

Iowa man wins \$4 million verdict from bank that never followed through on loan

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(Photo: File photo)

A western Iowa businessman has won a \$4 million jury verdict from a bank that promised a loan but never followed through.

John Lucken, a retired businessman from Akron, Iowa, lost \$500,000 when he provided a loan to Dirks Motor Co., a now-defunct car dealership in Akron, about a 40 minute drive north of Sioux City.

In 2011, a loan officer from Minnesota-based Heritage Bank approached Lucken about providing a \$500,000 loan to Dirks Motor. Half the money would be used to settle a debt and the other half would "back up" the bank's financing of the dealership, according to a news release from the Davis Brown Law firm in Des Moines,

which represented Lucken.

If Lucken provided the money, Heritage said it would provide Dirks Motor with a loan to support its continuing operation, the release said.

Although Lucken agreed to help and provided his own money, the bank never followed through with the loan, the release said.

A federal jury on Thursday found Heritage guilty of fraudulent misrepresentation and awarded Lucken \$4 million in punitive damages, as well as \$500,000 for fraud and \$45,000 for a bank statutory violation, the release said.

"I'm glad a jury of my peers vindicated my actions and held the bank accountable for lying to me," Lucken said in the release. Through his lawyers, he declined to comment further.

Ann Winge Johnson, a spokesperson for Heritage, said the bank believes the verdict is not supported by the evidence and that they are pursuing their legal options.

The jury found Heritage had falsely promised to finance the dealership's continuing operations when in reality it intended to use \$250,000 of Lucken's money as the only financing available to the dealership.

"In effect, the bank didn't put any new money into the dealership," said Stan Thompson, one of Lucken's lawyers.

But Thompson said the owner of Dirks Motors was not aware of this limit because the bank had promised to continue financing the dealership's purchases of new vehicles.

"He doesn't know anything about a \$250,000 limit so he starts ordering, ordering, ordering and he gets up to \$515,000," Thompson said.

When the bank saw Dirks Motor had overdrawn its line of credit, it told the dealership to sell off the new vehicles it had just bought at a loss, Thompson said. This worsened the dealership's existing financial troubles and the business, which had been operated by the Dirks family since before World War II, was forced to close.

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