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Former Bank President And Bank Customer Sentenced For Connection To Multimillion-Dollar Check-Kiting Scheme

FOR IMMEDIATE RELEASE
September 21, 2012

MINNEAPOLIS—Today in federal court, the former president of Pinehurst Bank in St. Paul was sentenced for his involvement in a multimillion-dollar scheme to defraud Pinehurst Bank. United States District Judge Ann D. Montgomery sentenced John Anthony Markert, age 58, of Mendota Heights, to 42 months in prison on five counts of misapplication of bank funds.

Markert was indicted, along with his co-defendant, George Leslie Wintz, Jr., an area businessman and bank customer, on June 22, 2011. They were convicted by a federal jury on April 6, 2012. Yesterday, Judge Montgomery sentenced Wintz, age 72, to 42 months in prison on two counts of bank fraud and one count of theft from an employee benefit plan.

Evidence presented at the twelve-day trial showed that from March 6, 2009, through January 29, 2010, Markert helped put in place a series of fraudulent loans to conceal Wintz's check-kiting scheme. The five loans, totaling \$1.9 million, were issued to straw borrowers for the purpose of covering \$1.85 million in anticipated overdrafts resulting from bad checks written by Wintz.


Check kiting occurs when someone intentionally writes a check for a value greater than the account balance and then writes another check from a different account with non-sufficient funds to cover the over-drawn account. Through the scheme, account balances are falsely inflated, allowing the kiter to use non-existent funds to cover payments of debts and purchases. Wintz kited increasingly larger-dollar bad checks between Pinehurst Bank and another bank, not named in the charging documents, until late February of 2009, when the second bank discovered the scheme and returned over \$1.8 million in bad checks to Pinehurst Bank.

While Markert took steps to conceal from the bank's board the true nature of the five loans made to the straw borrowers, the scheme was nevertheless uncovered in January of 2010, during an independent audit. At that time, the bank terminated Markert. The bank was then required to declare the loans as losses, rendering the financial institution undercapitalized and forcing it to be closed by regulators in May of 2010.

Furthermore, from May of 2009 through at least October of 2010, Wintz embezzled more than \$160,000 from the 401(k) account at Triangle Warehouse, Inc., a company he owned. The 401(k) account was maintained with employee payroll contributions for the purpose of post-retirement payouts. Wintz, however, used the funds to pay company bills, repay the straw loans, and for his personal benefit.


This case was the result of an investigation by the Federal Bureau of Investigation, the Federal Deposit Insurance Corporation-Office of Inspector General, and the U.S. Department of Labor-Employee Benefits Security Administration. It was prosecuted by Assistant U.S. Attorneys William J. Otteson and David M. Genrich.

This law enforcement action is in part sponsored by the interagency Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. It includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and, with state and local partners, investigate and




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