

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

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 vs.) Case 2:19-cr-2607-KG
)
 THOMAS H. LAWS,)
)
 Defendant.)

PLEA AGREEMENT

Pursuant to Federal Rule of Criminal Procedure 11(c)(1)(C), the parties notify the Court of the following agreement between the United States Attorney for the District of New Mexico, the Defendant, THOMAS H. LAWS, and the Defendant’s counsel, Daniel Rubin and Darcy Riley.

REPRESENTATION BY COUNSEL

1. The Defendant understands the Defendant’s right to be represented by an attorney and is so represented. The Defendant has thoroughly reviewed all aspects of this case with the Defendant’s attorney and is fully satisfied with that attorney’s legal representation.

RIGHTS OF THE DEFENDANT

2. The Defendant further understands the Defendant’s rights:
- a. to be prosecuted by indictment;
 - b. to plead not guilty, or having already so pleaded, to persist in that plea;
 - c. to have a trial by jury; and

- d. at a trial:
 - 1) to confront and cross-examine adverse witnesses,
 - 2) to be protected from compelled self-incrimination,
 - 3) to testify and present evidence on the Defendant's own behalf, and
 - 4) to compel the attendance of witnesses for the defense.

WAIVER OF RIGHTS AND PLEA OF GUILTY

3. The Defendant agrees to waive these rights and to plead guilty to Counts 1 through 4 of the Information charging that defendant committed wire fraud in violation of 18 U.S.C. violations of 18 U.S.C. § 1343, and Count 5 charging that defendant committed Aggravated Identity Theft in violation of 18 U.S.C. § 1028A(a)(1).

SENTENCING

4. The Defendant understands that the minimum and maximum penalties authorized by law for these offenses are:

- a. Wire Fraud, 18 U.S.C. § 1343:
 - (1) imprisonment for a term of not more than 20 years;
 - (2) a fine not to exceed the greater of \$250,000 or twice the pecuniary gain to the Defendant or pecuniary loss to the victim;
 - (3) a term of supervised release of not more than 3 years to follow any term of imprisonment. (If the Defendant serves a term of imprisonment, is then released on supervised release, and violates the conditions of supervised release, the Defendant's supervised

release could be revoked — even on the last day of the term — and the Defendant could then be returned to another period of incarceration and a new term of supervised release.);

- (4) criminal forfeiture;
- (5) a mandatory special penalty assessment of \$100.00 for each count of conviction; and
- (6) restitution as may be ordered by the Court.

b. Aggravated Identity Theft, 18 U.S.C. § 1028A(a)(1):

Imprisonment for a term of 2 years in addition and consecutive to any term of imprisonment for any other crime.

5. The parties recognize that the federal sentencing guidelines are advisory, and that the Court is required to consider them in determining the sentence it imposes.

6. The parties are aware that the Court will decide whether to accept or reject this plea agreement. The Court may defer its decision as to acceptance or rejection until there has been an opportunity to consider the presentence report. Pursuant to Federal Rule of Criminal Procedure 11(c)(5), if the Court rejects this plea agreement, the defendant shall have the right to withdraw the defendant's plea of guilty.

7. Regardless of any other provision in this agreement, the United States reserves the right to provide to the United States Pretrial Services and Probation Office and to the Court any information the United States believes may be helpful to the Court, including but not limited to information about the recommendations contained in this agreement and any relevant conduct under U.S.S.G. § 1B1.3.

ELEMENTS OF THE OFFENSE

8. If this matter proceeded to trial, the Defendant understands that the United States would be required to prove, beyond a reasonable doubt, the following elements for violations of the charges listed below:

a. Counts 1-4: Wire Fraud, 18 U.S.C. § 1343

First, the defendant devised a scheme to defraud as alleged in the Information;

Second, the defendant acted with specific intent to defraud;

Third, the defendant used or caused another person to use interstate wire communication facilities for the purpose of carrying out the scheme;

Fourth, the scheme employed false or fraudulent pretenses, representations or promises that were material.

b. Count 5: Aggravated Identity Theft, 18 U.S.C. § 1028A(a)(1)

First, the defendant knowingly used a means of identification of another person (in this case, the name of another person) without lawful authority;

Second, the defendant knew that the means of identification belonged to another actual person; and

Third, the defendant used that means of identification during and in relation to the crime of Wire Fraud alleged in Count 1 of the Information/

DEFENDANT'S ADMISSION OF FACTS

9. By my signature on this plea agreement, I am acknowledging that I am pleading guilty because I am, in fact, guilty of the offense(s) to which I am pleading guilty. I recognize and accept responsibility for my criminal conduct. Moreover, in pleading guilty, I acknowledge that if I chose to go to trial instead of entering this plea, the UNITED STATES could prove facts sufficient to establish my guilt of the offenses to which I am pleading guilty beyond a reasonable doubt, including any facts alleged in the Information that increase the statutory minimum or maximum penalties.

10. I, THOMAS H. LAWS, specifically admit the following facts related to the charges against me, and declare under penalty of perjury that all of these facts are true and correct:

- a. At all times material to this case, I, THOMAS H. LAWS, was licensed as a Certified Public Accountant in the State of New Mexico. I was also a registered investment adviser in the State of New Mexico from 2006 through 2017. I did business as Laws & Company and THL Financial Services Corporation from an office in Silver City, New Mexico, where I provided accounting, tax preparation and investment services.
- b. Beginning not later than August 2008 and continuing until 2019, I devised and executed a scheme to obtain money from others by means of an array of false pretenses and fraudulent representations as described in the Information. Among other things:

- I obtained money from several of my clients by making misrepresentations to them regarding their tax liabilities;
 - I solicited investments and loans from my clients and others by making false promises and fraudulent representations to them regarding a real estate development project referred to over the years as both “Outlaw Hideaway Ranch” and “XYZ Ranch Estates”;
 - I solicited investments from several clients in a technology fund by means of false promises and misrepresentations regarding the application of the money that they provided to me;
 - I obtained money from several clients by means of false promises to hold those funds in trust for purposes of facilitating exchanges under § 1031 of the Internal Revenue Code; and
 - I obtained money from Santa Fe Gold Corporation and two investors by making false promises and fraudulent representations to the effect that I was to use their money to purchase mining claims, mining equipment or for other mining related expenditures.
- c. I acted with specific intent to defraud a series of clients, lenders and investors. I spent much of the money that I fraudulently obtained from others for my personal purposes. For example, I converted money obtained from clients, lenders and investors to pay for my and my family’s credit card debts, travel, communication and media services, firearms purchases, cash withdrawals, and various other personal expenditures. I also converted a portion of the money that

I fraudulently obtained from clients, lenders and investors, to pay for my business expenses. Moreover, I used a substantial portion of the money to sustain and perpetuate the scheme by making payments to earlier victims.

- d. For purposes of executing and carrying out my scheme, I used and caused others to use interstate wire communication facilities for purposes of carrying out episodes of the scheme. For example:

Count 1: In late 2014, I persuaded two of my clients (referred to in the Information as “A.M.” and “E.M.”) to invest in the real estate development project then known as XYZ Ranch Estates by means of false promises, fraudulent misrepresentations and material omissions. Among other things, I fabricated and forged a Real Estate Mortgage Note and accompanying Mortgage purporting that the money invested by A.M. and E.M. was secured by a mortgaged on XYZ Ranch Estates real property. I did not disclose to A.M. and E.M. that I had previously mortgaged the property to other lenders, that I had defaulted on or that a court had entered a judgment in favor of one of those lenders, KO Capital, and ordered foreclosure and judicial sale of the property. Based on my misrepresentations, A.M. and E.M. agreed to invest \$650,000 pursuant to the fabricated Real Estate Mortgage Note. At my direction, on December 2, 2014, A.M. and E.M. sent \$650,000 to K.O Capital Commercial Financial Solutions by means of a bank-to-bank transfer via interstate wire communication facilities.

Count 2: On August 1, 2016, I was appointed to Santa Fe Gold Corporation’s Board of Directors and named Chief Executive Officer of that corporation.

Santa Fe Gold Corporation had previously lost its mining claims in bankruptcy and sought to purchase Bullard's Peak Corporation, which held approximately 95 mining claims in and around Grant County, New Mexico. In an email to Santa Fe Gold Corporation's Chief Financial Officer on April 8, 2017, I requested \$550,000 on the pretense that I had negotiated that purchase; I represented in that email that \$500,000 of that money was to be placed in escrow for purposes of effecting that purchase. Pursuant to my representations and requests, Santa Fe Gold Corporation transferred \$550,000 to THL Financial Services on April 10, 2017, by means of a bank-to-bank transfer via interstate wire communication facilities. I did not place that money in escrow and did not use it to purchase Bullard's Peak Corporation or any mining claims. Instead, on April 11, 2017, I wired \$526,421.08 of that money to an attorney as part of a settlement with an earlier victim of my scheme (referred to in the Information as "L.F.C.").

Counts 3 & 4: In or around September 2018, I solicited money from a prospective investor (referred to in the Information as "K.P.") on the pretense that I needed the money for a purported mining endeavor. I made representations to K.P. to the effect that I needed \$550,000 to purchase equipment capable of extracting precious metals from a slag heap. I offered to split the proceeds from that mining operation if K.P. would provide the money needed to purchase that equipment. K.P. brought one of his business associates (referred to in the Information as "J.M.") into this deal, and they each agreed to provide one half of the money needed to purchase the extraction equipment. Pursuant to my

representations and requests, on September 18, 2018, K.P. transferred \$275,000 to Laws & Company by means of a bank-to-bank transfer via interstate wire communication facilities. Pursuant to my representations and requests, on September 27, 2018, J.M. transferred \$275,000 to Laws & Company by means of a bank-to-bank transfer via interstate wire communication facilities. Contrary to my promises and representations, I did not use K.P.'s and J.M.'s money to purchase extraction equipment or to conduct any mining or refining operations. Instead, I converted the money obtained from K.P. to fund a \$156,362 payment to an earlier victim of my scheme (referred to in the Information as "C.P."). I diverted \$100,000 of the money that I obtained from K.P. and all of the \$275,000 of the money that I obtained from J.M. to make partial repayments to Santa Fe Gold Corporation following discovery of my misappropriation of corporate funds.

- e. I acknowledge that the false and fraudulent pretenses, promises and representations that I made to the clients, lenders and investors that I defrauded were material. More specifically, I admit that the false and fraudulent pretenses, promises and representations that I made to A.M. and E.M. regarding XYZ Ranch Estates, the Real Estate Mortgage Note and the Mortgage had a natural tendency to influence the decision of A.M. and E.M. to invest \$650,000. I admit that the false and fraudulent pretenses, promises and representations that I made to Santa Fe Gold Corporation regarding purported purchases of mining claims were material to the corporation's Chief Financial Officer's decisions to transfer funds to me for that purported purchase. I also admit that the false and fraudulent

pretenses, promises and representations that I made to K.P. and J.M. regarding the acquisition of equipment to conduct mining or extraction operations had a natural tendency to influence the decision of those individuals to each invest \$275,000 in that purported project.

- f. As admitted above, I fabricated the Real Estate Mortgage Note and the Mortgage that I used the name presented to A.M. and E.M. to induce them to invest \$650,000. I further admit that during and in relation to the Wire Fraud perpetrated against A.M. and E.M. that is charged in Count 1 of the Information, I used the name of another person without lawful authority. More specifically, in the fabricated Real Estates Mortgage Note and Mortgage, I used the name and forged the signature of the individual (referred to in the Information as “K.B.”) who owned the XYZ Ranch Estates real property that was purportedly offered as security for the Real Estate Mortgage Note.
- g. I, THOMAS H. LAWS, affirmatively acknowledge and admit that my fraudulent scheme described in the Information and relevant conduct involved more than 10 victims, and that my fraudulent scheme and criminal conduct cause substantial hardship to at least one of those victims. I further admit that my fraudulent scheme and relevant conduct caused other persons to suffer financial losses of more than \$1,500,000 in aggregate.

11. By signing this agreement, the Defendant admits that there is a factual basis for each element of the crimes to which the Defendant is pleading guilty. The Defendant agrees that the Court may rely on any of these facts, as well as facts in the presentence report, to

determine the Defendant's sentence, including, but not limited to, the advisory guideline offense level.

RECOMMENDATIONS

12. The United States and the Defendant recommend as follows:
 - a. The Defendant and the UNITED STATES agree pursuant to Federal Rule of Criminal Procedure 11(c)(1)(C), that a term of not more than 81 months imprisonment is appropriate in this case (that is, no more than 57 months of imprisonment under Counts 1 through 4 and an additional mandatory term of 24 months of imprisonment under Count 5). Each party may present argument and evidence as to a specific lawful term of imprisonment of not more than 81 months. The remaining components of the Defendant's sentence, including but not limited to any fine or restitution and the length and conditions of supervised release, shall be imposed by the Court after the presentation of evidence and/or argument by the parties.
 - b. If the Court accepts the plea agreement, it must inform the Defendant that the agreed upon disposition will be included in the judgment, and the Court is bound by the terms of the plea agreement once the Court accepts the plea agreement.

DEFENDANT'S ADDITIONAL AGREEMENT

13. The Defendant understands the Defendant's obligation to provide the United States Pretrial Services and Probation Office with truthful, accurate, and complete information. The Defendant represents that the Defendant has complied with and will continue to comply with this obligation.

14. Except under circumstances where the Court, acting on its own, rejects this plea agreement, the Defendant agrees that, upon the Defendant's signing of this plea agreement, the facts that the Defendant has admitted under this plea agreement as set forth above, as well as any facts to which the Defendant admits in open court at the Defendant's plea hearing, shall be admissible against the Defendant under Federal Rule of Evidence 801(d)(2)(A) in any subsequent proceeding, including a criminal trial, and the Defendant expressly waives the Defendant's rights under Federal Rule of Criminal Procedure 11(f) and Federal Rule of Evidence 410 with regard to the facts the Defendant admits in conjunction with this plea agreement.

15. By signing this plea agreement, the defendant waives the right to withdraw the defendant's pleas of guilty pursuant to Federal Rule of Criminal Procedure 11(d) unless (1) the court rejects the plea agreement pursuant to Federal Rule of Criminal Procedure 11(c)(5) or (2) the defendant can show a fair and just reason as those terms are used in Rule 11(d)(2)(B) for requesting the withdrawal. Furthermore, defendant understands that if the court rejects the plea agreement, whether or not defendant withdraws the guilty pleas, the United States is relieved of any obligation it had under the agreement and defendant shall be subject to prosecution for any federal, state, or local crime(s) which this agreement otherwise anticipated would be dismissed or not prosecuted.

RESTITUTION

16. The parties agree that, as part of the Defendant's sentence, the Court will enter an order of restitution pursuant to the Mandatory Victim's Restitution Act, 18 U.S.C. § 3663A. The Defendant agrees and acknowledges that, as part of the Defendant's sentence, the Court is not limited to ordering restitution only for the amount involved in the particular offense or offenses to which the Defendant is entering a plea of guilty, but may and should order restitution resulting from all of the Defendant's criminal conduct related to this case.]

17. No later than July 1 of each year after sentencing, until restitution is paid in full, the Defendant shall provide the Asset Recovery Unit, United States Attorney's Office, P.O. Box 607, Albuquerque, New Mexico 87103, (1) a completed and signed financial statement provided to the Defendant by the United States Attorney's Office and/or the United States Probation Office and (2) a copy of the Defendant's most recent tax returns.

FORFEITURE

18. The Defendant agrees to forfeit, and hereby forfeits, whatever interest the Defendant may have in any asset derived from or used in the commission of the offense(s) in this case. The Defendant agrees to cooperate fully in helping the United States (a) to locate and identify any such assets and (b) to the extent possible, to obtain possession and/or ownership of all or part of any such assets. The Defendant further agrees to cooperate fully in helping the United States locate, identify, and obtain possession and/or ownership of any other assets about which the Defendant may have knowledge that were derived from or used in the commission of offenses committed by other persons.

19. The Defendant understands and agrees that the Court may enter a money judgment against the Defendant in an the amount of representing property constituting or derived from proceeds traceable to the offenses set forth in Counts 1 through 4 of the Information.

WAIVER OF APPEAL RIGHTS

20. The Defendant is aware that 28 U.S.C. § 1291 and 18 U.S.C. § 3742 afford a defendant the right to appeal a conviction and the sentence imposed. Acknowledging that, the Defendant knowingly waives the right to appeal the Defendant's conviction(s) and any sentence, including any fine, imposed in conformity with this Fed. R. Crim. P. 11(c)(1)(C) plea agreement, as well as any order of restitution entered by the Court. The Defendant also waives the right to appeal any sentence imposed below or within the Guideline range upon a revocation of supervised release in this cause number. In addition, the Defendant agrees to waive any collateral attack to the Defendant's conviction(s) and any sentence, including any fine, pursuant to 28 U.S.C. §§ 2241 or 2255, or any other extraordinary writ, except on the issue of defense counsel's ineffective assistance.

GOVERNMENT'S ADDITIONAL AGREEMENT

21. Provided that the Defendant fulfills the Defendant's obligations as set out above, the United States agrees that:

- a. Following sentencing, the United States will move to dismiss the pending Indictment;

b. The United States will not bring additional criminal charges against the Defendant arising out of the facts forming the basis of the present Information.

22. Provided that the Defendant fulfills the Defendant's set forth herein, fully complies with the conditions of his release and does not engage in further misconduct, the United States will not move to detain the Defendant following entry of his guilty pleas, and the United States and will not oppose the Defendant request to remain on conditional release while awaiting sentencing.

23. This agreement is limited to the United States Attorney's Office for the District of New Mexico and does not bind any other federal, state, or local agencies or prosecuting authorities.

VOLUNTARY PLEA

24. The Defendant agrees and represents that this plea of guilty is freely and voluntarily made and is not the result of force, threats, or promises (other than the promises set forth in this agreement and any addenda). The Defendant also represents that the Defendant is pleading guilty because the Defendant is in fact guilty.

VIOLATION OF PLEA AGREEMENT

25. The Defendant agrees that if the Defendant violates any provision of this agreement, the United States may declare this agreement null and void, and the Defendant will thereafter be subject to prosecution for any criminal violation, including but not limited to any crime(s) or offense(s) contained in or related to the charges in this case, as well as perjury, false

statement, obstruction of justice, and any other crime committed by the Defendant during this prosecution.

SPECIAL ASSESSMENT

26. At the time of sentencing, the Defendant will tender to the United States District Court, District of New Mexico, 333 Lomas Blvd. NW, Suite 270, Albuquerque, New Mexico 87102, a money order or certified check payable to the order of the **United States District Court** in the amount of \$500 in payment of the special penalty assessments described above.

ENTIRETY OF AGREEMENT

27. This document and any addenda are a complete statement of the agreement in this case and may not be altered unless done so in writing and signed by all parties. This agreement is effective upon signature by the Defendant and an Assistant United States Attorney.

AGREED TO AND SIGNED this ____ day of February, 2020.

JOHN C. ANDERSON
United States Attorney

Timothy S. Vasquez
Assistant United States Attorney
Post Office Box 607
Albuquerque, New Mexico 87102
(505) 346-7274

I have carefully discussed every part of this agreement with my client. Further, I have fully advised my client of my client's rights, of possible defenses, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of the relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. In addition, I have explained to my client the elements to each offense to which she/he is pleading guilty. To my knowledge, my client's decision to enter into this agreement is an informed and voluntary one.

Daniel Rubin / Darcy Riley
Attorney for the Defendant

I have carefully discussed every part of this agreement with my attorney. I understand the terms of this agreement, and I voluntarily agree to those terms. My attorney has advised me of my rights, of possible defenses, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of the relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement.

THOMAS H. LAWS
Defendant