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PRESS RELEASE

Founder of GPB Capital and CEO of Ascendant Capital Convicted of Fraud Charges

Thursday, August 1, 2024



For Immediate Release

U.S. Attorney's Office, Eastern District of New York

Defendants Raised More Than \$1 Billion from Investors

A federal jury in Brooklyn today convicted David Gentile, the founder, owner and Chief Executive Officer (CEO) of GPB Capital Holdings, LLC (GPB) and Jeffrey Schneider, the owner and CEO of Ascendant Capital LLC (Ascendant Capital), on all counts of an indictment charging them with conspiracy to commit securities fraud, conspiracy to commit wire fraud, and securities fraud; Gentile was also convicted on two counts of wire fraud. The charges related to a years-long scheme to defraud more than 10,000 investors by misrepresenting the source of funds used to make monthly distribution payments and the amount of revenue generated by three of GPB's investment funds. The verdict followed an eight-week trial before United States District Judge Rachel P. Kovner. When sentenced, Gentile and Schneider each faces up to 20 years in prison.

Breon Peace, United States Attorney for the Eastern District of New York and Christie M. Curtis,

Acting Assistant Director in Charge, Federal Bureau of Investigation, New York Field Office (FBI), announced the verdict.

“The jury found that the defendants lied to investors about the health of their funds and the source of fund distribution payments, all while they were fraudulently making those distribution payments with investor capital to maintain the appearance of successful portfolio companies,” stated United States Attorney Peace. “This Office has a proud history of prosecuting fraudsters who abuse the trust of investors, and we will continue to vigorously protect the integrity of the financial markets.”

Mr. Peace expressed his appreciation to the Securities and Exchange Commission, the New York City Business Integrity Commission and the New York City Police Department for their valuable assistance with the case.

GPB, founded in 2013 by Gentile, was a New York-based investment advisor registered with the SEC. GPB was the general partner of several investment funds that raised and invested capital in a portfolio of private equity investments. GPB worked with Ascendant Capital, a marketing firm founded by Schneider, to market the GPB funds to investors. Gentile and Schneider worked closely together on the operation and marketing of GPB funds, receiving regular updates as to the funds’ performance.

As proven at trial, between August 2015 and December 2018, the defendants engaged in a scheme to defraud investors and prospective investors in several GPB funds through material misrepresentations and omissions. Specifically, Gentile and Schneider, both individually and through employees at Ascendant Capital, represented to investors that the funds would make a monthly distribution payment that would be fully covered from operations, meaning that the companies purchased by the funds would be sufficiently profitable for the payments to be made from the companies’ cash flow, without drawing from capital raised by investors.

In reality, when the funds’ performance lagged, the defendants tried to disguise the shortfall with fraudulent, back-dated documents and paid investor distributions out of investor capital. Ultimately, investor capital was used to pay for a significant portion of the distributions made to investors. Gentile and Schneider were aware that the GPB Funds were underperforming and authorized the fraudulent distribution payments.

This case is being handled by the Office’s Business & Securities Fraud Section. Assistant United States Attorneys Artie McConnell, Jessica K. Weigel, Nicholas M. Axelrod and Kate Matthews are in charge of the prosecution, with the assistance of Paralegal Specialists Madison Bates and Allison Henry.

The Defendants:

DAVID GENTILE

Age: 57

Manhasset, New York

JEFFRY SCHNEIDER

Age: 55

Austin, Texas

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

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Updated August 1, 2024

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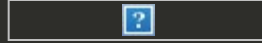
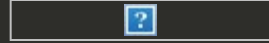


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