



U.S. Department of Justice

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ROCKFORD MAN CHARGED WITH BANK AND BANKRUPTCY FRAUD

ROCKFORD – PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois; ANDREW L. TRAVER, Special Agent-in-Charge of the Chicago Office of the Bureau of Alcohol, Tobacco, Firearms & Explosives; and DEREK BERGSTEN, Chief of the Rockford Fire Department, today made the following announcement:

A federal grand jury in Rockford today indicted **KENNETH R. DISMUKE**, 49, of Rockford, Illinois, on two counts of bank fraud, two counts of filing false loan applications, and three counts of bankruptcy fraud.

According to the indictment, Dismuke was Executive Director of the Fountain of Life Improving the Community Academy (“Academy”), and pastor of The Fountain of Life Church of God (“Church”), both located in Rockford, Illinois. The indictment alleges that in November and December 2005, Dismuke fraudulently obtained a \$50,000 loan from Rockford Bank and Trust Company to the Academy in order to use the \$50,000 as collateral to fraudulently obtain a \$50,000 loan from JPMorgan Chase Bank, N.A., in Rockford. It is alleged that Dismuke falsely represented that the purpose of the loan from Rockford Bank and Trust was to pay ordinary operating expenses of the Academy, but instead deposited the loan proceeds into a Certificate of Deposit account at JPMorgan Chase Bank to induce the JPMorgan Chase Bank to make a \$50,000 loan to the Church, falsely representing to JPMorgan Chase Bank that the source of that money was an Illinois State grant.

The indictment further alleges that on February 9, 2007, Dismuke filed a Chapter 7, bankruptcy petition in the United States Bankruptcy Court for the Northern District of Illinois, Western Division, in a scheme to defraud his creditors by making false and fraudulent statements in his bankruptcy case. The indictment alleges that Dismuke filed documents in the bankruptcy and made false representations in the Statement of Financial Affairs that he was not an officer, director, partner, or managing executive of a corporation within six years immediately preceding the commencement of his bankruptcy case, when in fact he was; and that he did not hold or control any property owned by another person, when he controlled the bank accounts of the Academy.

Further, it is alleged in the indictment that Dismuke falsely stated in Schedule B attached to his Bankruptcy petition that he believed the church was insolvent and listed the value of receivables owed to him as “-0-”, when he knew the Academy owed him money and that the Academy had the Certificate of Deposit account from which he intended to re-pay himself, at least partially. In addition, the indictment alleges that during a meeting of creditors on March 29, 2007, Dismuke represented under oath to the Bankruptcy Trustee that the schedules were true and correct, when in

fact his answers did not include the debt owed to him by the Academy, and because he intended to receive income from the Academy in partial repayment of the debt it owed him. The indictment alleges that three days after the Bankruptcy Court's May 15, 2007 order that discharged Dismuke from liability for his debts, but while his bankruptcy case was still open, Dismuke withdrew the \$50,000 proceeds from the JPMorgan Chase Bank Certificate of Deposit account and ultimately deposited approximately \$10,500 into a personal account at National City Bank.

If convicted, Dismuke faces a possible maximum sentence of up to 30 years of imprisonment and a fine of up to \$1 million for each count of bank fraud; and up to 5 years of imprisonment and a fine of up to \$250,000 for each charge of bankruptcy fraud and filing false loan applications, as well as up to 5 years of supervised release following imprisonment, and any restitution ordered by the court. The actual sentence would be determined by the United States District Court, guided by the federal Sentencing Guidelines.

The case is being investigated by the Rockford office of the ATF and the Rockford Fire Department. The case is being prosecuted in federal court by Assistant United States Attorney MICHAEL D. LOVE.

Members of the public are reminded that a criminal indictment is only a charge and is not evidence of guilt. The defendant is entitled to a fair trial at which time the government has the burden of proving guilt of the defendant beyond a reasonable doubt.

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