

THE UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT *of* ILLINOIS

Department of Justice
U.S. Attorney's Office
Southern District of Illinois

FOR IMMEDIATE RELEASE
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Former Bank VP Admits to Arson and Bank Fraud

BENTON, Ill. – A former vice president and loan officer for Community First Bank of the Heartland in Mount Vernon admitted in federal court in Benton on Friday morning to multiple acts of arson and bank fraud.

Richard Pigg, 52, pleaded guilty to six counts of bank fraud and three counts of arson. The defendant currently resides in Texas, but he lived in Mount Vernon, Illinois, at the time of the charged conduct from May 2011 to December 2016.

“Richard Pigg not only used his professional position to deceive his victims and defraud the bank that employed him, he also risked the lives and safety of our heroic first responders when he chose to burn houses and apartment buildings to collect even more money he wasn’t entitled to,” said U.S. Attorney Rachele Aud Crowe. “In this proven pattern of conniving and hazardous actions, I appreciate the work by our federal law enforcement partners to put an end to the defendant’s dangerous financial ploys.”

“Arson is never a victimless crime, nor should we ever allow ourselves to think of it as such. The criminal use of fire, whether to conceal crime, intimidate, or as in this case, defraud others erodes trust in our institutions and endangers the lives of those who selflessly respond, day or night or extinguish the flames,” said Bernard Hansen, Special Agent in Charge, Bureau of Alcohol, Tobacco, Firearms and Explosives, Kansas City Field Division.

The defendant used his position as vice president and a loan officer to defraud more than \$600,000 from CFBH to purchase investment properties and to pay personal expenses.

According to court documents, Pigg convinced bank customers to buy rental properties in Centralia, Mount Vernon, Murphysboro, and West Frankfort on his behalf through mortgage loans financed at CFBH. Pigg concealed his personal financial interest from CFBH while facilitating the loans.

As part of the scheme, the defendant assured his victims that he would secure the tenants, collect the rent, and maintain the properties. The victims received income from the rental properties held in their names.

In addition, without the victims' consent, the defendant at times increased the amount financed in the mortgage loan by thousands of dollars above the purchase price and redirected the excess loan proceeds to his own accounts and to pay his own debts.

In addition to bank fraud, Pigg also pleaded guilty to federal arson charges for burning the Centralia rental property twice—once in January when it was only partly damaged and again in February 2016, this time causing a total loss. He used the insurance benefits from the fires to pay off the mortgage loan on the property.

Pigg also burned a four-unit rental apartment complex in West Frankfort in January 2016 soon after renewing one insurance policy and less than two weeks after taking out a second insurance policy on the property.

Agents with ATF and the Federal Housing Financial Authority of the Office of the Inspector General contributed to the investigation. Assistant U.S. Attorneys Peter T. Reed and Kevin F. Burke are prosecuting the case.