



U.S. Department of Justice

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MILLEDGEVILLE MAN CONVICTED OF BANK FRAUD

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:

Today, a federal jury in Rockford, Illinois returned guilty verdicts against **MARVIN PEUGH**, 56, of Milledgeville, Illinois, on bank fraud - one count of filing a false loan application and four counts of check kiting. The jury's verdict followed a 13-day jury trial. Also charged in the indictment was **STEVEN HOLLEWELL**, 63, of Lanark, Illinois, who pled guilty on March 30, 2009, to one count of bank fraud.

According to the indictment, Peugh was President and Hollewell was Secretary of the Grainary, Inc., a business formerly located in Lanark, Illinois, engaged in purchasing, selling, drying, and storing grain. Peugh and Hollewell were also officers, shareholders and directors of Agri-Tech, Inc., an Illinois corporation engaged in the business of custom farming services. The indictment alleged the two men managed the day to day business of the Grainary and Agri-Tech, Inc., and between January 1999 and August of 2000 were involved in a scheme to defraud several banks by obtaining loans to the Grainary by making false statements and representations to banks concerning contracts for the future delivery of grain by Agri-Tech, Inc. to the Grainary. According to the indictment, in order to obtain the loans, Peugh and Hollewell created fraudulent and misleading contracts for the future delivery and sale of hundreds of thousands of bushels of grain by Agri-Tech to the Grainary. The contracts were for Agri-Tech to deliver and sell grain it allegedly produced when, in fact, Agri-Tech did not own or lease any land or receive grain from any land on which it operated.

The indictment also alleged that Peugh and Hollewell engaged in a scheme known as a "check kite." A "check kite" is a situation where one or more persons write, or cause to be written, numerous checks drawn on more than one checking account where checks are deposited into the accounts in such a manner and at such times to artificially and fraudulently inflate the apparent balances in each of the accounts.

According to the indictment, Peugh and Hollewell were authorized to sign checks on and make deposits to various bank accounts, and caused a series of checks made payable to themselves, the Grainary, the Hope Group, Inc. and others, to be written and drawn on the accounts, knowing that the balance in each account was insufficient to cover these checks. Defendants caused worthless checks drawn on these accounts to be deposited into other accounts to create false balances in those accounts in order to deceive those banks into honoring and paying checks drawn on those accounts.

The indictment alleged that as a result of the artificially inflated balances generated by the defendants, they were able to withdraw approximately \$460,000 from the inflated accounts at the banks, which was not supported by actual funds.

Sentencing for Peugh will be conducted on March 19, 2010. Steven Hollewell is scheduled to be sentenced on January 13, 2010, at 2:30 p.m. Each defendant 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. Each defendants' actual sentence will be determined by the United States District Court, guided by the United States Sentencing Guidelines.

The case was investigated by the Rockford office of the FBI. The case is being prosecuted in federal court by Assistant United States Attorneys MICHAEL D. LOVE and MONICA V. MALLORY.

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