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## Paskenta Band of Nomlaki Indians Sue Former Tribal Officials, Senior Employees Over Decade-Long Scheme to Defraud Tribe of Tens of Millions of Dollars

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CORNING, CA., March 10, 2015 - The Paskenta Band of Nomlaki Indians today filed a lawsuit in federal court charging its former treasurer and three former senior officials with defrauding the Tribe of tens of millions of dollars that otherwise would have been used to improve the lives of Tribal members. The complaint alleges that these four individuals used vote-rigging, bribery, and extortion to take control of the Tribe and its principal non-casino business entity during this far-reaching, decade-long scheme.

Also named in the lawsuit are individuals, including several family members of the four defendants, and businesses that participated in the conspiracy and/or aided and abetted the illegal activity.

Filed in the U.S. District Court for the Eastern District of California, the Tribe's complaint states 25 claims for relief against the defendants, including claims under the federal Racketeer Influenced and Corrupt Organization Act (RICO), and various other federal and state laws, including those covering fraud, conversion, and cybercrime.

The complaint details a pattern of plunder of Tribal money by Ines Crosby, former Tribal Administrator; John Crosby, former Tribal Economic Development Director; Leslie Lohse, former Tribal Council Treasurer and Political Director; and Larry Lohse, former Tribal Environmental Director, to give themselves all the trappings of a lavish lifestyle, such as private jet travel, opulent homes, expensive jewelry and gold, sports cars, luxury vacations, and trips to high-profile sporting events. According to the complaint, not only did these defendants take more than \$20 million in unauthorized compensation from the Tribe, they also used the Tribe's bank accounts, credit cards, and other resources as their own, simply writing checks on the Tribe's accounts to pay for millions of dollars in personal purchases.

The complaint further describes how these four defendants corrupted the Tribe's democratic system of governance and exploited the economic vulnerability of the vast majority of Tribal members to first gain, and then keep, their positions of control and access to the Tribe's money. This included, for example, falsely establishing a \$1 million bond requirement for any person who sought to challenge Leslie Lohse for the position of the Tribe's treasurer, and threatening any who questioned the defendants' authority with suspension from the Tribe, and thus the loss of per capita payments which are a primary source of income for the majority of Tribal members.

This litigation came about following a report by the preeminent internal investigations firm WilmerHale, which conducted a comprehensive, independent investigation over a 12-week period. That report concluded that there had been a widespread and systematic failure to comply with Tribal laws and a dissipation of Tribal assets. The firm's investigations team—led by former federal prosecutors and

leaders from the highest ranks of government, including a former FBI Director and a former U.S. Deputy Attorney General—recommended that the Tribe engage counsel for potential legal actions to recover misappropriated Tribal assets.

The Tribe removed the four defendants from their positions in April 2014, ending the 12-year operation of the alleged scheme. The complaint is based on almost a year's worth of investigation after which the Tribe is only now beginning to discover the full scale of the defendants' wrongdoing.

"Through this action, the Tribe is taking an important step in the process of taking back control of its governing institutions and financial resources," said counsel for the Tribe Stuart G. Gross of Gross Law, P.C. "The Tribe's members now have the democratic, transparent, and accountable Tribal government provided for in the Tribe's Constitution. This action is part of that good governance effort. It makes clear that no one is above the law, and theft of Tribal money by anyone, no matter how powerful, will be prosecuted."

In addition to certain family members and associates of the four defendants, the complaint names several other individuals and entities who allegedly gave substantial assistance to their scheme. This group includes Umpqua Bank and Umpqua Holdings Corp., which allegedly assisted in the theft of Tribal moneys on deposit, as well as Garth Moore Insurance & Financial Services, Associated Pension Consultants, Inc., Hanes & Associates, LLC, and their principals, who are alleged to have facilitated conversion of millions of dollars through unauthorized retirement compensation schemes. Additionally, Patriot Gold & Silver Exchange and its owner, Norman R. Ryan, are alleged to have substantially assisted defendant John Crosby in converting approximately \$160,000 of the Tribe's money through purchases of gold.

"Since April 2014, the duly elected members of the Tribal Council have been hard at work both cleaning up the mess the defendants left behind and searching for the money stolen from the Tribe," said counsel for the Tribe Andrew M. Purdy, of the Joseph Saveri Law Firm, Inc. "The defendants' actions are made all the worse in that these four did not keep a paper trail of their grossly extravagant spending. They knew that their actions were criminal, and they wanted no proof of their crimes."

“The Tribal Council takes very seriously the duties it owes Tribe members under the Tribe’s Constitution,” Purdy added. “The Council believes this lawsuit is in the best interests of all members of the Paskenta Band of Nomlaki Indians. These individuals must be held accountable for their illegal actions.”

The lawsuit is titled, *Paskenta Band of Nomlaki Indians and Paskenta Enterprises Corporation v. Ines Crosby, John Crosby, Leslie Lohse, Larry Lohse et. al*, No. 2:15-cv-00538 (E.D. Cal.).

[Complaint - Paskenta Band of Nomlaki Indians and Paskensa Enterprises Corporation v. Ines Croxby, John Crosby, Leslie Lohse, Larry Lohse et. al, No. 2:15-cv-00538 \(E.D. Cal.\).](http://media.virbcdn.com/files/2a/beb88bd3a30b1264-FILED_20150310_PBNICOMPLAINT.pdf)  
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