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Department of Justice

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Western District of Arkansas

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Tuesday, October 11, 2016

Fort Smith Man Pleads Guilty to Defrauding Investors and the Department of Health and Human Services

Fort Smith, Arkansas - Kenneth Elser, United States Attorney for the Western District of Arkansas, announced that **William Jackson Moates, Jr.**, age 49, of Fort Smith, Arkansas, pled guilty today to two counts of **Wire Fraud** and one count each of **Mail Fraud, Theft Concerning a Program Receiving Federal Funds, Money Laundering, and Theft or Embezzlement from an Employee Benefit Plan**. The Honorable Chief Judge P.K. Holmes, III accepted the plea in the United States District Court in Fort Smith.

The defendant, WILLIAM JACKSON MOATES, JR., and others owned several businesses operating in Fort Smith, Arkansas. Those businesses included: Trilennium Financial Alliance, an investment, tax and accounting firm; T3Vest, an investment arm of Trilennium; Burrito Brothers, which operated a restaurant called Blaze'n Burrito; and B3NWCR, a credit card processing company operating under the name "Guardian."

MOATES, with the assistance of others, solicited and received monies from investment clients and employee benefit plans that MOATES represented he would use to invest in various products to include annuities, precious metals, businesses, precious stones, art, automobiles and real estate.

MOATES established bank accounts for the investments, which gave him signature authority on the account and allowed the accounts to be linked to one another utilizing banking software provided by the bank. This software gave MOATES and others the ability to make online transfers from one account to another.

From early-to-mid 2010 to January 2015, MOATES received investments from at least 25 different client investors, which were not invested as represented by MOATES. Instead, those monies were diverted by MOATES to his own personal use, to pay back other investors, and by MOATES and others to the use of the various businesses. MOATES used investor funds to renovate his home, take vacations, make credit card payments, make payments to personal iTunes and Amazon accounts, make contributions to local charitable organizations, and make home mortgage payments. MOATES and others also diverted investor funds to pay operating and other business expenses for the businesses.

MOATES was also an agent of another corporation, Physicians Alliance. Physician's Alliance was a company that was set up by MOATES and others and initially funded with money received through an Advance Payment Agreement with the U.S. Department of Health and Human Services, Centers for

Medicare & Medicaid Services. The agreement provided for more than \$2.5 million to be paid to Physicians Alliance beginning in February 2013, which could only be spent as authorized pursuant to an approved spending plan contained in the agreement.

As to Count Five, MOATES deposited \$500,000 in investor funds in the form of a check, which caused an interstate wire to be sent from the Western District of Arkansas to the Federal Reserve Bank in St. Louis, Missouri, in order to settle the check. MOATES did not invest those funds as he had represented to the client.

As to Count Eleven, MOATES sent an email from the Western District of Arkansas to an insurance brokerage firm in Topeka, Kansas, which had documents attached to it representing that an investment client had more than \$7.5 million in annuities. The documents were completely fabricated and were used to obtain an insurance policy for that client.

As to Count Twelve, MOATES obtained \$200,000 in Federal monies given to Physicians Alliance pursuant to the advance payment agreement, which was not provided for in the approved spending plan. This money was used to pay back an investment client that had given MOATES money that he never invested.

As to Counts Thirteen and Fourteen, MOATES mailed two annuity surrender requests for an investment client from the Western District of Arkansas to Austin, Texas, utilizing UPS, after representing to the client that he would invest the proceeds. MOATES later received the proceeds from the surrender requests and never invested them as represented. MOATES utilized \$20,000 of those proceeds to make a credit card payment.

As to Count Twenty-Four, MOATES helped a small, family-owned pool company establish an employee benefit plan subject to ERISA. The company initially funded the plan with a \$150,000 check, which was given to MOATES. MOATES established a bank account for the plan and provided the bank with a forged document purporting to have been signed by an agent of the company, which made T3Vest the plan sponsor. This allowed MOATES to deposit the check into an account controlled by him, and he never invested the money on behalf of the plan.

The intended loss amount attributable to the defendant will be determined at a later date. However, the defendant and the government agree that it is at least \$3.5 million but less than \$9.5 million.

Moates will be sentenced at a later date, and his sentence will be determined by the court after review of factors unique to this case, including his prior criminal record (if any), his role in the offense, and the characteristics of the violations. The sentence will not exceed the statutory maximum and in most cases will be less than the maximum. Each count of **Wire Fraud** carries a maximum penalty of 20 years imprisonment, a maximum fine of \$250,000 or both; **Mail Fraud** carries a maximum penalty of 20 years imprisonment, a maximum fine of not more \$250,000, or both; ; **Theft Concerning Programs Receiving Federal Funds** carries a maximum penalty of 10 years imprisonment, not more than \$250,000 fine, both; **Money Laundering** carries a maximum penalty of 10 years imprisonment, a maximum fine of 250,000 or twice the value of the property involved in the transaction, or both; **Theft or Embezzlement from Employee Benefit Plan** carries a maximum penalty of 5 years imprisonment, not more than \$250,000 fine, or both.

This case was investigated by the Federal Bureau of Investigation (FBI), Health and Human Services - Office of Inspector General, and the Department of Labor – Employee Benefits Security Administration. Assistant United States Attorney Aaron Jennen is prosecuting the case for the United States.

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Related court documents may be found on the Public Access to Electronic Records Website at www.Pacer.gov

Topic(s):

Securities, Commodities, & Investment Fraud

Component(s):

USAO - Arkansas, Western

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