: 52

Austin, Texas

E.D.N.Y. Docket No. 21-CR-54 (DG)

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**Attachment(s):**

[Download GPB Indictment](#)

**Component(s):**

[USAO - New York, Eastern](#)

**Topic(s):**

Financial Fraud

Securities, Commodities, & Investment  
Fraud

**Contact:**

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