

PRESS RELEASE

Three Board Members of Failed Washington Federal Bank in Chicago Guilty of Falsifying Records and Obstructing Regulators

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For Immediate Release

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

CHICAGO — Three former board members of the failed Washington Federal Bank for Savings in Chicago have pleaded guilty in federal court to conspiring to falsify bank records to deceive the Office of the Comptroller of the Currency.

WILLIAM M. MAHON, 56, of Chicago, and GEORGE F. KOZDEMBA, 73, of Fort Myers, Fla., pleaded guilty to the conspiracy charge during a hearing Monday before U.S. District Judge Virginia M. Kendall. Mahon's guilty plea also included a tax offense for willfully filing false income tax returns. Last week, JANICE M. WESTON, 65, of Orland Park, Ill., pleaded guilty to the conspiracy charge. Judge Kendall set sentencings for Oct. 20, 2023, for Weston; Dec. 11, 2023, for Mahon; and Dec. 12, 2023, for Kozdemba. The conspiracy charge is punishable by up to five years in federal prison. The additional tax offense against Mahon is punishable by up to three years.

Mahon, Kozdemba, and Weston were members of Washington Federal's Board of Directors. Weston also served as the bank's Senior Vice President and Compliance Officer. Washington Federal was closed in 2017 after the OCC determined that the bank was insolvent and had at least \$66 million in nonperforming loans. A federal investigation led to criminal charges against 16 defendants, including charges against the bank's Chief Financial Officer, Treasurer, and other high-ranking employees, for conspiring to embezzle at least \$31 million in bank funds. Eight defendants have pleaded guilty or entered into agreements to cooperate with the government.

Much of the money was transferred to Chicago attorney ROBERT M. KOWALSKI and other individuals outside the bank without all of the required documentation and often without any documentation whatsoever. A jury earlier this year convicted Robert Kowalski on [embezzlement and fraud charges](#). He is awaiting sentencing.

Robert Kowalski's sister, JAN R. KOWALSKI, also an attorney, pleaded guilty and was [sentenced in June to more than three years in federal prison](#) for fraudulently enabling her brother to conceal more than \$357,000 from creditors and the trustee in his bankruptcy case.

Last year, Chicago attorney PATRICK D. THOMPSON was convicted by a jury 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. Thompson was [sentenced to four months](#) in federal prison.

When the OCC was evaluating Washington Federal's loan portfolio prior to its failure, Mahon, Weston, Kozdemba, and others 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 guilty pleas were 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 Brian Netols, and Special Assistant U.S. Attorney Jeffrey Snell.

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