



**FOR IMMEDIATE RELEASE**

Monday, December 23, 2013

Media Inquiries: 202-927-8940

Twitter: @SIGTARP

Web: [www.SIGTARP.gov](http://www.SIGTARP.gov)

## FORMER TENNESSEE COMMISSIONER SENTENCED TO 71 MONTHS IN FEDERAL PRISON FOR \$16 MILLION PONZI SCHEME

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and David Rivera, United States Attorney for the Middle District of Tennessee, today announced that Edward Shannon Polen, 37, of Greenbrier, Tenn., former Robertson County Commissioner, was sentenced on Thursday to serve 71 months in federal prison, to be followed by a five year term of supervised release, for operating a series of Ponzi schemes that solicited more than \$16 million from investors.

According to testimony at a guilty plea hearing conducted in December 2012, Polen admitted that, between January 2007 and about March 2011, he operated three investment Ponzi schemes in which he solicited and received approximately \$16 million from more than fifty investors. Polen admitted that the three investment schemes, identified individually as the "John Deere Investment," the "Greenway Investment," and the "Tennessee Valley Authority Coal Ash Cleanup Investment," were totally fraudulent, and he never intended to invest any of the funds he received from investor-victims.

"On Thursday, justice was served for the victims of Polen's Ponzi schemes, and as a consequence of his crimes, Polen will spend the next 71 months in federal prison," said Christy Romero, Special Inspector General for TARP (SIGTARP). "Polen stole more than \$16 million from investors and cheated them, TARP recipient F&M Bank, and other TARP banks in a fraudulent investment scheme where his sole objective was to obtain money to feed his gambling habit and to sustain his scam. The consequences of Polen's fraudulent actions rippled throughout his community and impacted all U.S. taxpayers who are investors in TARP. SIGTARP, alongside our law enforcement partners, will bring justice to those who exploit and abuse the taxpayer-funded TARP bailout."

"Investors are devastated by cases like these, especially people who trust their life's savings to individuals they know and trust, only to find that their trust has been misplaced," said U.S. Attorney David Rivera. "In this case, a lot of people invested money they couldn't afford to lose, particularly in hard economic times. The United States Attorney's Office will diligently and aggressively prosecute those who perpetrate such schemes and prey on unsuspecting and trusting investors."

In or around January 2007, Polen began soliciting funds for investment in the purchase and resale of tractors and other farm equipment that had been repossessed by John Deere & Company. It was part of the scheme that Polen falsely represented to investors that he needed funds to finance the initial purchase of repossessed John Deere farm equipment, which he would immediately resell to a "guaranteed buyer" for a significant profit. According to Polen, investors would thereafter receive a return of their principal investment, plus a substantial profit. However, the John Deere Investment did

not exist, and defendant never invested any of the funds collected from victim-investors. Instead, defendant converted John Deere investor funds to his own personal use and to repay other investor-victims.

In or around January 2008, Polen began soliciting funds to finance the initial purchase of construction materials, which he told investors would be re-sold to the subcontractors of the State of Tennessee Greenway projects for a significant profit. As in the John Deere scheme, defendant promised victim-investors that they would receive a return of their principal investment, plus a substantial profit. However, like the John Deere scheme, the Greenway Investment did not exist, and defendant never invested any of the invested funds. Instead, defendant converted Greenway project investor funds to his own personal use and to repay other investor-victims.

In or around February 2009, Polen began soliciting investment funds to purchase construction materials and equipment, which he told investors would then be sold to contractors and sub-contractors hired by the Tennessee Emergency Management Agency (TEMA) for use in the Kingston Fossil Plant clean-up project. As in the John Deere and Greenway investment schemes, Polen promised victim-investors that they would receive a return of their principal investment, plus a substantial profit. However, the TVA Coal Ash Investment did not exist, and Polen never invested any of the funds collected from victim-investors. Instead, Polen converted TVA Coal Ash investor funds to his own personal use and to repay other investor-victims.

It was a significant part of each of the three investment schemes that Polen would, at the time of investment, provide investors with a minimum of two post-dated checks, one for the principal amount of their investment and the other for the profit that their investment was expected to produce. The post-dated checks were drawn on multiple accounts controlled by Polen at various banks insured by the Federal Deposit Insurance Corporation. Polen used the post-dated checks as a ruse to create the illusion for investors that their investments were safe and secure. Polen assured the investors that the post-dated checks could be cashed at any time, but at the time he tendered the checks to the investors, Polen knew that the accounts upon which the checks were drawn had either been closed or did not, and would never contain funds sufficient to cover the amounts of the checks.

#### TARP Connection:

The parent companies of F&M Bank (F&M Financial Corporation of Clarkesville, Tenn.), U.S. Bank (U.S. Bancorp of Minneapolis, Minn.), and Fifth Third Bank (Fifth Third Bancorp of Cincinnati, Ohio) each received federal government assistance through the U.S. Department of the Treasury's Troubled Asset Relief Program (TARP). The federal government realized an approximate \$3.8 million loss on its approximate \$17.2 million taxpayer investment in F&M Bank. The TARP investments in U.S. Bank (approximately \$6.6 billion) and Fifth Third Bank (approximately \$3.4 billion) were repaid in full on June 17, 2009, and Feb. 2, 2011, respectively.

Polen wrote checks on accounts from these institutions; accounts which were either closed or lacked sufficient funds for the withdrawals.

This case was investigated by SIGTARP, the TVA-OIG, IRS-CI, FBI, and TBI. The United States was represented by Assistant United States Attorney John K. Webb.

This prosecution was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to

investigate and prosecute financial crimes. SIGTARP is a member of the task force. To learn more about the President's Financial Fraud Enforcement Task Force, please visit [www.StopFraud.gov](http://www.StopFraud.gov).

### **About SIGTARP**

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

To report suspected illicit activity involving TARP, dial the **SIGTARP Hotline**: 1-877-SIG-2009 (1-877-744-2009).

To receive alerts about quarterly reports, new audits, and media releases issued by SIGTARP, sign up at [www.SIGTARP.gov/pages/press.aspx](http://www.SIGTARP.gov/pages/press.aspx). Follow SIGTARP on Twitter @SIGTARP.

###