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News Release

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Denny Hecker and co-conspirator federally indicted for fraud, money laundering

Earlier today a federal grand jury returned an indictment against Dennis Earl Hecker, age 57, of Medina, and Steven Joseph Leach, age 54, of Burnsville, charging them with orchestrating a scheme to defraud financial lenders and others out of millions of dollars. The seven-count indictment, filed in U.S. District Court in Minneapolis, specifically charges Hecker and Leach with one count of conspiracy to commit wire fraud and five counts of wire fraud. Hecker also was charged with one count of money laundering.

Hecker owned and operated numerous Minnesota auto dealerships as well as businesses that provided fleet vehicles to car rental companies, including those in which Hecker had a financial interest. Hecker operated those businesses under numerous corporate names, collectively known as the Hecker organization. Leach was a senior officer in the Hecker organization until he resigned his position in about December of 2007.

The indictment states that from about September of 2007 through at least June of 2009, the defendants, aided and abetted by others, schemed to defraud Chrysler Financial Services Americas LLC ("Chrysler Financial") and other commercial lenders from whom Hecker and the Hecker organization borrowed money to fund business operations. Specifically, in the fall of 2007, the defendants allegedly presented fraudulent documents to Chrysler Financial to obtain $80 million in financing for the purchase of 5,000 vehicles from Hyundai Motor America. Purportedly, among the documents submitted to Chrysler Financial was a letter from Hyundai Motor America that had been altered at the direction of Hecker and Leach to benefit Hecker and the Hecker organization. That altered letter was then allegedly transmitted via interstate wire transfer to Hecker, who provided it to Chrysler Financial, purportedly knowing it was fraudulent.

Documents provided Chrysler Financial allegedly failed to specify the true nature and value of the collateral acquired by Hecker and the Hecker organization in connection with securing the financing requested for the deal with Hyundai Motor America. Furthermore, the indictment states that through documents, the defendants omitted details of the incentive payments Hecker and the Hecker organization received via interstate wire transfer from Hyundai Motor America, even though those payments totaled more than approximately $17.2 million and were material to the lender, Chrysler Financial. As a result of those false statements and representations, Chrysler Financial loaned Hecker and the Hecker organization more than $80 million and ultimately lost more than $10 million.

The alleged purpose of this scheme, at least in part, was to fund Hecker's extravagant lifestyle. In an effort to maintain the fraud, Hecker, his co-defendant, and others purportedly carried out a cover-up and engaged in lulling communications with various individuals and entities. Allegedly, to avoid paying his lenders, Hecker also filed personal bankruptcy in June of 2009, seeking to discharge, among other debts, the $10 million owed to Chrysler Financial as a result of the Hyundai deal. Moreover, despite filing for bankruptcy, the indictment alleges that Hecker, with the assistance of others, has concealed assets.

The indictment also states that the defendants and others conspired to defraud lenders and others in order to obtain millions of dollars in financing, incentive money from automobile manufacturers, and sale proceeds from vehicles. In addition to supplying lenders, such as Chrysler Financial, with fraudulently altered documents and making misrepresentations about the nature and value of collateral, among other things, Hecker and others at his direction allegedly kept vehicle sales proceeds rather than paying off lenders who were owed those proceeds, as they were obligated to do by agreement and otherwise.

Additionally, Hecker and others at his direction allegedly withheld from the State of Minnesota money that customers provided to them for payment of sales taxes, vehicle titles, and license fees. As for the charge of money laundering, the indictment states that on November 30, 2007, Hecker wire transferred approximately $500,000 from the Hecker organization's account at Wells Fargo Bank, to his personal account at the bank. Allegedly, that money was derived from criminal activity.

If convicted, Hecker and Leach face a potential maximum penalty of 20 years in prison for conspiracy to commit wire fraud and 20 years on each count of wire fraud. Hecker also faces 10 years in prison if convicted of money laundering. All sentences will be determined by a federal district court judge. The defendants will appear in federal court for arraignment on the indictment on a date not yet scheduled.

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

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An indictment is a determination by a grand jury that there is probable cause to believe that offenses have been committed by a defendant. A defendant, of course, is presumed innocent until he or she pleads guilty or is proven guilty at trial.