



FOR IMMEDIATE RELEASE

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ILLINOIS BUSINESSMAN SENTENCED TO FEDERAL PRISON FOR MAKING FALSE STATEMENTS TO A TARP BANK

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP); Zachary T. Fardon, United States Attorney for the Northern District of Illinois; and Robert J. Holley, Special Agent in Charge of the Federal Bureau of Investigation (FBI) Chicago Office, today announced that on May 20, 2015, a former Sandwich, Ill., business owner was sentenced in federal court by U.S. District Judge Frederick J. Kapala for making a false statement to TARP recipient Old Second National Bank.

Steven J. Moorhouse, 62, was sentenced to 21 months in federal prison to be followed by three years of supervised release and was ordered to pay restitution of \$881,012.38 to Old Second National Bank (OSNB), of Aurora, Ill. Moorhouse, who was president and majority owner of Jefscos Manufacturing Co., Inc., a manufacturing business, pleaded guilty to the charge on January 12, 2015.

According to the plea agreement, during July 2009, Moorhouse sought a lender to make business loans to Jefscos and began to provide Jefscos's financial information to OSNB. The plea agreement further indicated that on December 4, 2009, Moorhouse provided OSNB with a document that falsely inflated the value of the accounts receivable owed to Jefscos by hundreds of thousands of dollars. Moorhouse admitted that he was aware that the amount of loan proceeds that OSNB would disburse would be, in part, determined by the amount of receivables.

"Moorhouse lied to TARP recipient Old Second National Bank in order obtain more than \$1 million in loans for his business, and for his criminal lie, Moorhouse will spend the next 21 months in federal prison," said Christy Romero, Special Inspector General for TARP (SIGTARP). "When applying for the bank loan, Moorhouse falsely overstated the amount of money his business was owed from customers through accounts receivable that were the collateral for the loan. Moorhouse claimed that he was trying to save the business, but that does not justify criminally defrauding a TARP bank bailed out by taxpayers to save the bank and the financial system. Old Second was ultimately unable to repay its TARP investment, and taxpayers suffered a \$56 million loss on their investment in the bank. SIGTARP and our law enforcement partners will ensure that justice is served for all crime against a TARP bank no matter the size, because these crimes can add up to jeopardize the bank and taxpayers' TARP investment."

In January 2009, Old Second Bancorp. Inc., the parent company of Old Second National Bank, received \$73 million in federal taxpayer funds through the U.S. Department of the Treasury Troubled Asset Relief

Program (TARP). The bank was unable to repay the TARP investment, and Treasury sold its stake in the bank at auction for a loss of more than \$56 million.

This case was investigated by SIGTARP and the FBI. The case was prosecuted by Assistant U.S. Attorney Michael D. Love.

This prosecution was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. SIGTARP is a member of the task force and co-chairs the Rescue Fraud Working Group. To learn more about the President's Financial Fraud Enforcement Task Force, visit www.StopFraud.gov.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

To report suspected illicit activity involving TARP, dial SIGTARP at 1-877-SIG-2009 (1-877-744-2009) or visit www.SIGTARP.gov/Pages/crimetips.aspx.

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