



SIGTARP

OFFICE OF THE SPECIAL INSPECTOR GENERAL
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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FORMER EXECs OF TARP RECIPIENT CHARGED WITH DEFRAUDING ANOTHER TARP RECIPIENT, U.S. TREASURY PROGRAM

WASHINGTON, DC – Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Illinois Attorney General Lisa Madigan announced today new charges against two former members of the board of directors of the Wilmette-based Premier Bank for defrauding First Midwest Bank, a TARP recipient, and the Department of the Treasury’s Community Development Financial Institutions Fund (CDFI).

Zulfikar Esmail and his wife, Shamim Esmail, both of Evanston, were indicted last year on charges of participating in a scheme to defraud the Troubled Asset Relief Program (TARP) of \$6.8 million and costing the FDIC \$64.1 million when the bank failed on March 23, 2012. The new charges allege more fraud was committed during the pair’s time on the Premier Bank board – an \$8.1 million loan from First Midwest Bank in 2009 and additionally, Shamim Esmail’s obtaining more than \$1 million in the Treasury funds reserved for banks in distressed communities.

“SIGTARP special agents previously participated in the arrest of senior officers of Premier Bank, Zulfikar Esmail and his wife, Shamim Esmail, for a criminal fraud scheme and theft by deception which included charges that they allegedly used fraudulent bank records to apply and receive \$6.8 million in TARP bailout funds under TARP’s bank bailout, which were lost when the bank failed,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “The new charges brought allege that while Premier Bank was in TARP and taxpayers were shareholders in the bank, Shamim Esmail orchestrated a scheme to have the bank defraud another Treasury program out of millions—the CDFI Program—which was designed to promote lending in low and moderate income communities. These are the first criminal charges that we are aware of related to Treasury’s CDFI program. In addition, while Premier Bank was in TARP, the Esmails allegedly defrauded another TARP bank First Midwest Bank out of millions of dollars. SIGTARP and our law enforcement partners will aggressively dig deep to track down and root out hidden TARP-related crime.”

“As these new charges allege, the defendants fraudulently secured federal aid funds at a time when the country’s economy and its major financial institutions were on the brink of disaster,” Madigan said. “Their illegal scheme ultimately resulted in the failure of the bank at a great cost to the bank’s customers and American taxpayers.”

Zulfikar Esmail was indicted on Oct. 16, 2014, in DuPage County on two counts of financial institution fraud and one count of loan fraud for fraudulently obtaining a more than \$8 million loan from First Midwest Bank in 2009, which was a recipient of TARP funds. In December 2008, First Midwest Bancorp, Inc. of Itasca, Ill., the parent of First Midwest Bank, received \$193 million in TARP funds. The Esmails

were charged together with defrauding First Midwest Bank in a workout agreement after they defaulted on the loan.

Shamim Esmail was also indicted on additional charges in Cook County of two counts each of theft and wire fraud for defrauding Treasury's CDFI Fund. Premier Bank fraudulently received more than \$1 million in funds in 2010 and 2011 from two programs under the CDFI Fund which were designed to assist banks in providing banking services to economically distressed communities.

Madigan previously charged the Esmails and two co-defendants, who were also members of the bank's board of directors, alleging that from 2006 until the bank's failure, they hid the poor financial condition of the bank from state regulators. Madigan alleged Zulfikar Esmail engaged in a criminal shakedown scheme, soliciting and demanding bribes in connection with applications made for business loans and lines of credit.

Over a six-year period, the indictment alleged the bank officers submitted numerous fraudulent reports to the Illinois Department of Financial and Professional Regulation, misrepresenting the financial condition of the bank's numerous loans and lines of credit. To cover up the true condition of the bank, the indictment alleged money from third parties was used to make payments on several loans that were past due.

The public is reminded that the defendants are presumed innocent until proven guilty in a court of law.

This case was investigated by SIGTARP and the Office of the Inspector General of the FDIC. Bureau Chief Edward Carter and Assistant Attorneys General Edward Snow and Anshuman Vaidya are handling prosecution of the case for Madigan's Special Prosecutions Bureau.

This case 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. 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.

To report suspected illicit activity involving TARP, dial the **SIGTARP Hotline**: 1-877-SIG-2009 (1-877-744-2009).

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