

FILED
UNITED STATES DISTRICT COURT
ALBUQUERQUE, NEW MEXICO

AUG 14 2019

MITCHELL R. ELFERS
CLERK

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW MEXICO

UNITED STATES OF AMERICA,

Plaintiff,

vs.

THOMAS H. LAWS,

Defendant.

Case

19-2607JP

Counts 1-9: 18 U.S.C. § 1343: Wire
Fraud;

Counts 10-16: 18 U.S.C. § 2314:

Transportation, Transmission and

Transfer of Money Stolen, Converted and
Taken by Fraud;

Counts 17-18: 18 U.S.C. 1028A(a)(1):

Aggravated Identity Theft

INDICTMENT

The Grand Jury charges:

General Allegations

1. At all times material to this Indictment, defendant **THOMAS H. LAWS** was licensed as a Certified Public Accountant in the State of New Mexico. Defendant **THOMAS H. LAWS** also worked as an investment advisor in the State of New Mexico from in or around 2006 to 2019.

2. Defendant **THOMAS H. LAWS** incorporated THL Financial Services Corporation, a New Mexico Corporation, in or about 2001. Defendant **THOMAS H. LAWS** is the President and Director of this corporation, and its address and principal place of business is listed as 909 N. Hudson Street, Silver City, New Mexico.

3. Defendant **THOMAS H. LAWS** organized Laws & Company, LLC, to provide accounting and financial services. Laws & Company, LLC, did business at 909 N. Hudson Street, Silver City, New Mexico.

4. Doing business as THL Financial Services Corporation and Laws & Company, LLC, defendant **THOMAS H. LAWS** provided financial services to clients in and around Silver City, New Mexico. Among other things, defendant prepared tax returns, managed property exchanges under § 1031 of the Internal Revenue Code (26 U.S.C. § 1031), provided investment advice, and was entrusted with money by his clients.

The Scheme and Artifice to Defraud

5. Beginning on or about August 2014, and continuing to on or about April 2019, in Grant County, in the District of New Mexico, and elsewhere, defendant **THOMAS H. LAWS** knowingly and intentionally devised and executed a scheme and artifice to defraud two of his clients (a married couple referred to herein as “Client 1” and “Client 2”).

6. Defendant **THOMAS H. LAWS** served as Client 1’s and Client 2’s personal and business accountant and prepared and filed their tax returns. **THOMAS H. LAWS** also provided investment advice to Client 1 and Client 2, and they entrusted him with hundreds of thousands of dollars.

7. In or around August 2014, defendant **THOMAS H. LAWS** obtained funds from Client 1 and Client 2 for an investment.

- a. On or about August 11, 2014, Client 2 wrote a check to THL Financial Services Corporation for \$150,000 for that investment.
- b. On or about August 12, 2014, defendant **THOMAS H. LAWS** caused that check to be deposited in THL Financial Services Corporation’s checking account at Wells Fargo.
- c. Defendant **THOMAS H. LAWS** did not invest the money that Client 1 and

Client 2 entrusted to him. Defendant instead embezzled and converted it; defendant used much of that money to pay credit card debts, obligations to other clients and investors, and other personal and business expenditures.

8. In or around September 2014, defendant **THOMAS H. LAWS** represented to Client 1 and Client 2 that their business owed approximately \$125,129 for 2013 taxes.

- a. Pursuant to defendant THOMAS H. LAWS' representations regarding the Clients' business' unpaid taxes, Client 1 wrote a check to THL Services on or about September 10, 2014, for payment of Client 1's and Client 2's business' purported tax liability for 2013.
- b. On or about September 11, 2014, defendant **THOMAS H. LAWS** caused that check to be deposited in THL Financial Services Corporation's checking account at Wells Fargo.
- c. Except for a payment of \$6,877 to the New Mexico Taxation & Revenue Department on behalf of Client 1's and Client 2's business, defendant **THOMAS H. LAWS** did not use the \$125,129 obtained from Client 1 and Client 2 to make any other tax payments. Defendant **THOMAS H. LAWS** instead embezzled and converted approximately \$118,000 of those funds to personal and business expenses and obligations. Most significantly, on September 12, 2014, defendant caused the wire transfer of \$110,000 of the money that he had received from Client 1 and Client 2 to K.O. Capital Commercial Financial Solutions, Inc. (That \$110,000 wire transfer was part of a series of payments to K.O. Capital Commercial Financial Solutions, Inc., discussed in greater detail in paragraph 10, *infra*.)

9. In or around October 2014, Client 1 and Client 2 sold their business. Defendant **THOMAS H. LAWS** represented to Client 1 and Client 2 that they had incurred a tax liability from the sale of their business in the sum of \$150,000.

- a. On or about October 29, 2014, Client 1 wrote a check to THL Financial Services in the sum of \$150,000 for payment of that purported tax liability.
- b. On that same day, **THOMAS H. LAWS** caused that check to be deposited in THL Financial Services Corporation's checking account at Wells Fargo.
- c. Defendant **THOMAS H. LAWS** did not use that money to pay any tax liability of Client 1 and Client 2. Defendant instead converted and diverted it to his personal purposes. Defendant used more than \$65,000 of the Clients' money to pay credit card debts, obligations to others, and personal expenditures including drafts totaling more than \$26,000 to defendant and a related business. Defendant commingled the balance remaining in the THL Financial Services' account with funds received from other clients.

10. After Client 1 and Client 2 sold their business, defendant **THOMAS H. LAWS** offered them an opportunity to invest \$650,000 of the proceeds in the XYZ Ranch Estates real estate development.

- a. XYZ Ranch Estates, LLC, was a New Mexico limited liability company incorporated in or around 2010. Defendant **THOMAS H. LAWS** is listed in records maintained by the Secretary of State of New Mexico as one of the organizers of XYZ Ranch Estates, LLC, and the corporation's mailing address is listed as 909 N. Hudson Street, Silver City, New Mexico (the same address as THL Financial Services Corporation and defendant's place of business).

- b. On or about March 2, 2011, defendant signed a Promissory Note individually and as president of both XYZ Ranch Estates, LLC, and Fraudstop, LLC, in which he (and others) agreed to pay KO Capital, LLC, \$450,000 plus interest at a rate of 17.75% per year. That Promissory Note was secured by a Mortgage of 338.638 acres of real property in Grant County, New Mexico, which was described in Exhibit A to the Mortgage. Defendant and XYZ Ranch Estates, LLC, defaulted on the Promissory Note. KO Capital, LLC, brought a civil complaint in the State of New Mexico's Sixth Judicial District seeking a judgment on the Promissory Note and foreclosure of the Mortgage. On or about June 16, 2014, an Order of Foreclosure was filed in that court in which a judgment in the sum of \$705,634 was granted to KO Capital and the mortgaged property was ordered to be sold.
- c. In December 2014, as part of defendant **THOMAS H. LAW**'s solicitation of a \$650,000 investment in XYZ Ranch Estates, defendant presented a Real Estate Mortgage Note to Client 1 and Client 2. That Note was dated December 1, 2014, and was ostensibly signed by an individual (referred to herein as "K.B.") identified therein as the Managing Member of XYZ Ranch Estates, LLC. In that Note, XYZ Ranch Estates, LLC, promised to pay Client 1 and Client 2 \$650,000 and interest at the rate of 10% per year in monthly installments of approximately \$6,984. The entire balance of the Note was to be paid by January 1, 2030. Defendant also provided a Mortgage ostensibly signed by K.B., Managing Member of XYZ Ranch Estates, LLC, before a Notary Public of the State of New Mexico. In that Mortgage, 338.638 acres of real property was pledged to secure the Real Estate Mortgage Note. That real property, which was described in

Exhibit A to the Mortgage, was the same property that defendant had previously pledged as security for the Promissory Note to KO Capital, LLC.

- d. The signatures of K.B. that appear on the Real Estate Mortgage Note and Mortgage presented to Client 1 and Client 2 were forged. Although K.B. had an ownership interest in the XYZ Ranch, K.B. did not sign those documents. Similarly, the signature of the Notary Public that appears on the Mortgage was also forged. (That Notary Public worked in defendant's office for several years where she kept her notary stamp.) Defendant **THOMAS H. LAWS** did not disclose to Client 1 and Client 2 that those signatures had been forged.
- e. Defendant **THOMAS H. LAWS** did not disclose to Client 1 and Client 2 that KO Capital, LLC, had brought a lawsuit against XYZ Ranch Investments, LLC, that a judgment had been entered against XYZ Ranch Investments, LLC, and that the real property offered as security for the Real Estate Mortgage Note provided to Client 1 and Client 2 was the subject of the judicial sale ordered on June 16, 2014.
- f. Unaware of these undisclosed facts and relying on defendant **THOMAS H. LAWS'** recommendations and advice, Client 1 and Client 2 agreed to invest \$650,000 in the XYZ Ranch Estates real estate development.
- g. Defendant caused Client 1 and Client 2 to wire transfer their \$650,000 investment to an account at Bank of America held by K.O. Capital Commercial Financial Solutions, Inc. Client 1 and Client 2 wire transferred \$650,000 to K.O. Capital Commercial Financial Solutions' account at Bank of America on or about December 2, 2014.
- h. From 2015 to 2019, defendant **THOMAS H. LAWS** made payments to Clients 1

and 2 under the XYZ Ranch Real Estate Mortgage Note. Although several of those checks were not paid due to insufficient funds, LAWS made payments to Clients 1 and 2 totaling approximately \$305,579. That money, however, was not derived from XYZ Ranch Estates but was instead diverted from other clients and sources. During this period, defendant also made false representations to Clients 1 and 2 regarding the repayment and return on their investment.

11. In or around February 2015, defendant **THOMAS H. LAWS** represented to Client 1 and Client 2 that they owed approximately \$65,000 for 2014 taxes.

- a. Based on defendant **THOMAS H. LAWS**' representations, Client 1 wrote a check to THL Financial Services on or about February 24, 2015, for payment of the Clients' purported 2014 tax liability.
- b. On or about February 24, 2015, defendant **THOMAS H. LAWS** caused that check to be deposited in THL Financial Services Corporation's checking account at Wells Fargo.
- c. Defendant **THOMAS H. LAWS** did not use the \$65,000 obtained from Client 1 to pay the Clients' taxes. Instead, defendant used those funds to repay funds that defendant had previously taken from other clients.

12. Defendant **THOMAS H. LAWS** served as accountant and financial advisor for Client 1 and Client 2. Defendant defrauded these Clients when he embezzled and converted funds entrusted to defendant for other purposes. Defendant transmitted or caused the transmission of funds through the interstate wire for purposes of executing that scheme in violation of 18 U.S.C. § 1343. Additionally, defendant transmitted money of a value of \$5,000

in interstate commerce knowing that the money had been converted or taken by fraud in violation of 18 U.S.C. § 2314.

Counts 1-9

The General Allegations and The Scheme and Artifice to Defraud described in paragraphs 1 through 11 of this Indictment are Incorporated as part of Counts 1 through 9 as if fully re-alleged herein.

On or about the dates specified below as to Counts 1 through 9 respectively, in Grant County, in the District of New Mexico, and elsewhere within the jurisdiction of this Court, defendant **THOMAS H. LAWS**, for the purpose of executing the scheme and artifice to defraud Client 1 and Client 2 described above, caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, signals and sounds by transfers of funds via the Federal Reserve and interbank payment systems.

<i>Count</i>	<i>Date</i>	<i>Description</i>
1	August 14, 2014	Electronic transfer of approximately \$4,277 from a Wells Fargo account of THL Financial Services to a Chase Visa account.
2	August 27, 2014	Electronic transfer of approximately \$8,000 from a Wells Fargo account of THL Financial Services to a Bank of America Visa account.
3	September 12, 2014	Wire transfer of approximately \$110,000, from a Wells Fargo account of THL Financial Services to a Bank of America account of K.O. Capital Commercial Financial Solutions.
4	September 16, 2014	Electronic transfer of approximately \$6,038 from a Wells Fargo account of THL Financial Services to a Chase Visa account.

5	October 30, 2014	Wire transfer of approximately \$7,500, from a Wells Fargo account of THL Financial Services to a USAA account.
6	October 30, 2014	Electronic transfer of approximately \$5,000 from a Wells Fargo account of THL Financial Services to a Chase Visa account.
7	October 31, 2014	Electronic transfer of approximately \$20,000 from a Wells Fargo account of THL Financial Services to a Bank of America Visa account.
8	December 02, 2014	Wire transfer of approximately \$650,000, from a Washington Federal account of the former business of Client 1 and Client 2 to a Bank of America account of to K.O. Capital Commercial Financial Solutions.
9	March 02, 2015	Wire transfer of approximately \$60,000, from a Wells Fargo account of THL Financial Services to a JP Morgan Chase account.

All in violation of 18 U.S.C. § 1343.

Counts 10-16

The General Allegations and The Scheme and Artifice to Defraud described in paragraphs 1 through 11 of this Indictment are Incorporated as part of Counts 10 through 17 as if fully re-alleged herein.

On or about the dates specified below as to Counts 10 through 16 respectively, in Grant County, in the District of New Mexico, and elsewhere within the jurisdiction of this Court, defendant **THOMAS H. LAWS**, did transport, transmit and transfer, and cause to be transported, transmitted and transferred, in interstate commerce via the Federal Reserve and

interbank payment systems, money of a value of \$5,000 and more, knowing the same to have been stolen, converted and taken by fraud.

<i>Count</i>	<i>Date</i>	<i>Description</i>
10	August 27, 2014	Electronic transfer of approximately \$8,000 from a Wells Fargo account of THL Financial Services to a Bank of America Visa account.
11	September 12, 2014	Wire transfer of approximately \$110,000, from a Wells Fargo account of THL Financial Services to a Bank of America account of to K.O. Capital Commercial Financial Solutions.
12	September 16, 2014	Electronic transfer of approximately \$9,500 from a Wells Fargo account of THL Financial Services to a Chase Visa account.
13	October 30, 2014	Wire transfer of approximately \$7,500, from a Wells Fargo account of THL Financial Services to a USAA account.
14	October 30, 2014	Electronic transfer of approximately \$5,000 from a Wells Fargo account of THL Financial Services to a Chase Visa account.
15	October 31, 2014	Electronic transfer of approximately \$20,000 from a Wells Fargo account of THL Financial Services to a Bank of America Visa account.
16	March 02, 2015	Wire transfer of approximately \$60,000, from a Wells Fargo account of THL Financial Services to a JP Morgan Chase account.

All in violation of 18 U.S.C. § 2314.

Count 17

The General Allegations and The Scheme and Artifice to Defraud described in paragraphs 1 through 11 of this Indictment are Incorporated as part of this count of the indictment as if fully re-alleged herein.

On or about December 1, 2014, in Grant County, in the District of New Mexico, and elsewhere within the jurisdiction of this Court, defendant **THOMAS H. LAWS** did knowingly use, without lawful authority, the name of another person (K.B.) during and in relation to a scheme and artifice to commit wire fraud in violation of 18 U.S.C. § 1343, knowing that this means of identification belonged to another actual person.

In violation of 18 U.S.C. § 1028A(a)(1).

Count 18

The General Allegations and The Scheme and Artifice to Defraud described in paragraphs 1 through 11 of this Indictment are Incorporated as part of this count of the indictment as if fully re-alleged herein.

On or about December 1, 2014, in Grant County, in the District of New Mexico, and elsewhere within the jurisdiction of this Court, defendant **THOMAS H. LAWS** did knowingly use, without lawful authority, the name and notary public seal of another person (referred to herein as “CG”) during and in relation to a scheme and artifice to commit wire fraud in violation of 18 U.S.C. § 1343, knowing that those means of identification belonged to another actual person.

In violation of 18 U.S.C. § 1028A(a)(1).

FORFEITURE ALLEGATION

The General Allegations and The Scheme and Artifice to Defraud described in paragraphs 1 through 11 and Count 2 of this Indictment are incorporated as part of this section of the indictment as if fully re-alleged herein for the purpose of alleging forfeiture to the United States pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c).

Upon conviction of any offense in violation of 18 U.S.C. § 1343, defendant **THOMAS H. LAWS** shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c) any property, real or personal, which constitutes or is derived from proceeds traceable to such violation, or a conspiracy to commit such offense. The property to be forfeited includes, but is not limited to, the following:

1. Money Judgment: A sum of money representing the property constituting or derived from proceeds traceable to the offense, or conspiracy to commit such offense; and
2. Substitute Assets: If any of the property described above, as a result of any act or omission of the defendant:
 - a. cannot be located upon the exercise of due diligence;
 - b. has been transferred or sold to, or deposited with, a third party;
 - c. has been placed beyond the jurisdiction of the court;
 - d. has been substantially diminished in value; or
 - e. has been commingled with other property which cannot be divided without difficulty,

it is the intent of the United States to seek forfeiture pursuant to 21 U.S.C. § 853(p) and 28 U.S.C. § 2461(c) of any other property of the defendant up to the value of the forfeitable property described above.

A TRUE BILL:

/s/
FOREPERSON OF THE GRAND JURY

/s/
Assistant United States Attorney
8/9/2019 9:28 AM