

FILED
UNITED STATES DISTRICT COURT
ALBUQUERQUE, NEW MEXICO

NOV 27 2017

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF NEW MEXICO

MATTHEW J. DYKMAN
CLERK

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 vs.)
)
 PAUL DONISTHORPE,)
)
 Defendant.)

CRIMINAL NO. 17-3311 JB
Count 1: 18 U.S.C. § 1343: Wire Fraud;
Count 2: 18 U.S.C. § 1957: Money
Laundering.

INFORMATION

The United States Attorney charges:

Count 1

1. From about 2006, and continuing through 2016, in Bernalillo County, in the District of New Mexico, and elsewhere, the defendant, **PAUL DONISTHORPE**, with intent to defraud, knowingly and unlawfully devised a scheme and artifice to defraud and to obtain money by means of materially false and fraudulent pretenses and representations, and for the purpose of executing the scheme and artifice caused writings, signs, and signals to be transmitted by means of interstate wire communications.

2. The defendant's scheme and artifice consisted of fraudulently extracting money from client trust accounts and using that money for his own personal purposes.

3. **DONISTHORPE** was the sole owner and operator of Desert State Life Management (DSLML), a trust company registered with the State of New Mexico. DSLML provided trustee and representative payee services for individuals needing assistance with their financial affairs.

4. It was part of the scheme and artifice that **DONISTHORPE** transferred client funds from individual client investment accounts, held at financial institutions to include but not limited to Vanguard and Charles Schwab, to general DSLM accounts. **DONISTHORPE** then transferred the client funds from the DSLM accounts to other non-DSLM accounts he controlled, such as an account in the name of “Spectrum Capital,” a business he exclusively controlled. **DONISTHORPE** then diverted the client funds to other bank accounts, credit card accounts, and mortgages, none of which were associated with DSLM. In this manner, **DONISTHORPE** fraudulently converted approximately \$4.8 million in client funds to his own use.

5. **DONISTHORPE** fraudulently transferred those funds knowing that he was not entitled to the funds, that the clients had not been informed of the transfers, and that the clients would not have approved of the transfers if they had been informed.

6. **DONISTHORPE** concealed his theft from the clients by causing his accounting staff to falsely record the clients’ balances in DSLM accounting records. He presented materially false and fraudulent investment and disbursement reports to the DSLM board of directors, and presented materially false and fraudulent documents including balance sheets and statements to the New Mexico Regulation and Licensing Department—Financial Institutions Division (FID). **DONISTHORPE** provided the materially false and fraudulent documents in order to conceal the fact that he had fraudulently obtained client funds through the scheme described above.

7. On or about May 10, 2016, for the purpose of executing and in order to effect the scheme and artifice to defraud and to obtain money and property by way of materially false and fraudulent pretenses, representations, and promises, **DONISTHORPE** used interstate wire communications by emailing instructions to K.K., who provided asset management services to

DSLML, to liquidate \$95,000 of client investments. Following the liquidation of those investments, **DONISTHORPE** transferred \$50,000 of the funds to DSLM general account xx041 and then to Spectrum Capital account xx202.

In violation of 18 U.S.C. § 1343.

Count 2

On or about May 16, 2016, in the District of New Mexico, and elsewhere, the defendant, **PAUL DONISTHORPE**, did knowingly engage in a monetary transaction by through or to a financial institution, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, that is, a check for \$100,000 from Spectrum Capital to W.M. and B.M., knowing that those funds had been derived from a specified unlawful activity, that is, wire fraud as charged in Count 1, contrary to 18 U.S.C. § 1343.

In violation of 18 U.S.C. § 1957.

Forfeiture Allegation

Count 1 of this Indictment is hereby re-alleged and incorporated by reference for the purpose of alleging forfeiture to the United States pursuant to 18 U.S.C. § 981(a)(1)(c), 18 U.S.C. § 982, and 28 U.S.C. § 2461.

Upon conviction of any offense in violation of 18 U.S.C. §§ 1343 or 1957, the defendant, **PAUL DONISTHORPE**, shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(C), 18 U.S.C. § 982(a)(1) and 28 U.S.C. § 2461, all property which constitutes or is derived from proceeds traceable to the commission of the offense.

The property to be forfeited to the United States includes but is not limited to the following:

MONEY JUDGMENT:

A sum of money, representing all property which constitutes or is derived from proceeds traceable to the commission of the offense.

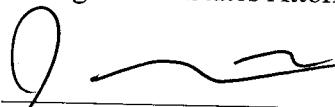
SUBSTITUTE ASSETS:

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

- A. Cannot be located upon exercise of due diligence;
- B. Has been transferred or sold to, or deposited with, a third person;
- C. Has been placed beyond the jurisdiction of the Court;
- D. Has been substantially diminished in value;
- E. Has been commingled with other property which cannot be subdivided without difficulty;

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

JAMES D. TIERNEY
Acting United States Attorney



JEREMY PEÑA
Assistant United States Attorney
Post Office Box 607
Albuquerque, New Mexico 87103
(505) 346-7274