



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

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Department of Justice

U.S. Attorney's Office

Northern District of Illinois

FOR IMMEDIATE RELEASE

Wednesday, December 8, 2021

Three Directors Charged in Federal Indictment Alleging Criminal Conspiracies at Failed Chicago Bank

CHICAGO — An ongoing federal investigation into the failure of Washington Federal Bank for Savings in Chicago has resulted in criminal charges against three former members of the bank's Board of Directors who allegedly conspired to obstruct regulators and falsify bank records.

Washington Federal was closed in December 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. Several former Washington Federal employees, including the bank's Chief Financial Officer and Treasurer, were previously indicted for allegedly conspiring with an Illinois attorney – ROBERT M. KOWALSKI, of Chicago – and other individuals to embezzle money from the bank. On Tuesday, a federal grand jury in Chicago returned a 37-count superseding indictment that added four new defendants, including the three former Board members, bringing the total number of charged defendants to fourteen.

The three former Board members charged in the superseding indictment are WILLIAM M. MAHON, 55, of Chicago, JANICE M. WESTON, 63, of Orland Park, Ill., and GEORGE F. KOZDEMBA, 71, of Fort Myers, Fla. Mahon, Weston, and Kozdemba are charged with conspiracy to falsify bank records and to deceive and obstruct the OCC. Mahon also faces tax charges for allegedly willfully filing false income tax returns.

The fourth newly charged defendant is Robert Kowalski's brother, real estate developer WILLIAM A. KOWALSKI, 56, of Chicago, who is charged with conspiracy to embezzle bank funds.

Arraignments in U.S. District Court in Chicago have not yet been scheduled.

The superseding indictment was announced by John R. Lausch, Jr., United States Attorney for the Northern District of Illinois; Jay N. Lerner, Inspector General of the FDIC's Office of Inspector General; Justin Campbell, Special Agent-in-Charge of IRS Criminal Investigation in Chicago;

Emmerson Buie, Jr., Special Agent-in-Charge of the Chicago Field Office of the FBI; Catherine Huber, Special Agent-in-Charge of the Central Region of the Federal Housing Finance Agency, Office of Inspector General; Michael Powell, Special Agent-in-Charge of the U.S. Department of Housing and Urban Development's Office of Inspector General in Chicago; Sally Luttrell, Assistant Inspector for Investigations of the Department of the Treasury, Office of Inspector General; and Kathryn B. Richards, Chicago Housing Authority Inspector General. Valuable assistance was provided by the City of Chicago Inspector General's Office and the U.S. Trustee Program. The government is represented by Assistant U.S. Attorneys Brian Netols, Michelle Petersen, and Jeremy Daniel, and Special Assistant U.S. Attorney Jeffrey Snell.

The superseding indictment alleges that the bank's former Vice President - JAMES R. CROTTY, of Tinley Park, Ill. – and two other employees made false entries and documents in Washington Federal's records to support insider loans to Mahon and others. The employees – former Corporate Secretary JANE V. IRIONDO, of Boise, Idaho, and former loan officer CATHY M. TORRES, of Chicago – allegedly altered and caused to be altered appraisals for two properties owned by Mahon that served as collateral for two mortgages at Washington Federal. The false items on the altered appraisals include inflated appraisal values and inflated values for the listed comparable sales, the indictment states. The superseding indictment also alleges that Mahon concealed a loan he received from Washington Federal's president in applications for loans from Washington Federal.

The new charges allege that when the OCC was evaluating Washington Federal's loan portfolio prior to its failure, Crotty, Mahon, Weston, and Kozdomba 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. The defendants also falsified records to make it appear that Washington Federal was operating in compliance with banking rules and internal policies and controls, the indictment states.

In addition to the new defendants and charges, the superseding indictment renews the charges previously filed against the other defendants. Those charges allege a conspiracy to embezzle at least \$31 million in bank funds. Crotty and other bank employees allegedly transferred bank funds to Robert Kowalski and other individuals outside the bank without all of the required documentation and often without any documentation whatsoever. One of the individuals outside the bank – real estate developer BOGUSLAW KASPROWICZ, of Burbank, Calif. – allegedly embezzled \$14.3 million, at least \$1.6 million of which was used by Kasprowicz for the benefit of the bank's former president, who has since died and is not charged in the indictment. Kasprowicz allegedly paid credit card accounts in the name of the bank president or an entity associated with him, and also made payments to another bank for a loan on the purchase of a \$450,000 Sea Ray powerboat called "Expelliarmus."

The public is reminded that an indictment is not evidence of guilt. The defendants are presumed innocent and entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

Attachment(s):

[Download Kowalski et al 4th superseding indictment](#)

Topic(s):

Bankruptcy
Financial Fraud
Tax

Component(s):

Federal Bureau of Investigation (FBI)
USAO - Illinois, Northern
U.S. Trustee Program

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