

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,) **INDICTMENT**
)
 Plaintiff,) (18 U.S.C. § 2)
) (18 U.S.C. § 1343)
 v.) (18 U.S.C. § 1349)
) (18 U.S.C. § 1957)
1. DENNIS EARL HECKER and)
2. STEVEN JOSEPH LEACH,)
)
 Defendants.)

THE UNITED STATES GRAND JURY CHARGES:

INTRODUCTION

At all times relevant to this Indictment:

1. Defendant DENNIS EARL HECKER, a resident of Minnesota, owned and operated in Minnesota and elsewhere automobile dealerships as well as businesses that provided fleet vehicles to rental car companies, including rental car companies that HECKER owned in whole or in part.

2. HECKER operated his businesses under numerous corporate names (collectively, the "Hecker organization"). The corporate headquarters for the Hecker organization was at 500 Ford Road, St. Louis Park, Minnesota.

3. Defendant STEVEN JOSEPH LEACH, a resident of Minnesota, was a senior officer of HECKER's fleet leasing businesses. In or about December 2007, LEACH resigned from the Hecker organization.

4. To fund the businesses and to purchase vehicles, HECKER and the Hecker organization borrowed money from commercial lending companies ("lenders"), including Chrysler Financial Services Americas LLC and its predecessors, such as DaimlerChrysler Services North America LLC and DaimlerChrysler Financial Services Americas LLC (collectively, "Chrysler Financial"), and others. HECKER personally guaranteed repayment of amounts loaned to the Hecker organization by Chrysler Financial and other lenders.

5. The vehicles that HECKER and the Hecker organization purchased were the primary collateral for the vehicle financing. In addition, HECKER and the Hecker organization were obligated by agreement and otherwise to hold proceeds from the sale of vehicles in trust and to pay the proceeds promptly to the lender that financed the vehicles, in payment of any balance owed to the lender on such financing.

6. The fleet vehicles that HECKER and the Hecker organization purchased were generally categorized by automobile manufacturers as either "repurchase" or "risk." "Repurchase" vehicles were subject to a guarantee that the automobile manufacturers would in effect buy back the vehicles for a set price after a certain period of time and subject to certain conditions. "Risk" vehicles had no such repurchase guarantee. Thus, "risk" vehicles exposed HECKER, the Hecker organization, and lenders to

greater financial risk. Whether the vehicles at issue were categorized as "repurchase" or "risk" vehicles was material to lenders.

7. To induce HECKER, the Hecker organization, and other businesses to purchase fleet vehicles, automobile manufacturers typically offered incentive payments. Incentive payments, which could be upwards of thousands of dollars per vehicle, were a form of "cash back" that the purchaser, such as HECKER and the Hecker organization, received after buying the vehicles. Whether HECKER and the Hecker organization received incentive payments and the amount of any incentive payments were material to lenders.

8. By approximately June 2009, HECKER had largely closed down operations of the Hecker organization and had filed personal bankruptcy.

COUNT 1

(Conspiracy to Commit Wire Fraud)

9. The Grand Jury hereby realleges and incorporates paragraphs 1 through 8 of this Indictment as if stated in full herein.

10. Beginning at least in or about September 2007, and continuing through at least in or about June 2009, the exact dates being unknown to the Grand Jury, in the State and District of Minnesota and elsewhere, the defendants,

**DENNIS EARL HECKER and
STEVEN JOSEPH LEACH,**

knowingly and intentionally combined, conspired, confederated, and agreed with each other, and with others known and unknown to the Grand Jury, to commit offenses against the United States, that is, to devise and intend to devise a scheme and artifice to defraud and to obtain money and property from lenders and others by means of material false and fraudulent pretenses, representations, and promises, and for the purpose of executing the scheme and artifice, to knowingly cause to be transmitted in interstate commerce, by means of wire communications, certain writings, signs, signals, and sounds, in violation of Title 18, United States Code, Section 1343.

PURPOSE OF THE CONSPIRACY

11. The unlawful purpose of this conspiracy was to enable HECKER, the Hecker organization and others to obtain millions of dollars from various sources, including financing from lenders, incentive money from automobile manufacturers, and sale proceeds from vehicles, all by making material false statements, false representations and omissions.

MANNER AND MEANS OF THE CONSPIRACY

The manner and means, among others, of this conspiracy were as follows:

12. To obtain millions of dollars from various sources, money which was diverted in part to fund HECKER's extravagant lifestyle, the defendants and others made material false statements, false representations, and omissions.

13. The material false statements, false representations, and omissions included presenting lenders with fraudulently altered documents that purported to but did not in fact represent the actual terms automobile manufacturers had offered HECKER and the Hecker organization with regard to fleet vehicle purchases.

14. The material false statements, false representations, and omissions included misrepresentations and omissions to lenders with respect to the nature and value of the collateral, that is, the vehicles that secured the lenders' financing.

15. The material false statements, false representations, and omissions included misrepresentations and omissions to lenders with respect to millions of dollars in incentive payments received by HECKER and the Hecker organization from automobile manufacturers.

16. The material false statements, false representations, and omissions included misrepresentations and omissions to lenders with respect to vehicle sales proceeds. Namely, after HECKER and the Hecker organization sold vehicles that lenders had financed, in a significant number of instances, HECKER and others at his direction intentionally and fraudulently kept the vehicle sales proceeds for

the benefit of HECKER and the Hecker organization, rather than holding those proceeds in trust and paying the proceeds promptly to the lender that financed the vehicle.

17. The material false statements, false representations, and omissions included misrepresentations and omissions to retail customers of the Hecker organization's dealerships. Namely, after HECKER and the Hecker organization received vehicle sales proceeds, including amounts intended by the customer to pay for sales tax, title, and license fees, in a significant number of instances, HECKER and others at his direction intentionally and fraudulently kept the tax, title, and license portion for the benefit of HECKER and the Hecker organization, rather than holding that portion in trust and paying it promptly to the state.

18. At least in part to prevent the conspiracy and fraud from coming to light and/or being reported to the authorities, the defendants and others engaged in cover-up and lulling communications with various individuals and entities.

19. In or about June 2009, HECKER filed personal bankruptcy in an attempt to avoid his repayment obligations to the lenders. Despite filing personal bankruptcy, and despite the hundreds of millions of dollars owed to his lenders and others, HECKER, with the assistance of others, has concealed assets and has continued to live an extravagant lifestyle.

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All in violation of Title 18, United States Code, Section 1349.

COUNTS 2-6
(Wire Fraud)

20. The Grand Jury hereby realleges and incorporates paragraphs 1 through 8 and 12 through 19 of this Indictment as if stated in full herein.

21. Beginning at least in or about September 2007, and continuing through at least in or about June 2009, the exact dates being unknown to the Grand Jury, in the State and District of Minnesota and elsewhere, the defendants,

**DENNIS EARL HECKER and
STEVEN JOSEPH LEACH,**

aiding and abetting each other, and aided and abetted by others known and unknown to the Grand Jury, knowingly and intentionally devised a scheme and artifice to defraud and to obtain millions of dollars in money and property from Chrysler Financial and others by means of material false and fraudulent pretenses, representations, and promises.

THE "HYUNDAI" FRAUD SCHEME

It was a part of the scheme and artifice that:

22. In or about the fall of 2007, the defendants negotiated to purchase over 5,000 Hyundai vehicles from Hyundai Motor America ("HMA") for the Hecker organization's fleet leasing business.

23. Specifically, in approximately November 2007, HMA provided the Hecker organization with letters reflecting the deal the defendants had negotiated with HMA. In the letters, HMA offered to sell the Hecker organization approximately 1) 605 "repurchase" vehicles ("605 repurchase letter"), 2) 4,250 "risk" vehicles ("4,250 risk letter"), and 3) 610 "risk" vehicles ("610 risk letter"). Thus, in the fall of 2007, HMA offered to sell the Hecker organization approximately 4,860 "risk" vehicles and approximately 605 "repurchase" vehicles, for a total of approximately 5,465 Hyundai vehicles.

24. As part of the deal with HMA, the defendants negotiated to receive millions of dollars, upwards of over approximately \$4,000 per "risk" vehicle, in incentive payments from HMA.

25. In or about the fall of 2007, the defendants arranged to obtain approximately \$80 million in fleet lease financing for the Hyundai vehicles from Chrysler Financial. To obtain the fleet lease financing, the defendants made material false statements, false representations and omissions.

26. Specifically, on or about November 15, 2007, at HECKER'S direction, and without HMA'S permission or awareness, LEACH arranged to create a fraudulently altered HMA letter. Namely, LEACH provided a Hecker organization employee with the actual 605 repurchase letter. LEACH directed this person to cover existing

language on the letter with a taped-on insert so that it would appear as if HMA was offering to sell the Hecker organization 4,855 "repurchase" Hyundai vehicles. In fact, as the defendants well knew, HMA had made no such offer. The purported "repurchase" number of 4,855 was calculated to reflect the approximate total number of "risk" vehicles that the defendants were already in the process of purchasing from HMA, but for which the defendants needed permanent financing.

27. On or about November 15, 2007, LEACH caused the fraudulently altered HMA letter to be faxed from the Hecker organization in St. Louis Park, Minnesota to HECKER at the Detroit Metropolitan Wayne County Airport in Michigan.

28. On November 15, 2007, after HECKER received the fraudulently altered HMA letter in Michigan, HECKER presented it to Chrysler Financial, along with the actual 610 risk letter. HECKER falsely represented the two documents as the deal he had negotiated with HMA. HECKER intentionally and affirmatively concealed from Chrysler Financial two of the actual HMA offer letters, the 4,250 risk letter and the 605 repurchase letter. Thus, HECKER, aided and abetted by LEACH, misled Chrysler Financial into believing HMA had offered to sell the Hecker organization a large number of "repurchase" vehicles, approximately 4,855, and a much smaller number of "risk" vehicles, approximately 610, for a total of

approximately 5,465 Hyundai vehicles. In fact, as the defendants well knew, HMA's deal to sell a total of approximately 5,465 Hyundai vehicles consisted mostly of "risk" vehicles (approximately 4,860), with a much smaller number (approximately 605) of "repurchase" vehicles.

29. Thus, in or about November 2007, through the fraudulently altered HMA letter and through other material false statements, false representations, and omissions, the defendants misled Chrysler Financial into financing thousands of Hyundai "risk" vehicles believing that the vehicles were "repurchase" vehicles. As a result, the collateral for Chrysler Financial's financing was substantially and materially less than what the defendants represented it to be. Namely, the majority of the Hyundai vehicles were not subject to any guarantee from HMA that it would repurchase the vehicles, and therefore Chrysler Financial was at significant financial risk that the vehicle sale proceeds ultimately would be insufficient to pay off the Hyundai vehicle financing.

30. In particular, starting in or about mid-November 2007, the defendants caused others within the Hecker organization to prepare and to send to Chrysler Financial a number of funding packages, including security agreements and vehicle schedules, the content of which falsely represented that the vehicles that Chrysler Financial was financing for HECKER and the Hecker

organization were "repurchase" vehicles when in fact they were "risk" vehicles. Thus, through the funding packages, the defendants further misled Chrysler Financial as to the nature and value of Chrysler Financial's collateral.

31. In or about November 2007, the Hecker organization received HMA incentive payments, including a wire of approximately \$7.8 million and a wire of approximately \$9.4 million, after the Hecker organization began purchasing the Hyundai "risk" vehicles from HMA. Although information regarding the incentive payments to HECKER and the Hecker organization was material to Chrysler Financial, the defendants, through the fraudulently altered HMA letter and otherwise, intentionally and affirmatively concealed the incentive payments from Chrysler Financial.

32. In addition, as a result of the defendants' material false statements, false representations and omissions, HECKER and the Hecker organization were able to obtain Hyundai vehicles, which they were then able to lease to rental car companies, including those in which HECKER held an ownership interest. Thus, HECKER and the Hecker organization were able to generate revenue from such vehicles through the fraud.

33. At least in part to prevent the fraud from coming to light and/or being reported to the authorities, the defendants and

others engaged in cover-up and lulling communications with various individuals and entities.

34. In or about December 2007, after making admissions regarding the fraud, LEACH tendered his resignation to HECKER, in an attempt to distance himself from the fraud in which he had participated.

35. At least in part to prevent the fraud from coming to light and/or being reported to the authorities, HECKER, with the help of others, arranged to have Hyundai Motor Finance Company, now known as Hyundai Capital America ("Hyundai Capital"), refinance a portion of the Hyundai vehicles financed by Chrysler Financial.

36. Despite the Hyundai Capital refinancing and some other payments, HECKER and the Hecker organization did not fully repay the money that Chrysler Financial provided in reliance on the defendants' material false statements, false representations, and omissions. After HECKER and the Hecker organization failed to repay Chrysler Financial, and after Chrysler Financial sold its collateral, including the Hyundai vehicles that did not have the HMA repurchase guarantee represented by the defendants, Chrysler Financial suffered a financial loss that exceeds approximately \$10 million.

37. As part of a personal bankruptcy proceeding, HECKER sought a discharge of the more than approximately \$10 million he

owed to Chrysler Financial as a result of the Hyundai fraud scheme (as well as hundreds of millions of dollars in other debt HECKER owed to Chrysler Financial, Hyundai Capital and others), in an attempt to avoid his repayment obligations. Despite filing personal bankruptcy, HECKER, with the assistance of others, has concealed assets and has continued to live an extravagant lifestyle.

THE WIRES

38. On or about the dates set forth below, in the State and District of Minnesota and elsewhere, and for the purpose of executing and attempting to execute the scheme and artifice, the defendants,

**DENNIS EARL HECKER and
STEVEN JOSEPH LEACH,**

aiding and abetting each other, and aided and abetted by others known and unknown to the Grand Jury, for the purpose of executing and attempting to execute the scheme and artifice, knowingly caused to be transmitted in interstate commerce the interstate wire communications described below:

COUNT	DATE	WIRE COMMUNICATION
2	11/15/07	Wire transfer of approximately \$7.8 million from HMA's account at Bank of America in New York to the Hecker organization's account at Wells Fargo Bank in Minnesota

COUNT	DATE	WIRE COMMUNICATION
3	11/15/07	Facsimile transmission of fraudulently altered HMA letter from the Hecker organization in Minnesota to Detroit Metropolitan Wayne County Airport in Michigan
4	11/19/07	Email from Chrysler Financial in Michigan to HECKER in Minnesota, cc: LEACH and others, re. the Hyundai program
5	11/30/07	Wire transfer of approximately \$9.4 million from HMA's account at Bank of America in New York to the Hecker organization's account at Wells Fargo Bank in Minnesota
6	10/25/08	Telephone discussion between HECKER in Mexico and an individual with HMA in California regarding fraudulently altered HMA letter

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT 7

(Transactional Money Laundering)

39. The Grand Jury hereby realleges and incorporates paragraphs 1 through 8 and 12 through 19 and 22 through 37 of this Indictment as if stated in full herein.

40. On or about November 30, 2007, in the State and District of Minnesota and elsewhere, the defendant,

DENNIS EARL HECKER,

aided and abetted by others known and unknown to the Grand Jury, knowingly engaged and attempted to engage in a monetary transaction

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by, through, and to a financial institution, affecting interstate commerce in criminally-derived property of a value greater than \$10,000, that is, a wire transfer of approximately \$500,000 from the Hecker organization's account at Wells Fargo Bank to HECKER's personal account at Wells Fargo Bank, such property having been derived from specified unlawful activity, namely, wire fraud and conspiracy to commit wire fraud.

All in violation of Title 18, United States Code, Sections 1957 and 2.

FORFEITURE ALLEGATIONS

Counts 1 through 7 of this Indictment are hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(1), and Title 28, United States Code, Section 2461(c).

As the result of the offenses alleged in Counts 1 through 6 of this Indictment, the defendants,

**DENNIS EARL HECKER and
STEVEN JOSEPH LEACH,**

shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), any property, real or personal, which

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constitutes or is derived from proceeds traceable to the violations of Title 18, United States Code, Sections 2, 1343 and 1349.

As a result of the offenses alleged in Count 7 of the Indictment, the defendant,

DENNIS EARL HECKER,

shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(1), all property, real or personal, involved in said money laundering violation and all property traceable to such property, including the sum of money involved in Count 7.

If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and by Title 28, United States Code, Section 2461(c).

All in violation of Title 18, United States Code, Sections 2, 981(a)(1)(C), 982(a)(1), 982(b)(1), 1343, 1349, 1957 and Title 28, United States Code, Section 2461(c).

A TRUE BILL

UNITED STATES ATTORNEY

FOREPERSON