



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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CHAIRMAN AND SENIOR EXECUTIVES OF TARP RECIPIENT PREMIER BANK CHARGED IN CRIMINAL FRAUD SCHEME

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP); Illinois Attorney General Lisa Madigan; and the Federal Deposit Insurance Corporation Office of Inspector General today announced that former members of the board of directors and senior executives at TARP recipient Premier Bank of Wilmette, Ill., have been charged in connection with an alleged wide-ranging and long-running criminal enterprise that cost the federal government more than \$70 million.

Zulfikar Esmail, former chairman of the board of directors; Shamim Esmail, former executive vice president and general counsel; Robert McCarty, an attorney and member of the board; and William Brannin, a member of the board, were formally arraigned earlier today in Cook County (Ill.) Criminal Court on a multi-count indictment for their roles in the alleged scheme at now defunct Premier Bank. It is alleged that the scheme defrauded the U.S. Department of the Treasury of nearly \$6.8 million in TARP funds, and the estimated cost to the FDIC as a result of the bank's failure on March 23, 2012, is \$64.1 million.

The indictment alleges that from 2006 until the failure of the bank, the defendants hid the poor financial condition of Premier Bank from state regulators. It is alleged that Zulfikar Esmail engaged in a criminal shakedown scheme, soliciting and demanding bribes in connection with applications made for business loans and lines of credit to open and operate several Michael's Fresh Market grocery stores in Naperville, Ill.; Downers Grove, Ill.; and Chicago's Hyde Park neighborhood. The indictment alleges Zulfikar Esmail demanded his children be given ownership stakes in the stores in exchange for loans and lines of credit.

It is also alleged that Zulfikar Esmail ordered construction and improvement work done on his Evanston, Ill., home and rental properties he owned, including the construction of an underground tunnel on the property of his home. The indictment alleges Esmail directed the contractor to prepare invoices that fraudulently showed the work was done at the bank in order to bill the bank for the work.

"On July 10, 2013, SIGTARP federal agents participated in the arrest of the individuals charged today, which represents the first criminal enterprise charges brought against officers and directors of a TARP bank," said Christy Romero, Special Inspector General for TARP (SIGTARP). "Esmail, the former chairman of TARP recipient Premier Bank, stands charged of orchestrating a criminal enterprise by using Premier Bank as his personal fiefdom and of exploiting TARP to finance an alleged long-running criminal enterprise while fattening his own pockets at the expense of customers and federal taxpayers. Esmail, his wife who was a senior officer and general counsel of the bank, and two bank directors are charged

with a massive bank fraud conspiracy that hid the true financial condition of the bank. They are also charged with theft by deception for using allegedly fraudulent bank records to get \$6.8 million in TARP bailout funds from Treasury, all of which was lost when the bank collapsed under the weight of this alleged fraud. SIGTARP and our law enforcement partners will aggressively investigate allegations of TARP fraud and ensure that TARP funds are used for their intended purpose, not to fund criminal activity.”

“The perpetrators of this criminal enterprise are charged with using taxpayer funds to further their own shakedown scheme at a time when our country was on the brink of disaster,” Attorney General Madigan said. “Their brazen actions to cover up this fraudulent scheme led to the failure of Premier Bank at the expense of its trusting customers and American taxpayers.”

Over the six-year period, the indictment alleges 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, including payments from a limited liability corporation owned in part by Zulfikar Esmail’s children.

By late 2008, when authorities allege the bank was nearing failure, the bank applied for and received the first of two payments from the U.S. Department of the Treasury Troubled Asset Relief Program (TARP), ultimately receiving a total of \$6.8 million in taxpayer dollars, in order to further the criminal scheme.

The defendants were arrested at their homes on July 10 and appeared in court today to formally face charges.

Zulfikar Esmail, 70, of Evanston, is charged with: Financial institution fraud, organizer of a financial crimes enterprise, continuing a financial crimes enterprise, theft by deception, commercial bribery of a financial institution, and conspiracy to commit a financial crime. He faces a mandatory prison sentence for the Class X felony charges of theft by deception and organizer of a financial crimes enterprise, and each charge carries a mandatory prison sentence of six to 30 years. The remaining charges are Class 1 felonies punishable by four to 15 years in prison.

Defendants Shamim Esmail, 65, of Evanston, Ill.; Robert McCarty, 51, of Geneva, Ill.; and William Brannin, 53, of Chicago are charged with financial institution fraud, continuing a financial crimes enterprise, and conspiracy to commit a financial crime, each a Class 1 felony punishable by four to 15 years in prison. The three defendants additionally face the charge of theft by deception, a Class X felony with a mandatory prison sentence of six to 30 years.

Zulfikar Esmail and Shamim Esmail have been released on a collective \$850,000 bond. McCarty was released on a \$400,000 bond, and Brannin was released on a \$350,000 bond.

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 FDIC Office of Inspector General. Illinois Bureau Chief Edward Carter and Assistant Attorneys General Edward Snow and Anshuman Vaidya are handling the prosecution of the case for Attorney General Madigan’s Special Prosecutions Bureau.

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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