



Department of Justice

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FOR IMMEDIATE RELEASE
Friday, April 8, 2011
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SOUTH DAKOTA MAN SENTENCED IN DAN NELSON AUTO SUPERCENTER BANK FRAUD CASE

DES MOINES, IA - On April 7, 2011, Daniel W. Paulson, age 55, of Sioux Falls, South Dakota, was sentenced for his participation in a conspiracy to cause false entries in bank records, announced United States Attorney Nicholas A. Klinefeldt. United States District Court Judge James E. Gritzner sentenced Daniel W. Paulson to a year and a day in prison, to be followed by a term of two years of supervised release. Paulson was also ordered to pay restitution in the amount of \$7,000,000.00, and a \$100.00 assessment for the Crime Victim Fund. Paulson remains on release under supervision of the United States Probation Office pending designation of the Federal Bureau of Prisons facility in which he is to serve his sentence of imprisonment.

Daniel W. Paulson waived indictment, and was charged in a United States Attorney's Information filed in the Southern District of Iowa on March 6, 2009. The Information charged Paulson with one count of Conspiracy to Cause False Entries in Bank Books, in violation of Title 18, United States Code, Sections 371 and 1005. Paulson also entered a plea of guilty to the Information on March 6, 2009.

The charge arose out of the lending relationship between various banks and the Dan Nelson Automotive Group, South Dakota Acceptance Corporation, and various other entities owned and operated by Daniel A. Nelson and Christian J. Tapken. Daniel W. Paulson, an accountant, served as the Chief Financial Officer of the various corporations from the 1990s, until the corporations became defunct after June of 2005. The evidence showed that unlike

Nelson and Tapken, Paulson did not benefit financially from the conspiracy, except to keep his position with the companies. However, he used his accounting background to assist Nelson and Tapken in developing various means of making fraudulent reports to the victim banks, and in preparing and delivering the fraudulent reports to the banks.

Nelson pled guilty to presenting fraudulent loan compliance reports to thirteen banks across the Midwest, which reports became bank records regarding the loans. Among other fraudulent entries, the monthly reports submitted to the banks contained falsified numbers concerning the delinquency, recency and receivables regarding vehicle sale loans of South Dakota Acceptance Corporation. The conspiracy lasted from at least 2001, through June of 2005, when the companies failed, and the banks took over operation of the companies in order to liquidate them.

The Dan Nelson Automotive Group and South Dakota Acceptance Corporation operated as vehicle sales companies in Des Moines, Council Bluffs and Sioux City, Iowa, and Sioux Falls and Rapid City, South Dakota. The companies originally sold sub-prime used vehicles, later expanding into prime used vehicles and certain lines of new vehicles. The banks affected by the conspiracy were located in the Southern District of Iowa, the Northern District of Iowa, South Dakota, Minnesota and Indiana.

These companies were the subject of a civil consumer enforcement action by the Iowa Attorney General brought in January of 2005, in the District Court of Iowa for Polk County. As a result of the enforcement action, the defendants surrendered the ability to carry on vehicle sales operations in the State of Iowa.

Daniel A. Nelson and Christian J. Tapken were previously sentenced on identical charges. Nelson was sentenced to 30 months of imprisonment, plus a term of three years of supervised release. Tapken was sentenced to 18 months of imprisonment, plus a term of three years of

supervised release. Each of these defendants were also ordered to be responsible for the \$7,000,000.00 in restitution.

The case was prosecuted by the United States Attorney's Office for the Southern District of Iowa. The case was investigated by the Federal Bureau of Investigation and the United States Postal Inspection Service.

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