



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



# News Release

**B. Todd Jones,  
United States Attorney**

**Jeanne F. Cooney  
Director of Community Relations  
(612) 664-5611  
email: [jeanne.cooney@usdoj.gov](mailto:jeanne.cooney@usdoj.gov)**

FOR IMMEDIATE RELEASE

Friday, April 6, 2012

[WWW.JUSTICE.GOV/USAO/MN](http://WWW.JUSTICE.GOV/USAO/MN)

## **Federal jury convicts bank officer and customer in connection to multimillion dollar check-kiting scheme**

MINNEAPOLIS – Earlier today, a federal jury found a former Twin Cities bank officer and a bank customer guilty of fraud. Their crimes were related to the customer's multimillion-dollar check-kiting scheme and a loan scheme orchestrated in an effort to conceal the check kiting from the bank's board.

Following a twelve-day trial, the jury convicted John Anthony Markert, age 58, of Mendota Heights, the former president of Pinehurst Bank in St. Paul, with five counts of misapplication of bank funds. George Leslie Wintz, Jr., age 72, an area businessman and the bank customer, was convicted on two counts of bank fraud, and one count of theft from an employee benefit plan. Gregory Paul Pederson, age 44, of Roseville, the bank's former chief credit officer and senior vice president, was acquitted on all counts.

Following today's sentencing, U.S. Attorney B. Todd Jones said, "Confidence in the strength and integrity of our financial institutions is critical to building strong communities. We respect the jury's decision in this case and will continue to vigorously prosecute those who engage in fraud and deception for their own personal enrichment at the public's expense."

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

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 payment 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 and Pederson. 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 and repay the straw loans as well as for his personal benefit.

For their crimes, the defendants face a potential maximum penalty of 30 years in prison on each count of bank fraud and misapplication of bank funds. In addition, Wintz faces a potential maximum penalty of five years for theft from an employee benefit plan. United States District Court Judge Ann D. Montgomery will determine their sentences at future hearings, not yet scheduled.

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 U.S. Department of Labor-Employee Benefits Security Administration. It is being 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 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.

###