

PRESS RELEASE

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Monday, November 16, 2020

Former CEO Of Crown Bank Sentenced To Prison For Fraud And Tax Offenses

United States Attorney Erica H. MacDonald today announced the sentencing of PETER EARL DAHL, 54, to a year and a day in prison for wire fraud and filing a false income tax return. DAHL, who pleaded guilty on July 20, 2020, was sentenced on November 16, 2020 before Senior U.S. District Judge Susan Richard Nelson in St. Paul, Minnesota.

According to his guilty plea and documents filed in court, while President and CEO of Minneapolis-based Crown Bank ("Crown") from 2015 to 2017, DAHL engaged in a scheme to defraud the bank and several individuals. DAHL conducted transactions involving funds and credits of Crown for his own purposes and without permission of the bank's board or shareholders and without notice to or approval of state and federal regulatory agencies. DAHL used various Crown accounts to cover his personal debts and expenditures and repeatedly kited obligations within accounts of Crown and between accounts at Crown and other banks. In connection with many such transactions, DAHL understood that records would be created at Crown. On many occasions DAHL made and caused to be made false entries in Crown's records, either because records were created in accounts that did not legitimately belong to DAHL, or because a false entry had to be made in a record to cause funds to be released for the benefit of DAHL.

According to his guilty plea and documents filed in court, DAHL also defrauded prospective investors in Crown Bank's holding company, Crown Bankshares. To entice investors to buy shares, DAHL made misrepresentations of material fact and concealed material facts from investors. For example, in March 2017 and later, DAHL represented to prospective investors that a merger with or acquisition by another bank was "imminent," and that he was negotiating for the other bank to purchase Crown. DAHL specified a per-share premium of 25 percent to be received by investors and that he would remain with the surviving entity in a controlling management capacity. In reality, no merger was likely.

According to his guilty plea and documents filed in court, during this same period, DAHL knew that he was under scrutiny by the Federal Deposit Insurance Corporation ("FDIC"). DAHL did not disclose this material information when telling investors that he would remain in his position within the new entity. Prospective investors paid hundreds of thousands of dollars to purchase bank stock based on the misrepresentations.

According to his guilty plea and documents filed in court, another aspect of the fraud involved DAHL arranging loans from individuals which were falsely described as loans to third parties, but with the funds actually going to DAHL. DAHL forged the signatures of at least two bank customers to obtain such loans for his personal use. DAHL also failed to disclose on his 2016

federal tax return the income obtained from the transactions, resulting in a loss to the IRS of more than \$250,000.

As part of the case, DAHL was ordered to pay restitution and to forfeit \$40,000 he had paid to the United States Marshals Service ostensibly to purchase Crown Bankshares stock that had been seized in the prosecution of Tom Petters.

This case is the result of an investigation conducted by the FBI, IRS – Criminal Investigation, the Office of Inspector General for the Federal Reserve Board, and the Office of Inspector General for the Federal Deposit Insurance Corporation.

This case was prosecuted by Assistant U.S. Attorney Robert Lewis.

Defendant Information:

PETER EARL DAHL, 54

Edina, Minn.

Convicted:

- Wire fraud, 1 count
- False income tax return, 1 count

Sentenced:

- A year and a day in prison
- Two years of supervised release
- Restitution of at least \$468,799

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