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FEB 13 2017

NAVAJO COUNTY SUPERIOR COURT
DEANNE M. ROMO, CLERK

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Attorney for Petitioners

SUPERIOR COURT OF THE STATE OF ARIZONA
COUNTY OF NAVAJO

In the Matter of:

Case No. CV- 2017 00058

\$27,627.67 in U.S. Currency; Real Property
located at 818 E. Bullduck, Taylor, Arizona,
Navajo County Parcel No. 202-25-006A, as
further described in Exhibit A, attached hereto
and incorporated herein by reference.

**COMPLAINT (IN REM AND IN
PERSONAM)**

(Pursuant to A.R.S. §13-4301, *et seq.*)

STATE OF ARIZONA

V.

HARVEY LEON PALMER AND GLORIA
ANN PALMER, AND JOHN DOES 1
THROUGH 3, AND JANE DOES 1
THROUGH 3.

COMES NOW the State of Arizona, by and through the Navajo County Attorney,
BRADLEY CARLYON, and his undersigned Deputy County Attorney, and alleges that:

I

The names of the defendants identified for purposes of this complaint are

- a. Harvey Leon Palmer, DOB 3/27/39
- b. Gloria Ann Palmer, DOB 12/21/39
- c. John and Jane Does 1 through 3.

The State reserves the right to amend this complaint with the names of parties identified in
the discovery process.

II

The defendants Harvey Leon Palmer and Gloria Ann Palmer are husband and wife. It is alleged that multiple racketeering offenses were committed by Harvey Leon Palmer between the approximate dates of January 1, 2011, and December 31, 2016. It is further alleged that Harvey Leon Palmer committed these acts with the intent to benefit himself and the marital community with reference to the conduct alleged, and that Gloria Ann Palmer knew and should have known of Mr. Palmer's offenses for at least the last two years, during which Mr. Palmer committed additional racketeering offenses in the amount of at least an additional \$200,000, and did not report Mr. Palmer's ongoing criminal activities to any responsible authority, thus benefitting herself and the marital community.

JURISDICTION AND VENUE

III

This action is brought pursuant to the Arizona Racketeering Act, A.R.S. §§13-2301 et seq., particularly 13-2314, and 13-4301 et seq., the Arizona Forfeiture Reform Act, particularly 13-4311 [Judicial *in rem* forfeiture proceedings], 13-4312 [Judicial *in personam* forfeiture proceedings], 13-4313 [Supplemental Remedies], and A.R.S. 13-2317(D) and 13-4313(A) [Substitute Assets]. This action is based upon conduct including, but not limited to, Fraudulent Schemes and Artifices, Theft, Forgery, Money Laundering, Misuse of Public Funds, which are alleged to have been committed by Harvey Leon Parker against the Silver Creek Irrigation District, in violation of A.R.S. §§ A.R.S. 13-2310(A), 13-1802(A)(1), 13-2002(A)(1), 13-2317(A) and (B), 35-301 and 13-1003, 13-303, 13-1001, and 13-1003.

IV

The State of Arizona is a sovereign entity and is entitled to bring this action against the property herein described under the Arizona Racketeering Act, A.R.S. §13-2301, *et seq.*, and the Arizona Forfeiture Reform Act, A.R.S. § 13-4301, *et seq.*, to prevent, restrain or remedy racketeering as defined by A.R.S. § 13-2301 (D)(4) or a violation or A.R.S. §13-2312 including remedying racketeering as defined by A.R.S. §13-2301(D)(6), by obtaining civil judgments,

including forfeiture of illegal proceeds, facilitating property, and in connection with injuries to the State as defined in A.R.S. §13-2318 [Civil Judgments; injury to the State], and separately, to bring an action on behalf of persons who sustain injury to their person, business or property by racketeering or by a violation of A.R.S. §§ 13-2312, and 13-4301, *et seq.*

V

That the Silver Creek Irrigation District is a political subdivision of the State of Arizona, having been duly established by the Navajo County Board of Supervisors. The District has been the victim of the crimes of Fraudulent Schemes and Artifices, Theft, Forgery, Money Laundering, and Misuse of Public Funds committed by Harvey Leon Palmer. The State brings this action on behalf of the Silver Creek Irrigation District, which has sustained damages in an amount of at least \$808,000, with a more specific amount to be proven at trial. The proceeds obtained by the State by virtue of this action will be utilized by the State to assist in making the District whole from the harm caused to the District by Harvey Leon Palmer.

VI

The Superior Court in and for this county has jurisdiction to enter appropriate orders both prior to and following a determination of liability pursuant to A.R.S. §§ 13-2314 and 13-4301 *et seq.* particularly 13-4302 and 13-4310.

VII

Venue is proper in Navajo County, Arizona, by virtue of A.R.S. §§ 13-2314, and 13-4303 because the alleged crimes were committed within this county or had a criminal impact on this county and at least one of the named defendants could be criminally complained against for the conduct alleged to give rise to the forfeiture of the property.

PARTIES

VIII

The party bringing this action is the State of Arizona by and through Bradley Carlyon, Navajo County Attorney. This action is brought on behalf of the victim of the alleged crimes, the Silver Creek Irrigation District.

IX

In personam defendants, as named in paragraph I were present in Navajo County when the underlying conduct was committed, or caused events to occur in Navajo County which furthered the racketeering goals of one or more of the defendants.

X

Potential Claimants of the *In Rem* Defendants are the same as listed in paragraph I. Inclusion of the name of the potential Claimants does not imply the State recognizes the claim as legally sufficient or otherwise valid, the State reserves the right to move to strike any claim filed in this matter or to file an application for order of forfeiture of any claimed or unclaimed interest in property.

XI

Defendants John Does 1 through 3 and Jane Does 1 through 3, are various officers, principals, trustees, employees, agents or representatives of the identified defendants or persons, enterprises, corporations who have participated in the unlawful acts alleged, whose names or accountability are not fully known at the present time. Plaintiff will amend these pleadings to show the true names of such defendants when they have been ascertained.

XII

When in this Complaint reference is made to any act of a defendant, such allegations shall be deemed to mean each Defendant, acting individually, jointly and severally, did such act or is responsible for it, unless otherwise explicitly noted herein.

NATURE OF ACTION

XIII

This is an action to prevent, restrain, and remedy the racketeering acts of the Defendants, to prevent, restrain, and remedy the Defendant's illegal conduct of an enterprise through racketeering, to disgorge and forfeit illegal proceeds, to forfeit facilitating property and substitute

assets, and to compensate persons injured by the illegal conduct. This action consist of an *in personam* racketeering action under A.R.S. 13-2314 seeking remedies against named persons, including *in personam* civil forfeiture of property under the procedures in A.R.S. §13-4301 et seq., particularly § 13-4312 and §13-4313(A), and an *in rem* racketeering forfeiture action seeking forfeiture of specified property under A.R.S. §13-2314(G) and the procedures in A.R.S. §13-4301 et seq., particularly §13-4311. The *in rem* forfeiture action was initiated when the State obtained a seizure warrant for the above-captioned property from the Navajo County Superior Court in SW-201700022 on January 26, 2017, and Notice of Pending forfeiture served on the individuals named in paragraph I on February 1, 2017. Supplemental Notice of Pending Forfeiture, and corresponding claims may be filed, to which the allegations of criminal conduct in this Complaint apply. The Defendants and other individual defendants yet unnamed, engaged in the above listed racketeering conduct between the dates of January 1, 2011 and December 31, 2016.

FACTS AND ACTS

XIV

The facts and acts alleged below are intended to be illustrative of the alleged criminal conduct, providing adequate notice thereof and are not limited thereto.

- a.) The Navajo County Sheriff's Office was contacted by the representatives of the Silver Creek Irrigation District on or about January 17, 2017. After responding to the District's Office, it was reported by the board members of the District that approximately \$808,000 had been stolen from the Silver Creek Irrigation District's accounts at National Bank of Arizona over the period of approximately the last four years. According to the reports of the Board members and interviews with each, the individual who stole the funds was the District's employee, a secretary and bookkeeper for the last 42 years, Mr. Harvey Leon Palmer.
- b.) This theft came to light, according to members of the board, when the Board President, Dee Johnson, began pushing for an audit of the District's accounts by an outside auditor during public meetings of the Board in late 2016. According to all the board members, Mr. Palmer, who regularly attended the District's meetings, seemed nervous and agitated

about the request for an audit. Shortly after January 1, 2017, Mr. Palmer approached the Board President, Dee Johnson, and advised that there would be a problem with an audit because he had “loaned” Irrigation District funds to an individual by the name of Peggy Rogers (later identified as Margaret Rogers, aka Peggy Vollborn-Rogers, Peggy Vollborn, Margaret Vollborn). Mr. Palmer disclosed to Mr. Johnson during this private meeting that this had been going on for a period of approximately four years, and that none of the money had been repaid.

- c.) After Mr. Palmer’s meeting with Dee Johnson, the Board pulled bank statements for the last sixteen months, and noticed that Mr. Palmer, without any authority to do so from the Board, had been writing checks made out to “cash” on the District’s checking account and cashing them at the National Bank in Snowflake, Arizona. According to all of the board members, the District never authorized Mr. Palmer to make of any these transactions and they did not know Mr. Palmer had been writing such checks. According to all board members interviewed, there had been no financial reports given during District board meetings, and no financial audit of the District had been done in years. Although the Board members interviewed indicated that they had implemented a “two-signature” requirement for checks drawn on the District account, and that it was Board policy that any expenditures more than \$1,000 required Board approval, Mr. Palmer had discovered that National Bank would honor checks even if they contained only his signature. Most all of the checks in question made out to “cash” also exceeded the \$1,000 limit and would have required specific authorization by the District governing board even if the funds had actually been utilized for official District business. All board members stated that they had never given authority for any District money to be invested or place anywhere other than the District’s accounts at National Bank.
- d.) The governing board had a special meeting approximately one week after Mr. Palmer’s disclosure of his misappropriation of funds to Dee Johnson. At that meeting, Mr. Palmer resigned as the District’s Secretary and bookkeeper and turned in all District property in his possession.

- e.) On or about January 16, 2016, Dee Johnson called Margaret Rogers and asked if she had any of the money “loaned” to her by Mr. Palmer left and if she would return it. Ms. Rogers acknowledged receiving the cash from Mr. Palmer, but told Mr. Johnson that she had to go to the bank the next day and that she’d have an answer later. The next day, Mr. Johnson tried to reach Ms. Rogers by phone, and was unable to do so. She ultimately sent him a text message stating, “I can’t call you. Only talk thru an attorney now.”
- f.) On January 18, 2017, Harvey Leon Palmer and his wife Gloria were interviewed by detectives with the Sheriff’s Office at the Snowflake-Taylor Police Department.
- g.) During an interview by NCSO detectives on January 18, 2017, Mr. Palmer indicated that he had been the District’s bookkeeper for forty-two years and was solely in charge of the District’s checkbook and paying its bills. He also indicated that prior to retirement, he had been the bank manager at First National Bank in Snowflake and in Holbrook, and had opened the first bank on the Navajo reservation in Window Rock. He also was the Town Manager for the town of Taylor for approximately seven years.
- h.) As to the money taken from the District’s account, Palmer told the detectives that had started “loaning” money out of Irrigation District funds approximately four years ago to his “friend,” Margaret Rogers, who indicated she needed money for a “diabetic study.” Mr. Palmer told detectives that Ms. Rogers said that as part of this study, she had to frequently fly throughout the United States and places like Nova Scotia and Canada. According to Mr. Palmer, his logic in making these unauthorized “loans” from District funds was that he wanted to make more interest for the District than the two-tenths of one percent interest it was getting in the bank, and he wanted to help out Ms. Rogers with her medical issues. According to Palmer, he almost never met personally with Ms. Rogers, and virtually all of his conversations with Ms. Rogers were via text message. Over the last four years, Palmer indicated that Ms. Rogers typically asked for more money every three to five days, with the amount requested never exceeding \$2,500 at one time. According to Mr. Palmer, after making checks made out to “cash” on the Irrigation District’s checking account, he would cash the check at National Bank, and would deliver the money to a

storage unit in a self-storage business on Willow Lane in Taylor. Palmer said that Rogers had provided the key to this storage unit. He would place the money in a cardboard box inside the storage unit for either Ms. Rogers or her children or grandchildren to pick up at that location. According to Palmer, he told Ms. Rogers that the money he was providing her was coming out of Irrigation District funds, that he needed to get it back, and not to “get wild” with the money.

- i.) During his interview, Palmer indicated that there was never a written agreement between himself and Rogers with regard to the money he was “loaning” her. According to Palmer, she just kept asking for more and more money, and he was “dumb enough” to continue providing it. Palmer indicated he was just “helping her out.” Though he stated that the agreement was supposedly that the District would receive a 10% return on this “investment,” Palmer seemed uncertain about that during the interview. Palmer indicated he kept a ledger on his computer of the money “loaned” to Rogers over the last four years, and that it totaled \$808,000.
- j.) Mr. Palmer also indicated in his interview that he had been trying to get Ms. Rogers to pay some of the money back for over a year and half to two years, but that she always had excuses as to why she could not pay. He also said that he had told Ms. Rogers he would go to jail if the money was not repaid. Regardless, Palmer continued to “loan” Ms. Rogers additional money belonging to the Irrigation District. One of the excuses offered by Ms. Rogers for her failure to repay was the fact that she had money in a safe to give him, but that she had incorrectly entered the code on the safe. Allegedly, Rogers told Palmer that if you entered the code incorrectly three times, it would lock the safe up. According to Palmer, Rogers indicated to him the safe was locked up and needed to be broken into by a locksmith. Palmer then “loaned” Rogers more Irrigation District money to hire several different locksmiths, none of whom, according to Rogers, were able to break into the safe. Palmer indicated that despite Ms. Rogers excuses, he continued “loaning” her money because he felt he was “over a barrel” and could not stop “loaning” her money until he got the money back.

- k.) Mr. Palmer also indicated that there were never any audits of the Silver Creek Irrigation District's accounts in the forty-two years he had served as bookkeeper. However, when the board had recently started discussing having an audit done, he knew he was going to be in trouble. It was the discussions of a potential audit that caused him to go to the Board Chairman and advise as to what he had been doing with the District's monies. As to the District's requirement for two signatures, Palmer indicated that the Board had implemented that policy a year earlier, but when he figured out that National Bank would still honor checks with just one signature, he continued to utilize just one signature. Palmer told detectives that although he would get checks pre-signed by board members for District business, he would not use those for the checks he wrote for "cash" out of the District's account because he knew they were not authorized and did not want to drag other board members into the arrangement he had with Margaret Rogers. When asked if he should have gotten Board approval for the loans, Palmer said that he knew the governing board of the Irrigation District would not have approved, but he thought it was just a "short-term" thing.
- l.) During his interview, Mr. Palmer admitted to knowing that Ms. Rogers had a bad reputation in town for repaying money, but he thought he could "trust her" because he had known her for so long. He also admitted in engaging in sexual type of conversations with Ms. Rogers via text message, saying she could be "pretty nasty" and would talk about her "titties" in the text messages, but denied having a sexual affair with her, and stated that he did not benefit personally at all from the monies taken from the District's account.
- m.) Palmer indicated that prior to "loaning" Rogers Irrigation District money, he had for a period of time loaned money out of funds belonging to himself and his wife, totaling approximately \$15,000. According to Palmer, he had a difficult time getting repaid on those loans, and Ms. Rogers only paid them off when pressured by his wife, Gloria Palmer, who did not approve of the loans or his relationship with Ms. Rogers. When asked if he should have used personal money rather than Irrigation District money to loan to Ms.

Rogers, Mr. Palmer indicated he probably would have, but that his wife would not have approved of that arrangement.

- n.) In a subsequent interview with Navajo County Sheriff's deputies on Friday, January 27, Mr. Palmer admitted that his relationship with Ms. Rogers was in fact sexual in nature, and admitted to having sexual intercourse with Ms. Rogers during the time he was loaning Ms. Rogers money from his personal funds. Mr. Palmer also admitted during the January 27 interview that when Ms. Rogers began paying the personal loan back due to the pressure applied on Ms. Rogers by his wife, he began "loaning" her money out of Irrigation District funds. Mr. Palmer admitted that the money used by Ms. Rogers to pay back the personal loan was "probably" the same money he was taking out of the Irrigation District's account and giving to Ms. Rogers. In short, the money used to pay back the community funds of Mr. and Ms. Palmer which he had "loaned" Ms. Rogers were paid back with the Irrigation District funds Mr. Palmer was illegally taking from the District.
- o.) When asked about what his wife knew about the loans of Irrigation District money to Rogers during the January 18, 2017 interview, Palmer indicated that Gloria Palmer did not know about it until "recently." However, he then admitted that his wife had caught him texting Ms. Rogers several times, and had taken multiple cell phones away from him. Every time Gloria Palmer would take a cell phone away from him, he said that Ms. Rogers would buy him a new one and leave it in the storage unit where he was leaving the cash so that she could stay in communication with him. According to Palmer, Ms. Rogers would find out his cell phone had been taken by Gloria by calling him at home. On the day of the interview, Mr. Palmer had a cell phone on his person, which he indicated was provided to him by Margaret Rogers, and had been in his possession for the last 6-7 months.
- p.) Gloria Palmer was also interviewed by NCSO detectives on January 18. During the interview, she indicated that Mr. Palmer had been in the banking business for 26 years, had been the Town Manager of Taylor for seven years, and still provided financial advice to people that come to him with questions. Gloria also indicated Mr. Palmer still does the taxes for about two-hundred people.

- q.) Ms. Palmer indicated she had known Ms. Rogers since she was a teenager. She said that Ms. Rogers acted like a friend and manipulated herself into practically running their lives. According to Gloria, Ms. Rogers at times would come to the house daily, ask Mr. Palmer financial questions, and tell other people that Mr. Palmer was her financial advisor. Palmer indicated that Ms. Rogers was manipulative and would get people to do things and scam them into loaning her money. For that reason, she was cautious of her.
- r.) According to Gloria, Mr. Palmer had loaned Ms. Rogers \$15,000 of money from their personal account, which she had learned about approximately five years ago. When Gloria found out about the loan, she demanded Ms. Rogers pay the money back. According to Gloria, Ms. Rogers paid that loan back in cash in small increments, \$500 to \$1,000 at a time.
- s.) As to the recent “loans” from the Silver Creek Irrigation District, Gloria Palmer told detectives that Ms. Rogers had talked Mr. Palmer into loaning her money under the pretense that she was enrolled in a diabetic clinical study and needed to travel for her treatments. Gloria indicated that the money Mr. Palmer gave to Rogers came from the Silver Creek Irrigation District’s account.
- t.) Gloria Palmer indicated that she learned a year or two ago that Mr. Palmer was giving Ms. Rogers money from the Silver Creek Irrigation District’s account, and told him to stop. According to her, Leon stayed in touch with Ms. Rogers because he needed to be able to get the money back. As to the cell phone communications between Mr. Palmer and Ms. Rogers, Gloria indicated that Ms. Rogers would provide Mr. Palmer with cell phones so they could communicate and text each other. When she would catch Mr. Palmer texting Ms. Rogers, she would take the phones from him, but then he would get another phone from Ms. Rogers at the storage unit. Ms. Palmer stated that she had a whole bag of phones at the house she had taken from Mr. Palmer (a bag of nine cellular phones were later identified by Ms. Palmer at the home, and were seized as evidence).
- u.) Gloria Palmer indicated that she knew Mr. Palmer was writing checks off of the Silver Creek Irrigation District’s account, and told she told him to stop. Ms. Palmer claimed at

the time of the interview that she did not know this was still going on until a couple of weeks ago when Mr. Palmer went to Dee Johnson and told Mr. Johnson what he had done. When asked if she and her husband and ever talked about reporting Ms. Rogers scam to the police, she indicated that they had not.

- v.) On January 19, 2017, Deputies of the NCSO served a search warrant on the storage facility at 880 W. Willow in Taylor, Arizona, which had been identified the previous day by Harvey Leon Palmer. While there, deputies searched two different storage units that had been rented out to Margaret Rogers and her husband, Russell Rogers.
- w.) In the storage locker identified as locker "AM," deputies discovered right inside the front door the box that Mr. Palmer would use to drop off cash for Ms. Rogers. Also discovered inside the storage unit items labeled with the names of Margaret and Russell Rogers, including financial documentation, indicating they were the individuals utilizing the storage unit. Also in the unit officers discovered under a blanket a large neon colored note written by Margaret Rogers for Mr. Palmer. The note described how to use the cellular devices she was providing for Mr. Palmer.
- x.) Russell Rogers was interviewed by NCSO detectives on Friday, January 2017 at the Gila County Sheriff's Office in Globe. Search warrants were also served on the mobile home being rented by Margaret and Russell Rogers near Globe the same day. Margaret Rogers was not interviewed as she requested the presence of her attorney.
- y.) Mr. Rogers indicated that he knew that Mr. Palmer and Ms. Rogers talked on the phone a lot and once in a while they would meet up. He said when they did meet up, it was usually at a field on Ramsey Lane. He said the last time he remembered them meeting up was about a year ago. When asked if it bothered him that his wife was meeting up with another married man, he said, "Why should it if they aren't having sex." Russell was told that detectives investigating the matter had heard rumors that they might be. Russell told detectives that they were just rumors.
- z.) Russell Rogers told detectives that as he understood it, Mr. Palmer was helping Margaret cash checks she was earning at the casinos. Russell claimed that his wife was working for

Casino Gaming out of Las Vegas. When asked what she does for Casino Gaming, Russell indicated that she was a “secret shopper” and went to casinos to see what is going on in them. Russell was asked why his wife did not take the checks to a bank to cash them. He replied that his wife had no checking account. When asked why not, he said, “I don’t know, you will have to ask her.” Russell said that Margaret handles all of their finances. When asked if it made sense to him that Margaret and Mr. Palmer were meeting in a field to exchange paychecks for cash, he said, “Hey, I just do what I’m told.” When asked if he had ever seen one of Margaret’s checks, he said he had not, and that they were being mailed to Mr. Palmer. When asked why that would be the case, Mr. Russell said, “I don’t know.” When asked if he believed the story that Margaret actually worked for Casino Gaming, he said that, “I have my doubts.”

aa.) When asked where Margaret was picking up her money, he said that it was at a storage unit in Taylor off of Willow Lane. He confirmed that he and Margaret were picking the money up from Mr. Palmer in a little white box near the door of the unit. Russell indicated that he sometimes went there with Margaret to pick up the money, and that he knew it was coming from Mr. Palmer. He said that the way he understood it, Mr. Palmer was cashing checks and putting money in the unit. Russell also indicated they were driving to Taylor once every two to three days to pick up money, and the amounts ranged generally from \$500 to \$2,000. When asked how long that activity had been going on, Russell indicated that it had been happening for at least the last five years.

bb.) When asked where all that money was, Russell said that he had “no idea,” and that his wife would take the money and go gamble. Russell was asked if Margaret likes to gamble. Russell indicated that she did, and that she usually played at the casino in Globe. He also indicated that Margaret goes all over the state to gamble. He also indicated that Margaret goes out of state to gamble as well, including to Las Vegas and Laughlin, Nevada, California, and New Mexico. He also said Margaret would loan money to her friends so they could go on these gambling trips with her. On these trips, Margaret would pay for the cost of travel, the food, and the rooms. When asked if he got any of the money himself, he

said no, that she would let him hold the money until they got home, and then she would go to the casino and take it with her.

cc.) When Russell was asked about a diabetic study his wife might be involved in, he said that he had never heard anything about that issue. Russell also said that over the last five years, they have paid for almost everything in cash. According to Russell, as far as he know, none of the cash from the storage unit was ever deposited into a bank. Russell acknowledged that Margaret was paying Mr. Palmer's cell phone bill, and had purchased numerous phones for him over the years.

dd.) Russell was asked whether, in those five years he had been driving to Taylor and picking up cash he ever thought something was wrong with it. He said, "oh yeah, I told her let's quit doing this." But he said his wife would tell him "we will stop pretty soon." When asked if his wife had spent all the money gambling, he said, "as far as I know."

ee.) Russell was also asked what Margaret had offered Mr. Palmer for all of the Irrigation District money he gave her over the years. In response to that question, Russell sad that he had no idea. When asked if it was for sex, Russell said the only thing he saw was Peggy sending Mr. Palmer dirty pictures on the phone or naked pictures of women.

ff.) A sampling of bank statements from National Bank of Arizona on the Silver Creek Irrigation District's checking account for the last eighteen months was submitted to the Navajo County Superior Court in support of the Application for Seizure Warrant in SW-201700022. Those statements demonstrate the conduct described by Mr. Palmer in his interview with the Sheriff's Office as well as other witnesses interviewed in this matter.

gg.) The sampled statements covered the period from September 30, 2015 through December 31, 2016. Each statement contained numerous checks made out to "cash" each signed by Leon Palmer. This corroborates Mr. Palmer's story, that of Gloria Palmer, and the stories told by the members of the Silver Creek Irrigation District Governing Board. In aggregate, the amounts unlawfully taken from the District, just during the eighteen months sampled, totaled \$196,400. The average amount taken per month over that period was just over \$10,911.

- hh.) The bank statements provided the Court demonstrate that the total amount of money taken from the district exceeded \$100,000 in a twelve month period, making the forfeiture of substitute assets appropriate under A.R.S. § 13-2317(D). Based on information and belief, a careful review of the District's bank statements which show a similar pattern of conduct running back in 2011. It is also believed, based on the investigation to date, that the total amount taken from the Irrigation District will exceed \$800,000 when all of the financial records of the District have been closely examined.
- ii.) Based on the fact that Mr. Palmer was making checks out to "cash," cashing them at National Bank, and then delivering them to the storage unit in Snowflake to be picked up by Ms. Rogers or her representative, the money is no longer in Mr. Palmer's possession and the proceeds actually stolen by him cannot be seized. Further, the fact that the money was turned into cash, which was then apparently spent by Margaret Rogers on her gambling habit, or in other ways, makes it unlikely any significant money will ever be recovered from her for the taxpayers of the District either. Seizure of substitute assets pursuant to A.R.S. §§ 13-2317(D), (E), and (G), 13-4305(A)(1), and supplemental remedies pursuant to A.R.S. § 13-4313(A) is necessary in order to make restitution monies available to the Silver Creek Irrigation District and make it as whole as possible under the circumstances

XV.

The defendants, individually and collectively, conducted and acted as a Criminal enterprise and engaged in the following offenses: A.R.S. §§ 13-1001 Attempt, 13-1002 solicitation, 13-1003, 13-1004, facilitation 13-3407, and conduct of another 13-303.

XVI

Mr. Palmer has engaged in the following conduct by way of example and without limitation, in violation of the Arizona Racketeering act, Attempt, Solicitation, Conspiracy, Facilitation, Participation in or Assisting a Criminal Syndicate, Fraudulent Schemes and Artifices, Theft, Forgery, Money Laundering, Misuse of Public Funds. These acts are alleged to have been

committed by Harvey Leon Parker against the Silver Creek Irrigation District, in violation of A.R.S. §§ A.R.S. 13-2310(A), 13-1802(A)(1), 13-2002(A)(1), 13-2317(A) and (B), 35-301 and 13-1003, 13-303, 13-1001, and 13-1003. Some or all of these actions were committed for financial gain and chargeable or indictable under the laws of the State of Arizona, and punishable by imprisonment for more than one year, or an act in furtherance of a conspiracy that is so chargeable and indictable.

XXIV

Defendants and others acquired or maintained gain through the offenses referred to in paragraphs above which include the definition of racketeering.

XXV

That the above-captioned real property and U.S. Currency was seized pursuant to a Seizure Warrant issued by the Navajo County Superior Court on or about January 26, 2017. Both the real and personal property seized in this matter is, upon information and belief, marital property of Gloria Ann Palmer and Harvey Leon Palmer.

XXVI

The above-captioned property is subject to forfeiture to the Navajo County Attorney's Office and the Navajo County Sheriff's Office, pursuant to A.R.S. §§ 13-2301, *et seq.*, 13-3401 *et seq.*, and 13-4301 *et seq.*

VIII

A Notice of Seizure was served on the Palmer Defendants on February 1, 2017.

IX

If any claimant herein is/was married at any time relevant to these proceedings, the spouse of each such claimant may assert a claim to or interest in said property; the state reserves the right to amend this complaint at such time as identities and interests, if any, become known.

XI

NOW, THEREFORE, as and for its prayer for relief, the State of Arizona requests that:

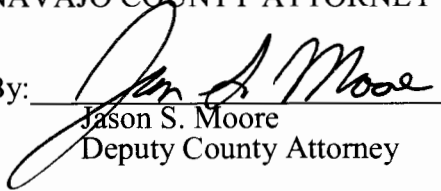
1. The Court order the defendants to pay to the Navajo County Attorney's Office on behalf of the State of Arizona an amount equal to the gain acquired or maintained by reason of acts of racketeering identified in A.R.S. § 13-2301(D)(4), which, upon information and belief, is estimated to exceed \$808,000.
2. The Court issue an injunction enjoining the Defendants from conveying, alienating, disposing of, or otherwise making unavailable property subject to forfeiture and from taking control or possession of such property, including property acquired or maintained by any person which was taken from or is traceable to proceeds taken from the Silver Creek Irrigation District.
3. The Court award the State its costs and expenses of investigating and litigating this matter, as well as an amount that is equal to reasonable attorney's fees, pursuant to A.R.S. § 13-4314(F).
4. The Court enter make a finding that the actual assets of the Silver Creek Irrigation District that were stolen cannot be reasonably recovered, and that the above-captioned property is subject to seizure as a "substitute asset" pursuant to A.R.S. § 13-2317(D) and as a "supplemental remedy" under A.R.S. 13-4313(A), by virtue of the commission of offenses committed by Defendant(s) included in the definition of racketeering in A.R.S. § 13-2301(D)(4), unless a valid defense can be demonstrated pursuant to A.R.S. § 13-4304, and that these substitute assets be held in constructive trust by the County Attorney's Office for the benefit of the Silver Creek Irrigation District, until further orders of the court.
5. The Court enter an order forfeiting to the Navajo County Attorney's Office on behalf of the State of Arizona:
 - a. Any property or other interest acquired or maintained by a person in violation of A.R.S. § 13-2312, including the property described in the caption;
 - b. Any interest in, security of Claims against, property, office title, license or contractual right of any kind affording a source of influence over any enterprise

- which any person acquired or maintained and interest in or control of, conducted or participated in the conduct of in violation of A.R.S. § 13-2312;
- c. All proceeds traceable to an offense included within the definition of racketeering in A.R.S. § 13-2301 (D) (4);
 - d. All property of any Defendant up to the value of the property described above to the extent that any of the property described in the statute providing for is forfeiture cannot be located, has been transferred or conveyed to sold, or deposited with a third party, has been placed beyond the jurisdiction of the Court, has been substantially diminished in value by an act or omission of the Defendants, has comingled with other property which cannot be divided without difficulty or is subject to any interest that is exempt from forfeiture.
6. The Court enter an order providing that this Court retain jurisdiction of this action in order to implement and carry out the terms of all orders and decrees that may be entered herein, and in order to entertain any suitable applications or motions by Plaintiff and requests for compensation, or for additional relief within the jurisdiction of the Court.
7. The Court grant such other and further relief as the Court deems just and proper.

RESPECTFULLY SUBMITTED this 13 day of February, 2017.

BRADLEY CARLYON
NAVAJO COUNTY ATTORNEY

By: _____


Jason S. Moore
Deputy County Attorney

STATE OF ARIZONA)
)
COUNTY OF NAVAJO)

VERIFICATION

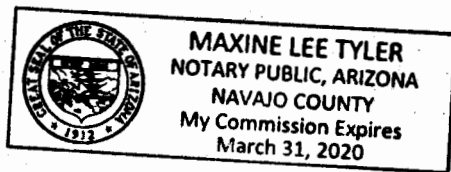
David Clouse, being first duly sworn, upon oath deposes and says:

1. That he is a Deputy with the Navajo County Sheriff's Department; he has read the foregoing Complaint *in Rem* and *in personam* and knows its contents thereof; that the matters and things stated therein are true to the best of his information and knowledge, based upon personal knowledge and law enforcement agency departmental reports.



David Clouse

SUBSCRIBED AND SWORN to before me this 13 day of February, 2017.





NOTARY PUBLIC

My Commission Expires:

YOU ARE HEREBY NOTIFIED that you must file an Answer in writing within 20 days, exclusive of the day of service, with the Clerk of this Court, accompanied by the necessary filing fee. You are further required to serve a copy of any Answer upon the Attorney for the State listed above. In case you fail to file an Answer within the time required by law, judgment by default may be entered against you for the relief demanded in this Complaint.

If you fail or have failed to file a proper and timely claim to property seized for forfeiture in rem, the Attorney for the State files an Application for Order of Forfeiture pursuant to A.R.S. § 13-4314(A).

EXHIBIT A

818 E. Bullduck Dr.
Taylor, AZ 85939

Also known as: Navajo County Parcel No. 202-25-006A

Legal Description:

That part of the Southwest quarter of Section 36, Township 13 North, Range 21 East of the Gila and Salt River Base and Meridian, Navajo County, Arizona, more particularly described as follows:

BEGINNING at the Southwest corner the Northern Taylor Amended Subdivision, as recorded in Book 13, page 10, records of Navajo County, Arizona:

Thence North 03°27'12" East (Basis of Bearing) along the west line and fence line of said subdivision a distance of 242.89 feet;

Thence North 83°40'08" West a distance of 178.18 feet;

Thence South 01°59'23" West a distance of 96.01 feet;

Thence South 88°10'55" West a distance of 153.02 feet;

Thence North 00°38'16" West a distance of 319.21 feet;

Thence South 83°39'56" East a distance of 167.80 feet;

Thence North 01°59'23" East a distance of 51.92 feet;

Thence South 80°19'59" East a distance of 185.48 feet to the West line and fence line of said subdivision;

Thence North 03°27'12" East along said subdivision a distance of 1233.70 feet to a rebar and cap by LS #7334;

Thence North 49°43'19" West along said fence line, a distance of 137.62 feet to a rebar and cap by LS #7334 (record: N.49°28'39"W.137.31');

Thence North 00°52'38" East along said fence line, a distance of 671.59 feet to a rebar and cap by LS #7334 (record: N.01°03'08"E.670.93');

Thence North 14°10'00" East along said fence line, a distance of 128.86 feet (record: N.14°10'37" E.);

Thence leaving said fence line, North 86°44'37" West a distance of 442.16 feet;

Thence South 00°05'23" West a distance of 781.08 feet to intersect with an existing fence;

Thence South 63°15'14" East along said fence a distance of 37.35 feet;

Thence South 01°05'19" East along said fence a distance of 178.23 feet;

Thence South 84°40'54" East along said fence, a distance of 427.41 feet;

Thence South 03°39'51" West along said fence, a distance of 326.68 feet;

Thence South 86°56'20" West along said fence, a distance of 384.58 feet to an untagged 5/8" rebar;

Thence South 00°29'34" West along said fence, a distance of 811.25 feet to a rebar and cap by PE#9807;

Thence continue South 00°29'34" West along said fence, a distance of 453.65 feet to a point on the south section line;

Thence North 89°36'54" East along said section line, a distance of 355.88 feet to the TRUE POINT OF BEGINNING.

Comprising an area of 18.872 acres.