

PRESS RELEASE

Former Attorney Sentenced to 25 Years in Federal Prison on Embezzlement and Fraud Charges in Connection With Collapse of Washington Federal Bank

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

CHICAGO — A former attorney has been sentenced to 25 years in federal prison for embezzlement and fraud in connection with the failure of Washington Federal Bank for Savings in Chicago.

ROBERT M. KOWALSKI served a key role in an embezzlement scheme at Washington Federal. The bank, which was based in Chicago's Bridgeport neighborhood, was shut down in 2017 after the Office of the Comptroller of the Currency determined that it was insolvent and had at least \$66 million in nonperforming loans. Much of the money was transferred to Kowalski, who at the time was a licensed attorney, and two real estate developers without all of the required documentation and often without any documentation whatsoever. The embezzled funds were falsely identified in the bank's records as loan disbursements, even though the bank never required Kowalski to repay the money.

After the collapse of the bank, the Federal Deposit Insurance Corp. attempted to collect the money and properties that Kowalski obtained as part of the embezzlement scheme. Kowalski responded by filing a fraudulent bankruptcy case, in which he attempted to conceal his possession of numerous assets. To substantiate numerous misrepresentations in his bankruptcy filings and avoid paying taxes, Kowalski filed false

corporate and personal tax returns for several years. He also failed to file any returns at all for two years.

Kowalski, 62, of Robbins, Ill., was convicted last year of embezzlement, bankruptcy fraud, and tax fraud charges. In addition to the prison term, U.S. District Chief Judge Virginia M. Kendall on Tuesday ordered Kowalski to pay restitution of \$7.2 million to the FDIC and \$424,047 to the IRS.

The sentence was announced by Morris Pasqual, Acting United States Attorney for the Northern District of Illinois; Vincent R. Zehme, Special Agent-in-Charge of the Chicago Region of the FDIC's Office of Inspector General; Machel L. Jindra, Special Agent-in-Charge of the U.S. Department of Housing and Urban Development's Office of Inspector General in Chicago; Ramsey E. Covington, Acting Special Agent-in-Charge of IRS Criminal Investigation Chicago Field Office; Korey Brinkman, Acting Special Agent-in-Charge of the Central Region of the Federal Housing Finance Agency, Office of Inspector General; Douglas S. DePodesta, Special Agent-in-Charge of the Chicago Field Office of the FBI; Andrea Peacock, Special Agent-in-Charge of the Department of the Treasury, Office of Inspector General; Deborah Witzburg, City of Chicago Inspector General; and Kathryn B. Richards, Chicago Housing Authority Inspector General. Valuable assistance was provided by the U.S. Trustee Program. The government was represented by Assistant U.S. Attorneys Michelle Petersen, Kristin Pinkston, and Jeffrey Snell, and Special Assistant U.S. Attorney Brian Netols.

The federal criminal investigation into the bank's collapse led to charges against a total of 16 defendants, including the bank's Chief Financial Officer, Treasurer, and other high-ranking employees. Four defendants were convicted after jury trials, while ten defendants pleaded guilty and two entered into deferred prosecution agreements.

Robert Kowalski's sister, JAN R. KOWALSKI, also formerly an attorney, pleaded guilty and is serving a two-and-a-half-year prison sentence for fraudulently enabling her brother to conceal more than \$357,000 from creditors and the trustee in his bankruptcy case.

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