



SIGTARP

OFFICE OF THE SPECIAL INSPECTOR GENERAL
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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TENNESSEE MAN CHARGED IN PONZI SCHEME FOR DEFRAUDING INVESTORS AND TARP-RECIPIENT BANKS

WASHINGTON, DC – The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) and the United States Attorney for the Middle District of Tennessee Jerry E. Martin today announced that Edward Shannon Polen, 41, of Greenbrier, Tennessee, was charged in a criminal information on January 9, 2012, with mail fraud, wire fraud, bank fraud, and money laundering, after operating an investment Ponzi scheme that defrauded approximately 68 investors of more than \$15.3 million and also defrauded F&M Bank (of Clarksville, Tennessee), U.S. Bank, and Fifth Third Bank, each of which received federal taxpayer funds under the Troubled Asset Relief Program (TARP).

“Polen took advantage of his status within the community to bilk investors out of millions of dollars to keep his Ponzi scheme afloat and to support his gambling habit,” said Christy Romero, Deputy Special Inspector for SIGTARP. “In the process, he also defrauded his hometown bank - which received support from taxpayers through TARP - as well as other TARP-recipient banks. Polen’s actions didn’t just impact his community; they impacted all taxpayers who helped support the banking industry under TARP. Those accused of exploiting TARP or abusing TARP funds will be aggressively investigated by SIGTARP and held accountable by our partners in law enforcement.”

Polen’s overall scheme to defraud involved three separate, but connected, investment programs in which victims were promised a return of their invested principal along with a substantial profit. All three investment programs were bogus, and Polen never invested any of the money he solicited from victims. Instead, he used investor funds to place bets with local bookies, pay gambling debts, and repay other investor-victims.

The bogus investment opportunities created by Polen were identified as the “John Deere Investment,” a fictional opportunity to purchase repossessed tractor and farm equipment, which were then resold within 30 days for a profit; the “Greenway Investment,” fictional construction of “greenways” by various governmental agencies, with Polen supposedly participating as a supplier of materials; and the “Tennessee Valley Authority (TVA) Coal Ash Cleanup Investment,” related to the coal ash spill at TVA’s Kingston Fossil Plant, with Polen offering investors the opportunity to participate in the clean-up process and be reimbursed by the government at a profit. Polen’s use of the three investment opportunities was all part of the same Ponzi scheme because he routinely “rolled-over” funds from one investment to the next, and used incoming funds designated for one investment to pay-off investors in another.

Polen was successful in soliciting investors for the schemes, in large part, because of his reputation in Robertson County, Tennessee for being a savvy and trustworthy businessman with “insider” political

connections. Polen's victims were unaware that he had a serious gambling problem, and needed a continuous flow of cash to support his gambling activities.

As part of the scheme, as security for their investments, Polen provided investor victims with two postdated checks - one for the principal amount of their investment and a second for expected profit. The checks were drawn on accounts at multiple banks, including TARP-recipients F&M Bank, Fifth Third Bank, and U.S. Bank. However, Polen well knew that at the time the checks were tendered to investor victims, the bank accounts had been closed or did not contain sufficient funds to cover the checks.

The case is being investigated by SIGTARP and the Tennessee Valley Authority Office of the Inspector General.

The case is being prosecuted 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.

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).

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