

PRESS RELEASE

# Former Board Member of Failed Washington Federal Bank in Chicago Sentenced to Prison for Falsifying Records and Obstructing Regulators

Wednesday, January 31, 2024

**For Immediate Release**

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

CHICAGO — A former board member of the failed Washington Federal Bank for Savings in Chicago was sentenced today to 18 months in federal prison for conspiring to falsify bank records to deceive the Office of the Comptroller of the Currency and for filing false tax returns.

WILLIAM M. MAHON, 57, of Chicago, pleaded guilty last year to conspiracy and tax charges. In addition to the prison term, U.S. District Judge Virginia M. Kendall ordered Mahon to pay a fine of \$75,000.

Washington Federal, which was based in Chicago's Bridgeport neighborhood, was shut down in 2017 after the Office of the Comptroller of the Currency determined that the bank was insolvent and had at least \$66 million in nonperforming loans. When the OCC was evaluating Washington Federal's loan portfolio prior to its failure, Mahon and other board members made and caused to be made false entries in bank records and provided them to the OCC with the intent to deceive the agency and obstruct its examination. They also falsified records to make it appear that Washington Federal was operating in compliance with banking rules and internal policies and controls.

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; Justin Campbell, Special Agent-in-Charge of IRS Criminal Investigation in Chicago; Catherine Huber, Special Agent-in-Charge of the Central Region of the Federal Housing Finance Agency, Office of Inspector General; Robert W. "Wes" Wheeler, Jr., 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 is 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 criminal charges against 16 defendants, including the bank's Chief Financial Officer, Treasurer, and other high-ranking employees, for conspiring to embezzle at least \$31 million in bank funds. Four defendants were

convicted after jury trials, while ten defendants pleaded guilty and two entered into deferred prosecution agreements.

Much of the money was transferred to Chicago attorney ROBERT M. KOWALSKI and real estate developers MIROSLAW KREJZA and MAREK MATCZUK without all of the required documentation and often without any documentation whatsoever. Juries last year convicted Robert [Kowalski, Krejza, and Matczuk](#) on embezzlement and fraud charges. They are awaiting sentencing. Robert Kowalski's sister, JAN R. KOWALSKI, also an attorney, pleaded guilty and was [sentenced in 2023 to more than three years in prison](#) for fraudulently enabling her brother to conceal more than \$357,000 from creditors and the trustee in his bankruptcy case.

Chicago attorney PATRICK D. THOMPSON was convicted by a jury in 2022 of making false statements to the Federal Deposit Insurance Corp. regarding the amount of money he received from Washington Federal via a purported loan and other unsecured payments. He was also convicted of filing tax returns in which he falsely deducted interest that he had not actually paid to Washington Federal. Daley was [sentenced to four months](#) in federal prison.

*Updated February 6, 2024*