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MADIGAN: NEW CHARGES AGAINST PREMIER BANK BOARD MEMBERS IN CRIMINAL FRAUD SCHEME

Attorney General Alleges Fraud by Former Board Members of Wilmette Bank against U.S. Treasury Fund, First Midwest Bank

Chicago — Attorney General Lisa Madigan today joined with the Special Inspector General for the U.S. Department of the Treasury's Troubled Asset Relief Program (TARP) to announce new charges against two former members of the board of directors of the Wilmette-based Premier Bank for defrauding First Midwest Bank and the Department of Treasury's Community Development Financial Institutions Fund.

Madigan announced the new charges against Zulfikar Esmail and his wife Shamim Esmail, both of Evanston, following indictments last year for a scheme to defraud TARP of \$6.8 million and which cost the FDIC \$64.1 million when the bank failed on March 23, 2012. The new charges allege more fraud was committed during the pair's time on the Premier Bank board – an \$8.1 million loan from First Midwest Bank in 2009 and additionally, Shamim Esmail's obtaining more than \$1 million in TARP funds reserved for banks in distressed communities.

"As these new charges allege, the defendants fraudulently secured federal aid funds at a time when the country's economy and its major financial institutions were on the brink of disaster," Madigan said. "Their illegal scheme ultimately resulted in the failure of the bank at a great cost to the bank's customers and American taxpayers."

Zulfikar Esmail was indicted on Oct. 16 in DuPage County on two counts of financial institution fraud and one count of loan fraud for fraudulently obtaining a more than \$8 million loan from First Midwest Bank in 2009, which was a recipient of TARP funds. The Esmails were charged together with defrauding First Midwest Bank in a workout agreement after they defaulted on the loan.

Shamim Esmail was also indicted on additional charges in Cook County of two counts each of theft and wire fraud for defrauding TARP's Community Development Financial Institutions (CDFI) Fund. Premier Bank fraudulently received more than \$1 million in funds in 2010 and 2011 from two programs under the CDFI Fund which were designed to assist banks in providing banking services to economically distressed communities.

Madigan previously charged the Esmails and two co-defendants, who were also members of the bank's board of directors, alleging that from 2006 until the bank's failure, they hid the poor financial condition of the bank from state regulators. Madigan alleged Zulfikar Esmail engaged in a criminal shakedown scheme, soliciting and demanding bribes in connection with applications made for business loans and lines of credit.

Over a six-year period, the indictment alleged 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.

The public is reminded that the defendants are presumed innocent until proven guilty in a court of law.

This case was investigated by the Office of the Special Inspector General for TARP and the Office of the Inspector General of the FDIC. Bureau Chief Edward Carter and Assistant Attorneys General Edward Snow and Anshuman Vaidya are handling prosecution of the case for Madigan's Special Prosecutions Bureau.

For copies of the new indictments, contact Madigan's press office at (312) 814-3118.

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