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FORMER OFFICER OF TARP BANK CONVICTED OF WIRE FRAUD IN REAL ESTATE DEAL

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and John W. Vaudreuil, United States Attorney for the Western District of Wisconsin, today announced that David Weimert, 64, Madison, Wis., was convicted of five counts of wire fraud on April 3, 2015, following a five-day jury trial in federal court in Madison. The jury reached its verdict after eight hours of deliberation.

Weimert was charged with six counts of wire fraud in an indictment returned by a grand jury in February 2014. The evidence at trial showed that from December 2008 until March 31, 2009, Weimert, while working at TARP recipient Anchor Bancorp Wisconsin, Inc. (ABCW) as a senior vice president in Lending Administration, and as the president of Investment Directions, Inc. (IDI), a wholly-owned subsidiary of ABCW, devised and participated in a scheme to defraud IDI and obtain money by means of fraudulent pretenses.

“After a one week trial, the jury convicted David Weimert, a senior officer of AnchorBank, for a fraud he committed during the time the bank applied for and received TARP bailout funds,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “SIGTARP’s investigation with our law enforcement partners revealed that, while in serious financial trouble during the financial crisis, the bank decided that it needed to sell a property to raise funds to make an interest payment that was coming due. The jury convicted this TARP bank officer for a fraud that involved him conning the bank into believing that there was a buyer for the property who conditioned the purchase on Weimert having an ownership stake in the property and Weimert receiving a commission, which was not true. Believing there to be no other option, the bank approved the deal, which netted Weimert the cash he needed to buy the ownership stake. SIGTARP will bring justice and accountability for crime at banks that taxpayers funded with bailout dollars.”

The evidence at trial showed that Weimert devised a scheme to defraud IDI by lying and omitting material facts in an effort to obtain an ownership interest in Chandler Creek, a joint venture partnership formed to develop an industrial park in Round Rock, Texas, and in an effort to obtain a 4% commission fee as part of the sale of Chandler Creek.

At the trial, Weimert's supervisors at the bank testified that Weimert falsely represented that the Burke Group, a commercial real estate developer in Costa Mesa, Calif., would only purchase IDI’s share of Chandler Creek contingent on Weimert purchasing a minority interest of Chandler Creek as part of the

deal. Weimert failed to disclose to the IDI Board of Directors that it was Weimert who desired the minority interest for himself, not the Burke Group.

As a result of Weimert's misrepresentations and omissions, Weimert induced the IDI Board of Directors to accept the Burke Group's offer to purchase Chandler Creek, along with Weimert receiving a 4.785% ownership interest as part of the deal and a 4% commission fee to Weimert, which totaled \$311,680.

In January 2009, Anchor Bancorp Wisconsin, Inc., the parent company of AnchorBank, received \$110 million in federal taxpayer funds through the U.S. Department of the Treasury Troubled Asset Relief Program. In August 2013, the bank filed for bankruptcy reorganization, and as a result, the federal government later suffered a loss of \$104 million on the investment in addition to losing more than \$23 million the bank owed as a result of holding TARP funds.

U.S. District Judge James D. Peterson scheduled sentencing for June 16, 2015, at noon Eastern. Weimert faces a maximum penalty of twenty years in prison on each count.

The charges against Weimert are the result of an investigation by SIGTARP and the Federal Bureau of Investigation. The prosecution of this case is being handled by Assistant U.S. Attorneys Daniel Graber and Antonio Trillo.

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, please 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.

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