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### PRESS RELEASE

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**For Immediate Release**

**December 16, 2010**

#### **RIO RANCHO MAN PLEADS GUILTY TO FEDERAL BANK FRAUD AND MONEY LAUNDERING CHARGES**

United States Attorney Kenneth J. Gonzales announced that, this morning, Rio Rancho resident **Derek Barnhill**, 46, pleaded guilty to federal bank fraud and money laundering charges before United States Magistrate Judge Lorenzo F. Garcia under a plea agreement with the United States Attorney's Office. Barnhill entered guilty pleas to Count 3, charging him with bank fraud, and Count 10, charging him with money laundering, of the 19-count indictment filed against him and co-defendants Vincent J. Garcia and David Garcia. Specifically, Barnhill admitted to committing bank fraud in the aggregate amount of \$473,536.98, and assisting in laundering approximately \$365,6770 to conceal the source of the money. Barnhill faces up to 20-years imprisonment, a maximum \$1,000,000 fine, and restitution as ordered by the Court at sentencing, which has yet to be scheduled.

According to the plea agreement states that Barnhill began working in construction management and real estate development with Vincent Garcia in 2004 or 2005. His responsibilities included compiling invoices for a development project called Lockhaven Estates, LLC (Lockhaven) that was jointly owned by Vincent Garcia and Barnhill and had

obtained financing through the Columbian Bank and Trust (Bank). In 2006, Vincent Garcia needed money to proceed with development project called Anasazi Downtown LLC (Anasazi) and to pay salaries and expenses for his company, Blue Dot. Vincent Garcia suggested that Barnhill generate false invoices for work on Lockhaven for submission to the Bank so that Garcia could use the proceeds for Blue Dot salaries and expenses incurred on the Anasazi. Vincent Garcia asked Barnhill to generate the false invoices in the name of Statewide Homes LLC (Statewide), a business owned by Garcia and Barnhill, for submission to the Bank even though Statewide did not perform work for Lockhaven.

Today, Barnhill admitted that, in December 2006 and January 2007 and at the request of Vincent Garcia, he generated false invoices in the aggregate amount of \$107,859.98 and submitted draw-down requests incorporating the false charges to the Bank on two occasions. The plea agreement reflects that the Bank approved the requests and disbursed the money. Barnhill then transferred most of the proceeds to Vincent Garcia with the understanding that the money would be spent on Blue Dot salaries and expenses and the Anasazi project. Barnhill retained approximately \$22,000 of proceeds obtained based on the false invoices.

According to the plea agreement, on February 12, 2007, Vincent Garcia told Barnhill that he needed \$360,000.00 for a "good faith payment" towards the purchase of a casino. Vincent Garcia asked Barnhill to use an old bid for sheet rock for the Anasazi project to get the money. Barnhill altered the sheet rock bid to support a fictitious draw-

down request for \$365,677.00 and submitted the request based solely on the false invoice to the Bank. After the bank disbursed the money, Barnhill transferred the funds to an Anasazi account at New Mexico Bank and Trust. The next day, Vincent Garcia and Barnhill went to New Mexico Bank and Trust and withdrew \$360,000.00 of the proceeds and the money at Compass Bank in an account in the name of Albuquerque Downtown Partners. Thereafter, Vincent Garcia flew to Washington State with a Compass Bank check for \$360,000.00 to make a payment on the casino.

Co-defendants Vincent J. Garcia and David Garcia have pleaded not guilty to the charges in the indictment against them. Charges in indictments are only accusations. Criminal defendants are presumed innocent unless proven guilty beyond a reasonable doubt.

This case was investigated by the Federal Deposit Insurance Corporation and is being prosecuted by Assistant United States Attorney Jonathon M. Gerson.

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