# NEWS RELEASE

**OFFICE OF THE UNITED STATES ATTORNEY**
**WESTERN DISTRICT OF MISSOURI**

## TODD P. GRAVES

Contact Don Ledford, Public Affairs ● (816) 426-4220 ● 400 East Ninth Street, Room 5510 ● Kansas City, MO 64106
www.usdoj.gov/usao/mow

**SEPTEMBER 23, 2003**
**FOR IMMEDIATE RELEASE**

# ST. JOSEPH WOMAN SENTENCED IN FRAUD AT FAMILY CAR DEALERSHIP

**KANSAS CITY, Mo. –** Todd P. Graves, United States Attorney for the Western District of Missouri, announced that the office manager for her family's car dealership was sentenced in federal court today for defrauding company employees and lenders.

**Tamara S. Ward**, 39, of St. Joseph, Mo., was sentenced by U.S. District Judge Fernando J. Gaitan, Jr., this afternoon to two years and nine months in federal prison without parole. The cour also ordered Ward to pay $990,494.68 in restitution to all victims involved in the fraud.

**Ward** was the secretary/treasurer and office manager of Polsky Motors, Inc., a St. Joseph car dealership founded by her father, David Polsky, who died in 1995. After his death, Graves explained, his children operated the business. **Ward** was also vice president, secretary, and a director of MGT Property Investments, Inc., a holding company incorporated by the family in July 1998.

On March 21, 2003, **Ward** pleaded guilty to three counts of mail and wire fraud against the company's customers, employees and lenders.

On July 1, 2003, **Ward's** co-defendants and brothers were sentenced. **Michael S. Polsky**, 43, former president of Polsky Motors and MGT Property Investment, and **Gregory H. Polsky**, 41, former vice president and used car manager at Polsky Motors and vice president of MGT property Investment, were each sentenced to two years and nine months in federal prison without parole. The **Polsky** brothers also were ordered to pay $990,494.68 in restitution to all victims involved in the fraud.

The **Polsky** brothers both pleaded guilty to three counts of fraud against the company's customers, employees and lenders. **Michael Polsky** pleaded guilty on Jan. 31, 2003, and **Gregory Polsky** pleaded guilty on Feb. 10, 2003. Graves explained that the **Polskys** pleaded guilty to specific instances in which the defendants utilized mail matter to be delivered by the Postal Service, or electronic funds transfers between financial institutions, to further their scheme to defraud.

**Customers**

In January 2000, Graves said, the defendants began writing checks to other car dealers to purchase new vehicles to sell to Polsky Motors' customers. They also wrote checks to banks to pay off loan balances due on vehicles traded in by customers who were buying other vehicles from Polsky Moters. During this time, Graves added, the defendants knew there were not sufficient funds in their checking accounts to cover the checks written to other dealers or to customers. The total loss suffered by other automobile dealers, financial institutions, and by Polsky Motors' customers was approximately $170,000.

**Employees**

The defendants also admitted that, under fraudulent pretenses, the family company issued a bad check to its employees' insurance provider, Managed Health Funding, in the amount of $5,180.22 on April 25, 2000.

Polsky Motors employees participated in a self-funded health care plan wherein Polsky Motors would pay claims directly with money contributed by employees and the company. As a result of the bad check to Managed Health Funding, which was returned for insufficient funds, the company was notified by letter of the policy's termination. Following the termination of the plan, Graves said, the company continued to withhold insurance premiums from employees' paychecks, failing to inform them the health program no longer was active.

Although premiums continued to be collected from employees of Polsky Motors, Inc., no payments were made to Benefits Assistance Company (the broker handling the collection of premiums and the payment of claims on behalf of Managed Health Funding) after April 2000. On May 31, 2000, the excess loss policy lapsed, and on June 2, 2000, that coverage was terminated. The defendants continued to withhold insurance premiums from the employees' paychecks after the policy was terminated, but failed to inform the employees of the material fact that they were collecting money due and owing to the employees for insurance premiums, then using those premium monies for other purposes.

**Ford Motor Credit Corporation**

The defendants pleaded guilty to an electronic funds transfer in the amount of $51,620 to Mellon Bank, which included $42,153 in receipts received by Polsky Motors for the purchase of a 1999 Lincoln Navigator by a customer. The wire transfer was designed to divert money to Polsky Motors, instead of Ford Motor Credit Corporation.

Graves explained that this was part of a larger scheme to defraud Ford Motor Credit Corp. For example, the defendants instructed an employee to create false documents to show

Ford Credit auditors and to conceal the fact that the Polsky Motors was in violation of its loan agreement with Ford Credit, which required the dealership to make payment for the sale of any vehicle covered under the Ford Credit floor plan loan on a timely basis.

Between January 2000 and April 2000, **Gregory Polsky** and an employee would contact customers who had recently purchased a vehicle from Polsky Motors and falsely tell them that Polsky Motors would provide a complimentary oil change, tire rotation and detailing if the customers would allow for the car to be taken to the dealership for the service. In reality, the reason the vehicles were being returned to the dealership was to place them on the lot during the quarterly audits so that Ford Credit could count the vehicle as part of Polsky Motors' current inventory. By placing vehicles that had previously been sold on the lot as current inventory, the defendants concealed the fact that the vehicle had been sold, but the money due and owing Ford Credit had not been paid by Polsky Motors as required.

**First Bank CBC and Small Business Administration**

The defendants admitted that they knowingly, with an intent to defraud, submitted a loan application on Dec. 2, 1998, to the Small Business Administration that did not include accurate tax information.

The Internal Revenue Service notified **Gregory Polsky** of two instances Polsky Motors had unpaid taxes in 1989 and 1990 for $189,987 and $44,393, respectively. However, the defendants failed to include information about Polsky Motors' assessed IRS tax deficiencies and penalties on a loan application to receive a $700,000 loan from MoKan Development Corp., a community development corporation that worked with the Small Business Administration in packaging loans for businesses in Northwest Missouri. Those assessments were the result of a stipulation signed on July 20, 1998, by **Michael Polsky** on behalf of Polsky Motors, Inc., in a case entitled *Polsky Motors, Inc. v. Commissioner of Internal Revenu*e, in the United States Tax Court, agreeing that there were income deficiencies and penalties due from Polsky Motors, Inc.

MGT Investments borrowed $1,551,000 from First Bank CBC on Dec. 28, 1998, with a participation of $700,000 in that loan amount formally approved and guaranteed by the Small Business Administration. **Michael Polsky's** signature appeared on an affidavit provided to the Small Business Administration which falsely and fraudulently stated that all federal, state, and local taxes were current.

The case was prosecuted by Assistant U.S. Attorney K. Michael Warner and Special Assistant United States Attorney Marietta Parker. It was investigated by the Federal Bureau of Investigation and the U.S. Department of Labor, Pension and Welfare Benefits Administration.

****************