
UNITED STATES DISTRICT COURT

District of Kansas
(Kansas City Docket)

UNITED STATES OF AMERICA,

Plaintiff,

v.

CASE NO. 2:23-cr-20049-HLT/TJJ

RITA HARTMAN,

Defendant.

INDICTMENT

THE GRAND JURY CHARGES:

COUNTS 1-4

BANK FRAUD
[18 U.S.C. § 1344]

1. Beginning on a date unknown, but by at least in or about March 2010, and continuing through in or about December 2020, in the District of Kansas, the defendant,

RITA HARTMAN,

knowingly and intentionally devised a scheme and artifice to defraud Muddy River Credit Union, and to obtain money, funds, and credits owned by and under the custody and

control of Muddy River Credit Union, by means of materially false and fraudulent pretenses, representations, and promises, and by omission of material facts.

Relevant Persons and Entities

At times relevant to this Indictment:

2. Muddy River Credit Union (“Muddy River”) was a credit union serving the employees of Bradken, a foundry located in Atchison, Kansas that manufactures specialized steel castings. The credit union was chartered in 1939 and operated under the name Bradken Federal Credit Union until January 2019, when it changed its name to Muddy River. At all relevant times, Muddy River was a financial institution as that term is defined at 18 U.S.C. § 20, the accounts of which were insured by the National Credit Union Administration (“NCUA”).

3. Muddy River maintained one external deposit account at Exchange Bank and Trust (“Exchange Bank”) (account number XXX652).

4. From in or about the early 1990s through in or about January 2021, defendant RITA HARTMAN was employed as the Manager of Muddy River. In 2013, the Governor of the State of Kansas appointed HARTMAN to a three-year term on the Kansas Credit Union Council, which advises the Kansas Department of Credit Unions on issues and needs of credit unions.

Manner and Means

5. As the Manager, HARTMAN had responsibility for and control over Muddy River’s finances, bank accounts, payables, and books and records. HARTMAN

was responsible for submitting quarterly call reports of the financial condition of Muddy River to the NCUA.

6. The object of the scheme to defraud was for HARTMAN to use her position as Muddy River's Manager to steal money from Muddy River through fraudulent entries in Muddy River's books and records and the theft of cash.

7. As part of the scheme to defraud, HARTMAN credited fraudulent deposits to her or a relative's Muddy River deposit account, when no such deposit was made. HARTMAN also credited fraudulent loan payments to her or a relative's outstanding loan obligation with Muddy River, when no such payment was made.

8. As part of the scheme to defraud, HARTMAN stole certain cash deposits made by members. While HARTMAN credited the member's Muddy River account for the deposit, she did not deposit the cash into Muddy River's deposit account at Exchange Bank, which inflated the cash on hand balance listed in Muddy River's books and records.

9. As part of the scheme, HARTMAN concealed her conduct by altering or failing to properly record transactions in Muddy River's books and records to make it appear that Muddy River held certain assets when, in fact, no such assets existed. For example, HARTMAN falsely represented in Muddy River's general ledger and in call reports submitted to the NCUA that Muddy River held significantly more in Security Repurchase Agreements at Exchange Bank than it actually held. Falsifying and inflating the amount of these assets effectively concealed a corresponding amount of the

fraudulent credits that HARTMAN made to her or a relative's account or cash that was stolen.

10. To further conceal her conduct, HARTMAN maintained a cash on hand balance in Muddy River's general ledger that was significantly more than the amount of cash that was actually held by Muddy River. This helped hide the fact that cash was deposited by a member and credited to their account but not deposited in Muddy River's account at Exchange Bank.

11. To further conceal her conduct, HARTMAN submitted call reports to the NCUA that significantly inflated the total cash that Muddy River had on deposit in other financial institutions, namely Exchange Bank. If HARTMAN reported to the NCUA the inflated cash on hand balance that she maintained on Muddy River's general ledger, it would have raised a red flag. Regulators would have expected no more than a couple thousand dollars in cash maintained at Muddy River. By overreporting to the NCUA the amount held at other financial institutions, HARTMAN helped prevent regulators from discovering her scheme to defraud thereby allowing her to continue to steal from Muddy River over a period of many years.

12. Between 2010 and 2020, HARTMAN stole hundreds of thousands of dollars via the fraudulent scheme described above.

Execution of the Scheme

13. On or about the dates set forth in the separate counts below, in the District of Kansas, the defendant,

RITA HARTMAN,

knowingly and intentionally executed and attempted to execute the aforementioned scheme and artifice to defraud Muddy River and to obtain certain moneys, funds, credits, assets, securities, and other property owned and under the custody and control Muddy River, by means of materially false and fraudulent pretenses, representations, and promises, and by omission of material facts, that is, HARTMAN caused fraudulent transactions to be posted to her or a family member's Muddy River account as described below:

Count	Date	Transaction	Amount
1	6/24/2014	Crediting a fraudulent deposit to her Muddy River account ending in 9060	\$4,000
2	9/24/2014	Crediting a fraudulent deposit to J.H.'s Muddy River account ending in 2333	\$10,000
3	7/28/2015	Crediting a fraudulent deposit to J.H.'s Muddy River account ending in 2333	\$1,500
4	2/20/2017	Crediting a fraudulent deposit to her Muddy River account ending in 9060	\$1,245

In violation of Title 18, United States Code, Section 1344.

COUNTS 5-14

**WIRE FRAUD
[18 U.S.C. § 1343]**

14. The factual allegations in paragraphs 1 through 11 are realleged and incorporated by reference.

15. On or about the dates set forth in the separate counts below, in the District of Kansas and elsewhere, the defendant,

RITA HARTMAN,

for the purpose of devising and intending to devise the aforementioned scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses and representations, and by omission of material facts, did, with intent to defraud, transmit and cause to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count that affected a financial institution, namely, Muddy River Credit Union:

COUNT	DATE	DESCRIPTION
5	1/28/2015	Electronic communication from Muddy River in Atchison, Kansas to the NCUA in Virginia attaching Muddy River's Fourth Quarter 2014 call report
6	2/6/2017	Electronic communication from Muddy River in Atchison, Kansas to the NCUA in Virginia attaching Muddy River's Fourth Quarter 2016 call report
7	5/4/2017	Electronic communication from Muddy River in Atchison, Kansas to the NCUA in Virginia attaching Muddy River's First Quarter 2017 call report
8	7/21/2017	Electronic communication from Muddy River in Atchison, Kansas to the NCUA in Virginia attaching Muddy River's Second Quarter 2017 call report
9	10/20/2017	Electronic communication from Muddy River in Atchison, Kansas to the NCUA in Virginia attaching Muddy River's Third Quarter 2017 call report

10	4/20/2018	Electronic communication from Muddy River in Atchison, Kansas to the NCUA in Virginia attaching Muddy River's First Quarter 2018 call report
11	10/3/2018	Electronic communication from Muddy River in Atchison, Kansas to the NCUA in Virginia attaching Muddy River's Second Quarter 2018 call report
12	11/5/2018	Electronic communication from Muddy River in Atchison, Kansas to the NCUA in Virginia attaching Muddy River's Third Quarter 2018 call report
13	1/21/2020	Electronic communication from Muddy River in Atchison, Kansas to the NCUA in Virginia attaching Muddy River's Fourth Quarter 2019 call report
14	1/28/2021	Electronic communication from Muddy River in Atchison, Kansas to the NCUA in Virginia attaching Muddy River's Fourth Quarter 2020 call report

In violation of Title 18, United States Code, Section 1343.

COUNTS 15-25

FALSE ENTRIES IN FEDERAL CREDIT INSTITUTION RECORDS [18 U.S.C. § 1006]

16. The factual allegations in paragraphs 1 through 11 are realleged and incorporated by reference.

17. On or about the dates set forth in the separate counts below, in the District of Kansas, the defendant,

RITA HARTMAN,

being an officer, agent, and employee of, or connected in any capacity with, Muddy River, with the intent to defraud Muddy River and deceive an officer, auditor, examiner,

or agent of Muddy River, knowingly made false entries in the books, records, or reports of Muddy River, each false entry constituting a separate count:

COUNT	DATE	FALSE ENTRIES
15	5/20/2014	Recorded the purchase of three Security Repurchase Agreements totaling \$250,000 in Muddy River's general ledger, artificially increasing the total balance from \$600,000 to \$850,000
16	July 2018	Recorded the purchase of one Security Repurchase Agreement in Muddy River's general ledger, artificially increasing the total balance from \$700,000 to \$800,000
17	12/28/2015	Recorded a cash on-hand balance of \$395,478.32 in Muddy River's general ledger
18	12/30/2016	Recorded a cash on-hand balance of \$386,002.58 in Muddy River's general ledger
19	12/30/2017	Recorded a cash on-hand balance of \$339,313.14 in Muddy River's general ledger
20	5/4/2017	Reported \$631,170 in cash on deposit at other financial institutions in quarterly call report submitted to NCUA
21	7/21/2017	Reported \$731,872 in cash on deposit at other financial institutions in quarterly call report submitted to NCUA
22	10/20/2017	Reported \$505,582 in cash on deposit at other financial institutions in quarterly call report submitted to NCUA
23	4/20/2018	Reported \$539,029 in cash on deposit at other financial institutions in quarterly call report submitted to NCUA
24	10/3/2018	Reported \$400,867 in cash on deposit at other financial institutions in quarterly call report submitted to NCUA
25	11/5/2018	Reported \$442,683 in cash on deposit at other financial institutions in quarterly call report submitted to NCUA

In violation of Title 18, United States Code, Section 1006.

COUNTS 26-29**THEFT, EMBEZZLEMENT, OR MISAPPLICATION BY CREDIT UNION EMPLOYEE
[18 U.S.C. § 657]**

18. The factual allegations in paragraphs 1 through 11 are realleged and incorporated by reference.

19. On or about the dates set forth in the separate counts below, in the District of Kansas, the defendant,

RITA HARTMAN,

being an officer, agent, and employee of, or connected in any capacity with, Muddy River, with intent to injure and defraud Muddy River, knowingly embezzled, abstracted, purloined, and willfully misapplied moneys, funds, and credits of Muddy River, and moneys, funds, and credits entrusted to the custody and care of Muddy River and the custody and care of HARTMAN, that is, HARTMAN, while acting as Manager of Muddy River, stole money from Muddy River through fraudulent entries in Muddy River's books and records in a sum greater than \$1,000:

Count	Date	Transaction	Amount
26	6/24/2014	Crediting a fraudulent deposit to her Muddy River account ending in 9060	\$4,000
27	9/24/2014	Crediting a fraudulent deposit to J.H.'s Muddy River account ending in 2333	\$10,000
28	7/28/2015	Crediting a fraudulent deposit to J.H.'s Muddy River account ending in 2333	\$1,500
29	2/20/2017	Crediting a fraudulent deposit to her Muddy River account ending in 9060	\$1,245

In violation of Title 18, United States Code, Section 657.

FORFEITURE NOTICE

20. The allegations contained in Counts 1-29 of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 982(a)(2).

21. Upon conviction of one or more of the offenses set forth in Counts 1-29, the defendant shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(2), any property constitution or derived from proceeds obtained directly or indirectly as the result of such offenses. The property to be forfeited includes, but is not limited to, the following:

A. A forfeiture money judgment against the defendant in an amount equal to the amount of gross proceeds obtained or derived by her from the commission of Counts 1-29.

22. If any of the property described above, as a result of any act or omission of the defendant:

- A. cannot be located upon the exercise of due diligence;
- B. has been transferred or sold to, or deposited with, a third party;
- C. has been placed beyond the jurisdiction of the court;
- D. has been substantially diminished in value; or
- E. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p).

A TRUE BILL.

August 23, 2023
DATE

s/Foreperson
FOREPERSON OF THE GRAND JURY

KATE E. BRUBACHER
UNITED STATES ATTORNEY

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IT IS REQUESTED THAT THE TRIAL BE HELD IN KANSAS CITY, KANSAS

PENALTIES

Counts 1-4: Bank Fraud, 18 U.S.C. § 1344

- Punishable by a term of imprisonment of not more than thirty (30) years. 18 U.S.C. § 1344.
- A term of supervised release of not more than five (5) years. 18 U.S.C. § 3583(b)(1).
- A fine not to exceed \$1,000,000. 18 U.S.C. §§ 1344, 3571(b)(1). In the alternative, the defendant may be fined not more than the greater of twice the gross gain or twice the gross loss. 18 U.S.C. § 3571(d).
- A mandatory special assessment of \$100.00. 18 U.S.C. § 3013(a)(2)(A).
- Forfeiture.

Counts 5-14: Wire Fraud affecting a financial institution, 18 U.S.C. § 1343

- Punishable by a term of imprisonment of not more than thirty (30) years. 18 U.S.C. § 1343.
- A term of supervised release of not more than five (5) years. 18 U.S.C. § 3583(b)(1).
- A fine not to exceed \$1,000,000. 18 U.S.C. §§ 1344, 3571(b)(1). In the alternative, the defendant may be fined not more than the greater of twice the gross gain or twice the gross loss. 18 U.S.C. § 3571(d).
- A mandatory special assessment of \$100.00. 18 U.S.C. § 3013(a)(2)(A).
- Forfeiture.

Counts 15-25: False Entries in Federal Credit Institution Records, 18 U.S.C. § 1006

- Punishable by a term of imprisonment of not more than thirty (30) years. 18 U.S.C. § 1006.

- A term of supervised release of not more than five (5) years. 18 U.S.C. § 3583(b)(1).
- A fine not to exceed \$1,000,000. 18 U.S.C. §§ 1006, 3571(b)(1). In the alternative, the defendant may be fined not more than the greater of twice the gross gain or twice the gross loss. 18 U.S.C. § 3571(d).
- A mandatory special assessment of \$100.00. 18 U.S.C. § 3013(a)(2)(A).
- Forfeiture.

Counts 26-29: Theft, Embezzlement, or Misapplication by Credit Union Employee, 18 U.S.C. § 657

- Punishable by a term of imprisonment of not more than thirty (30) years. 18 U.S.C. § 657.
- A term of supervised release of not more than five (5) years. 18 U.S.C. § 3583(b)(1).
- A fine not to exceed \$1,000,000. 18 U.S.C. §§ 657, 3571(b)(1). In the alternative, the defendant may be fined not more than the greater of twice the gross gain or twice the gross loss. 18 U.S.C. § 3571(d).
- A mandatory special assessment of \$100.00. 18 U.S.C. § 3013(a)(2)(A).
- Forfeiture.