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May 12, 2009

LENA MAN PLEADS GUILTY TO MAKING FALSE STATEMENTS IN A LOAN APPLICATION

ROCKFORD – PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois,; and ROBERT D. GRANT, Special Agent-In-Charge of the Chicago Office of the Federal Bureau of Investigation, today made the following announcement:

ANTHONY J. OXLEY, 41, of Lena, pled guilty today in federal court in Rockford to making materially false statements in a loan application.

According to the plea agreement, in May 2000, Oxley and Terrence Trevethan operated a used car dealership in Lena, Illinois under the name Lena Auto Mart, Inc. On May 19, 2000, Oxley and Trevethan, in their capacity as officers of Lena Auto Mart, Inc., signed a promissory note in the amount of \$500,000 payable to Citizens State Bank, Lena, Illinois in order to obtain a line-of-credit to be used to purchase vehicle inventory commonly referred to in the automotive sales industry as a "floor plan agreement." Oxley and Trevethan also signed a security agreement on May 19, 2000 which granted Citizens State Bank a security interest in the vehicles purchased by Lena Auto Mart with funds borrowed from Citizens State Bank. The security agreement required Lena Auto Mart to remit to Citizens State Bank a portion of the funds obtained from the sale of individual vehicles equal to the amount of Citizen State Bank's security interest in that vehicle immediately upon the sale of each vehicle. The security agreement also gave Citizens State Bank the right to visit Lena Auto Mart periodically and inspect Lena Auto Mart's records and its vehicle inventory to verify that Lena Auto Mart was complying with the terms of the security agreement.

In pleading guilty, Oxley admitted that beginning in September 2001, the vehicle sales volume for Lena Auto Mart began to decline due to an economic downturn. Oxley further admitted that the decline in vehicle sales placed a financial strain on the business and Oxley and Trevethan began having difficulties paying Lena Auto Mart's overhead expenses. Oxley admitted that beginning at least as early as January 2003, Oxley and Trevethan began using the proceeds from vehicle sales to pay operating expenses rather than providing Citizens State Bank with the portion of the sales proceeds which represented Citizens State Bank's security interest in those vehicles. Oxley also admitted that in order to conceal the fact that Oxley and Trevethan were selling the vehicles "out-of-trust," Oxley provided false explanations regarding the whereabouts of the vehicle that had been sold out-of-trust to the Citizens State Bank employees who conducted the periodic vehicle inventory audits. According to the plea agreement, some of the reasons that Oxley provided for the vehicles not being present on the lot at the time of the audits included that the vehicles were being test driven or that they were off the lot to be repaired.

Oxley further admitted that in July 2003, Oxley and Trevethan submitted various documents to Citizens State Bank as part of their application to renew their \$500,000 floor plan agreement. Oxley admitted that in support of Lena Auto Mart's loan application, Oxley and Trevethan provided

Citizens State Bank with financial statements for Lena Auto Mart including a balance sheet as of February 28, 2003. The balance sheet stated that Lena Auto Mart had vehicle inventory valued at \$517,250.39 as of February 28, 2003. Oxley admitted that at the time the balance sheet was submitted to Citizens State Bank, Oxley knew that the vehicle inventory for Lena Auto Mart was substantially less than \$517,250.39 because Oxley and Trevethan had sold vehicles out-of-trust. Oxley further admitted that as a result of Oxley's false statements in the loan application Citizens State Bank sustained a loss of \$239,500.

Sentencing for Oxley will be conducted on August 6, 2009, at 9:00 a.m. Oxley faces a maximum penalty of up to 30 years imprisonment, a period of supervised release of up to five years following imprisonment, a fine of up to \$1,000,000, and restitution. Oxley's actual sentence will be determined by the United States District Court, guided by the United States Sentencing Guidelines.

Terrence Trevethan, 53, of Lena, Illinois, pleaded guilty in a related case on February 18, 2009 to making materially false statements in a loan application. On May 7, 2009, he was sentenced to 18 months in federal prison to be followed by four years on supervised release. United States District Court Judge Philip G. Reinhard also ordered Trevethan to pay \$239,500 in restitution to Citizen's State Bank.

The case was investigated by the Rockford office of the FBI. The case is being prosecuted in federal court by Assistant United States Attorney JOSEPH C. PEDERSEN.

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