

Remarks by Christy L. Romero, Special Inspector General
Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP)

Press Statement
Tuesday, August 6, 2013

***Remarks Regarding the Indictment of Former Premier Bank
Senior Executives and Members of the Board of Directors***

***Massive Bank Fraud Conspiracy and Criminal Enterprise Led to the
Collapse of the Illinois TARP Bank***

On July 10, 2013, SIGTARP federal agents participated in the arrest of Zulfikar Esmail, the former chairman of the board of Premier Bank of Wilmette, Illinois; his wife, Shamim Esmail, who was a senior officer and general counsel of the bank; and two bank directors, Robert McCarty and William Brannin. Premier Bank received \$6.8 million in TARP bailout funds in 2009 based on records submitted by these senior bank officers and directors that are alleged today to be fraudulent. These individuals are charged today for their alleged roles in a massive six-year bank fraud conspiracy and criminal enterprise that led to the collapse of the bank in March 2012. This is the first case stemming from the U.S. financial crisis charging senior executives and directors of a TARP bank for their roles in an alleged criminal enterprise. The failure of Premier Bank cost federal taxpayers nearly \$6.8 million in lost TARP funds, \$64.1 million in losses to the FDIC Deposit Insurance Fund, and deprived the community of a source of lending when needed most.

Zulfikar Esmail today stands charged of using TARP recipient Premier Bank as his personal financial fiefdom and of allegedly exploiting TARP to finance a long-running criminal fraud conspiracy. Esmail, with the help of the other named bank officers and directors, stands accused of threatening and shaking down commercial borrowers to solicit their participation in his illicit schemes to hide the bank's true financial condition. To get a bank loan, some commercial borrowers had to pay Esmail a bribe in cash or make his family members part owners of the business. It is alleged that Esmail made some commercial borrowers at the bank an economic offer they couldn't refuse – if you don't participate in the scheme, the bank collapses, and your business goes away.

Esmail and the other named bank officers and directors allegedly hid their criminal activity from federal banking regulators by cooking the bank's books and by manipulating bank records of loans as a way to disguise the bank's true health, hiding past due loans and taking foreclosed properties off the bank's books. Esmail and the other defendants are alleged to have used these same false records to convince Treasury to give the bank millions of dollars in bailout funds, and today they stand charged with theft by deception for those TARP bailout funds. Esmail is alleged to have used bank funds for construction on his house, including constructing an underground tunnel. Federal taxpayer TARP funds were used to fill holes in the bank's balance sheet caused by the alleged fraud, funds that were lost when the bank collapsed.

This is an ongoing investigation, and SIGTARP and our law enforcement partners will aggressively investigate allegations of TARP related crime and ensure that TARP funds are used for their intended purpose, not to fund criminal activity. SIGTARP stands committed to protecting federal taxpayers and the unprecedented investments made on their behalf through TARP in response to the nation's financial crisis.

I would like to thank Illinois Attorney General Lisa Madigan for her leadership and the diligence of her entire team for investigating and prosecuting the case. I would also like to thank the FDIC Office of Inspector General for its efforts in the investigation.