



THE UNITED STATES ATTORNEY'S OFFICE
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Department of Justice

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Northern District of Illinois

FOR IMMEDIATE RELEASE

Wednesday, December 7, 2016

Chief Executive of Florida-Based Financial Firm Guilty of Fraud in \$179 Million Sham Loan Scheme

CHICAGO — The CEO of a Florida-based financial firm has pleaded guilty to fraud charges in connection with the sale of \$179 million in sham loans to a Milwaukee investment company.

NIKESH A. PATEL was the Chief Executive Officer of First Farmers Financial LLC when the company sold three fabricated loans totaling approximately \$20 million to a Tennessee-based investment firm, and 26 fabricated loans to a Milwaukee investment firm for \$179 million. Between November 2012 and September 2014, Patel created and assisted in creating false documents sent to the investment firms in support of these loans. Patel submitted documents to the Milwaukee investment firm that falsely created the appearance that his company had lent money to borrowers in Florida and Georgia – in amounts ranging from \$2.5 million to \$10 million – and that a portion of the loans were guaranteed by the federal government under a program administered by the U.S. Department of Agriculture. All 26 loans were completely fabricated with no actual borrower, no pre-existing loan, and no government guarantee.

Patel, 33, of Windermere, Fla., pleaded guilty on Tuesday to five counts of wire fraud. The conviction carries a maximum sentence of 100 years in prison and a fine of \$1,250,000. U.S. District Judge Charles P. Kocoras set sentencing for April 6, 2017, at 9:45 a.m.

The guilty plea was announced by Zachary T. Fardon, United States Attorney for the Northern District of Illinois; Michael J. Anderson, Special Agent-in-Charge of the Chicago office of the Federal Bureau of Investigation; and Jeffrey A. Monhart, Regional Director of the Chicago Regional Office of the U.S. Department of Labor, Employee Benefits Security Administration.

First Farmers' president, TIMOTHY G. FISHER, was also convicted in connection with the fraud. Fisher, of Pasadena, Calif., pleaded guilty last month to one count of money laundering. Fisher faces up to ten years in prison when he is sentenced by Judge Kocoras on May 4, 2017, at 9:45 a.m.

Evidence in the case revealed that Patel created fictitious business names and false USDA loan identification numbers, and forged the signatures of USDA employees and purported borrowers. Patel also assisted in creating false financial documents, including what purported to be a certified audit by a fictitious accountant that he submitted to the investment firm to obtain the funds.

Based upon the false statements, the Milwaukee firm's clients, which included community banks, retirement plans, municipalities and subdivisions in Illinois and elsewhere, suffered a loss of \$179 million. Although a portion of the funds were used to make interest payments to the investors, the bulk of the funds were used to pay existing debts, acquire assets, pay personal expenses, invest in other unrelated businesses, and repurchase loans that Patel had previously sold to the Tennessee investment advisor.

The government is represented by Assistant U.S. Attorneys Patrick King and Rick Young.

Topic(s):

Financial Fraud

Component(s):

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