

Chief Magistrate Judge Brian A. Tsuchida

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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.

Case No. MJ19- 457

COMPLAINT FOR VIOLATION OF
18 U.S.C. §1341

Before, the Honorable Brian A. Tsuchida, Chief United States Magistrate Judge,
United States Courthouse, 700 Stewart Street, Seattle, Washington.

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.

//
//

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 the
6 district. Each drainage district board is required annually to provide the county where it is
7 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 landowner's
9 property taxes within the district. After work is performed, the board of drainage district
10 commissioners issues warrants to the treasurer of the county to pay for maintenance and
11 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 taxes
16 on DD5's residents; (2) submitting fraudulent warrants for a company controlled by ALLAN
17 B. THOMAS and JOANN E. THOMAS and, later, a company that paid kickbacks to the
18 THOMASES; and (3) diverting the taxpayer funds used to pay those warrants to the
19 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 JOANN
22 E. THOMAS caused Alexander Thomas, ALLAN B. THOMAS' son, to register a business
23 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 C
26 Services at White River Credit Union on which both JOANN E. THOMAS and Alexander
27

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

1 Thomas were authorized signers. However, Alexander Thomas performed only two jobs for
2 DD5 under the name of A C Services, both occurring in or about the year 2012, and
3 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, the
5 THOMASES submitted approximately 36 fraudulent warrant requests to the King County
6 Treasurer requesting the issuance of checks to pay for work projects supposedly done by A C
7 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 behalf of
10 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 to
14 pay for services purportedly rendered.

15 8. It was further part of the scheme and artifice that the THOMASES deposited
16 all of the King County checks made payable to “AC Services” into the A C Services bank
17 account for which JOANN E. THOMAS was an authorized signer, with the exception of one
18 check which was split between the A C Services bank account and the THOMASES’
19 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, withdrew,
22 or paid the majority of the money from the account for the benefit of the THOMASES,
23 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 became
25 aware of an investigation of their actions, the THOMASES submitted two warrant requests
26 to the King County Treasurer for the issuance of checks to pay for work projects supposedly
27 done by an entity called City Biz on behalf of DD5.
28

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

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

7 D. *Execution*

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

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

14
15 The undersigned complainant being duly sworn states:

16 1. I, Matthew A. Thoresen, am a Special Agent of the Federal Bureau of
17 Investigation (FBI), currently assigned to the Seattle Field Division. I have been employed
18 by the FBI for approximately 10 years, both domestically and internationally. The facts set
19 forth in this Complaint are based on my own personal knowledge, including interviews I
20 have conducted and my review of documents related to this investigation; information
21 obtained from other individuals, including other law enforcement officers and investigators,
22 during my investigation; and my review of reports from other law enforcement and civil
23 agencies, including the Enumclaw Police Department ("EPD") and the Washington State
24 Auditor's Office (the "Auditor's Office").

25 2. I am the case agent responsible for an investigation of ALLAN B. THOMAS
26 and his wife, JOANN E. THOMAS (collectively, "the THOMASES") involving their
27 misappropriation of taxpayer monies for their personal gain, beginning in or before 2012,
28 and continuing until in or after January 2019.

I. SUMMARY OF THE INVESTIGATION

1
2 3. The FBI is conducting an investigation into fraudulent expenditures relating to
3 King County Drainage Districts 5 and 5A (hereinafter, "DD5"), in King County,
4 Washington. Until recently, ALLAN B. THOMAS was a Commissioner for DD5 and
5 JOANN E. THOMAS acted at times as the Secretary for DD5. The investigation has
6 revealed that the THOMASES caused Alexander Thomas, who is ALLAN B. THOMAS'
7 son and JOANN E. THOMAS's stepson, to register an entity called A C Services with the
8 State of Washington Department of Revenue that purportedly performed work on behalf of
9 DD5. In fact, Alexander Thomas performed only a limited amount of work for DD5 in
10 approximately 2012.

11 4. Between May 2012 and December 2017, however, the THOMASES submitted
12 fraudulent requests for payments, totaling approximately \$413,322, to the King County
13 Treasurer for work that supposedly had been performed by A C Services on behalf of DD5,
14 but that generally had not been performed. Based upon these fraudulent requests, the King
15 County Treasurer issued payments to A C Services using taxes assessed to all property
16 owners in DD5. The THOMASES, knowing little to no work had actually been performed,
17 diverted the vast majority of these taxpayer funds to their own benefit. After the Enumclaw
18 City Attorney began questioning the THOMASES' conduct related to DD5 in November
19 2017, the THOMASES submitted two requests for payment to the King County Treasurer for
20 work that supposedly had been performed by a company named City Biz. After the King
21 County Treasurer issued those payments, City Biz, within days, paid the majority of the
22 money it received to the THOMASES.

II. THE INVESTIGATION

A. Background

24 5. Chapter 85.06 of the Revised Code of Washington authorizes the
25 establishment, and governs the operation, of drainage districts. *See* RCW § 85.06.010 *et seq.*
26 Drainage districts also fall within the definition of special districts set forth in Revised Code
27 of Washington, Section 85.38.010(4), and therefore also are subject to the provisions of
28

1 Chapter 85.38 of the Revised Code of Washington. *Id.* § 85.38.010 *et seq*; *see also id.*

2 § 85.06.015. Drainage districts are governed by three-person boards of drainage
3 commissioners, who are responsible for the construction and maintenance of drainage
4 systems, including drains and ditches, designed to control and treat storm water, surface
5 water, and flood water, within the district. *Id.* §§ 85.06.010 85.06.080, 85.38.180(2).

6 6. The three members of each drainage district board of commissioners are
7 elected to staggered six-year terms. *Id.* §§ 85.06.010, 85.06.080; 85.38.070(1), (4). If only
8 one person files for a position, however, he or she is considered to have been elected to that
9 position, and no actual election need be held. *Id.* § 85.38.115. When a vacancy occurs on a
10 board of commissioners, the legislative body of the county within which the district is
11 located is to appoint a commissioner to serve until a successor is elected. *Id.* § 85.38.070(5).
12 A board of commissioners is required to elect one of its members as chairman, and to
13 appoint a secretary (who need not be a commissioner). *Id.* § 85.06.250.

14 7. Each October, a board of drainage commissioners is required to provide the
15 county auditor with an estimate of the cost of maintenance and repair for the drainage district
16 for the ensuing year. *Id.* § 85.05.270. That amount then is assessed against the landowners
17 within the district, and is collected as part of the landowners’ property taxes. *Id.* A board of
18 drainage commissioners issues warrants of such district, in payment of claims of
19 indebtedness against the district. *Id.* § 85.06.250. The warrants are presented to the treasurer
20 of the county in which the drainage district is located for payment. *Id.* §§ 85.06.250,
21 85.06.330.

22 8. Drainage commissioners are entitled to compensation
23 up to ninety dollars [adjusted for inflation since 2008] per day or
24 portion thereof spent in actual attendance at official meetings of
25 the district, or in performance of other official services or duties
26 on behalf of the district: PROVIDED, That such compensation
27 shall not exceed eight thousand six hundred forty dollars
28 [adjusted for inflation since 2008] in one calendar year:
PROVIDED FURTHER, That such services and compensation
are allowed and approved at a regular meeting of the board. . . .

1 *Id.* § 85.06.380; *see also id.* § 85.38.075. In addition, each commissioner is entitled to
2 reimbursement for “reasonable expenses actually incurred in connection with such business.”

3 *Id.*

4 **B. The Investigation**

5 **1. The THOMASES/Drainage District 5**

6 9. During the relevant period, ALLAN B. THOMAS was a dairy farmer, who
7 resided on his dairy farm in Enumclaw, Washington. By his own account, ALLAN B.
8 THOMAS served as a commissioner of DD5 for at least 35 years. Kennet Olson served as a
9 commissioner for DD5 for approximately seven years. Both ALLAN B. THOMAS and
10 Olson resigned as commissioners of DD5 in May 2019, after public attention was drawn to
11 the investigations conducted by EPD and the Auditor’s Office regarding the use of taxpayer
12 funds paid to DD5. The third position on the DD5 board of commissioners has been vacant
13 for some period of time. According to the King County Elections Department, no one –
14 including ALLAN B. THOMAS and Olson – has filed as a candidate for any commissioner
15 position for DD5 since at least 1986. According to a letter written by ALLAN B. THOMAS
16 and Olson, neither man stood for election, at least since that time, because there “never
17 [were] enough candidates . . . to hold an election.” ALLAN B. THOMAS’ and Olson’s letter
18 does not explain how either man originally assumed the position of commissioner for DD5.

19 10. By 2010, ALLAN B. THOMAS was married to JOANN E. THOMAS, who
20 was living with him in Enumclaw. A driver’s license of JOANN E. THOMAS, issued to her
21 in 2010, lists her name as Joann Elaine Thomas. In addition, I know from my investigation
22 that, prior to marrying ALLAN B. THOMAS, JOANN E. THOMAS used the name Joann
23 Copeland. During the course of my investigation, I have seen documents that listed JOANN
24 E. THOMAS as the Secretary of DD5.

25 11. In 2010, Alexander Thomas, ALLAN B. THOMAS’ son from a prior
26 marriage, who was born in 1992, also lived at ALLAN B. THOMAS’ residence in
27 Enumclaw or in a mobile home located on the property. On November 1, 2010, one or more
28 of ALLAN B. THOMAS, JOANN E. THOMAS, and Alexander Thomas obtained a taxpayer

1 identification number from the Washington Department of Revenue for a business named A
2 C Services.² A C Services was described as a sole proprietorship, owned by Alexander
3 Thomas, performing landscaping services. The address provided for the business was an
4 address used for a mobile home located on ALLAN B. THOMAS's property.

5 12. On May 29, 2012, JOANN E. THOMAS and Alexander Thomas opened a
6 checking (and associated savings) account at White River Credit Union in the name of A C
7 Services. The account opening papers described A C Services as a sole proprietorship,
8 owned by Alexander Thomas, and engaged in "[a]griculture ([a]gribusiness)," located at the
9 same address that had been provided to the Washington Department of Revenue. Although
10 the account opening papers described the business as a sole proprietorship, they stated that
11 the opening was authorized by the business' governing persons, listed as JOANN E.
12 THOMAS and Alexander Thomas. The papers were signed by both JOANN E. THOMAS
13 and Alexander Thomas. Both JOANN E. THOMAS and Alexander Thomas were made
14 authorized signers on the account, and only one person's signature was required to transact
15 business on the account.

16 13. For each of the years 2012 through 2019, ALLAN B. THOMAS, as
17 commissioner of DD5, requested that a levy be assessed on the residents of DD5 in order to
18 fund repair and maintenance work in DD5. For the years 2013 to 2017, ALLAN B.
19 THOMAS requested that King County levy a total of \$75,000 in taxes. ALLAN B.
20 THOMAS increased the levy request to \$80,000 for the year 2018. The King County
21 Assessor's Office assessed and collected the amounts ALLAN B. THOMAS requested for
22 each of these years from DD5 residents.

23 14. Between 2012 and 2019, JOANN E. THOMAS acted as the primary contact
24 for DD5 with the King County Treasurer. JOANN E. THOMAS regularly submitted
25 requests, including Special District Voucher Approval Documents that indicated that they
26 had been prepared by JOANN E. THOMAS and were certified to, and signed by, ALLAN B.

27
28

² The A C Services account with the Department of Revenue subsequently was closed on June 30, 2013.

1 THOMAS and, purportedly, Olson,³ to the King County Treasurer requesting the issuance of
2 checks to pay for services supposedly performed by vendors on behalf of DD5. My review
3 of these requests shows that most or all of the requests were sent from the e-mail address
4 j*****thomas@yahoo.com, which I believe to be one of JOANN E. THOMAS' e-mail
5 addresses because the name of the account includes a variant of JOANN E. THOMAS'
6 name. The accompanying e-mail correspondence often was signed "Jo Ann Thomas" or "Jo
7 Ann Thomas, dd5."

8 15. Many of the e-mail responses from the King County Treasurer to JOANN E.
9 THOMAS noted that checks to vendors to pay for services supposedly rendered to DD5,
10 which had been issued by the county in response to JOANN E. THOMAS' requests, would
11 be mailed by United States mail to JOANN E. THOMAS. For example, on May 11, 2013, a
12 King County Treasury employee sent an e-mail to JOANN E. THOMAS stating, "this file
13 has successfully processed, the warrants will be mailed on 11/03." I have interviewed a King
14 County employee who has confirmed that all such checks were sent by United States mail.

15 2. The Beginning of the Investigation

16 16. In November 2017, the Enumclaw City Attorney submitted a public disclosure
17 request to DD5 for the district's expenditure records relating to ditch maintenance. In
18 response, on November 7, 2017, ALLAN B. THOMAS sent the City Attorney a letter
19 attaching a number of documents. These included a document titled "CURRENT LIST OF
20 DD5 CONTRACTORS/VENDORS." That list included nine entities with names that
21 suggest that they were involved, or could be involved, in the excavating or construction
22 business – one of them was "A CONSERVATION SERVICES" - as well as two
23 newspapers, and one law firm.

24 17. The letter also attached a number of invoices from "A. CONSERVATION
25 SERVICES," totaling more than \$100,000, for work that supposedly had been performed in
26 2016 and 2017. These invoices indicated that this business was located at an address in
27

28 ³ As described below, Olson denies signing the vast majority of these documents or authorizing anyone to sign them on his behalf.

1 Enumclaw, Washington, but was not the THOMASES' dairy farm. The address appears to
2 be a previous residence of JOANN E. THOMAS' parents.

3 18. The descriptions of the work supposedly performed by "A. CONSERVATION
4 SERVICES" were extremely general. For example, one invoice described the work as
5 "DITCH REPAIR/CLEAN UP ON MULTIPLE DITCHES WITHIN THE DISTRICT
6 LATERAL A AND B." Some of the invoices included an e-mail address
7 ject****@gmail.com, which I believe, based on the initials "ject," which match JOANN E.
8 THOMAS' first name, middle name, former surname, and current surname, to be another of
9 JOANN E. THOMAS' e-mail addresses. Finally, the letter attached two invoices and one
10 statement, in a total amount less than \$6,000, to DD5 from Jensen Sand & Gravel.

11 3. Financial Analysis

12 19. During its ensuing investigation, the Auditor's Office performed a financial
13 analysis. As part of its investigation, the FBI conducted an independent analysis which
14 subsequently verified most, if not all, of the Auditor's office findings.⁴

15 20. Through my review of banking records and reports prepared by the Auditor's
16 Office, I determined that, between May 2012 and January 2019, King County issued checks
17 totaling \$500,510 to vendors in response to warrant requests submitted by DD5. Of this
18 amount, 36 payments, totaling \$413,323 (that is, 83% of the total amount paid) were paid to
19 "AC Services." More than half of the remainder, \$54,843, was paid to a new vendor, City
20 Biz, in late 2018 and early 2019 (after the Enumclaw City Attorney had contacted DD5 to
21 request records relating to the district's expenditures and EPD's investigation was
22 underway).

23 //

24 //

25 //

27 ⁴ During its investigation, the FBI obtained the same bank and financial records that the Auditor's Office apparently
28 obtained and analyzed. However, as noted below, the FBI also obtained additional records that reflect additional
misappropriation of taxpayer funds by the THOMASES.

21. The \$413,323 that was paid to “AC Services” was paid as follows:

Year	Amount Paid
2012	\$45,731.45
2013	\$70,888.19
2014	\$71,019.44
2015	\$77,722.49
2016	\$78,502.68
2017	\$69,458.30
Total	\$413,322.55

The 36 individual checks issued by King County to “AC Services” listed the business’ address as the address of the THOMASES’ farm in Enumclaw, Washington, rather than the address provided to the Department of Revenue and White River Credit Union in 2010 and 2012 for A C Services.

22. All of the King County checks to “AC Services” were deposited into the A C Services bank account at White River Credit Union,⁵ with the exception of one check for which the deposit was split between A C Services bank account and ALLAN B. and JOANN E. THOMAS’ personal bank account. These funds constituted the overwhelming majority of the deposits into the A C Services account. Shortly after each check (or in some cases two checks) were deposited into the account, almost all of the money was transferred, paid, or withdrawn from the account. Thus, the balance in the account typically was reduced to less than \$1,000, and often to less than \$100, within a few days of the deposit.

23. For example, in May 2016, the THOMASES submitted a request to King County for payment of \$17,096.24 to “AC Services.” A May 6, 2016, invoice from “A. CONSERVATION SERVICES” states that this was for “CLEANING AND GRUBBING DD5 MAIN DITCTH 440th – 432nd AVE. THIS INVOICE IS FOR WORK COMPLETED UPON APPROVAL AND INSPECTION BY COMMISSIONERS.” King County issued a check in the requested amount of \$17,096.24, which was deposited into the A C Services

⁵ On a number of occasions, checks were not deposited in full, as a portion of the total amount was immediately withdrawn as cash or deposited into accounts controlled by ALLAN B. THOMAS and JOANN E. THOMAS.

1 bank account at White River Credit Union on May 20, 2016. Within six days, there were
 2 nine withdrawals or transfers from the account, which reduced the balance in the account to
 3 \$19.85.

Date	Transaction Detail	Amount	Balance
5/20/2016	Deposit	\$17,096.24	\$17,071.24
5/20/2016	Withdrawal	(\$3,000.00)	\$14,071.24
5/23/2016	Withdrawal	(\$200.00)	\$13,871.24
5/23/2016	Transfer to ****6309-9-2	(\$1,500.00)	\$12,371.24
5/23/2016	Withdrawal - Check #43286 to Thomas Dairy	(\$5,500.00)	\$6,871.24
5/24/2016	Withdrawal	(\$531.39)	\$6,339.85
5/24/2016	Withdrawal	(\$700.00)	\$5,639.85
5/26/2016	Transfer to ****6309-9 2	(\$620.00)	\$5,019.85
5/26/2016	Withdrawal - Check #43358 to QHC	(\$4,000.00)	\$1,019.85
5/26/2016	Transfer to ****6309-9 2	(\$1,000.00)	\$19.85

12 Significantly, account ****63909-9 2 is a joint account belonging to ALLAN B. THOMAS
 13 and JOANN E. THOMAS. I know from my investigation that Thomas Dairy is the
 14 THOMASES' dairy farm. And, I know from my investigation that QHC is a company that
 15 supplies hay.

16 24. As noted above, the King County checks for work purportedly done by A C
 17 Services constituted the overwhelming majority of the money deposited into the A C
 18 Services account. In fact, there were only \$45,743 of other deposits between May 24, 2012
 19 and February 22, 2018, and \$35,912 of this amount was from Toppenish Livestock
 20 Commission, a livestock auction market that I believe is not involved in the business of
 21 maintaining drainage districts. After this deposit, \$35,900 was withdrawn in the form of
 22 transfers and checks for the benefit of ALLAN B. THOMAS and JOANN E. THOMAS in
 23 addition to \$900 in cash withdrawals.

24 25. I was able to trace the money paid by King County that was initially deposited
 25 into the A C Services account, along with monies received by the THOMASES from King
 26

27 //

1 County through payments made to City Biz. Specifically, the analysis showed the following
2 misuse of funds received from King County:

Use of Funds	Amount Paid
Cash withdrawals	\$71,445
Transfers/Checks to the THOMASES' personal bank account	\$63,373
Checks payable to hay suppliers	\$128,678
Checks payable to Thomas Dairy	\$115,867
Checks to pay the THOMASES' property taxes	\$24,019
Payments made to a residential lender for the THOMASES' residence	\$13,181
Checks from City Biz to the THOMASES' farm	\$41,885
Total	\$458,947

10
11 My analysis noted that JOANN E. THOMAS is listed as the person making all of the cash
12 withdrawals from the A C Services account, and as the requestor for all of the cashier's
13 checks written on the account. In addition, JOANN E. THOMAS appears to have signed the
14 vast majority of the checks written on the A C Services account.

15 26. Thus, my investigation revealed that essentially all of the money that was paid
16 by King County to "AC Services" and to City Biz was used to benefit ALLAN B. THOMAS
17 and JOANN E. THOMAS and/or to support their dairy farm. In aggregate, more than
18 \$160,000 of the money was withdrawn from the account in cash, transferred to ALLAN B.
19 THOMAS and JOANN E. THOMAS' joint bank account, paid by check to ALLAN B.
20 THOMAS or JOANN E. THOMAS, used to pay a loan on their personal real property and
21 residence, or used to pay their property taxes; more than \$165,000 of the money was paid by
22 check to Thomas Dairy; and, more than \$125,000 of the money was paid to hay suppliers,
23 many of whom I know supplied hay to the THOMASES' farm.

24 27. My investigation did not identify any payments made from the A C Services
25 account that clearly related to any sort of drainage-ditch related work. The Auditor's
26 Office's analysis also noted that there were no sales tax payments made from the A C
27 Services account to the Department of Revenue, although all of the "A. CONSERVATION
28 SERVICES" invoices included (incorrectly-calculated) sales tax amounts.

1 28. After the initial inquiry by the Enumclaw City Attorney in November 2017,
2 JOANN E. THOMAS submitted two warrant requests to the King County Treasurer
3 requesting the issuance of checks to pay for services supposedly performed by a new
4 contractor named "City Biz." The King County Treasurer issued checks to City Biz in
5 response to JOANN E. THOMAS' request. It is my understanding, that at this time, the
6 King County Treasurer had begun refusing to pay warrants to AC Services given the ongoing
7 investigation.

8 29. The first invoice from City Biz was issued on October 8, 2018, for the amount
9 of \$22,156.00 with tax of \$1,927.57, resulting in a payment total of \$24,083.57. King
10 County issued a check to City Biz on October 30, 2018, in the amount of \$24,083.57. The
11 check was deposited to a business checking account associated with City Biz on November
12 2, 2018.

13 30. On November 2, 2018, the same date on which City Biz deposited the check
14 from King County, the account owner withdrew a cashier's check in the amount of
15 \$20,760.00 payable to ALLAN B. THOMAS. This check was deposited into the joint bank
16 account of ALLAN B. THOMAS and JOANN E. THOMAS on the same day.

17 31. The second invoice from City Biz was issued on January 2, 2019, for the
18 amount of \$27,296.57 with tax of \$2,374.80, resulting in a payment total of \$29,671.37.
19 King County issued a check to City Biz on January 11, 2019 in the amount of \$30,759.51. It
20 was deposited to the City Biz business checking account on January 14, 2019.

21 32. On January 15, 2019, one day after City Biz deposited its second check from
22 King County, the account owner withdrew a cashier's check in the amount of \$21,125.00
23 payable to A & L Dairy. This check was deposited into an account controlled by ALLAN B.
24 THOMAS and JOANN E. THOMAS on the same day.

25 **4. Interview of ALLAN B. THOMAS and JOANN E. THOMAS**

26 33. As part of its investigation, the Auditor's Office conducted a joint interview of
27 ALLAN B. THOMAS, JOANN E. THOMAS, and Olson on April 11, 2019. During the
28 interview, ALLAN B. THOMAS stated that he and Olson did a lot of the district's work:

1 “[w]e can put a guy in an excavator for a couple hours We can go find out things for
2 ourselves so we don’t have to spend money.” Olson stated that many of the district’s priority
3 ditches run across his own property, and that he cleans those. Olson stated that the other
4 smaller ditches were “on a more 7-9 year cleaning plan.” Olson stated that, every year the
5 men did some excavation. ALLAN B. THOMAS stated that “we kind of follow our paper
6 work and the plan. Usually a spring time and a fall time.”

7 34. During the interview, both ALLAN B. THOMAS and JOANN E. THOMAS
8 implied that Alexander Thomas had performed the work on behalf of DD5 in the preceding
9 years. When asked about “A. CONSERVATION SERVICES,” ALLAN B. THOMAS said
10 that he had recruited Alexander Thomas “to show him how the real call for hard work was
11 . . . [and] once we found out it was kind of legal to do a business with Alex, we put him into
12 play. . . . When we spoke with the County Assessor, he said it was legal to setup a business.
13 The only thing he advised against was having people from the district have their wife doing
14 the business or anybody that lived under the same roof as you. Alex wasn’t living under the
15 same roof.”

16 35. ALLAN B. THOMAS said that Alexander Thomas generally ran the
17 excavator, but that ALLAN B. THOMAS helped at times. ALLAN B. THOMAS said that
18 he, himself, stayed on the job site representing the district, and that he performed all
19 necessary water sampling, so that they did not have to pay anyone else. ALLAN B.
20 THOMAS said that this continued until approximately two years ago [i.e. 2017], when
21 Alexander Thomas supposedly sold his animals, and left town to join the Marines.

22 36. When asked about the expenditures from the A C Services account, ALLAN B.
23 THOMAS stated that “[s]ome of the hay things are for Alex’s cows.” ALLAN B. THOMAS
24 stated that he would have to go through his books to know what hay bills were “for us.”
25 When asked about the payment of property taxes, ALLAN B. THOMAS stated that the
26 THOMASES were preparing for Alexander Thomas to take over the farm, and that
27 “[w]hoever owns the farm pays the property taxes.”
28

1 37. When asked about cash withdrawals, ALLAN B. THOMAS stated that
2 “[s]ome of the money that came back to Jo [JOANNE E. THOMAS] and myself is for when
3 I would take care of some of Alex’s business and he would reimburse us, for example fuel
4 . . . [a]nd some of it could have been times I made Alex pay a little bit of rent on some of the
5 equipment that he used that was from the farm.” ALLAN B. THOMAS said that Alexander
6 Thomas even had “his own fuel tank. . . . Usually, Joann[] would pay the bill . . . and then he
7 would reimburse us.”

8 38. JOANN E. THOMAS said “it could have been possible I got cash out for Alex
9 . . . for incidentals or fuel or whatever.” JOANN E. THOMAS also said “any time money
10 went into our personal account it was either for me to pay Alex’s bills and things or it came
11 from cash that I would give him.” And, JOANN E. THOMAS stated “[i]f there were times I
12 needed to pay something for him, which I have records of, . . . I would take care of some of
13 his responsibilities.”

14 39. At the conclusion of the interview, ALLAN B. THOMAS stated “I can see
15 where when you do family things it makes it rough,” and that this was “an oh boy moment
16 for [him].” When asked whether the THOMASES had any records that supported their
17 account, JOANN E. THOMAS stated that they did, and that these included “check register
18 notes and other paperwork.”

19 40. After the THOMASES left the room, Olson told the Auditor’s Office
20 employees that he had not been involved in DD5’s financial operations and had not
21 previously been aware of the issues raised during the interview. Olson also stated that
22 Alexander Thomas had performed some work for the drainage district on Olson’s own
23 property, four or five years prior to the interview. Olson also stated that Alexander Thomas
24 had left town in 2016 or 2017.

25 **5. Interviews of Alexander Thomas**

26 41. As part of the investigations by the EPD, the Auditor’s Office, and the FBI,
27 Alexander Thomas has been interviewed multiple times. Alexander Thomas’ statements
28 directly contradict much of THOMASES’ version of events.

1 42. Alexander Thomas stated that, in approximately 2012, after he completed high
2 school, ALLAN B. THOMAS suggested that Alexander Thomas start a business to do work
3 for DD5. Alexander Thomas stated that his father and/or JOANN E. THOMAS picked the
4 name A C Services or A. CONSERVATION SERVICES. Alexander Thomas stated that
5 JOANN E. THOMAS did the paperwork to register the business with Washington State, and
6 that JOANN E. THOMAS and Alexander Thomas opened a business account at White River
7 Credit Union.

8 43. Alexander Thomas stated that he performed only two jobs for DD5, both in
9 approximately 2012. Alexander Thomas does not recall one of the jobs, but he recalls that
10 the other involved cleaning a ditch and planting trees on Olson's property. Alexander
11 Thomas said that the money from this job was deposited into the A C Services' account and
12 was used to make the down payment, and some subsequent payments, on a skid-steer tractor.
13 Alexander Thomas stated that he did not like doing drainage ditch work, and that he has not
14 done any work for A C Services since the two jobs that he recalls performing in
15 approximately 2012. Alexander Thomas added that he was never provided with any permits
16 to provide any services for DD5.

17 44. Alexander Thomas stated that, after stopping doing drainage district work, he
18 continued to live on the THOMASES' dairy farm for several years. He performed farm
19 work, but was not paid a regular salary. He lived in the mobile home and, later, a trailer on
20 the property, and was fed by ALLAN B. THOMAS and JOANN E. THOMAS. ALLAN B.
21 THOMAS paid miscellaneous bills for him, such as his car-related bills and his phone bill,
22 and gave him small amounts of cash. Alexander Thomas stated that, eventually, he realized
23 that his father was not going to give him the farm, and that, at some point between 2014 and
24 2016, he moved away from the farm and began working elsewhere. In approximately 2018,
25 Alexander Thomas joined the Army and moved away from the Enumclaw area.

26 45. Alexander Thomas said that he did not deposit money into, withdraw money
27 from, or write checks on the A C Services account at White River Credit Union. Alexander
28 Thomas was shown two checks written on the account that both appear to bear his signature:

1 | check number 1025, written on December 2, 2017, to Marjorie Miller (who is JOANN E.
2 | THOMAS' mother) in the amount of \$1,050; and check number 1026, written on December
3 | 11, 2017, to ALLAN B. THOMAS in the amount of \$4,500. Alexander Thomas stated that
4 | he had not signed either of the checks, and had not authorized anyone to sign his name to
5 | either check.⁶

6 | 46. Alexander Thomas said that the only cows that he ever owned were three cows
7 | that he owned when he participated in 4H while in school. Alexander Thomas said that the
8 | last of these died before he moved away from the farm. Alexander Thomas said that he
9 | neither owned, nor sold, any other cows. Alexander Thomas said that he did not have his
10 | own fuel tank at the farm. Alexander Thomas said that he did not agree to pay for hay or
11 | property taxes for the farm, and that he did not agree to reimburse his father or JOANN E.
12 | THOMAS for any such expenses incurred on his behalf. Alexander Thomas said that, when
13 | he moved away from the farm, he left the tractor that had been paid for, at least in part, by
14 | the money received from the job that he had done on Olson's property, at the farm.

15 | 47. Alexander Thomas stated that, although he had seen his father perform work
16 | for the drainage district before 2012, he did not know his father to have performed any such
17 | work after the two jobs that Alexander Thomas performed in approximately 2012.
18 | Alexander Thomas also said that he was not aware that his father had hired anyone to
19 | perform work for the drainage district after 2012.

20 | 48. Alexander Thomas stated that, since the investigation has begun, ALLAN B.
21 | THOMAS has told Alexander Thomas that, if the police contact Alexander Thomas, he
22 | should tell his father and should not talk to the police. ALLAN B. THOMAS has told
23 | Alexander Thomas that they need to "stay together." ALLAN B. THOMAS also has
24 | discussed getting a lawyer for Alexander Thomas.

25 | //

26 |
27 |
28 | ⁶ It appears that the THOMASES forged Alexander Thomas' signature on these checks after they became aware of the investigations by the Enumclaw City Attorney or Enumclaw Police Department.

1 **6. Interview of Kennet Olson**

2 49. As part of the FBI's investigation, I conducted an interview of Kennet Olson.
3 Olson's account suggests that much of the paperwork created by ALLAN B. THOMAS and
4 JOANN E. THOMAS is false and fraudulent.

5 50. Olson stated that, before he became a commissioner for DD5, he did not know
6 much about the drainage districts. Olson believed that he had more ditches on his property
7 than any other property in DD5. Approximately 20 to 25 years ago, the ditches were in
8 disrepair, but at some point around that time they were cleaned out. Olson did not recall any
9 large projects being done on the ditches after that one.

10 51. Olson recalled that ALLAN B. THOMAS asked him to become a
11 commissioner. Olson stated that ALLAN B. THOMAS told Olson that, to do the job of
12 commissioner, Olson could just keep an eye on the ditches on Olson's own property. Olson
13 stated that ALLAN B. THOMAS told Olson that he would not be paid. Olson stated that
14 ALLAN B. THOMAS told Olson that, since no one else wanted the job, ALLAN B.
15 THOMAS could just appoint Olson and there was no need for an election.

16 52. Olson said that he did not know if ALLAN B. THOMAS hired contractors to
17 clean ditches. Olson said that he did not know if Alexander Thomas helped out cleaning
18 ditches. Olson said that he did not know where the tax monies that were assessed went to or
19 what they were used for. Olson said that he was not involved in the finances of DD5. Olson
20 stated that he could recall very informal meetings occurring once per year or less when he
21 was first appointed as a commissioner. Olson stated that these meetings to discuss DD5
22 were very informal and mostly occurred on the side of the road by ALLAN B. THOMAS'
23 driveway or in the THOMASES' kitchen.

24 53. Olson stated that there was some ditch work done on his property around 2012,
25 but that he could not recall the exact year. Olson stated that he was told by ALLAN B.
26 THOMAS that Alexander Thomas had done the work. Olson said that some of the ditches
27 on his property were cleaned out and that "hundreds" of trees were planted.
28

1 54. Olson said that he did not recall any other work being done, besides the work
2 20-25 years ago and the work on his property around 2012, until the investigation began.
3 Olson said that he never saw ditch work being done around town, and that while there are
4 areas where work could have been done without him seeing, most of the ditches in the
5 district are on Olson's and ALLAN B. THOMAS' property. Olson said that he never saw
6 work being done on the main area of the ditches between 440th and 420th in Enumclaw, WA.

7 55. Olson was shown a set of 11 separate invoices from "A. Conservation
8 Services" which had previously been provided by DD5 to the Enumclaw City Attorney in
9 response to his 2017 inquiry. Olson said that he never approved any of the invoices or
10 inspected any of the work referenced therein. Olson said that, for bills of this size, he would
11 have seen work being done as it would have occurred either on his property or within
12 viewing distance of his property, but confirmed that he saw no such work being performed.

13 56. Olson stated that the descriptions of the work completed on the aforementioned
14 11 invoices "look suspicious." In reference to "INVOICE 41472", Olson stated that the
15 work described was not done on the ditch between 440th and 432nd Avenues as that ditch is
16 on his property. Olson stated that there was not "\$15,000 worth of work done there,"
17 referencing the approximate amount on the invoice. Olson stated that despite some of the
18 invoices describing work being done in the areas marked and designated as Lateral A, "those
19 ditches were not cleared" and "\$30,000 [for work performed] is way too much."

20 57. Olson was shown a document containing 13 pages of separate "Special District
21 Voucher Approval Document[s]" submitted to King County by DD5 for payment of
22 contractors, each bearing purported signatures of ALLAN B. THOMAS and Olson. Olson
23 said that he did not recall signing any of the vouchers, did not know what the vouchers were
24 and had never seen them before. Olson said that the signatures that purportedly were his
25 were not, in fact, his signatures (that is, they were forged). Olson said that he did recall
26 signing some type of vouchers after the investigation began in late 2017, but did not
27 recognize any in this document.
28

1 58. Olson was shown documents from DD5 dated 2014 and 2015, each labeled as
2 an "ANNUAL REPORT CERTIFICATION" and each including meeting minutes of
3 supposed DD5 commissioner meetings from that year. Olson said that he had never seen the
4 packages or any meeting minutes, and noted that "they spelled my name wrong." Although
5 the 2014 minutes purported to reflect meetings at the THOMASES' farm, Olson's farm, and
6 a McDonalds, Olson said that he "never met at McDonalds," as the meeting minutes
7 suggested. The minutes further purported to reflect discussions of work projects, motions to
8 approve warrants, and a motion to approve a \$75,000 levy on the district. Olson stated that
9 he never approved minutes, never discussed projects, and did not attend the meetings
10 referenced in the minutes. Olson stated that they never had any motions at any of the
11 informal meetings he had with ALLAN B. THOMAS, that he never approved a \$75,000
12 levy, and that he did not recall discussing computers being down (as referenced in the
13 meeting minutes). Olson said that "none of the things" mentioned in the minutes actually
14 happened.

15 59. Olson then stated that although the 2015 minutes purported to reflect meetings
16 at the Olson farm and the THOMASES' farm, Olson never met at the THOMASES' farm in
17 2015 to discuss DD5 business. Olson said that he discussed only farm business, not DD5
18 business, at the THOMASES' farm during this time period, not DD5 business, and that
19 "nothing" in the minutes happened. Olson stated that he did not sign the 2015 documents
20 and that he never authorized anyone to sign his name to the documents, and noted that both
21 his first and last names were misspelled in the documents.

22 60. Olson was shown a document containing copies of a notebook recovered
23 during the search of the THOMASES' residence. The cover of this notebook is labeled
24 "Drain dist 5 2018 2019". The notebook begins with notes taken during the years of 2018
25 and 2019. These notes are followed by an almost blank page, then by supposed handwritten
26 minutes for seven purported meetings of DD5 commissioners during the year 2016. Olson
27 stated that he never attended any of the meetings referenced in the notes and that he did not
28

1 recognize the notebook itself. Olson again stated that he did not review invoices or warrants
2 referenced in the minutes.

3 61. Olson stated that DD5's practices changed in approximately the past two years,
4 after the investigation became known. Olson said that these changes included JOANN E.
5 THOMAS taking notes during meetings. Olson said that in the past two years they had
6 meetings just to have meetings and nothing was done.

7 **7. Additional Investigation**

8 62. As part of the FBI's investigation, another FBI Special Agent interviewed a
9 number of residents of DD5 concerning whether they had observed work being done on
10 drainage ditches. Most had not seen any such work, and many noted that they had observed
11 regular flooding of fields after rains. One resident did say that he had seen ALLAN B.
12 THOMAS working on a ditch or ditches "years ago." Another said that he had observed that
13 work had been done on a portion of a ditch that was located on the THOMASES' farm, and
14 that the THOMASES' farm did have equipment (such as a backhoe and a dump truck) that
15 could be used to work on drainage ditches.

16 **C. The Search of the THOMASES' Residence**

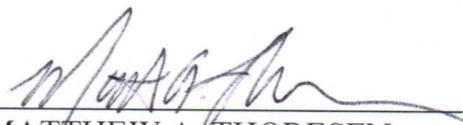
17 63. On July 19, 2019, other FBI Special Agents and I executed a search warrant to
18 search the THOMASES' residence for evidence in this case. ALLAN B. THOMAS and
19 JOANN E. THOMAS were present at the residence.

20 64. A search of the residence resulted in the seizure of numerous files and digital
21 devices. Much of this evidence has been reviewed, including the notebook described in
22 Paragraph 60 above, financial records, communications with the King County Treasurer's
23 Office, and numerous physical and electronic documents, including invoices from A C
24 Services. Other evidence remains to be reviewed.

25 //

26 //

1 65. Based on the foregoing, I submit that probable cause exists to believe that
2 ALLAN B. THOMAS and JOANN E. THOMAS have committed violations of Title 18,
3 United States Code, Section 1341.

4
5 
6 MATTHEW A. THORESEN
7 Special Agent
8 Federal Bureau of Investigation

9 The above-named agent provided a sworn statement attesting to the truth of these
10 contents of the foregoing affidavit on 26th day of September, 2019.

11
12 
13
14 BRIAN A. TSUCHIDA
15 Chief United States Magistrate Judge
16
17
18
19
20
21
22
23
24
25
26
27
28