



SIGTARP

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

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

FOR IMMEDIATE RELEASE

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ILLINOIS BUSINESSMAN INDICTED FOR DEFRAUDING TARP BANK

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Gary S. Shapiro, United States Attorney for the Northern District of Illinois, today announced that Steven J. Moorhouse, 60, of Sandwich, Ill., was indicted by a federal grand jury in Rockford, Ill., on Tuesday on charges related to bank fraud and making false statements. Moorhouse, who was president and majority owner of Jefscos Manufacturing Co., Inc., a manufacturing business known as Fanplastic Molding Company, was charged with four counts of bank fraud and two counts of making a false statement to a financial institution.

“After obtaining loans of more than \$1 million from TARP recipient Old Second National Bank, Moorhouse allegedly fabricated documents and reported false financial information to the bank in order to increase the size of cash advances he could take out on the loans,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “Moreover, rather than deposit customer payments to an account at Old Second as required by his loan agreement, it is alleged that Moorhouse fraudulently transferred the payments to other people and to another bank. All fraud involving TARP is fraud that exploits taxpayer dollars, and SIGTARP, along with our law enforcement partners, will bring to justice those responsible for TARP-related crime.”

According to the indictment, during July 2009, Moorhouse sought a new lender to make business loans to Jefscos and began to provide Jefscos financial information to Old Second National Bank in Aurora, Ill. It is alleged that Moorhouse falsely overstated the value of the accounts receivable owed to Jefscos by hundreds of thousands of dollars, including on a balance due to Jefscos of \$624,000, influencing Old Second National Bank to make a loan to Jefscos. On Dec. 2, 2009, Jefscos signed two promissory notes and related loan documents to receive two loans totaling \$1,350,000. As a condition for making the loans, the bank required Jefscos to pledge its accounts receivable as collateral to the bank for the loans and required that all payments made to Jefscos for accounts receivable be deposited into a Jefscos account at Old Second National Bank. The indictment alleges that during late 2009 and early 2010, Moorhouse deposited Jefscos accounts receivable payments into an account at another financial institution, thereby defrauding the bank and depriving it of its collateral.

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).

Moorhouse appeared in Federal court in Rockford, Ill., on Thursday for arraignment. The arraignment was conducted by United States Magistrate Judge P. Michael Mahoney.

Each count of bank fraud and each count of making a false statement to a financial institution carries a penalty of up to 30 years in prison, a fine of up to \$1 million, and a term of supervised release of up to five years following imprisonment. If convicted, the Court must impose a reasonable sentence under the advisory United States Sentencing Guidelines, as well as restitution.

The investigation was conducted jointly by SIGTARP and the Federal Bureau of Investigation.

Members of the public are reminded that a criminal indictment contains only charges and is not evidence of guilt. The defendant is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt of the defendant beyond a reasonable doubt.

The government is represented 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. 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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