

Presented to the Court by the foreman of the
Grand Jury in open Court, in the presence of
the Grand Jury and FILED in the U.S.
DISTRICT COURT at Seattle, Washington.

October 23 2019
By WILLIAM M. MCCOOL, Clerk
[Signature] Deputy

UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,

Plaintiff,

v.

ALLAN B. THOMAS and
JOANN E. THOMAS,

Defendants.

NO. **CR19-210** RAJ

INDICTMENT

The Grand Jury charges that:

COUNT 1
(Mail Fraud)

Beginning in or before 2012, and continuing through on or after January 2, 2019,
at Enumclaw, within the Western District of Washington, ALLAN B. THOMAS and
JOANN E. THOMAS (collectively, the THOMASES), with the intent to defraud, devised
and intended to devise, a scheme and artifice to defraud and to obtain money and
property by means of materially false and fraudulent pretenses, representations, and
promises.

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1 A. *Background*

2 1. In Washington State, drainage districts are governmental entities; a type of
3 special district established by the Revised Code of Washington. Drainage districts are
4 governed by three-person boards of commissioners, which are responsible for the
5 construction and maintenance of drainage systems, including drains and ditches, within
6 the district. Each drainage district board is required annually to provide the county where
7 it is located with an estimate of the cost of maintenance and repair for the district for the
8 following year. The county then uses the estimate to determine and assess each
9 landowner's property taxes within the district. After work is performed, the board of
10 drainage district commissioners issues warrants to the treasurer of the county to pay for
11 maintenance and repair work done on behalf of the drainage district.

12 B. *The Essence of the Scheme and Artifice to Defraud*

13 2. The object of the scheme was for ALLAN B. THOMAS and JOANN E.
14 THOMAS to exploit ALLAN B. THOMAS' position as a commissioner for King County
15 Drainage Districts 5 and 5A (collectively, "DD5") by: (1) causing King County to levy
16 taxes on DD5's residents; (2) submitting fraudulent warrants for a company controlled by
17 ALLAN B. THOMAS and JOANN E. THOMAS and, later, a company that paid
18 kickbacks to the THOMASES; and (3) diverting the taxpayer funds used to pay those
19 warrants to the THOMASES' personal benefit.

20 C. *The Manner and Means of the Scheme and Artifice to Defraud*

21 3. It was part of the scheme and artifice that ALLAN B. THOMAS and
22 JOANN E. THOMAS caused Alexander Thomas, ALLAN B. THOMAS' son, to register
23 a business called A C Services with the State of Washington Department of Revenue.¹

24 4. It was further part of the scheme and artifice that JOANN E. THOMAS and
25 Alexander Thomas opened a checking (and associated savings) account in the name of A
26 C Services at White River Credit Union on which both JOANN E. THOMAS and
27

28 ¹ The THOMASES also, at times, used the names "AC Services," "A CONSERVATION SERVICES," and "A. CONSERVATION SERVICES."

1 Alexander Thomas were authorized signers. However, Alexander Thomas performed
2 only two jobs for DD5 under the name of A C Services, both occurring in or about the
3 year 2012, and otherwise had no involvement in the finances of A C Services.

4 5. It was further part of the scheme and artifice that between 2012 and 2017,
5 the THOMASES submitted approximately 36 fraudulent warrant requests to the King
6 County Treasurer requesting the issuance of checks to pay for work projects supposedly
7 done by A C Services on behalf of DD5.

8 6. It was further part of the scheme and artifice that the THOMASES, despite
9 issuing the warrants described above, knew that little to no work was performed on
10 behalf of DD5 during this five-year period.

11 7. It was further part of the scheme and artifice that, in submitting these
12 fraudulent requests, the THOMASES knowingly misrepresented that work projects had
13 taken place and that the checks requested from the King County Treasurer's Office were
14 to pay for services purportedly rendered.

15 8. It was further part of the scheme and artifice that the THOMASES
16 deposited all of the King County checks made payable to "AC Services" into the A C
17 Services bank account for which JOANN E. THOMAS was an authorized signer, with
18 the exception of one check which was split between the A C Services bank account and
19 the THOMASES' personal bank account.

20 9. It was further part of the scheme and artifice that, after each check was
21 deposited into the A C Services bank account, JOANN E. THOMAS transferred,
22 withdrew, or paid the majority of the money from the account for the benefit of the
23 THOMASES, including to support the operation of their dairy farm.

24 10. It was further part of the scheme and artifice that, in 2018, after they
25 became aware of an investigation of their actions, the THOMASES submitted two
26 warrant requests to the King County Treasurer for the issuance of checks to pay for work
27 projects supposedly done by an entity called City Biz on behalf of DD5.
28

11. It was further part of the scheme and artifice that, within days after each check was deposited into a business bank account registered to City Biz, City Biz paid the majority of the money to ALLAN B. THOMAS directly or to the THOMASES' dairy farm.

12. It was further part of the scheme and artifice that between 2012 and 2019 ALLAN B. THOMAS and JOANN E. THOMAS defrauded DD5 and the taxpayers residing in DD5 of \$468,165 in payments to A C Services and City Biz.

D. Execution

13. On or about December 19, 2017, at Enumclaw, in the Western District of Washington, ALLAN B. THOMAS and JOANN E. THOMAS, for the purpose of executing the scheme and artifice described above, caused to be transmitted by means of United States Mail a check for \$9,528.01 from the King County Treasurer's Office made out to "AC Services."

All in violation of Title 18, United States Code, Section 1341.

ASSET FORFEITURE ALLEGATION

The allegations contained in Count 1 of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C). Upon conviction of the offense alleged in Count 1 of the Indictment, each Defendant shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) (by way of Title 28, United States Code, Section 2461(c)), any property that constitutes proceeds of the offense. This property includes, but is not limited to, a sum of money of at least \$234,082, reflecting the proceeds each Defendant obtained as a result of the offense.

Substitute Assets. If any of the above-described forfeitable property, as a result of any act or omission of the Defendants,

1. cannot be located upon the exercise of due diligence;
2. has been transferred or sold to, or deposited with a third party;
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 Title 21, United States Code, Section 853(p), to seek the forfeiture of any other property of the Defendants up to the value of the above-described forfeitable property.

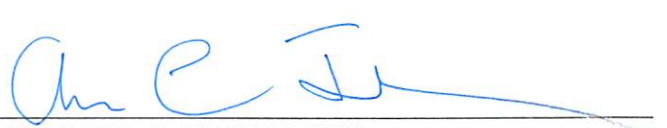
A TRUE BILL:


DATED: *October 23, 2019*

*Signature of foreperson redacted
pursuant to the policy of the Judicial
Conference of the United States*

FOREPERSON


BRIAN T. MORAN
United States Attorney


ANDREW C. FRIEDMAN
Assistant United States Attorney


JUSTIN W. ARNOLD
Assistant United States Attorney

DEFENDANT STATUS SHEET

(One for each defendant)

I. CASE STATUS

Name of Defendant: Allan Thomas

Has defendant had initial appearance in this case? ☒ Yes ☐ No

MJ 19-457 BAT

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II. CUSTODIAL STATUS

If defendant had initial appearance, please check one of the following:

☒ Continue Conditions of Release

☐ Continue Detention

☐ Temporary Detention, a detention hearing has been scheduled for

III. ARRAIGNMENT

☐ Warrant to Issue (If so, please complete *Defendant Arrest Warrant Info Sheet*)

☐ Summons to be Issued for Appearance on

Defendant's Address:

☒ Letter to Defense Counsel for Appearance on October 31, 2019

Defense Attorney's Name and address: John Henry Browne, 801 Second Avenue, Seattle, WA

The estimated trial time is 7 days.

(Revised March 2018)

DEFENDANT STATUS SHEET

(One for each defendant)

I. CASE STATUS

Name of Defendant: Joann Thomas

Has defendant had initial appearance in this case? ☒ Yes ☐ No

MJ 19-457 BAT

CR

II. CUSTODIAL STATUS

If defendant had initial appearance, please check one of the following:

- ☒ Continue Conditions of Release
- ☐ Continue Detention
- ☐ Temporary Detention, a detention hearing has been scheduled for

III. ARRAIGNMENT

- ☐ Warrant to Issue (If so, please complete *Defendant Arrest Warrant Info Sheet*)
- ☐ Summons to be Issued for Appearance on

Defendant's Address:

- ☒ Letter to Defense Counsel for Appearance on October 31, 2019

Defense Attorney's Name and address: Terry Kellogg, PO Box 70819, Seattle, WA 98127

The estimated trial time is days.

(Revised March 2018)