



# NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY  
WESTERN DISTRICT OF MISSOURI

**TODD P. GRAVES**

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**FOR IMMEDIATE RELEASE**

*NOTE: Comments from today's press conference by U.S. Attorney Todd P. Graves, which follow this news release, are also available on-line.*

*Digital files in MP3 format may be downloaded from the district's Web site at [www.usdoj.gov/usao/mow](http://www.usdoj.gov/usao/mow)*

## **TWO CALIFORNIA MEN CONVICTED IN \$20 MILLION 'MIRACLE CARS' SCHEME THAT TARGETED CHURCHES**

**KANSAS CITY, Mo.** – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that two California men were convicted by a federal jury today for their role in the Miracle Cars scheme – a nationwide conspiracy that stole more than \$20 million from thousands of victims, including some victims in the Kansas City area.

**James R. Nichols**, 27, of Carson, Calif., and **Robert Gomez**, 28, of Long Beach, Calif., were found guilty of all counts related to a conspiracy to defraud and money laundering.

Following the trial of **Nichols** and **Gomez**, a U.S. District Court jury in Kansas City deliberated for about two days before returning the guilty verdicts to U.S. District Judge Nanette K. Laughrey this morning, ending a trial that began May 19, 2003.

**Nichols** and **Gomez** were among four defendants indicted by a federal grand jury on June 25, 2002. Two co-defendants have already pleaded guilty to their role in the Miracle Cars scheme – **Corinne M. Conway**, 63, of Higginsville, Mo., and **Gwendolyn Baker**, 52, of Memphis, Tenn.

The Miracle Cars scheme, Graves explained, raised more than \$20 million from victims throughout the United States for the purchase of more than 7,000 automobiles and other motor vehicles from Oct. 1, 1998 to June 25, 2002. The investigation into allegations of fraud began when Kansas City area victims approached the Missouri Attorney General's Office to file a

complaint. More than \$1.3 million was allegedly obtained from purchasers throughout the state of Missouri, who believed they were purchasing approximately 600 automobiles and other motor vehicles.

“The Miracle Cars scheme targeted churches and religious groups with the promise of bargain-priced vehicles as a reward for their religious faith,” Graves explained. “They took advantage of people’s trust in their faith leaders.”

Purchasers of those automobiles and other vehicles were told that a man named John Bowers had left a multi-million dollar estate with a significant number of vehicles to be sold at bargain prices. Bowers was portrayed as the owner of the engineering division of Mission Foods of Irvine, Texas, who had accumulated substantial personal wealth. Through his estate, the defendants told victims, Bowers wanted to reward individuals of religious faith by selling automobiles and other motor vehicles at bargain prices.

**Gomez** claimed to be the adopted son of John Bowers and sole heir to the estate, while **Nichols** claimed to be the executor of the estate, responsible for selling the automobiles and other motor vehicles.

“In reality,” Graves said, “there was no such estate and there were never any cars. Far from being the blessing it was claimed, this offer turned out to be a costly fraud. Their victims lost thousands, sometimes tens of thousands of dollars. Profits from these fraudulent sales went to subsidize the lavish gambling lifestyle and the personal bank accounts of **Nichols** and **Gomez**.”

**Nichols** received funds from purchasers at various California bank accounts, transferring more than \$8.6 million between October 1999 and February 2002 to **Gomez**, a professional gambler, who received these funds through various gambling casinos in southern California and converted the funds into gambling chips to make further tracing of the proceeds of the scheme more difficult. When he was arrested on June 10, 2002, **Gomez** had more than \$800,000 worth of gambling chips in his possession.

**Nichols** also converted substantial amounts of funds from purchasers by checks payable to cash or to one of the banks receiving funds from purchasers for his own use and benefit, converting more than \$1.3 million between September 1999 and February 2001. **Nichols** spent more than \$250,000 to purchase numerous automobiles and motorcycles between September 1999 and June 2000. **Nichols** also used substantial amounts of funds to make deposits to his player’s account at gambling clubs or casinos.

Inspector in Charge Ron Verrochio of the U.S. Postal Inspection joined Graves at a press conference announcing the verdicts. “The Postal Inspection Service is proud to partner with the Office of the United States Attorney and the Internal Revenue Service in combating fraud,” Verrochio said. “Postal Inspectors across the country are committed to making the U.S. Mails a safe and secure means by which to conduct business and will continue to vigorously pursue those who would compromise the mail system.”

“**James R. Nichols** and **Robert Gomez** preyed upon the kindhearted for the sole purpose of personal financial gain,” Special Agent in Charge of IRS Criminal Investigation Al Patton said. “The prosecution of illegal money laundering schemes of this nature is critical to the enforcement of our nation’s laws, which prohibit the use of legitimate businesses and bank accounts to ‘launder’ illegal proceeds.”

**Baker**, who often referred to **Nichols** and **Gomez** as her godsons, distributed lists of automobiles and other vehicles to individuals, churches, religious groups and other organizations, offering the “miracle cars” for sale. **Baker** recruited individuals, sometimes called “finders,” in various states to help her make contacts throughout the United States to solicit purchasers of automobiles and other motor vehicles. Some of these finders charged commissions for arranging the sales.

**Conway** worked as a finder, using the contacts she gained through her organization Virtuous Women International Ministries, a tax-exempt charitable organization she operates in Higginsville. **Conway** helped locate buyers and introduced **Baker** to individuals in churches and religious groups to promote the selling of automobiles and other motor vehicles. **Conway** funneled approximately \$6 million from numerous purchasers to **Baker**, at the same time earning nearly \$1 million in commissions and fees.

**Baker** pleaded guilty on May 15, 2003, to both the federal indictment and a federal information that charges her with two counts of interstate transportation of property obtained by fraud.

**Conway** waived her right to a grand jury indictment and pleaded guilty on May 2, 2003 to a federal information that charges her with one count of felony tax evasion. Under the terms of a plea agreement, the United States will dismiss the charges against **Conway** that are contained in the federal indictment.

By pleading guilty, **Conway** admitted that she earned \$991,810 in finder’s fees during the year 2000. After \$161,222 in refunds and business expenses, Graves said, **Conway** earned a net profit of approximately \$818,209. Although she should have paid more than \$320,000 in federal income taxes on those earnings, **Conway** admitted that she took steps to prevent the Internal Revenue Service from learning of her income from finder’s fees and her tax liability for those fees. One way in which **Conway** attempted to evade paying taxes, Graves said, was by disguising some of her earnings as contributions to Virtuous Women International Ministries. **Conway** admitted that she paid a number of personal expenses out of the Virtuous Women International Ministries account.

Specifically, the jury found **Nichols** and **Gomez** each guilty of a conspiracy to defraud, of 13 counts of transferring in interstate commerce of money taken by fraud, and of five counts of money laundering. The jury also found **Nichols** guilty of two additional counts of money laundering.

The jury also found both **Nichols** guilty of two forfeiture counts contained in the federal indictment. These counts require **Nichols** to forfeit to the United States all the proceeds from the unlawful activity alleged in the indictment. That forfeiture includes a money judgment of approximately \$10 million, as well as two vehicles purchased by **Nichols** from the proceeds of the scheme – a 2001 Ducati motorcycle and a 1999 BMW.

As a result of today's convictions, **Nichols** could be subject to a sentence of up to 275 years in prison without parole, plus a fine up to \$7 million or twice the financial gain or the value of the property involved, dependant upon the count. **Gomez** could be subject to a sentence of up to 235 years in prison without parole, plus a fine up to \$6 million or twice the financial gain or the value of the property involved, dependant upon the count. Their sentences will be determined according to the United States Sentencing Guidelines. A sentencing hearing will be scheduled after the completion of a presentence investigation by the U.S. Probation Office.

The case is being prosecuted by Assistant U.S. Attorneys J. Daniel Stewart and Curt Bohling. It was investigated by the Postal Inspection Service and the Internal Revenue Service, Criminal Investigation, with assistance from the Federal Bureau of Investigation in Tennessee, the Missouri Attorney General's Office, the California Department of Justice-Division of Gambling Control, the Tennessee Attorney General's Office, and the Better Business Bureau in Memphis, Tennessee.

*NOTE: The following comments from today's press conference are also available on-line. Digital files in MP3 format may be downloaded from the district's Web site at [www.usdoj.gov/usao/mow](http://www.usdoj.gov/usao/mow)*

**Statement from Todd Graves, United States Attorney  
for the Western District of Missouri**

*June 6, 2003*

Two California men were convicted by a federal jury today for their role in what we've dubbed the Miracle Cars scheme – a nationwide conspiracy that stole more than \$20 million from thousands of victims, including some victims in the Kansas City area.

The Miracle Cars scheme targeted churches and religious groups with the promise of bargain-priced vehicles as a reward for their religious faith. Victims who purchased about 7,000 vehicles were told that a religious man named John Bowers had left a multi-million dollar estate with a large number of vehicles to be sold at bargain prices to people of religious faith. In reality, there was no such estate and there were never any cars.

Profits from Miracles Cars went to subsidize the lavish gambling lifestyle and the personal bank accounts of the co-defendants.

Far from being the blessing it was claimed, this offer turned out to be a costly fraud. Nichols and Gomez took advantage of people's trust in their faith leaders.

The investigation into this fraud began with several Kansas City-area victims. More than \$1.3 million was stolen from purchasers in Missouri, who believed they were buying about 600 vehicles.

Nichols and Gomez were among four defendants indicted by a federal grand jury last summer. Two co-defendants have already pleaded guilty – Corinne M. Conway of Higginsville, Mo., and Gwendolyn Baker of Memphis, Tenn.

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This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at

[www.usdoj.gov/usao/mow](http://www.usdoj.gov/usao/mow)