

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
WESTERN DIVISION

UNITED STATES OF AMERICA)
)
) v. No. _____
) Violations: Title 18, United States
LYLE J. SPAULDING) Code, Section 1344

COUNT ONE

The DECEMBER 2011 GRAND JURY charges:

1. At times material to this indictment:

a. Freedom Bank, a part of River Valley Bancorp, Inc., with branches located in Rock Falls and Sterling, Illinois, and elsewhere, was a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation.

b. Defendant LYLE J. SPAULDING was an officer, including being a Senior Vice-President, and an employee, including being a commercial loan officer, at Freedom Bank. As a Senior Vice-President and commercial loan officer, his duties including reviewing and authorizing commercial loans made by Freedom Bank.

2. Beginning in or around December of 2007 and continuing until approximately December of 2009, at Rock Falls and Sterling, in the Northern District of Illinois, Western Division, and elsewhere,

LYLE J. SPAULDING,

defendant herein, did knowingly devise and participate in a scheme to defraud Freedom Bank and to obtain monies owned by and under the custody and control of Freedom Bank by means of material false and fraudulent pretenses, representations, and promises.

3. It was part of the scheme to defraud that defendant LYLE J. SPAULDING would and did approve loans and increases in loans for members of the defendant's family, without advising Freedom Bank of the familial relationship defendant had with the loan applicants.

4. It was further a part of the scheme that defendant would and did enter into agreements with borrowers that he would approve the loans and/or increases in the amounts of the loans in exchange for the borrowers agreeing to pay over to defendant part of the loan proceeds, without advising Freedom Bank of this arrangement.

5. It was further a part of the scheme that defendant mischaracterized loans as "commercial loans" to avoid the limits Freedom Bank had placed upon the types and amounts of loans that defendant could approve.

6. It was further a part of the scheme that after receiving a portion of the loan proceeds, defendant used the funds for his own purposes.

7. It was further a part of the scheme that defendant did misrepresent, conceal, and hide the acts and purposes of the acts done in furtherance of the scheme.

8. On or about May 16, 2008, the defendant, LYLE J. SPAULDING, knowingly executed and attempted to execute the above-described scheme by fraudulently approving

a \$100,000 line of credit for an individual, without advising the Freedom Bank that the borrower had agreed to pay over part of the loan proceeds to defendant.

In violation of Title 18, United States Code, Section 1344.

COUNT TWO

The DECEMBER 2011 GRAND JURY further charges:

1. Paragraphs 1 through 7 of Count One of this indictment are re-alleged and incorporated herein as if fully set forth.

2. On or about July 31, 2008, the defendant, LYLE J. SPAULDING, knowingly executed and attempted to execute the above-described scheme by fraudulently approving the conversion of a \$100,000 line of credit for a borrower into a commercial loan, without advising the Freedom Bank that the borrower had agreed to pay over part of the loan proceeds to defendant.

In violation of Title 18, United States Code, Section 1344.

COUNT THREE

The DECEMBER 2011 GRAND JURY further charges:

1. Paragraphs 1 through 7 of Count One of this indictment are re-alleged and incorporated herein as if fully set forth.

2. Between July of 2008 and July of 2009, the defendant, LYLE J. SPAULDING, knowingly executed and attempted to execute the above-described scheme by fraudulently increasing a \$100,000 commercial loan to a borrower until the maximum credit for the commercial loan was \$450,000, without advising the Freedom Bank that the borrower had agreed to pay over part of the loan proceeds to defendant.

In violation of Title 18, United States Code, Section 1344.

COUNT FOUR

The DECEMBER 2011 GRAND JURY further charges:

1. Paragraphs 1 through 7 of Count One of this indictment are re-alleged and incorporated herein as if fully set forth.

2. On or about August 29, 2008, the defendant, LYLE J. SPAULDING, knowingly executed and attempted to execute the above-described scheme by fraudulently approving a \$75,000 commercial loan for a family member and another individual, without advising the Freedom Bank of the familial relationship defendant had with one of the borrowers or that the borrower had agreed to pay over part of the loan proceeds to defendant.

In violation of Title 18, United States Code, Section 1344.

COUNT FIVE

The DECEMBER 2011 GRAND JURY further charges:

1. At times material to this indictment:

a. UnionBank, a part of UnionBancorp, Inc., with offices located in Tampico and Ottawa, Illinois, and elsewhere, was a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation.

b. Defendant LYLE J. SPAULDING was an officer, including being a Vice President, and an employee, including being a Senior Commercial Relationship Manager, at UnionBank. As an officer and employee, his duties including reviewing and authorizing commercial loans made by UnionBank.

2. Beginning in or around March of 2006 and continuing until approximately December of 2007, at Tampico, in the Northern District of Illinois, Western Division, and elsewhere,

LYLE J. SPAULDING,

defendant herein, did knowingly devise and participate in a scheme to defraud UnionBank and to obtain monies owned by and under the custody and control of UnionBank by means of material false and fraudulent pretenses, representations, and promises.

3. It was part of the scheme to defraud that defendant LYLE J. SPAULDING would and did approve loans and increases in loans for a member of the defendant's family, without advising UnionBank of the familial relationship defendant had with the loan applicant.

4. It was further a part of the scheme that defendant would and did enter into an agreements with a borrower that he would approve the loan and/or increases in the amount of the loan in exchange for the borrower agreeing to pay over to defendant part of the loan proceeds, without advising UnionBank of this arrangement.

5. It was further a part of the scheme that defendant mischaracterized a loan as a “commercial loan” to avoid the limits UnionBank had placed upon the types and amounts of loans that defendant could approve.

6. It was further a part of the scheme that after receiving a portion of the loan proceeds, defendant used the funds for his own purposes.

7. It was further a part of the scheme that defendant did misrepresent, conceal, and hide the acts and purposes of the acts done in furtherance of the scheme.

8. On or about October 11, 2007, the defendant, LYLE J. SPAULDING, knowingly executed and attempted to execute the above-described scheme by fraudulently approving a \$130,000 commercial loan for an individual, without advising the UnionBank that the borrower and the defendant were related and that the borrower had agreed to pay over part of the loan proceeds to defendant.

In violation of Title 18, United States Code, Section 1344.

COUNT SIX

The DECEMBER 2011 GRAND JURY further charges:

1. Paragraphs 1 through 7 of Count Five of this indictment are re-alleged and incorporated herein as if fully set forth.

2. Between October and December of 2007, the defendant, LYLE J. SPAULDING, knowingly executed and attempted to execute the above-described scheme by fraudulently increasing a \$130,000 commercial loan to a borrower until the maximum credit for the commercial loan was \$320,000, without advising the UnionBank that the borrower and the defendant were related and that the borrower had agreed to pay over part of the loan proceeds to defendant.

In violation of Title 18, United States Code, Section 1344.

COUNT SEVEN

The DECEMBER 2011 GRAND JURY further charges:

1. At times material to this indictment:

a. Amcore Bank, N.A. (hereinafter referred to as “Amcore”), with offices located in Sterling and Rockford, Illinois, and elsewhere, was a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation.

b. Defendant LYLE J. SPAULDING was an officer, including being a Vice President, and an employee, including being a Commercial Relationship Manager and a Commercial Team Leader, at Amcore. As an officer and employee, his duties including reviewing and authorizing commercial loans made by Amcore.

2. Beginning in or around March of 2005 and continuing until approximately December of 2005, at Sterling, in the Northern District of Illinois, Western Division, and elsewhere,

LYLE J. SPAULDING,

defendant herein, did knowingly devise and participate in a scheme to defraud Amcore and to obtain monies owned by and under the custody and control of Amcore by means of material false and fraudulent pretenses, representations, and promises.

3. It was part of the scheme to defraud that defendant LYLE J. SPAULDING would and did approve a loan and increase in a loan for a member of the defendant’s family, without advising Amcore of the familial relationship defendant had with the loan applicant.

4. It was further a part of the scheme that defendant would and did enter into an agreements with a borrower that he would approve the loan and/or increases in the amount of the loan in exchange for the borrower agreeing to pay over to defendant part of the loan proceeds, without advising Amcore of this arrangement.

5. It was further a part of the scheme that defendant mischaracterized a loan as a “commercial loan” to avoid the limits Amcore had placed upon the types and amounts of loans that defendant could approve.

6. It was further a part of the scheme that after receiving a portion of the loan proceeds, defendant used the funds for his own purposes.

7. It was further a part of the scheme that defendant did misrepresent, conceal, and hide the acts and purposes of the acts done in furtherance of the scheme.

8. On or about March 29, 2005, the defendant, LYLE J. SPAULDING, knowingly executed and attempted to execute the above-described scheme by fraudulently approving a \$130,000 commercial loan for an individual, without advising Amcore that the borrower and the defendant were related and that the borrower had agreed to pay over part of the loan proceeds to defendant.

In violation of Title 18, United States Code, Section 1344.

COUNT EIGHT

The DECEMBER 2011 GRAND JURY further charges:

1. Paragraphs 1 through 7 of Count Seven of this indictment are re-alleged and incorporated herein as if fully set forth.

2. On or about June 17, 2005, 2007, the defendant, LYLE J. SPAULDING, knowingly executed and attempted to execute the above-described scheme by fraudulently modifying a \$130,000 commercial loan to a borrower until the maximum credit for the commercial loan was \$144,798, without advising the Amcore that the borrower and the defendant were related and that the borrower had agreed to pay over part of the loan proceeds to defendant.

In violation of Title 18, United States Code, Section 1344.

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY