



U. S. Department of Justice

United States Attorney
Northern District of Illinois

Patrick J. Fitzgerald
United States Attorney

Federal Building
219 South Dearborn Street, Fifth Floor
Chicago, Illinois 60604
(312) 353-5300

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www.justice.gov/usao/iln

PRESS CONTACTS:
AUSA Daniel Collins 312-886-3482
Randall Samborn 312-353-5318

CHICAGO INVESTMENT ADVISOR ACCUSED OF DEFRAUDING SUBURBAN BANK AND TWO CLIENTS OF MORE THAN \$3.2 MILLION

CHICAGO — A Chicago investment advisor was indicted on federal charges for allegedly engaging in a scheme to defraud Oak Brook-based Leaders Bank and two of his clients of more than \$3.2 million and ultimately causing the bank to lose more than \$2.7 million. The defendant, **Robert J. Lunn**, was charged with five counts of bank fraud in an indictment returned by a federal grand jury yesterday, Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation, announced today.

Lunn, 62, of Chicago, who did business as Lunn Partners, LLC, an investment advisory business, will be arraigned at a later date in U.S. District Court.

According to the indictment, Lunn fraudulently obtained a \$1.32 million line of credit from the bank for his business, as well as separate loans of \$1.4 million and \$500,000 purportedly on behalf of two clients. Lunn allegedly made a series of misrepresentations to Leaders Bank about his own assets, the purpose of the loans, and the knowing authorization of clients purportedly seeking the financing. Instead, Lunn used substantially all of the fraudulently obtained funds for his own

benefit, including to make mortgage payments and approximately \$1.4 million in payments to other investment clients, the charges allege.

Lunn initially obtained a business line of credit from Leaders Bank for \$480,000 in May 2001. He increased the credit line twice in early 2004, first to \$1.2 million and later to \$1.32 million, all after he allegedly submitted personal financial statements to the bank falsely stating that he owned millions of dollars of stock in Morgan Stanley and Lehman Brothers. In September 2002, Lunn arranged for an unsecured bank loan of \$1.4 million, purportedly for the benefit of Client A, after submitting a net worth report for Client A and asserting that Client A wanted short-term financing to purchase an interest in an airplane, according to the indictment. In June 2004, Lunn allegedly arranged a bank loan for \$500,000 for the benefit of Client B, without Client B's knowledge or authorization, after submitting a net worth report for Client B and stating that Client B wanted short-term financing for a business investment.

The indictment seeks forfeiture of at least \$2.7 million in alleged fraud proceeds.

The government is being represented by Assistant U.S. Attorney Daniel Collins.

Each count of bank fraud carries a maximum penalty of 30 years in prison and a \$1 million fine, and restitution is mandatory. The Court may also impose a fine totaling twice the loss to any victim or twice the gain to the defendant, whichever is greater. If convicted, the Court must impose a reasonable sentence under federal statutes and the advisory United States Sentencing Guidelines.

An indictment contains only charges and is not evidence of guilt. The defendant is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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