

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  
September 9, 2020

WILLIAM M. McCOOL, Clerk

By Seton Kattner Deputy

The Honorable Richard A. Jones

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. CR19-0210RAJ

**SUPERSEDING INDICTMENT**

The Grand Jury charges that:

**COUNT 1**  
**(Conspiracy)**

Beginning in or before 2012, and continuing through on or after January 15, 2019, at Enumclaw and elsewhere, within the Western District of Washington, ALLAN B. THOMAS and JOANN E. THOMAS (collectively, the THOMASES), did willfully and knowingly combine, conspire, and agree to commit offenses against the United States, to wit: Mail Fraud, in violation of Title 18, United States Code, Section 1341, Wire Fraud, in violation of Title 18, United States Code, Section 1343, Aggravated Identity Theft, in violation of Title 18, United States Code, Section 1028A, and Money Laundering, in violation of Title 18 United States Code, Section 1957.

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.

7 2. Each drainage district board is required annually to provide the county in  
8 which it is located an estimate of the cost of maintenance and repair for the district for the  
9 following year. The county allocates that amount between the landowners within the  
10 district, and the amount is collected as part of the landowners' property taxes.

11 3. Each drainage district board is empowered to contract with businesses to  
12 perform maintenance and repair work on behalf of the drainage district. After work has  
13 been performed, the board issues warrants to the treasurer of the county, requesting  
14 payment be made to the contractors. The treasurer of the county then issues checks  
15 paying the contractors.

16 4. At all times relevant to this Superseding Indictment, ALLAN B. THOMAS  
17 was a dairy farmer, who resided on a dairy farm in Enumclaw, Washington. ALLAN B.  
18 THOMAS was a long-time Commissioner of King County Drainage Districts 5 and 5A  
19 (collectively, "DD5"), having assumed that position in the 1980s.

20 5. At all times relevant to this Superseding Indictment, JOANN E. THOMAS  
21 was married to ALLAN B. THOMAS, and resided with ALLAN B. THOMAS on the  
22 dairy farm in Enumclaw, Washington (ALLAN B. THOMAS and JOANNE E.  
23 THOMAS, collectively, the "THOMASES"). JOANN E. THOMAS was, or at least  
24 purported to be, the Secretary of DD5.

25 B. *The Objects of the Conspiracy*

26 6. The objects of the conspiracy were for ALLAN B. THOMAS and JOANN  
27 E. THOMAS to exploit ALLAN B. THOMAS' position as a Commissioner for DD5 to:  
28 (1) cause King County to levy taxes on DD5's residents; (2) submit fraudulent warrants



1 to King County requesting payment to a company controlled by the THOMASES and,  
2 later, a company that paid kickbacks to the THOMASES, for supposed work for DD5,  
3 much of which was never done; (3) use other people's identities, without those people's  
4 authorization, to make the warrants appear legitimate and, thereby, further and conceal  
5 the THOMASES' fraud; and (4) divert and launder taxpayer funds paid by King County  
6 based upon the fraudulent warrants to the THOMASES' personal benefit.

7 C. *The Manner and Means of the Conspiracy*

8 7. It was part of the conspiracy that ALLAN B. THOMAS and JOANN E.  
9 THOMAS registered a business called A C Services with the State of Washington  
10 Department of Revenue in the name of A.T., ALLAN B. THOMAS' then 18-year-old  
11 son, or caused A.T. to register the business in his name. (The THOMASES also, at  
12 times, used the names "AC Services," "A CONSERVATION SERVICES," and "A.  
13 CONSERVATION SERVICES" in connection with this business.)

14 8. It was further part of the conspiracy that JOANN E. THOMAS and A.T.  
15 opened a checking (and associated savings) account in the name of A C Services at White  
16 River Credit Union, on which both JOANN E. THOMAS and A.T. were authorized  
17 signers.

18 9. It was further part of the conspiracy that ALLAN B. THOMAS and  
19 JOANN E. THOMAS controlled the activity of A C Services and of its bank account, and  
20 that A.T. had very little involvement in the supposed business of A C Services or in  
21 conducting transactions involving its bank account.

22 10. It was further part of the conspiracy that the THOMASES recruited a  
23 neighbor, K.O., to serve as a Commissioner of DD5, and that the THOMASES applied  
24 K.O.'s name and signature to DD5 documents, including DD5 board minutes and DD5  
25 warrants that K.O. had never seen, approved, or signed, all without K.O.'s authorization.

26 11. It was further part of the conspiracy that, between 2012 and 2017, the  
27 THOMASES submitted approximately 36 warrants to the King County Treasurer  
28 requesting the issuance of checks to pay for work projects supposedly done by A C

1 Services on behalf of DD5. In fact, A.T. worked on at most two jobs for DD5, both in or  
2 about the year 2012.

3 12. It was further part of the conspiracy that, to support these fraudulent  
4 warrants, the THOMASES created fraudulent invoices in the name of A C Services that  
5 falsely represented that specified work had been done by A C Services and that the  
6 checks requested from the King County Treasurer's Office were to pay for the specified  
7 work. In fact, very little of the specified work was performed.

8 13. It was further part of the conspiracy that the THOMASES deposited almost  
9 all the King County checks made payable to "AC Services" into the A C Services bank  
10 account for which JOANN E. THOMAS was an authorized signer. The only exceptions  
11 were that the THOMASES deposited \$2,500.00 from a \$4,484.09 check into the  
12 THOMASES' personal bank account, and that, in three other instances, the THOMASES  
13 took as cash, or deposited elsewhere, a total of less than \$1,000.00.

14 14. It was further part of the conspiracy that, after each check was deposited  
15 into the A C Services bank account, JOANN E. THOMAS transferred, withdrew, or paid  
16 the majority of the money from the account for the benefit of the THOMASES, including  
17 to support the operation of the THOMASES' dairy farm, and often in amounts greater  
18 than \$10,000.00.

19 15. It was further part of the conspiracy that, in 2017, after they became aware  
20 of a State investigation of their actions, one of the THOMASES forged A.T.'s signature  
21 on checks written from the A C Services account, disbursing funds obtained through the  
22 THOMASES' fraud, on checks that A.T. had never seen, approved or signed, all without  
23 A.T.'s authorization. These checks included checks to ALLAN B. THOMAS and to  
24 M.M., JOANN E. THOMAS' mother.

25 16. It was further part of the conspiracy that, in 2018, after they became aware  
26 of the State investigation of their actions, the THOMASES solicited D.W., the operator  
27 of a business named City Biz, to provide invoices for work that City Biz supposedly had  
28



1 performed on behalf of DD5, even though, as the THOMASES well knew, City Biz had  
2 performed little, if any, of this work.

3 17. It was further part of the conspiracy that the THOMASES submitted two  
4 warrants to the King County Treasurer requesting payments for the work that supposedly  
5 done for DD5 by City Biz.

6 18. It was further part of the conspiracy that, after King County paid City Biz,  
7 D.W. deposited the checks into City Biz accounts and then, within days, paid the vast  
8 majority of the money that City Biz had received to ALLAN B. THOMAS or to the  
9 THOMASES' dairy farm.

10 19. It was further part of the conspiracy that ALLAN B. THOMAS and  
11 JOANN E. THOMAS provided fraudulent documents, including falsified board minutes  
12 that purported to bear the signature of K.O., to the Washington State Auditor's Office  
13 during periodic audits of DD5, in order to conceal and continue their diversion of  
14 taxpayer funds to their personal benefit.

15 20. It was further part of the conspiracy that, between 2012 and 2019 ALLAN  
16 B. THOMAS and JOANN E. THOMAS defrauded DD5 and the taxpayers residing in  
17 DD5 of at least \$468,165 in payments to A C Services and City Biz.

18 D. *Overt Acts*

19 21. In furtherance of the conspiracy, and to accomplish its objects, the  
20 defendants committed and caused to be committed one or more of the following overt  
21 acts:

22 a. In or about November 2015, JOANN B. THOMAS submitted a  
23 warrant to the King County Treasurer's Office requesting a payment of \$8,989.50 to A C  
24 Services for work supposedly done by A C Services for DD5.

25 b. On or about November 6, 2015, JOANN B. THOMAS deposited a  
26 check in the amount of \$8,989.50 from the King County Treasurer's Office into A C  
27 Service's bank account at White River Credit Union.

1 c. On or about November 30, 2016, ALLAN B. THOMAS signed  
2 Annual Report Certifications for DD5 for 2014 and 2015 that attached falsified DD5  
3 board minutes for those years.

4 d. On or about December 5, 2016, ALLAN B. THOMAS or JOANN B.  
5 THOMAS caused Annual Report Certifications for DD5 for 2014 and 2015 that attached  
6 falsified DD5 board minutes for those years to be faxed to the Washington State  
7 Auditor's Office.

8 e. On or about December 7, 2017, either ALLAN B. THOMAS or  
9 JOANN E. THOMAS forged A.T.'s signature on a check written on A C Service's bank  
10 account to M.M., JOANN E. THOMAS's mother, in the amount of \$1,000.00.

11 f. On or about December 11, 2017, either ALLAN B. THOMAS or  
12 JOANN E. THOMAS forged A.T.'s signature on a check written on A C Service's bank  
13 account to ALLAN B. THOMAS in the amount of \$4,500.00.

14 g. In or about December 2017, JOANN B. THOMAS submitted a  
15 warrant to the King County Treasurer's Office requesting a payment of \$9,528.01 to A C  
16 Services for work supposedly done by A C Services for DD5.

17 h. On or about December 21, 2017, JOANN B. THOMAS deposited a  
18 check in the amount of \$9,528.01 from the King County Treasurer's Office into A C  
19 Service's bank account at White River Credit Union.

20 i. In or about October 2018, JOANN B. THOMAS submitted a  
21 warrant to the King County Treasurer's Office requesting a payment of \$24,083.57 to  
22 City Biz for work supposedly done by City Biz for DD5.

23 j. On or about November 2, 2018, ALLAN B. THOMAS or JOANN  
24 E. THOMAS deposited a BECU cashier's check purchased by City Biz in the amount of  
25 \$20,760.00 into an account in the name A & L Dairy belonging to the THOMASES at  
26 Key Bank.



1 k. In or about January 2019, JOANN B. THOMAS submitted a warrant  
2 to the King County Treasurer's Office requesting a payment of \$29,671.37 to City Biz for  
3 work supposedly done by City Biz for DD5.

4 l. On or about January 15, 2019, ALLAN B. THOMAS or JOANN E.  
5 THOMAS deposited a BECU cashier's check purchased by D.W. in the amount of  
6 \$21,125.00 into an account in the name A & L Dairy belonging to the THOMASES at  
7 Key Bank.

8 All in violation of Title 18, United States Code, Section 371.

9  
10 **COUNTS 2-5**  
11 **(Mail Fraud)**

12 22. Paragraphs 1 through 21 of this Superseding Indictment are hereby re-  
13 alleged and incorporated as if fully set forth herein.

14 23. Beginning in or before 2012, and continuing through on or after January 15,  
15 2019, at Enumclaw and elsewhere, within the Western District of Washington,  
16 ALLAN B. THOMAS and JOANN E. THOMAS, with the intent to defraud, devised and  
17 intended to devise, a scheme and artifice to defraud and to obtain money and property by  
18 means of materially false and fraudulent pretenses, representations, and promises.

19 A. *The Essence of the Scheme and Artifice to Defraud*

20 24. The essence of the scheme was for ALLAN B. THOMAS and JOANN E.  
21 THOMAS to exploit ALLAN B. THOMAS' position as a commissioner for DD5 to:  
22 (1) cause King County to levy taxes on DD5's residents; (2) submit fraudulent warrants  
23 for a company controlled by the THOMASES and, later, a company that paid kickbacks  
24 to the THOMASES, for supposed work for DD5, much of which was never done; and (3)  
25 divert funds paid by King County based upon the fraudulent warrants to the  
26 THOMASES' personal benefit.

27 B. *The Manner and Means of the Scheme and Artifice to Defraud*  
28

25. The manner and means of the scheme are set forth in Paragraphs 7-20 of this Superseding Indictment.

C. *Execution*

26. On or about the dates set forth below, at Enumclaw and elsewhere, 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 the items listed below, with each mailing constituting a separate Count of this Superseding Indictment:

<u>Count</u>	<u>Date</u>	<u>Item Mailed</u>
2	November 4, 2015	A check for \$8,989.50 from the King County Treasurer's Office made out to "AC Services"
3	December 19, 2017	A check for \$9,528.01 from the King County Treasurer's Office made out to "AC Services"
4	October 30, 2018	A check for \$24,083.57 from the King County Treasurer's Office made out to City Biz
5	January 11, 2019	A check for \$30,759.51 from the King County Treasurer's Office made out to City Biz

All in violation of Title 18, United States Code, Sections 1341 and 2.

**COUNTS 6-9**  
**(Wire Fraud)**

27. Paragraphs 1 through 21 of this Superseding Indictment are hereby re-alleged and incorporated as if fully set forth herein.

28. Beginning in or before 2012, and continuing through on or after January 15, 2019, at Enumclaw and elsewhere, within the Western District of Washington, ALLAN B. THOMAS and JOANN E. THOMAS, 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.

A. *The Essence of the Scheme and Artifice to Defraud*

29. The essence of the scheme was for ALLAN B. THOMAS and JOANN E. THOMAS to exploit ALLAN B. THOMAS' position as a commissioner for DD5 to: (1) cause King County to levy taxes on DD5's residents; (2) submit fraudulent warrants for a company controlled by the THOMASES and, later, a company that paid kickbacks to the THOMASES, for supposed work for DD5, much of which was never done; and (3) divert funds paid by King County based upon the fraudulent warrants to the THOMASES' personal benefit.

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

30. The manner and means of the scheme are set forth in Paragraphs 7-20 of this Superseding Indictment.

C. *Execution of the Scheme and Artifice to Defraud*

31. On or about the dates set forth below, at Enumclaw and elsewhere, 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 wire communication in interstate commerce the signals and sounds described below, with each transmission constituting a separate Count of this Superseding Indictment:

<u>Count</u>	<u>Date</u>	<u>Wire Communication</u>
6	November 6, 2015	Wire from the State of Washington to the State of Texas caused by the deposit of a check in the amount of \$8,989.50 from the King County Treasurer's Office into A C Services' account at White River Credit Union

7	December 21, 2017	Wire from the State of Washington to the State of Texas caused by the deposit of a check in the amount of \$9,528.01 from the King County Treasurer's Office into A C Services' account at White River Credit Union
8	November 2, 2018	Wire from the State of Washington to another State caused by the deposit of a BECU cashier's check in the amount of \$20,760.00 into an account in the name A & L Dairy belonging to the THOMASES at Key Bank
9	January 15, 2019	Wire from the State of Washington to another State caused by the deposit of a BECU cashier's check in the amount of \$21,125.00 into an account in the name A & L Dairy belonging to the THOMASES at Key Bank

All in violation of Title 18, United States Code, Sections 1343 and 2.

**COUNT 10**  
**(Aggravated Identity Theft)**

32. Between in or about October 2015, and in or about January 2019, at Enumclaw and elsewhere, within the Western District of Washington, ALLAN B. THOMAS and JOANN E. THOMAS, did knowingly possess and use, without lawful authority, a means of identification of another person, to wit: the name of K.O., during and in relation to a felony violation enumerated in Title 18, United States Code, Section 1028A(c), to wit: Mail Fraud, in violation of Title 18, United States Code, Section 1341, as set forth in Counts 2-5 of this Superseding Indictment and Wire Fraud, in violation of



1 Title 18, United States Code, Section 1343, as set forth in Counts 6-9 of this Superseding  
 2 Indictment, knowing that the means of identification belonged to another actual person,  
 3 All in violation of Title 18, United States Code, Sections 1028A(a)(1) and 2.

4  
 5 **COUNT 11**  
 6 **(Aggravated Identity Theft)**

7 33. Between on or about December 7, 2017, and on or about December 12,  
 8 2017, at Enumclaw and elsewhere, within the Western District of Washington, ALLAN  
 9 B. THOMAS and JOANN E. THOMAS, did knowingly possess and use, without lawful  
 10 authority, a means of identification of another person, to wit: the name of A.T., during  
 11 and in relation to a felony violation enumerated in Title 18, United States Code, Section  
 12 1028A(c), to wit: Mail Fraud, in violation of Title 18, United States Code, Section 1341,  
 13 as set forth in Counts 2-5 of this Superseding Indictment and Wire Fraud, in violation of  
 14 Title 18, United States Code, Section 1343, as set forth in Counts 6-9 of this Superseding  
 15 Indictment, knowing that the means of identification belonged to another actual person,  
 16 All in violation of Title 18, United States Code, Sections 1028A(a)(1) and 2.

17 **COUNTS 12-15**  
 18 **(Money Laundering)**

19 34. On or about the dates set forth below, at Enumclaw and elsewhere, in the  
 20 Western District of, ALLAN B. THOMAS and JOANN E. THOMAS, did knowingly  
 21 engage and attempt to engage in the following monetary transactions by through or to a  
 22 financial institution, affecting interstate or foreign commerce, in criminally derived  
 23 property of a value greater than \$10,000, that is the deposit, withdrawal, and transfer of  
 24 United States currency, funds, and monetary instruments, such property having been  
 25 derived from a specified unlawful activity, that is, Mail Fraud, in violation of Title 18,  
 26 United States Code, Section 1341, and Wire Fraud, in violation of Title United States  
 27 Code, Section 1343, with each transaction constituting a separate Count of this  
 28 Superseding Indictment:

<u>Count</u>	<u>Date</u>	<u>Transaction</u>
12	November 6, 2015	Purchase of a cashier's check, at White River Credit Union, in the amount of \$18,033.00 payable to QHC LLC
13	May 3, 2016	Purchase of a cashier's check , at White River Credit Union, in the amount of \$13,180.75 payable to CRAFT3
14	November 3, 2016	Transfer from A C Services' account at White River Credit Union in the amount of \$11,300.00 to the THOMASES' account at White River Credit Union
15	May 8, 2017	Purchase of a cashier's check, at White River Credit Union, in the amount of \$12,000.00 payable to Brandon Anderson

All in violation of Title 18, United States Code, Sections 1957 and 2.



**ASSET FORFEITURE ALLEGATIONS**

All of the allegations contained in this Superseding Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeiture.

Upon conviction of any of the offenses charged in Counts 1 through 9, each of the defendants 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 or is traceable to 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.

Upon conviction of any of the offenses charged in Counts 12 through 15, each of the defendants shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(1), any property that constitutes or is traceable to proceeds of the offense, as well as any property involved in the offense. This property includes, but is not limited to, a sum of money 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;

//

//

//


1 it is the intent of the United States to seek the forfeiture of any other property of the  
2 defendant, up to the value of the above-described forfeitable property, pursuant to Title  
3 21, United States Code, Section 853(p).

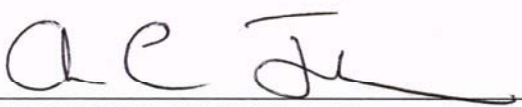
4 A TRUE BILL:

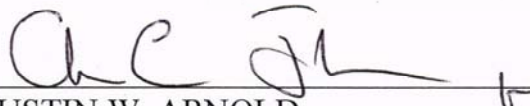
5 DATED: *September 9, 2020*

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

9 FOREPERSON

10  
11   
12 BRIAN T. MORAN  
13 United States Attorney

14  
15   
16 ANDREW C. FRIEDMAN  
17 Assistant United States Attorney

18  
19   
20 JUSTIN W. ARNOLD  
21 Assistant United States Attorney



## DEFENDANT STATUS SHEET

(One for each defendant)

### I. CASE STATUS

Name of Defendant: Allan B. Thomas

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

MJ

CR 19-210 RAJ

### 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 September 17, 2020 at 9 am

Defense Attorney's Name and address: John Henry Brown

The estimated trial time is 7 days.

## DEFENDANT STATUS SHEET

(One for each defendant)

### I. CASE STATUS

Name of Defendant: Joann E.Thomas

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

MJ

CR 19-210 RAJ

### 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 September 17, 2020 at 9 am

Defense Attorney's Name and address: Terry Kellog

The estimated trial time is 7 days.

(Revised March 2018)