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PRESS RELEASE

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IMPLEMENT DEALER GETS MORE THAN 12 YEARS ON FRAUD CHARGES

The former owner of Walterman Implement, a failed implement dealership in Dike, Iowa, was sentenced yesterday to more than 12 years in federal prison.

Leon Walterman, age 61, of Dike, the former owner, President, and Chief Executive Officer of the company, received the prison term after pleading guilty to a three-count information charging him with mail fraud, money laundering, and illegal wiretapping.

Court documents showed Walterman schemed to defraud the dealership's lenders through the creation of fictitious sales contracts. Walterman and others fraudulently double-financed equipment sales by assigning sales contracts for the same piece of equipment to two different lenders, financed equipment sales in customers' names when the customers had already paid for the equipment in full, and claimed customers purchased new equipment and traded in used equipment when they had not. Walterman Implement fraudulently received millions of dollars in cash, credit, and equipment from the lenders. The dealership filed for bankruptcy in October 2005.

Walterman and his co-schemers maintained a false set of books, fabricated deposit slips and bank statements, moved equipment, and switched serial numbers on and otherwise disguised and altered equipment to conceal the scheme from the lenders.

When the company was being audited, Walterman instructed employees to intercept auditors' telephone calls. The employees placed a secret recording device on a telephone line in a Walterman Implement conference room used by auditors. Walterman used the information in the recordings to conceal the scheme to defraud the lenders.

Walterman was sentenced in Cedar Rapids by United States District Court Chief Judge Linda R. Reade. Walterman was sentenced to 151 months' imprisonment. A special assessment of $300 was imposed, and he was ordered to pay $10,927,062.85 in restitution. He must also serve a three-year term of supervised release after the prison term. There is no parole in the federal system.

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Walterman's four co-schemers are scheduled to be sentenced on March 4, 2011.

The case is being prosecuted by Assistant United States Attorney C.J. Williams and was investigated by the Federal Bureau of Investigation and the Office of United States Trustee.

Court file information is available at https://ecf.iand.uscourts.gov/cgi-bin/login.pl. The case file number is: CR10-53 LRR

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