



PRESS RELEASE

Former Private Equity Executives Sentenced to Prison

Friday, May 9, 2025

For Immediate Release

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

David Gentile and Jeffry Schneider Defrauded Thousands of Individual Investors in a \$1.6 Billion GPB Capital Funds Scheme

Earlier today, in federal court in Brooklyn, David Gentile, the founder and former Chief Executive Officer (CEO) of GPB Capital, and Jeffry Schneider, the former CEO of Ascendant Capital, were sentenced by United States District Judge Rachel P. Kovner to seven years in prison and six years in prison, respectively, for their roles in a multi-year scheme to defraud more than 10,000 investors by misrepresenting the performance of three GPB Capital private equity funds and the source of funds used to make monthly distribution payments to investors. Collectively, the GPB funds raised approximately \$1.6 billion from investors. Both defendants were convicted by a federal jury in August 2024 following an eight-week trial of securities fraud, securities fraud conspiracy, and wire fraud conspiracy; Gentile was also convicted of wire fraud. Additional penalties of forfeiture and restitution will be imposed at a later date.

Joseph Nocella, Jr., United States Attorney for the Eastern District of New York, and Christopher G. Raia, Assistant Director in Charge, Federal Bureau of Investigation, New York Field Office (FBI), announced the sentences.

“The defendants built GPB Capital on a foundation of lies,” stated United States Attorney Nocella. “They raised approximately \$1.6 billion from individual investors based on false promises of generating investment returns from the profits of portfolio companies, all while using investor capital to pay distributions and create a false appearance of success. The sentences imposed today are well deserved and should serve as a warning to would-be fraudsters that seeking to get rich by taking advantage of investors gets you only a one-way ticket to jail. My Office is committed to protecting the investing public and the integrity of the financial markets.”

Mr. Nocella 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.

“For years, David Gentile and Jeffrey Schneider wove a web of lies to steal more than one billion dollars from investors through empty promises of guaranteed profits and unlawfully rerouting funds to provide an illusion of success. The defendants abused their high-ranking positions within their company to exploit the trust of their investors and directly manipulate payments to perpetuate this scheme. May today’s sentencing deter anyone who seeks to greedily profit off their clients through deceitful practices,” stated FBI Assistant Director in Charge Raia.

As proven at trial, GPB Capital, founded by Gentile in 2013, was a New York-based registered investment advisor. Ascendant Capital, a marketing firm founded by Schneider, was the exclusive placement agent for GPB. GPB Capital’s funds offered private equity-style investments to individual investors. The GPB funds were presented to investors as “income-producing” private equity, meaning that investors would receive monthly distributions from cash flow generated by portfolio companies owned by the GPB funds, in addition to a return on their investment at the end of the fund. In total, GPB and Ascendant Capital raised approximately \$1.6 billion for three funds, GPB Holdings I, LP (Holdings I), GPB Holdings II, LP (Holdings II), and GPB Automotive Portfolio, LP (GPB AP) and together with Holdings I and Holdings II, (the GPB Funds). Gentile and Schneider worked closely on the operation and marketing of the GPB Funds and were personally involved in pitching broker-dealers and registered investment advisors. They were also involved in investment decisions at GPB Capital and in the day-to-day operations of the GPB Funds.

Between approximately 2015 and 2018, the defendants defrauded investors and prospective investors in the GPB Funds through misrepresentations about the performance of the GPB Funds and the source of the investors’ monthly distributions.

In 2015 and 2016, the defendants, with their co-conspirators, used fraudulent, back-dated “performance guarantees” to artificially inflate the income of Holdings I and GPB AP. The performance guarantees were executed by GPB operating partner Jeffrey Lash for certain dealerships owned by the funds and falsely represented that Lash had agreed to cover a

shortfall in profits at the dealerships. In or about March 2015, at the direction of the defendants, Lash executed two performance guarantees falsely representing that he had agreed to cover a shortfall in profits at two dealerships owned by Holdings I for audit year 2014. In April 2016, the defendants and Lash executed another fraudulent performance guarantee for a dealership owned by GPB AP for audit year 2015. Gentile then routed funds from another GPB-owned fund through Lash's accounts to create the appearance that the performance guarantee had been paid. Holdings I and GPB AP booked the fraudulent performance guarantees in their audited financial statements, artificially inflating the funds' returns as presented to investors for 2014 and 2015 respectively. After fraudulently inflating their audited financial statements, the GPB Funds raised approximately \$1 billion from investors.

Between approximately August 2015 and December 2018, the defendants also misrepresented the source of the monthly distributions paid to investors. Specifically, the defendants represented to investors and prospective investors that GPB would pay monthly distributions from income generated by portfolio companies when in fact they used investor capital to cover a significant share of the distributions paid by the GPB Funds. At the direction of the defendants, the GPB Funds used approximately \$100 million in investor capital to cover distributions to investors and maintain the Funds' distribution rates.

Lash, the defendants' co-conspirator, pleaded guilty to wire fraud in 2023 and will be sentenced at a later date.

The government's case is being handled by the Office's Business and Securities Fraud Section. Assistant United States Attorneys Jessica K. Weigel, Nick M. Axelrod, and Kate Mathews are in charge of the prosecution with assistance from Paralegal Specialists Madison Bates and Allison Henry. Assistant United States Attorney Claire Kedeshian is handling forfeiture matters.

The Defendants:

DAVID GENTILE

Age: 58

Manhasset, Long Island

JEFFRY SCHNEIDER

Age: 56

Austin, Texas

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

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Topic

FINANCIAL FRAUD

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Founder and Former CEO of Biscayne Capital Sentenced to 10 Years in Prison for \$130 Million Dollar Fraud Scheme

Earlier today, in federal court in Brooklyn, Roberto Gustavo Cortes Ripalda (Cortes), the co-founder, co-owner, and former Chief Executive Officer of the international investment advisory firm Biscayne Capital, was sentenced...

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April 21, 2025

PRESS RELEASE

Brooklyn-Based Ninedee Gang Member Pleads Guilty to Covid-19 Unemployment Benefits Fraud Scheme

Earlier today, in federal court in Brooklyn, Darnell Jones, also known as “EJ,” pleaded guilty to conspiring to engage in wire fraud and committing aggravated identity theft. During the height...

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Eastern District of New York

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