



Man pleads guilty to bankruptcy fraud, he claimed he had a business address in Alton

February 22 2017 10:40 AM

EAST ST. LOUIS - Mark A. McFarland, 58, of Springfield, IL., pled guilty on February 21, 2017, to two bankruptcy fraud charges in United States District Court in East St. Louis, United States Attorney for the Southern District of Illinois, Donald S. Boyce, announced today.

McFarland was indicted on February 2, 2016, as part of the U.S. Attorney's Office's effort to crackdown on those who commit fraud in the U.S. Bankruptcy Court for the Southern District of Illinois.

“Unfortunately, we have found that some individuals attempt to manipulate the Federal Bankruptcy system in order to defraud their creditors,” Mr. Boyce explained. “Those who engage in this type of conduct in Southern Illinois will be found and will be prosecuted.”

When he filed his case in East St. Louis on behalf of Second Chance, McFarland lied on his bankruptcy petition by claiming that his business was located in the Southern District of Illinois.

An attorney from the U.S. Trustee's Office subsequently pointed out that the case did not belong in the Southern District of Illinois, because the street address of Second Chance was located in Springfield, Illinois. As a result, the case should have been filed in the Central District of Illinois in Springfield. McFarland then lied again on an amended bankruptcy petition he filed, stating that Second Chance had a business address in Alton, IL.

In support of this claim, McFarland provided a lease to the Bankruptcy Court that was fraudulently backdated to September 25, 2014. Then, as McFarland admitted during his

plea hearing, he falsely testified under oath that he had signed that lease on September 25, 2014. He also falsely testified under oath that he had reached an oral agreement with the landlord for the rental of the Alton property in September 2014.

On October 6, 2014, McFarland filed a chapter 11 bankruptcy case on behalf of his business, Second Chance of Springfield, Inc. (“Second Chance.”) McFarland filed this case in the United States Bankruptcy Court for the Southern District of Illinois in East St. Louis, IL. Prior to filing that case, McFarland had filed 10 separate bankruptcy cases in the United States Bankruptcy Court for the Central District of Illinois in Springfield. All but one of those cases had been dismissed due to McFarland’s failure to comply with the Bankruptcy Court’s orders. In the last case, the Bankruptcy Court barred McFarland from filing any more bankruptcy cases in the Central District of Illinois for 180 days.

When he filed his case in East St. Louis on behalf of Second Chance, McFarland lied on his bankruptcy petition by claiming that his business was located in the Southern District of Illinois. An attorney from the U.S. Trustee’s Office subsequently pointed out that the case did not belong in the Southern District of Illinois, because the street address of Second Chance was located in Springfield, Illinois.

As a result, the case should have been filed in the Central District of Illinois in Springfield. McFarland then lied again on an amended bankruptcy petition he filed, stating that Second Chance had a business address in Alton, IL. In support of this claim, McFarland provided a lease to the Bankruptcy Court that was fraudulently backdated to September 25, 2014. Then, as McFarland admitted during his plea hearing, he falsely testified under oath that he had signed that lease on September 25, 2014. He also falsely testified under oath that he had reached an oral agreement with the landlord for the rental of the Alton property in September 2014.

“Making a false statement in a bankruptcy proceeding is a crime that threatens the integrity of the bankruptcy process and public confidence in that process,” stated Nancy J. Gargula, U.S. Trustee for Central Illinois, Southern Illinois and Indiana (Region 10). “I am grateful to U.S. Attorney Donald Boyce and to all of our law enforcement partners in this case.”

The U.S. Trustee Program is the component of the Justice Department that protects the integrity of the bankruptcy system by overseeing case administration and litigating to enforce the bankruptcy laws. Region 10 is headquartered in Indianapolis, with additional offices in South Bend, Ind., and Peoria, Ill.

McFarland’s sentencing hearing is scheduled for June 6, 2017, at 1:30 p.m., in United States District Court in East St. Louis, Illinois. The crime of making false statements

under oath in a bankruptcy case is punishable by up to 5 years' imprisonment, a fine of up to \$250,000 and restitution. McFarland also faces up to three years of supervised release after any period of incarceration.

The charges resulted from a referral by the U.S. Trustee for Indiana and Southern and Central Illinois (Region 10) to the U.S. Attorney for the Southern District of Illinois. The investigation was conducted by agents from the Springfield Division, Fairview Heights Resident Agency, of the Federal Bureau of Investigation, in collaboration with the Southern Illinois Bankruptcy Fraud Working Group coordinated by the U.S. Trustee. The case is being prosecuted by Assistant United States Attorney Scott A. Verseman.