

Former Bank VP Sentenced to 12 Years in Prison on Bank Fraud, Arson Charges

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U.S. Attorney's Office, Southern District of Illinois

Lauren Barry, Public Affairs Officer

Lauren.Barry@usdoj.gov

BENTON, Ill. – A former vice president and loan officer for Community First Bank of the Heartland in Mount Vernon who committed bank fraud and multiple arsons was sentenced in federal court in Benton on Thursday to 12 years in prison.

Richard Pigg, 53, previously pleaded guilty in April 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.

During his hearing, the sentencing judge described Pigg as a “Jekyll and Hyde” who destroyed people’s lives with his horrific fraud. Pigg had relied on letters of support citing his good works, but the judge told Pigg that this was like a man who robs a bank, gives some of money to a homeless shelter, then burns the homeless shelter down and wants credit for donating to the homeless shelter.

"For more than half a decade, Richard Pigg abused his position of trust to defraud his bank, take advantage of his customers and skim money off of inflated loans," said U.S. Attorney Rachelle Aud Crowe. "When his financial schemes unraveled, he burned the houses to use insurance money in an attempt to cover the loans. For this pattern of fraud and fire that financially ruined his victims, put innocent lives at risk and injured a first responder, Richard Pigg is fully deserving of 12 years in federal prison."

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 the sentence imposed in this case clearly indicates, the investigation and prosecution of crimes of arson remains a priority for ATF and the United States Attorney. The criminal use of fire, whether to conceal crime, intimidate, or defraud others, places lives and property at great risk and endangers 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.

As part of the scheme, Pigg assured his victims that he would secure the tenants, collect the rent and maintain the properties.

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 an attempt to use insurance benefits to pay off bank loans, Pigg burned multiple properties. Some properties Pigg burned more than once, such as a Centralia property that was partially damaged in January 2016 and then destroyed by fire in February 2016.

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.

Under Truth in Sentencing, Pigg must serve at least 85% of his sentence. Following imprisonment, he will serve three years of supervised release.

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 prosecuted the case.

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