



Department of Justice

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**WEST DES MOINES BUSINESSMAN SENTENCED
TO 70 MONTHS' IMPRISONMENT FOLLOWING CONVICTION
IN MULTIMILLION DOLLAR WIRE FRAUD SCHEME**

*The Defendant Defrauded a Long-Standing Business Partner
and Caused Millions of Dollars in Harm.*

DES MOINES, IA – Clarence Allen Rice, the owner of C & J Leasing Corp., was sentenced today to a term of imprisonment of 70 months for running a complex, multimillion dollar wire fraud scheme in the mid-2000s, announced United States Attorney Nicholas A. Klinefeldt.

Chief United States District Court Judge James E. Gritzner imposed the sentence following a two-day hearing. A jury in the Southern District of Iowa had found Rice guilty of wire fraud after a two-week trial in June 2011. The issue of restitution will be addressed at a later date.

Trial and sentencing evidence showed that Rice suffered over \$800,000 in day trading losses in the early 2000s using his company's money. As a result, his company faced severe cash flow problems by early 2003. Rice addressed the cash flow problems by embezzling millions of dollars from a business partner, Frontier Leasing Corporation, between 2003 and 2006. He used Frontier's money to pay his business debts and engage in additional day trading and concealed the fraud through false statements to Frontier and the manipulation of his company's books. Rice's fraud allowed C & J Leasing Corp. to appear profitable between 2003 and 2006, but ultimately forced millions of dollars in losses onto Frontier. The scheme essentially drove Frontier out of business and forced approximately 20 Frontier employees to lose their jobs.

Rice also caused substantial losses to customers of his leasing company. These customers, or “lessees,” collectively gave Rice millions of dollars in security deposits in the early to mid-2000s. However, due to his financial problems, Rice used these security deposits to fund his business and therefore had no ability to refund the security deposits to customers at the conclusion of each lease. The customers ended up losing the money.

“The victims in this case trusted Mr. Rice with their money,” said U.S. Attorney Klinefeldt. “He violated that trust in an egregious way and caused millions of dollars of harm. Even worse, his actions forced approximately 20 people to lose their jobs at a time when the economy was already struggling. The sentence appropriately reflects the harm he caused.”

Klinefeldt said Rice’s fraud has implications beyond just the victims in the case. “Small businesses in Iowa have a well-deserved reputation for dealing with people fairly and honestly. Mr. Rice’s fraud threatens that reputation. We will do everything in our power to prosecute wrongdoers like him and restore the confidence people traditionally have had in the honesty and integrity of small businesses in this State. Honest small business owners deserve nothing less.”

This case was investigated by the Federal Bureau of Investigation, and was prosecuted by the United States Attorney’s Office for the Southern District of Iowa.

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