



U.S. Department of Justice



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**FORMER OWNER OF COMMERCIAL MORTGAGE AND
FINANCE COMPANY CHARGED WITH FRAUD**

ROCKFORD — the former owner, CEO and President of Commercial Mortgage and Finance Co., in Rockford, was indicted today by a federal grand jury in Rockford, Ill. Anthony F. D’Agostino, 77, was charged with seventeen counts of mail fraud, one count of wire fraud, and one count of securities fraud, in connection with a scheme to defraud investors in Commercial Mortgage.

According to the indictment, D’Agostino raised capital for his business by selling instruments known as Promissory Notes and Certificates of Participation to investors. The indictment alleges that D’Agostino concealed from the investors the fact that Commercial Mortgage had a negative net worth that steadily increased during the years that D’Agostino owned the company. The indictment also charges that D’Agostino concealed from the investors the fact that Commercial Mortgage was operated as a *Ponzi* scheme, with money received from the sales of new Promissory Notes being used to pay principal and interest owed on older Promissory Notes. According to the indictment, this fraud scheme took place from August of 1997 through October 8, 2008, and exposed the investors to losses of \$20 million.

The indictment also charges that D’Agostino made specific false statements to several of the investors. For example, the indictment alleges that D’Agostino told some investors that the financial condition of Commercial Mortgage was strong and that the company was doing well. In addition,

the indictment alleges that D'Agostino told some investors that investments with Commercial Mortgage were safe and secure.

D'Agostino is scheduled to appear at the Federal Courthouse in Rockford on Friday, Dec. 14, 2012, at 11:30 a.m., for arraignment. The arraignment will be conducted by United States Magistrate Judge P. Michael Mahoney.

Each count of mail fraud and wire fraud carries a maximum penalty of 20 years in prison, and a maximum fine of \$250,000, or an alternate fine totaling twice the loss or twice the gain derived from the offense, whichever is greater. Securities fraud carries a maximum penalty of up to 5 years in prison, and fine of up to \$250,000. If convicted, the Court must impose a reasonable sentence under the advisory United States Sentencing Guidelines, as well as restitution.

The case was investigated by the Rockford Office of the Federal Bureau of Investigation and the Illinois Secretary of State's Securities Department. The investigation was conducted under the auspices of the Financial Fraud Enforcement Task Force, which 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, to 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. For more information on the task force, visit: www.StopFraud.gov

The indictment was announced today by Gary S. Shapiro, Acting United States Attorney for the Northern District of Illinois; Thomas R. Trautmann, Acting Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; and Illinois Secretary of State Jesse White.

The government is represented by Assistant U.S. Attorney Scott A. Verseman.

The public is reminded that an indictment contains only charges and is not evidence of guilt. Each 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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