

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

January 27, 2021

WILLIAM M. McCOOL, Clerk

By Seamus Katter Deputy

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

UNITED STATES OF AMERICA,  
Plaintiff

v.

JOAN C. TROWER,  
Defendant

NO. CR21-016 RSM  
INDICTMENT

The Grand Jury charges that:

**COUNTS 1 to 9**  
**Wire Fraud**

**A. Introduction**

1. The company victimized by the conduct charged in this Indictment is a private company that manufactures and sells high-end mountain bikes and related accessories (the "Company"). Between January 2015 and October 2018, the Company was headquartered in Seattle, Washington. The Company's principal business location in Washington State during that time was in Seattle, Washington.

2. In or around July 2015, the Company hired JOAN C. TROWER as a contract bookkeeper and accountant. TROWER was not an employee of the Company.

1 Instead, TROWER was managed and paid as an independent contractor. TROWER  
2 remained in this position until May 8, 2018.

3 3. From mid-2015 until May 8, 2018, in her position as accountant for the  
4 Company, TROWER was entrusted with many of the day-to-day accounting activities for  
5 the Company. These duties included managing payroll, processing expense payment  
6 reimbursement, processing payments to third party vendors, performing data entry and  
7 reconciliation for customer accounts, and at times preparing or filing the Company's state  
8 and federal tax returns or tax payments.

9 4. At all times relevant to the Indictment, the Company maintained several  
10 credit card, checking, and savings accounts. The principal business operating account for  
11 the Company was a Wells Fargo business checking account ending in -1505 ("the  
12 Company's Wells Fargo account"). The Company did not authorize TROWER to sign or  
13 issue checks from this account.

14 **B. Scheme and Artifice to Defraud**

15 5. Beginning at a time unknown but not later than in or about November 2016  
16 and continuing until on or about May 8, 2018, in the city of Seattle, in King County,  
17 within the Western District of Washington, and elsewhere, JOAN C. TROWER devised  
18 and executed, and attempted to execute, a scheme and artifice to defraud the Company to  
19 obtain moneys, funds, credits, assets, and other property under the custody and control of  
20 the Company by means of materially false and fraudulent pretenses, representations, and  
21 promises, and by concealment and omission of material facts, and by embezzlement, and  
22 did aid, abet, counsel, induce, procure, and cause the same.

23 6. The essence of the scheme and artifice was for TROWER to use her  
24 position of trust as accountant and bookkeeper for the Company to obtain money and  
25 funds from the Company by means of forged, false, and fraudulent checks to herself and  
26 her friends or family members, bank-to-bank transfers to the purported bank account of a  
27 fictitious accounting firm that she controlled and other accounts she could access, false  
28 claims for expense reimbursement, and false and fraudulent requests for refunds.

1 TROWER created false and fraudulent accounting entries and submitted false and  
2 fraudulent expense invoices to justify the transfer of these funds from the Company's  
3 operating account to accounts that TROWER had access to or control over. TROWER  
4 did all of this for her personal use and benefit. TROWER's falsification and  
5 manipulation of the Company's accounts caused the Company to suffer financial losses.  
6 Through this scheme and artifice, TROWER stole at least \$188,000 from the Company,  
7 although the Company's true losses are likely between \$200,000 and \$300,000.

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

9 7. It was part of the scheme and artifice to defraud that TROWER printed  
10 unauthorized checks using the Company's accounting software, QuickBooks, that listed  
11 herself as payee. TROWER lacked authority to sign checks from the Company's Wells  
12 Fargo account, which TROWER knew. To avoid alerting the Company's Chief  
13 Operating Officer ("COO"), J.M., to the existence of these unauthorized checks,  
14 TROWER forged the signature of J.M. by creating a digital image of J.M.'s real signature  
15 and applying it to checks that J.M. had never signed. J.M. had never authorized  
16 TROWER to create or use a digital version of his signature, as TROWER knew.  
17 Through this manner and means, TROWER defrauded Wells Fargo and the Company of  
18 at least approximately \$2,244.73.

19 8. It was further a part of the scheme and artifice to defraud that, as part of the  
20 company's payroll process, TROWER would write checks to herself or to accounts she  
21 controlled from the Company's Wells Fargo account that vastly exceeded the amounts to  
22 which TROWER was entitled for work actually performed or expenses actually incurred.  
23 TROWER managed the payroll process for the Company's employees. As part of her  
24 responsibilities in overseeing that process, TROWER would prepare paychecks for each  
25 employee, which would then be signed by the COO of the Company. TROWER would  
26 at times submit blank paychecks to be signed by the COO in advance. In doing so,  
27 TROWER represented to the Company that the checks to be signed were for legitimate  
28 expenses. But that representation was false for many of the checks made out to herself or



1 to her friends or family members. TROWER also omitted material information with  
2 respect to many of those checks, namely, that she intended to use the signed checks to  
3 pay herself more than the amount to which she was entitled.

4 9. The Company's employees typically received no more than three  
5 paychecks per month: two salary checks and one check for any reimbursements that  
6 month. TROWER often prepared more than three paychecks with herself as the payee in  
7 any given month. For example, TROWER prepared 10 checks with herself as the payee  
8 in August 2017; 13 checks with herself as the payee in September 2017; 13 checks with  
9 herself as the payee in October 2017; nine checks with herself as the payee in November  
10 2017; and seven checks with herself as the payee in December 2017. TROWER would  
11 either cash these checks at a Wells Fargo location, cash the checks at a Moneytree  
12 location, or deposit the checks into the Wells Fargo account of her boyfriend. As  
13 TROWER knew, the total sum paid to TROWER by virtue of these checks vastly  
14 exceeded the payments to which TROWER would have been entitled for any work  
15 TROWER had performed or approved expenses TROWER had legitimately incurred.

16 10. TROWER would at times include on the prepared paychecks a description  
17 of the purpose of the payment being made. Many of these descriptions were false, as  
18 TROWER knew. For example, on three checks, dated November 28, 2017, December 2,  
19 2017, and December 22, 2017, TROWER included a description on the memo line of the  
20 check indicating that the check was a reimbursement to TROWER for TROWER having  
21 paid invoices submitted by a third-party tax accountant. However, TROWER had not  
22 made any payments to the third-party tax accountant, and the third-party tax accountant  
23 had neither done any work for the Company nor submitted invoices for payment to either  
24 TROWER or the Company during that time. TROWER included these false descriptions  
25 to mislead the Company into paying her for reimbursements to which she was not  
26 entitled.

27 11. It was further a part of the scheme and artifice to defraud that TROWER  
28 would separately request and obtain reimbursement from the Company through its

1 expense reimbursement software for expenses that TROWER had never incurred.  
2 TROWER was required to submit supporting documentation to receive an expense  
3 reimbursement. TROWER therefore created false and fraudulent invoices using the  
4 names of a third-party tax accountant, which purported to show invoices submitted by  
5 that third-party tax accountant for work done for the Company. TROWER would submit  
6 these false and fraudulent invoices through the Company's reimbursement software,  
7 falsely representing that TROWER had already paid the invoices, and would then receive  
8 payment from the Company for those expenses.

9 12. It was further a part of the scheme and artifice to defraud that TROWER,  
10 starting in June 2017, would initiate electronic transfers of funds via wire from the  
11 Company's Wells Fargo account into accounts that TROWER controlled. After August  
12 2017, TROWER used the Company's accounting software, QuickBooks, to initiate those  
13 transfers. TROWER was not authorized by the Company to use Quick Books to initiate  
14 electronic transfers of funds via wire from the Company's Wells Fargo account, as  
15 TROWER knew.

16 13. Initially, TROWER transferred these funds into a Wells Fargo account  
17 owned by TROWER's boyfriend. TROWER listed either her boyfriend or TROWER  
18 herself as the payee for these transfers. Beginning in January 2018, however, TROWER  
19 instead transferred the funds into a Wells Fargo joint business checking account that  
20 TROWER had convinced her friend to open based on false representations regarding the  
21 purpose of the joint account. TROWER used the account to deposit unauthorized  
22 electronically transferred funds from the Company. TROWER instructed her friend to  
23 open the account in her friend's name, doing business as "J & J Tax and Accounting  
24 Services," with TROWER listed as an authorized signer on the account. Between  
25 January 2018 and May 7, 2018, TROWER transferred at least \$26,787.00 into this joint  
26 checking account from the Company's Wells Fargo account.

27 14. It was further a part of the scheme and artifice to defraud that TROWER,  
28 starting in February 2018, would use Zelle, a software program that facilitates bank-to-

bank electronic funds transfers, to transfer funds via wire from the Company's Wells Fargo account into accounts that TROWER controlled. TROWER was not authorized by the Company to use Zelle to transfer funds via wire from the Company's Wells Fargo account, as TROWER knew. Between February 15, 2018, and May 7, 2018, TROWER transferred \$9,713.00 into the joint checking account opened in her friend's name that TROWER controlled. TROWER accompanied these payments with descriptions intended to misrepresent or conceal the nature of the payments, typically by representing that the payments were payments for accounting services rendered by a company named "Tax and Accounting Services," a company named "JJ Tax and Accounting Services," or by her friend in an individual capacity. TROWER knew that none of these entities had ever done accounting work for the Company, that the first two entities were fictional businesses with no employees, and that her friend was not an accountant.

15. TROWER engaged in this scheme and artifice to defraud to, among other things, obtain cash for TROWER and others to gamble at local casinos.

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

16. On or about each of the below dates, in the city of Seattle, in King County, within the Western District of Washington, and elsewhere, having devised the above-described scheme and artifice to defraud, TROWER, for the purpose of executing the scheme, and attempting to do so, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

Count	Date	Interstate Wire & Content
1	August 15, 2017	Electronic instructions sent from Washington State across state lines to Minnesota to authorize a withdrawal of cash in the amount of \$552.22 from the Company's WELLS FARGO account.
2	October 20, 2017	Electronic instructions sent from Washington State across state lines to Alabama to authorize a withdrawal of cash in the amount of \$1,692.51 from the Company's WELLS FARGO account.



Count	Date	Interstate Wire & Content
3	December 26, 2017	Electronic instructions sent from Washington State across state lines to Minnesota to authorize a withdrawal of cash in the amount of \$2,475.00 from the Company's WELLS FARGO account.
4	January 11, 2018	Electronic instructions sent from Washington State across state lines to Minnesota to authorize an electronic funds transfer in the amount of \$2,438.00 from the Company's WELLS FARGO account to, ultimately, a WELLS FARGO account ending in - 3309.
5	January 31, 2018	Electronic instructions sent from Washington State across state lines to Minnesota to authorize an electronic funds transfer in the amount of \$2,619.00 from the Company's WELLS FARGO account to, ultimately, a WELLS FARGO account ending in - 3309.
6	May 7, 2018	Electronic instructions sent from Washington State across state lines to authorize an electronic funds transfer in the amount of \$650.00 from the Company's WELLS FARGO account to, ultimately, a WELLS FARGO account ending in -3309.
7	October 3, 2017	Electronic instructions sent from Washington State across state lines to Minnesota to authorize to authorize a withdrawal of cash in the amount of \$795.00 from the Company's WELLS FARGO account.
8	April 10, 2018	Electronic instructions sent from Washington State across state lines to Minnesota to authorize a withdrawal of cash in the amount of \$937.25 from the Company's WELLS FARGO account.
9	May 1, 2018	Electronic instructions sent from Washington State across state lines to Minnesota to authorize a withdrawal of cash in the amount of \$420.80 from the Company's WELLS FARGO account.

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

**COUNTS 10 to 11**  
**(Aggravated Identity Theft)**

17. The grand jury hereby incorporates Paragraphs 1-16 of this Indictment as if fully set forth herein.

18. On or about each of the below dates, in the city of Seattle, in King County, within the Western District of Washington and elsewhere, defendant JOAN C. TROWER did knowingly use, and aid and abet the use of, without lawful authority, a means of identification of another real person, J.M., during and in relation to a felony violation enumerated in 18 U.S.C. § 1028A(c), to wit Wire Fraud in violation of Title 18, United States Code, Section 1343, knowing that the means of identification belonged to J.M., another actual person.

Count	Date	Use of J.M.'s Signature
10	August 15, 2017	Presentation of Check 3058 with forged and unauthorized signature of J.M.
11	October 20, 2017	Presentation of Check 3028 with forged and unauthorized signature of J.M.

All in violation of Title 18, United States Code, Sections 1028A(a)(1) and 2.

**COUNTS 12 to 13**  
**(Aggravated Identity Theft)**

19. The grand jury hereby incorporates Paragraphs 1-18 of this Indictment as if fully set forth herein.

20. On or about each of the below dates, in the city of Seattle, in King County, within the Western District of Washington and elsewhere, defendant JOAN C. TROWER did knowingly use, and aid and abet the use of, without lawful authority, a means of identification of another real person, M.H., during and in relation to a felony violation enumerated in 18 U.S.C. § 1028A(c), to wit Wire Fraud in violation of Title 18, United



1 States Code, Section 1343, knowing that the means of identification belonged to M.H.,  
 2 another actual person.

Count	Date	Use of M.H.'s Means of Identification
12	April 10, 2018	Submission of request for reimbursement with name and business name of M.H.
13	April 30, 2018	Submission of request for reimbursement with name, business name, and business address of M.H.

10 All in violation of Title 18, United States Code, Sections 1028A(a)(1) and 2.

#### 11 **COUNT 14**

#### 12 **(Destruction, Alteration, and Falsification of Record)**

13 21. The grand jury hereby incorporates Paragraphs 1-20 of this Indictment as if  
 14 fully set forth herein.

15 22. On or about May 8, 2018, in the city of Seattle, in King County, within the  
 16 Western District of Washington and elsewhere, defendant JOAN C. TROWER did  
 17 knowingly alter, mutilate, conceal, falsify, and make a false entry in a record and  
 18 document, specifically the Company's QuickBooks accounting database, and did aid and  
 19 abet the same, with the intent to impede, obstruct, and influence the investigation and  
 20 proper administration of a matter within the jurisdiction of the Federal Bureau of  
 21 Investigation, an agency of the United States, in violation of Title 18, United States Code,  
 22 Sections 1519 and 2.

#### 23 **ASSET FORFEITURE ALLEGATION**

24 The allegations contained in Counts 1 – 9 of this Indictment are hereby realleged  
 25 and incorporated by reference for the purpose of alleging forfeiture. Upon conviction of  
 26 any of the offenses alleged in Counts 1 – 9, the Defendant JOAN C. TROWER shall  
 27 forfeit to the United States any and all property constituting or traceable to proceeds of  
 28 the offense. All such property is forfeitable pursuant to Title 18, United States Code,

1 Section 981(a)(1)(c), by way of Title 28, United States Code, Section 2461(c), and  
2 includes but is not limited to a sum of money reflecting the proceeds the Defendant  
3 obtained from the offense.

4 **Substitute Assets.** If any of the above-described forfeitable property, as a result of  
5 any act or omission of the Defendant,

- 6 1. cannot be located upon the exercise of due diligence;
- 7 2. has been transferred or sold to, or deposited with a third party;
- 8 3. has been placed beyond the jurisdiction of the Court;
- 9 4. has been substantially diminished in value; or,

DATED:

January 27, 2021

BRIAN T. MORAN  
United States Attorney

S. KATE VAUGHAN  
Assistant United States Attorney

WILLIAM DREHER  
Assistant United States Attorney