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and the Paskenta Enterprises Corporation*

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

**PASKENTA BAND OF NOMLAKI INDIANS;
and PASKENTA ENTERPRISES
CORPORATION,**

Plaintiffs,

v.

**INES CROSBY; JOHN CROSBY; LESLIE
LOHSE; LARRY LOHSE; TED PATA; JUAN
PATA; CHRIS PATA; SHERRY MYERS;
FRANK JAMES; UMPQUA BANK; UMPQUA
HOLDINGS CORPORATION; GARTH
MOORE; GARTH MOORE INSURANCE
AND FINANCIAL SERVICES, INC.;
ASSOCIATED PENSION CONSULTANTS,
INC.; HANESS & ASSOCIATES, LLC;
ROBERT M. HANESS; THE PATRIOT
GOLD & SILVER EXCHANGE, INC.; and
NORMAN R. RYAN,**

Defendants,

QUICKEN LOANS INC.,

Nominal Defendant.

Case No.

COMPLAINT

DEMAND FOR JURY TRIAL

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1 Plaintiffs bring this federal question action pursuant to 28 U.S.C. § 1331 and 28 U.S.C. §
2 1367 for damages, restitution, and injunctive relief under the Racketeer Influenced and Corrupt
3 Organizations Act (“RICO”), 18 U.S.C. §§ 1961 *et seq.*, the Computer Fraud and Abuse Act, 18
4 U.S.C. § 1030(a)(3), and the laws the State of California. Plaintiffs allege the following facts
5 based on the knowledge of the Tribe and on information and belief as to all other allegations:

6 **NATURE OF THE ACTION**

7 1. Through this action the Paskenta Band of Nomlaki Indians (the “Tribe”), on
8 behalf of its three hundred plus Tribal members, together with its principal business vehicle, the
9 Paskenta Enterprises Corporation (“PEC”) seek to hold responsible a cadre of individuals who,
10 over the course of approximately 17 years, took over control of the Tribal government and PEC.
11 Through a concerted and systematic program of fraud, coercion, intimidation, extortion, bribery
12 and deception, these individuals stole and otherwise diverted tens of millions dollars in Tribal
13 money for their own personal benefit, as well as for those who substantially assisted them in this
14 scheme.

15 2. Though the Tribe was formally restored and recognized by the federal
16 government as a sovereign entity in 1994, its members did not truly begin the process of
17 establishing real self-determination until April 2014, when the ringleaders of the unlawful
18 scheme alleged herein were finally removed from power. This action represents an important
19 step in the process of achieving that self-determination and establishing a truly representative,
20 democratic, and transparent system of Tribal governance, in which those who steal from the
21 Tribe, and those who substantially assist in such thefts, are held accountable for their actions.

22 3. Defendants Ines Crosby, John Crosby, Leslie Lohse, and Larry Lohse
23 (collectively, the “RICO Ringleaders”), along with those they eventually brought into the ambit
24 of their scheme—Defendants Ted Pata, Juan “Jon” Pata, Chris Pata, Sherry Myers, and Frank
25 James (collectively with the RICO Ringleaders, the “RICO Defendants”)—took control of the
26 Tribe and PEC, and then used their control to steal and embezzle from the Tribe with impunity.
27 The RICO Defendants, particularly the RICO Ringleaders, treated the Tribe’s coffers as an
28 ATM with no withdrawal limit.

1 4. The Tribe has only just begun the process of identifying and quantifying, in the
2 limited records it has, the total amounts stolen by RICO Ringleaders during the course of their
3 scheme, and the Tribe is still regularly discovering additional thefts. However, the amounts
4 discovered so far are eye-popping.

5 5. The Tribe has discovered over approximately \$20 million in unauthorized and
6 outrageously excessive retirement and non-retirement compensation paid to the RICO
7 Ringleaders by the Tribe and its businesses (“Tribe-Owned Businesses”) during an
8 approximately 12 year period. This includes, for example, approximately \$954,123 paid in a
9 single year to RICO Ringleader Ines Crosby purportedly for the minimal services she performed
10 as Tribal Administrator.

11 6. The RICO Ringleaders also regularly withdrew large lump sums from the Tribe’s
12 bank accounts for personal purposes that are likely to total approximately another \$10 million
13 at the least. For example, during an approximately fourteen-month period, RICO Ringleader
14 Ines Crosby, withdrew over \$755,000 in cash from the Tribe’s bank accounts at just one bank,
15 while during the same period she and RICO Ringleader Leslie Lohse wrote themselves and their
16 co-RICO Defendant Sherry Myers approximately another \$40,000 in checks from the same
17 accounts. As a further example, during a different approximately fourteen-month period, RICO
18 Ringleader John Crosby made cash withdrawals and wrote checks to himself or RICO
19 Ringleader Larry Lohse from the Tribe’s accounts at a different bank that totaled over \$1.24
20 million dollars. So brazen were the RICO Ringleaders that in many instances the RICO
21 Ringleaders immediately exchanged the large lump sums of cash they withdrew for cashier’s
22 checks to purchase luxury homes and sports cars.

23 7. It didn’t end there. The RICO Ringleaders, on a regular basis, simply used the
24 Tribe’s bank accounts to pay their personal expenses in amounts that likely total approximately
25 another \$10 million. For example, RICO Ringleader John Crosby—after embezzling
26 approximately \$840,000 from the Tribe to purchase a luxury home (which he quickly used to
27 secure home equity lines of credit totaling \$617,000)—wrote checks to various vendors totaling
28 approximately \$650,000 from one of the Tribe’s bank accounts for massive renovations of his

1 newly purchased home. As a further example, during a thirteen-month period, RICO
2 Ringleaders paid almost \$500,000 in American Express bills from one of the Tribe's accounts,
3 including almost \$210,000 for charges incurred in just three months. And just a week and half
4 before her removal from power, RICO Ringleader Ines Crosby wrote check for \$93,331.05 from
5 the same Tribal account to purchase a brand new Mercedes.

6 8. The RICO Ringleaders, furthermore, used their control of the Tribe and its money
7 to make purchases and investments that personally served the RICO Ringleaders and brought no
8 value to the Tribe. These purchases and investments that likely total approximately another
9 \$20 million. These purchases include, for example, approximately \$17 million spent on
10 expenses related to private jet travel by the RICO Ringleaders and/or their family members, the
11 overwhelming majority of which was entirely or mainly for personal purposes. Again, the RICO
12 Ringleaders' brazenness was manifest. RICO Ringleaders Leslie and Larry Lohse's son, Kyle
13 Lohse, a major league baseball pitcher currently with the Milwaukee Brewers, and his
14 teammates, at the time, from the Saint Louis Cardinals used a private jet purchased and
15 maintained by the Tribe so often that, at certain airports, it became known as, paraphrasing, "the
16 plane that the baseball players always use."

17 9. The Tribe's investigation to date has also revealed that the RICO Ringleaders
18 shared the proceeds of their unlawful with certain other RICO Defendants, as well as other
19 members of their family.

20 10. In short, while the vast majority of the Tribe's members were depending for most,
21 if not virtually all, of their income, on yearly per capita payments from the Tribe of
22 approximately \$50,000, the RICO Ringleaders were embezzling millions of dollars of the
23 Tribe's money to support absurdly luxurious lifestyles of private jet travel, luxury homes, high-
24 end vacations, custom sports cars, and high profile sporting events. Every dollar that the RICO
25 Ringleaders stole reduced the amount available for the Tribe to spend on efforts to improve the
26 livelihoods of its members. Insidiously, this served the RICO Ringleaders perfectly.

27 11. The RICO Ringleaders had no interest in improving the financial condition of
28 Tribe members. The Tribe members' dependence on their per capita payments for survival, in

1 combination with Tribal law that provides for temporary or permanent loss of per capita
2 payments in the event of, respectively, suspension or disenrollment from the Tribe, provided the
3 RICO Ringleaders with a powerful weapon to defend their control. It was a weapon that they
4 routinely used. Tribe members who challenged the RICO Ringleaders were threatened with
5 disenrollment or suspension; and those who were punished in this way were routinely presented
6 to other Tribe members as examples.

7 12. In April 2014, in an impressive and inspiring expression of self-determination and
8 democracy, the Tribe came together and removed the RICO Ringleaders from power. The Rico
9 Ringleaders did not, however, go quietly.

10 13. In an effort to both retake control of the Tribe and prevent discovery of their
11 criminal enterprise and the illegal benefits that they derived from it, the RICO Defendants
12 launched an armed assault on the Tribe's Rolling Hills Casino (the "Casino"), in coordination
13 with a destructive cyber-attack on the Casino and Tribe's computer systems. The RICO
14 Defendants intended these attacks to shut down the Casino—far and away the most significant
15 source of income for the Tribe and its members—to force the Tribe to allow them back in
16 control, essentially using the economic welfare of every other Tribe member as a hostage. They
17 further intended to, and did, destroy electronically stored information that could be used as
18 evidence of their years of criminal activity.

19 14. Tellingly and remarkably, after these efforts failed, the RICO Ringleaders
20 proposed, as a "settlement" with the Tribe, that their chosen candidates, including RICO
21 Ringleader Leslie Lohse, withdraw from the upcoming Tribal Council elections, in exchange for
22 *inter alia*: the Tribe's agreement not to seek repayment of the millions of dollars of Tribal
23 money that the RICO Ringleaders embezzled for personal purposes; the Tribe's agreement to
24 allow the RICO Ringleaders to form and operate Tribal businesses; payment to the RICO
25 Ringleaders of 12 months of severance based on the unauthorized and excessive compensation
26 they were previously paid; and the Tribe's agreement to "[w]aive all claims, including but not
27 limited to **wrongdoing, criminal action, embezzlement**, etc., as against Swearingen Group and
28

1 Employees, as appropriate, and *specifically against Leslie Lohse, John Crosby, Larry Lohse,*
2 *and Ines Crosby.*” (emphasis added).

3 15. The Tribe refused the offer; and all of the RICO Ringleaders’ chosen candidates,
4 including Leslie Lohse, were soundly defeated.

5 16. The conduct of the RICO Defendants alleged herein violates Sections (a), (b), (c),
6 and (d) of RICO, 18 U.S.C. § 1962. The RICO Defendants took and retained control of the
7 Tribe and PEC through a pattern of racketeering activity in violation of 18 U.S.C. § 1962(b). To
8 accomplish this and their ultimate scheme to defraud the Tribe, the RICO Defendants formed
9 their own RICO enterprise (the “RICO Enterprise”) and engaged in numerous acts of
10 racketeering activity in violation of 18 U.S.C. § 1962(c). RICO Ringleaders John Crosby and
11 Larry Lohse further violated 18 U.S.C. § 1962(a) by investing the proceeds of their racketeering
12 activities in a manner that independently injured the Tribe, denying it investment opportunities
13 that they took for themselves using money stolen from the Tribe. And by conspiring to do all of
14 these things, the RICO Defendants violated 18 U.S.C. § 1962(d).

15 17. The actions taken by the RICO Defendants in furtherance of their scheme
16 additionally violated numerous other provisions of federal and state law, including without
17 limitation, the Computer Fraud and Abuse Act, 18 U.S.C. § 1030(a)(3), the California
18 Comprehensive Computer Data Access and Fraud Act, Cal. Penal Code, §502, and California
19 common law prohibiting conversion and breach of fiduciary duty.

20 18. The Tribe’s investigation into the RICO Defendants’ wrongdoing is ongoing, and
21 the RICO Ringleaders’ took calculated efforts to avoid creating a paper trail of their unlawful
22 actions and later orchestrated a massive and illegal attack on the Tribe’s computer systems to
23 destroy evidence of their wrongdoing. As detailed herein, the Tribe’s general allegations of
24 wrongdoing are, nonetheless, corroborated by extensive factual detail. These detailed
25 allegations are, in significant part, based on the findings of an impartial internal investigation
26 conducted by the international law firm of Wilmer Hale conducted on behalf of the Tribe in the
27 wake of the RICO Ringleaders’ removal, as part of a mediated process involving the RICO
28 Ringleaders.

PARTIES

I. PLAINTIFFS

24. Plaintiff the Paskenta Band of Nomlaki Indians (the “Tribe”) is a federally recognized Indian tribe headquartered at 2655 Everett Freeman Way, Corning, CA. The Tribe has owned and operated the Casino in Corning, California since 2002.

25. Plaintiff Paskenta Enterprises Corporation (“PEC”) is a federally chartered corporation owned by the Tribe.

26. The “Tribe” is used herein to collectively refer to the Tribe and PEC, and the “Tribe” should be understood to refer collectively to both, except where context indicates otherwise.

II. DEFENDANTS

A. The RICO Defendants

1. The RICO Ringleaders

27. Defendant John Crosby is a resident of Redding, California. Mr. Crosby was the Tribe’s Economic Development Director from 2001 until he was terminated on April 12, 2014.

28. Defendant Ines Crosby is a resident of Orland, California. She was the Tribal Administrator from 1996 until she was terminated on April 12, 2014. Ms. Crosby is the mother of Defendant John Crosby, the sister of Defendant Leslie Lohse, and the sister-in-law of Defendant Larry Lohse.

29. Defendant Leslie Lohse is a resident of Glenn, California. She was the Tribe’s elected Treasurer from 1998 until she was terminated on April 12, 2014.

30. Defendant Larry Lohse is a resident of Glenn, California. Mr. Lohse is the husband of Ms. Lohse. He is not a Tribe member. Mr. Lohse was the Tribe’s Environmental Director from 2001 until he was terminated on April 12, 2014.

31. All four RICO Ringleaders are members of the Pata family, Mr. Lohse by marriage.

2. The Other RICO Defendants

32. Defendant Ted Pata is a resident of Orland, California. He is the brother of Ines Crosby, Leslie Lohse and Jon Pata, and is John Crosby's uncle. At the specific direction of the RICO Ringleaders, Mr. Pata was named Gaming Commissioner at the Rolling Hills Casino in 2001. He held this position until he was terminated in April 2014.

33. Defendant Juan "Jon" Pata is a resident of Corning, California. He is the brother of Ines Crosby, Leslie Lohse and Ted Pata, and is John Crosby's uncle. At the specific direction of the RICO Ringleaders, Mr. Pata was named Gaming Commissioner at the Rolling Hills Casino in 2001. He held this position until he was terminated in April 2014.

34. Defendant Chris Pata is a resident of Fairfax, Virginia. He is the brother of Ines Crosby, Leslie Lohse and Jon Pata, and is John Crosby's uncle. From February 2002 until November 2009, he was the Information Technology Manager for the Rolling Hills Casino. He co-created the IT infrastructure for the Rolling Hills Casino with assistance from Defendant Frank James. He is a close friend of Defendant Frank James.

35. Defendant Sherry Myers is a resident of Orland, California. For most of the RICO Ringleaders' tenure, Myers worked as the office secretary and receptionist in the Tribe's offices located in Orland, California. Myers worked closely with the RICO Ringleaders and, at their direction, paid Tribal bills, managed the Tribe's checking and other banking accounts, and created Tribal records (*i.e.*, minutes, resolutions). Myers was also involved in the RICO Ringleaders' decisions regarding Tribal membership and per capita payment distributions to Tribe members. Myers held her position until she was terminated in April 2014.

36. Defendant Frank James is a resident of Chico, California. From March 2003 until May 2014, James was employed at the Rolling Hills Casino in its Information Technology Department. At the time of his termination, James was the Casino's Network Systems Administrator. He assisted Chris Pata in creating the Casino's IT infrastructure. James is a close friend of Defendant Chris Pata, whom James claims to be his mentor.

1 **3. The Abettor Defendants**

2 37. Defendant Umpqua Bank (“Umpqua”) is an Oregon state chartered bank
3 headquartered in Roseburg, Oregon, with retail-banking branches in Northern California,
4 Oregon, Western Washington and Nevada. Umpqua is a wholly owned subsidiary of Defendant
5 Umpqua Holdings Corporation. Although Umpqua has only two retail-banking branches in
6 Tehama County, it is the largest bank in in the County based on deposit size, with
7 approximately 19% of all deposits. Similarly, while it has just two retail banking branches in
8 Glenn County, it is the second-largest bank there by deposit size, with approximately 30% of all
9 deposits. Umpqua operates two retail-banking branches in Tehama County—one in Red Bluff,
10 and the other in Los Molinos. Umpqua’s two retail-banking branches in Glenn County are
11 located in Orland (the location of the Tribal Council’s former main office) and Willows. As
12 alleged herein, the RICO Ringleaders, with the substantial assistance of Umpqua Bank, effected
13 numerous conversions of Tribal money deposited with Umpqua Bank.

14 38. Defendant Umpqua Holdings Corporation (“Umpqua Holdings”) is an Oregon
15 corporation. It was formed as a bank holding company in March 1999 and became a financial
16 holding company in March 2000 under the provisions of the Gramm-Leach-Bliley Act of 1999
17 (“GLB Act”). According to its 2013 10-K filing with the Securities and Exchange Commission
18 (“SEC”), Defendant Umpqua Holdings conducts substantially all of its operations through its
19 wholly owned subsidiary Umpqua Bank.

20 39. As a registered financial holding company under the GLB Act, Umpqua Holdings
21 is subject to the supervision of and regulation by the Board of Governors of the Federal Reserve
22 System (the “Federal Reserve”), which requires Defendant Umpqua Holdings to serve as a
23 source of financial and managerial strength to Umpqua Bank and, under appropriate
24 circumstances, to commit resources to support Umpqua Bank. In order for Umpqua Holdings to
25 qualify as a registered financial holding company under the GLB Act, both it and its wholly
26 owned subsidiary, Umpqua Bank, must be “well managed.” The latter, which is a defined term
27 under 12 C.F.R. § 225.5, requires *inter alia* that Umpqua Bank implement policies, procedures,
28 and processes to ensure compliance with laws and regulations. These include without limitation

1 policies, procedures, and processes to ensure the identification, monitoring, and reporting of
2 unusual account activities. This includes account activities that trigger reporting requirements
3 under the federal Bank Secrecy Act/Anti-Money Laundering Law (“BSA/AML”). These
4 activities include, without limitation, withdrawals above \$10,000, for which the BSA/AML
5 requires the filing of a Currency Transaction Report (“CTR”), as well as transactions that appear
6 structured to avoid the CTR filing requirement. In the event of a transaction so structured, the
7 BSA/AML requires filing a Suspicious Activity Report (“SAR”).

8 40. In order to meet this requirement, Umpqua Bank is required to have a written
9 board approved BSA/AML compliance program that must include, *inter alia*: a system of
10 internal controls to ensure ongoing compliance; independent testing of BSA/AML compliance;
11 a specifically designated person or persons responsible for managing BSA/AML compliance
12 (BSA/AML compliance officer); and training for appropriate personnel. The required
13 components of this compliance program, as identified and described in the 2014 Federal
14 Financial Institutions Examination Council’s Bank Secrecy Act/Anti-Money Laundering
15 Manual (which is incorporated herein by reference), include without limitation: training for
16 tellers concerning the identification and reporting of large currency transactions and other
17 suspicious activities, establishment and maintenance of an automated system to identify and
18 report large currency transactions and other suspicious activity, establishment and maintenance
19 of a system to monitor the results of that automated system, identification of customers and
20 geographic locations and other factors, such as frequent large transactions, that present
21 BSA/AML risks.

22 41. These foregoing requirements also apply to Defendant Umpqua Bank by virtue of
23 its Oregon state charter.

24 42. Defendant Garth Moore Insurance and Financial Services, Inc. is a California
25 corporation with its principal place of business located in Colusa, California.

26 43. Defendant Garth Moore, a resident of Princeton, California, is the Owner of
27 Moore Insurance and its registered agent.
28

1 44. Defendants Garth Moore Insurance and Financial Services, Inc. and Garth Moore
2 are collectively referred to herein as “Moore.” Moore, in the capacity of financial advisor to the
3 Tribe, substantially assisted the RICO Ringleaders in setting up and administering retirement
4 plans that had the purpose and effect of converting millions of dollars of Tribal money for the
5 benefit of the RICO Ringleaders and RICO Defendant Sherry Myers.

6 45. Defendant Associated Pension Consultants, Inc. (“APC”) is a California
7 corporation with its principal place of business in Chico, California. APC served as the third-
8 party administrator for the Tribe’s retirement and defined benefit plans. In that capacity, APC
9 substantially assisted the RICO Ringleaders in setting up and administering retirement plans
10 that had the purpose and effect of converting millions of dollars of Tribal money for the benefit
11 of the RICO Ringleaders and RICO Defendant Sherry Myers.

12 46. Defendant Haness & Associates, LLC is a California limited liability company
13 with its principal place of business in Rocklin, California. The status of its registration with the
14 California Secretary of State is currently suspended.

15 47. Defendant Robert M. Haness, a resident of Rocklin, California, is Haness &
16 Associates, LLC’s owner, principal, and registered agent.

17 48. Defendants Haness & Associates, LLC and Robert M. Haness are collectively
18 referred to herein as “Hanness.” Haness, in the capacity of actuary for the Tribe, substantially
19 assisted the RICO Ringleaders in setting up and administering retirement plans that had the
20 purpose and effect of converting millions of dollars of Tribal money for the benefit of the RICO
21 Ringleaders and RICO Defendant Sherry Myers.

22 49. Defendant The Patriot Gold & Silver Exchange, Inc. is a California corporation
23 with its principal place of business in Redding, California. The Patriot purports to serve as an
24 exchange for precious metal coins and bullion, and claims to sell emergency food and supplies.

25 50. Defendant Norman R. Ryan, a resident of Redding, California, is The Patriot’s
26 President, principal and registered agent for service of process. Mr. Ryan had an ongoing
27 personal and business relationship with RICO Ringleader John Crosby.

28

51. Defendants The Patriot Gold & Silver Exchange, Inc. and Norman R. Ryan are collectively referred to herein as “The Patriot.” The Patriot substantially assisted RICO Ringleader John Crosby in converting approximately \$160,000 of the Tribe’s money.

4. Nominal Defendant

52. Quicken Loans Inc. (“Quicken”) is a Michigan Corporation with its principal place of business in Detroit, Michigan. On or about October 30, 2012, Quicken loaned the RICO Ringleader John Crosby \$417,000. This loan was evidenced by a promissory note executed by the Mr. Crosby, and it was secured by a Deed of Trust on the Deer Hollow Property (defined herein). This Deed of Trust was recorded with the Shasta County Assessor-Recorder’s office on December 11, 2012 as Document No. 2012-0043195. 19. Because the Tribe’s moneys were unlawfully converted and otherwise illegally taken by Mr. Crosby to purchase the Deer Hollow Property, the Tribe is the rightful owner of the Deer Hollow Property and title to the house should be in the their names. Quicken is named as Nominal Defendant for the purpose of providing the Tribe the ability to receive complete relief as to the Deer Hollow Property.

FACTUAL ALLEGATIONS

I. RICO DEFENDANTS TAKE CONTROL OF THE TRIBE AND ITS NON-CASINO BUSINESS HOLDING COMPANY, USING RACKETEERING MEANS

53. From approximately 1998 until their removal from power in April 2014, the four RICO Ringleaders held all political and financial power within the Tribe. The RICO Ringleaders’ acquisition of this control, however, did not happen overnight. Rather, it was a systematic process coordinated among and executed by the RICO Ringleaders over a period of years. Gradually, they ingratiated themselves with the Tribe’s pre-restoration leadership team; entrenched themselves in key administrative and Tribal leadership roles after Restoration; assumed authority and control over revenue and other moneys directed to Tribal coffers through Leslie Lohse’s position as the Tribe’s Treasurer, and eventually marginalized the authority of the Tribal Council of which Mrs. Lohse was a part.

54. As early as 1998, the RICO Ringleaders ran both the Tribal government and its non-casino businesses by their own fiat. Decisions made with regard to spending Tribal

1 moneys—for the RICO Ringleaders’ own expenses and interests or otherwise—were made only
2 among the RICO Ringleaders. The RICO Ringleaders faced no accountability for their self-
3 interested actions. Indeed, they denied Tribal members any means—constitutionally mandated
4 or otherwise—by which to hold them accountable. Not only did the RICO Ringleaders deny
5 Tribe members access to or copies of their own Tribal Constitution, but they also denied
6 members any visibility into the Tribe’s finances. Tribe members were unaware of the powers
7 and rights afforded to them under their Constitution, and the duties owed by the Tribe’s
8 Treasurer to provide an accounting of the Tribe’s moneys and annual audit.

9 55. The RICO Ringleaders maintained their control over the Tribe and its business
10 enterprises through exercising preferential patronage to select individuals on the one hand, and
11 threatening suspension and/or disenrollment and loss of per capita distributions on the other.
12 The RICO Ringleaders spread the largess stolen from the Tribe among those—primarily other
13 Pata family members—that would turn a blind eye to their criminal activities or even assist
14 them in the looting of Tribal moneys. By widening the circle of those illegally benefiting at the
15 Tribe’s expense, the RICO Ringleaders ensured that they would have wider support within the
16 Tribe. For Tribe members outside the RICO Ringleaders’ circle of influence, they lived in
17 constant fear that Leslie Lohse or one of the other Ringleaders could summarily disenroll or
18 suspend them from the Tribe without cause and, on that basis alone, take away their benefits
19 and per capita payments. This was a very real fear, as those who were suspended were held out
20 to their fellow Tribe members during Tribal meetings as examples of what happened when the
21 RICO Ringleaders were questioned.

22 56. Through its months-long investigation, the Tribe is only now beginning to define
23 the depth and breadth of the intimidation, coercion, fraud, extortion, bribery, and vote-rigging
24 the RICO Ringleaders employed to assume control over the Tribe and its non-casino business
25 enterprises and to maintain that control. The wrongdoing of the RICO Ringleaders and the other
26 RICO Defendants that has been discovered to date is set forth more fully below.

1 **A. History and Background of the Paskenta Band of Nomlaki Indians**

2 **1. The Nomlaki People's Origins and Early Contact with European**
3 **Settlers**

4 57. The Nomlaki people are Native Americans who, prior to their contact with
5 European settlers, lived primarily in the areas now known as Tehama and Glenn Counties.
6 Historically, there were two divisions among the Nomlaki people: the Hill Nomlaki and the
7 River Nomlaki. The Tribe's members are descended from the Hill Nomlaki, who historically
8 resided in the foothill lands to the west of Tehama and Glenn Counties, which extended to the
9 summit of the Coast Range. The River Nomlaki occupied the territory east of the Hill Nomlaki
10 in the Sacramento River Valley, in present day Tehama County.

11 58. In 1808, it is generally believed that the first European explorers led by the
12 Spanish explorer Gabriel Moraga reached the Nomlaki communities found along the banks of
13 the Sacramento River. Direct contact between the Nomlaki and European settlers was limited
14 until the middle of the 19th century, though the contact that occurred was punctuated by raids
15 and battles with settlers who encroached upon their lands.

16 59. By 1849, the settlement of Tehama had become a booming town with a busy port
17 that kept riverboats well stocked with cattle and produce used to feed the California Gold Rush.
18 As the non-Indian population grew in and around Tehama, the Nomlaki population declined.
19 The Nomlaki succumbed to foreign sicknesses such as malaria and smallpox, were exploited for
20 labor, or fought with settlers in deadly conflicts over territory and natural resources.

21 **2. Indian Removal by the United States Government and the Creation**
22 **and Termination of Paskenta Rancheria**

23 60. In 1854, the nearly 25,000-acre Nome Lackee Indian Reservation was formed by
24 the United States Government. Situated in the foothills of western Tehama County, the
25 reservation served to isolate the Nomlaki people (as well as other native peoples of present-day
26 Tehama, Glenn, Butte, Colusa, Yolo, Sutter, Trinity, and Shasta counties) from the local non-
27 Indian population.

61. Beginning in 1863, due to the mismanagement of the Nome Lackee Indian Reservation and local settlers' desire for the Reservation's fertile lands, the United States Government forcibly relocated the Nomlaki people to the Nome Cult Farm (Round Valley Indian Reservation), via the 100-mile long Nome Cult Trail. The Nome Lackee Indian Reservation was fully abandoned by 1866, and the Nomlaki ancestral lands were sold to non-Indian settlers.

62. While some Nomlaki families chose to stay at Round Valley after the Nome Cult relocation, some began returning to the Nomlaki ancestral homelands around the Paskenta area to seek independence and work as farm hands.

63. In 1915, the Nomlaki who eventually made their ways back to the Paskenta area were identified as a distinct band of Indians. In 1920, the 260-acre Paskenta Rancheria was formed. The Rancheria was meant to serve as a home base for the Paskenta Nomlaki people.

64. In 1959, the Paskenta Rancheria was terminated under the California Rancheria Termination Act, and the Tribe lost its federal recognition. The Nomlaki lands were again sold to non-Indians.

65. Though the Nomlaki people lost federal recognition, they nonetheless retained their cultural identity, language, collective history, and culture.

3. Restoration of the Paskenta Band of the Nomlaki Indians, the Establishment of a Tribal Government and Its Economic Self-Sufficiency

66. In the early 1990s, a group of Paskenta tribal members and families began lobbying Congress for formal re-recognition and restoration of the Tribe.

67. On December 18, 1993, the Paskenta Band adopted an interim Tribal Constitution, which was intended to serve as a governing document until formal federal recognition of the Tribe and adoption of a new Constitution. The interim Tribal Constitution established membership criteria and provided for the election of a governing Tribal Council. On November 2, 1994, Congress restored the Tribe's federal recognition, via the Paskenta Band Restoration Act, 25 U.S.C. § 1300m *et seq.* ("Restoration"). The Tribe ratified the Constitution that is in force today on April 18, 1998. In a manner analogous to the U.S. Constitution, the

1 Tribal Constitution functions as the primary law of the Tribe. Among other things, the Tribal
2 Constitution provides *inter alia* for the following:

3 a. Qualifications for tribal membership predicated on lineal descent from
4 those Nomlaki Indians from Paskenta;

5 b. Establishment of a General Council made up of all members of the Band
6 who are 18 years of age or older, vested with the powers *inter alia* to elect a Tribal Council, to
7 undertake referenda and initiatives to change Tribal policy or propose legislation, to waive the
8 sovereign immunity of the Tribe, and to exercise all residual powers of the Tribe;

9 c. Establishment of a Tribal Council consisting of five duly elected Tribal
10 members as the Council's officers—including a Chairperson, Vice-Chairperson, Treasurer,
11 Secretary, and a Member at Large—vested with the powers and obligations to conduct business
12 on the Tribe's behalf (including the power to negotiate and conclude all contracts on behalf of
13 the Tribe), promote the welfare of the Tribe's members, manage the Tribe's economic affairs
14 and enterprises (including the power to employ and discharge employees of the Tribe and create
15 Tribally-owned or chartered businesses), manage Tribal lands and resources, and, above all,
16 "preserve, protect and uphold [the Tribal] Constitution";

17 d. Enumeration of specific duties for Tribal Council members, including
18 without limitation:

19 • Chairperson: "execute on behalf of the Band all contracts, leases
20 or other documents approved by the Tribal Council or the General Council" and "general
21 supervision of all other Tribal officers, employees and committees of the Band";

22 • Treasurer: "accept, receive, receipt for, preserve and safeguard all
23 funds in the custody of the Band and/ or the Tribal Council, and . . . account therefor," ensure
24 that "[a]ll checks drawn on the accounts of the Band . . . be signed by the Treasurer and the
25 Chairperson," or in the latter's absence the Vice-Chairperson, and submit the Tribe's financial
26 records to an annual audit by a "competent auditor";

27 e. Prohibition against the participation of any Tribal Council member "who
28 reside[s] in the same household as a person having a direct financial interest . . . in the

1 discussion or determination of any matter in which he/she has a direct financial interest, or any
2 matter directly affecting any person who resides in that Council member's household";

3 f. Establishment of processes for free and fair elections of Tribal Council
4 members by the secret balloting of the General Council, including qualification criteria for
5 candidates (concerning age, Tribal membership, criminal record), and implementation of these
6 processes and supervision of elections by an independent Elections Board;

7 g. Scheduling of regular Tribal Council meetings on a monthly and annual
8 basis during which the business of the Tribe is to be discussed with members, including an
9 annual audit of all Tribal enterprises and an annual report on the Tribal government's finances;
10 and

11 h. The right of all members of the Tribe "to review all Tribal records,
12 including financial records, at any reasonable time in accordance with procedures established by
13 the Tribal Council."

14 68. Within two years of Restoration, the Tribe acquired nearly 2,000 acres of land
15 outside of Corning, California. These lands are now under Tribal control and are the locus for
16 the Tribe's political, administrative and cultural life.

17 69. These Tribally administered lands are also the home of the Rolling Hills Casino
18 (the "Casino"), the Rolling Hills Equestrian Center, the Sevillano Links Golf Course, each
19 directly owned and operated by the Tribe, as well as two hotels, an RV park, a truck stop, and a
20 gasoline station operated by third parties pursuant to leases. The Casino is the primary source of
21 the Tribe's income.

22 70. The income the Tribe has derived from the Casino over the last 12 years has made
23 a dramatic difference in the lives of the Tribe's members and has continued to improve their
24 standard of living.

25 71. It is important to have perspective on how crucial Restoration and the
26 development of the Casino have been to improving the lives of the Tribe's members. Tribe
27 members only began receiving benefits and per capita payments in March 2003. In or around
28 2005, Tribal demographic data showed that the median income of Tribe members was \$13,000.

1 This median number, however, is deceptive. At that time, approximately 83% of the Tribe's
 2 members resided in either Glenn or Tehama Counties, and, at that time, the average per capita
 3 income of Indians was \$8,391 and \$10,233 for those residing in Glenn and Tehama County,
 4 respectively. The two-county average was \$9,711. Since the great majority of the Tribe's
 5 members lived in those two counties, it was likely that the average per capita income of Tribe
 6 members in or around 2005 was very close to those amounts. Tribal demographic data also
 7 indicated that the unemployment rate for Tribe members was approximately 46%.

8 72. In or around 2005, the benefits the Tribe provided its members (*e.g.*, per capita
 9 distributions, health and education benefits) kept members above the poverty line, but nearly
 10 80% of members had low or very low incomes relative to other residents in the area.

11 73. Today, the Tribe's current per capita payments to its members—approximately
 12 \$50,000 a year—continues to keep members above the poverty line. In fact, the current per
 13 capita amount more than doubles the U.S. Census Bureau's average per capita income for both
 14 Tehama and Glenn Counties from the period of 2009 to 2013.

15 **B. The RICO Ringleaders Gain Membership in the Tribe and Through**
 16 **Illegitimate and Coercive Means Begin Taking Control of the Tribe**

17 74. Members of the Freemans and the Simmons families had been included on the
 18 U.S. Bureau of Indian Affairs' rolls since prior to 1959 as Nomlaki Indians from the Paskenta
 19 Rancheria. Accordingly, all of the 261 persons on the first post-Restoration official Tribal roll
 20 certified the Bureau of Indian Affairs ("BIA") on January 6, 1996 were from those two families.
 21 No members of the Pata family—of which the RICO Ringleaders and several of the RICO
 22 Defendants are a part—were included on that roll; and their subsequent applications for
 23 membership in the Tribe were denied several times.

24 75. However, in the early 1990s, RICO Ringleaders and sisters Ines Crosby and
 25 Leslie Lohse began volunteering with the nascent Tribal leadership, following RICO Ringleader
 26 John Crosby's introduction to members of the Freeman family, who were deeply involved in
 27 work to restore the Tribe. They did not do so altruistically. The RICO Ringleaders were aware
 28 that the Tribe, post Restoration, would likely have the opportunity to open a casino and earn

1 significant amounts of money therefrom. By volunteering for the Tribe in the pre-Restoration
2 period, RICO Ringleaders Ines Crosby and Leslie Lohse ingratiated themselves with Tribal
3 leaders, and by doing so, intimately involved themselves in the Tribe's affairs. They did so in
4 order to put themselves in positions from which they would later have the opportunity to
5 wrongfully convert moneys earned by the Tribe from a casino operation.

6 76. In 1996, soon after Restoration, RICO Ringleaders Ines Crosby and Leslie
7 Lohse—neither of whom had made it yet onto the Tribe's official roll—parlayed their
8 knowledge of, and involvement in, Tribal affairs into paying jobs with the Tribe. Tribal leaders
9 hired Ms. Crosby to become the Tribal Administrator, and Ms. Lohse began assisting Ms.
10 Crosby in this role.

11 77. Two years later, Ms. Crosby and Lohse were still in these roles. In circumstances
12 that appear irregular at best, Tribal enrollment was opened for a one-month period running from
13 July 1, 1998 to July 31, 1998. At the close of enrollment, RICO Ringleaders Ines Crosby, Leslie
14 Lohse, John Crosby, along with their co-RICO Defendants Ted Pata, Jon Pata and Chris Pata, as
15 well as other members of the Pata family, were listed on the official Tribal roll. RICO
16 Ringleaders Ines Crosby and Leslie Lohse oversaw the process of new Tribe members being
17 added to the roll, despite their deeply personal interest in the results of the Tribe's membership
18 expansion. Indeed, RICO Ringleaders Ines Crosby and/or Leslie Lohse drafted the minutes and
19 other documentation for all Tribal Council resolutions memorializing the Pata family's
20 inclusion on the Tribe's membership roll, and misled the Tribal Council regarding the extent to
21 which the membership roll had increased following the opening of the roll.

22 78. The expansion, however, did not only result in the RICO Ringleaders Ines
23 Crosby, Leslie Lohse, John Crosby, and many members of their extended family becoming
24 members of the Tribe. It also set the stage for RICO Ringleader Leslie Lohse to secure the
25 position of Treasurer on the Tribal Council, which the RICO Ringleaders knew would give
26 her—and by extension the rest of them—exceptional access to the Tribe's money once a casino
27 was built.

1 79. The mass enrollment of the RICO Ringleaders' family members in July 1998
2 increased by approximately 30 members, from 56 to 86, the total number of Tribe members
3 eligible to vote in the September 1998 Tribal Council elections. This gave the RICO
4 Ringleaders' Pata family immediate and significant voting power, as they collectively made up
5 approximately 35% of Tribal members eligible to vote.

6 80. This development was unforeseen and poorly understood by the existing Tribal
7 members. However, by the RICO Ringleaders it was well understood and intended. Within two
8 months of the addition of her name to the Tribal roll, RICO Ringleader Leslie Lohse placed her
9 name on the September 26, 1998 ballot as a candidate for the Tribal Council's Treasurer
10 position. She won with 50 votes, 30 of which presumably came from her family members who
11 had been newly added to the Tribal roll with her assistance.

12 81. The Tribal Constitution enumerates the Treasurer's duties, in relevant part, as
13 "accept[ing,] receiv[ing,] . . . preserv[ing] and safeguard[ing] all funds in the custody of the
14 Band and/or the Tribal Council," and accounting for such funds through the maintenance of
15 books and records of all Tribal bank accounts. And as the Tribal Council's Treasurer, RICO
16 Ringleader Leslie Lohse gained access to all Tribal bank accounts. She held the position of
17 Treasurer until April 2014.

18 82. After the September 1998 election, RICO Ringleaders Ines Crosby and Leslie
19 Lohse used their influence over the Tribal Council to convince its members that the Tribe's
20 growing business ventures and financial interests necessitated the hiring of more Tribal
21 employees.

22 83. In late 2000, RICO Ringleaders Ines Crosby and Leslie Lohse orchestrated the
23 hiring of their son and nephew, respectively, RICO Ringleader John Crosby as the Tribe's
24 "Economic Development Director," placing him purportedly in charge of the Tribe's business
25 activities. On January 1, 2001, the entire Tribal Council (Chairperson Everett Freeman, Vice-
26 Chairperson Andrew Freeman, Treasurer Leslie Lohse, Secretary Geraldine Freeman, and At-
27 Large-Member Carlino Swearingen) approved and executed employment contracts with Mr.

1 Crosby and a former colleague of his at the FBI, K.C. Yi, who was hired at the same time as the
2 Tribe's General Counsel.

3 84. RICO Ringleaders Ines Crosby and Leslie Lohse created this position specifically
4 for John Crosby; and prior to John Crosby being hired for the position it did not exist. No other
5 candidates were interviewed for the position.

6 85. RICO Ringleader John Crosby has claimed, in direct contravention to explicit
7 limitations in the Tribal Constitution, that, as Economic Development Director, he had compete
8 discretion to use Tribal money as he deemed fit, without review or approval by the Tribal
9 Council, including unfettered and unchecked access to the Tribe's various bank accounts on
10 which he was made a signee.

11 86. Around the same time in late 2000, RICO Ringleaders Ines Crosby and Leslie
12 Lohse orchestrated the Tribe's hiring of Larry Lohse, their brother-in-law and husband,
13 respectively, as the Tribe's "Environmental Director."

14 87. RICO Ringleaders Ines Crosby and Leslie Lohse created this position specifically
15 for Larry Lohse; and prior to Larry Lohse being hired for the position it did not exist. No other
16 candidates were interviewed for the position.

17 88. As alleged herein, following construction of the Casino, Mr. Lohse had little to do
18 that could be described as relevant to the duties of an Environmental Director. However, it did
19 provide him with significant authority concerning the establishment of the Casino and, in the
20 process, he was given check writing authority, in contravention of the Tribal Constitution, over
21 certain Tribal accounts.

22 89. Neither the Economic Development Director or Environment Director positions
23 were roles the Tribe needed filled at the time RICO Ringleaders John Crosby and Larry Lohse
24 were respectively hired. Indeed, the Tribe had no businesses operating 2002 other than the
25 Casino. Over time, Larry Lohse stopped working on any environmental issues and the Tribe
26 eventually hired environmental personnel with more expertise in the field than Mr. Lohse. Both
27 John Crosby and Larry Lohse held these positions until their termination in April 2014.

28

1 Notably, since April 2014, the Tribe has found no need to hire anyone to fill these two
2 positions.

3 90. However, by newly minting these positions and placing their son/nephew and
4 husband/brother-in-law in them, RICO Ringleaders Leslie Lohse and Ines Crosby essentially
5 created an extra-legal executive committee in the Tribe's governing structure that controlled the
6 Tribe's money, which was occupied by themselves and their close family members. Over the
7 next thirteen years, the RICO Ringleaders would use these positions and the power it gave them
8 over the Tribe's money to enormously enrich themselves and defend their control from scrutiny
9 and attack. By seizing the power of the Tribe's purse, the RICO Ringleaders were able to extort
10 and, when necessary, purchase the submission of other Tribal members, while simultaneously
11 using that power to take whatever they pleased from the Tribe.

12 **C. Rolling Hills Casino Was Established and Became Successful With Little**
13 **Assistance from the RICO Ringleaders**

14 91. Implicitly recognizing that no services performed by them for the Tribe over the
15 last twelve years could justify the outrageous sums of money they took from the Tribe, the
16 RICO Ringleaders have sought to justify their twelve-year-long looting spree as merely
17 compensation for the important work they did in connection with the establishment of the only
18 business enterprise during their tenure that has made any money—the Casino. Indeed, the other
19 economic activities in which they caused the Tribe to engage during their tenure effectively
20 resulted in losses of many tens of millions of dollars, not including lost investment opportunity
21 related costs, reducing the amount of Casino revenue that could have been distributed to Tribal
22 members by an equivalent amount.

23 92. Whether, and to what extent, the RICO Ringleaders contributed to the Casino's
24 establishment is essentially academic, in light of the unauthorized, extra-legal character of the
25 RICO Ringleaders' conversion of Tribal money, and no such contribution could ever justify the
26 outrageous sums they stole. However, the reality is that such contributions were nowhere near
27 as great as the RICO Ringleaders claim.

1 93. After Restoration, the Tribe—under the direction of then-Tribal Chairman Everett
2 Freeman and then-Member-at-Large Carlino “Bud” Swearinger—began working toward
3 clearing all regulatory and financial obstacles in the way of the Tribe establishing its own
4 casino.

5 94. On or about March 7, 2000, the Governor of California signed, and the State
6 Legislature approved, the Tribe’s Tribal-State gaming compact which gave it, along with certain
7 other California Indian tribes, the exclusive right to conduct Class III gaming in the State of
8 California. The Tribe presented this compact to the BIA on or about March 23, 2000, and it was
9 approved on or about May 5, 2000. On September 18, 2000, the National Indian Gaming
10 Commission (“NIGC”) approved the Tribe’s Gaming Ordinance pursuant to the Indian Gaming
11 Regulatory Act.

12 95. Once such approval was received, the Tribal Council engaged outside consultants
13 to build and operate the Rolling Hills Casino. No member of the Tribe or employee of the Tribe
14 (including any of the RICO Ringleaders) had any experience in the gaming industry, nor did
15 any member know how to fund or direct construction of a casino.

16 96. After an initial venture with outside consultants failed, in or about April 2001, the
17 Polaris Gaming Group (“Polaris”) was engaged by the Tribe to raise funding for the Casino’s
18 construction, to oversee the construction, and eventually to operate the Casino.

19 97. Within approximately one and a half years, Polaris managed to complete the
20 funding and construction of the Casino. The Casino opened for business at midnight on August
21 1, 2002. Since its opening, the Casino has been a successful gaming operation with no notable
22 regulatory problems, and—in contrast with those business enterprises of the Tribe that the
23 RICO Ringleaders directed—was almost immediately profitable and has remained so. The
24 revenue generated by the Casino has for many years, and remains, the primary source of income
25 for the Tribe and its members.

26 98. The Casino’s success is due largely to its management since 2002 by several
27 senior officers of Polaris that stayed to work with the Tribe and the Casino after its opening. All
28 four principals of Polaris stayed on to manage the Casino until 2006; and since 2006 it has

1 continued to be managed by a former principal of Polaris. These individuals all had significant
 2 experience in funding, building and operating tribally owned casinos prior to their engagement
 3 by the Tribe to build the Rolling Hills Casino (*e.g.*, Spirit Mountain Casino owned by the
 4 Confederated Tribes of Grande Ronde in Oregon; the Northern Quest Casino owned by the
 5 Kalispel Tribe of Indians in Washington). These individuals brought to the Rolling Hills Casino
 6 their expertise in developing, financing and managing casino operations and infrastructure.

7 99. Since the Casino's opening in 2002, the RICO Ringleaders played no role in the
 8 Casino's business operations and were not employed in any way by the Casino.

9 **D. The RICO Ringleaders Employed a Pattern of Racketeering and Other**
 10 **Wrongful Means to Consolidate and Maintain Their Control Over the Tribe**
 11 **and its Non-Casino Business Ventures**

12 100. Within three years of Leslie Lohse and Ines Crosby engineering the Pata family's
 13 Tribal enrollment, the RICO Ringleaders all had entrenched themselves in influential and
 14 authoritative positions of power within the Tribe's government, administration, and non-casino
 15 business ventures. By as early as 2001, the RICO Ringleaders concertedly and systematically
 16 began eliminating any impediments that would stand in the way of them being able to achieve
 17 the purpose of their unlawful enterprise: to convert Tribal moneys for their own personal use.
 18 As set forth more fully below, they achieved control of the Tribe, and thus the Casino's
 19 revenues, by: (1) ensuring the continued election of RICO Ringleader Leslie Lohse to the
 20 position of Treasurer and other Tribal Council members whom they could control; (2) tightly
 21 controlling the flow of information to prevent challenges to their control and discovery of their
 22 scheme; (3) buying, when necessary, the loyalty of those needed by the RICO Ringleaders to
 23 effectuate their plans; and (4) intimidating and threatening Tribe members with loss of their
 24 livelihoods to dissuade them from questioning their control.

25 **1. RICO Ringleaders Rigged the Electoral Process to Ensure the**
 26 **Continued Election of Leslie Lohse to the Position of Treasurer and**
 27 **Compliant Individuals to the Other Council Seats**

28 101. The minutes from Tribal Council meetings held during the period of the RICO
 Ringleaders' control are remarkably absent of any record of substantive deliberation,

1 notwithstanding the Tribal Constitution's significant enumeration of responsibilities to the
2 Tribal Council. This is no accident.

3 102. Integral to the RICO Ringleaders' scheme was a Tribal Council that did not get in
4 their way. As discussed *supra*, the Tribal Constitution requires, for example, that the Tribal
5 Council negotiate and conclude any contract entered into by the Tribe, make decisions
6 concerning the hiring and firing of Tribal employees, and manage Tribal resources. It further
7 provides the Chairman and the Treasurer with significant control and supervision obligations
8 and authority over the use of Tribal moneys, including, for example, the requirement that all
9 Tribal checks be signed by the Chairman and the Treasurer and that the Chairman execute all
10 contracts in the name of the Tribe. It further prohibits any Tribal Council member from
11 participation in any decision that would affect them or a family member living in their
12 household. If, as it is now, the Tribal Council was occupied by persons that diligently demanded
13 compliance with the requirements of the Tribal Constitution, the RICO Ringleaders could never
14 have achieved the thefts they accomplished.

15 103. Accordingly, from early on in their scheme, the RICO Ringleaders worked hard to
16 ensure that (a) RICO Ringleader Leslie Lohse was always elected as Treasurer and (b) the rest
17 of the positions in the Tribal Council were filled with persons who would be compliant to them.

18 104. The RICO Ringleaders did so using the classic tools of third world despots:
19 patronage, bribery, intimidation, extortion, and vote-rigging.

20 105. As discussed *supra*, admission of the Pata family into the Tribe substantially
21 increased the number of persons eligible to vote in Tribal Council elections. It also created a
22 block of voters that owed their entitlement to the tens of thousands of dollars in annual per
23 capita Tribal distributions to their relatives, the RICO Ringleaders. This encouraged a strong
24 sense of dependence on, and loyalty to, the RICO Ringleaders among this block of the Tribal
25 electorate, which the RICO Ringleaders further encouraged by using their positions to dole out
26 special advantages to the members of the Pata family. The RICO Ringleaders exploited this
27 loyalty and dependence to ensure that other members of the Pata family always voted en masse
28 for the RICO Ringleaders' chosen candidates.

1 106. Though they are thieves, the RICO Ringleaders are not stupid. With the exception
2 of RICO Ringleader Leslie Lohse, the RICO Ringleaders' chosen candidates were not Patas but
3 rather members of the Freeman family. Thus, when these candidates were offered up for
4 election, they could depend on support not only from the Pata-block but also other members of
5 the Freeman family, leaving candidates supported by the only other major family in the Tribe,
6 the Simmons family, with little to no chance of electoral success.

7 107. The Freeman candidates that the RICO Ringleaders selected were compliant and
8 disengaged and, if not, they were removed. For example, in or around 1999, Rebecca ("Becky")
9 Swearinger—who had been instrumental in the Restoration—began raising questions
10 concerning how the Patas were admitted to the Tribe. In reaction, the RICO Ringleaders, led by
11 RICO Ringleader Leslie Lohse, not only orchestrated Ms. Swearinger's removal from her
12 position as Secretary of the Tribal Council but also her suspension from the Tribe. Ms.
13 Swearinger remained suspended and did not receive per capita payments for a number of years,
14 leaving her financially destitute, literally living in the out-building of relatives. What was done
15 to Ms. Swearinger was employed by the RICO Ringleaders as a potent symbol of what could
16 happen to any Tribal member, including a Tribal Council member, who challenged their
17 authority.

18 108. However, the RICO Ringleaders avoided, in large part, the need to use such
19 threats vis-à-vis Tribal Council members by intentionally choosing candidates from the
20 Freeman family that lacked the time and/or sophistication to challenge to the RICO Ringleaders.
21 The RICO Ringleaders, furthermore, encouraged a sense of dependence on them among the
22 Tribal Council members, by doling out financial benefits to Tribal Council members in amounts
23 that were, especially in comparison with the scale of the theft in which the RICO Ringleaders
24 were engaged, not particularly large but which were provided in irregular ways. The RICO
25 Ringleaders provided the benefits in this way with the purpose and intent of encouraging not
26 only a sense of loyalty but also a sense of vulnerability that would discourage any impulse to
27 challenge the RICO Ringleaders.

1 109. As a result, the RICO Ringleaders were never subject to review by the Tribal
2 Council for their work in their respective positions. Indeed, the RICO Ringleaders were able to
3 invert the relationship between the Tribal Council and the Tribal administration of which they
4 were a part. That is, the RICO Ringleaders decided and directed what the Tribe should do and
5 how it should be governed. They took countless actions that were never approved by the Tribal
6 Council; and on occasion, when the Ringleaders chose to seek Council approval, the Tribal
7 Council effected those decisions based on the intentionally limited and often false and/or
8 inaccurate information provided to the Council by the RICO Ringleaders.

9 110. While, as discussed above, the RICO Ringleaders' choice of Freeman family
10 members as their preferred candidates left little chance of successful challenge, as evidenced by
11 the extraordinary measures that the RICO Ringleaders took in a futile effort to regain control
12 when they were ousted in April 2014—including launching both an armed physical attack and
13 cyber-attack on the Casino and Tribe-Owned Business "E"—the economic benefits that the
14 RICO Ringleaders enjoyed by virtue of their control of the Tribe were too great to be left at all
15 to chance. Thus, the RICO Ringleaders employed a number of improper means to ensure that
16 RICO Ringleader Leslie Lohse and their other chosen candidates were always elected.

17 111. For example, despite the explicit requirement of secret balloting to choose Tribal
18 Council members, the RICO Ringleaders organized the balloting such that each Tribe member's
19 ballot was assigned a specific number according to which the RICO Ringleaders could identify
20 for whom every Tribe member voted. In context with the clear message sent that any person
21 who challenged the RICO Ringleaders risked suspension and thus financial ruin, this number
22 system clearly communicated to Tribe members that if they did not vote for the RICO
23 Ringleaders' chosen candidates they would suffer severe consequences. Again leaving nothing
24 to chance, the RICO Ringleaders always ensured that they and they alone oversaw the elections,
25 counted the ballots and certified election results, usurping the constitutional authority of the
26 Tribe's Election Committee.

27 112. However, when it came to RICO Ringleader Leslie Lohse, given the importance
28 of her continued tenure as Treasurer for both the continuation of the RICO Ringleaders' scheme

1 to defraud and the protection of its past effects from discovery, even these mechanisms were
 2 deemed insufficient by the RICO Ringleaders to guarantee a successful outcome. It was crucial
 3 to the success of the RICO Ringleaders' unlawful scheme that Ms. Lohse remained as the Tribal
 4 Council's Treasurer as long as they intended to continue their racketeering enterprise. And their
 5 scheme to convert Tribal moneys and properties for their own use would not only be
 6 jeopardized if Ms. Lohse lost her position, but they could all end up in jail if a new person was
 7 elected Treasurer and decided to call on the RICO Ringleaders to justify their multiple instances
 8 of accessing Tribal accounts and using those moneys for their own benefit.

9 113. Thus, to ensure that RICO Ringleader Leslie Lohse would not face competition
 10 for the Treasurer position at any election, the RICO Ringleaders, by fiat, falsely proclaimed that
 11 in order to run for the Treasurer position, a candidate was required to post a \$1 million bond
 12 with the Tribe. And in the months preceding elections, Ms. Lohse would state to members of the
 13 General Council and the Tribal Council that she had posted the required bond, and that it was
 14 secured by her house and property.

15 114. Of course, RICO Ringleader Leslie Lohse never purchased any such bond, and
 16 there is no basis in the Tribal Constitution, Tribal law, or any Tribal Council resolutions for
 17 such a requirement. Rather it was a fraudulent misrepresentation that RICO Ringleaders used to
 18 establish a barrier against RICO Ringleader Leslie Lohse's removal that they knew no one in
 19 the Tribe other than her co-RICO Ringleaders could ever clear. As a result, RICO Ringleader
 20 Leslie Lohse never faced a contested election for the office of Treasurer at any time from 1998
 21 to 2014.

22 **2. The RICO Ringleaders Consolidated Their Control of the Tribe by** 23 **Tightly Controlling the Flow of Information**

24 115. A critical component of the RICO Ringleaders' strategy, as the foregoing
 25 suggests, was their control on the flow of information. The RICO Ringleaders' abilities to
 26 manipulate the Tribe's political processes and rob it blind depended on their keeping the rest of
 27 the Tribe ignorant of (a) the Tribal Constitution's provisions and the allocation of authority and
 28

responsibilities within the Tribal government and (b) the financial activities of the RICO Ringleaders.

a. **The RICO Ringleaders Actively Sought to Prevent Tribal Members from Understanding the Tribal Constitution's Requirements**

116. Numerous actions and positions taken, and omissions made, by the RICO Ringleaders were directly contrary to requirements in the Tribal Constitution. For example, contrary to the \$1 million bond requirement that the RICO Ringleaders claimed anyone seeking to run for Treasurer must meet, the Tribal Constitution states explicitly that subject to age and criminal record requirements, anyone can run for a position on the Tribal Council, including Treasurer. As a further example, while, as discussed below, the RICO Ringleaders routinely wrote from Tribal bank accounts large checks to themselves for cash and to third parties for millions of dollars in personal purchases, the Tribal Constitution requires that both the Treasurer and the Chairman sign every such check. As another example still, while the Tribal Constitution requires the Tribe's books be audited annually, as discussed below, the RICO Ringleaders specifically prevented even basic bookkeeping from occurring, let alone, any such audit.

117. Thus, the RICO Ringleaders determined at some point in their tenure that it was necessary to keep the Tribe's members in the dark about their rights under the Tribal Constitution and the duties that the Tribal Council's officers owed them. Without the ability to weigh the actions of not only the Tribal Council, but also the RICO Ringleaders, against the Constitution's enumerated rights, responsibilities and duties, Tribe members had no reason not to believe that what the RICO Ringleaders said or did was authoritative or sanctioned by the Tribal Council.

118. The Tribal Constitution initially was made available to the Tribe's members in or about the spring of 1998 prior to their voting on its adoption. After the Constitution's adoption, however, the RICO Ringleaders—specifically Leslie Lohse and Ines Crosby—restricted Tribe members' access to copies of the Constitution. They refused to provide copies to the Tribe's members, and, instead, made it known among members that they would have to come to the Tribal offices in Orland to examine a physical copy of the Constitution.

119. The RICO Ringleaders limited access to the Tribal Constitution to physical copies housed in the Tribe's Orland offices in order to intimidate members and dissuade them from determining whether the RICO Ringleaders' actions, or those of certain Tribal Council members, were in violation of the Constitution. Indeed, Ms. Crosby expressed that the RICO Ringleaders had concerns that Tribe members would read the Constitution and interpret it a way contrary to their interests.

b. The RICO Ringleaders Intentionally Kept No Financial Books and Records or Accountings of Tribal Accounts so as to Hide Their Unlawful Actions from Scrutiny

120. Among the Constitutional provisions about which the RICO Ringleaders specifically sought to keep Tribe members ignorant were RICO Ringleader Leslie Lohse's constitutional duties as the Tribal Council's Treasurer, *i.e.*, safeguarding and accounting for Tribal moneys, keeping the Tribal government's financial books and records, and providing for annual audits.

121. Financial transparency is one of the cornerstones of the Tribal Constitution. The Constitution provides that at the annual General Council meeting, a presentation will be made to the Tribe's members by the Tribe's "accountant and/or bookkeeper/financial officer" of the annual audit for all Tribal enterprises, and a written report will be provided by the Tribal Council's Treasurer detailing, in relevant part, the finances of the Tribal government. The Tribal Constitution further provides that the Treasurer must keep "books of account and other records" regarding the finances of the Tribal government and Tribal enterprises that were to be audited annually by a "competent auditor." And the Constitution specifically includes in its "Bill of Rights" the right of every Tribe member "to review all Tribal records, including financial records."

122. During the entirety of the RICO Ringleaders' tenure, including that of RICO Ringleader Leslie Lohse as the Tribe's Treasurer, the RICO Ringleaders purposefully and intentionally prevented any of these constitutional requirements from being fulfilled by ensuring that RICO Ringleader Leslie Lohse was always elected Treasurer. Under Ms. Lohse's watch, the Tribe did not at any time maintain (1) consolidated financial accounts; (2) a general ledger;

1 (3) an income statement; (4) any balance sheets; and (5) any periodic financial statements. She
2 did not conduct annual audits for the Tribe or its enterprises, nor did she engage any accounting
3 professional to do so.

4 123. Without any such records, reports or presentations, the Tribal Constitution's
5 provisions for financial transparency were rendered a nullity. Even if Tribe members had
6 knowledge of Ms. Lohse's constitutional duties and her failure to meet those duties, because she
7 maintained no financial books and records on the Tribe's behalf, it would have been
8 impracticable for any Tribe member to determine the Tribe's financial health or the degree to
9 which Tribal moneys were being mismanaged or, more importantly, stolen. Indeed, so little
10 information in this regard was provided by the RICO Ringleaders that the Tribal Council
11 members who served on the Tribal Council with RICO Ringleader Leslie Lohse believed as late
12 as August 2014 that the investments of Tribal money conducted by the RICO Ringleaders had
13 achieved significant financial success. They were likewise unaware of how much the RICO
14 Ringleaders were paid in non-retirement or retirement compensation.

15 124. This, of course, was exactly the point. RICO Ringleader Leslie Lohse's failure to
16 perform her constitutional duties as Treasurer was not the result of negligence or her inability to
17 perform the duties required of her. Ms. Lohse was, in fact, experienced in bookkeeping and
18 accounting. Rather, in coordination with the other RICO Ringleaders, Ms. Lohse intentionally
19 resolved not to keep the Tribe's financial books and records.

20 125. The RICO Ringleaders understood that their conversion of Tribal moneys, as
21 detailed more fully *infra*, was unauthorized and illegal under Tribal Constitution. The RICO
22 Ringleaders had no valid legal entitlement to the Tribal moneys they converted. Thus, they
23 understood that financial books and records, accountings and other such documentation could
24 be used or relied upon as evidence of their illegal actions in this regard. Therefore, in
25 consideration of the unlawfulness of their actions and their concern that there not exist any
26 record of the extent of their conversion of Tribal moneys and property, the RICO Ringleaders
27 intentionally did not generate or maintain any financial books and records or accountings on
28 behalf of the Tribe.

1 126. The RICO Ringleaders, furthermore, understood that if anything close to the full
2 extent of their rapaciousness came to be understood by other Tribe members, they faced the
3 substantial risk of being removed from power and their access to the Tribe's coffers being cut.

4 127. So concerned were they of the risks that would be posed by a truthful financial
5 reporting, the RICO Ringleaders intentionally structured the payment amounts the Tribe
6 received from the federal government for its performance of contracts provided for under the
7 Indian Self-Determination and Education Assistance Act of 1975, Pub. L. No. 93-638, 88 Stat.
8 2203 ("638 Contracts") to be below certain threshold dollar amounts in order to avoid having to
9 perform and submit financial audits for review by the Department of Interior and BIA.

10 128. 638 Contracts are awarded to Tribes to administer federal services, programs, and
11 activities to the Tribes' members.

12 129. The Tribe's investigation has revealed that, starting in 2002, the Tribe entered into
13 a number of 638 Contracts with the BIA under which the Tribe requested payments totaling
14 nearly \$1 million. A Tribe receiving money pursuant to a 638 Contract is required by federal
15 law to keep records showing the amount and disposition by the Tribe of the contract funds; the
16 cost of any project or undertaking funded by these federal moneys; the amount of funding for
17 the project or undertaking supplied by non-638 Contract money; and any other information that
18 will facilitate an effective audit.

19 130. For "mature" 638 Contracts, *i.e.*, those that have been operated by a Tribe for
20 more than three years, Tribes are required to keep quarterly financial statements for the purpose
21 of accounting for the moneys received under the 638 Contracts, an annual "single-audit"
22 required under federal law, and a brief annual program report. A "single-audit" is an annual
23 audit that covers the entire operations of the Tribe or, at the Tribe's option, includes a series of
24 audits that cover departments, agencies, and other organizational units that expended or
25 otherwise administered 638 Contract moneys during the audit period.

26 131. The records and accountings for the moneys received under the 638 Contracts
27 must be made available to the BIA officials, for the purpose of audit and examination, for a
28

1 period of three years after the completion of a project or undertaking funded under the 638
2 Contracts.

3 132. Simply put, a Tribe accepting federal moneys under a 638 Contract must keep
4 sufficient records to account for the use of those funds and, in certain instances, make available
5 to the BIA full audits of the Tribe's finances.

6 133. These accounting and record-keeping requirements, however, can be avoided if
7 the amounts paid under the 638 Contract are beneath a certain dollar amount threshold.

8 134. The Tribe's investigation has revealed that the RICO Ringleaders did contract
9 with the BIA to receive federal moneys under several 638 Contracts, none of which have, to
10 date, been officially closed with the BIA. The Tribe's members had been under the impression
11 from the RICO Ringleaders that the Tribe had never taken any federal money under any 638
12 Contracts.

13 135. Each of the Tribe's 638 Contracts entered into by the RICO Ringleaders was
14 structured to keep the payment amounts requested underneath the threshold dollar amount that
15 triggered audits.

16 136. The RICO Ringleaders were aware that they had structured the payments
17 requested under these 638 Contracts to come in beneath the threshold dollar amount that would
18 have triggered audits. Indeed, as part of the process undertaken by the Tribe to sort out the
19 financial mess left behind in the wake of the RICO Ringleaders' removal, the Tribe discovered
20 files in the Tribal offices in Orland kept by the RICO Ringleaders that documented inquiries by
21 the BIA into the status of these 638 Contracts, as well as the RICO Ringleaders' responses to
22 the BIA representing that the payments requested under these contracts were underneath the
23 threshold dollar amount that would have triggered an audit.

24 137. Both Tribal officials and the Department of the Interior had been told by a local
25 Central California BIA official—one known to be very friendly with the RICO Ringleaders and
26 a frequent golfing companion of RICO Ringleader John Crosby—that the Tribe had never
27 entered into 638 Contracts.
28

1 138. It is also not clear to the Tribe at this time why a local Central California BIA
2 official, especially one with a close relationship to the RICO Ringleaders, would have
3 represented to both the Tribe and the Department of the Interior that the Tribe had not 638
4 Contracts when it clearly did.

5 139. It is additionally not clear to the Tribe at this time why the Department of the
6 Interior and/or the BIA did not timely follow up on the status of the 638 Contracts that the Tribe
7 had kept open since in or about 2002.

8 140. While the Tribe has no indication at this time that any of the RICO Defendants or
9 other Tribal officials improperly administered the moneys received under the 638 Contracts, it
10 appears that the payment requests were structured so as to avoid any inquiry that would have
11 required a broader audit by the BIA of the Tribe's financial books and records or accountings.
12 The RICO Ringleaders undoubtedly would have wanted to avoid any such scrutiny of the
13 Tribe's financial books and records or accountings because it would reveal to both federal
14 authorities and Tribe members the RICO Ringleader's scheme to convert Tribal moneys.

15 141. The Tribe's investigation into the status of these 638 Contracts is still ongoing.

16 **3. The RICO Ringleaders Purchased the Silence of Others and**
17 **Recruited Them into the RICO Enterprise Through Bribery**

18 142. The RICO Ringleaders could not achieve the goals of their unlawful enterprise
19 alone. Accordingly, they brought into their conspiracy several individuals who assisted the
20 RICO Ringleaders in the performance of their criminal conduct. These individuals were either
21 close and loyal associates or Pata family members.

22 143. RICO Defendant Sherry Myers, the RICO Ringleader's administrative assistant,
23 was heavily involved in the RICO Ringleaders' criminal enterprise. She was involved in
24 depositing and transferring Tribal moneys among the various bank accounts opened by the
25 RICO Ringleaders at the instruction of the RICO Ringleaders and was responsible for managing
26 the payments to Tribal employees and government officials. She was also involved in the RICO
27 Ringleaders' resolution of membership issues. Ms. Myers was paid very well for being an
28 administrative assistant, including, in particular in the form of very generous retirement benefits

1 she received as the only beneficiary other than the RICO Ringleaders of retirement plans they
2 set up in the name of the Tribe.

3 144. RICO Defendant Sherry Myer's loyalty to the RICO Ringleaders was such that,
4 even after their removal in April 2014, Ms. Myers continued to assist them in their unlawful
5 scheme and, in fact, opened up Post Office Boxes at their instruction in order to direct Tribal
6 mail away from the new Tribal leadership. The confusion caused by Ms. Myer's actions caused
7 financial difficulties for certain Tribal members and caused Tribal financial information to end
8 up in the hands of the RICO Ringleaders after they were all terminated and relieved of their
9 authority. Ms. Myers also signed for and took paychecks for the newly elected members of the
10 Tribal Council.

11 145. RICO Defendants Juan "Jon" Pata and Ted Pata, the brothers of Ines Crosby and
12 Leslie Lohse initially entered into the enterprises' ambit when, at RICO Ringleader John
13 Crosby's specific instructions, they were hired by the Tribe as the Casino's Gaming
14 Commissioners before the Rolling Hills Casino had even been completed and opened. Neither
15 one of the men had any experience in the gaming industry nor had either one ever worked in a
16 casino. Indeed, given the complex duties with which gaming commissioners are tasked at
17 casinos (*e.g.*, security, fraud prevention, surveillance, investigations), the Pata brothers lacked
18 the skills necessary to effectively serve in these positions. The Tribe did not seek out candidates
19 to fill these positions and no other individuals were interviewed for these two gaming
20 commissioner positions, despite the Polaris Gaming Group's specific advice that they be filled
21 by trained outside third parties. Simply put, the Pata brothers were just given the jobs, at RICO
22 Ringleader John Crosby's command, and they stayed in the positions until their removal on or
23 around April 2014, receiving salaries substantially more than that paid to the third gaming
24 commissioner employed at the Casino.

25 146. The RICO Ringleaders intended for the Pata brothers to serve as their eyes and
26 ears in the one Tribal business with which they had limited influence—the Casino—and ensure
27 that those eyes and ears did not expose the RICO Ringleaders' illegal scheme.

28

1 147. The Pata brothers were brought further within the enterprise's ambit when, in or
2 about the fall of 2011, by accident, they discovered that, unbeknownst to other Tribe members,
3 the RICO Ringleaders had purchased a private jet with approximately \$3.6 million of the
4 Tribe's money, which is alleged more fully *infra*. When the RICO Ringleaders discovered that
5 the Pata brothers knew about the jet, they resolved to buy their silence. RICO Ringleader John
6 Crosby confronted his uncles and offered to buy them both brand new, fully loaded Ford pick-
7 up trucks if they kept quiet about it. Already well compensated in exchange for their
8 participation in the RICO Ringleaders' scheme, the Pata brothers accepted the trucks and kept
9 silent about the jet purchase.

10 148. The RICO Ringleaders also orchestrated the hiring of RICO Defendant Chris
11 Pata, another one of Ines Crosby and Leslie Loshe's brothers, to design and manage the Rolling
12 Hills Casino's entire IT infrastructure. Though Mr. Pata was an IT professional, he had never
13 completed a project as complicated as building out a casino's IT infrastructure at the time he
14 was given the job. The Tribe did not seek out bids to do this work, nor did it seek or interview
15 any candidates other than RICO Defendant Chris Pata to fill the IT manager position. However,
16 again, his usefulness in a position where he could monitor and destroy electronic evidence of
17 the RICO Ringleaders' scheme was invaluable.

18 149. Upon the RICO Ringleaders' removal from their positions of power in April
19 2014, RICO Defendant Chris Pata played a critical role in the RICO Ringleaders' scheme. As
20 alleged more fully *infra*, at the instruction of the RICO Ringleaders, RICO Defendant Chris
21 Pata's used his knowledge of the Casino's IT infrastructure to coordinate a destructive cyber
22 attack that not only significantly crippled the Casino's business operations, but also wiped out a
23 large portion of the electronically stored documents that could have served as evidence of the
24 criminal enterprise's operation as alleged herein. To execute this attack RICO Defendant Chris
25 Pata recruited RICO Defendant Frank James, who substantially assisted in the attack.

1 **4. The RICO Ringleaders Exploited Tribe Members' Economic**
2 **Reliance on Per Capita Payments to Quash any Opposition to Their**
3 **Control, Real or Perceived**

4 150. The RICO Ringleaders knew that virtually every other Tribe member was
5 financial dependent on the per capita payments they received from the Tribe. The RICO
6 Ringleaders also knew that, because they had restricted the Tribe's members' access to
7 information concerning the Tribe's constitution and laws, most members had little
8 understanding about the Constitutional provisions and Tribal ordinances concerning
9 disenrollment or suspension.

10 151. The RICO Ringleaders resolved to use their knowledge of the foregoing facts to
11 intimidate Tribe members and further protect their control over the Tribe.

12 152. The RICO Ringleaders—particularly Ines Crosby and Leslie Lohse—frequently
13 used the threat of disenrollment or suspension to counter what they perceived to be any
14 questions regarding the validity of the Pata family's Tribal membership, any threat to the RICO
15 Ringleaders' control of the Tribal government or administration, or any challenge to the actions
16 undertaken by any of the RICO Ringleaders.

17 153. The threat of disenrollment or suspension was not one taken lightly by Tribe
18 members. Not only would disenrollment or suspension render a person unwelcome at all Tribal
19 events and meetings, but the person would also lose his or her per capita payments and all other
20 benefits received from the Tribe. The effect of disenrollment or suspension could be personally
21 and financially devastating.

22 154. The threat of disenrollment or suspension was not a hypothetical one; the RICO
23 Ringleaders did act on their threats. The RICO Ringleaders orchestrated the imposition of
24 suspensions between one to ten years in length against several Tribe members, and in at least
25 one instance, they imposed an indefinite suspension on a Tribe member that challenged the Pata
26 family's enrollment. Those Tribe members subject to such punishments were not given the
27 opportunity to challenge this punishment, nor were they given the bases for such punishment or
28 how those executing it established the punishment's term.

155. For example, in 2003, Tribe members Ann Dalson and Alicia Castillo went to a local newspaper to make public their concerns regarding the Pata family's membership and to air their concerns regarding corruption. The RICO Ringleaders orchestrated the suspension of these women for three months and fifteen months, respectively. During this time, they did not receive their per capita payments or any other benefits from the Tribe.

156. After Ms. Dalson's and Ms. Castillo's suspensions, the RICO Ringleaders regularly included a photograph of the two women looking distressed in PowerPoint presentations to General Council members. A copy of this photograph is attached as **Exhibit A**. The photograph was taken after the women were told that they would be suspended for making public their challenges to the Pata family's membership and allegations of corruption. The RICO Ringleaders, furthermore, prominently posted a copy of a newspaper article regarding Ms. Dalson's and Ms. Castillo's suspensions on bulletin board in the Tribal Office in Orland. By regularly making reference to this picture even years after Ms. Dalson and Ms. Castillo's suspensions and prominently posting a copy of the article about in the Tribal Office, the RICO Ringleaders made clear that they intended to make an example of the women: if any Tribe members were to speak up against the RICO Ringleaders or the Patas, those members would be subject to the indignities of disenrollment or suspension, and the loss of their primary, if not only, source of income.

II. RICO DEFENDANTS, WITH SUBSTANTIAL ASSISTANCE FROM ABETTOR DEFENDANTS, STOLE MILLIONS OF DOLLARS IN TRIBAL FUNDS THROUGH A PATTERN OF FRAUD AND OUTRAGEOUS SELF-DEALING

157. The RICO Ringleaders' primary purpose in taking control of the Tribe and PEC was to place themselves in the position to misappropriate millions of dollars earned by the Tribe from the Casino. The RICO Ringleaders used their control over the Tribe and thus the money earned by the Tribe from the Casino to devise and execute, with substantial assistance from the Abettor Defendants, a multi-pronged scheme to defraud the Tribe and enrich themselves.

158. The Casino revenue presented an unprecedented opportunity to dramatically improve the financial quality of life of the Tribe's members. However, the RICO Defendants actively worked together on multiple fronts to ensure that the revenue would instead be used by

1 them and their families to enjoy a lavish lifestyle of private jets, luxury cars, multi-thousand
2 dollar sporting events, and luxury homes.

3 159. Following the RICO Ringleaders' removal from power and in the wake of the
4 physical and computer based attacks launched against the Tribe by the RICO Ringleaders in an
5 effort to maintain control, the Tribe initiated mediation with the RICO Ringleaders with the goal
6 of ensuring a peaceful transition of power and protection of the financial interests of its
7 members. The outcome of the mediation was a Mediated Settlement Agreement ("MSA"),
8 executed on July 3, 2014, followed by a Settlement Implementation Agreement ("SIA"),
9 executed on August 5, 2014.

10 160. As memorialized in the SIA, it was agreed that the Tribe would retain
11 international law firm WilmerHale to conduct an investigation into alleged financial misconduct
12 by the RICO Ringleaders. It was mutually agreed that the Tribe would retain WilmerHale
13 based, in part, on its substantial experience in investigating financial misconduct and
14 management of Indian tribes.

15 161. Indeed, Wilmer Hale, which is led by former federal prosecutors and leaders from
16 the highest ranks of government—including former FBI Director Robert S. Mueller III, former
17 Deputy U.S. Attorney General Jamie Gorelick, former Securities and Exchange Commission
18 Division of Enforcement Director William R. McLucas, former U.S. Secretary of the Interior,
19 U.S. Senator and State Attorney General Ken Salazar, and former U.S. Attorney for the District
20 of Colorado, Tom Strickland—has extraordinary capabilities for handling complex internal
21 investigations for which it is rightly well known. WilmerHale conducted the independent
22 investigations and produced the findings reports in response to numerous prominent matters,
23 including Enron, Worldcom, and Qwest corporate crises, as well as the National Football
24 League's handling of the Ray Rice matter, among others. The firm's independent findings from
25 those investigations are widely relied upon by the media, government investigators, and private
26 stakeholders and the public in general. And among its peers, WilmerHale is preeminent. Indeed,
27 Global Investigations Review ("GIR"), a chief resource for lawyers around the world, recently
28

1 tapped WilmerHale to write the chapter, literally, on how to handle internal investigations in the
2 United States as part of GIR's *Investigations Review of the Americas 2015*.

3 162. Pursuant to a resolution by the Tribe's General Council, the Tribe thus retained
4 WilmerHale to conduct the investigation called for by the SIA,

5 163. The WilmerHale investigation on behalf of the Tribe into the alleged financial
6 misconduct by the RICO Ringleaders was led by former U.S. Attorney Tom Strickland.
7 Following a twelve-week long investigation involving meetings with and interviews of more
8 than 70 witnesses, and the review of thousands of pages of documents, WilmerHale issued a
9 report. WilmerHale concluded in the report that the "complete picture may be worse than what
10 we have thus far been able to reconstruct," as a result of the RICO Ringleaders' ultimate refusal
11 to cooperate with the investigation (which they initially agreed to), which significantly impeded
12 WilmerHale's ability to fully investigate. Nonetheless, the report's conclusions were damning,
13 including *inter alia* that:

14 • The RICO Ringleaders "directed nearly every aspect of the
15 Tribe's financial and related governance affairs."

16 • The RICO Ringleaders "[r]egularly ignored and frequently
17 violated the Tribe's laws and governance rules, particularly by failing to maintain any financial
18 records whatsoever."

19 • The RICO Ringleaders paid themselves millions of dollars in
20 excessive and unauthorized compensation.

21 • The RICO Ringleaders regularly made unauthorized withdrawals
22 of money from Tribal bank accounts for personal purposes.

23 • The RICO Ringleaders regularly made unauthorized use of Tribal
24 money and resources for personal purposes.

25 • "[S]ubstantial questions exist regarding the authenticity and
26 legitimacy of the agreements" that the RICO Ringleaders claimed to have with the Tribe and
27 based on which they sought to justify their conduct.

28

1 164. Building on the results of WilmerHale's investigation, the Tribe has identified the
2 following four ways in which the RICO Ringleaders used their control of the Tribe and its
3 money to execute its scheme to defraud the Tribe and enrich themselves, their co-RICO
4 Defendants, and their family members: (A) causing the Tribe, Tribe-Owned Businesses and an
5 organization established by the Tribe, with the substantial assistance of the Abettor Defendants
6 and certain co-RICO Defendants, to pay the RICO Ringleaders, and certain RICO Defendants,
7 excessive and unauthorized compensation in the form of various unearned salaries, bonuses, and
8 retirement plan contributions in which the RICO Ringleaders and RICO Defendant Sherry
9 Myers were the only participants; (B) using their control over the Tribe's finances and bank
10 accounts, with the substantial assistance of the Abettor Defendants and certain co-RICO
11 Defendants, to directly convert and embezzle millions of dollars of the Tribe's money, by
12 simply withdrawing thousands of dollars in cash from the Tribe's accounts or writing checks to
13 each other out of those accounts; (C) using their control over the Tribe's finances and bank
14 accounts, with the substantial assistance of the Abettor Defendants and certain co-RICO
15 Defendants, to engage in transactions using the Tribe's money that resulted in some or all of
16 that money ending up in the RICO Ringleaders' possession; (D) using their control over the
17 Tribe's finances and bank accounts, with the substantial assistance of the Abettor Defendants
18 and certain co-RICO Defendants, to use Tribe's money to pay for millions of dollars of goods
19 and services personally consumed by the RICO Defendants, thereby embezzling the funds used
20 therefor; and (E) using their control over the Tribe's finances and bank accounts, with the
21 substantial assistance of the Abettor Defendants and certain co-RICO Defendants, to divert
22 millions of dollars in Tribal money to their relatives and friends.

23 165. These amounts stolen by the RICO Defendants from the Tribe were in addition to
24 approximately \$50,000 each that RICO Defendants Leslie Lohse, Larry Lohse, Ines Crosby,
25 Ted Pata, Jon Pata, and Chris Pata, like other Tribe members, received in yearly Tribal per
26 capita distributions.

27 166. After paying Tribe members these per-capita distributions and covering the cost
28 of operating the Casino, between 2002 through the first part of 2014, approximately \$191

1 million in Tribal funds were available. Under the RICO Ringleaders direction, \$61 million—
2 over 30 percent of this amount—essentially evaporated. The Tribe’s investigation concerning
3 what happened to this money is ongoing, and a significant portion of these millions of dollars is
4 still unaccounted for. However, the Tribe’s investigation indicates that most of this amount was
5 misappropriated by RICO Ringleaders.

6 **A. The RICO Ringleaders, with Substantial Assistance from the Abettor**
7 **Defendants, Used Their Control of the Tribe to Cause it and Tribe-Owned**
8 **Businesses to Pay Them and Their Family Grossly Excessive and**
9 **Unauthorized Compensation**

10 **1. Excessive and Unauthorized Non-Retirement Compensation Paid by**
11 **the Tribe and Casino**

12 167. The Tribe’s principal business and virtually its sole source of income is, and
13 historically has been, the Casino. No other Tribe-Owned Business has yet resulted in a net profit
14 to the Tribe and most of the Tribe’s investments have been marked failures.

15 168. As discussed herein, the great bulk of the work to build and begin operations of
16 the Casino was performed by four outside consultants to whom the Tribe paid substantial
17 compensation. And once in operation, the Casino has been run by a professional full-time staff
18 overseen by two of the Polaris consultants who were hired by the Tribe to supervise its
19 operation. Accordingly, the RICO Ringleaders performed little to no work on behalf of the
20 Tribe that related to the operation of the Casino since its establishment in 2002. Again, the
21 Casino represents by far the largest source of income for the Tribe at an order of magnitude that
22 denies any comparison between it and any other enterprise by the Tribe.

23 169. There is, furthermore, little indication that the RICO Ringleaders did much of
24 anything that could be considered governmental or administrative service for the Tribe.

25 170. Still, as discussed herein, the RICO Ringleaders caused various Tribe-Owned
26 Businesses to pay them compensation purportedly for services the RICO Ringleaders provided
27 thereto.

28 171. Nonetheless, the RICO Ringleaders, with the substantial assistance of the Abettor
Defendants, used their control of the Tribe to cause it to directly pay them non-retirement
compensation that was grossly excessive and not properly authorized by the Tribe.

1 172. The Tribe is still investigating the full extent of the non-retirement compensation
2 that the RICO Ringleaders caused to be paid directly to themselves by the Tribe and the Casino,
3 i.e. not through an indirect means such as through a Tribe-Owned Business; however, as
4 detailed below, the information gathered thus far indicates that the total amount, for each, is at
5 least several million dollars, and totals at least approximately **\$14 million**.

6 173. In contrast, during the relevant period, the non-Chairman members of the Tribal
7 Council *other than RICO Ringleader Leslie Lohse*, received stipends of approximately \$18,000
8 per year for their service to the Tribe. And current Tribal Council members, other than the
9 Chairman, who are working full time for the Tribe in an effort to clean up the mess left by the
10 Defendants, receive salaries of \$60,000 per year. The Chairman receives \$70,000.

11 174. The non-retirement compensation that the RICO Ringleaders caused to be paid to
12 each of the RICO Ringleaders by the Tribe or the Casino was not authorized by the Tribal
13 Council and was unreasonable when viewed in isolation, as well as in context with the millions
14 of dollars in other forms of compensation that the RICO Ringleaders took for themselves.
15 Indeed, these compensation packages constituted merely one of several mechanisms by which
16 the RICO Ringleaders executed their scheme to defraud the Tribe of millions of dollars.

17 175. RICO Defendant Sherry Myers actively participated in the effort to cause the
18 Tribe to pay the RICO Ringleaders excessive and unauthorized non-retirement compensation,
19 making the necessary arrangements to ensure its payment as demanded by the RICO
20 Ringleaders.

21 *RICO Ringleader John Crosby*

22 176. The largest beneficiary of the excessive and unauthorized non-retirement
23 compensation the RICO Defendants caused the Tribe to pay directly was Defendant John
24 Crosby. The Tribe is still in the process of investigating the full extent of the compensation that
25 Defendants caused Defendant John Crosby to be paid between 2002 and the beginning of 2014;
26 however, the Tribe has already discovered excessive compensation payments **totaling at least**
27 **approximately \$4.8 million**. Again, this is not including very large retirement compensation
28 payments by the Tribe or very large compensation payments made by Tribe-Owned Businesses.

177. During the years 2002 through the first three months of 2014, the RICO Ringleaders caused the Tribe to directly pay Mr. Crosby at least approximately \$4.5 million in non-retirement compensation, including the following approximate amounts:

- \$281,810 in 2004;
- \$500,000 in 2005;
- \$583,217 in 2006;
- \$453,261 in 2007;
- \$370,435 in 2008;
- \$459,130 in 2009;
- \$422,478 in 2010;
- \$326,304 in 2011;
- \$275,217 in 2012;
- \$275,217 in 2013; and
- \$51,087 in the first three months of 2014.

178. In addition, records show that the RICO Defendants caused the Casino to pay Mr. Crosby \$280,709 in non-retirement compensation in 2003 (\$116,981) and 2004 (\$163,728).

179. RICO Ringleader John Crosby purportedly received this excessive and unauthorized compensation for work done as the Tribe's Economic Development Director. However, the only business that has ever turned a profit for the Tribe is the Casino, and Mr. Crosby played no role in its operation. The only economic activities of the Tribe in which Mr. Crosby did play a role were investments in various enterprises. These investments—essentially all of which were alternative investments, many of which were untested start-ups and/or with personal friends of Mr. Crosby—have so far resulted in net losses to the Tribe in the tens of millions of dollars and will likely result in tens of millions of dollars more in losses for the Tribe. Such investments did nothing to develop the Tribe's economic self-sufficiency; rather, they hindered its development. Furthermore, the Tribe paid another person a large six-figure salary to assist Mr. Crosby in his consistently unsuccessful work as Economic Development Director.

1 180. Under Mr. Crosby's direction the Tribe had no written business plan, and no
2 regular outside investment adviser. Mr. Crosby generally did not confer with an investment
3 adviser before making investments, and he did not invest Tribal resources in a balanced and
4 diversified portfolio of stocks, bonds, and cash. The Tribe, moreover, incurred an enormously
5 high rate of expense on the investment and outside business activities conducted at Mr.
6 Crosby's direction.

7 181. Not surprisingly, given Mr. Crosby's abysmal results in the role of Economic
8 Development Director, Mr. Crosby spent little time doing anything that could be characterized
9 as work in this role, and, instead, spent much of his time living a life of luxury at the Tribe's
10 expense. Mr. Crosby furthermore lacked the applicable training or expertise necessary for the
11 role. Indeed, Mr. Crosby's behavior and performance indicates that the position was, in effect,
12 another perk that he took for himself at the Tribe's expense, allowing him to live a fantasy life
13 as a rich private equity player, playing with—and consistently losing—millions of dollars of the
14 Tribe's money.

15 182. Since removing Mr. Crosby from the position, the Tribe has not hired anyone to
16 serve at the Tribe's Economic Development Director.

17 *RICO Ringleader Ines Crosby*

18 183. The RICO Ringleaders made Defendant Ines Crosby—the mother of John Crosby
19 and sister of Leslie Lohse—the next largest beneficiary of the excessive and unauthorized non-
20 retirement compensation directly paid by the Tribe and/or the Casino. The Tribe is still in the
21 process of investigating the full extent of the compensation that the RICO Ringleaders caused
22 Defendant Ines Crosby to be paid between 2002 and the beginning of 2014.

23 184. However, the Tribe has already discovered payments **totaling at least**
24 **approximately \$3.6 million** made to RICO Ringleader Ines Crosby during the years 2002
25 through the first three months for 2014, in excessive and unauthorized non-retirement
26 compensation. These include the following approximate amounts:

- 27 • \$169,000 in 2004;
- 28 • \$251,000 in 2005;

- \$440,000 in 2006;
- \$322,000 in 2007;
- \$287,000 in 2008;
- \$286,000 in 2009;
- \$284,000 in 2010;
- \$341,000 in 2011;
- \$348,000 in 2012;
- \$309,000 in 2013; and
- \$40,000 in the first part of 2014.

185. RICO Ringleader Ms. Crosby received this excessive and unauthorized compensation purportedly for work done as the Tribal Administrator. In general, the tribal administrator for an Indian tribe oversees the operation of various tribal departments (*e.g.*, communication, finance, education, legal counsel, health services, housing and facilities, human resources, information technology, language and culture, natural resources, social services, and possibly police and fire departments as well) and supervises the leaders of those departments. However, the operations of the Tribe's government during the relevant period were extremely limited; thus, there was little for Ms. Crosby to oversee. Nor did Ms. Crosby make efforts to create new Tribal operations or services. Indeed, as part and parcel of the RICO Ringleaders' scheme, Ms. Crosby intentionally failed to establish and maintain operations and services that would be expected of the Tribe and which would have benefited the Tribe's members. Ms. Crosby failed to do so because the lack of structure and formality was beneficial to the accomplishment of the RICO Ringleaders' scheme to defraud the Tribe.

186. Ms. Crosby, in an attempt to justify her compensation in the absence of many of these typical operations and services, has claimed to have been responsible principally for ensuring that Tribal members had access to healthcare (particularly prior to 2011), and helping to place Tribal children in foster or adoptive homes. However, the work Ms. Crosby did in this area that was mostly connected with the establishment of the Tribe-Owned Business "G", for which she also received generous compensation in addition to her compensation as Tribal

1 Administrator, as discussed below. Apart from this work, the only other duty that Ms. Crosby
2 claims to have performed for the Tribe consisted of generally overseeing the Tribal Council
3 office, including the office administrative assistant, RICO Defendant Sherry Myers. In essence
4 the RICO Ringleaders caused the Tribe to pay Ms. Crosby approximately \$300,000 a year in
5 non-retirement compensation, in addition to millions more in retirement compensation, to be an
6 office manager.

7 187. By way of comparison, the current Tribal Administrator—who, unlike Ms.
8 Crosby, faces a significant task ahead of him in cleaning up after Defendants' malfeasance, is
9 working as a consultant without Tribal benefits, has extensive expertise, and has to regularly
10 travel from his home out of state to perform his duties—is paid \$120,000 a year.

11 188. Nothing in the work performed by Ms. Crosby for the Tribe, her experience, or
12 her training justifies or explains the levels of compensation that she received. It is, however,
13 explained by the critical role that she played in the RICO Enterprise. The position of Tribal
14 Administrator gave her signing authority over the Tribe's bank accounts in which the revenues
15 from the Casino were deposited. This authority was, in essence, the keys to the kingdom,
16 allowing the RICO Ringleaders to direct millions of dollars of Tribal money for their own
17 benefit, for the benefit of their family and friends, for the benefit of their co-RICO Defendants,
18 and to ensure execution of transactions necessary to further the RICO Enterprise. Indeed Ms.
19 Crosby has admitted to using the Tribe's bank accounts to make cash payments to herself and
20 other RICO Ringleaders and to directly pay her personal expenses.

21 189. Finally, Ms. Crosby had no skills, expertise or experience that could justify the
22 excessive and unauthorized compensation that she and the other RICO Ringleaders caused to be
23 paid to her. Prior to becoming the Tribal Administrator, Ms. Crosby was a hairdresser.

24 *RICO Ringleaders Larry and Leslie Lohse*

25 190. The RICO Ringleaders made fellow RICO Ringleaders, and married couple,
26 Larry and Leslie Lohse, the next largest beneficiaries (though, in combination, absolute largest)
27 of the excessive and unauthorized non-retirement compensation paid directly by the Tribe
28 and/or Casino. The Tribe is still in the process of investigating the full extent of the

1 compensation that the RICO Ringleaders caused Larry and Leslie Lohse to be paid between
2 2002 and the beginning of 2014; however, the Tribe has already discovered the excessive
3 payments **totaling at least approximately \$6 million.**

4 191. The official titles of RICO Ringleaders Larry and Leslie Lohse during the relevant
5 period were Environmental Director and Treasurer, respectively; and in those positions each had
6 very different purported job responsibilities. However, reflecting the lack of any reasonable
7 connection between the amounts of non-retirement compensation that the RICO Ringleaders
8 caused the Tribe to directly pay them and any work purportedly performed, the RICO
9 Ringleaders caused Defendants Larry and Leslie Lohse to be paid exactly the same excessive
10 amounts from 2009 on.

11 *RICO Ringleader Larry Lohse*

12 192. The Tribe's investigation has so far revealed that between 2002 and the first three
13 months of 2014 the RICO Ringleaders caused the Tribe to directly pay RICO Ringleader Larry
14 Lohse **at least approximately \$3.1 million** in non-retirement compensation, purportedly for his
15 work as the Tribe's Environmental Director.

16 193. During the years 2002 through the first three months of 2014, the RICO
17 Ringleaders caused the Tribe to directly pay Mr. Lohse **at least approximately \$2.9 million** in
18 non-retirement compensation, including the following approximate amounts:

- 19 • \$180,839 in 2004;
- 20 • \$249,000 in 2005;
- 21 • \$297,000 in 2006;
- 22 • \$256,000 in 2007;
- 23 • \$401,000 in 2008;
- 24 • \$222,000 in 2009;
- 25 • \$192,000 in 2010;
- 26 • \$192,000 in 2011;
- 27 • \$192,000 in 2012;
- 28 • \$192,000 in 2013; and

- \$40,000 in the first part of 2014.

194. In addition, records show that the RICO Defendants caused the Casino to pay Mr. Lohse **\$107,927** in non-retirement compensation in 2003 (\$48,046) and 2004 (\$59,881).

195. RICO Ringleader Larry Lohse received these excessive amounts purportedly as compensation for work done as the Tribe's Environmental Director. However, after the initial development of the Casino and golf course, which was substantially complete in 2002 there was little to be done in the way of environmental work. Furthermore, the Tribe hired full-time, qualified environmental personnel, who performed what little environmental work there was to do. Thus, Mr. Lohse did little to nothing for the Tribe in exchange for this and other compensation received from the Tribe. Mr. Lohse had very little training or expertise applicable to the job of Environmental Director, and the closest thing he had to relevant experience was working on his family's farm.

196. Reflecting the lack of any need for an Environmental Director, the Tribe has not had one since removing Mr. Lohse from the position.

RICO Ringleader Leslie Lohse

197. The Tribe's investigation has so far revealed that between 2002 through the first three months of 2014 the RICO Ringleaders caused the Tribe to directly pay RICO Ringleader Leslie Lohse **at least approximately \$2.9 million** in non-retirement compensation purportedly for her work as the Tribe's Treasurer. These include the following approximate amounts:

- \$165,209 in 2004;
- \$250,792 in 2005;
- 360,000 in 2006;
- \$264,000 in 2007;
- \$384,000 in 2008;
- \$222,000 in 2009;
- \$192,000 in 2010;
- \$192,000 in 2011;
- \$192,000 in 2012;

- \$192,000 in 2013; and
- \$40,000 in the first part of 2014.

198. For all but 2007, these amounts are precisely the same as the non-retirement compensation that the RICO Ringleaders caused the Tribe to directly pay RICO Ringleader Larry Lohse.

199. RICO Ringleader Leslie Lohse's only official position with the Tribe during the relevant period was as its elected Treasurer, a member of the Tribal Council. However, the above non-retirement compensation she received alone—i.e. not including her enormous retirement compensation or any other benefits paid for by the Tribe to which she is now falsely claiming to have been entitled—was many times higher than what any other Tribal Council member received, including its Chairman.

200. This disparity cannot be justified by any additional work that RICO Ringleader Leslie Lohse performed as Treasurer for the Tribe. As discussed herein, a critical component of the RICO Defendants' scheme was preventing the Tribe from performing accounting and auditing obligations required under the Tribal Constitution and for which a treasurer would be responsible for ensuring performance. Stated another way, a significant component of the RICO Defendants' scheme was Ms. Lohse not performing her duties as Treasurer; and, in fact, the RICO Ringleaders corrupted and manipulated the electoral process in order to prevent the election of any replacement for Ms. Lohse who would have performed those duties.

201. The unreasonable and excessive amount of this and other compensation that the RICO Ringleaders caused the Tribe to directly pay Ms. Lohse stands in stark contrast to the \$60,000 salary the Tribe pays to the current Treasurer, who, in fact, has been required to work full time and beyond in the effort to sort out and repair the damage caused by the Defendants.

202. Ms. Lohse has no skills, expertise, or experience that would justify the excessive and unauthorized compensation she received as Treasurer. While her experience as a bookkeeper could arguably qualify her to *run* for Treasurer—and it is certainly probative of the intentional and purposeful quality of her failure to ensure basic bookkeeping and accounting

1 measures were taken—it does not come close to justifying the compensation she and her other
2 RICO Ringleaders caused the Tribe to pay her.

3 203. In an implicit admission that the compensation she received was outrageously
4 excessive in light of any work performed by her as Treasurer for the Tribe, Ms. Lohse has
5 claimed for herself the title of Political Director. There is no record of her ever being hired by
6 the Tribe for such a position, and, in fact, no such position exists. Furthermore, while
7 purportedly in this role, Ms. Lohse oversaw the expenditure of almost \$6 million for local, state,
8 and federal campaigns, candidates, party committees, political action committees, and other
9 policy-oriented groups. The Tribe had little to no need to make such contributions. Rather, Ms.
10 Lohse appears to have caused the Tribe to make them principally for her own aggrandizement,
11 in order to create for herself a fantasy life of purchased political importance. Secondly, she
12 appears to have caused the donations to have been made in order to curry favor with
13 government officials so as to protect the RICO Defendants’ scheme from scrutiny. Since Ms.
14 Lohse’s termination, the Tribe has found no need to hire anyone to engage in the activities that
15 Ms. Lohse did her self-appointed position as “Political Director.”

16 204. It is further relevant to note in this regard, that one of the main beneficiaries of
17 Tribe’s largess was the California Tribal Business Association (“CTBA”). As discussed herein,
18 RICO Ringleader Leslie Lohse, as chairperson of CTBA, ensured that CTBA would pay her
19 another approximately \$550,000, in addition to the amounts RICO Ringleader Lohse was
20 directly misappropriating from the Tribe.

21 **2. With Substantial Assistance from Abettor Defendants Haness,**
22 **Moore, and APC, the RICO Ringleaders Caused the Tribe to Pay**
 Them Extraordinary Amounts in Retirement Compensation

23 205. Reflecting the mutual recognition that their scheme to defraud the Tribe could not
24 continue indefinitely, the RICO Ringleaders prepared for their post-scheme lives by causing the
25 Tribe to pay them enormously excessive sums in retirement compensation. While the Tribe’s
26 investigation is continuing, based on information uncovered thus far, in total but not including
27 other retirement compensation that the RICO Ringleaders caused themselves to be paid by
28

1 Tribe-Owned Businesses, the RICO Ringleaders caused the Tribe to pay them **approximately**
2 **over \$4.4 million** in retirement compensation.

3 206. Thusly, the RICO Ringleaders diverted for themselves almost all of the millions
4 of dollars that they caused the Tribe to invest in two retirement plans, a defined benefit plan
5 (“Tribal Pension”) and 401(k) (“Tribal 401k”) that the RICO Ringleaders caused the Tribe to
6 establish (collectively, “Tribal Retirement Plans”). The only other participant in the Tribal
7 Retirement Plans was the RICO Ringleaders’ co-RICO Defendant Sherry Myers. No other
8 employee of the Tribe, including those of the Casino, or any other Tribal Council Member was
9 allowed to participate in the Tribal Retirement Plans.

10 207. This retirement compensation paid to the RICO Ringleaders and Ms. Myers was
11 not authorized by the Tribal Council and was unreasonable when viewed in isolation, as well as
12 in the context with the millions of dollars in other forms of compensation that the RICO
13 Ringleaders took for themselves. The Tribal Council never authorized the creation or funding of
14 either the Tribal 401(k) or Tribal Pension Plan, which thus violated Tribal law; and no other
15 Tribal Council member or employee of the Tribe or Casino was given the opportunity to
16 participate in either plan.

17 208. Indeed, these retirement compensation packages were merely one of several
18 mechanisms by which the RICO Ringleaders executed their scheme to defraud the Tribe of
19 millions of dollars.

20 209. RICO Defendant Sherry Myers actively participated in the effort to cause the
21 Tribe to pay the RICO Ringleaders excessive and unauthorized retirement compensation,
22 making the necessary arrangements to ensure its payment as demanded by the RICO
23 Ringleaders and providing cover for such payments. In exchange for this and other acts and
24 omissions taken by her as part of, and in substantial assistance of, the RICO Ringleaders’
25 scheme to defraud the Tribe, the RICO Ringleaders also caused Ms. Myers, herself, to be
26 awarded an excessive amount in retirement compensation.

27 210. Abettor Defendants Moore, Haness and APC substantially assisted the RICO
28 Defendants in unlawfully misappropriating Tribal money through this means, and did so with

1 the requisite knowledge and/or in violation of their independent duties to the Tribe. Abettor
2 Defendants Moore, Haness and APC set up and/or administered the Tribal Retirement Plans
3 knowing that the RICO Defendants intended to, and did, use them to convert moneys of the
4 Tribe, cause the Tribe to pay themselves grossly excessive and unauthorized compensation,
5 and/or violate their fiduciary duties to the Tribe, and substantially assisted them in this effort.
6 During WilmerHale's investigation, the RICO Ringleaders indicated that they worked with and
7 received advice and direction from Abettor Defendant Moore and APC in setting up and
8 administering the Tribal Retirement Plans. The RICO Ringleaders routinely consulted these
9 Abettor Defendants, and, in fact, they indicated it was Abettor Defendant Moore that came up
10 with the idea to install retirement plans for the RICO Ringleaders.

11 211. Several factors are indicative of the fraudulent nature of the Tribal Retirement
12 Plans and the substantial assistance in accomplishing this fraud knowingly provided by Abettor
13 Defendants Moore, Haness and APC, or at least provided in violation of their duties to the
14 Tribe. Viewed together, these factors clearly indicate that the Tribal Retirement Plans were set
15 up and administered with the goal of employing them as mechanisms for the transfer of as much
16 Tribal money as possible, as fast as possible, to the RICO Ringleaders.

17 212. Abettor Defendants Moore, Haness and APC assisted the RICO Ringleaders in
18 accomplishing this goal by setting up and administering the Tribal Retirement Plans in ways
19 that would never have been done for a financially accountable or healthy business. Rather, the
20 Tribal Retirement Plans were set up and administered as though the Tribe was the RICO
21 Ringleaders' wholly owned small business from which the Abettor Defendants Moore, Haness
22 and APC would assist them extract as much money as possible and as quickly as possible. The
23 Tribe is not a small business, and it is not owned by anyone. It is a sovereign nation with
24 hundreds of members. And ERISA-compliant retirement plans—which the Tribal Retirement
25 Plans were set up to be—must be created and administered with the intention of creating a
26 permanent mechanism for retirement savings that benefits an employer's current and future
27 employees generally. They cannot be used, as the RICO Ringleaders used the Tribal Retirement
28 Plans, as short-term vehicles to take money out of businesses or institutions in tax advantageous

ways for a limited number of specially favored individuals. The Internal Revenue Service (the “IRS”), in fact, scrutinizes, and will disqualify, a retirement plan that appears set up for this purpose. Abettor Defendants Moore, Haness and APC knew this and that they owed the Tribe duties as each’s respective client, including, without limitation, the duty to ensure that the retirement plans they set up and/or administered were set up and administered properly and for proper purposes. These three Abettor Defendants knowingly disregarded these things and, instead, substantially assisted the RICO Ringleaders use of the Tribal Retirement Plans as highly efficient mechanisms for the expeditious embezzlement of millions of dollars in Tribal money. Factors indicative of this include, by way of example and without limitation:

213. ***Improperly Exclusionary Nature of Both Plans.*** Treasury Regulation 1.401-1(b)(3), 26 C.F.R. 1.401-1(b)(3) provides that a retirement “plan must benefit the employees in general,” and cannot be “designed as to amount to subterfuge for the distribution of profits” to only certain specially favored individuals. As retirement professionals, Abettor Defendants Moore, Haness and APC were well aware of this. Nonetheless, they knowingly assisted the RICO Ringleaders set up and administer the Tribal Retirement Plans in a way that excluded participation of any member of the Tribal Council other than RICO Ringleader Leslie Lohse and that excluded participation of any employee of the Tribe, other than RICO Ringleaders Ines Crosby, John Crosby, Larry Lohse and RICO Defendant Sherry Myers. Indeed, they assisted the RICO Ringleaders inclusion of Leslie Lohse, who was not an employee of the Tribe but rather an elected official, in retirement plans purportedly set up for Tribal employees. This was improper. Abettor Defendants Moore, Haness and APC knew it was improper, but assisted the RICO Ringleaders in establishing them in this manner so as to maximize the utility of the plans, as means to convert as much money of the Tribe as possible for the benefit of the RICO Ringleaders. Establishing the plans in this way was critical to their utility in this regard, as it allowed the RICO Ringleaders to ensure that the outrageously generous manner in which they structured the plans would benefit only them and their co-RICO Defendant Sherry Myers. If, instead, the plans had been appropriately inclusive, the outrageously generous benefits would have had to been shared with others. Indeed, RICO Ringleader Ines Crosby admitted during

1 WilmerHale's investigation that only herself, her co-RICO Ringleaders Larry Lohse, Leslie
2 Lohse, John Crosby, and co-RICO Defendant Sherry Myers were covered by the plans.

3 214. **Unauthorized Establishment and Modification of the Tribal Retirement Plans.**

4 The establishment and any modification of the Tribal Retirement Plans required authorization
5 from the Tribal Council. The determination of annual employer contributions to the Tribal
6 401(k) also required authorization from the Tribal Council. Defendants Moore and APC were
7 aware of this and were aware that no such authorizations were received. Nonetheless,
8 Defendants Moore and APC repeatedly assisted the RICO Ringleaders in establishing,
9 modifying and funding the Tribal Retirement Plans as the RICO Ringleaders saw fit in order to
10 achieve their goal of diverting as much Tribal money as possible to themselves, without
11 requiring proof of any Tribal Council authorization.

12 215. **Structuring and Administering the Tribal Pension as a Short-Term Mechanism**
13 **to Quickly Divert Huge Sums of Tribal Money to the RICO Ringleaders.** In addition to the
14 prohibition against using a retirement plan as a "subterfuge for the distribution of profits" to
15 only certain specially chosen individuals, as explained by the IRS's Internal Revenue Manual,
16 "a plan must be established with the intent to be a 'permanent', not 'temporary', program." *see*
17 *also* 26 C.F.R. 1.401-1(b)(2). As retirement professionals, Defendants Moore, Haness and APC
18 were all aware of these fundamental requirements. Nonetheless they knowingly structured and
19 administered the Tribal Pension Plan in a way that was clearly indicative of the RICO
20 Ringleaders' intent to use the Tribal Pension Plan as a short-term and highly effective
21 mechanism to divert a huge amount of Tribal money very quickly to the RICO Ringleaders, and
22 provided the RICO Ringleaders substantial assistance in accomplishment of this goal. This
23 assistance included without limitation:

24 a. **Employing an Extraordinarily High Retirement Benefit Goal in the**
25 **Plan's Actuarial Formula.** The amount an employer contributes to a defined benefit plan is
26 determined by the actuarial formula used in establishing the plan and, in particular, the target for
27 retirement benefits set in the formula. The higher the target benefit number, the more the
28 employer contributes. Industry practice, for those businesses and entities able to afford

employee pension plans, is to set that target at monthly retirement benefits in amounts roughly equal to the average after tax monthly income of an employee in the last five years of employment. In contrast, Abettor Defendants Moore, Haness, and APC assisted the RICO Ringleaders in setting up the Tribal Pension with an actuarial formula in which the target retirement benefit was set at 245% of the highest pre-tax income in three consecutive years, approximately 4 times higher than the industry standard. This is an extraordinarily high target and is indicative of instructions having been given by the RICO Ringleaders, and followed by Abettor Defendants Moore, Haness, and APC, to structure the Tribal Pension such that it would result in the highest possible diversion of Tribal money into the Tribal Pension for the RICO Ringleaders' benefit, as quickly as possible. As retirement professionals, Abettor Defendants Moore, Haness, and APC knew that employing such an extraordinarily high retirement benefit goal was indicative of the Tribal Pension Plan's purpose as a subterfuge for diversion of Tribal money for almost the exclusive benefit of the RICO Ringleaders and the temporary, as opposed to permanent, quality of the plan. *See* 26 C.F.R. 1.401-1(b)(2) ("The permanency of the plan will be indicated by all of the surrounding facts and circumstances, including the likelihood of the employer's ability to continue contributions as provided under the plan.") Indeed, during WilmerHale's investigation RICO Ringleader John Crosby acknowledged that the Tribal Pension Plan was shut down after only five years of existence because it was too generous. In fact, the plan's generosity, the almost exclusive beneficiaries of which were the RICO Ringleaders, was exactly the point. And it was shut down after only five years because it was never intended to be a long-term bona fide retirement plan for the benefit of all present and future employees of the Tribe; rather, it was intended to do exactly what it did, provide a means to quickly divert huge sums of Tribal money into the pockets of the RICO Ringleaders. Abettor Defendants Moore, Haness, and APC knew this and substantially assisted in the realization of this intended result.

b. *Setting Vesting and Expected Retirement Age in the Tribal Pension Plan in a Manner Extraordinarily Favorable to RICO Ringleader Ines Crosby.* Another component of the actuarial formula that determines employer contributions is the expected

retirement age set in the plan documents. With the substantial assistance of Defendants Moore, Haness, and APC, the RICO Ringleaders setup the Tribal Pension with a retirement benefit qualification criteria of 65 years of age and five years of service. At the time of the establishment of the Tribal Pension, Ines Crosby was 60. Thus, by establishing the criteria in this way and in combination with the extraordinarily high retirement benefit target included in the actuarial formula, the RICO Ringleaders caused the Tribe to make, by operation of the actuarial formula, extraordinarily high contributions for Ines Crosby discussed herein. A legitimately established defined benefit plan would not have been structured in this way exactly because doing so would impose a tremendous cash drain on the contributing employer. However, here, the RICO Ringleaders structured it in this way *so that* it would have this result; Abettor Defendants Moore, Haness, and APC knew this and assisted in its accomplishment. As a result, for three of the five years of the Tribal Pension Plan's existence, substantially more money was diverted into the Tribal Pension for Ms. Crosby's benefit than even the excessive and unauthorized compensation that RICO Ringleaders caused her to be paid that year; and ***more than \$1.5 million*** of Tribal money was diverted to Ms. Crosby through the Tribal Pension during the just five years of the plan's existence.

c. ***Causing the Early Termination of the Tribal Pension Plan Immediately After It Was Fully Funded for RICO Ringleader Ines Crosby.*** Traditionally, defined benefit plans are not terminated in advance of distribution of the benefits to be provided thereby. Rather bona fide defined benefit plans, and retirement plans more generally, are expected, again, to be permanent, generally providing present and future employees of a business or other institution the opportunity to save for their retirement. Treasury Regulation 401-1(b)(2) states in this regard, "[t]hus, although the employer may reserve the right to change or terminate the plan, and to discontinue contributions thereunder, the abandonment of the plan for any reason other than business necessity within a few years after it has taken effect ***will be evidence that the plan from its inception was not a bona fide program for the exclusive benefit of employees in general.*** Especially will this be true if, for example, a pension plan is abandoned soon after pensions have been fully funded for persons in favor of whom discrimination is prohibited

under section 401(a).” (emphasis added). As retirement professionals, Abettor Defendants Moore, Haness, and APC were aware of this. Nonetheless, with the substantial assistance of Defendants Moore, Haness, and APC, the Tribal Pension Plan was terminated just five years after its establishment, and the funds distributed to the RICO Ringleaders and RICO Defendant Sherry Myers. Not coincidentally, this was immediately after the Tribal Pension Plan had been fully funded for RICO Ringleader Ines Crosby. This was the RICO Ringleaders’ intention from the outset. Like any good thieves, they understood getting away from the scene of the crime with the stolen money is the most important part of the theft. Defendants Moore, Haness, and APC were aware of this purpose and assisted in the early termination of Tribal Pension plan at the RICO Ringleaders’ instructions and for their benefit.

216. **Structuring and Administering the Tribal 401(k) with the Overriding Purpose of Maximizing the Benefits for the RICO Ringleaders.** After terminating the Tribal Pension, with the substantial assistance of Abettor Defendants Moore and APC, the RICO Ringleaders set up and administered the Tribal 401(k) with the over-riding purpose of benefiting the RICO Ringleaders as much as possible on an ongoing basis, rather than, as IRS regulations require, benefiting the Tribe’s employees in general. As retirement professionals, Abettor Defendants Moore and APC knew this was improper, but nonetheless substantially assisted the RICO Ringleaders in this effort, even after it was widely reported that the RICO Ringleaders were accused of stealing millions of dollars from the Tribe. According to RICO Ringleader Ines Crosby, the contribution and withdrawal decisions she made concerning the Tribal 401(k) were based on the advice of Abettor Defendants Moore and APC. Actions taken by the RICO Ringleaders with the substantial assistance of Abettor Defendants Moore and APC to ensure that the Tribal 401(k) operated with the overriding purpose of benefiting the RICO Ringleaders as much as possible, was not limited to improperly excluding from participation everyone other than the RICO Ringleaders and RICO Defendant Sherry Myers, it also included without limitation:

a. **Tailoring the Tribe’s Contributions to the Tribal 401(k) to Maximize Total Contributions for the Benefit of the RICO Ringleaders.** As detailed below, while the

1 amounts that the RICO Ringleaders caused the Tribe to contribute were remarkably similar as
 2 between the RICO Ringleaders, they varied by year. This was no accident. Beginning in 2009,
 3 after the Tribal Pension Plan was shut down, through 2013, the RICO Ringleaders, with
 4 substantial assistance of APC and Moore, caused the Tribe to contribute the maximum
 5 allowable amount every year to the Tribal 401(k) for each of the RICO Ringleaders, with only
 6 one exception; in 2013, the maximum contribution was made by the Tribe for RICO
 7 Ringleaders Ines Crosby, Leslie Lohse, and Larry Lohse, but not John Crosby. (Not
 8 coincidentally, that year, with the substantial assistance of Abettor Defendants APC and Moore,
 9 the RICO Ringleaders caused a 401(k) to be set up in the name of Tribe-Owned Business “E”
 10 and caused Tribe-Owned Business “E” to contribute over \$42,000 into the plan for Mr. Crosby.)
 11 To achieve this result, every year, the RICO Ringleaders needed to modify the Tribal 401(k)
 12 Plan. Abettor Defendant Moore and APC accomplished this modification for the RICO
 13 Ringleaders, identifying the maximum amounts that the Tribe could contribute on their behalf
 14 and modifying the plan’s contribution formula accordingly, with full knowledge that the
 15 purpose of doing so was to benefit the RICO Ringleaders and them alone. As mentioned, while
 16 any such modification required authorization from the Tribal Council and Defendants Moore
 17 and APC were aware of this requirement, they always effected the modifications
 18 notwithstanding the absence of any such authorization.

19 b. **Fraudulently Liquidating the Tribal 401(k) Accounts Post Removal.** In
 20 an implicit admission that the amounts they caused to be invested by the Tribe on their behalf in
 21 the Tribal 401(k) were unauthorized and thus constituted conversions of Tribal money the RICO
 22 Ringleaders and RICO Defendant Sherry Myers, upon their termination and removal from
 23 power by the Tribe, liquidated their Tribal 401(k) accounts to avoid their seizure by the Tribe.
 24 In fact, the RICO Ringleaders took the extraordinary step of withdrawing the money in cash,
 25 and thus incurring very significant tax penalties, so as to avoid efforts by the Tribe to track and
 26 locate the funds. The liquidations were accomplished in late June and early July of 2014, well
 27 after it was common knowledge, especially in the Corning-Chico-Redding area, that the RICO
 28 Ringleaders were accused of embezzling millions of dollars from the Tribe and had been

1 removed from their positions for such actions. In full knowledge of these facts Abettor
2 Defendant APC not only allowed the RICO Ringleaders to make these withdrawals without
3 requesting and receiving authorization to do so from the Tribe, it allowed RICO Ringleader
4 John Crosby—who as known by the Abettor Defendants, had not held any position with the
5 Tribe since April—to sign the employer authorization section of the liquidation paperwork for
6 himself and the other RICO Ringleaders.

7 217. *Extraordinarily High Investment Gains and Losses.* Further evidencing the
8 RICO Ringleaders' utilization of the Tribal Retirement Plans as a means to benefit themselves
9 as opposed to employees of the Tribe in general, as required by the law, and the substantial
10 assistance provided by Abettor Defendants Moore and APC in connection therewith, are the
11 extraordinarily high levels of investment gains and losses in the Tribal Retirement Plans. The
12 Tribal Retirement Plans were established as purportedly ERISA compliant retirement plans; and
13 RICO Ringleader John Crosby relied on APC to ensure they were ERISA compliant. However,
14 the extraordinarily high levels of investment gains and losses that occurred in the plans indicate
15 that a substantial portion, or all, of the Tribal money contributed to the plans was invested in
16 fringe investments that would not have constituted reasonable and diversified investments
17 appropriate for an ERISA plan. Defendant Moore was responsible for implementing the
18 investment choices of the trustees of the plans, RICO Ringleaders John Crosby and Leslie
19 Lohse. Defendant APC was responsible for ensuring that the plans remained ERISA compliant.
20 Both substantially assisted RICO Ringleaders in making investment choices with the funds
21 invested in the plans that were not ERISA compliant. They did so because they knew that the
22 plans were not legitimate retirement plans but rather simply another mechanism used by the
23 RICO Ringleaders to convert Tribal Money.

24 218. Abettor Defendants Moore, Haness and APC repeatedly and consistently assisted
25 the RICO Ringleaders in establishing and administering the Tribal Retirement Plans in a manner
26 that was extraordinarily generous to the RICO Ringleaders and RICO Defendant Sherry Myers
27 to the obvious detriment of the Tribe. Their assistance substantially aided in the diversion of as
28 much Tribal money as possible to the RICO Ringleaders. The RICO Ringleaders could not have

1 caused the Tribe to pay them and their co-RICO Defendant Sherry Myers the grossly excessive
2 amounts in retirement compensation alleged herein without the substantial assistance of Abettor
3 Defendants Moore, Haness and APC.

4 219. Abettor Defendants Moore, Haness and APC were well rewarded by the RICO
5 Ringleaders for their substantial assistance in this regard. Not only did they receive generous
6 fees for their work paid by the Tribe, they also received special additional consideration. For
7 example, in reward for this assistance the Casino sponsored Garth Moore's son's.

8 *RICO Ringleader Ines Crosby*

9 220. The RICO Ringleaders caused RICO Ringleader Ines Crosby to receive the
10 largest amount in excessive and unauthorized retirement compensation paid by the Tribe. From
11 just 2004 through the 2013, less than ten years, the RICO Ringleaders caused the Tribe to
12 directly pay Ms. Crosby **at least approximately \$1.7 million** in retirement compensation
13 purportedly for her work as the Tribal Administrator of the Tribe.

14 221. This amount included the following approximate amounts that the RICO
15 Defendants diverted for Ms. Crosby's benefit in the Tribal Pension:

- 16 • \$258,037 in 2004;
- 17 • \$298,525 in 2005;
- 18 • \$170,600 in 2006;
- 19 • \$246,918 in 2007; and
- 20 • \$560,923 in 2008.

21 222. Emphasizing the obvious impropriety of these contributions, all are substantially
22 more than the already excessive amounts that the RICO Ringleaders caused Ms. Crosby to be
23 paid in non-retirement compensation during the applicable year.

24 223. It also included the following approximate amounts that the RICO Defendants
25 diverted for Ms. Crosby's benefit in the Tribal 401(k):

- 26 • \$15,900 in 2006;
- 27 • \$17,800 in 2007;
- 28 • \$9,200 in 2008;

- \$32,500 in 2009;
- \$32,500 in 2010;
- \$32,500 in 2011;
- \$33,000 in 2012; and
- \$33,500 in 2013.

224. As discussed above, there was no reasonable basis on which to compensate Ms. Crosby in the amounts she received in non-retirement compensation. When the above retirement compensation amounts are added, the total compensation that Ms. Crosby and her co-RICO Ringleaders caused her to be paid is simply outrageous. For example, *in 2008 alone, Ms. Crosby and her co-RICO Ringleaders caused her to be paid by the Tribe \$954,123 in direct retirement and non-retirement compensation.* This amount does not include any other amounts of Tribal money that Ms. Crosby converted that year through other means, such as her admitted regular use of Tribal money to pay personal expenses.

RICO Defendant Larry Lohse

225. The RICO Ringleaders caused RICO Ringleader Larry Lohse to receive the second largest amount in excessive and unauthorized retirement compensation paid by the Tribe. From just 2004 through 2013, the RICO Ringleaders caused the Tribe to directly pay Mr. Lohse **at least approximately \$1 million** in retirement compensation purportedly for his work as the Environmental Director of the Tribe.

226. This amount included the following approximate amounts that the RICO Defendants diverted for Mr. Lohse's benefit in the Tribal Pension:

- \$103,081 in 2004;
- \$98,236 in 2005;
- \$101,437 in 2006;
- \$128,207 in 2007; and
- \$386,433 in 2008.

227. It also included the following approximate amounts that the RICO Defendants diverted for Mr. Lohse's benefit in the Tribal 401(k):

- \$15,900 in 2006;
- \$17,800 in 2007;
- \$9,200 in 2008;
- \$32,500 in 2009;
- \$32,500 in 2010;
- \$32,500 in 2011;
- \$33,000 in 2012; and
- \$33,500 in 2013.

228. As discussed above, there was no reasonable basis on which to compensate Mr. Lohse in the amounts he received in non-retirement compensation. When the above retirement compensation amounts are added, the total compensation that Mr. Lohse and his co-RICO Ringleaders caused him to be paid is simply outrageous. For example, *in 2008 alone, Mr. Lohse and his co-RICO Ringleaders caused him to be paid by the Tribe \$796,633 in direct retirement and non-retirement compensation.* This amount does not include any other amounts of Tribal money that Mr. Lohse converted that year through other means, such as his admitted regular use of Tribal money to pay personal expenses or the numerous personal flights he took on private jets at the Tribe's expense.

RICO Defendant Leslie Lohse

229. The RICO Ringleaders caused RICO Ringleader Leslie Lohse to receive the next largest amount in excessive and unauthorized retirement compensation paid by the Tribe. From just 2004 through the March of 2013, the RICO Ringleaders caused the Tribe to directly pay Ms. Lohse **at least approximately \$1 million** in retirement compensation purportedly for her work as Treasurer. Again, no other member of the Tribal Council received any retirement compensation during this period.

230. This amount included the following approximate amounts that the RICO Defendants diverted for Ms. Lohse's benefit in the Tribal Pension:

- \$103,081 in 2004;
- \$98,236 in 2005;

- \$101,437 in 2006;
- \$128,207 in 2007; and
- \$370,961 in 2008.

231. Corroborating the lack of a connection between any work performed by Ms. Lohse and her co-RICO Ringleaders on behalf of the Tribe and the retirement compensation that they caused the Tribe to directly pay them, all but the last one of the foregoing amounts are exactly the same as those paid to her co-RICO Ringleader and husband Larry Lohse.

232. It also included the following approximate amounts that the RICO Defendants diverted for Ms. Lohse's benefit in the Tribal 401(k):

- \$15,900 in 2006;
- \$17,800 in 2007;
- \$9,200 in 2008;
- \$32,500 in 2009;
- \$32,500 in 2010;
- \$32,500 in 2011;
- \$33,000 in 2012; and
- \$33,500 in 2013.

233. Again, corroborating the lack of a connection between any work performed by Ms. Lohse and her co-RICO Ringleaders on behalf of the Tribe and the retirement compensation that they caused the Tribe to directly pay them, all of the foregoing amounts are exactly the same as those paid her co-RICO Ringleaders Larry Lohse, and Ines Crosby.

234. As discussed above, there was no reasonable basis on which to compensate Ms. Lohse in the amounts she received in non-retirement compensation. When the above retirement compensation amounts are added, the total compensation that Ms. Lohse and her co-RICO Ringleaders caused her to be paid is simply outrageous. For example, ***in 2008 alone, Ms. Lohse and her co-RICO Ringleaders caused her to be paid by the Tribe \$751,122 in direct retirement and non-retirement compensation.*** This amount does not include any other amounts of Tribal money that Ms. Lohse converted that year through other means, such as her admitted

1 regular use of Tribal money to pay personal expenses or the numerous personal flights she took
2 on private jets at the Tribe's expense.

3 *RICO Defendant John Crosby*

4 235. The amounts that the RICO Ringleaders caused the Tribe to directly pay them in
5 retirement and nonretirement compensation reflected their agreement to roughly share in the
6 spoils of their scheme, rather than any correlation between work performed for the Tribe and
7 money taken from it. Thus, because the RICO Ringleaders caused the Tribe to pay RICO
8 Ringleader John Crosby (directly and indirectly) significantly more than his co-RICO
9 Ringleaders in non-retirement compensation, Mr. Crosby received the least amount among the
10 four in retirement compensation directly from the Tribe. However, the amounts of such
11 compensation that the RICO Defendants caused to be paid to Mr. Crosby were still grossly
12 excessive, especially in light of the other compensation they caused him to be paid.
13 Furthermore, as discussed herein, Mr. Crosby was also the beneficiary in 2013 of a second
14 401(k) established by the RICO Ringleaders in the name of Tribe-Owned Business "B."

15 236. From just 2004 through 2013, the RICO Ringleaders caused the Tribe to directly
16 pay Mr. Crosby **at least approximately \$650,000** in retirement compensation purportedly for
17 his work as Economic Development Director of the Tribe.

18 237. This amount included the following approximate amounts that the RICO
19 Defendants diverted for Mr. Crosby's benefit in the Tribal Pension:

- 20 • \$49,983 in 2004;
- 21 • \$46,604 in 2005;
- 22 • \$50,062 in 2006;
- 23 • \$63,168 in 2007; and
- 24 • \$257,791 in 2008.

25 238. It also included the following approximate amounts that the RICO Defendants
26 diverted for Mr. Crosby's benefit in the Tribal 401(k):

- 27 • \$14,400 in 2006;
- 28 • \$17,800 in 2007;

- \$9,200 in 2008;
- \$32,500 in 2009;
- \$32,500 in 2010;
- \$32,500 in 2011;
- \$33,000 in 2012; and
- \$8,779 in 2013.

239. As discussed above, there was no reasonable basis on which to compensate Mr. Crosby in the amounts he received in non-retirement compensation. When the above retirement compensation amounts are added, the total compensation that Mr. Crosby and his co-RICO Ringleaders caused him to be paid is outrageous. For example, *in 2008 alone, Mr. Crosby and his co-RICO Ringleaders caused him to be paid by the Tribe \$637,426 in direct retirement and non-retirement compensation.* This amount does not include any other amounts of Tribal money that Mr. Lohse converted that year through other means, such as his admitted regular use of Tribal money to pay personal expenses or the numerous personal flights he took on private jets at the Tribe's expense.

RICO Defendant Sherry Myers

240. In consideration for her participation in and substantial assistance with the RICO Ringleaders' scheme to defraud the Tribe, the RICO Ringleaders caused the Tribe to pay an excessive amount of retirement compensation to Ms. Crosby's assistant and RICO Defendant Sherry Myers.

241. From just 2004 through 2013, the RICO Ringleaders caused the Tribe to directly pay Ms. Myers, in addition to her already generous salary and other benefits, at least approximately \$290,000 in retirement compensation purportedly for her work as an administrative assistant. In fact, the RICO Ringleaders caused Ms. Myers to be paid these amounts in consideration for her participation and assistance in their scheme to defraud the Tribe and as a means to disguise the fraudulent nature of the Tribal Retirement Plans.

242. This amount included the following approximate amounts that the RICO Defendants diverted for Ms. Myers benefit in the Tribal Pension:

- \$29,299 in 2004;
- \$27,369 in 2005;
- \$31,000 in 2006;
- \$35,696 in 2007; and
- \$111,710 in 2008.

243. It also included the following approximate amounts that the RICO Defendants diverted for Ms. Myers benefit in the Tribal 401(k):

- \$2,246 in 2005;
- \$3,670 in 2006;
- \$3,730 in 2007;
- \$2,446 in 2008;
- \$8,225 in 2009;
- \$10,329 in 2010;
- \$8,113 in 2011;
- \$7,413 in 2012; and
- \$8,309 in 2013.

3. Excessive and Unauthorized Compensation Caused to be Indirectly Paid to the RICO Defendants by the Tribe through Tribe-Owned Businesses

244. In addition to the Casino, generally at the direction of RICO Ringleader John Crosby, the Tribe engaged in several business ventures (“Tribe-Owned Businesses”) in which the Tribe invested large amounts of money derived from the Casino. The Tribe-Owned Businesses could and should have provided a mechanism for the Tribe to leverage the revenue earned from the Casino and thereby increase the funds available for the benefit of all Tribal members. However, in fact, these business ventures resulted in significant net losses for the Tribe. Notwithstanding such poor performance, the RICO Ringleaders used their control over the Tribe to cause it to invest significant capital in the Tribe-Owned Businesses, which then paid the RICO Ringleaders significant compensation, thereby furthering their scheme to defraud the Tribe and adding to their already grossly excessive and unauthorized compensation.

1 245. Similarly, the RICO Ringleaders caused the Tribe to contribute millions of dollars
2 to CTBA, which in turn paid Leslie Lohse over a half million dollars in compensation. The
3 Tribal Council did not approve this arrangement.

4 246. In essence, virtually any time the Tribe engaged in some sort of venture, the
5 RICO Ringleaders used it as an opportunity to further enrich themselves at the Tribe's expense,
6 causing the Tribe to invest millions in ventures that then paid the RICO Ringleaders significant
7 compensation.

8 247. The money paid by these ventures to the RICO Ringleaders is properly viewed as
9 monies paid *by the Tribe* since the paying entities required significant inflows of investment
10 from the Tribe to make the payments. The Tribe is still investigating the full extent of the
11 money that the RICO Ringleaders took from the Tribe in this manner.

12 *RICO Defendant John Crosby*

13 248. Consistent with his leadership position in the RICO Enterprises, the RICO
14 Ringleaders caused RICO Ringleader John Crosby to receive the largest amount of Tribal
15 money through payments from the Tribe-Owned Businesses. The Tribe is still in the process of
16 determining the full extent of the Tribe's money that RICO Ringleader John Crosby took in this
17 manner; however, thus far, the Tribe has discovered payments to Mr. Crosby from Tribe-Owned
18 businesses, totaling **at least approximately another \$720,000.**

19 249. There is nothing to indicate that work performed by Mr. Crosby on behalf of the
20 Tribe justified the above described amounts in compensation and retirement compensation that
21 the RICO Ringleaders caused the Tribe to *directly* pay Mr. Crosby; and certainly nothing
22 justifies indirectly paying him hundreds of thousands of dollars in additional compensation,
23 especially given the consistently poor performance of these businesses. Indeed, Mr. Crosby and
24 his co-RICO Ringleaders viewed the Tribe-Owned Businesses as additional opportunities to
25 steal from the Tribe rather than mechanisms to further the Tribe's collective welfare, and they
26 treated them as such.

27 250. The approximate payments that the RICO Ringleaders caused the Tribe to pay
28 Mr. Crosby through Tribe-Owned Businesses include without limitation:

- 1 • **\$245,000** from PEC in purported bonuses;
- 2 • **\$150,000** in purported loans from PEC, no part of which have
- 3 ever been repaid;
- 4 • **\$183,356** from Tribe-Owned Business “F” in purported
- 5 compensation for board service;
- 6 • **\$129,895** from Tribe-Owned Business “E” in purported
- 7 compensation for board service;
- 8 • **\$42,221** invested by Tribe-Owned Business “E” on his behalf in a
- 9 401(k) established by Tribe-Owned Business “E”;
- 10 • **\$39,000** from Tribe-Owned Business “H” in purported
- 11 compensation for board service; and
- 12 • **\$57,600** from Tribe-Owned Business “G” in purported
- 13 compensation for board service;

14 251. In addition to the above, the RICO Defendants also caused Tribe-Owned Business
15 “E” to grant Mr. Crosby a **5% ownership interest** in the company for no consideration.

16 252. RICO Ringleader John Crosby also received compensation from Cornerstone
17 Bank (“Cornerstone”), in which the Tribe holds a substantial interest, in exchange for sitting on
18 its Board of Directors.

19 253. Payment of these amounts to Mr. Crosby were unjustified and, like those amounts
20 the RICO Ringleaders caused Mr. Crosby to be directly paid by the Tribe, constituted
21 conversion of the Tribe’s money. Alternatively, these amounts were, at best, further excessive
22 and unreasonable compensation that RICO Ringleaders caused to be paid to Mr. Crosby by the
23 Tribe.

24 *RICO Defendant Larry Lohse*

25 254. The RICO Ringleaders caused the second largest amount of Tribal money to be
26 paid through Tribe-Owned Businesses to RICO Ringleader Larry Lohse. The Tribe is still in the
27 process of determining the full extent of the Tribe’s money that RICO Ringleader Larry Lohse
28

1 took in this manner; however, thus far, the Tribe has discovered payments to Mr. Lohse from
2 Tribe-Owned businesses totaling **at least approximately another \$700,000.**

3 255. There is nothing to indicate that work performed by Mr. Lohse on behalf of the
4 Tribe justified the above described amounts in compensation and retirement compensation that
5 the RICO Ringleaders caused the Tribe to *directly* pay Mr. Lohse; and certainly nothing justifies
6 indirectly paying him hundreds of thousands of dollars in additional compensation, especially
7 given the consistently poor performance of these businesses. Indeed, Mr. Lohse and his co-
8 RICO Ringleaders viewed the Tribe-Owned Businesses as additional opportunities to steal from
9 the Tribe rather than mechanisms to further the Tribe's collective welfare, and they treated them
10 as such.

11 256. The approximate payments that the RICO Ringleaders caused the Tribe to pay
12 Mr. Lohse through Tribe-Owned Businesses include without limitation:

- 13 • **\$240,000** from PEC in purported bonuses;
- 14 • **\$150,000** in purported loans from PEC, no part of which have
15 ever been repaid;
- 16 • **\$179,392** from Tribe-Owned Business "F" in purported
17 compensation for board service;
- 18 • **\$92,770** from Tribe-Owned Business "E" in purported
19 compensation for board service; and
- 20 • **\$39,000** from Tribe-Owned Business "H" in purported
21 compensation for board service.

22 257. In addition to the above, the RICO Defendants also caused Tribe-Owned Business
23 "E" to grant Mr. Lohse a **5% ownership interest** in the company for no consideration.

24 258. Payment of these amounts to Mr. Lohse were unjustified and, like those amounts
25 the RICO Ringleaders caused Mr. Lohse to be directly paid by the Tribe, constituted conversion
26 of the Tribe's money. Alternatively, these amounts were, at best, further excessive and
27 unreasonable compensation that RICO Ringleaders caused to be paid to Mr. Lohse by the Tribe.
28

RICO Defendant Leslie Lohse

259. The RICO Ringleaders caused the third largest amount of Tribal money to be paid indirectly in this way to RICO Ringleader Leslie Lohse. The Tribe is still in the process of determining the full extent of the Tribe's money that RICO Ringleader Leslie Lohse took in this manner; however, thus far, the Tribe has discovered payments to Ms. Lohse **totaling at least approximately another \$580,000.**

260. There is nothing to indicate that work performed by Ms. Lohse on behalf of the Tribe justified the above described amounts in compensation and retirement compensation that the RICO Ringleaders caused the Tribe to *directly* pay Ms. Lohse; and certainly nothing justifies indirectly paying her hundreds of thousands of dollars in additional compensation. Indeed, Ms. Lohse and her co-RICO Ringleaders viewed the Tribe-Owned Businesses and entities to which they caused the Tribe to donate money as additional opportunities to steal from the Tribe rather than mechanisms to further the Tribe's collective welfare, and they treated them as such.

261. The approximate payments that the RICO Ringleaders caused the Tribe to pay Ms. Lohse in this manner include without limitation:

- **\$550,000** from CTBA, which Ms. Lohse directed, in purported compensation for her services to the organization;
- **\$20,480** from Tribe-Owned Business "G" in purported compensation for her board service; and
- **\$9,000** from PEC in purported bonuses.

262. Payment of these amounts to Ms. Lohse were unjustified and, like those amounts the RICO Ringleaders caused Ms. Lohse to be directly paid by the Tribe, constituted conversion of the Tribe's money. Alternatively, these amounts were, at best, further excessive and unreasonable compensation that RICO Ringleaders caused to be paid to Ms. Lohse by the Tribe.

RICO Defendant Ines Crosby

263. The RICO Ringleaders caused the fourth largest amount of Tribal money to be paid through Tribe-Owned Businesses to RICO Ringleader Ines Crosby. The Tribe is still in the

1 process of determining the full extent of the Tribe's money that RICO Ringleader Ines Crosby
2 took in this manner; however, thus far, the Tribe has discovered payments to Ms. Crosby from
3 Tribe-Owned Business "G" **totaling approximately another \$80,000** purportedly for service
4 on its Board.

5 264. Payment of these amounts to Ms. Crosby were unjustified, and like those amounts
6 the RICO Ringleaders caused Ms. Crosby to be directly paid by the Tribe, constituted
7 conversion of the Tribe's money. Alternatively, these amounts were, at best, further excessive
8 and unreasonable compensation that RICO Ringleaders caused to be paid to Ms. Crosby by the
9 Tribe.

10 **4. Total Amounts of Excessive and Unauthorized Compensation**
11 **Discovered Thus Far**

12 265. The Tribe's investigation of the excessive and unauthorized compensation that the
13 RICO Defendants caused the Tribe to pay them is ongoing. However, based just on its
14 preliminary investigation, the Tribe has discovered non-retirement and retirement compensation
15 payments to the RICO Ringleaders from the Tribe and Tribe-Owned Businesses totally
16 approximately **\$20.7 million**.

17 266. By RICO Ringleader the approximate totals are:

- 18 • John Crosby: \$6.12 million;
- 19 • Ines Crosby: \$5.4 million;
- 20 • Larry Lohse: \$4.6 million; and
- 21 • Leslie Lohse: \$4.54 million.

22 267. These amounts almost certainly underestimate the totals that the RICO
23 Ringleaders took from the Tribe in excessive and unauthorized compensation. For example, the
24 Tribe recently discovered that the RICO Ringleaders caused the Tribe to contribute thousands of
25 dollars to health care savings accounts ("HSAs") set up for their benefit, and caused various
26 Tribe-Owned Businesses to provide them and/or their family members with benefits such as
27 generous health insurance plans.

268. These amounts also do not include the millions of dollars that the RICO Defendants misappropriated from the Tribe in the form of numerous and large unauthorized cash withdrawals from the Tribe's bank accounts by the RICO Defendants and the unauthorized purchases with Tribal money of goods and services consumed by the RICO Defendants for their own benefit. The Tribe strongly disputes that the RICO Defendants were authorized to take such additional money from the Tribe as part of their compensation, as the RICO Defendants have claimed. As alleged herein, these withdrawals and purchases constituted conversion and theft of Tribal money by the RICO Defendants. However, in the alternative, if *arguendo* these withdrawals and purchases were a form of compensation from the Tribe, they make the total compensation that the RICO Defendants caused the Tribe to pay them even more grossly excessive.

B. The RICO Ringleaders, with Substantial Assistance from the Abettor Defendants and Certain Co-RICO Defendants, Used Their Control of the Tribe's Bank Accounts to Convert and Embezzle Millions of Dollars of the Tribe's Money

269. The second major component of the RICO Defendants' scheme to defraud the Tribe and enrich themselves at the Tribe's expense was to use their control over the Tribe's bank accounts, with the substantial assistance of the Abettor Defendants, to directly convert and embezzle millions of dollars of the Tribal money—in the form of cash payments that the RICO Ringleaders made to themselves from the Tribe's bank accounts. The RICO Ringleaders accomplished this both by directly withdrawing large amounts in cash from the Tribe's bank accounts, and by writing checks to each other from the Tribe's bank accounts.

270. The RICO Ringleaders ***have admitted to doing this***. However, in a *post hoc* and ham-fisted attempt to justify their theft of Tribal money in this manner; the RICO Ringleaders have falsely claimed that they were authorized to withdraw Tribal money and use it for their own personal benefit under farcically generous \$5 million lines of credit that they have falsely claimed the Tribe granted to each of them. In fact, the Tribe did not properly authorize any of these withdrawals of Tribal money, all of which constitute thefts and conversions of Tribal money.

271. The RICO Ringleaders could not have accomplished this conversion of Tribe money without the substantial assistance of Abettor Defendants Umpqua Bank and their co-RICO Defendant Sherry Myers.

272. The Tribe's investigation of Defendants' conversion of Tribe money in this manner is ongoing.

1. With Substantial Assistance from Abettor Defendant Umpqua Bank, the RICO Ringleaders Directly Stole Millions in Tribal Money from the Tribe's Bank Accounts at Umpqua Bank

273. Over the course of several years, RICO Ringleaders and their co-RICO Defendant Sherry Myers stole millions of dollars of the Tribe's money by simply withdrawing it in large lump sums from the Tribe's bank accounts at Abettor Defendant Umpqua Bank or writing checks to themselves out of the accounts. The Tribe did not authorize or consent to any of these payments, all of which constitute conversion of Tribal money. RICO Ringleader John Crosby has described the Tribe's accounts at Umpqua Bank as an "account on the side." RICO Ringleader Ines Crosby admits to having regularly withdrawn funds from it for personal purposes.

274. Employees at Umpqua Bank's Orland, California branch again and again handed over enormous amounts of the Tribe's cash to RICO Ringleader Ines Crosby.

275. Ms. Crosby would frequently go to Umpqua's Orland, California branch and present checks from the Tribe's checking account made payable to "Cash" or "Umpqua Bank" for large lump sums. Abettor Defendant Umpqua Bank tellers and/or other employees, generally the same ones, would give Ms. Crosby cash in payment therefor. At other times, RICO Defendant Ines Crosby would simply withdraw cash from the Tribe's money market account without even presenting a check.

276. In 2013 and the first part of 2014 alone, these withdrawals included the following lump sum payments, totaling approximately **\$756,344**:

a. January 15, 2013—\$191,750 Money Market Withdrawal signed by Ines Crosby;

- 1 b. January 23, 2013—\$7,500 check made out to “Cash” signed by Ines
2 Crosby;
3 c. February 21, 2013—\$7,500 check made out to “Cash” signed by Ines
4 Crosby;
5 d. March 21, 2013—\$7,500 check made out to “Cash” signed by Ines
6 Crosby;
7 e. April 17, 2013—\$4,000 check made out to “Cash” signed by Ines
8 Crosby;
9 f. April 24, 2013—\$7,500 check made out to “Cash” signed by Ines
10 Crosby;
11 g. May 20, 2013—\$7,500.00 check made out to “Cash” signed by Ines
12 Crosby;
13 h. May 21, 2013—\$97,350 check made out to “Umpqua Bank” signed by
14 Ines Crosby
15 i. June 6, 2013—\$3,000 check made out to “Cash” signed by Ines Crosby;
16 j. July 3, 2013—\$7,500 check made out to “Cash” signed by Ines Crosby;
17 k. July 26, 2013—\$7,500 check made out to “Cash” signed by Ines Crosby;
18 l. August 21, 2013—\$7,500 check made out to “Cash” signed by Ines
19 Crosby;
20 m. September 13, 2013—\$6,500 check made out to “Cash” signed by Ines
21 Crosby;
22 n. September 27, 2013—\$7,500 check made out to “Cash” signed by Ines
23 Crosby;
24 o. October 28, 2013—\$7,500 check made out to “Cash” signed by Ines
25 Crosby;
26 p. November 20, 2013—\$7,500 check made out to “Cash” signed by Ines
27 Crosby;
28

- 1 q. December 20, 2013—\$7,500 check made out to “Cash” signed by Ines
2 Crosby;
- 3 r. January 10, 2014—\$1,000 check made out to “Cash” signed by Ines
4 Crosby;
- 5 s. January 23, 2014—\$7,500 check made out to “Cash” signed by Ines
6 Crosby;
- 7 t. February 21, 2014—\$7,500 check made out to “Cash” signed by Ines
8 Crosby;
- 9 u. March 3, 2014—\$1,500 check made out to “Cash” signed by Ines
10 Crosby;
- 11 v. March 21, 2014—\$7,500 check made out to “Cash” signed by Ines
12 Crosby;
- 13 w. April 7, 2014—\$10,000 check made out to “Cash” signed by Ines
14 Crosby;
- 15 x. April 25, 2014—\$16,905 check made out to “Umpqua Bank” signed by
16 Ines Crosby;
- 17 y. May 5, 2014—\$59,839 check made out to “Umpqua Bank” signed by
18 Ines Crosby;
- 19 z. May 5, 2014—\$250,000 Money Market Withdrawal signed by Ines
20 Crosby; and
- 21 aa. May 12, 2014—\$2,000.00 check made out to “Umpqua Bank” signed by
22 Ines Crosby;

23 277. The RICO Defendants, reflecting the brazenness of their pattern of theft, would
24 also simply write checks to each other payable from the Tribe’s checking account at Abettor
25 Defendant Umpqua bank, often with false and pretextual check memos. For example, between
26 March 1, 2013 and April 7, 2014, every month, RICO Ringleader Ines Crosby wrote a check for
27 \$600 to RICO Defendant Sherry Myers, memoed simply “mileage.” In addition, during this
28 period, Ms. Crosby wrote Ms. Myers a check for \$10,800 and another for \$1,000, without any

1 indication of purpose in the checks' memos. There is no record of Ms. Myers ever submitting to
 2 the Tribe any requests for reimbursement that correspond with these payments. Similarly,
 3 during roughly the same period, RICO Ringleader Leslie Lohse wrote RICO Ringleader Ines
 4 Crosby seven checks totaling \$29,697.59. In the memo section of three of these checks the
 5 following false and pretextual memos are respectively written: "cultural video", "reimburse",
 6 and "cultural reimbursement". The rest do not have a memo. There is no record of Ms. Crosby
 7 ever submitting to the Tribe any requests for reimbursement that correspond with these
 8 payments. Notably, with just one exception, the only checks drawn on the Tribe's checking
 9 account at Umpqua Bank from 2013 through May of 2014 signed by someone other than RICO
 10 Ringleader Ines Crosby were *those made out to Defendant Ines Crosby*. These checks were
 11 signed by Leslie Lohse. The only other check signed by RICO Ringleader Leslie Lohse was a
 12 check for \$20,000 to the law firm that represented Mr. Lohse in an action brought by the Tribe
 13 in Tribal Court to enjoin her continued theft of Tribal money.

14 278. RICO Ringleader John Crosby, as a former accountant and FBI special agent
 15 focusing on white collar crime, was aware of CTR reporting requirements and instructed his
 16 mother and co-RICO Ringleader Ines Crosby to structure her withdrawals to avoid them. Ms.
 17 Crosby, following this advice, frequently made cash withdrawals from the Tribe's checking
 18 account at Abettor Umpqua Bank at levels structured to evade CTR requirements. Examples of
 19 this include without limitation fifteen checks for exactly \$7,500 made out to "Cash" by RICO
 20 Defendant Ines Crosby and cashed at the Umpqua Bank branch in Orland during the period
 21 from January 2013 through March 2014. In several instances, within two weeks or less of a
 22 \$7,500 cash withdrawal, RICO Ringleader Ines Crosby cashed checks made out to "Cash" in
 23 smaller denominations between \$1000 and \$6500 at the same branch of Abettor Defendant
 24 Umpqua Bank.

25 **2. The RICO Defendants Directly Stole Millions in Tribal Money from**
 26 **the Tribe's Bank Accounts at Cornerstone Bank**

27 279. The RICO Defendants also stole millions of dollars of the Tribe's money by
 28 simply withdrawing it in large lump sums from the bank accounts of the Tribe and PEC at

1 Cornerstone Bank. The Tribe did not authorize or consent to any of these payments, all of which
2 constitute conversion of Tribal money. This included without limitation:

3 • RICO Ringleader John Crosby's checkless withdrawal, on or
4 about August 17, 2011, of \$54,323.44 from a certain PEC bank account at Cornerstone
5 ("Cornerstone PEC Account X"), which Mr. Crosby then used to purchase a cashier's check to
6 the IRS to pay his personal income taxes.

7 • RICO Ringleader John Crosby's checkless withdrawal, on or
8 about September 21, 2011, of \$169,164.25 from Cornerstone PEC Account X, which Mr.
9 Crosby then used to purchase two cashier's checks to Corning Ford, used to purchase luxury
10 pickup trucks for RICO Defendants John and Ted Pata, as bribes to prevent their disclosure to
11 others in the Tribe that the RICO Ringleaders had purchased, for their personal use, a private jet
12 for over \$3.6 million with the Tribe's money.

13 • RICO Ringleader John Crosby's checkless withdrawal, on or
14 about September 26, 2011, of \$9,184.48 from Cornerstone PEC Account X, which Mr. Crosby
15 then used to purchase a cashier's check to Corning Ford, used to pay for a portion of a vehicle
16 for himself or another RICO Ringleader.

17 • RICO Ringleader John Crosby's checkless withdrawal, on or
18 about October 14, 2011, of \$58,065.40 from Cornerstone PEC Account X, which Mr. Crosby
19 then used to purchase a cashier's check to Corning Ford, used to purchase a vehicle for himself
20 or another RICO Ringleader.

21 • RICO Ringleader John Crosby's checkless withdrawal, on or
22 about October 19, 2011, of \$56,815.75 from Cornerstone PEC Account X, which Mr. Crosby
23 then used to purchase a cashier's check to Corning Ford, used to purchase a vehicle for himself
24 or another RICO Ringleader.

25 • RICO Ringleader John Crosby's checkless withdrawal, on or
26 about October 25, 2011, of \$27,000 from Cornerstone PEC Account X, which Mr. Crosby then
27 used to purchase a cashier's check to RICO Defendant Sherry Myers.

1 • RICO Ringleader John Crosby’s checkless withdrawal, on or
2 about January 10, 2012, of \$838,434.14 from Cornerstone PEC Account X, which Mr. Crosby
3 then used to purchase a cashier’s check made out to First American Title for the purchase of a
4 personal luxury home at 7857 Deer Hollow Court in Redding, California (the “Deer Hollow
5 Property”). Pictures of the Deer Hollow Property are attached hereto as **Exhibit B**.

6 • RICO Ringleader John Crosby’s checkless withdrawal, on or
7 about April 12, 2012, of \$11,685.24 from Cornerstone PEC Account X, which Mr. Crosby then
8 used to purchase a cashier’s check to Corning Ford, used to pay for a portion of a vehicle for
9 himself or another RICO Ringleader.

10 • RICO Ringleader John Crosby’s checkless withdrawal, on or
11 about July 19, 2012, of \$19,330.49 from Cornerstone PEC Account X, which Mr. Crosby then
12 used to purchase a cashier’s check to Corning Ford, used to purchase a vehicle for himself or
13 another RICO Ringleader.

14 • RICO Ringleader John Crosby’s checkless withdrawal, on or
15 about January 31, 2013, of \$66,900.00 from Cornerstone PEC Account X, which Mr. Crosby
16 then used to purchase a cashier’s check to Corning Chevrolet, used to purchase a Camaro ZL1;

17 • RICO Ringleader John Crosby’s withdrawal by check payable to
18 simply “Paskenta,” on or about May 21, 2013, of \$100,000;

19 • RICO Ringleader John Crosby’s checkless withdrawal, on or
20 about May 17, 2013, of \$53,373.40 from a certain PEC bank account at Cornerstone
21 (“Cornerstone PEC Account Y”);

22 • RICO Ringleader John Crosby’s checkless withdrawal, on or
23 about June 13, 2013, of \$61,327.75 from Cornerstone PEC Account Y; and

24 • RICO Ringleader John Crosby’s checkless withdrawal, on or
25 about April 3, 2014, of \$37,788.75 from Cornerstone PEC Account X, which Mr. Crosby then
26 used to purchase a cashier’s check to Corning Chevrolet, used to purchase a vehicle for himself
27 or another RICO Ringleader.

28

1 280. In addition, RICO Defendants John Crosby and Larry Lohse wrote checks for
2 large lump sums to each other and/or themselves from bank accounts of the Tribe and PEC at
3 Cornerstone that totaled hundreds of thousands of dollars. The Tribe did not authorize or
4 consent to any of these payments, all of which constitute conversion of Tribal money. These
5 included without limitation the following:

6 a. two \$50,000.00 checks from Cornerstone PEC Account X made payable
7 to RICO Ringleader John Crosby signed by RICO Ringleader Larry Lohse, which posted on or
8 about December 6, 2010;

9 b. two \$50,000.00 checks from Cornerstone PEC Account X made payable
10 to RICO Ringleader Larry Lohse signed by RICO Ringleader John Crosby, which posted on or
11 about December 8, 2010;

12 c. a \$42,790.60 check from Cornerstone PEC Account X made payable to
13 RICO Ringleader Larry Lohse signed by RICO Ringleader John Crosby, which posted on or
14 about December 27, 2010;

15 d. a \$6,175.00 check made payable to RICO Defendant John Crosby; a
16 \$6,175.00 check from Cornerstone PEC Account X made payable to RICO Ringleader John
17 Crosby signed by RICO Ringleader Larry Lohse, which posted on or about December 27, 2010;

18 e. a \$50,000.00 temporary check from Cornerstone PEC Account X made
19 payable to RICO Ringleader John Crosby signed by RICO Ringleader Larry Lohse, which
20 posted on or about August 12, 2011;

21 f. a \$50,000.00 temporary check from Cornerstone PEC Account X made
22 payable to RICO Ringleader Larry Lohse signed by RICO Ringleader John Crosby, which
23 posted on or about August 18, 2011,

24 g. a \$13,972.50 check from Cornerstone PEC Account X made payable to
25 RICO Ringleader Larry Lohse signed by RICO Ringleader John Crosby, which posted on or
26 about January 12, 2012;

h. a \$47,682.50 check from Cornerstone PEC Account X made payable to RICO Ringleader John Crosby signed by RICO Ringleader John Crosby, which posted on or about December 21, 2012;

i. a \$75,250.59 check from Cornerstone PEC Account X made payable to RICO Ringleader Larry Lohse signed by RICO Ringleader John Crosby, which posted on or about January 9, 2013;

j. a \$33,080.00 check from Cornerstone PEC Account X made payable to RICO Ringleader John Crosby signed by RICO Ringleader John Crosby, which posted on or about May 16, 2013; and,

k. a \$63,410.84 check from Cornerstone PEC Account X made payable to RICO Ringleader Larry Lohse signed by RICO Ringleader John Crosby, which posted on or about June 4, 2013.

3. The RICO Defendants Directly Stole Several Hundred Thousand Dollars in Tribal Money from the Tribe's Bank Accounts at US Bank

281. RICO Ringleader Ines Crosby has admitted that the RICO Defendants made cash payments to each other out of the Tribe's bank accounts at US Bank.

282. The Tribe's investigation is continuing. However, from 2008 through 2013, RICO Ringleaders Ines Crosby and Leslie Lohse wrote approximately \$220,000 in checks to themselves, their co-RICO Ringleaders John Crosby and Larry Lohse, and their co-RICO Defendant Sherry Myers from the Tribe's accounts at US Bank. The Tribe did not authorize or consent to any of these payments, all of which constitute conversion of Tribal money.

283. By far the largest recipient of Tribal money taken in this way was RICO Ringleader Ines Crosby. From 2008 through 2013, RICO Ringleader Leslie Lohse wrote Ms. Crosby thirty checks from the Tribe's checking accounts at US Bank that collectively totaled approximately \$190,000, and Ms. Crosby wrote another approximately \$4,000 in checks from the accounts directly to herself.

284. Many of the memos in the checks contain false and pretextual descriptions. For example, during an approximately six month period beginning on December 16, 2008 and

ending on June 26, 2009, Leslie Lohse wrote 11 checks from one of the Tribe's US Bank checking accounts to Ines Crosby for amounts totaling approximately \$65,000. All but one of these checks contain a false and pretextual memo, including checks for \$4,844.34 and \$4,621.04, which cleared respectively on February 6, 2009 and February 9, 2009. The memos for these checks read "lang. conf. reimburse" and "languag conf."

4. The RICO Defendants Directly Stole Tens of Thousands in Tribal Money from the Tribe's Bank Accounts at Rabobank

285. The RICO Defendants also stole tens of thousands of dollars in Tribal Money from the Tribe's bank accounts at Rabobank, formerly known as Butte Community Bank, by writing checks payable to themselves from the Tribe's account, including without limitation **\$69,789.13** in checks written by Leslie Lohse to herself and cashed from October 16, 2007 through January 24, 2008. The Tribe did not authorize or consent to any of these payments, all of which constitute conversion of Tribal money.

5. The RICO Defendants Directly Stole Tens of Thousands in Tribal Money from the Tribe's Bank Accounts at Premier West Bank

286. The RICO Defendants also stole tens of thousands of dollars in Tribal Money from the Tribe's bank accounts at Premier West Bank, by writing checks payable to Premier West Bank from the Tribe's account. The former includes without limitation three checks for a total of **\$80,100.00** in checks cashed on 1/5/09, 2/3/10, and 1/19/11. The Tribe did not authorize or consent to any of these payments, all of which constitute conversion of Tribal money.

C. The RICO Ringleaders Used Their Control of the Tribe's Bank Accounts to Conduct Fraudulent Transactions that Resulted in the Transfer of Tribal Money to the RICO Ringleaders

287. In April and May of 2014, around the time the Tribe started to discover the RICO Defendants' criminal enterprise and initiated actions to remove the RICO Ringleaders from control of the Tribe, the RICO Ringleaders threw caution to the wind and withdrew as much money as they could from the Tribe's bank accounts. However, prior to that, when the RICO Ringleaders desired to steal very large lump sums of the Tribe's money—*i.e.*, in the hundreds of thousands as opposed to the tens of thousands that they would routinely steal from the Tribe's bank accounts—they would, on occasion, conduct large fraudulent transactions using the

1 Tribe's money, in the course of which the Tribe's money would end up in the pockets of the
2 RICO Ringleaders. The RICO Ringleaders' purpose in doing so was to disguise their theft. The
3 RICO Ringleaders' co-RICO Defendants substantially assisted the RICO Ringleaders in these
4 actions.

5 288. The Tribe's investigation is ongoing, and there are numerous suspicious
6 transactions in the dozens of bank accounts opened by the RICO Ringleaders in the name of the
7 Tribe and Tribe-Owned Business. As the RICO Ringleaders intended, detangling these
8 transactions in order to follow the money is complicated and time-consuming. However, the
9 Tribe has already identified several fraudulent transactions in which the RICO Ringleaders
10 engaged with the Tribe's money that ultimately resulted in most or all of that money going into
11 their pockets. The Tribe did not authorize or consent to any of these payments, all of which
12 constitute conversion of Tribal money. These include without limitation the following.

13 **1. Fraudulent Circuit Transactions in the Tribe's Accounts at Tri**
14 **Counties Bank**

15 289. In 2011 and 2013, at roughly the same time of year, the RICO Ringleaders
16 engaged in a series of transactions, in which the RICO Ringleaders deposited hundreds of
17 thousands of dollars in the Tribe's bank accounts at Tri Counties Bank and then within a matter
18 of days caused hundreds of thousands of dollars of those deposits to be paid to the RICO
19 Ringleaders in cash.

20 290. The first is a series of deposits, transfers, and account closures, in the span of
21 four days in November of 2011 involving three Tribe accounts at Tri Counties Bank, "TCB
22 Tribe Account X", "TCB Tribe Account Y", and "TCP Tribe Account Z." Through this series
23 of transactions, the RICO Ringleaders stole \$791,602.24 of the Tribe's money deposited at Tri
24 Counties Bank.

25 291. On or about November 21, 2011, the RICO Ringleaders caused a deposit of
26 \$900,000 to be made into Account X, at a Tri Counties Bank branch in Chico, California.
27
28

1 292. The same day, the RICO Ringleaders, using a check, transferred \$737,200 from
2 TCB Tribe Account X to TCB Tribe Account Y at the same Tri Counties Bank branch in Chico,
3 California.

4 293. Then, on or about November 23, 2011, the RICO Ringleaders caused the
5 remaining \$2,165,760.12 of Tribal funds in TCB Tribe Account X to be transferred to the newly
6 established TCB Tribe Account Z, zeroing out TCB Tribe Account X, at the same Tri Counties
7 Bank branch in Chico, California.

8 294. Next, on or about November 25, 2011, the RICO Ringleaders closed TCB Tribe
9 Account Y—ironically choosing “fraud” as the pretextual reason—causing \$791,602.24, the
10 balance of the Tribe’s money in TCB Tribe Account X to be paid to the RICO Ringleaders, at
11 the same Tri Counties Bank branch in Chico, California.

12 295. There were no transactions in Account Y between the RICO Defendants’ transfer
13 of \$737,200 to it from TCB Tribe Account X, on November 21, 2011, and their closure of it, on
14 November 25, 2011. Thus, the bulk of \$791,602.24 that the RICO Ringleaders took from TCB
15 Tribe Account Y upon its closure came from TCB Tribe Account X.

16 296. There was no legitimate reason for this series of transactions. Rather, the
17 maneuvers were conducted for the purpose, and with the resulting effect of, obscuring the RICO
18 Ringleaders’ theft of approximately \$800,000 from the Tribe.

19 297. In November and December of 2013, the RICO Ringleaders engaged in a
20 similar, but less complex, series of transactions in TCB Tribe Account Z at the same Tri
21 Counties Bank branch in Chico, California that together resulted in the RICO Ringleaders’ theft
22 of over \$1.5 million from the Tribe.

23 298. On or about November 25, 2013, the RICO Ringleaders caused \$760,000 to be
24 deposited in TCB Tribe Account Z; and then, on the same day, withdrew the same amount.

25 299. Then, approximately one month later, on or about December 20, 2013, the RICO
26 Ringleaders did the exact same thing, causing TCB Tribe \$760,000 to be deposited in Account
27 Z; and then, on the same day, withdrew the same amount.

28

1 300. There was no legitimate reason for these round-trip transactions; rather, they
2 were done with the purpose and effect of hiding the RICO Defendants' theft of over \$1.5
3 million from the Tribe.

4 **2. \$192,000 Loan of Tribal Money to RICO Ringleader Ines Crosby's**
5 **Future Brother-In-Law**

6 301. As discussed below, in March of 2013, for the benefit of RICO Ringleader Ines
7 Crosby's sister, the RICO Ringleaders caused PEC to purchase a property in the Tahoe region
8 in order to assist her sister's future husband, Lawrence Tracy, and his then wife finalize their
9 divorce.

10 302. However, roughly simultaneously with this, the RICO Ringleaders, with the
11 substantial assistance of Abettor Defendant Umpqua Bank and their co-RICO Defendants Ted
12 and Jon Pata, arranged a transaction whereby \$192,000 of the Tribe's money was loaned to Mr.
13 Tracy but was ultimately repaid to RICO Ringleader Ines Crosby.

14 303. On January 14, 2013, RICO Ringleader Ines Crosby and Mr. Tracy executed a
15 loan agreement providing for Ms. Crosby to loan Mr. Tracy \$192,000 on January 15, 2013,
16 interest on which, at 3.5% annual, to be paid monthly and the principal to be repaid on August
17 13, 2013. The loan was made to allow Mr. Tracy and Ms. Crosby's sister to purchase a new
18 home.

19 304. On January 15, 2013, with the substantial assistance of Abettor Defendant
20 Umpqua Bank, Ms. Crosby withdrew, at Umpqua's Orland branch, \$191,750 in cash from the
21 Tribe's money market account there. She then gave this money to Mr. Tracy pursuant to the
22 loan Agreement.

23 305. On September 27, 2013, Mr. Tracy had a cashier's check drawn in the amount of
24 \$192,000 payable to Ms. Crosby in satisfaction of the loan.

25 306. Despite having used the Tribe's money to make the loan, Ms. Crosby did not
26 endorse the check to the Tribe and deposit it into the Tribe's money market account at Umpqua
27 Bank from whence the money came or otherwise return the money to the Tribe. Instead, on
28 October 10, 2013, Ms. Crosby, with the substantial assistance and knowing participation of her

1 co-RICO Defendants Ted and Jon Pata, cashed the check at the Casino, leaving with literally
2 shopping bags full of cash. Ms. Crosby did not deposit any portion of these funds in any Tribal
3 bank account or otherwise return it to the Tribe, converting the \$191,750 in Tribal money
4 loaned to Mr. Tracy for herself.

5 307. RICO Ringleader Ines Crosby was substantially assisted in this theft by her co-
6 RICO Defendants and Pata family members, Ted and Jon Pata. As discussed herein, the RICO
7 Ringleaders placed Ted and Jon Pata in the positions of Tribal Gaming Commissioners in order
8 to further their criminal scheme to defraud the Tribe. In the role of Gaming Commissioners,
9 RICO Defendants Ted and Jon Pata had control over surveillance and certain reporting
10 obligations in the Casino. In this position, RICO Defendants Ted and Jon Pata set and enforced
11 a policy among the Casino's surveillance staff not to surveil or report any conduct or
12 transactions by members of the Pata family, including particularly that of the RICO
13 Ringleaders, in the Casino or other areas in which surveillance occurred.

14 308. In the October 10, 2013 incident, in particular, RICO Defendant Jon Pata
15 specifically ordered the two surveillance staff on duty at the time not to record or report the
16 transaction by which Ms. Crosby cashed the \$192,000 check from Mr. Tracy and left the Casino
17 with shopping bags full of Tribal money. The purpose and intent of RICO Defendant Jon Pata
18 was to hide Ms. Crosby's theft from discovery by other members of the Tribe. In addition to
19 ordering the surveillance staff not to record or report the transaction, RICO Defendant Jon Pata
20 ordered them not to discuss the transaction with anyone and threatened them with termination if
21 he discovered that they had discussed the transaction.

22 309. While RICO Defendant Jon Pata was watching on the Casino's surveillance
23 system, his co-RICO Defendant Ted Pata took up a position in front of the location at which the
24 transaction was taking place in the Casino, which is known as "the cage," barring any access to
25 the cage until Ms. Crosby had completed her theft.
26
27
28

1 **3. After Using the Tribe's Money to Purchase Luxury Homes for**
2 **Himself, RICO Ringleader John Crosby Took Out Large Home**
3 **Equity Loans on the Homes**

4 310. As discussed herein, RICO Ringleader John Crosby, without proper authorization
5 from the Tribe or its consent, used the Tribe's money to purchase luxury homes for him. This
6 included without limitation the purchase of the Deer Hollow Property, in connection with which
7 Mr. Crosby withdrew \$838,434.14 from Cornerstone PEC Account X for the purchase of a
8 cashier's check of the same amount made out to the escrow company to complete the purchase
9 of the home for approximately the same amount.

10 311. RICO Ringleader Crosby's goal in conducting these transactions was not,
11 however, simply to cause the Tribe to pay for his luxury homes. Indeed, at the time Mr. Crosby
12 converted the Tribe's money to purchase the Deer Hollow Property, he was already living in a
13 different luxury home in the same neighborhood that he had purchased with money converted
14 from the Tribe.

15 312. Rather, these were means by which RICO Ringleader Crosby disguised what
16 were, in reality, thefts of large lump sums in cash for the Tribe: after using the Tribe's money to
17 purchase large luxury homes for himself, Mr. Crosby would then take the Tribe's money out of
18 the homes by encumbering them with home equity lines of credit ("HELOCs") that he used for
19 his benefit. The Tribe never authorized or consented to him doing so.

20 313. For example, approximately four months after purchasing the Deer Hollow
21 Property, in or about January 2012, using approximately \$840,000 of the Tribe's money
22 withdrawn from Cornerstone PEC Account X, Mr. Crosby then took out a \$200,000 HELOC
23 secured by the Deer Hollow Property. The lender for this HELOC was Cornerstone.

24 314. Approximately 6 months later, Mr. Crosby effectively withdrew another
25 approximately \$417,000 in cash of the Tribe's money from the Deer Hollow Property. This
26 time, he took out a HELOC for approximately \$417,000 on the property from Quicken Loans.
27 In order to complete this loan, it was necessary for Cornerstone to agree to subordinate its loan
28 to Quicken, which it agreed to do.

1 315. It is further relevant to note, that, as discussed herein, at approximately the same
2 time as RICO Ringleader Crosby was taking the equity out of the Deer Hollow property in this
3 manner, he was using the Tribe's money, without its authorization or consent, to pay for
4 approximately \$660,000 in renovations to the Deer Hollow Property.

5 **D. The RICO Ringleaders, with Substantial Assistance from Abettor**
6 **Defendants Umpqua Bank Used, Without Authorization or Consent,**
7 **Millions of Dollars of the Tribe's Money to Purchase Goods and Services**
8 **Personally Consumed by the RICO Defendants**

9 316. Apparently not satisfied with millions of dollars that they caused the Tribe to pay
10 them in extremely excessive and improper compensation and the millions more they embezzled
11 from the Tribe in cash taken from its bank accounts, the RICO Ringleaders also used their
12 control over the Tribe and its bank accounts to cause the Tribe to purchase millions of dollars in
13 goods and services personally consumed by the RICO Defendants and/or their friends and
14 family.

15 317. The RICO Ringleaders used Tribal funds to purchase for themselves and their
16 friends and family all the trappings of a billionaire lifestyle, including without limitation regular
17 private jet travel, luxury homes, luxury cars, hundreds of thousands of dollars in home
18 improvements, gold and jewelry, and hundreds of thousands of dollars in tickets and other
19 expenses related to high profile sporting events.

20 318. The RICO Defendants admit to having extensively used the Tribe's money in this
21 way to directly pay for their own extravagant lifestyle. However, they claim that they were
22 authorized to do so, occasionally (and inconsistently) basing their claims on a fabricated \$5
23 million line of credit, discussed herein, that they falsely claim the Tribe granted each of them.
24 These claims are false. The Tribe authorized none of these payments of Tribal money for the
25 RICO Ringleaders' benefit and it never consented to them. While RICO Ringleader John
26 Crosby has an accounting degree and RICO Ringleader Leslie Lohse worked as a bookkeeper
27 for many years, the RICO Ringleaders claim not to have maintained records of these purchases,
28 belying their claim that the purchases were authorized and/or made pursuant to these fictional

lines of credit. Accordingly, the Tribe is still in the process of identifying the full extent of their theft of Tribal money in this manner.

319. In this enterprise, the RICO Ringleaders were given substantial assistance by their co-RICO Defendant Sherry Meyers, who knowingly arranged and facilitated many of the purchases with Tribal money of personal goods and services for the RICO Ringleaders, Abettor Defendants Umpqua Bank, who knowingly, and/or in breach of its duties of care to the Tribe, provided the RICO Ringleaders unchecked access to the Tribe's money on deposit with them and facilitated these unauthorized purchases with Tribal funds, and the Patriot Defendants, who knowingly facilitated RICO Ringleader John Crosby's theft of approximately \$160,000 of Tribal money through a purchase of precious metals.

1. The RICO Ringleaders Caused the Tribe to Pay for Tens of Millions of Dollars in Personal Travel by Private Jet for Them and Their Family Members

320. Over the last ten years, the RICO Ringleaders racked up approximately **\$17 million** worth of travel on private jets paid for by the Tribe, the great bulk of which was for their own personal benefit, as well as that of their friends and family. This included without limitation the following unauthorized and unconsented instances of personal use: (1) approximately 134 trips by RICO Ringleaders Larry and Leslie Lohse to Glendale, Arizona, where one of their sons lived; (2) trips by RICO Ringleaders Larry and Leslie Lohse to World Series games in which another of their sons—Kyle Lohse of the Saint Louis Cardinals—pitched; (3) approximately 40 trips by RICO Ringleader John Crosby and his family to Provo, Utah, where their relatives lived; (4) numerous trips by RICO Ringleader John Crosby to attend luxury sporting event junkets, including to New Orleans to attend the 2012 NCAA Basketball Final Four; (5) nearly eighty trips from Chico to Redding, less than 75 miles away; (4) many trips (40 in 2013 alone) from Corning to Sacramento (where Defendants had floor-level season tickets for the Sacramento Kings), a trip that takes less than two and a half hours by car; and (5) numerous trips by Kyle Lohse and his Cardinals teammates.

1 321. In fact, so common was the unauthorized and unconsented instances of personal
2 use by Kyle Lohse and his Cardinal teammates that at certain airports the plane became known
3 to airport employees as, paraphrasing, “the plane that the baseball players always use.”

4 322. In a concession that they used the Tribe’s money to pay for extensive personal
5 private jet travel, certain RICO Ringleaders have claimed that their use of the Tribe’s money in
6 this way was pursuant to the fictional \$5 million lines of credit that the four RICO Ringleaders
7 claim to have been given by the Tribe. Others, recognizing that the cost of the personal jet travel
8 they consumed at the Tribe’s expense was well in excess of their fictionalized credit, have not
9 sought to justify it all. And there is no record that any of the RICO Ringleaders have ever
10 reported the personal travel expenses paid for by the Tribe on their taxes.

11 323. In fact, the Tribe never authorized or consented to the RICO Ringleaders using
12 the Tribe’s money to pay for personal private jet travel; and, indeed, the Tribe had no legitimate
13 business or governmental need for any type of private jet ownership, fractional or entire.
14 Nonetheless, the RICO Ringleaders caused the Tribe to first purchase fractional ownership
15 interests in private jets and then purchase an entire jet, which were used almost exclusively for
16 the RICO Ringleaders’ personal purposes. This constituted a conversion—a theft—of Tribal
17 resources.

18 324. So predominant was the personal use by the RICO Ringleaders of the private jets
19 for which they caused the Tribe to pay that most in the Tribe had no idea that the Tribe had any
20 ownership interest in a private plane. This was an intentional result. Evidencing their
21 recognition that the use of Tribal money to pay for this massive amount of extraordinarily
22 expensive and wasteful private jet travel was unauthorized, unconsented to, and improper, the
23 RICO Ringleaders, as part of their larger strategy to hide from the Tribe information that would
24 allow it to discover the RICO Ringleaders’ scheme to defraud it, took extraordinary actions to
25 hide their use of the Tribe’s money for this purpose.

26 325. Indeed, when RICO Defendants John and Ted Pata, who were members of the
27 Tribal Gaming Commission, discovered that the RICO Ringleaders had caused the Tribe to
28 purchase a new jet for approximately \$3,600,000 in or around December 2010, of which the

1 aforementioned \$3,100,000 wire was a part, RICO Ringleader John Crosby bribed each with a
2 brand new \$75,000 plus truck to buy their silence concerning the purchase. As discussed herein,
3 RICO Ringleader John Crosby, true to form, converted Tribal money in Cornerstone PEC
4 Account X to purchase the trucks that he used for these bribes.

5 **2. The RICO Ringleaders Used Tribal Money to Pay for Two Luxury**
6 **Homes for RICO Ringleader John Crosby and Extensive**
7 **Renovations to the Homes of all Four RICO Ringleaders**

8 326. As discussed herein, RICO Ringleader John Crosby embezzled approximately
9 \$840,000 of the Tribe's money deposited in Cornerstone PEC Account X to purchase the Deer
10 Hollow Property in 2012, but falsely claims that he was entitled to do so based on the fictional
11 \$5 million line of credit in his Fraudulent Employment Agreement. Records from Cornerstone
12 Bank record a payment of **\$838,434.14** that the RICO Ringleader John Crosby caused to be
13 made using a cashier's check purchased with money withdrawn from Cornerstone PEC Account
14 X on or about January 10, 2012 for the purchase of the home. As discussed above, in the
15 following ten months, he then proceeded to withdraw approximately \$620,000 of equity from
16 the property through two HELOCs secured by the property. Neither the use of the Tribe's
17 money to purchase the Deer Hollow Property nor his withdrawal of approximately \$620,000 of
18 the Tribe's equity from the house through these HELOCs was authorized by or consented to by
19 the Tribe.

20 327. This, however, was not the only luxury home that RICO Ringleader John Crosby
21 used Tribal money to purchase, without the Tribe's authorization or consent. Previously, RICO
22 Ringleader John Crosby had done the same thing with a different house.

23 328. While the Deer Hollow Property was already highly luxurious, as purchased with
24 the Tribe's money, the RICO Ringleaders caused the Tribe to spend at least another
25 **approximately \$650,000 on renovations to the property.** They did so, in large part, by simply
26 writing large checks to various vendors from the Cornerstone PEC Account X signed by RICO
27 Ringleader John Crosby. These include without limitation:
28

1 a. Payments **totaling at least approximately \$420,000** made to Guiton's
2 Inc. a pool contractor, for grading, walls, pool, and other yard improvements at Deer Hollow
3 Property, including:

4 • a check from Cornerstone PEC Account X for \$74,826.50 that
5 cleared on or around May 24, 2012;

6 • a check from Cornerstone PEC Account X for \$119,131.00 that
7 cleared on or around June 7, 2012;

8 • a check from Cornerstone PEC Account X for \$81,558.00 that
9 cleared on or around July 20, 2012;

10 • a check from Cornerstone PEC Account X for \$49,097.92 that
11 cleared on or around August 20, 2012;

12 • a check from Cornerstone PEC Account X for \$11,021.98 that
13 cleared on or around October 18, 2012;

14 • a check from Cornerstone PEC Account X for \$59,594.25 that
15 cleared on or around March 21, 2013;

16 • a check from Cornerstone PEC Account X for \$15,891.80 that
17 cleared on or around June 17, 2013; and

18 • a check from Cornerstone PEC Account X for \$9,171.53 that
19 cleared on or around July 23, 2013.

20 b. Payments **totaling at least approximately \$31,690.00** made to Gerety's
21 Inc. for landscaping work at the Deer Hollow Property, including:

22 • a check from Cornerstone PEC Account X for \$14,805.00 that
23 cleared on or around March 25, 2013; and

24 • a check from Cornerstone PEC Account X for \$16,885.00 that
25 cleared on or around July 24, 2013.

26 c. Payments **totaling at least approximately \$75,548.00** made to Tribe-
27 Owned Business "E" for materials for the construction of a vehicle storage building at the Deer
28

Hollow Property in which RICO Ringleader John Crosby stored the numerous luxury vehicles that he purchased with money stolen from the Tribe, including:

- a check from Cornerstone PEC Account X for \$60,617.34 that cleared on or around August 22, 2012; and

- a check from Cornerstone PEC Account X for \$14,930.66 that cleared on or around September 14, 2012.

d. Payments **totaling at least approximately \$80,926.55** made to Peters Construction Co. for home renovation work at the Deer Hollow Property, including:

- a check from Cornerstone PEC Account X for \$34,100.55 that cleared on or around August 2, 2012;

- a check from Cornerstone PEC Account X for \$39,691.00 that cleared on or around September 14, 2012; and

- a check from Cornerstone PEC Account X for \$7,135.00 that cleared on or around October 18, 2012.

e. Payments **totaling at least approximately \$35,751.25** made to Tig Tech Inc. for construction of iron fencing at the Deer Hollow Property, including:

- a check from Cornerstone PEC Account X for \$14,271.25 that cleared on or around August 17, 2012;

- a check from Cornerstone PEC Account X for \$8,800.00 that cleared on or around March 7, 2013; and

- a check from Cornerstone PEC Account X for \$12,680.00 that cleared on or around October 9, 2013.

f. Payment of **at least approximately \$6,924.00** to Town & Country Inc. for interior design work at the Deer Hollow property including a check from Cornerstone PEC Account X for that amount, which cleared on or around February 15, 2012.

329. RICO Ringleader John Crosby further caused the Tribe to pay, via a check from the Cornerstone PEC Account X for \$31,567.85 that cleared on or around September 4, 2013, a property tax bill that RICO Ringleader John Crosby owed for the Deer Hollow Property.

330. As discussed herein, roughly simultaneously with the expenditures from Cornerstone PEC Account X for renovations to the Deer Hollow Property, RICO Ringleader John Crosby withdrew approximately \$620,000 in equity from the Deer Hollow Property through two HELOCs.

331. RICO Defendant John Crosby on November 6, 2014 listed the Deer Hollow property for sale at an asking price of \$1,500,000; the listing was recently removed.

332. The RICO Defendants also caused the Tribe to spend **at least approximately \$98,000** on the construction of a koi pond in the yard of RICO Ringleader Ines Crosby's home. They did so, again, by simply writing large checks to Guiton's from the Cornerstone PEC Account X signed by RICO Ringleader John Crosby. These include:

- a check from Cornerstone PEC Account X for \$8,658.88 that cleared on or around December 27, 2011;
- a check from Cornerstone PEC Account X for \$17,824.00 that cleared on or around January 17, 2012;
- a check from Cornerstone PEC Account X for \$49,016.00 that cleared on or around January 24, 2012;
- a check from Cornerstone PEC Account X for \$17,824.00 that cleared on or around March 1, 2012; and
- a check from Cornerstone PEC Account X for \$4,456.00 that cleared on or around May 24, 2012.

333. In 2009, the RICO Ringleaders also used Tribal money to conduct substantial renovations of the home of RICO Ringleaders Leslie and Larry Lohse.

3. The RICO Ringleaders Caused the Tribe to Purchase Numerous Luxury Vehicles for Them and Their Co-RICO Defendants, with Substantial Assistance from Umpqua Bank

334. The RICO Ringleaders caused the Tribe to spend **well over approximately \$660,000** for luxury vehicles purchased for the RICO Defendants—including a Boss 302 limited-production Mustang convertible, a 650-horsepower Shelby Mustang, and a Camaro ZL1 for RICO Ringleader John Crosby, two luxury Mercedes for RICO Ringleader Ines Crosby, and

several luxury pickup trucks and SUVs for RICO Ringleaders Larry and Leslie Lohse. The RICO Ringleaders do not deny that this occurred, but claim they were entitled to do so based the fictional \$5 million dollar line of credit in their Fraudulent Employment Agreements.

335. As discussed herein, over the course of just three years, RICO Ringleader John Crosby withdrew **at least approximately \$430,000** of the Tribe's money from Cornerstone PEC Account X to purchase luxury vehicles for himself and other RICO Defendants, including as payments for the silence of his co-RICO Defendants John and Ted Pata.

336. In addition, over the same period, RICO Ringleader John Crosby, wrote checks from the same Cornerstone PEC Account X to Corning Ford totaling approximately another **\$131,000** for even more luxury vehicles for himself and/or other RICO Defendants, including:

- a check from Cornerstone PEC Account X for \$45,621.75 that cleared on or around April 15, 2011;
- a check from Cornerstone PEC Account X for \$74,429.88 that cleared on or around July 31, 2012; and
- a check from Cornerstone PEC Account X for \$20,209.75 that cleared on or around November 19, 2013.

337. Additional purchases of vehicles that the RICO Defendants caused the Tribe to make for them include without limitation: the purchase, on or around March 21, 2014 of a vehicle for RICO Ringleader Ines Crosby from Mercedes Benz of Rocklin by check for **\$93,331.05** drawn from a Tribe account at Umpqua; the purchase, on or around September 20, 2013, of a vehicle from Crown Motors by check for **\$24,542.88** drawn from Cornerstone PEC Account Y; and an additional purchase of a Mercedes vehicle for RICO Ringleader Ines Crosby.

338. While the RICO Ringleaders have falsely sought to justify this ridiculous theft of Tribal money as authorized under the fictional \$5 million lines of credit, RICO Ringleader John Crosby, evidencing his awareness of the falsity of that claim, soon after his removal from control by the Tribe, moved his extensive collection of luxury cars purchased with Tribal money out of the Deer Hollow Property, literally in the middle of the night. Given the number of such

1 vehicles he was required to hire a sixteen-wheel car carrier, of the type used by car dealers, to
2 move the vehicles.

3 339. The RICO Ringleaders could not have converted the Tribe's money in this way
4 without substantial assistance from Abettor Defendant Umpqua Bank. Abettor Defendant
5 Umpqua Bank facilitated this conversion of Tribal money by the RICO Ringleaders, and their
6 related breaches of their fiduciary duties, by executing the foregoing and other similar
7 transactions by the RICO Ringleaders with the Tribe's money. It did so knowing that these
8 transactions constituted conversions of the Tribe's money and breaches of the RICO
9 Ringleaders' fiduciary duties and/or without fulfilling its duty to the Tribe to make an inquiry
10 into their propriety.

11 **4. The RICO Ringleaders Used Tribal Money to Pay for Numerous**
12 **Luxury Sporting Events for Themselves**

13 340. The RICO Ringleaders, without the Tribe's authorization or consent, used
14 **approximately \$1.2 million** of the Tribe's money to pay for tickets and other expenses (not
15 including the cost of their frequent use of a private jet paid for by the Tribe for related travel)
16 for sporting events attended by the RICO Ringleaders, including at least approximately \$1
17 million for floor-level Sacramento Kings tickets every year from 2006 through the first part of
18 2014, and luxury trips to attend the 2008, 2010 and 2011 U.S. Open, the 2010 Masters, and the
19 2012 NCAA Final Four.

20 341. This included several super luxurious ticket packages put together by Marcus
21 Evans, Inc., which cost the Tribe tens of thousands of dollars per event. Without the Tribe's
22 authorization or consent, the RICO Ringleaders wired money from Cornerstone PEC Account X
23 to the bank account of Marcus Evans, Inc. to pay for these packages, including without
24 limitation:

25 • wires for \$34,950 on or around September 30, 2009 and for
26 \$11,550 on or around December 17, 2009 for a luxury 2010 Masters Golf Tournament package
27 in Augusta, Georgia;
28

1 • wires for \$29,100 on or around January 29, 2010 and for \$1,650
2 on or around March 1, 2010 for a luxury 2010 US Open Golf Tournament package in Pebble
3 Beach, California;

4 • wires for \$19,500 on or around March 15, 2010 and for \$14,600
5 on or around May 28, 2010 for a luxury 2011 US Open Golf Tournament package in Bethesda,
6 Maryland;

7 • wires for \$12,500 on or around September 30, 2011 for a luxury
8 2012 NCAA Final Four Basketball Tournament package in New Orleans, Louisiana; and

9 • a wire for \$26,750.00 on or around March 6, 2012 for a luxury
10 2012 US Open Golf Tournament package in San Francisco, California.

11 **5. The RICO Ringleaders, with Substantial Assistance from Abettor**
12 **Defendants Umpqua Bank and The Patriot, Used Tribal Money to**
 Pay for Numerous other Personal Expenses

13 342. In addition to the foregoing, the RICO Ringleaders used Tribal money to pay for
14 millions more in other personal expenses, which they falsely claim they were entitled to do
15 pursuant to the fictional \$5 million lines of credit in the Fraudulent Employment Agreements.
16 These expenses, which the Tribe is still investigating, were unauthorized and unconsented to by
17 the Tribe.

18 343. One of the principal means by which the RICO Defendants accomplished this
19 conversion was by causing the Tribe to pay credit card bills that the RICO Defendants incurred
20 in purchasing goods and services for themselves. For example, based only on its preliminary
21 investigation, the Tribe has identified approximately **\$3 million** paid from the Tribe's bank
22 accounts for this purpose. This amount includes, without limitation, \$2,394,386 in payments to
23 American Express during the period of 2003 through a portion of 2014.

24 344. In fact, for just the period of February 2013 through March 2014, the RICO
25 Ringleaders caused \$472,981.14 in American Express bills to be paid via the Automatic
26 Clearing House ("ACH") system from the Tribe's checking account at Abettor Defendant
27 Umpqua Bank, including the following extraordinarily high monthly bills:

28 • \$52,955.44 paid on or around March 22, 2013;

- \$116,252.31 paid on or around May 22, 2013;
- \$40,472.29 paid on or around June 17, 2013;
- \$59,589.69 paid on or around August 2, 2013;
- \$50,817.57 paid on or around September 11, 2013;
- \$32,829.67 paid on or around October 7, 2013; and
- \$35,952.15 paid on or around January 17, 2014.

345. The Tribe is in the process of gathering more specific information regarding the unauthorized and unconsented to personal purchases that the RICO Ringleaders made with the Tribe's money via credit cards in this manner—a practice which RICO Ringleaders admit to having regularly done. However, the following charges from 2006 and 2007 are illustrative:

- \$685.77 on or around November 17, 2006 for The Spa Resort;
- \$127.93 on or around November 21, 2006 for DirecTV;
- \$342.23 on or around December 30, 2006 for Estrella Mountain Golf;
- \$1,000.00 on or around January 26, 2007 for Fifth Avenue Limousine;
- \$2,625.46 on or around March 31, 2007 for Sears Roebuck (2 charges);
- \$1,285.69 on or around May 5-6, 2007 for La Costa Resort & Spa (5 charges);
- \$12,608.65 in or around March 2010 for airfare, hotel, car rental and golf expenses in Puerto Rico; and
- \$1,246.92 on or around April 2, 2011 for Best Buy.

346. The RICO Ringleaders would also frequently simply write checks from the Tribe's bank accounts for their personal purchases, large and small, as though these account were the RICO Ringleaders' own. Again, the RICO Ringleaders admit to doing so, but claim they were entitled to do so pursuant to the fictional \$5 million lines of credit.

347. In addition to those checks already discussed herein, these included without limitation the following checks written by RICO Ringleader John Crosby from Cornerstone PEC Account X:

- a check for \$813 to the DMV to pay for the registration of a personal vehicle of a RICO Ringleader that posted on or around December 1, 2011;
- two checks, totaling \$453, to the DMV to pay for the registration of a personal vehicle of a RICO Ringleader that posted on or around December 2, 2011;
- a check for \$359 to the DMV to pay for the registration of a personal vehicle of a RICO Ringleader that posted on or around March 2, 2012;
- a check for \$660 to the DMV to pay for the registration of a personal vehicle of a RICO Ringleader that posted on or around August 28, 2012;
- a check for \$669 to the DMV to pay for the registration of a personal vehicle of a RICO Ringleader that posted on or around August 29, 2012;
- a check for \$9,408 to The Patriot for gold that posted on or around April 15, 2013;
- a check for \$372 to the DMV to pay the registration for a personal vehicle of a RICO Ringleader that posted on or around April 29, 2013;
- eight separate checks, totaling \$150,382.95 to The Patriot for gold that posted on or around June 6, 2013;
- a check for \$24,000 to Liberty Christian Schools in Redding, California for the tuition of one or more children of RICO Ringleader John Crosby that posted on or around September 10, 2013; and
- a check for \$632 to the DMV to pay for the registration of a personal vehicle of a RICO Ringleader that posted on or around November 7, 2013.

348. These also included without limitation monthly checks of \$2,050 to Whole Body Fitness written from the Tribe's checking account at Abettor Defendant Umpqua Bank by RICO Ringleader Ines Crosby, which totaled \$32,800 for just the period of January 2013 through April of 2014, and a check of \$20,000 to Galanda Broadman—a law firm that the RICO

1 Ringleaders hired to defend them—written from the Tribe’s checking account at Abettor
2 Defendant Umpqua Bank by RICO Ringleader Leslie Lohse that posted on or around April 23,
3 2014.

4 349. The RICO Ringleaders could not have converted the Tribe’s money in this way
5 without substantial assistance from Abettor Defendant Umpqua Bank. Abettor Defendant
6 Umpqua Bank facilitated this conversion of Tribal money by the RICO Ringleaders, and their
7 related breaches of their fiduciary duties, by executing the foregoing and other similar
8 transactions by the RICO Ringleaders with the Tribe’s money. It did so knowing that these
9 transactions constituted conversions of the Tribe’s money and breaches of the RICO
10 Ringleaders’ fiduciary duties and/or without fulfilling its duty to the Tribe to make an inquiry
11 into their propriety.

12 **E. The RICO Ringleaders Used Their Control Over the Tribe’s Money to**
13 **Divert Millions to Their Relatives and Friends**

14 350. Reflecting the brazenness with which RICO Ringleaders engaged in their scheme,
15 they did not stop at converting the Tribe’s money for their own benefit but also diverted
16 millions of dollars to relatives and friends. None of these diversions were authorized or
17 consented to by the Tribe.

18 351. The RICO Ringleaders regularly would simply write checks for thousands of
19 dollars from the Tribe’s bank accounts to their relatives, mainly members of the Pata family.
20 However, in other instances, the RICO Ringleaders created a pretense for the diversion of the
21 Tribe’s money, of which the following are illustrative examples.

22 352. The RICO Ringleaders caused Tribe-Owned Business “E” to pay Erik Lohse—
23 son of RICO Ringleaders Leslie and Larry Lohse—who lives in Arizona, has no expertise that
24 Tribe-Owned Business “E” requires, and performs no work for Tribe-Owned Business “E”,
25 \$60,000 a year in compensation purportedly for his services as a Board Member of Tribe-
26 Owned Business “M.”

27 353. In or around March 2013, to assist RICO Ringleader Ines Crosby’s sister, the
28 RICO Ringleaders caused the PEC to purchase four parcels of raw property in Truckee/Donner,

1 with forged documentation of PEC Board authorization, for the purpose of finalizing the
2 divorce of Lawrence Tracy from his then wife and thus his subsequent marriage to RICO
3 Ringleader Ines Crosby's sister.

4 354. The RICO Ringleaders would also sometimes characterize such diversions of the
5 Tribe's money couched as "investments," all of which caused the Tribe massive losses and none
6 of which were authorized by the Tribe. The Tribe is continuing to investigate what, if any,
7 portion of the Tribe's money invested in these "investments" was kicked back to the RICO
8 Ringleaders.

9 355. For example, RICO Ringleaders John and Ines Crosby caused PEC to agree to
10 invest in Knee Centers Holding Company (also known as Emere Holding LLC). The Tribe
11 ultimately invested approximately \$7 million, and now owns 31 percent of the company. Knee
12 Centers has never been profitable; its financial records—which the Tribe does not appear to
13 have had access to until after April 12, 2014—are opaque but the company now appears
14 insolvent; and even the company's rosier projections of its own future prospects could never
15 have justified \$7 million investment, much less an investment of this magnitude for only a 31
16 percent interest. None of that, however, appears to have been shared with the Tribal Council,
17 with the PEC Board (or at least with Mr. Galford), or with anyone else at the Tribe. The vast
18 majority of the money invested by PEC in the company appears to have been transferred to
19 other companies; the reasons for such transfers and the use of the money transferred is not yet
20 clear and information regarding this has not been made available to the Tribe. RICO
21 Ringleaders John and Ines Crosby sit on the board of Knee Centers Holding Company and thus
22 presumably authorized these transfers.

23 356. Another example is the investment that the RICO Ringleaders caused the Tribe to
24 make in Abettor Defendant The Patriot. The Patriot sells gold and silver coins and bullion,
25 emergency food, and emergency supplies. From May 2011 through September 2011, the RICO
26 Defendants caused the Tribe to send three wires for \$50,000 each and one check of \$50,000, all
27 from Cornerstone PEC Account X. According to a Promissory Note dated October 1, 2011, the
28 Tribe loaned The Patriot \$200,000 at an annual interest rate of 7 percent. The Note was secured

1 by 40 oz. of gold and 3,888 oz. of silver that were left in the possession of The Patriot. The
2 Patriot has paid the Tribe approximately \$28,000 in interest; however, when the Note came due
3 on October 1, 2014, The Patriot breached its obligation to repay the principal.

4 357. The RICO Ringleaders could not have converted the Tribe's money in this way
5 without substantial assistance from Abettor Defendant Umpqua Bank. Abettor Defendant
6 Umpqua Bank facilitated this conversion of Tribal money by the RICO Ringleaders, and their
7 related breaches of their fiduciary duties, by executing the foregoing and other similar
8 transactions by the RICO Ringleaders with the Tribe's money. It did so knowing that these
9 transactions constituted conversions of the Tribe's money and breaches of the RICO
10 Ringleaders' fiduciary duties and/or without fulfilling its duty to the Tribe to make an inquiry
11 into their propriety.

12 **F. The Tribe Is Continuing to Investigate What Happened to Millions of**
13 **Dollars that Went Missing**

14 358. In addition to the losses of millions of dollars in Tribal money that the Tribe has
15 traced to specific acts of embezzlement and conversion by the RICO Defendants discussed
16 herein, the Tribe is unable, at this point, to account for several million dollars in Tribal funds
17 that went missing during the period in which the RICO Ringleaders controlled the Tribe. The
18 Tribe is in the process of investigating what happened to this money. However, it appears most
19 if not all of these funds were embezzled by the RICO Defendants.

20 359. Indicative of the RICO Defendants' broad, sustained and multifaceted scheme to
21 defraud, the Tribe has identified numerous unexplained large transactions in the limited records
22 of the Tribe's bank accounts to which the Tribe has so far gained access.

23 360. For example, on or about May 3, 2014, well after Ms. Crosby had been removed
24 from her position at the Tribe, RICO Ringleader Ines Crosby wrote a check for \$300,000 to an
25 "NPI," which was cashed on or about May 6, 2014. The Tribe is in the process of investigating
26 who or what "NPI" is and did not authorize or consent to this payment.
27
28

1 **III. RICO DEFENDANTS ENGAGED IN A CONCERTED EFFORT TO HIDE**
2 **THEIR SCHEME TO DEFRAUD AND EVADE LIABILITY THEREFOR**

3 **A. The RICO Defendants Misled the Tribe and Its Members Regarding the**
4 **Tribe's Finances**

5 361. As discussed herein, the RICO Defendants were able to take control of the Tribe
6 through a pattern of racketeering activity, including, in particular, the use of threats of
7 disenrollment to intimidate anyone who questioned their conduct, let alone challenged their
8 control of the Tribe and its finances.

9 362. The RICO Defendants, furthermore, tightly controlled the flow of information
10 concerning their financial dealings, in order to hide their self-dealing and other malfeasance. As
11 alleged herein, the methods that the RICO Defendants employed in this effort included without
12 limitation:

- 13 • Barring access by other Tribal members to statements and other
14 information concerning activity in the Tribe's bank accounts and retirement plans;
- 15 • Refusing even to provide Tribal members with a copy of the
16 Tribal Constitution;
- 17 • Refusing to discuss the terms of their compensation with the
18 Tribe, the Tribal Council or any member of the Tribe, let alone seeking the required
19 authorization from the Tribal Council.
- 20 • Intentionally failing to keep records of, or properly report to tax
21 authorities, their expenditures of Tribal money for personal purposes and their direct receipt of
22 Tribal money.
- 23 • Intentionally failing to conduct any audit of Tribal finances,
24 including without limitation those required by law.

25 363. Concerning the latter omissions, the RICO Defendants cannot claim that they did
26 not understand (i) the need for accounting records and tax compliance, or (ii) that certain more
27 complex requirements may require professional advice. RICO Ringleaders John Crosby and
28 Leslie Lohse have prior training and/or experience that would assist them in understanding the
need for typical accounting records and tax reporting. Specifically:

- John Crosby has an accounting degree from California State Polytechnic University at Pomona, and worked as an accountant after graduation. After getting a law degree from the University of Colorado, Mr. Crosby investigated white-collar crime as a Special Agent with the Federal Bureau of Investigation (FBI).
- Leslie Lohse is the Tribe's Treasurer. She worked as a bookkeeper for much of her adult life before becoming the Tribe's Treasurer.

364. The RICO Defendants' failure to keep adequate records of the extent of their malfeasance was no accident; it was a critical part of their scheme to defraud devised by RICO Defendants to hinder the Tribe's discovery of the scheme.

B. RICO Defendants Fabricated "Employment Agreements" to Fraudulently Justify their Theft of Tribal Resources

365. In April 2014, in the face of increasing scrutiny of their wrongful conduct, at the direction of RICO Ringleader John Crosby, the RICO Ringleaders fabricated employment agreements with the Tribe, purportedly dated between January 25-26, 2001, in an attempt to create a *post hoc* justification for their theft ("Fraudulent Employment Agreements"). In fact, however, the RICO Defendants' decision to fabricate these agreements is an implicit admission that their conduct described in the foregoing paragraphs was unauthorized and rather constituted a pattern of systematic scheming to defraud the Tribe of millions of dollars.

366. The Fraudulent Employment Agreements contain extraordinarily generous terms for the four RICO Defendants that are unheard of in normal employment contracts. Among them are: (1) they had twenty year terms; (2) they limited "for cause" termination of the RICO Defendants to circumstances in which the RICO Defendant confessed to, pled guilty to, or was convicted of certain felonies (meaning that none of the RICO Defendants could purportedly be terminated for cause due to unacceptable job performance, no matter how egregious, or even well-founded suspicion of criminal or tortious conduct and/or breaches of their fiduciary duties); (3) they provided for \$5 million lines of credit (with 1% simple interest) for each of the RICO Defendants, which would be forgiven if the RICO Defendants were terminated without

1 cause or if the Tribe's state gaming compact was extended beyond 2020; and (4) they included
2 disproportionately generous severance packages.

3 367. The extraordinarily generous (and convenient) terms of the Fraudulent
4 Employment Agreements themselves are indicative of the documents' fraudulent character. For
5 example, it is inexplicable why the Tribe would give these four employees, and only these, with
6 virtually iron-clad 20-year employment agreements and a total of \$20 million in forgivable lines
7 of credit, at a time when the Casino was not yet built and the Tribe had no revenue. This is
8 especially inexplicable when one considers that RICO Ringleader John Crosby had only just
9 recently been hired by the Tribe and Defendant Larry Lohse's job duties, as Environmental
10 Director, were likely to be extremely limited after the initial build out of the Casino.
11 Furthermore, the Casino was not even in operation.

12 368. However, there are numerous other indicia of the fraudulent nature of the
13 Fraudulent Employment Agreements including without limitation the following.

14 369. First, there is no evidence—in any Tribal Council minutes, resolutions, or other
15 Tribal records—that the Tribal Council considered and approved of these Fraudulent
16 Employment Agreements. Such approval is not only required under the Tribe's Constitution, its
17 absence given the extraordinarily generous terms of the purported agreements is inexplicable.
18 Assuming *arguendo* that the Fraudulent Employment Agreements were legitimate, the RICO
19 Defendants would have had a huge incentive to ensure that the agreements were properly
20 approved and that such approval was properly recorded, in order to prevent any challenge to
21 their authenticity or validity.

22 370. Second, on **January 1, 2001**, less than a month before the Fraudulent
23 Employment Agreements were purportedly executed, when RICO Defendant John Crosby and
24 the then General Counsel joined the Tribal administration, they entered into written contracts
25 with the Tribe, dated January 1, 2001. RICO Defendant John Crosby's and the General
26 Counsel's contracts were identical and are fairly standard employment agreements—they
27 provided for regular annual compensation and various incidental benefits; they defined "for
28 cause" termination to include gross violations of the terms of employment; and they restricted

1 Mr. Crosby's and the General Counsel's rights to compete with Tribal enterprises when
2 receiving severance payments. The entire Tribal Council (Chairperson Everett Freeman, Vice-
3 Chairperson Andrew Freeman, Treasurer Leslie Lohse, Secretary Geraldine Freeman, and At-
4 Large-Member Carlino Swearingen) executed both contracts on behalf of the Tribe, and copies
5 of the contracts were maintained in the Tribal office.

6 371. The Tribe's purported decision, less than a month later, and without record of
7 Tribal Council approval, to have entered into a different, far more generous contract with RICO
8 Defendant John Crosby and his co-RICO Defendants, though not with the General Counsel, is
9 inexplicable. Moreover, unlike RICO Defendant John Crosby and the General Counsel's
10 January 1st contracts, the Fraudulent Employment Contracts were not signed by the entire Tribal
11 Counsel. Rather, the Fraudulent Employment Agreements for RICO Defendants John Crosby,
12 Ines Crosby and Larry Crosby were purportedly only signed by RICO Defendant Leslie Lohse
13 (the aunt, sister and husband, respectively, of the contract's beneficiary), on January 25, 2001,
14 and by Everett Freeman and Bud Swearingen, ***both of whom are now deceased***, on January 26,
15 2001. RICO Defendant Leslie Lohse's Fraudulent Employment Agreement was only
16 purportedly signed by the same two deceased tribal council members and Andrew Freeman.
17 However, Andrew Freeman denies that he had any knowledge of the Fraudulent Employment
18 Agreements before May 2014; and he says the signature of his name on Ms. Lohse's contract is
19 not in his handwriting. Indeed, at all relevant times until May 2014, the Tribe and its members
20 were unaware of these purported employment contracts.

21 372. The explanation offered by RICO Defendants Ines Crosby, John Crosby, and
22 Leslie Lohse as to why Geraldine Freeman, Secretary of the Tribal Council in 2001, did not sign
23 any of the four contracts is further indicative of their fraud. All three claimed that she did not
24 sign the agreements because Ms. Freeman was then ill, and may have been in the hospital.
25 However, Ms. Freeman's illness and consequent absence from Tribal affairs, in fact, occurred in
26 approximately ***April 2002***. Indeed, Ms. Freeman participated in Tribal Council meetings in
27 January and February 2001 and even prepared the minutes for those meetings.

1 373. Third, while the aforementioned employment agreements entered into by the
2 General Counsel and RICO Defendant John Crosby were maintained in the Tribal office, no
3 copy of any of the four Fraudulent Employment Agreements was maintained there. Rather,
4 according to RICO Defendants Ines Crosby, John Crosby, and Leslie Lohse, the RICO
5 Defendants chose to have RICO Defendant John Crosby maintain the only existing copies of the
6 Fraudulent Employment Agreements at Mr. Crosby's home, from their purported execution in
7 January 2001, including through his move from one home to another. Notably, RICO Defendant
8 Larry Lohse claimed instead that Ms. Lohse had maintained his contract.

9 374. Fourth, while the RICO Defendants have explicitly sought to justify at least \$4
10 million in expenditures of Tribal funds used to pay for their personal expenses, based on the
11 fictional lines of credit they now claim were provided in the Fraudulent Employment
12 Agreements, none maintained records of such expenditures in a manner that corresponds with a
13 line of credit arrangement. Rather, the RICO Defendants claim to have merely kept receipts or
14 maintained handwritten records of those expenditures in a file at the Tribal office, and planned
15 to add up how much they had spent and calculate the interest owed at some indeterminate point
16 in the future. However, during the Tribe's investigation, the RICO Defendants were not able to
17 provide evidence of the former recordkeeping and the Tribe has not been able to locate such
18 files in the Tribe's records. Indeed, the Tribal files do not include any other documents
19 concerning or referring to the lines of credit: there are no promissory notes or other documents
20 or accounts evidencing any formalization of these fictional lines of credit; there are no Tribal
21 records concerning the accrued interest owed to the Tribe; nor did the Tribe report use of the
22 lines or the unpaid interest as taxable income. There is also no evidence that either the Tribe or
23 the RICO Defendants engaged in any contemporaneous tax reporting concerning the loans. The
24 total absence of any contemporaneous recordkeeping concerning those lines of credit is
25 additionally indicative of the fraudulent nature of the Fraudulent Employment Agreements,
26 given, as discussed above, the background in accounting and law, as well as bookkeeping, held
27 respectively by RICO Defendants John Crosby and Leslie Lohse.
28

1 375. Fifth, subsequent to the purported execution of the Fraudulent Employment
2 Agreements, the RICO Ringleaders took a number of actions that would have been
3 economically irrational and/or otherwise inexplicable if, in fact, the Fraudulent Employment
4 Agreements were valid and authentic, and failed to take certain actions that would have been
5 economically rational if, in fact, the Fraudulent Employment Agreements were valid and
6 authentic.

7 376. If the Fraudulent Employment Agreements had been valid and authentic, it would
8 have been economically rational for each RICO Defendant to immediately draw down the entire
9 \$5 million line of credit, given the large differential between the return that each could have
10 earned on the money if invested and the 1% simple interest that the line purportedly provided.
11 Similarly, there would have been no economically rational reason for the RICO Defendants not
12 to have taken cash draw-downs from their lines of credit and used the cash to purchase goods
13 and services for themselves, rather than cause the Tribe to purchase those services for them
14 (which would presumably have required them to account for these amounts as income or loans
15 for tax purposes).

16 377. Also inexplicable, if the Fraudulent Employment Agreements were valid and
17 authentic, given their 20-year terms and generous benefits, is RICO Defendant John Crosby's
18 negotiation of a new, less favorable employment contract with the Tribe in July 2003, which did
19 not include the \$5 million line of credit (or any of the other unusually favorable terms found in
20 Mr. Crosby's Fraudulent Employment Contract). Furthermore, records and discussions with the
21 Tribe's outside employment counsel indicate no reference to the Fraudulent Employment
22 Contract in the context of the July 2003 effort. Rather, the effort was explicitly aimed at
23 updating the January 1, 2001 contract that RICO Defendant John Crosby entered into with the
24 Tribe. Indeed, the outside counsel for the Tribe has no recollection of having seen or having
25 been told about a January 25, 2001 contract, a \$5 million line of credit then available to Mr.
26 Crosby, or employment agreements for other Tribal employees (other than the then-recently
27 separated General Counsel). Nor do RICO Defendant John Crosby's own handwritten
28 comments on the draft 2003 contract reference the \$5 million line of credit that he purportedly

1 already had in place pursuant to the January 25, 2001 agreement. Mr. Crosby's notes on the
2 draft contract show that he instead focused on such things as reimbursement for cell phone
3 expenses and the use of a car. It simply makes no sense that Mr. Crosby, alone among the RICO
4 Defendants, would negotiate a different, substantially less advantageous contract in mid-2003,
5 without discussing with the Tribe's lawyer the terms that he would be giving up (in particular, a
6 \$5 million forgivable line of credit) were he to sign the new contract. It also makes no sense that
7 Ms. Lohse, who should undoubtedly have been aware of both Mr. Crosby's January 25, 2001
8 contract and her own January 26, 2001 contract, would have participated in negotiating and
9 approving Mr. Crosby's potential 2003 contract, which the documents suggest occurred.
10 Although allowed opportunity to do so, RICO Defendant Crosby could not explain the draft
11 2003 contract during the WilmerHale investigation.

12 378. Along similar lines, RICO Defendants John Crosby and Larry Lohse borrowed
13 \$150,000 each from the Tribe, subsequent to January 26, 2001, on documented terms that were
14 substantially less generous than that purportedly provided under the line of credit provision of
15 the Fraudulent Employment Agreements. If Messrs. Crosby and Lohse, in fact, had the now
16 claimed \$5 million line of credit, taking out these additional less favorable loans from the Tribe
17 would have been inexplicable. As mentioned, the RICO Defendants claim collectively to have
18 only drawn down \$4 million of the \$20 million available.

19 379. Finally, the timing with which the RICO Ringleaders revealed the Fraudulent
20 Employment Agreement corroborates their fraudulent nature. The RICO Ringleaders did not
21 immediately reveal them when the Tribe began challenging them concerning the money they
22 had taken from the Tribe. Rather, it was only after the Tribe discovered numerous examples of
23 embezzlement by the RICO Ringleaders from Tribal bank accounts and had raised several of
24 these examples with the RICO Ringleaders that the RICO Ringleaders conveniently revealed
25 the Fraudulent Employment Agreements. If they were legitimate and extant, one would expect
26 the RICO Ringleaders to have immediately presented to them to the Tribe when their excesses
27 where challenged.

380. The Fraudulent Employment Agreements were fabricated by the RICO Ringleaders in a ham-fisted, *post hoc* attempt to mislead the Tribe and authorities concerning their theft of the Tribal resources. In fact, they further prove the existence of that theft. If the RICO Defendants' self-dealing and appropriation of Tribal money had been proper, the fabrication would not have been necessary. Furthermore, the RICO Ringleaders' false claim that the Tribe granted them lines of credit that collectively totaled **\$20 million** in a *post hoc* attempt to justify their malfeasance indicates that the full extent of the RICO Ringleaders' theft is far greater than even the millions of dollars of misappropriations described herein.

C. In Response to Discovery by the Tribe of Defendants' Scheme and Actions Taken by it to Prevent its Continuance, RICO Defendants' Launched a Cyber-Attack on the Tribe, With the Purpose and Intent of Obstructing Efforts to Hold RICO Defendants Criminally and Civilly Liable

381. On or about April 12, 2014, all four RICO Defendants were relieved from their positions by the Tribe.

382. As discussed, in the wake of their dismissal, the Tribe engaged WilmerHale to conduct an internal investigation into the state of the Tribe's finances and investments, and also into the administrative and business issues that were subject to the RICO Ringleaders' oversight. The months-long investigation involved both attorneys and forensic accountants, and yielded significant oral and documentary evidence .

383. However, this investigation has been substantially and intentionally impeded by a cyber-attack implemented, on or about May 15, 2014, by the RICO Defendants that shut down data servers for the Casino and other Tribal enterprises and resulted in the permanent destruction of a substantial amount of data. The attack wiped out not only entire databases but also the locations in which the data were backed up.

384. More specifically, on the evening of May 15, 2014, RICO Defendant Frank James, who worked in the Casino's IT department, at the direction of RICO Defendant Chris Pata—who was a co-creator of the Casino's IT infrastructure—remotely connected to the Casino's network and erased all of its servers along with their respective datastores. The attacker also attacked two key onsite backup systems and erased their contents. As a result, in

1 addition to the data loss, the Casino was left without their critical Windows servers responsible
2 for enterprise resource management and their application servers required for sustaining casino
3 operations.

4 385. In advance of the May 15th attack, the Casino experienced two smaller attacks that
5 culminated in the May 15th attack.

6 386. On or around May 8, 2014, the Casino received its first detected cyber-attack in
7 the form of a Distributed Denial of Service (“DDoS”) attack on ports 25 and 80 of the Casino’s
8 network. The Casino's border router and firewall became overwhelmed by the onslaught of
9 inbound traffic and eventually stopped functioning. During the midst of the attack, the Casino’s
10 IT department observed that the attack was originating from numerous IP addresses resolving to
11 areas located throughout the world.

12 387. Less than a week later, on or around May 14, 2014, the Casino received another
13 cyber-attack in the form of a phishing attack. At approximately 9:10 a.m., approximately 40
14 Casino employees received a spoofed email containing a link to a malicious website. While the
15 Casino’s IT department was able to prevent most of the 40 employees from clicking on the link,
16 a forensic analysis of the workstation of an employee who clicked the link indicates that the
17 attack was likely an attempt to distribute “Cryptowall,” which is the latest variant of
18 “Cryptolocker.” A system infected with Cryptowall will encrypt and delete all accessible user
19 files.

20 388. Approximately 90 minutes later, a second spoofed email was sent to the same
21 recipients. This email contained a malicious password-protected ZIP file and was opened by one
22 recipient before the email was administratively deleted by IT. In this case, Norton anti-virus
23 identified the malware as "SONAR.SelfHijack!gen1" and successfully quarantined the file
24 before it could infect the system.

25 389. Having been foiled in their first two attempted cyber-attacks, the RICO
26 Defendants launched a third and unfortunately successful attack on or about May 15, 2014.
27
28

1 390. At approximately 7:30 p.m., Casino IT personnel began to notice the Casino's
2 servers going offline. They quickly confirmed that all of their virtualized servers were missing
3 and the backups had been erased.

4 391. A forensic analysis of the compromised host server revealed that a
5 decommissioned Windows 2003 domain controller was the primary origin for the attacks
6 against the IT infrastructure. On or around May 13, 2014, the RICO Defendants installed a
7 remote administration tool on the compromised server. Less than a minute after its installation,
8 the RICO Defendants used the tool to connect the server to an unknown external computer. The
9 RICO Defendants connected to the compromised server at least nine times using the tool,
10 beginning in the evening of May 13th and ending the evening of May 15th. During the portion of
11 the attack that resulted in the shutdown of the Casino's servers and deletion of data, the RICO
12 Defendants were connected to the Casino's network three times for a total of approximately
13 three hours.

14 392. In the course of the attack, the RICO Defendants systematically deleted all of the
15 Tribe's SAN volumes, which are virtualized block storage depositories, which were the primary
16 storage locations of the Casino's data.

17 393. The RICO Defendants also used the compromised server to connect to the
18 enterprise's disk-to-disk system's back-up systems. The RICO Defendants attacked, and erased
19 the contents of, a server that was responsible for hosting backups of the organization's server
20 infrastructure. The RICO Defendants also attacked, and erased the contents of, a server that
21 hosted backups of the organization's user files and shared department files.

22 394. This attack shut down the Casino's computer servers and all of its power for a
23 significant period.

24 395. Due to the attack, the Tribe lost a significant amount of electronic data pertaining
25 to Tribal administration and enterprises other than the Casino, as the Tribe conducts much of its
26 business at the Casino and effectively uses it as an administrative office.

27 396. Among lost data were records of the Casino's customer loyalty program, the
28 Shasta Club. When a customer uses his or her Shasta Club card to play at the Casino, the

1 customer earns points that can be converted into cash and other things of value. To mitigate the
2 significant loss of goodwill suffered by the Casino as a result of the loss of this data, the Casino
3 chose to honor any claim by a customer that they held a certain amount of points before the loss,
4 which exposed them to unknowable amounts of fraud. Furthermore, many customers do not
5 know how many points they had and/or do not know that the Tribe will honor a request to have
6 them restored, resulting in a significant loss to the Casino of goodwill.

7 397. To date, the attack has cost the Casino and the Tribe hundreds of thousands of
8 dollars to mitigate the damage caused to their computer systems, in addition to the lost revenues
9 from the period during which the Casino and its servers were shut down, as well as a significant
10 loss of goodwill.

11 398. The Tribe has also been injured by the fact that this attack took place only weeks
12 after the RICO Ringleaders were relieved from their duties, and before the investigation had
13 fully gotten under way. The information stored on the attacked servers related to the RICO
14 Ringleaders' abuse of their position and their use of Tribal funds for their own personal benefit.
15 The RICO Ringleaders destroyed evidence of their wrong-doing with the specific purpose and
16 intent of obstructing inquiries into their wrong-doing and to evade the resulting civil and
17 criminal liability therefor.

18 399. The RICO Ringleaders have publically admitted to orchestrating the cyber attack.
19 For example, in comments reported by the media, RICO Ringleader Leslie took credit for what
20 she and her co-conspirators referred to as a "remote shut-down" of the Casino. In subsequent
21 filings made in the case *State of California v. Paskenta Band of Nomlaki Indians*, No. 14-cv-
22 01449 (E.D. Cal.), her co-responsibility for the decision to take what were characterized as
23 "measures to shut down operations [sic] the Casino" and directing "the remote shut down of all
24 server-based computers and related systems associated with Class III gaming activities at
25 Rolling Hills Casino, effective as of May 9, 2014" were also admitted.

26 400. In a further effort to economically coerce and intimidate the Tribe into allowing
27 them to regain their positions of control, at approximately the same time as the RICO
28 Defendants launched a cyber-attack on the Casino, they also launched a "denial of service"

1 attack on Tribe-Owned Business “E”, which entailed a coordinated effort of sending thousands
2 of emails to its website, causing it to crash. This attack caused the website of Tribe-Owned
3 Business “E” to become unavailable for employees, customers, vendors, and the entire public.
4 It also caused the websites of certain third-party advertisers to crash as well.

5 **D. The RICO Defendants Resorted to Armed Physical Intimidation in a Last**
6 **Ditch Effort to Maintain Their Control Over the Tribe and its Money**

7 401. On June 9, 2014, in a last ditch effort to maintain their control over the Tribe and
8 its money and prevent them from being accountable therefor by the Tribe, the RICO Defendants
9 hired and sent thugs, armed with automatic weapons, to take control of the Casino.

10 402. These thugs falsely claimed to be “Tribal Police,” though no such institution
11 exists, and placed false “Tribal Police” decals on their vehicles. Using these vehicles, the thugs
12 prevented customers from exiting or entering the Casino.

13 403. As in the case of the RICO Ringleaders’ cyber-attack of the Casino the purpose
14 and motive of the RICO Ringleaders was to coerce the Tribe’s members into allowing the RICO
15 Ringleaders to take back control of the Tribe, by holding the Casino and thus the economic
16 livelihoods of Tribal members hostage.

17 404. Ultimately, the Tehama County Sheriff deployed deputies to the Casino to keep
18 order; and a subsequent temporary restraining order was sought and, on June 18, 2014, obtained
19 by California State Attorney General from the U.S. District Court for the Eastern District of
20 California enjoining the RICO Defendants and anyone else from, among other things, disturbing
21 the status quo at the Casino (controlled by the Tribal Council constituted on April 12 and May
22 10) and possessing firearms on Tribal properties.

23 405. However, in the interim, as a result of the RICO Defendants’ conduct in this
24 regard, the Tribe suffered significant injuries to the business reputation and goodwill of the
25 Tribe itself and the Casino, in addition to financial losses that occurred due to lost business on
26 the day of the attack.

1 406. In a related effort to economically coerce the Tribe into allowing the RICO
2 Ringleaders to regain control, after their removal from power, the RICO Ringleaders took
3 actions aimed at convincing banks that held Tribal money not to allow the Tribe access to it.

4 **FRAUDULENT CONCEALMENT AND EQUITABLE TOLLING**

5 407. The Tribe had neither actual nor constructive knowledge of the pertinent facts
6 constituting its claims for relief asserted herein, despite its diligence in trying to discover such
7 facts.

8 408. The Tribe and its members could not have discovered through the exercise of
9 reasonable diligence the existence of the RICO Defendants' scheme to defraud the Tribe until in
10 or about April 2014, when the RICO Ringleaders were removed from control of the Tribe.

11 409. The RICO Defendants engaged in a self-concealing conspiracy that did not give
12 rise to facts that would put the Tribe on inquiry or notice that there was a conspiracy among the
13 RICO Defendants to defraud the Tribe out of millions of dollars.

14 410. In fact, as alleged herein, the RICO Ringleaders took extraordinary action to hide
15 their scheme from discovery, including without limitation refusing to provide any information
16 to other Tribal members, including members of the Tribal Council, concerning the Tribe's
17 financial activities and the financial benefits that the RICO Ringleaders were taking from it.

18 411. The RICO Ringleaders, furthermore, purposefully prevented any type of standard
19 auditing or reporting of the Tribe's finances from occurring, despite legal obligations to do so,
20 and did not engage in even the most basic bookkeeping, despite their knowledge and experience
21 in this regard.

22 412. To protect their control over the Tribe and its money, the RICO Ringleaders
23 purposefully manipulated the electoral process by which the Tribal Council was chosen. The
24 RICO Ringleaders, furthermore, threatened any Tribal member who challenged their authority
25 or sought information concerning their conduct with disenrollment and/or suspension, which for
26 virtually every member other than the RICO Ringleaders would result in the elimination of most
27 of the income they use to survive, if not all of it.

1 413. The RICO Ringleaders also purchased the silence of persons who were in a
2 position to disclose their wrongful conduct, including without limitation RICO Defendants
3 Sherry Myers, Ted and Jon Pata, providing them illegal benefits and bringing them into their
4 criminal scheme in exchange for their agreement not to disclose the scheme to others in the
5 Tribe.

6 414. The RICO Ringleaders also made repeated false claims that they were entitled to
7 take all of the benefits they stole from the Tribe.

8 415. The RICO Ringleaders, furthermore, on multiple occasions, made concerted
9 efforts to destroy evidence of their malfeasance.

10 416. The RICO Ringleaders' misleading statements and other actions in this regard
11 were designed to conceal their scheme, intimidate, and lull the Tribe and its members into
12 believing that their actions were proper, rather than part of an unlawful scheme to defraud the
13 Tribe.

14 417. The Abettor Defendants and the RICO Ringleaders' co-RICO Defendants,
15 furthermore, intentionally assisted the RICO Ringleaders in concealing their scheme to defraud
16 the Tribe and, at least and in the alternative, failed to make appropriate inquiries into the RICO
17 Ringleaders' conduct and bring to the Tribe's attention the results thereof.

18 418. As a result of the Defendants' fraudulent concealment of the RICO Defendants'
19 scheme to defraud and the other wrongful actions taken by the RICO Defendants to prevent its
20 discovery or challenge, the running of any statute of limitations has been tolled with respect to
21 any claims that the Tribe has as a result of the conduct alleged herein.

22 **CLAIMS FOR RELIEF**

23 **First Claim for Relief**

24 **(Violations of RICO – Conduct of a RICO Enterprise, 18 U.S.C. § 1962(c))**
25 **(Against the RICO Defendants)**

26 419. The Tribe incorporates by reference all the allegations contained in the previous
27 paragraphs as though fully set forth herein.
28

1 420. At all relevant times, the Tribe and PEC are persons within the meaning of 18
2 U.S.C. §§ 1961(3) and 1962(c).

3 421. At all relevant times, each RICO Defendant is a person within the meaning of 18
4 U.S.C. §§ 1961(3) and 1962(c).

5 *The RICO Enterprise*

6 422. The RICO Defendants are a group of persons associated together in fact for the
7 common purpose of carrying out an ongoing criminal enterprise, as described herein; namely to
8 defraud the tribe and enrich themselves. Together, the RICO Defendants directed nearly every
9 aspect of the Tribe's financial and related governance affairs, with little or no oversight or
10 control by the Tribal Council, control of which, in fact, the RICO Defendants took specific and
11 concerted actions to achieve and retain. These actions included without limitation the illegal
12 manipulation of the election process by which the Tribal Council members were chosen in order
13 to ensure RICO Ringleader Leslie Lohse's repeated re-election as Treasurer and the election of
14 other persons to the Tribal Council that the RICO Ringleaders were confident of their ability to
15 control, the employment of a pattern of extortionary intimidation to prevent Tribal members
16 from challenging their control, and jealous guarding of even the most basic information
17 concerning the Tribe's financial activities from discovery by other Tribal members.

18 423. RICO Defendants used that control to defraud the Tribe out of millions of dollars
19 and thereby enrich themselves. These Defendants and their co-conspirators have organized their
20 operation into a cohesive group with specific and assigned responsibilities and a command
21 structure.

22 424. The criminal enterprise was comprised generally of members of the Pata family
23 and was generally structured to operate as a unit in order to accomplish the goals of their
24 criminal scheme:

25 *The RICO Ringleaders*

26 425. The RICO Enterprise was directed by and chiefly benefited the RICO Ringleaders
27 John Crosby, Leslie Lohse, Ines Crosby, and Larry Lohse, all of whom are closely related by
28 blood or marriage. The RICO Ringleaders agreed to organize their scheme to defraud the Tribe

1 such that the wrongful proceeds of the scheme were shared in rough equality amongst them,
2 and, as alleged herein, as part of their effort to effect the scheme and conceal it from discovery,
3 would regularly write checks to one another from Tribal bank accounts.

4 a. **RICO Ringleader John Crosby** is the son of RICO Ringleader Ines
5 Crosby and nephew of RICO Ringleaders Leslie and Larry Lohse. Mr. Crosby was a co-leader
6 of the Rico Enterprise with RICO Ringleader Leslie Lohse, organizing and directing financial
7 aspects of the enterprise's activities to benefit himself and his co-RICO Defendants. Mr. Crosby
8 took for himself the position of the Tribe's Economic Development Director. In that position,
9 by Mr. Crosby's own admission, he had substantial control over how the money generated from
10 the Tribe's gaming business was invested. This authority included identifying investments for
11 Tribal funds, negotiating and effecting those investments, and overseeing the appointment of the
12 other RICO Defendants to boards for new businesses or investments. Mr. Crosby claimed that
13 this authority was not subject to the review or approval of the Tribal Council and thus he did not
14 seek such approval before exercising it. The principal way in which the Tribe made investments
15 and otherwise engaged in commercial activities was through PEC. Thus, by taking control over
16 this aspect of the Tribe's activities, Mr. Crosby took control over, and directed, the massive
17 amounts of Tribal money that flowed in and out of PEC's bank accounts, over which he and his
18 fellow RICO Ringleader Larry Lohse had signing authority. Mr. Crosby used this control over
19 Tribal funds to significantly devise and direct many of the financial aspects of the RICO
20 Defendants' scheme to defraud the Tribe and its members, including without limitation breath-
21 taking levels of embezzlement of Tribal money from Cornerstone PEC Account X and
22 Cornerstone PEC Account Y. Mr. Crosby has an undergraduate degree in accounting from
23 California State Polytechnic University at Pomona and a law degree from Colorado University,
24 making him the most educated of the RICO Defendants. He is also a former FBI agent, who
25 investigated white-collar crime, and worked as an accountant. Mr. Crosby used his education
26 and experience to lead and direct the financial aspects of the RICO Enterprise, including
27 devising financial transactions and bookkeeping procedures, and the lack thereof, aimed at
28 disguising the RICO Defendants' theft of the Tribe's money.

1 **b. RICO Ringleader Leslie Lohse** is the wife of RICO Ringleader Larry
2 Lohse, aunt of RICO Ringleader John Crosby, and sister of RICO Ringleader Ines Crosby. Ms.
3 Lohse was the co-leader of the criminal enterprise, organizing and directing political aspects of
4 the enterprise's activities to benefit herself and her co-RICO Defendants. Ms. Lohse also was
5 the Lohse-side's representative in its control. Ms. Lohse worked closely with RICO Ringleader
6 John Crosby to plan and execute the RICO Enterprise, including the creation and promotion of
7 false pretenses meant to justify and explain the RICO Defendants' criminal activity. Prior to
8 becoming the Tribe's Treasurer, Ms. Lohse had worked her entire life as a bookkeeper. Ms.
9 Lohse was elected Tribe's Treasurer in 1998 and held that position until the spring of 2014. As
10 alleged herein, the RICO Defendants used various illegal means to ensure her continued
11 reelection in that position, including without limitation falsely asserting the requirement that any
12 person wishing to challenge her must post a \$1 million bond in order to be listed on the ballot.
13 As the Tribe's Treasurer, she had control over financial reporting of the Tribe, which she used
14 to ensure that the criminal activity of the RICO Enterprise was not discovered. Ms. Lohse also
15 claimed for herself the (fictitious) position of Political Director of the Tribe. In this position,
16 Ms. Lohse worked to protect the RICO Ringleaders' control over the Tribe by currying
17 extensive political ties with politicians at all levels, in large part by making numerous and large
18 campaign donations of the Tribe's money.

19 **c. RICO Ringleader Ines Crosby** is the mother of RICO Ringleader John
20 Crosby and sister of RICO Ringleaders Leslie Lohse and sister-in-law of RICO Ringleader
21 Larry Lohse. RICO Ringleader Ines Crosby took for herself the position of Tribal
22 Administrator. In that position, Ms. Crosby oversaw the Tribal Council office, including
23 directing the office administrative assistant. This position also gave Ms. Crosby signing
24 authority over certain Tribal bank accounts, including accounts at Abettor Defendant Umpqua
25 Bank, from which Ms. Crosby effected the embezzlement of millions of dollars of the Tribe's
26 money by the RICO Defendants. In the position of Tribal Administrator, Ms. Crosby was able
27 to ensure that any necessary paperwork needed to further the scheme was executed in the name
28 of the Tribe, including without limitation, the paperwork necessary to place her and her fellow

1 RICO Ringleaders and RICO Defendant Sherry Myers on the Tribe's direct payroll, to the
 2 exclusion of anyone else and establishing and administering the Tribal Retirement Plans for the
 3 sole benefit of the same people. The position further allowed her to ensure that the Tribe did not
 4 keep records that would have otherwise exposed the scheme to discovery.

5 d. **RICO Ringleader Larry Lohse** is the husband of RICO Ringleader
 6 Leslie Lohse and uncle of RICO Ringleader John Crosby and brother-in-law of RICO
 7 Ringleader Ines Crosby. Mr. Lohse acted as RICO Ringleader John Crosby's deputy in various
 8 elements of the scheme and served as RICO Ringleader Leslie Lohse's "eyes", ensuring that
 9 RICO Ringleader John Crosby honored their agreement to roughly share the spoils of the
 10 scheme. Beginning around late 2000, after leaving his family's farming business in Northern
 11 California, through the spring of 2014, Mr. Lohse occupied the position of Tribe's
 12 Environmental Director, and was technically responsible for evaluating, managing, and
 13 monitoring the development and use of land and construction projects. However, in practice,
 14 Mr. Lohse, spent the bulk of his time furthering the RICO Enterprise's activities at the direction
 15 of Mr. Crosby. This included serving on the Boards of Tribe-Owned Businesses, executing
 16 various documents in the name of the Tribe and such Tribe-Owned Businesses for the benefit of
 17 the RICO Enterprise, and otherwise taking actions needed to further the RICO Defendants'
 18 scheme to defraud the Tribe and enrich themselves, including protecting it from discovery. Mr.
 19 Lohse also had signing authority for Cornerstone PEC Account X and Cornerstone PEC
 20 Account Y, which he used to further the scheme.

21 *Other RICO Defendants*

22 426. RICO Defendants Sherry Myers, Ted Pata, Jon Pata, Chris Pata, and Frank James
 23 were recruited by the RICO Ringleaders to play various roles in the RICO Enterprise in service
 24 of the scheme. The role each was recruited to play was determined by the position each
 25 occupied in the Tribe's and/or Casino's structure and how, in that position, their participation
 26 could further the scheme and/or how, in that position, their lack of participation could expose
 27 the scheme.

1 a. **RICO Defendant Sherry Myers** was RICO Ringleader Ines Crosby's
2 administrative assistant. In this position Ms. Myers assisted Ms. Crosby in the accomplishment
3 of tasks necessary to further the scheme, including execution of required paperwork in the name
4 of the Tribe. Ms. Myers also assisted the RICO Ringleaders in concealing the scheme from
5 discovery, protecting its secrecy and ensuring that otherwise incriminating records were not
6 kept.

7 b. **RICO Defendants Ted and Jon Pata** are members of the Pata family
8 and together controlled the Tribe's Gaming Commission. When the Casino was established,
9 RICO Ringleader John Crosby specifically rejected the suggestion of the Tribe's outside
10 consultants that the Tribe appoint outside third parties to the Tribe's Gaming Commission,
11 identifying RICO Defendants Ted and Jon Pata as the persons that would be appointed to the
12 Commission. While a third person was also appointed to the Commission, he was consistently
13 and explicitly out-voted by RICO Defendants Ted and Jon Pata, such that any authority he
14 otherwise had was effectively removed. In their position of control of the Tribe's Gaming
15 Commission, RICO Defendants Ted and Jon Pata controlled security for the Casino, including
16 its video surveillance system. The RICO Defendants employed this control in service of the
17 RICO Enterprise by preventing scrutiny and disclosure of criminal conduct conducted by
18 participants in the enterprise. Indeed, RICO Defendants Ted and Jon Pata set an explicit policy
19 under which rules that otherwise applied to Tribal members in the Casino did not apply to
20 members of the Pata family, including the RICO Ringleaders, and the activities of Pata family
21 members in the Casino would not be recorded.

22 c. **RICO Defendants Chris Pata and Frank James** are, respectively, a
23 member of the Pata family and one of the architects and supervisors of the Casino and the
24 Tribe's former IT structure and a former employee in the Casino's IT department, who was
25 fired following the cyber-attack of the Casino alleged herein. RICO Defendants Chris Pata and
26 Frank James organized and executed the cyber-attack alleged herein, in furtherance of their
27 conduct of the RICO Enterprise. Prior to the attack, RICO Defendant Chris Pata used his
28

1 position in the Casino's IT department to guard the activities of the RICO Enterprise from
2 discovery.

3 427. The RICO Defendants constitute an association-in-fact enterprise within the
4 meaning of 18 U.S.C. §§ 1961 (4) and 1962(c). Each of the RICO Defendants participated in
5 the operation or management of the RICO Enterprise.

6 428. At all relevant times, the RICO Enterprise was engaged in, and its activities
7 affected interstate and foreign commerce within the meaning of 18 U.S.C. § 1962(c).

8 Pattern of Racketeering Activity

9 429. The RICO Defendants conducted or participated, directly or indirectly, in the
10 conduct, management, or operation of the RICO Enterprise's affairs through a "pattern of
11 racketeering activity" within the meaning of 18 U.S.C. § 1961(5) and in violation of 18 U.S.C. §
12 1962(c), to wit:

13 Pattern of Racketeering Activity: Mail Fraud and Wire Fraud in Violation of 18 U.S.C.
14 §§ 1341 and 1343

15 430. As described herein, in furtherance of their conduct of the RICO Enterprise, the
16 RICO Defendants engaged in a wide-ranging scheme or artifice to defraud the Tribe, and obtain
17 money and property from the Tribe by means of fraudulent pretenses, representations, and/or
18 promises. The ultimate objective of the RICO Defendants' scheme or artifice to defraud was to
19 enrich themselves at the expense of the Tribe.

20 431. In furtherance of their scheme, and as described herein, the RICO Defendants
21 transmitted, or caused to be transmitted, by means of wire communication in interstate or
22 foreign commerce, writings, signs, signals, pictures, and sounds, and also caused matters and
23 things to be placed in any post office or authorized depository, or deposited or caused to be
24 deposited matters or things to be sent or delivered by a private or commercial interstate carrier,
25 including, but not limited to, the following:

26 a. Interstate transfers of Tribe funds, via electronic means and via checks
27 sent in the mail, to third parties for the benefit of the RICO Defendants in furtherance of their
28 scheme or artifice to defraud the Tribe. The electronic means by which such transfer of funds

1 occurred included without limitation interstate wire transfers from bank accounts of the Tribe
2 and PEC to third parties initiated by the RICO Ringleaders and/or third persons acting at the
3 direction of the RICO Ringleaders, including without limitation RICO Defendant Sherry Myers.
4 These transfers included without limitation millions of dollars in payments for goods and
5 services personally consumed by the RICO Ringleaders and paid for with Tribal money without
6 the Tribe's authorization or consent.

7 b. Use of credit cards, the bills for which the RICO Defendants used Tribal
8 money to pay without the authorization or consent of the Tribe, to purchase millions of dollars
9 in goods and services personally consumed by the RICO Ringleaders.

10 c. The interstate and/or international wire transfers of Tribal funds including
11 without limitation numerous wires alleged herein to have been made from Cornerstone PEC
12 Account X to the bank account of Marcus Evans, Inc. in England at the direction of the RICO
13 Ringleaders and wires of Tribal Funds deposited for the benefit of the RICO Ringleaders and
14 RICO Defendant Sherry Myers in the Tribal Retirement Plans to persons and/or companies.

15 d. Interstate emails and other interstate communications that assisted in
16 furthering, executing, and/or effecting the RICO Defendants' scheme or artifice to defraud the
17 Tribe.

18 432. Although, as discussed herein, the RICO Defendants launched a cyber attack on
19 the Tribe with the specific intention, purpose and result of destroying evidence probative of
20 their scheme or artifice to defraud the Tribe, including without limitation emails sent in
21 furtherance of the scheme or artifice, examples of the things described in the foregoing
22 paragraph so far discovered by the Tribe include without limitation:

23 a. The sending, on August 19, 2014, via email from California to
24 Washington, D.C., by the RICO Defendants' agent, J.R. Riddell, to counsel for the Tribe,
25 Christopher Davies, copies of the Fraudulent Employment Contracts for RICO Ringleaders
26 Leslie Lohse, Larry Lohse, and Ines Crosby in a fraudulent effort to conceal the criminal
27 activities of the RICO Enterprise.

1 b. The sending, on July 22, 2014, by RICO Ringleaders Leslie Lohse from
2 California to Oregon, of an email to various Tribe members falsely claiming that the RICO
3 Defendants' theft of the tribal funds was justified by their Fraudulent Employment Contracts in
4 a fraudulent effort to conceal the criminal activities of the RICO Enterprise.

5 c. The interstate and/or international wire transfers of Tribal funds including
6 without limitation numerous wires alleged herein to have been made from Cornerstone PEC
7 Account X to the bank account of Marcus Evans, Inc. in England at the direction of the RICO
8 Ringleaders and wires of Tribal Funds deposited for the benefit of RICO Ringleaders and RICO
9 Defendant Sherry Myers in the Tribal Retirement Plans to persons and/or companies.

10 d. The interstate transfer of Tribal funds via ACH, including without
11 limitation: (i) numerous payments of credit card bills from the Tribe's bank accounts for
12 personal purchases made by the RICO Ringleaders without the Tribe's authorization or consent;
13 and (ii) in connection with the contribution, and/or investment, of Tribal Money into/in the
14 Tribal Benefit Plans for the benefit of the RICO Ringleaders and RICO Defendant Sherry
15 Myers, including without limitation interstate transfers of Tribal Money to American Funds
16 Retirement Services;

17 e. Credit card charges for personal purchases by the RICO Defendants, the
18 bills for which the RICO Ringleaders used Tribal money to pay, without the Tribe's
19 authorization or consent;

20 f. The wiring by the RICO Defendants of millions of dollars of the Tribe's
21 money to Knee Centers' bank in Utah from Cornerstone PEC Account X.

22 433. The RICO Defendants participated in the scheme or artifice knowingly, willfully,
23 and with the specific intent to deceive and/or defraud the Tribe. The RICO Defendants
24 knowingly and intentionally sent the above-described interstate wires and communications in
25 furtherance of the scheme or artifice, knowingly and intentionally caused them to be sent, knew
26 and/or could have foreseen that such interstate wires and communications would be sent; knew
27 and/or could have foreseen that their use credit cards to make purchases of goods and/or
28 services for their own benefit, the bills for which RICO Defendants caused the Tribe to pay,

1 would cause interstate wires to be used in the ordinary course of business to obtain payment for
2 the events.

3 *Pattern of Racketeering Activity: Theft or Embezzlement from Employee Benefit Plans in*
4 *Violation of 18 U.S.C. §664*

5 434. The RICO Ringleaders took and/or appropriated to themselves **several millions**
6 **of dollars** in Tribal funds deposited into the Tribal Retirement Plans, which RICO Ringleaders
7 John and Leslie Lohse, as trustees thereof, were responsible for setting up and administering,
8 and which were subject to the Employee Retirement Income Security Act (“ERISA”), in a
9 manner that was substantially inconsistent with the fiduciary purposes and objectives of the
10 Tribal Retirement Plans, as set forth by statutes, bylaws, charters, and/or trust documents which
11 govern uses of the funds in question.

12 435. The RICO Ringleaders did so with the specific intent of defrauding the Tribe of
13 these funds and enriching themselves.

14 436. As alleged herein, the RICO Ringleaders used their control over the Tribe, its
15 operations, including the Tribe’s finances and administration, Tribe-Owned Business “B,” and
16 the Tribal Retirement Plans, to cause: (a) contribution of extraordinarily large amounts of Tribal
17 funds to the Tribal Retirement Plans and the Tribe-Owned Business “E” 401(k) over an
18 extraordinarily short time; (b) diversion to the RICO Ringleaders—in particular, to RICO
19 Ringleader Ines Crosby—and to a lesser but still substantial extent RICO Defendant Sherry
20 Myers all of the Tribal funds contributed to the Tribal Retirement Plans; and (c) investment of
21 the contributed Tribal funds in non-ERISA compliant fringe investments from which the RICO
22 Ringleaders gained additional benefits.

23 *Pattern of Racketeering Activity: Money Laundering in Violation of 18 U.S.C.*
24 *§1956(a)(1)*

25 437. In furtherance of their conduct of the RICO Enterprise, the RICO Defendants,
26 knowing that the funds involved represented the proceeds of their unlawful racketeering activity
27 alleged herein, conducted, or attempted to conduct, financial transactions which in fact involved
28 the proceeds of their unlawful racketeering activity, with the intent to promote the carrying on

1 of the unlawful racketeering activity, including the RICO Defendants' unlawful activities
2 alleged herein that are in violation of 18 U.S.C. §§ 664, 1341, 1343, and/or to conceal and/or
3 disguise the nature, the location, the source, the ownership, or the control of the proceeds of the
4 unlawful racketeering activity.

5 438. This included the RICO Defendants' conduct of numerous financial transactions
6 with the proceeds of their scheme or artifice to defraud the Tribe with the intent to further that
7 scheme and disguise Defendants' embezzlement and the nature of the funds Defendants
8 embezzled from the Tribe. These financial transaction included without limitation the
9 following:

10 c. Disguising thefts by the RICO Defendants of Tribal money deposited in
11 the Tribe's bank accounts by causing Tribal money deposited in those accounts to be paid
12 directly to third parties for millions of dollars of goods and services personally consumed by the
13 RICO Ringleaders. The RICO Ringleaders accomplished this through means including without
14 limitation writing checks from the Tribe's accounts directly to third party vendors, wiring
15 money from the Tribe's accounts directly to third party vendors, and paying credit card bills
16 incurred by the RICO Ringleaders for the purchase of goods and services personally consumed
17 by the RICO Ringleaders. The RICO Ringleaders engaged in these actions with the purpose and
18 intent to conceal from the Tribe their theft of Tribal money and to promote their scheme to
19 defraud the Tribe out of millions of dollars.

20 d. Disguising thefts by the RICO Defendants of Tribal money by
21 establishing and administering the Tribal Retirement Plans in such a way that millions of dollars
22 of Tribal money were diverted to the RICO Ringleaders and RICO Defendant Sherry Myers,
23 with the purpose and intent of disguising these thefts as legitimate retirement contributions and
24 promoting the RICO Defendants' scheme to defraud the Tribe out of millions of dollars.

25 e. Disguising thefts by the RICO Defendants of Tribal money by causing
26 the Tribe and Tribe-Owned Businesses to pay the RICO Ringleaders extraordinarily high and
27 unjustified amounts of non-retirement compensation in various forms, including salaries,
28 bonuses, loans and director's fees, with the purpose and intent of disguising these payments as

1 legitimate compensation and promoting Defendants' scheme to defraud the Tribe out of
2 millions of dollars.

3 f. Disguising thefts by the RICO Defendants of Tribal money by causing
4 the Tribe to contribute approximately \$3.4 million to CTBA and its affiliate Like Minded
5 Investors ("LMI")—both of which the RICO Ringleaders helped form and which, in the case of
6 CTBA, RICO Ringleader Leslie Lohse was the Chair of its Board of Directors—and then
7 causing CTBA to pay RICO Ringleader Leslie Lohse approximately \$550,000, with the purpose
8 and intent of disguising these payments as legitimate compensation and promoting Defendants'
9 scheme to defraud the Tribe out of millions of dollars.

10 g. Disguising thefts by the RICO Defendants of Tribal money by engaging
11 in the transactions described in ¶¶ [190-222] with the purpose and intent of disguising these
12 thefts and promoting Defendants' scheme to defraud the Tribe out of millions of dollars.

13 h. Causing PEC to purchase, on March 29, 2013, four parcels of raw
14 property in the Truckee/Donner area, with forged documentation of PEC Board authorization,
15 for the purpose and intent of disguising a gift of embezzled Tribe money to the sister of RICO
16 Ringleader Ines Crosby and promoting Defendants' scheme to defraud the Tribe out of millions
17 of dollars.

18 i. Disguising the RICO Defendants' theft of Tribal money held by Tribe-
19 Owned Business "F" by causing Tribe-Owned Business "F" to make profit distributions to PEC,
20 which the RICO Ringleaders then directly withdrew in cash for their own benefit or transferred
21 to Tribe Owned Business "B," which in turned paid the funds out to the RICO Ringleaders, with
22 the purpose and intent of disguising these thefts and promoting Defendants' scheme to defraud
23 the Tribe out of millions of dollars.

24 *Pattern of Racketeering Activity: Money Laundering in Violation of 18 U.S.C.*
25 *§1956(a)(2)*

26 439. The RICO Defendants transported, transmitted, transferred, and/or attempted to
27 transport, transmit, or transfer monetary instrument(s) or funds from a place in the United States
28 to or through a place outside the United States or to a place in the United States from or through

1 a place outside the United States, knowing that the monetary instrument or funds involved in the
2 transportation represent the proceeds of the RICO Defendants' racketeering activity alleged
3 herein and knowing that such transportation, transmission, or transfer was designed in whole or
4 in part to conceal or disguise the nature, the location, the source, the ownership, or the control of
5 the proceeds of the RICO Defendants' racketeering activity alleged herein.

6 440. Such actions include without limitation the transportation, transmittal, transfer,
7 and/or attempted transportation, transmittal, or transfer by RICO Ringleaders Leslie Lohse and
8 Larry Lohse of the proceeds of the racketeering activities alleged herein to the Philippines in
9 order to conceal or disguise the nature, the location, the source, the ownership, or the control of
10 the proceeds of the RICO Defendants' racketeering activity alleged herein.

11 *Pattern of Racketeering Activity: Bribery in Violation of California State Law*

12 441. At all relevant times, RICO Defendants Ted and Jon Pata were "executive officers
13 in the state" within the meaning of California Penal Code § 67.

14 442. At all relevant times, the Tribe was the "employer" of RICO Defendants Jon and
15 Ted Pata within the meaning California Penal Code § 641.3.

16 443. RICO Defendants Ted and Jon Pata, as members of the Tribal Gaming
17 Commission, an executive commission of the Tribal Government, had responsibilities including
18 without limitation monitoring financial activities involving Tribal funds.

19 444. As alleged herein RICO Ringleader John Crosby provided RICO Defendants Ted
20 and Jon Pata vehicles worth approximately \$75,000 each in exchange for their agreement not to
21 disclose or otherwise take action concerning the RICO Ringleaders unauthorized purchase of a
22 \$3.6 million private jet with Tribal money.

23 445. The foregoing constitutes bribery punishable under California Penal Code § 67 by
24 two, three or four years of imprisonment and under California Penal Code § 641.3 by 16
25 months, or two or three years.

26 *Pattern of Racketeering Activity: Extortion in Violation of California State Law*

27 446. At all relevant times, every adult member of the Tribe is a "public officer" within
28 the meaning of California Penal Code § 518.

1 447. Section 2 of Article III, titled Governing Body, of the Tribal Constitution,
2 provides: “The General Council shall consist of all members of the Band who are eighteen (18)
3 years of age or older. The General Council shall exercise its powers through election of a Tribal
4 Council, referendum, initiative, amendment and such other powers as may be reserved to them
5 by this Constitution.” Among the powers reserved to the General Council is the power to
6 remove members of the Tribal Council.

7 448. As alleged herein, on numerous occasions the RICO Ringleaders, threatened
8 members of the Tribe with disenrollment and/or suspension from the Tribe if they challenged
9 the RICO Ringleaders’ control of the Tribe, including removal of RICO Ringleader Leslie
10 Lohse from the Tribal Council, or challenged the activities of the RICO Ringleaders.

11 449. Disenrollment and suspension from the Tribe would result, respectively, in the
12 permanent and temporary loss of the per capita distributions for the Tribe, which for virtually all
13 members of the Tribe, except for the RICO Defendants that are Tribal members, represents the
14 majority of their income and, for a majority of Tribal members, it consists of virtually all of
15 their income. Disenrollment or suspension from the Tribe furthermore exposes or imputes
16 Tribal members to disgrace.

17 450. The foregoing constitutes extortion, punishable under California Penal Code §
18 518 by two, three or four years of imprisonment.

19 *Pattern of Racketeering Activity: Obstruction of Justice in Violation of 18 U.S.C. §1503*

20 451. Faced with the imminent discovery of their racketeering activity, the RICO
21 Ringleaders sought to corruptly obstruct and impede, and did, in fact, obstruct or impede the
22 due administration of justice, in violation of 18 U.S.C. § 1503, by launching the cyber attack on
23 the Casino as alleged herein. The RICO Defendants launched the attack with the specific
24 purpose and effect of destroying evidence of their wrongdoing so as to avoid civil and criminal
25 liability therefor, and did so destroy some of that evidence.

26 452. The RICO Defendants, furthermore, sought to obstruct and impede, and did, in
27 fact, obstruct or impede the due administration of justice, in violation of 18 U.S.C. § 1503, by
28 preventing the recording of the criminal acts of the RICO Defendants by the Casino video

1 surveillance system. The RICO Defendants took such actions with the specific purpose and
2 effect of destroying evidence of their wrongdoing so as to avoid civil and criminal liability
3 therefor, and did so destroy some of that evidence.

4 453. Each of the RICO Defendants has engaged in multiple predicate acts, as described
5 herein. The conduct of each of the RICO Defendants described herein constitutes a pattern of
6 racketeering activity within the meaning of 18 U.S.C. § 1961(5).

7 454. As a direct, proximate, and reasonably foreseeable result of the RICO
8 Defendants' violations of 18 U.S.C. § 1962(c), the Tribe was injured in its business and
9 property. The injuries to the Tribe caused by reason of the violations of 18 U.S.C. § 1962(c)
10 include without limitation the loss of millions of dollars that the RICO Defendants stole from
11 the Tribe by operation of their criminal scheme. The Tribe has been and will continue to be
12 injured in its business and property in an amount to be determined at trial.

13 455. Pursuant to 18 U.S.C. § 1964(c), the Tribe is entitled to recover treble damages
14 plus costs and attorneys' fees from the RICO Defendants.

15 WHEREFORE, the Tribe prays for judgment as set forth below.

16 **Second Claim for Relief**

17 **(Violations of RICO – Taking Control of an Enterprise, 18 U.S.C. § 1962(b))**
18 **(Against the RICO Defendants)**

19 456. The Tribe incorporates by reference all the allegations contained in the previous
20 paragraphs as though fully set forth herein.

21 457. At all relevant times, the Tribe is an enterprise within the meaning of 18 U.S.C.
22 §§ 1961(4) and 1962(b).

23 458. At all relevant times, PEC is an enterprise within the meaning of 18 U.S.C. §§
24 1961(4) and 1962(b).

25 459. Through the pattern of racketeering activity alleged herein, including without
26 limitation the RICO Defendants' violations of 18 U.S.C. §§ 1341 and 1343 Defendants took
27 control of the Tribe and PEC.
28

1 460. By controlling these entities, Defendants were able to cause them to engage in
2 financial transactions by which the Tribe was defrauded and the RICO Defendants were
3 enriched.

4 461. As a direct and proximate result of the RICO Defendants' taking control of the
5 Tribe and PEC, in violation of 18 U.S.C. § 1962, the Tribe was injured in its business and
6 property in an amount to be determined at trial. These injuries include without limitation: (1)
7 financial losses incurred by the Tribe as a result of the RICO Defendants' misappropriation,
8 embezzlement, theft and wrongful diversion to themselves of millions of dollars of the Tribe's
9 money; (2) hundreds of millions of dollars in financial losses incurred by the Tribe and Tribe-
10 Owned Businesses as a result of the RICO Defendants' mismanagement; (3) financial losses
11 and costs of several millions of dollars incurred by the Tribe in connection with removal of the
12 RICO Defendants' control over the Tribe and PEC, and related investigation; and (4) the
13 damage that has been caused to the goodwill and reputation of the Tribe, its businesses,
14 including the Casino, and the Tribal Entities.

15 462. Pursuant to 18 U.S.C. § 1964(c), the Tribe is entitled to recover treble damages
16 plus costs and attorneys' fees from the RICO Defendants.

17 WHEREFORE, the Tribe prays for judgment as set forth below.

18 **Third Claim for Relief**

19 **(Violations of RICO – Investment of Racketeering Proceeds, 18 U.S.C. § 1962(a))**
20 **(Against RICO Ringleaders John Crosby and Larry Lohse)**

21 463. The Tribe incorporates by reference all the allegations contained in the previous
22 paragraphs as though fully set forth herein.

23 464. At all relevant times, CRP 111 West 141st LLC, CRP West 168th Street LLC,
24 and CRP Sherman Avenue LLC (collectively “CRP Entities”) are enterprises affecting interstate
25 commerce within the meaning of 18 U.S.C. §§ 1961(4) and 1962(b).

26 465. The CRP Entities are special purpose real estate investment vehicles created by
27 Castellan Real Estate Partners. The Tribe is a significant investor in these and other special
28 purpose real estate investment vehicles created by Castellan Real Estate Partners; and such

1 investments are among the only investments by the Tribe while under the RICO Ringleaders'
2 control that have been financially successful.

3 466. RICO Defendants John Crosby and Larry Lohse through the racketeering
4 activities alleged herein caused PEC to "loan" each of them \$150,000 to invest in the CRP
5 Entities, which neither has made any effort to pay back, and which were, in fact, unauthorized
6 conversions of Tribal money. These moneys represented proceeds of the RICO Defendants'
7 racketeering activities alleged herein.

8 467. As a direct and proximate result of the investment of the racketeering proceeds in
9 the CRP Entities by RICO Defendants John Crosby and Larry Lohse, in violation of the 18
10 U.S.C. § 1962, the Tribe was injured in its business and property in an amount to be determined
11 at trial. These injuries include without limitation the loss of the opportunity to earn returns on an
12 investment by the Tribe of these proceeds in the CRP Entities.

13 468. Pursuant to 18 U.S.C. § 1964(c), the Tribe is entitled to recover treble damages
14 plus costs and attorneys' fees from the RICO Defendants.

15 WHEREFORE, the Tribe prays for judgment as set forth below.

16 **Fourth Claim for Relief**

17 **(Conspiracy to Violate Section 1962(c) of RICO – Conduct of a RICO Enterprise, 18**
18 **U.S.C. § 1962(d))**
(Against the RICO Defendants)

19 469. The Tribe incorporates by reference all the allegations contained in the previous
20 paragraphs as though fully set forth herein.

21 470. The RICO Defendants have unlawfully, knowingly and willfully combined,
22 conspired, confederated and agreed together and with others to violate 18 U.S.C. §§ 1962(c), as
23 described therein, in violation of 18 U.S.C. § 1962(d).

24 471. The RICO Defendants knew that they were engaged in a conspiracy to commit
25 the predicate acts described in the First Claim for Relief, and they knew that the predicate acts
26 were part of such racketeering activity, and the participation and agreement of each of them was
27 necessary to allow the commission of this pattern of racketeering activity. This conduct
28 constitutes a conspiracy to violate 18 U.S.C. § 1962(c), in violation of 18 U.S.C. § 1962(d).

1 them was necessary to allow the commission of this racketeering activity. This conduct
2 constitutes a conspiracy to violate 18 U.S.C. § 1962(b), in violation of 18 U.S.C. § 1962(d).

3 479. The RICO Defendants agreed to conduct or participate, directly or indirectly, in
4 the taking of control of the Tribe and PEC through a pattern of racketeering activity in violation
5 of 18 U.S.C. § 1962(b).

6 480. Each RICO Defendant knew about and agreed to facilitate the scheme to take
7 control of these enterprises. It was part of the conspiracy that the RICO Defendants and their co-
8 conspirators would commit a pattern of racketeering activity to take control of these enterprises,
9 including the acts of racketeering set forth herein.

10 481. As a direct and proximate result of the RICO Defendants' taking control of the
11 Tribe and PEC, in violation of the 18 U.S.C. § 1962, the Tribe was injured in its business and
12 property in an amount to be determined at trial. These injuries include without limitation: (1)
13 financial losses incurred by the Tribe as a result of the RICO Defendants' misappropriation,
14 embezzlement, theft and wrongful diversion to themselves of millions of dollars of the Tribe's
15 money; (2) hundreds of millions of dollars in financial losses incurred by the Tribe and Tribe-
16 Owned Businesses as a result of the RICO Defendants' mismanagement; (3) financial losses
17 and costs of several millions of dollars incurred by the Tribe in connection with the removal of
18 the RICO Defendants' control over the Tribe and PEC, and related investigation; and (4) the
19 damage that has been caused to the goodwill and reputation of the Tribe, its businesses,
20 including the Casino, and the Tribal Entities.

21 482. Pursuant to 18 U.S.C. § 1964(c), the Tribe is entitled to recover treble damages
22 plus costs and attorneys' fees from the RICO Defendants.

23 WHEREFORE, the Tribe prays for judgment as set forth below.

24 **Sixth Claim for Relief**

25 **(Conspiracy to Violate Section 1962(a) of RICO – Investment of Racketeering Proceeds,**
26 **18 U.S.C. § 1962(d))**
(Against RICO Ringleaders John Crosby and Larry Lohse)

27 483. The Tribe incorporates by reference all the allegations contained in the previous
28 paragraphs as though fully set forth herein.

1 484. RICO Ringleaders John Crosby and Larry Lohse have unlawfully, knowingly and
2 willfully combined, conspired, confederated and agreed together and with others to violate 18
3 U.S.C. §§ 1962(a), as described therein, in violation of 18 U.S.C. § 1962(d).

4 485. RICO Ringleaders John Crosby and Larry Lohse knew that they were engaged in
5 a conspiracy to use or invest the proceeds of their racketeering activities in the acquisition of an
6 interest in the CRP Entities, as described herein.

7 486. RICO Ringleaders John Crosby and Larry Lohse agreed to conduct or participate,
8 directly or indirectly, in the use or invest the proceeds of their racketeering activities in the
9 acquisition of an interest in the CRP Entities in violation of 18 U.S.C. § 1962(a). This
10 agreement included without limitation the agreement to write checks to each other from
11 Cornerstone PEC Account X for the amounts invested by each in the CRP Entities.

12 487. Each RICO Defendant knew about and agreed to facilitate the scheme to use or
13 invest the proceeds of their racketeering activities in the acquisition of an interest in the CRP
14 Entities in violation of 18 U.S.C. § 1962(a). It was part of the conspiracy that the RICO
15 Defendants and their co-conspirators use or invest the proceeds of their racketeering activities in
16 the acquisition of an interest in the CRP Entities in violation of 18 U.S.C. § 1962(a).

17 488. As a direct and proximate result of the RICO Defendants' conspiracy, the use or
18 investment of the racketeering proceeds in the acquisition of an interest in the CRP Entities, the
19 overt acts taken in furtherance of that conspiracy, and violations of 18 U.S.C. § 1962(d), the
20 Tribe has been injured in its business and property, including without limitation the loss of the
21 opportunity to earn returns on an investment by the Tribe of these proceeds in the CRP Entities.

22 489. Pursuant to 18 U.S.C. § 1964(c), the Tribe is entitled to recover treble damages
23 plus costs and attorneys' fees from RICO Ringleaders John Crosby or Larry Lohse.

24 WHEREFORE, the Tribe prays for judgment as set forth below.
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26
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28

Seventh Claim for Relief

**(Violation of the Federal Computer Fraud and Abuse Act, 18 U.S.C. § 1030(a)(3))
(Against the RICO Defendants)**

490. The Tribe incorporates by reference all the allegations contained in the previous paragraphs as though fully set forth herein.

491. The RICO Defendants have violated the Computer Fraud and Abuse Act, 18 U.S.C. § 1030, by intentionally accessing, as part of the RICO Defendants' scheme to take control and defraud the Tribe, the Tribe's computers used for interstate commerce and communication, without authorization and by exceeding authorized access to such a computer and by obtaining information from such a protected computer, and causing significant damage to such computers.

492. The RICO Defendants have violated the Computer Fraud and Abuse Act, 18 U.S.C. § 1030, by knowingly, with intent to defraud the Tribe, and as part of the RICO Defendants' scheme to take control and defraud the Tribe, accessing a protected computer, without authorization or by exceeding authorized access to such a computer, and, by means of such conduct, furthering their intended fraud and obtaining one or more things of value, including, but not limited to: evidence of the RICO Defendants' scheme or artifice to defraud the tribe and the criminal conduct of the RICO Defendants and their co-conspirators; and information concerning the location of assets of the Tribe stolen by the RICO Defendants.

493. The RICO Defendants have violated the Computer Fraud and Abuse Act, 18 U.S.C. § 1030, by intentionally accessing, as part of the RICO Defendants' scheme to take control and defraud the Tribe, a protected computer beyond the scope of the authorization granted, and causing damage to the Tribe, recklessly or without due regard for their actions.

494. The computer system or systems that the RICO Defendants accessed as alleged herein constitute a "protected computer" within the meaning of 18 U.S.C. § 1030, as they are used by the Tribe to conduct interstate communication and interstate business, including without limitation in connection with the Casino and the various business activities in which the Tribe is engaged directly and through Tribe-Owned Businesses.

1 495. As a direct, proximate, and reasonably anticipated result of the RICO Defendants'
2 actions in violations of 18 U.S.C. § 1030, the Tribe has been damaged by these violations,
3 including without limitation damage caused to the Tribe's data, programs, and computer
4 systems and impairment of the integrity and availability of data, programs, systems, or
5 information. The Tribe has further suffered damage and loss through the cost of responding to
6 the offenses, including conducting damage assessments and restoring data, programs, systems,
7 and/or information to its condition prior to the offenses. These, as well as other losses and
8 damages in an amount to be determined at trial, amount to over \$5,000 aggregated over a one-
9 year period.

10 496. The RICO Defendants' unlawful access to, and misappropriations from, the
11 Tribe's computers have also caused the Tribe irreparable injury. Unless restrained and enjoined,
12 the RICO Defendants will continue to commit such acts. Damages are not adequate to
13 compensate the Tribe for these actual and threatened injuries; the Tribe is therefore entitled to
14 injunctive relief as provided by 18 U.S.C. § 1030(g).

15 WHEREFORE, the Tribe prays for judgment as set forth below.

16 **Eighth Claim for Relief**

17 **(Violation of the California Comprehensive Computer Data Access and Fraud Act, Cal.**
18 **Penal Code, §502)**
19 **(Against the RICO Defendants)**

20 497. The Tribe incorporates by reference all the allegations contained in the previous
21 paragraphs as though fully set forth herein.

22 498. In violation of Penal Code §502(c)(1), the RICO Defendants, as part of the RICO
23 Defendants' scheme to take control and defraud the Tribe, knowingly accessed and without
24 permission altered, damaged, deleted, and/or destroyed the Tribe's data, computers, computer
25 systems and/or computer networks in order to devise and/or execute a scheme and/or artifice to
26 defraud and/or deceive and/or in order to wrongfully control and/or obtain money, property,
27 and/or data.

28 499. In violation of Penal Code §502(c)(2), the RICO Defendants, as part of the RICO
Defendants' scheme to take control and defraud the Tribe, knowingly accessed and without

1 permission took, copied, and/or used data from the Tribe's computers, computer systems and/or
2 computer network.

3 500. In violation of Penal Code §502(c)(3), the RICO Defendants, as part of the RICO
4 Defendants' scheme to take control and defraud the Tribe, knowingly and without permission
5 used or caused to be used the Tribe's computer services.

6 501. In violation of Penal Code §502(c)(4), the RICO Defendants, as part of the RICO
7 Defendants' scheme to take control and defraud the Tribe, knowingly accessed and without
8 permission altered, damaged, deleted, and/or destroyed data, computer software, and/or
9 computer programs which reside and/or exist internal or external to the Tribe's computers,
10 computer systems, or computer network.

11 502. In violation of Penal Code §502(c)(6), the RICO Defendants, as part of the RICO
12 Defendants' scheme to take control and defraud the Tribe, knowingly and without permission
13 provided or assisted in providing a means to access the Tribe's computers, computer systems,
14 and/or computer network in violation of Penal Code §502.

15 503. In violation of Penal Code §502(c)(6), the RICO Defendants, as part of the RICO
16 Defendants' scheme to take control and defraud the Tribe, knowingly and without permission
17 accessed or caused to be accessed the Tribe's computers, computer systems, and/or computer
18 network.

19 504. The Tribe owned and/or leased the computer, computer system, computer
20 network, computer program, and/or data referenced in the preceding six paragraphs.

21 505. As a direct, proximate, and reasonably anticipated result of the RICO Defendants'
22 actions in violations of Penal Code § 502, the Tribe suffered damages in an amount to be proved
23 at trial.

24 506. The RICO Defendants' actions in violation of Penal Code § 502 were willful,
25 malicious, and were done with fraud and oppression.

26 WHEREFORE, the Tribe prays for judgment as set forth below.
27
28

Ninth Claim for Relief

**(Conversion under California Law)
(Against the RICO Defendants)**

507. The Tribe incorporates by reference all the allegations contained in the previous paragraphs as though fully set forth herein.

508. The Tribe owned, possessed and/or had a right to possess the profits from the Casino, as well as all other sources of income for the Tribe, including without limited income generated by the Tribe-Owned Businesses.

509. Further, the Tribe owned, possessed and/or had a right to possess all moneys in the bank accounts and investment accounts taken out or opened in the Tribe's name.

510. The RICO Defendants intentionally and substantially interfered with the Tribe's property rights as to these moneys by *inter alia* (a) taking for themselves, without the assent of the Tribe, certain identifiable quantities of such moneys, including without limitation those alleged in detail herein; (b) preventing the Tribe from gaining access to the moneys deposited in the Tribe's banking and investment accounts; and (c) refusing to return the Tribal moneys taken, despite the Tribe's demands for their return. The RICO Defendants concealed these actions from the Tribe, in contravention of their duties under the Tribal Constitution.

511. The Tribe did not consent to this interference with its property rights to these moneys.

512. As a direct, proximate, and reasonably anticipated result of this interference, the Tribe was harmed in an amount to be proven at trial.

513. The RICO Defendants acted willfully, maliciously, and with fraud and oppression in taking such actions.

WHEREFORE, the Tribe prays for judgment as set forth below

Tenth Claim for Relief

**(Fraudulent Concealment under California Law)
(Against the RICO Defendants)**

514. The Tribe incorporates by reference all the allegations contained in the previous paragraphs as though fully set forth herein.

515. By virtue of their positions with the Tribe and/or PEC the RICO Defendants owed the Tribe and/or PEC a duty to truthfully disclose information concerning the Tribe's finances and PEC's finances, including without limitation transactions involving the Tribe's assets and PEC's assets. The RICO Ringleaders further owed the Tribe a duty to truthfully disclose information concerning issues of Tribal governance, including without limitation election requirements for Tribal Council members and accounting requirements contained in the Tribal Constitution.

516. As part of their scheme to defraud and control the Tribe, the RICO Defendants intentionally failed to disclose to, and actively concealed from the Tribe, including Tribal Council members, numerous important facts concerning these topics including without limitation:

a. The amounts of non-retirement and retirement compensation the RICO Ringleaders were causing the Tribe to pay themselves and RICO Defendant Sherry Myers;

b. The RICO Ringleaders' uses of Tribal money to pay for their personal expenses;

c. The RICO Defendants' uses of other Tribal resources for their personal benefit, including without limitation private jets wholly or fractionally owned by the Tribe;

d. The RICO Ringleaders' uses of Tribal money and other tribal resources for the benefit of their friends and relatives;

e. The RICO Ringleaders' withdrawals of Tribal money from Tribal bank accounts in cash for their personal benefit and that of their friends and relatives;

1 f. The locations in which the RICO Ringleaders had secreted Tribal money,
2 including without limitation the existence of a number of bank accounts established by the
3 RICO Defendants that contained Tribal moneys;

4 g. The RICO Ringleaders' purchase of private jet with Tribal money;

5 h. The losses incurred as a result of the investments made by the RICO
6 Ringleaders with the Tribe's money;

7 i. Requirements in the Tribal Constitution concerning approval and
8 accounting of financial transactions of which the RICO Ringleaders were in consistent
9 violation;

10 j. Provisions in the Tribal Constitution concerning the election of Tribal
11 Council members.

12 517. At no time during their tenure, did the RICO Defendants provide truthful reports
13 to the Tribe or the Tribal Council regarding the Tribe's finances or expenditures purportedly
14 made on the Tribe's behalf by the RICO Ringleaders, but rather actively concealed this
15 information from the Tribe and Tribal Council.

16 518. At no time during their tenure did the RICO Defendants provide truthful account
17 balance sheets to the Tribe, or any form of accounting of Tribal moneys or any expenditures
18 purportedly made on the Tribe's behalf, but rather actively concealed this information from the
19 Tribe and Tribal Council.

20 519. At no time during their tenure did the RICO Defendants conduct a truthful audit
21 of the Tribe's finances.

22 520. When the foregoing information was specifically requested by a member of the
23 Tribe and/or Tribal Council, the RICO Ringleaders would refuse to provide it and took actions
24 with the specific purpose and intent of silencing through intimidation any Tribal member that
25 persisted in such requests.

26 521. The RICO Ringleaders intentionally structured financial transactions involving
27 the Tribe's money to hide and obscure their conversion of Tribal money.
28

1 522. The RICO Ringleaders purchased the silence, including through bribes paid to
2 public officials, of persons that could otherwise have disclosed facts concerning the RICO
3 Ringleaders' use of the Tribe's money.

4 523. The RICO Defendants took specific actions to prevent the recording of evidence
5 concerning the RICO Defendants' use of Tribal money and other illegal conduct.

6 524. The RICO Defendants took specific actions to destroy evidence concerning the
7 RICO Defendants' use of Tribal money and other illegal conduct.

8 525. The RICO Defendants purposefully and intentionally failed to disclose and
9 actively concealed these facts in order to deceive the Tribe, hide their scheme to defraud the
10 Tribe, and remain in control of the Tribe. The RICO Defendants' failures to disclose and active
11 concealment of important facts was an integral component of their scheme to control and
12 defraud the Tribe.

13 526. The RICO Defendants acted willfully, maliciously, and with fraud and oppression
14 in taking such actions and making such omissions.

15 527. The Tribe and Tribal Council reasonably relied on the RICO Defendants'
16 deceptions.

17 528. As a direct, proximate, and reasonably anticipated result of the RICO Defendants'
18 deceptions and the reliance of the Tribe and Tribal Council thereon the Tribe was harmed in an
19 amount to be proven at trial.

20 WHEREFORE, the Tribe prays for judgment as set forth below.

21 **Eleventh Claim for Relief**

22 **(Fraudulent Misrepresentation under California Law)**
23 **(Against the RICO Defendants)**

24 529. The Tribe incorporates by reference all the allegations contained in the previous
25 paragraphs as though fully set forth herein.

26 530. As part of their scheme to control and defraud the Tribe, the RICO Defendants
27 falsely represented to the Tribe, including to Tribal Council members, that numerous facts were
28 true including without limitation:

1 536. The Tribe and the Tribe-Owned Businesses were in economic relationships that
2 probably would have resulted in an economic benefit to the Tribe.

3 537. The RICO Defendants knew of these economic relationships.

4 538. The RICO Defendants engaged in conduct aimed at diverting for themselves the
5 economic benefits that the Tribe-Owned Businesses would otherwise have provided to the
6 Tribe.

7 539. The RICO Defendants intended that by engaging in this conduct these
8 relationships would be disrupted and/or knew that disruption of the relationships was certain or
9 substantially certain to occur.

10 540. The RICO Defendants acted willfully, maliciously, and with fraud and oppression
11 in taking such actions.

12 541. The economic relationships between the Tribe and the Tribe-Owned Businesses
13 were disrupted, and as a direct, proximate, and reasonably anticipated result of the RICO
14 Defendants' conduct in this regard the Tribe was harmed in an amount to be proven at trial.

15 WHEREFORE, the Tribe prays for judgment as set forth below.

16 **Thirteenth Claim for Relief**

17 **(Breach of Fiduciary Duty of Undivided Loyalty under California Law)**
18 **(Against the RICO Defendants)**

19 542. The Tribe incorporates by reference all the allegations contained in the previous
20 paragraphs as though fully set forth herein.

21 543. The RICO Defendants, as employees of the Tribe and/or officials thereof, and
22 who, in the case of the RICO Ringleaders, knowingly took for themselves control of the Tribe
23 and its economic activities, were duty bound to act with the utmost good faith for the benefit of
24 the Tribe. This required *inter alia* that the RICO Defendants take no advantage from their acts
25 relating to the interests of the Tribe without the Tribe's knowledge and consent.

26 544. The RICO Defendants knowingly acted against the Tribe's interests by engaging
27 in a consistent pattern of self-dealing and theft that resulted in the enormous enrichment of the
28 RICO Defendants at the expense of the Tribe.

1 545. The Tribe did not consent to this conduct by the RICO Defendants.

2 546. The RICO Defendants acted willfully, maliciously, and with fraud and oppression
3 in taking such actions.

4 547. As a direct, proximate, and reasonably anticipated result of the RICO Defendants'
5 conduct in this regard, the Tribe was harmed in an amount to be proven at trial.

6 WHEREFORE, the Tribe prays for judgment as set forth below.

7 **Fourteenth Claim for Relief**

8 **(Breach of Fiduciary Duty of Reasonable Care under California Law)**
9 **(Against the RICO Defendants)**

10 548. The Tribe incorporates by reference all the allegations contained in the previous
11 paragraphs as though fully set forth herein.

12 549. The RICO Defendants, as employees of the Tribe and/or officials thereof, and
13 who, in the case of the RICO Ringleaders, knowingly took for themselves control of the Tribe
14 and its economic activities, including without limitation numerous financial and investment
15 transactions they caused the Tribe to enter into, were duty bound to act with the utmost good
16 faith for the benefit of the Tribe. This required *inter alia* that the RICO Defendants conduct
17 their activities as employees of the Tribe and/or officials thereof with reasonable care.

18 550. In conducting themselves in this capacity, the RICO Defendants failed to act as a
19 reasonably careful person would have acted under similar circumstances.

20 551. The RICO Defendants acted willfully, maliciously, and with fraud and oppression
21 in taking such actions.

22 552. As a direct, proximate, and reasonably anticipated result of the RICO Defendants'
23 conduct in this regard, the Tribe was harmed in an amount to be proven at trial.

24 WHEREFORE, the Tribe prays for judgment as set forth below.
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Fifteenth Claim for Relief

**(Common Count – Money Had and Received under California Law)
(Against the RICO Defendants)**

553. The Tribe incorporates by reference all the allegations contained in the previous paragraphs as though fully set forth herein.

554. The RICO Defendants received moneys that were intended to be used for the benefit of the Tribe.

555. That money was not used for benefit of the Tribe.

556. The RICO Defendants have not returned or otherwise given these moneys back to the Tribe.

WHEREFORE, the Tribe prays for judgment as set forth below.

Sixteenth Claim for Relief

**(Civil Conspiracy under California Law)
(Against the RICO Defendants)**

557. The Tribe incorporates by reference all the allegations contained in the previous paragraphs as though fully set forth herein.

558. The RICO Defendants formed a conspiracy to defraud the tribe and enrich themselves at the Tribe's expense.

559. The aforementioned conspiracy subsequently operated to defraud the Tribe and enrich the RICO Defendants.

560. In furtherance of the conspiracy, the RICO Defendants took wrongful actions, including those alleged herein.

561. The RICO Defendants acted willfully, maliciously, and with fraud and oppression in the actions taken to form and operate the conspiracy and in the wrongful conduct taken by them in furtherance of it.

562. As a direct, proximate, and reasonably anticipated result of the RICO Defendants' conduct in this regard, the Tribe was harmed in an amount to be proven at trial.

WHEREFORE, the Tribe prays for judgment as set forth below.

Seventeenth Claim for Relief

**(Aiding and Abetting - RICO Defendants' Conversion and Breaches of Fiduciary Duties)
(Against RICO Defendants)**

563. The Tribe incorporates by reference all the allegations contained in the previous paragraphs as though fully set forth herein.

564. As alleged herein, the RICO Defendants effected numerous conversions of identifiable amounts of the Tribe's money.

565. The RICO Defendants substantially assisted their fellow RICO Defendants in effecting these conversions.

566. As alleged herein, the RICO Defendants committed numerous breaches of their fiduciary duties of undivided loyalty owed to the Tribe.

567. The RICO Defendants substantially assisted their fellow RICO Defendants in committing these breaches.

568. As alleged herein, the RICO Defendants independently owed the Tribe fiduciary duties, which, as alleged herein, they violated.

569. In addition and/or in the alternative, RICO Defendants knew that their fellow RICO Defendants were effecting these conversions and committing these breaches of their fiduciary duties.

570. As a direct, proximate, and reasonably anticipated result of the RICO Defendants' actions and omissions in substantial assistance to their fellow RICO Defendants' conversions and breaches of fiduciary duties the Tribe was harmed in an amount to be proven at trial.

WHEREFORE, the Tribe prays for judgment as set forth below.

Eighteenth Claim for Relief

**(Common Law Negligence)
(Against Umpqua Bank and Umpqua Holdings Corporation)**

571. The Tribe incorporates by reference all the allegations contained in the previous paragraphs as though fully set forth herein.

1 572. Defendant Umpqua Bank owed the Tribe, as a depositor and account holder, a
2 duty of reasonable care.

3 573. Defendant Umpqua Bank violated that duty of reasonable care.

4 574. To the extent Abettor Defendant Umpqua Bank did not know that the RICO
5 Defendants, and, in particular, RICO Ringleader Ines Crosby, were converting the Tribe's
6 money deposited at Umpqua Bank, were engaging in a fraudulent scheme to convert the Tribe's
7 money deposited at Umpqua Bank, and/or were committing acts that constituted breaches of
8 their fiduciary duties to the Tribe, Abettor Umpqua Bank's failure to make any inquiry or
9 investigation into the propriety of the RICO Ringleaders' transactions vis-à-vis the Tribe's
10 money at Umpqua Bank, despite numerous warning signs it is required to recognize, Abettor
11 Umpqua Bank's failure to prevent its employees from knowingly assisting RICO Ringleader
12 Ines Crosby in her conversion of Tribe money deposited at the bank, Abettor Umpqua Bank's
13 failure to stop the RICO Ringleaders' use of the Tribe's accounts at Umpqua Bank to further
14 their scheme, including without limitation by freezing or closing the accounts and/or limiting
15 RICO Ringleader Ines Crosby's ability to withdraw funds from those accounts, were breaches
16 of the duty of reasonable care that Defendant Umpqua Bank owed the Tribe as its depositor.

17 575. Such violations of its duty of reasonable care include without limitation
18 Defendant Umpqua Bank's failure to investigate or inquire into the propriety of numerous large
19 cash withdrawals by the Rico Ringleaders from the Tribe's accounts at Umpqua Bank, totaling
20 millions of dollars, and large payments for the RICO Ringleaders' personal benefit, further
21 totaling millions of dollars, that the RICO Ringleaders caused to be made from the Tribe's
22 accounts at Umpqua Bank.

23 576. The circumstances alleged herein both demonstrate that certain employees of
24 Abettor Defendant Umpqua Bank gave knowing assistance to the RICO Ringleader in
25 commission of their illegal scheme and were sufficiently suspicious and made the risk
26 sufficiently apparent that the RICO Ringleaders were converting the Tribe's money deposited at
27 Umpqua Bank, were violating their fiduciary duties to the Tribe in connection with such money,
28 and/or were otherwise acting improperly in connection with such money, that Defendant

1 Umpqua Bank had a duty to investigate and inquire into the propriety of the activity of the
2 RICO Ringleaders vis-à-vis the Tribe's money deposited at Umpqua Bank. Defendant Umpqua
3 Bank failed to do so, and, instead, continued to provide the RICO Ringleaders with the ability to
4 conduct such transactions with the Tribe's money without making any inquiry into the propriety
5 of the transaction.

6 577. Among the suspicious transactions conducted by the RICO Ringleaders that
7 evince the knowing assistance provided by certain Umpqua Bank employees and which placed
8 Umpqua Bank on inquiry notice were numerous large cash withdrawals from the Tribe's
9 accounts at Umpqua bank made by RICO Ringleader Ines Crosby, at the same Orland,
10 California branch of Umpqua Bank, with the assistance of the same Umpqua Bank tellers.

11 578. Because of the consistently large size of the unauthorized cash withdrawals made
12 by Ms. Crosby—regularly in the \$7,500 range and frequently in the tens and even hundreds of
13 thousands—Ms. Crosby was not able to accomplish these thefts using an ATM or other
14 anonymous means. Rather, Ms. Crosby required the in-person assistance of Umpqua Bank
15 tellers at bank's branch in Orland, California, a town with a population of approximately 7,300
16 people. The Umpqua Bank branch in Orland is small with approximately four tellers and one
17 non-teller bank manager working at any given time. Furthermore, the same tellers and non-teller
18 bank manager consistently work at the branch and have worked at the branch for substantial
19 periods, including during the period that Ms. Crosby made repeated and regular large
20 unauthorized cash withdrawals from the Tribe's accounts at Umpqua Bank. Thus, RICO
21 Ringleader Ines Crosby was consistently assisted in making these unauthorized withdrawals by
22 the same Umpqua Bank employees and in the presence of the same Umpqua Bank employees.
23 These Umpqua Bank employees furthermore, as members of the small Orland community, were
24 aware of the extraordinarily extravagant and luxurious life style enjoyed by RICO Ringleader
25 Ines Crosby.

26 579. To these tellers, Ms. Crosby presented numerous large denomination checks for
27 cash from the Tribe's accounts—made out to “Cash,” the Tribe, or “Umpqua Bank”—and other
28 requests for large cash withdrawals from the Tribe's accounts, and the tellers would hand over

1 large amounts of cash to her. This was despite the fact that these withdrawals—due to several
2 factors including without limitation their amounts, the manner in which the checks were made
3 out, and their frequency, both generally and in relation to each other—triggered scrutiny under
4 internal Umpqua policies and procedures and those mandated under federal law. These
5 withdrawals, furthermore, were remarkably large relative to other withdrawals from the branch.

6 580. Many of the withdrawals that RICO Ringleader Ines Crosby made from the
7 Tribe’s accounts at Defendant Umpqua Bank were at or above \$10,000, a level that requires
8 Umpqua Bank to file a Currency Transaction Report (“CTR”) with the Internal Revenue Service
9 regarding such a transaction. Indeed, many of these transactions were many times more than the
10 level triggering the CTR reporting requirement.

11 581. These amounts were sufficiently large and sufficiently frequent that they
12 triggered scrutiny under Abettor Defendant Umpqua Bank’s internal control policies. Umpqua
13 Bank employees, including the Umpqua Bank tellers in its retail-banking locations, receive
14 training concerning these federal and internal reporting requirements and are trained to
15 recognize and scrutinize the propriety of transactions such as these. Umpqua Bank further has
16 automated systems to identify such transactions, reports which Umpqua Bank employees review
17 and scrutinize. As a result of such scrutiny, Abettor Defendant Umpqua Bank was, at least, on
18 inquiry notice whether the RICO Ringleaders’ conduct in connection with the Tribe’s money
19 deposited at Umpqua Bank was proper. To the extent certain bank personnel were not already
20 aware that RICO Ringleader Ines Crosby was regularly converting large sums of the Tribe’s
21 money deposited at the Bank, Abettor Defendant Umpqua Bank failed to make any such inquiry
22 or investigation and, instead, routinely handed over large amounts of the Tribe’s money in cash
23 to RICO Ringleader Ines Crosby.

24 582. Indeed, Abettor Defendant Umpqua allowed RICO Ringleader Ines Crosby to
25 make large cash withdraws above the CTR limit from the Tribe’s bank accounts at Umpqua
26 Bank *after* it was widely reported in the local press that RICO Ringleader Ines Crosby and her
27 co-RICO Ringleaders had been suspended from the Tribe, removed from their positions, and
28 were suspected of misappropriating millions of dollars from the Tribe. Certain employees of

1 Abettor Defendant Umpqua Bank knew these withdrawals constituted conversions of the
2 Tribe's money and substantially assisted Ms. Crosby in making the withdrawals, and those that
3 did not know were, at least, placed on inquiry notice concerning the propriety of these
4 withdrawals. And, as in the past, Umpqua Bank employees handed over another almost
5 \$340,000 of the Tribe's money in cash to RICO Ringleader Ines Crosby upon her request
6 knowing that doing so assisted her in converting the funds for her benefit. Those employees that
7 did not know these withdrawals by Ms. Ines constituted conversions of the Tribe's money were
8 on inquiry notice concerning their propriety, including without limitation by virtue of the then-
9 recent widely reported news that RICO Ringleader Ines Crosby had stolen millions of dollars of
10 the Tribe's money, but made no such inquiry.

11 583. Employees of Abettor Defendant Umpqua Bank were further made aware of the
12 impropriety of the withdrawals by RICO Ringleader Ines Crosby and those that were not
13 already aware were further placed on inquiry notice concerning the propriety of the RICO
14 Ringleaders' cash withdrawals from the Tribe's accounts and the other large payments they
15 caused to be made therefrom by virtue of other cash withdrawals by RICO Ringleader Ines
16 Crosby, which, based on the manner in which the amounts were structured and the frequency of
17 the withdrawals, were indicative of Ms. Crosby's efforts to evade CTR reporting requirements.
18 Thus, these transactions triggered Abettor Defendant Umpqua Bank's obligations to file a
19 Suspicious Activity Report ("SAR") with the Financial Crimes Reporting Network concerning
20 such transactions. To the extent Umpqua Bank employees failed to file these reports they
21 provided further knowing assistance to RICO Ringleaders in their scheme. To the extent they
22 filed these reports, their filing made them further aware and/or placed them on inquiry notice of
23 the impropriety of the withdrawals.

24 584. Ms. Crosby frequently made cash withdrawals from the Tribe's checking account
25 at Abettor Umpqua Bank at levels structured to evade CTR requirements. Examples of this
26 include without limitation fifteen checks for exactly \$7,500 made out to "Cash" by RICO
27 Defendant Ines Crosby and cashed at the Umpqua Bank branch in Orland, California during the
28 period of January 2013 through March 2014. In several instances, within two weeks or less of a

1 \$7,500 cash withdrawal, RICO Ringleader Ines Crosby cashed checks made out to “Cash” in
2 smaller denominations between \$1000 and \$6500 at the same Orland, California branch of
3 Abettor Defendant Umpqua Bank.

4 585. These transactions triggered and/or should have triggered scrutiny under Abettor
5 Defendant Umpqua Banks’s internal control policies. Umpqua Bank employees, including the
6 Umpqua Bank tellers in its retail-banking locations, receive training concerning federal and
7 internal reporting requirements and are trained to recognize and scrutinize the propriety of
8 transactions such as these, which are known as “smurfing” or “structuring.” Umpqua Bank
9 further has automated systems to identify such transactions, reports which Umpqua Bank
10 employees review and scrutinize. As a result of such scrutiny, employees of Abettor Umpqua
11 Bank were aware, and to the extent not aware, were placed on inquiry notice that RICO
12 Ringleader Ines Crosby was structuring her transactions in an illegal effort to avoid scrutiny.
13 Employees of Abettor Defendant Umpqua Bank continued handing over thousands of dollars of
14 the Tribe’s money in cash to RICO Ringleader Ines Crosby with the knowledge of their
15 impropriety or, to the extent they did not already have such knowledge, without further
16 inquiring into the propriety of the withdrawals.

17 586. The Abettor Defendant Umpqua Bank employees’ knowledge that the RICO
18 Ringleaders were converting the Tribe’s money deposited at the bank and were committing
19 related breaches of their fiduciary duties was further confirmed by the fact that most of the large
20 *non-cash* transactions in the Tribe’s checking account at Abettor Umpqua Bank were
21 characteristic of activity in a bank account of an extraordinarily rich individual, *not* of any type
22 of business or governmental institution. For those employees that did not already have such
23 knowledge they were further placed on inquiry notice by these transactions.

24 587. For example, the RICO Ringleaders used the Tribe’s checking account at Abettor
25 Umpqua Bank to pay extraordinarily high monthly American Express bills for purchases that
26 the RICO Ringleaders admit were for their personal benefit. Abettor Defendant Umpqua Bank
27 employees receive specific training on the use of credit card transactions as a means to disguise
28 and commit illegal transactions and thus are trained to scrutinize large transactions such as

1 these. As a further example, on or around April 1, 2014, RICO Ringleader Ines Crosby wrote a
2 check from the Tribe's checking account at Abettor Defendant Umpqua bank in the amount of
3 \$93,331.05 to Mercedes Benz of Rocklin for a vehicle that Ms. Crosby admits to purchasing
4 with the Tribe's money for her own benefit. This transaction further confirmed the knowledge
5 of Abettor Defendant Umpqua Bank employees of the impropriety of the transactions being
6 conducted by RICO Ringleader Ines Crosby with the Tribe's money deposited with Umpqua
7 Bank, and for those employees who lacked such knowledge, it placed them on inquiry notice.
8 The latter failed to make any such inquiry, paid this check and continued to hand over large
9 sums of the Tribe's money to RICO Ringleader Ines Crosby.

10 588. The foregoing facts, as well as others discussed herein, indicate that certain
11 Defendant Umpqua Bank employees, in fact, knew that RICO Ringleader Ines Crosby was
12 converting Tribal money deposited with the bank for her own benefit and was committing acts
13 contrary to her fiduciary duties to the Tribe. These facts, furthermore, placed Abettor Defendant
14 Umpqua Bank on inquiry notice, and, Umpqua Bank, to the extent it did not already know that
15 RICO Ringleader Ines Crosby was converting Tribal money on deposit at the bank for her own
16 benefit and was committing acts contrary to her fiduciary duties to the Tribe, failed to
17 sufficiently inquire into the propriety of the RICO Ringleaders' conduct vis-à-vis the Tribe's
18 money deposited at Umpqua Bank.

19 589. This and other conduct alleged herein by Abettor Defendant Umpqua Bank was
20 negligent.

21 590. As a direct, proximate, and reasonably anticipated result of Defendant Umpqua
22 Bank's conduct in this regard, the Tribe was harmed in an amount to be proven at trial.

23 591. Abettor Defendant Umpqua Bank was acting as Defendant Umpqua Holdings'
24 authorized agent when it took these negligent actions and made these negligent omissions.
25 Defendant Umpqua Holdings maintained control over Defendant Umpqua Bank during the
26 period when such actions were taken and such omissions made by Defendant Umpqua Bank.
27 Such actions and omissions were in the scope of the agency relationship between Defendant
28 Umpqua Holdings and Defendant Umpqua Bank.

1 592. Abettor Defendant Umpqua Bank was furthermore acting as Defendant Umpqua
2 Holdings' alter ego when it took these negligent actions and made these negligent omissions.
3 Defendant Umpqua Bank and Defendant Umpqua Holdings have such a unity of interests that
4 they do not function as separate entities but rather as a single entity. Furthermore, an inequitable
5 result would follow if the negligent actions and omissions of Defendant Umpqua Bank were
6 treated as solely its own.

7 WHEREFORE, the Tribe prays for judgment as set forth below.

8 **Nineteenth Claim for Relief**

9 **(Statutory Negligence, Cal. U.C.C. § 3405(b))**
10 **(Against Umpqua Bank and Umpqua Holdings Corporation)**

11 593. The Tribe incorporates by reference all the allegations contained in the previous
12 paragraphs as though fully set forth herein.

13 594. In the alternative to the Eighteenth Claim for Relief and to the extent Cal. U.C.C.
14 § 3405 is applicable to some or all of the improper transactions made by the RICO Defendants
15 in connection with the Tribe's accounts at Umpqua Bank, Defendant Umpqua Bank violated
16 Cal. U.C.C. § 3405(b) by failing to exercise reasonable care required thereunder.

17 595. This conduct by Defendant Umpqua Bank was negligent.

18 596. As a direct, proximate, and reasonably anticipated result of Defendant Umpqua
19 Bank's conduct in this regard the Tribe was harmed in an amount to be proven at trial.

20 597. Defendant Umpqua Bank was acting as Defendant Umpqua Holdings' authorized
21 agent when it took these negligent actions and made these negligent omissions. Defendant
22 Umpqua Holdings maintained control over Defendant Umpqua Bank during the period when
23 such actions were taken and such omissions made by Defendant Umpqua Bank. Such actions
24 and omissions were furthermore in the scope of the agency relationship between Defendant
25 Umpqua Holdings and Defendant Umpqua Bank.

26 598. Defendant Umpqua Bank was furthermore acting as Defendant Umpqua
27 Holdings' alter ego when it took these negligent actions and made these negligent omissions.
28 Defendant Umpqua Bank and Defendant Umpqua Holdings have such a unity of interests that

1 they do not function as separate entities but rather as a single entity. Furthermore, an inequitable
2 result would follow if the negligent actions and omissions of Defendant Umpqua Bank were
3 treated as solely its own.

4 WHEREFORE, the Tribe prays for judgment as set forth below.

5 **Twentieth Claim for Relief**

6 **(Aiding and Abetting - RICO Defendants' Conversion and Breaches of Fiduciary Duties)**
7 **(Against Umpqua Bank and Umpqua Holdings Corporation)**

8 599. The Tribe incorporates by reference all the allegations contained in the previous
9 paragraphs as though fully set forth herein.

10 600. As alleged herein, the RICO Defendants effected numerous conversions of
11 identifiable amounts of the Tribe's money on deposit in accounts held by Defendant Umpqua
12 Bank.

13 601. Defendant Umpqua Bank substantially assisted the RICO Defendants in effecting
14 these conversions.

15 602. As alleged herein, the RICO Defendants committed numerous breaches of their
16 fiduciary duties of undivided loyalty owed to the Tribe.

17 603. Defendant Umpqua Bank substantially assisted the RICO Defendants in
18 committing these breaches.

19 604. As alleged herein Defendant Umpqua Bank independently owed the Tribe a duty
20 of reasonable care, which, as alleged herein, Defendant Umpqua Bank violated.

21 605. In addition and/or in the alternative, Defendant Umpqua Bank knew that the
22 RICO Defendants were effecting these conversions and committing these breaches of their
23 fiduciary duties. Abettor Defendant Umpqua Bank employees, including without limitation the
24 tellers at Defendant Umpqua Bank's Orland branch, knew that the numerous cash withdrawals
25 by RICO Defendant Ines Crosby from the Tribe's accounts, including without limitation those
26 that occurred in April and May of 2014, constituted misappropriations and conversions of Tribe
27 money and breaches of Ms. Crosby's fiduciary duties to the Tribe.
28

1 606. Abettor Defendant Umpqua Bank employees knew of RICO Ringleader Ines
2 Crosby's theft of the Tribe's money in this manner for years and gave her substantial assistance
3 in its accomplishment on numerous occasions. The same employees of Abettor Defendant
4 Umpqua Bank's Orland Branch knowingly assisted RICO Ringleader Ines Crosby for years in
5 these conversions and breaches because of the significant benefits that they received as a result
6 of the large profits earned by Defendant Umpqua Bank on the Tribe's accounts. The Tribe's
7 accounts at Umpqua Bank were the largest on deposit at the bank's Orland, California branch,
8 as well as in every bank branch in Glenn County, and thus significantly contributed to
9 Defendant Umpqua Bank's position as the second largest bank in Glenn County in terms of
10 deposits, which, in turn, resulted in financial gain for the employees of Defendant Umpqua
11 Bank at the bank's Orland, California Branch.

12 607. Consistent with Abettor Defendant Umpqua Bank's knowing provision of
13 substantial assistance to the RICO Defendants in their conversion of Tribal money and breaches
14 of fiduciary duties, Abettor Defendant Umpqua Bank has been uncooperative with the Tribe and
15 its representatives in their investigation of the RICO Defendants' wrongful conduct.

16 608. As a direct, proximate, and reasonably anticipated result of Defendant Umpqua
17 Bank's actions and omissions in substantial assistance to the RICO Defendants' conversions
18 and breaches of fiduciary duties, the Tribe was harmed in an amount to be proven at trial.

19 609. Defendant Umpqua Bank was acting as Defendant Umpqua Holdings' authorized
20 agent when it took such actions and made such omissions. Defendant Umpqua Holdings
21 maintained control over Defendant Umpqua Bank during the period when such actions were
22 taken and such omissions made by Defendant Umpqua Bank. Such actions and omissions were
23 furthermore in the scope of the agency relationship between Defendant Umpqua Holdings and
24 Defendant Umpqua Bank.

25 610. Defendant Umpqua Bank was furthermore acting as Defendant Umpqua
26 Holdings' alter ego when it took such actions and made such omissions. Defendant Umpqua
27 Bank and Defendant Umpqua Holdings have such a unity of interests that they do not function
28 as separate entities but rather as a single entity. Furthermore, an inequitable result would follow

1 if the negligent actions and omissions of Defendant Umpqua Bank were treated as solely its
2 own.

3 WHEREFORE, the Tribe prays for judgment as set forth below.

4 **Twenty-First Claim for Relief**

5 **(Common Law Negligence)**
6 **(Against APC, Moore, and Haness)**

7 611. The Tribe incorporates by reference all the allegations contained in the previous
8 paragraphs as though fully set forth herein.

9 612. Abettor Defendants APC, Moore, and Haness owed the Tribe a duty of reasonable
10 care, as the Tribe's retirement plan service providers.

11 613. Abettor Defendants APC, Moore, and Haness were negligent in the performance
12 of their duties, as the Tribe's retirement plan service providers, and failed to meet the standard
13 of care applicable to those providing administrative, investment and actuarial services to the
14 sponsor of tax-qualified retirement plans.

15 614. As a direct, proximate, and reasonably anticipated result of the actions and
16 omissions by Defendants Moore, Haness, and APC in this regard the Tribe was harmed in an
17 amount to be proven at trial.

18 615. Defendants Moore, Haness, and APC acted willfully, maliciously, and with fraud
19 and oppression in taking such actions and making such omissions.

20 WHEREFORE, the Tribe prays for judgment as set forth below.

21 **Twenty-Second Claim for Relief**

22 **(Breach of Fiduciary Duties)**
23 **(Against APC, Moore, and Haness)**

24 616. The Tribe incorporates by reference all the allegations contained in the previous
25 paragraphs as though fully set forth herein.

26 617. Abettor Defendants APC, Moore, and Haness, the Tribe's retirement plan service
27 providers, were duty bound to act with the utmost good faith for the benefit of the Tribe. This
28 required *inter alia* that Abettor Defendants APC, Moore, and Haness conduct their activities

1 with the same care as that with which other reasonably competent providers of administrative,
2 investment and/or actuarial services to sponsors of tax-qualified retirement plans would provide
3 such services. This also required *inter alia* that Abettor Defendants APC, Moore, and Haness
4 take no advantage from their acts relating to the interests of the Tribe without the Tribe's
5 knowledge and consent.

6 618. In conducting themselves in this capacity, Abettor Defendants APC, Moore, and
7 Hanes failed to act as other reasonably competent providers of administrative, investment and/or
8 actuarial services to sponsors of tax-qualified retirement plans would have acted under similar
9 circumstances.

10 619. Abettor Defendants APC, Moore, and Haness furthermore knowingly acted
11 against the Tribe's interests by *inter alia* assisting the RICO Defendants in their use of the
12 Tribal Retirement Plans as a means to convert Tribal moneys.

13 620. The Tribe did not consent to this conduct by Abettor Defendants APC, Moore,
14 and Haness.

15 621. As a direct, proximate, and reasonably anticipated result of the actions and
16 omissions by Defendants Moore, Haness, and APC in this regard, the Tribe was harmed in an
17 amount to be proven at trial.

18 622. Abettor Defendants Moore, Haness, and APC acted willfully, maliciously, and
19 with fraud and oppression in taking such actions and making such omissions.

20 WHEREFORE, the Tribe prays for judgment as set forth below.

21 **Twenty-Third Claim for Relief**

22 **(Aiding and Abetting - RICO Defendants' Conversion and Breaches of Fiduciary Duties)**
23 **(Against APC, Moore, and Haness)**

24 623. The Tribe incorporates by reference all the allegations contained in the previous
25 paragraphs as though fully set forth herein.

26 624. As alleged herein, the RICO Defendants committed numerous breaches of their
27 fiduciary duties of undivided loyalty owed to the Tribe, including without limitation diverting
28

1 millions in Tribal retirement plans, including that of Tribe-Owned Business “E”, for the benefit
2 of the RICO Ringleaders and RICO Defendant Sherry Myers.

3 625. Defendants APC, Moore, and Haness substantially assisted the RICO Defendants
4 in committing these breaches.

5 626. As alleged herein, the RICO Defendants effected numerous conversions of
6 identifiable amounts of the Tribe’s money by diverting millions in Tribal retirement plans,
7 including that of Tribe-Owned Business “E”, for the benefit of the RICO Ringleaders and RICO
8 Defendant Sherry Myers.

9 627. Defendants APC, Moore, and Haness substantially assisted the RICO Defendants
10 in effecting these conversions.

11 628. Defendants APC, Moore, and Haness knew that the RICO Defendants were
12 effecting these conversions and committing these breaches.

13 629. Defendants APC, Moore, and Haness knew that the manner in which the RICO
14 Ringleaders structured the Tribal Retirement Plans and then sought to have them administered
15 was improper under applicable rules and/or regulations.

16 630. Defendants APC, Moore, and Haness intentionally and purposefully assisted the
17 RICO Ringleaders in accomplishing this result. Defendants Moore and Haness, in fact,
18 suggested to the RICO Ringleaders that they establish a defined benefit plan, in the form of the
19 Tribal Pension, in order to maximize the amounts that the RICO Ringleaders could divert for
20 their benefit, and then designed the Tribal Pension in a manner that would achieve this result.
21 The latter included without limitation excluding from participation in the Tribal Pension every
22 employee of the Tribe other than RICO Ringleaders John Crosby, Larry Lohse, and Ines Crosby
23 and RICO Defendant Sherry Myers. The same is true as to the Tribal 401(k).

24 631. Defendants APC, Moore, and Haness, furthermore, intentionally and purposefully
25 administered the Tribal Retirement Plans in order to maximize the amount of Tribal money that
26 the RICO Ringleaders could divert through them.

27 632. Defendants APC, Moore, and Haness furthermore intentionally and purposefully
28 assisted the RICO Ringleaders in further maximizing the amounts of Tribal money that RICO

1 Ringleader John Crosby could convert in this manner by assisting him in establishing an
2 additional 401(k) in the name of Tribal Business “M,” through which they assisted him in
3 converting additional Tribal money through an effective double dipping.

4 633. By way of further example and not limitation, Abettor Defendant APC knowingly
5 facilitated the RICO Ringleaders’ premature liquidation of the Tribal Pension in 2009 and the
6 liquidation of the Tribal 401(k) in 2014 without having appropriate authorizations from the
7 Tribal Council or Tribal administration to do so. By facilitating these liquidations, APC
8 materially assisted the RICO Ringleaders with circumventing the Tribe’s ability to recoup these
9 wrongfully received funds.

10 634. Defendants APC, Moore, and Haness further independently owed the Tribe
11 duties, which they violated by assisting the RICO Ringleaders in structuring and administering
12 the Tribal Retirement Plans and the 401(k) Tribe-Owned Business “E” in the manner alleged
13 herein and, at the very least and in the alternative, by doing so without first making adequate
14 and required inquiries.

15 635. As a direct, proximate, and reasonably anticipated result of the actions and
16 omissions by Defendants Moore, Haness, and APC in substantial assistance to the RICO
17 Defendants’ conversions and breaches of fiduciary duties the Tribe was harmed in an amount to
18 be proven at trial.

19 636. Defendants Moore, Haness, and APC acted willfully, maliciously, and with fraud
20 and oppression in taking such actions and making such omissions.

21 WHEREFORE, the Tribe prays for judgment as set forth below.

22 **Twenty-Fourth Claim for Relief**

23 **(Aiding and Abetting - RICO Ringleader John Crosby’s Conversion and Breach of**
24 **Fiduciary Duties)**
25 **(Against The Patriot)**

26 637. The Tribe incorporates by reference all the allegations contained in the previous
27 paragraphs as though fully set forth herein.

28 638. As alleged herein, RICO Ringleader John Crosby committed numerous breaches
of his fiduciary duty of undivided loyalty owed to the Tribe, including without limitation using

1 the Tribe's money without the Tribe's authorization or consent to purchase approximately
2 \$160,000 in gold from Abettor Defendant The Patriot.

3 639. Abettor Defendant The Patriot substantially assisted RICO Ringleader John
4 Crosby commit this breach.

5 640. As alleged herein, RICO Ringleader John Crosby effected numerous conversions
6 of identifiable amounts of the Tribe's money, including without limitation using the Tribe's
7 money without the Tribe's authorization or consent to purchase approximately \$160,000 in gold
8 from Abettor Defendant The Patriot.

9 641. Abettor Defendant The Patriot substantially assisted RICO Ringleader John
10 Crosby effect this conversion.

11 642. Abettor Defendant The Patriot knew that RICO Ringleader John Crosby was
12 effecting this conversion and committing this breach.

13 643. Abettor Defendant The Patriot knew that the gold that RICO Ringleader John
14 Crosby purchased from him with the Tribe's money was not being purchased for the benefit of
15 the Tribe, that the Tribe had not authorized or consented to the use of its money by Mr. Crosby
16 for this purpose, and thus that payment for the gold with the Tribe's money constituted a
17 conversion of the Tribe's money by Mr. Crosby. Abettor Defendant The Patriot nonetheless
18 assisted in that conversion by accepting payment for the gold by checks drawn from
19 Cornerstone PEC Account X.

20 644. As a direct, proximate, and reasonably anticipated result of Defendant The
21 Patriot's actions and omissions in substantial assistance to RICO Ringleader John Crosby's
22 conversions and breaches of fiduciary duties, the Tribe was harmed in an amount to be proven
23 at trial.

24 645. The Patriot acted willfully, maliciously, and with fraud and oppression in taking
25 such actions and making such omissions.

26 WHEREFORE, the Tribe prays for judgment as set forth below.
27
28

Twenty-Fifth Claim for Relief

**(Restitution)
(Against all Defendants)**

646. The Tribe incorporates by reference all the allegations contained in the previous paragraphs as though fully set forth herein.

647. Defendants have received benefits at the expense of the Tribe.

648. It would be unjust for the Defendants to retain these benefits.

649. The Tribe is entitled to the disgorgement of these benefits by Defendants in an amount to be determined at trial.

WHEREFORE, the Tribe prays for judgment as set forth below.

DEMAND FOR JUDGMENT

WHEREFORE, Plaintiffs respectfully request that the Court:

1. Award Plaintiffs such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of Plaintiffs' irreparable injury during the pendency of this action and to preserve the possibility of effective final relief, including, but not limited to, a temporary restraining order, a preliminary injunction, an order freezing assets of the RICO Defendants, writs of possession and/or attachment;

2. Award such equitable relief as necessary and available to redress the injury to Plaintiffs, including, but not limited to:

a. A declaration that the Fraudulent Employment Contracts are null and void.

b. A declaration that the Tribe is the lawful owner of any and all property, real or personal, tangible or intangible, purchased using money converted from the Tribe, including without limitation:

i. The Deer Hollow Property;

ii. Ownership interests in the CRP Entities purchased by RICO Ringleaders John Crosby and Larry Lohse; and

1 iii. Various vehicles, including without limitation a 2014 Mercedes, a
2 Shelby Mustang, a Camaro ZL1, a Boss 302 Mustang, and several luxury SUVs and pickup
3 trucks.

4 c. A declaration that any purported encumbrance of any property purchased
5 with money converted from the Tribe is null and void, including without limitation any security
6 interest claimed in the Deer Hollow Property.

7 d. A declaration that any purported transfer of any interest in any Tribe-
8 Owned Business to any RICO Defendant, and any purported contract that purports to effect
9 such transfer, is null and void.

10 e. A declaration that any purported contract that purports to obligate the
11 Tribe or any Tribe-Owned Business to provide any RICO Defendant any thing of value is null
12 and void.

13 f. Any other necessary declaration.

14 g. Rescission or reformation of any contract not otherwise declared null and
15 void, as necessary.

16 h. An accounting of Defendants' ill-gotten gains.

17 i. Disgorgement of Defendants' ill-gotten gains.

18 j. Imposition of a constructive trust upon Defendants' ill-gotten gains.

19 k. Restitution to Plaintiffs of all benefits unjustly acquired by Defendants at
20 the Plaintiffs' expense.

21 l. An injunction permanently enjoining the RICO Defendants from, or
22 attempting to, access, damage, or destroy any computer, computer system, or electronically
23 stored data of the Tribe or any Tribe-Owned Business.

24 m. An injunction requiring the Defendants return to the Tribe any records,
25 documents, and/or data of the Tribe in their possession, custody, or control, whether in paper or
26 electronic form.

27 n. An injunction requiring the Defendants return to the Tribe any other
28 property of the Tribe in their possession, custody, or control.

3. Award Plaintiffs compensatory damages in an amount to be determined at trial,

an amount to be determined at trial,

6. Award Plaintiffs their costs of suit, including reasonable attorneys' fees as provided by law;

Respectfully submitted,

GROSS LAW, P.C.

JOSEPH SAVERI LAW FIRM, INC.

*Attorneys for Plaintiff the Paskenta Band of
Nomlaki Indians*

DEMAND FOR JURY TRIAL

Plaintiffs hereby demand a jury trial as provided by Rule 38(b) of the Federal Rules of Civil Procedure.

Respectfully submitted,

Dated: March 10, 2015

GROSS LAW, P.C.

By: /s/ Stuart G. Gross
STUART G. GROSS

JOSEPH SAVERI LAW FIRM, INC.

By: /s/ Andrew M. Purdy
ANDREW M. PURDY

*Attorneys for Plaintiff the Paskenta Band of
Nomlaki Indians*

EXHIBIT A

We spent 38.5 Million to build the Casino... remember this article?

Rolling Hills: Where'd the \$38.5 million go?



EXHIBIT B































