



**United States Department of Justice  
United States Attorney's Office  
District of Minnesota**



# News Release

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## **More charges filed against bank officers and customer in connection to multimillion dollar check-kiting scheme**

MINNEAPOLIS – Earlier today in federal court, additional charges were filed against two Twin Cities area former bank officers and a bank customer in connection with that customer's alleged multimillion dollar check-kiting scheme and a fraudulent nominee loan scheme that concealed the activity from the bank's board and bank regulators. In a superseding indictment, John Anthony Markert, age 57, of Mendota Heights, the former president of Pinehurst Bank in St. Paul, was charged with one count of bank fraud and one count of making a false statement. Gregory Paul Pederson, age 43, of Roseville, the bank's former chief credit officer and senior vice president, was charged with one count of bank fraud and two counts of making false statements. George Leslie Wintz, Jr., age 71, an area businessman and bank customer, was charged with two counts of bank fraud and one count of theft from an employee benefit plan. On June 21, 2011, all three defendants were initially charged with five counts of misapplication of bank funds, which counts remain in the new indictment.

From March 6, 2009, through January 29, 2010, Markert and Pederson allegedly concealed Wintz's check-kiting scheme by putting in place a series of fraudulent loans. The loans, five in all, totalling \$1.9 million, were reportedly issued to straw borrowers related to Wintz in an effort to cover \$1.8 million in overdrafts generated by Wintz's bad checks. The actions were then concealed from the bank's board as well as from bank regulators.

Check-kiting is a fraudulent scheme whereby someone intentionally writes a check for a value greater than the account balance, then writes a check from another account with non-sufficient funds at a different bank to cover the over-drawn account at the first bank. In so doing, the account balances are falsely inflated, which permits the schemer to use the funds to cover payment of other items. The indictment alleges that Wintz was kiting larger and larger amounts of bad checks between Pinehurst Bank and another bank, not named in the charging documents,

until late February 2009, when the second bank discovered the scheme and returned over \$1.8 million in bad checks to Pinehurst Bank.

The indictment also alleges that Markert, Pederson, and Wintz took steps to conceal from the bank's board and regulators the true nature of the five loans made to the straw borrowers. The scheme was uncovered in January of 2010, during an independent audit. At that time, the bank terminated both Markert and Pederson. The bank was then required to declare the loans as losses, rendering it undercapitalized and leading to its closing by regulators in May 2010.

The indictment also alleges that while applying for unemployment benefits following their termination, Markert and Pederson made false sworn statements to the Minnesota Department of Employment and Economic Development concerning the scheme that led to their discharge.

Furthermore, the indictment alleges that from May of 2009 through at least October of 2010, Wintz embezzled more than \$160,000 from one of his company's 401(k) plan. Wintz allegedly used funds from the retirement plan payroll contributions of employees of company, Triangle Warehouse, Inc., to pay company bills, for his own personal use, and to repay the straw loans.

If convicted, the defendants face a potential maximum penalty of 30 years in prison on each bank fraud and misapplication count. In addition, Markert and Pederson face a potential maximum penalty of five years on each false statements count, and Wintz faces a potential maximum penalty of five years for theft from an employee benefit plan. All sentences will be determined by a federal district court judge.

This case is the result of an investigation by the Federal Bureau of Investigation, the Federal Deposit Insurance Corporation-Office of Inspector General and the United States Department of Labor-Employee Benefits Security Administration. It is being prosecuted by Assistant U.S. Attorney William J. Otteson.

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 prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

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An indictment is a determination by a grand jury that there is probable cause to believe that offenses have been committed by a defendant. A defendant, of course, is presumed innocent until he or she pleads guilty or is proven guilty at trial.