



Department of Justice

David Rivera
United States Attorney
MIDDLE DISTRICT OF TENNESSEE

FOR IMMEDIATE RELEASE
FRIDAY, DECEMBER 20, 2013
WWW.JUSTICE.GOV/USAO/TNM/

CONTACT:
JOHN K. WEBB, AUSA
615-736-5151

**FORMER ROBERTSON COUNTY, TENN. COMMISSIONER SENTENCED
TO 71 MONTHS IN PRISON FOR PONZI SCHEMES**

More Than \$16 Million Solicited From Investors

NASHVILLE, Tenn. – December 20, 2013 - Edward Shannon Polen, 37, of Greenbrier, Tennessee and former Robertson County Commissioner, was sentenced yesterday to serve 71 months in prison, to be followed by a five year term of supervised release, for operating a series of Ponzi schemes that solicited more than \$16,000,000 from investors, announced David Rivera, United States Attorney for the Middle District of Tennessee.

“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.”

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 \$16,000,000 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.

“Yesterday, justice was served for the victims of Polen’s Ponzi schemes, and as a consequence of his crimes, Polen will spend almost six years in federal prison,” said Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP). “Polen stole more than \$15 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.”

"Honest and law abiding citizens are fed up with the likes of those who use deceit and fraud to line their pockets with other people's money," said Christopher A. Henry, Special Agent in Charge of the IRS-Criminal Investigation Division. "Those individuals who engage in this type of financial fraud should know they will not go undetected and will be held accountable. We are pleased with the successful resolution of this investigation due to the cooperative efforts of our law enforcement partners."

"Those who participate in this type of criminal scheme steal the dreams of future and financial security from innocent victims," said A. Todd McCall, Special Agent in Charge of the Memphis Division of the Federal Bureau of Investigation. "I am very proud of the hard work of the FBI and our law enforcement partners, and today's sentence demonstrates that those who intentionally commit fraud for personal benefit cannot hide from justice and will pay the price for their crimes."

In or around January 2007, he 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 the TVA-OIG, IRS-CI, FBI, TBI, and SIG-TARP. The United States was represented by Assistant United States Attorney John K. Webb.

#####