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**WOODSTOCK MAN PLEADS GUILTY TO FEDERAL
BANK FRAUD AND MONEY LAUNDERING CHARGES**

ROCKFORD — A Woodstock, Ill., man pleaded guilty today in Federal Court to charges of bank fraud and money laundering. **JON C. SHAIN**, 50, admitted that he defrauded Amcore Bank (now known as BMO Harris Bank) in pleading guilty before U.S. District Judge Philip G. Reinhard, who scheduled Shain's sentencing hearing for 9:30 a.m. on Dec. 2, 2011.

According to court documents, Shain sought a loan from Amcore in the late summer and early fall of 2004 to start a business to coat metal parts. In October 2004, Shain created Coating Technologies, Inc., and served as its only officer and director. In November 2004, Amcore agreed to loan Coating Technologies \$884,000 to purchase a building and equipment. In June, July and August of 2005, loan proceeds were paid to Coating Technologies by Amcore based upon settlement sheets provided by Shain, with accompanying invoices and documents in support of the purchase of equipment. However, as stated in a written plea agreement, Shain submitted false and fraudulent invoices regarding the purchase and price of equipment and related services, among which were invoices from Industrial Equipment Supply Corp., and Qualified Industrial Services. According to the plea agreement, Shain was also doing business as Industrial Equipment Supply Corporation, but used a false address and concealed his ownership to avoid any further inquiries by Amcore. In addition, Qualified Industrial Services was a sham device used by Shain to defraud Amcore, using

the name and address deceptively similar to an actual business Shain had transacted business with in South Carolina.

The plea agreement also provides that in February 2006, Coating Technologies and an unrelated business combined to do business as Barron Finishing Technologies, Inc., created and owned by a partnership that included Shain and in which he served as President. Barron Finishing obtained Amcore loans of more than \$2 million to purchase real estate and equipment. The plea agreement states that Shain submitted false and fraudulent invoices and documents to Amcore to draw proceeds from Amcore loans to the partnership and Barron Finishing, drawing hundreds of thousands of dollars more than the actual cost of equipment, and using the loans to acquire real estate that was not permitted by the terms of the loan. Shain admitted that after depositing part of the proceeds from the bank fraud scheme into a Qualified Industrial Services Chase Bank account, he issued a check to Industrial Equipment, which he later used in part to purchase property on Hydraulic Road, in Rockford, in the name of Industrial Equipment.

The plea agreement states that Shain separately withdrew \$68,000 and \$90,000 from Industrial Equipment, knowing it was money derived from loans he fraudulently obtained from Amcore, and used the money to purchase property on Chatsworth Drive and Stratford Avenue, located in Rockford, both in the name of Rock River Reality, LLC, an entity Shane alone controlled.

In the plea agreement, Shain acknowledged that the real and personal property located on Hydraulic Road, Chatsworth Drive, and Stratford Avenue, all in Rockford, constitute proceeds of the violations and that the property is subject to forfeiture.

Bank fraud carries a maximum penalty of 30 years in prison and a \$1 million fine; and each count of money laundering carries a maximum penalty of up to 10 years in prison and a fine of up to \$250,000. The Court may also impose a fine totaling twice the loss to any victim or twice the

gain to the defendant, whichever is greater. The actual sentence will be determined by the United States District Court, guided by the advisory United States Sentencing Guidelines.

The guilty plea was announced by 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 Federal Bureau of Investigation.

The government was represented by Assistant U.S. Attorney Michael D. Love.

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