



Department of Justice

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Southern District of Iowa

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**DES MOINES MAN SENTENCED TO PRISON FOR BANK FRAUD
SCHEME BUT RECEIVES SUBSTANTIALLY SHORTER SENTENCE
THANKS TO SELF-REPORTING THE OFFENSE BEFORE A CRIMINAL
INVESTIGATION HAD STARTED**

Defendant Also Will Have Non-Dischargeable Restitution Obligation to the Bank

DES MOINES, IA – Lee Edward Nikolas, the owner of a now-defunct Des Moines area trucking company called TB Express, was sentenced today to 24 months of imprisonment for bank fraud, announced U.S. Attorney Nicholas Klinefeldt. The sentence was considerably shorter than recommended by the advisory United States Sentencing Guidelines because Nikolas self-reported the offense to the FBI before a criminal investigation had been opened.

U.S. Attorney Klinefeldt was pleased with the sentence. “This sentence serves several important purposes,” he said. “On one hand, it illustrates the seriousness of white collar criminal offenses and sends a strong message of deterrence to other people who might be tempted to engage in similar conduct. Economic crime is very harmful to the community, and we will seek prison sentences for white collar offenders.”

“On the other hand, however, today’s sentence recognizes the value to the government and community of a wrongdoer who voluntarily admits his criminal conduct before it has been discovered. It’s always better to come to us than to make us come to you.”

Nikolas’s fraud started after his company lost a large customer in late 2001. Fearing the loss of bank financing, he began submitting false records and financial statements to First American Bank to conceal his company’s losses and ensure that the company would continue to receive loans. The fraud grew in subsequent years and ultimately involved loans totaling more than \$3 million, much of which had to be written off by the bank.

In 2009, when it became clear his fraudulent scheme had grown too large to continue, Nikolas made an unannounced visit to the U.S. Attorney’s Office to confess to his crime. The

FBI subsequently opened an investigation to confirm the accuracy of the information provided by Nikolas, followed by Nikolas entering a plea agreement with the U.S. Attorney's Office. In light of Nikolas's candor, the U.S. Attorney's Office requested a shorter sentence than the 51-63 month term of imprisonment suggested by the advisory United States Sentencing Guidelines, which are considered by federal judges as part of the sentencing process. District Court Judge James E. Gritzner agreed that a reduction was appropriate and imposed the 24 month sentence.

U.S. Attorney Klinefeldt said that while each situation has to be evaluated on its own facts and circumstances, the U.S. Attorney's Office often will be more lenient with wrongdoers who self-report their conduct before an investigation has opened. "Self-reporting of offenses is certainly something we want to encourage," he said. "It doesn't excuse the conduct, but it will often affect the way we prosecute it."

In addition to the sentence of imprisonment, Nikolas will have to pay restitution to First American Bank in an amount to be determined at a later date. Criminal restitution obligations are not dischargeable in bankruptcy.

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

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