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News Release

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Deanna Coleman sentenced for her role in the Tom Petters Ponzi scheme

The 44-year-old woman who alerted federal officials to the largest financial crime in Minnesota history was sentenced to a year and a day in prison for her role in that \$3.7 billion fraud scheme, which was orchestrated by Wayzata businessman Tom Petters. Earlier today in St. Paul, United States District Court Judge Richard H. Kyle sentenced Deanna Lynn Coleman, of Plymouth, on one count of conspiracy to commit mail fraud. Coleman was charged on October 6, 2008, and pleaded guilty on October 8, 2008. Petters, age 53, was sentenced in April to 50 years in prison. He is presently incarcerated in the federal penitentiary in Leavenworth, Kansas.

Following today's sentencing, U.S. Attorney B. Todd Jones said, "While Deanna Coleman's assistance in the Petters investigation was extremely valuable, she still had to pay a price for her own wrongdoing. She worked with Petters and others to dupe people out of a lot of money. However, in the end, she did the right thing by bringing this fraud into the light of day, and the sentence imposed reflects this choice of conscience over loyalty and greed."

The investigation of this matter began on September 8, 2008, when Coleman and her attorney reported to authorities that she had been assisting Petters in executing a multi-billion-dollar Ponzi scheme for over ten years. She agreed to work with law enforcement and subsequently wore a recording device to tape numerous conversations with Petters and others. Those recorded conversations chronicled the history of the scheme as well as the conspirators' efforts to maintain the operation by obtaining new investors while lulling old ones. The recordings also detailed how the conspirators planned to avoid responsibility if the fraud was ever discovered.

"We acknowledge Coleman's contributions to the successful outcome of the Petters investigation," said Ralph S. Boelter, Special Agent in Charge of the Federal Bureau of Investigation's Minneapolis office, which investigated the crime. "The FBI will continue to

vigorously pursue criminals who seek to swindle our citizens out of their savings while furthering their own financial greed.”

According to the evidence gathered in this case, Petters Company, Inc. (“PCI”), which was formed in 1994 and owned solely by Tom Petters, was used for fraudulent purposes from its inception. As the fraud progressed, Coleman, who was hired by Petters as an office manager and later became an officer of PCI, admittedly began creating false documents that Petters and others used to induce investors to loan billions of dollars to PCI. For example, Coleman fabricated documents that indicated investment funds were used by PCI to purchase merchandise from two suppliers, Enchanted Family Buying Co. and Nationwide International Resources, Inc. In truth, however, no such purchases were made. Coleman also created documents highlighting the sale of PCI merchandise to big-box retailers, such as Costco and Sam’s Club. Again, those transactions were fictitious. In reality, investment funds were used to make lulling payments to previous investors, pay off those who assisted in the scheme, fund businesses owned or controlled by the co-conspirators, and finance Tom Petters’ increasingly extravagant lifestyle. For her efforts, Coleman received millions of dollars.

Following today’s sentencing, Julio LaRosa, Special Agent in Charge of the Internal Revenue Service–Criminal Investigation Division, which also participated in the investigation, said, “Those that assist in Ponzi schemes make it easier for the orchestrator to continue bilking innocent investors out of their money. Billions of dollars were put at risk to ensure that a fictitious investment scheme continued to operate and enrich the lives of those carrying it out. This type of activity has to be stopped, and this case is a shining example of federal agencies working together to accomplish that task.”

On September 24, 2008, agents from the Federal Bureau of Investigation, the Internal Revenue Service–Criminal Investigation Division, and the U.S. Postal Inspection Service executed search warrants at Petters’ headquarters, Petters’ home, and other locations. They recovered numerous documents and evidence. Along with the tapes secured by Coleman, that evidence created the basis for the prosecution of Tom Petters and his co-conspirators.

This case was the result of an investigation by the Federal Bureau of Investigation, the IRS–Criminal Investigation Division, and the U.S. Postal Inspection Service. It was prosecuted by Assistant U.S. Attorneys Joseph T. Dixon, John R. Marti, Timothy C. Rank, and John F. Docherty.

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