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FILED  
U.S. DISTRICT COURT  
2019 NOV 13 P 3:15  
DISTRICT OF UTAH  
BY: DEPUTY CLERK

IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF UTAH, NORTHERN DIVISION

UNITED STATES OF AMERICA,  
  
Plaintiff,

vs.

THOMAS FAIRBANKS,

Case: 1:19-cr-00114  
Assigned To : Parrish, Jill N.  
Assign. Date : 11/12/2019  
Description:

INDICTMENT

Counts 1-2: 15 U.S.C. §§ 77q(a) and 77x  
(Securities Fraud)

Counts 3-4: 18 U.S.C. § 1343 (Wire  
Fraud)

Counts 5: 18 U.S.C. § 1957 (Money  
Laundering)

The Grand Jury charges:

**I. BACKGROUND**

At all times relevant to this Indictment:

1. Defendant THOMAS FAIRBANKS ("FAIRBANKS") was a resident of Cache County, Utah.
2. FAIRBANKS was the founder and CEO of SupplyLine Partners ("Supplyline").
3. SupplyLine is an unregistered business operated by FAIRBANKS.
4. SupplyLine has never been registered to issue securities.
5. SupplyLine maintains a website, supplyline.org, which purports to provide marketing, administrative and other business support services.

6. SupplyLine's purported purpose is to fund the financial needs of startup and expanding businesses to buy assets, and then leverage those assets to generate additional cash flow.

7. FAIRBANKS acted as an officer and director of SupplyLine.

8. FAIRBANKS has involvement in other business entities. He was a manager and registered agent of GXN Smithfield LLC ("GXN"), which expired in 2015, and Cache Valley Management LLC ("CVMA"), which expired in 2015.

9. FAIRBANKS' wife was a manager and registered agent of Sunny Brae, LLC, ("SunnyBrae") which expired in 2017.

## **II. THE SCHEME AND ARTIFICE TO DEFRAUD**

10. Beginning at a date unknown to the grand jury, but at least since May 2014, and continuing through the present, within the Northern Division of the District of Utah and elsewhere,

### **THOMAS FAIRBANKS,**

defendant herein, devised and intended to devise a scheme to defraud investors, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and omissions of material facts.

11. In executing and attempting to execute the scheme and artifice to defraud, and in furtherance thereof, FAIRBANKS:

- a. willfully and knowingly, directly and indirectly, by the use of means and instruments of interstate commerce, and of the mails, in connection with the offer and sale of securities, did violate Title 17 U.S.C. § 77(q)(a), by: (1) employing a device, scheme, and artifice to defraud; (2) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (3) engaging in acts, transactions, practices, and courses of business which would operate and

did operate as a fraud and deceit upon other persons, in violation of 15 U.S.C. §§ 77q(a) and 77x.(Securities Fraud);

- b. knowingly transmitted and caused to be transmitted, wire communications in interstate commerce in violation of 18 U.S.C. § 1343 (Wire Fraud); and
- c. knowingly engaged and attempted to engage in monetary transactions in criminally derived property of a value greater than \$10,000 and derived from specified unlawful activity (wire fraud), to wit, proceeds of fraudulently obtained money, in violation of 18 U.S.C. § 1957 (Money Laundering).

### **III. OBJECT OF THE SCHEME AND ARTIFICE TO DEFRAUD**

12. It was the object of the scheme and artifice to defraud that FAIRBANKS fraudulently obtained money from investors through false statements, misrepresentations, deception, fraudulent conduct, and omissions of material facts, and thereafter caused the money to be diverted to FAIRBANKS for his personal use and benefit.

13. It was further the object of the scheme and artifice to defraud that FAIRBANKS earned the trust of a vulnerable adult by offering to assist her in investment advising and in her financial affairs and thereafter cause money to be diverted to FAIRBANKS for personal use and benefit.

### **IV. MANNER AND MEANS OF THE SCHEME AND ARTIFICE TO DEFRAUD**

14. In execution and furtherance of the scheme and artifice to defraud, FAIRBANKS offered and sold investment opportunities in his business SupplyLine to at least two Utah residents for \$45,500.

15. The Investment opportunity FAIRBANKS offered and sold in SupplyLine promised a return of 6% per year.

16. The investments in SupplyLine by victims B.D. and J.H. and R.H. were documented through an investment contract.

17. Investment contracts are securities.

18. It was part of the scheme and artifice to defraud that FAIRBANKS used investor money for purposes not disclosed to investors. For example, FAIRBANKS made the following misrepresentations:

- a. That B.D. would receive a 6% return on her investment annually, through FAIRBANK'S efforts, when in fact she did not;
- b. That B.D.'s funds would go toward SupplyLine's business efforts, when in fact they did not.
- c. That J.H. and R.H. would receive an accounting of their investment, when they did not.
- d. That J.H. and R.H. could liquidate their investment at any time, when such was not true.
- e. That J.H. and R.H. funds would go toward funding SupplyLine's lending capital, when in fact no accounting of the cash was kept; and
- f. That J.H. and R.H.'s investment was collateralized by assets of other businesses, when such was not true.

19. In an effort to induce further investments, FAIRBANKS rendered investment/financial advice to one investor, B.D., who is a vulnerable adult.

20. As part of FAIRBANK'S rendering of investment/financial advice to B.D, in 2015 and again in 2017, B.D. opened joint personal checking and savings accounts with FAIRBANKS using B.D.'s money.

21. B.D. believed FAIRBANKS would help manage her finances, would deal with her finances in her best interest, not put her money at substantial risk, and help her write checks.

22. B.D. had trust and confidence in FAIRBANKS to manage her finances, and FAIRBANKS diverted at least an additional \$462,000 of B.D.'s funds for his personal interests, personal benefit, profit, advantage and accommodation and not to the advantage of B.D.

23. It was part of the scheme and artifice to defraud that FAIRBANKS utilized his business interests at CVMA, SunnyBrae, and GXN to receive the misappropriated funds.

24. Some of FAIRBANKS' misappropriation of B.D.'s funds include:

- a. Multiple transfers from FAIRBANKS and B.D.'s joint bank account to Cache Valley Management (CVMA) accounts. Cache Valley Management LLC is a defunct Utah LLC company. FAIRBANKS has been the listed manager and registered agent and is the sole signatory on some of CVMA accounts. FAIRBANKS along with his son are signatories on other CVMA accounts.
- b. Multiple transfers from FAIRBANKS and B.D.'s joint bank account to SunnyBrae LLC (SunnyBrae). SunnyBrae is a defunct Utah LLC. FAIRBANKS' wife S.F. was listed as the manager and registered agent. FAIRBANKS and his wife are the listed signatories on these accounts.

- c. A transfer in the amount of \$22,522 from FAIRBANKS and B.D.'s joint account to RICOH-USA, using a Deseret First Credit Union bank check subject line "GXN-Smithfield Acquisition." In corporate filings, FAIRBANKS was listed as manager and registered agent of this entity.

25. As part of this scheme, victims B.D. and T.H. and R.H. lost, in total, more than \$632,130.00.

**Counts 1-2**  
**15 U.S.C. §§ 77q(a) and 77x**  
**(Securities Fraud)**

26. The allegations set forth above and all counts set forth in this Indictment are incorporated herein by reference and re-alleged as though fully set forth herein.

27. Beginning in and around early 2014 and continuing to the present within the Northern Division of the District of Utah and elsewhere,

**THOMAS FAIRBANKS,**

defendant herein, willfully and knowingly, directly and indirectly, by the use of means and instruments of interstate commerce, and of the mails and in connection with the offer and sale of securities, in violation of 15 U.S.C. § 77(q)(a) and § 77x by (1) employing a device, scheme, and artifice to defraud; (2) making untrue statements of material fact and omitting material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (3) engaging in acts, transactions, practices, and courses of business which would operate and did operate as a fraud and deceit upon other persons, in instances including but not limited to each count below:

<b>COUNT</b>	<b>DATE</b> (on or about)	<b>USE OF INTERSTATE MEANS</b>
1	07/12/2016	Letter FAIRBANKS mailed to J.H and R.H. regarding his failure to pay 6% returns from the SupplyLine investment as promised.
2	12/22/2015	B.D.'s funds intended for investment in SupplyLine were used to purchase a cashier's check in the amount of \$30,500 made payable to ERA Advantage Realty, memo line "re: SupplyLine Partners" from Deseret First Credit Union account XXX6377.

All in violation of 15 U.S.C. §§ 77q(a) and 77x.

**Counts 3-4**  
**18 U.S.C. § 1343**  
**(Wire Fraud)**

28. The allegations set forth above and all counts set forth in this Indictment are incorporated herein by reference and re-alleged as though fully set forth herein.

29. On or about the dates listed below, in the Northern Division of the District of Utah and elsewhere,

**THOMAS FAIRBANKS,**

defendant herein, having devised and intended to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, promises, and omissions of material facts, for the purpose of executing said scheme and artifice to defraud, did cause to be transmitted by means of wire communication certain writings, signs and signals, that is, an interstate wire, in instances including but not limited to each count below:

<b>COUNT</b>	<b>DATE</b> (on or about)	<b>WIRE COMMUNICATIONS</b>
3	12/10/2015	Transfer of \$185,000.00 from victim B.D.'s personal JP Morgan Chase Bank account ending in XXX3211 to FAIRBANKS and

		B.D.'s joint account at Deseret First Credit Union (DFCU) account ending in XXX6385
4	06/05/2018	Wire of \$150,093.30 from American Secure Title to B.D.'s Jordan Credit Union account ending in XXX4997-6 (1001 Share)

All in violation of 18 U.S.C. § 1343.

**Count 5**  
**18 U.S.C. § 1957**  
**(Money Laundering)**

30. The allegations set forth above and all counts set forth in this Indictment are incorporated herein by reference and re-alleged as though fully set forth herein.

31. On or about June 12, 2015, in the Northern Division of the District of Utah,

**THOMAS FAIRBANKS,**

defendant herein, did knowingly engage and attempt to engage in the following monetary transaction, by a financial institution, affecting interstate commerce, in criminally derived property of a value greater than \$10,000.00, that is, FAIRBANKS caused a withdrawal of \$22,522.00 from FAIRBANKS' and B.D.'s joint bank account at Deseret First Credit Union. This transaction involved a Deseret First Credit Union check, check number 100181505, paid to RICOH USA identified in the subject line as "RE: GXN-Smithfield Acquisition."

All in violation of 18 U.S.C. § 1957.

NOTICE OF INTENT TO SEEK FORFEITURE

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 15 U.S.C. §§ 78q(a), or 18 U.S.C. § 1343, as set forth in this Indictment, the defendant shall forfeit to the United States of America all property, real or personal, that

constitutes or is derived from proceeds traceable to the scheme to defraud. The property to be forfeited includes, but is not limited to, the following:

- A MONEY JUDGMENT in the approximate amount of \$600,000, representing the value of any property, real or personal, constituting or derived from proceeds traceable to the scheme to defraud.

Pursuant to 18 U.S.C. § 982(a)(1), upon conviction of any offense in violation of 18 U.S.C. § 1957, as set forth in this indictment, the defendant shall forfeit to the United States of America any property, real or personal, involved in such offenses, and any property traceable to such property. The property to be forfeited includes, but is not limited to, the following:

- A money judgment equal to all property involved in the money laundering charge.

#### SUBSTITUTE ASSETS

If any of the above-described forfeitable property, as a result of any act or omission of the defendant,

- (1) cannot be located upon the exercise of due diligence;
- (2) has been transferred or sold to, or deposited with, a third person;
- (3) has been placed beyond the jurisdiction of the court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property which cannot be divided without

difficulty; it is the intent of the United States, pursuant to 28 U.S.C. § 2461(c) and 21 U.S.C. §

853(p), to seek forfeiture of any other property of said defendant up to the value of the above-forfeitable property.

A TRUE BILL:

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FOREPERSON OF THE GRAND JURY

JOHN W. HUBER  
United States Attorney

Ruth Hackford-Peer  
RUTH HACKFORD-PEER  
Assistant United States Attorney