



The United States Attorney's Office

Northern District of Iowa

Press Releases

FIVE PLEAD GUILTY TO FRAUD AND WIRETAPPING CHARGES INVOLVING WALTERMAN IMPLEMENT IN DIKE

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The former owner and four employees of Walterman Implement, a failed implement dealership formerly located in Dike, Iowa, pled guilty today to charges arising out of a fraudulent financial scheme that led to the dealership's bankruptcy.

Leon Walterman, age 60, of Dike, the former owner, President, and Chief Executive Officer of the company, pled guilty to a three-count information charging him with mail fraud, money laundering, and illegal wiretapping. Two employees, Alan Scott, age 51, of Grundy Center, and Donna Zmolek, age 57, of Dike, pled guilty to mail fraud. Two other employees, Gary Miller, age 46, of Dike, and Allen Wulf, age 65, of Reinbeck, pled guilty to illegal wiretapping. All five defendants pled guilty today in the United States District Court in Cedar Rapids.

Court documents describe a scheme 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 the customers' names when the customers had already paid for the equipment in full, and claimed customers purchased new equipment had 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, switched serial numbers on and otherwise disguised and altered equipment to conceal the scheme from the lenders.

In order to keep track of the auditors' progress, intentions, and conclusions as they audited Walterman implement, Walterman instructed certain 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 contained in the recordings to conceal the scheme to defraud the lenders.

Walterman faces a possible maximum sentence of 45 years' imprisonment, a \$1 million fine, \$300 in special assessments, and 13 years of supervised release following any imprisonment.

Scott and Zmolek each face a possible maximum sentence of 20 years' imprisonment, a \$250,000 fine, a \$100 special assessment, and 5 years of supervised release following any imprisonment.

Miller and Wulf each face a possible maximum sentence of 5 years' imprisonment, a \$250,000 fine, a \$100 special assessment, and 3 years of supervised release following any imprisonment.

Sentencing before United States District Court Chief Judge Linda R. Reade will be set after a presentence report are prepared. All five defendants remain free on bond pending sentencing. Sentencing dates have not yet been scheduled.

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 numbers are: Walterman, CR10-53 LRR; Scott, CR10-55 LRR; Zmolek, CR10-54 LRR; Miller, CR10-56 LRR; and Wulf, CR10-57 LRR.