

PRESS RELEASE

Former Ericson State Bank President Pleads Guilty to Bank Fraud

Thursday, May 2, 2024

For Immediate Release

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

United States Attorney Susan Lehr announced today that Jack Poulsen, age 71, of Ericson, Nebraska, entered a plea of guilty to an Information alleging bank fraud in front of United States Magistrate Judge Jacqueline M. DeLuca. Judge DeLuca scheduled Poulsen's sentencing hearing for August 1st, 2024, at 11:00 AM before United States District Judge Susan M. Bazis. Poulsen faces a maximum possible penalty of 30 years' imprisonment, a fine of up to \$1 million, and a mandatory special assessment of \$100.

Ericson State Bank was a small rural bank founded in 1959 and had its sole location in Ericson, Nebraska. It was an insured member of the FDIC since June of 1960, until its closing in February of 2020. Poulsen was the President of Ericson State Bank from June of 2010 until September of 2019. He additionally sat on the Board of Directors.

As President of Ericson State Bank, Poulsen was responsible for overseeing all Ericson State Bank's affairs and managing day-to-day operations. Poulsen was additionally responsible for keeping other Board of Directors informed of the bank's financial condition. As President, Poulsen had lending authority but was required to seek approval from the bank's loan committee for any loans exceeding \$250,000. Poulsen was not allowed to be the loan officer on loans for which he would have a personal conflict of interest, including loans Ericson State Bank made to parties or entities related to Poulsen.

Beginning in 2012, Ericson State Bank began a lending relationship with an individual related to Poulsen. This individual and his business entities received numerous loans and opened several accounts with the bank. Pursuant to rules and regulations, Poulsen was not allowed to be the loan officer for these insider-related loans. Nevertheless, beginning at least in June of 2015, Poulsen began interfering with these insider-related loans and accounts for the purpose of hiding their unsoundness from the Board of Directors. These actions included advancing bank funds on insider-related loans more

than the approved loan amounts; manipulating data contained in the bank's computer system by advancing Payment Due Dates and Loan Maturity Dates to conceal the past-due status of the insider-related loans from the Board of Directors; advancing loans over the approved note amounts and applying the funds to conceal overdrafts on the insider-related checking accounts from the Board of Directors. Poulsen's actions continued until September of 2019 when Poulsen was removed from his positions of authority with Ericson State Bank.

In one instance, in March 2019, Poulsen manipulated the maturity date and entered a new due date for one of the insider-related loans without proper authorization. Due to this manipulation, the loan was not presented as past-due to the Board of Directors despite the loan being mature for 181 days and drawn to a balance of approximately \$1.6 million over the approved loan amount.

Ultimately, Ericson State Bank failed and was placed into a receivership with the FDIC. At the time of Ericson State Bank's failure, Ericson State Bank was a state chartered financial institution regulated and examined by the Nebraska Department of Banking and Finance and it was determined that a loss of more than \$800,000 was attributable to the insider-related loans which were subject to the above-described scheme.

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.

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Updated May 3, 2024