

PRESS RELEASE

# Former Ericson State Bank President Sentenced for Bank Fraud

Thursday, August 1, 2024

Share

## For Immediate Release

U.S. Attorney's Office, District of Nebraska

United States Attorney Susan Lehr announced that Jackie Poulsen, aka Jack Poulsen, 71, of Ericson, Nebraska, was sentenced on August 1, 2024, in federal court in Lincoln, Nebraska for bank fraud. United States District Judge Susan M. Bazis sentenced Poulsen to 18 months' imprisonment with 5 years of supervised release to follow. There is no parole in the federal system. Poulsen was additionally ordered to pay a \$815,000 in restitution.

Poulsen was the President of Ericson State Bank (ESB) from June of 2010 until September of 2019. He was additionally on the Board of Directors for the bank. In his role as President of ESB, he was responsible for overseeing all ESB's affairs and managing ESB's day-to-day operations. ESB, like any other bank in Nebraska, had to undergo regular examinations conducted by the Nebraska Department of Banking and Finance (NDBF). One such examination occurred in October of 2017, which ESB passed. The next examination occurred in April of 2019. The 2019 examination revealed that ESB's condition had significantly deteriorated since the 2017 examination. NDBF indicated in a report that this deterioration was "due in large part to [ESB] being operated without regard for laws, regulations, prudent banking policies, and practices."

During the investigation that followed the 2019 examination, the NDBF discovered that there were significant violations of the Nebraska statutory lending limits and that Poulsen had personally made, or was directly responsible for, many of the loans, lines of credit, and coverups of overdrafts that were in violation of the law, and which were adversely affecting the safety and soundness of ESB. A substantial number of the violations involved accounts and loans held by a relative of Poulsen's and the relative's business-related entities. NDBF examiners determined that a specific loan to Poulsen's relative had been continuously more than the statutory lending limit since November 2017, or approximately one month after the 2017 Examination. NDBF examiners further

determined that since May 29, 2019, Poulsen made multiple advances to the relative and charged off a portion of the borrowings without completing the appropriate paperwork or seeking approval from the Board or loan committee.

NDBF examiners discovered that some lending limit violations had substantially increased in size through increases in operating lines of credit, additional advances, and/or payment of overdrafts since the May 29, 2019, meeting. NDBF examiners determined that as of August 26, 2019, maturity dates on loans had been extended multiple times without formal documentation; borrowers' financial information was inadequate; collateral for loans was either non-existent or poorly documented and managed, and deposit accounts, including those held by his relative, were frequently and substantially overdrawn. Poulsen's scheme to defraud continued until September of 2019, when Poulsen was removed from his positions of authority with ESB based on NDBF's findings. Poulsen's license was also revoked.

As of December 31, 2019, ESB had total assets of approximately \$110,879,000. However, on February 14, 2020, NDBF closed ESB and appointed the Federal Deposit Insurance Corporation ("FDIC"), as liquidator and receiver of ESB. Mark Quandahl, NDBF Director issued a statement regarding the failure of ESB which stated, "The failure of Ericson State Bank resulted primarily from large out-of-territory commercial loan losses and poor management practices which led to a deterioration of the bank's capital. When the capital was not replenished the Department was left with no option but to place the insolvent institution into receivership."

The FDIC entered into a purchase and assumption agreement with Farmers and Merchants Bank, Milford, NE, in which the purchasing bank assumed all customer deposits of ESB. At the time of ESB's failure, ESB was a state chartered financial institution regulated and examined by the NDBF and it was determined that a loss of \$815,000 was attributable to the insider-related loans which were subject to Poulsen's scheme.

The investigation and subsequent prosecution of this matter was the result of the work of multiple agencies in conjunction with the United States Attorney's Office for the District of Nebraska. Following today's sentencing the following comments were made:

"The people of Nebraska expect their monies to be safe when they choose to place their trust in local banks." Said United States Attorney Susan T. Lehr. "No bank officials should be permitted to abuse that trust for the sake of their and their family's personal gain. The United States Attorney's Office thanks all law enforcement agencies who worked diligently on the thorough investigation of this case."

FBI Omaha Special Agent in Charge Eugene Kowel said, "Not only did Jack Poulsen's financial scheme of insider-related loans lead to his sentence to federal prison, it also led to the collapse of a bank that had served rural Nebraska for 60 years. The FBI is committed to working with our federal, state, and local partners to hold accountable those who exploit their positions of trust to defraud financial institutions."

"Jack Poulsen exploited his position as a bank executive to commit fraud that ultimately led to Ericson State Bank's failure," said Jon Ellwanger, Special Agent in Charge, Western Region, Office of Inspector General for the Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau. "His sentencing sends a clear message that bank executives who commit fraud will be brought to justice for their actions. We are proud to have worked with our federal law enforcement partners and the U.S. Attorney's Office to hold Mr. Poulsen accountable for his crimes."

"As both bank president and board member, the defendant had a duty to conduct business honestly but instead abused that trust and committed insider fraud, contributing to the failure of a bank that had been part of the Federal Home Loan Bank System for more than 60 years," said Korey Brinkman, Special-Agent-in-Charge of FHFA-OIG's Midwest Region. "We will continue to vigorously investigate criminal offenses involving frauds that impact the integrity, safety, and soundness of Federal Home Loan Banks and member banks. We are proud to partner with our colleagues and the United States Attorney's Office with this investigation."

"Today's sentencing holds the defendant accountable for defrauding Ericson State Bank by misusing his position as president of the bank to conceal the true financial condition of these loans from the institution and its Board of Directors," said Special Agent in Charge Justin R. Bundy of the Federal Deposit Insurance Corporation Office of Inspector General (FDIC OIG), Kansas City Region. "The FDIC OIG will continue to work with our law enforcement partners to bring to justice bank insiders who violate their positions of trust and commit fraudulent acts that threaten to undermine the integrity of our Nation's financial institutions."

This case was investigated by the Federal Housing Finance Agency – Office of Inspector General, Federal Deposit Insurance Corporation – Office of Inspector General, Federal Reserve Board – Office of Inspector General, and the Federal Bureau of Investigations.

## **Contact**

Lecia Wright - Supervisory Assistant U.S. Attorney (402) 661-3700

*Updated August 2, 2024*