



**United States Department of Justice
United States Attorney's Office
District of Minnesota**



News Release

**B. Todd Jones,
United States Attorney**

**Jeanne F. Cooney
Director of Community Relations
(612) 664-5611
email: jeanne.cooney@usdoj.gov**

FOR IMMEDIATE RELEASE
Tuesday, February 8, 2011
WWW.JUSTICE.GOV/USAO/MN

Hecker co-defendant and former leasing company president sentenced for conspiracy to commit wire fraud

Earlier today in federal court in Minneapolis, Steven Joseph Leach, the 55-year-old former president of Rosedale Dodge, the leasing company owned by auto mogul Denny Hecker, was sentenced to 27 months in federal prison for participating in Hecker's scheme to defraud financial lenders and others out of millions of dollars. Leach was sentenced by United States District Court Judge Joan N. Ericksen on one count of conspiracy to commit wire fraud, and was also ordered to pay more than \$14 million in restitution. He was indicted on February 10, 2010, but chose to waive the Indictment and be charged by a single-count Information that largely mirrored Count 1 of the Indictment. He pleaded guilty to the Information on October 1, 2010.

Following today's sentencing, Ralph S. Boelter, Special Agent in Charge of the Federal Bureau of Investigation's Minneapolis Field Office, said, "The FBI works diligently to investigate individuals and businesses that are not truthful with the representations they make to financial institutions. Fraudulent representations are taken seriously by the FBI because the damage that this type of criminal activity causes, as in this case, negatively impacts those individuals and businesses that legitimately seek financing."

In his plea agreement, Leach admitted that from November of 2006 through June of 2009, he conspired with Hecker to defraud Chrysler Financial Services and other lenders, from which Hecker's businesses, known collectively as "the Hecker organization," borrowed money to purchase vehicles for its leasing company, which leased fleet cars to rental car companies. Court documents state that in the fall of 2007, Leach conspired with Hecker to present fraudulent paperwork to Chrysler Financial in an effort to obtain \$80 million in financing for the purchase of 5,000 vehicles from Hyundai Motor America. Among the documents submitted to Chrysler Financial was a letter from Hyundai Motor America that Hecker, in the presence of Leach,

fraudulently altered by making handwritten changes. Those changes made it appear as if Hyundai Motor America was offering to sell the Hecker organization 4,855 “repurchase” vehicles. However, both Leach and Hecker knew Hyundai had made no such offer. Nonetheless, Hecker instructed Leach to have an employee incorporate Hecker’s handwritten changes into the actual Hyundai Motor America letter, and then Leach faxed the altered letter to Hecker in Michigan, where he was meeting with Chrysler Financial representatives.

In connection with the same scheme, Leach admitted that in November of 2007, at Hecker’s direction, he instructed employees to order the Hyundai vehicles from Hyundai Motor America as “risk” but treat them in internal records as “repurchase” vehicles. When the vehicles were entered into Rosedale Dodge’s computer system as “repurchase” vehicles, processes were set in motion that contributed to Chrysler Financial’s funding of the vehicles under the false notion that they were “repurchase” vehicles.

Based on those misrepresentations, Chrysler Financial loaned Hecker and the Hecker organization more than \$80 million. In the end, the lender lost approximately \$13 million.

According to the plea agreement, Leach also admittedly misled Chrysler Financial into financing Suzuki vehicles. Relative to that fraud, Leach failed to inform the lender that the Hecker organization had received significant incentives from American Suzuki Motor Corporation. The fraud was specifically accomplished by removing a material portion of Suzuki purchase contracts before providing them to Chrysler Financial.

Hecker, who pleaded guilty to one count of conspiracy to commit wire fraud and one count of bankruptcy fraud in connection with the scheme to defraud Chrysler Financial Services and other lenders, is scheduled to be sentenced at 10:00 a.m., Friday, February 11, 2011, in federal court in Minneapolis. Last week, James Carl Gustafson, a 49-year-old former Hecker employee, was sentenced for lying to government investigators about Hecker’s fraud scheme and assisting Hecker in hiding a Cadillac Escalade from creditors. In addition, in April of 2010, Christi Rowan pleaded guilty to bank fraud with respect to defrauding a credit union regarding the purchase of a Land Rover intended for Hecker. She also pleaded guilty to bankruptcy fraud for lying under oath in connection with Hecker’s bankruptcy case. A sentencing date for her has not been scheduled.

This case is the result of an investigation by the Minnesota State Patrol, the IRS-Criminal Investigation Division, and the Federal Bureau of Investigation. It is being prosecuted by Assistant U.S. Attorneys Nicole A. Engisch, Nancy E. Brasel, and David M. Genrich.

###