

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
WESTERN DIVISION

UNITED STATES OF AMERICA)
)
) No. _____
 v.)
)
 STEVEN J. MOORHOUSE) Violations: Title 18, United
) States Code, Sections 1014
) and 1344

COUNT ONE

The MARCH 2013 GRAND JURY charges:

1. At times material to this Indictment:

(a) Jefesco Manufacturing Co., Inc. (hereinafter “Jefesco”), was an Illinois corporation that operated a manufacturing business in Sandwich, Illinois. Jefesco operated its manufacturing business under the name Fanplastic Molding Company. Defendant STEVEN J. MOORHOUSE owned a controlling interest in Jefesco and was its President.

(b) Among the assets of Jefesco were its “accounts receivable.” An account receivable represents money owed to a business by a customer.

(c) Old Second National Bank (hereinafter “Old Second”) was a financial institution with its principal office in Aurora, Illinois, the deposits of which were insured by the Federal Deposit Insurance Corporation.

(d) Prior to July 16, 2009, the defendant sought a loan for Jefscos from Old Second. To decide whether it would loan money to Jefscos, Old Second required Jefscos to provide financial information. The Jefscos financial information that the defendant provided to Old Second included information about Jefscos's accounts receivable.

(e) On or about December 2, 2009, Old Second made two loans to Jefscos that totaled more than One Million Dollars. Disbursement of the loans occurred December 4, 2009.

(f) As a condition for making the loans, Old Second required Jefscos to pledge its accounts receivable as collateral to Old Second for the loans. Old Second also required Jefscos to open a deposit account, known as the "Collateral Account," at Old Second, and deposit all accounts receivable payments into the Collateral Account.

(g) One of the loans was a revolving multiple advance draw loan (the "Revolving Loan"). The Revolving Loan allowed Jefscos to borrow a percentage of the value of its inventory and accounts receivable. The amount available to be borrowed on the Revolving Loan was limited to \$1,100,000.

(h) The value of Jefscos's inventory and accounts receivable varied according to its day to day business. Old Second required Jefscos to periodically provide Old Second with updated financial information so that Old Second knew the maximum amount Jefscos was allowed to borrow on the

Revolving Loan. One part of the financial information Jefsco was required to provide was a document known as a “borrowing base certificate.” In these borrowing base certificates the defendant represented to Old Second the value of Jefsco’s inventory and accounts receivable, and the maximum amount that Jefsco could borrow on the Revolving Loan.

(i) The Revolving Loan had a term of one year and Jefsco was required to make monthly payments of interest. Deposits into the Collateral Account were applied as payments on the Revolving Loan. Withdrawals and checks written by Jefsco from the Collateral Account were treated as disbursements to Jefsco from the Revolving Loan.

2. Beginning not later than July 2009, and continuing to in or about March 2010, at Sandwich, Illinois, in the Northern District of Illinois, Western Division, and elsewhere,

STEVEN J. MOORHOUSE,

defendant herein, knowingly devised, intended to devise and participated in a scheme to defraud Old Second, and to obtain money and other property owned by, and under the custody and control of Old Second, by means of materially false or fraudulent pretenses, representations, and promises.

3. It was the object of the scheme to defraud that defendant increased the amount of money he borrowed from Old Second through false and fraudulent representations of the value of Jefsco’s accounts receivable. It

was a further object of the scheme to defraud that defendant deprived Old Second of possession and control of certain Jefscos accounts receivable payments.

4. It was a part of the scheme to defraud that defendant submitted and caused to be submitted to Old Second, borrowing base certificates that falsely and fraudulently represented the value of Jefscos accounts receivable.

5. It was a further part of the scheme to defraud that defendant fabricated and caused to be fabricated, records of accounts receivable that falsely and fraudulently misrepresented the unpaid amount of accounts receivable.

6. It was a further part of the scheme to defraud that when Old Second observed and investigated the deterioration of Jefscos financial situation shortly after the loans were made, the defendant made false and fraudulent representations to Old Second about the reasons for Jefscos financial deterioration—in an effort to avoid discovery of his scheme to defraud Old Second.

7. It was a further part of the scheme to defraud that defendant deposited and caused the deposit of Jefscos accounts receivable payments into a deposit account at Inland Bank rather than into the Collateral Account at Old Second as required.

8. It was a further part of the scheme to defraud that defendant would endorse Jefscos accounts receivable payment checks to other persons rather than deposit the payments into the Collateral Account as required.

9. On or about December 4, 2009, at Sandwich, in the Northern District of Illinois, Western Division, and elsewhere,

STEVEN J. MOORHOUSE,

Defendant herein, for the purpose of executing and attempting to execute the above described scheme, knowingly submitted and caused to be submitted to Old Second, a borrowing base certificate and an accounts receivable aging report that falsely and fraudulently over-represented the amount of accounts receivable owed to Jefscos by its customers;

In violation of Title 18, United States Code, Section 1344.

COUNT TWO

The MARCH 2013 GRAND JURY further charges:

1. Paragraphs 1 through 8 of Count One of this Indictment are re-alleged and incorporated herein as if fully set forth.

2. On or about January 20, 2010, at Lake Zurich, Illinois, in the Northern District of Illinois, and elsewhere,

STEVEN J. MOORHOUSE,

defendant herein, for the purpose of executing and attempting to execute the above described scheme, knowingly deposited and caused to be deposited, check nos. 43420 and 1407597 into a deposit account at Inland Bank, which checks the defendant then well knew were payments to Jefsc0 for accounts receivable and were required to have been deposited into the Collateral Account;

In violation of Title 18, United States Code, Section 1344.

COUNT THREE

The MARCH 2013 GRAND JURY further charges:

1. Paragraphs 1 through 8 of Count One of this Indictment are re-alleged and incorporated herein as if fully set forth.

2. On or about February 8, 2010, at Lake Zurich, Illinois, in the Northern District of Illinois, and elsewhere,

STEVEN J. MOORHOUSE,

defendant herein, for the purpose of executing and attempting to execute the above described scheme, knowingly deposited and caused to be deposited, check no. 12530 into a deposit account at Inland Bank, which check the defendant then well knew was a payment to JefSCO for an account receivable and was required to have been deposited into the Collateral Account;

In violation of Title 18, United States Code, Section 1344.

COUNT FOUR

The MARCH 2013 GRAND JURY further charges:

1. Paragraphs 1 through 8 of Count One of this Indictment are re-alleged and incorporated herein as if fully set forth.

2. On or about March 8, 2010, at Lake Zurich, Illinois, in the Northern District of Illinois, and elsewhere,

STEVEN J. MOORHOUSE,

defendant herein, for the purpose of executing and attempting to execute the above described scheme, knowingly deposited and caused to be deposited, check no. 1424860 into a deposit account at Inland Bank, which check the defendant then well knew was a payment to Jefsc0 for an account receivable and was required to have been deposited into the Collateral Account;

In violation of Title 18, United States Code, Section 1344.

COUNT FIVE

The MARCH 2013 GRAND JURY further charges:

1. Paragraph 1 of Count One of this Indictment is re-alleged and incorporated herein as if fully set forth.

2. On or about December 4, 2009, at Sandwich, in the Northern District of Illinois, Western Division, and elsewhere,

STEVEN J. MOORHOUSE,

defendant herein, for the purpose of influencing the action of Old Second, a bank the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan to Jefscro, knowingly made a false statement and report of a material fact in that the defendant submitted a borrowing base certificate and an accounts receivable aging report to Old Second, which borrowing base certificate and accounts receivable aging report he knew to be false and fictitious, in that they falsely overstated the value of the accounts receivable by hundreds of thousands of dollars;

In violation of Title 18, United States Code, Section 1014.

COUNT SIX

The MARCH 2013 GRAND JURY further charges:

1. Paragraph 1 of Count One of this Indictment is re-alleged and incorporated herein as if fully set forth.

2. In or about March 2010, at Sandwich, in the Northern District of Illinois, Western Division, and elsewhere,

STEVEN J. MOORHOUSE,

defendant herein, for the purpose of influencing the action of Old Second, a bank the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan to Jefscos, knowingly made a false statement and report of a material fact in that the defendant submitted a March 4, 2010 accounts receivable aging report that stated a balance due to Jefscos of \$624,000, which report he knew to be false and fictitious, in that it falsely overstated the amount of accounts receivable owed to Jefscos;

In violation of Title 18, United States Code, Section 1014.

TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY