



NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY
WESTERN DISTRICT OF MISSOURI

TODD P. GRAVES

Contact Don Ledford, Public Affairs • (816) 426-4220 • 400 East Ninth Street, Room 5510 • Kansas City, MO 64106

www.usdoj.gov/usao/mow

DECEMBER 3, 2003
FOR IMMEDIATE RELEASE

CALIFORNIA MAN SENTENCED 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 a California man was sentenced in federal court today for his 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, 28, of Carson, Calif., was sentenced by U.S. District Judge Nanette K. Laughrey this afternoon to 24 years and four months in federal prison without parole. The court also ordered **Nichols** to pay \$12,527,195 in restitution.

On June 6, 2003, **Nichols** was found guilty of all counts related to a conspiracy to defraud and money laundering by a federal jury. 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 Miracle Cars scheme targeted churches and religious groups with the promise of bargain-priced vehicles as a reward for their religious faith.

Nichols was convicted by a federal jury in trial with co-defendant **Robert Gomez**, 28, of Long Beach, Calif. A sentencing hearing for Gomez is scheduled for Dec. 11, 2003.

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 **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.

Nichols and **Gomez** are among four defendants indicted by a federal grand jury on June 25, 2002. Two co-defendants have already been sentenced after pleading guilty.

* **Gwendolyn Baker**, 53, of Memphis, Tenn., was sentenced on Oct. 22, 2003, to five years in federal prison without parole. The court also ordered **Baker** to pay \$12,527,195 in restitution to the victims of the fraud. On May 15, 2003, **Baker** pleaded guilty to the federal indictment as well as a federal information that charges her with two counts of interstate transportation of property obtained by fraud.

* **Corinne M. Conway**, 63, of Higginsville, Mo., was sentenced on Oct. 23, 2003, to 14 months in federal prison without parole. The court ordered **Conway** to pay \$4,977,369 in restitution to the victims of the fraud. The court also ordered **Conway** to transfer any interest she or The Virtuous Women International Ministry has in the property at 409 W. 19th Street, Higginsville, Mo., to the United States so that the property may be sold subject to a further court order for restitution.

The investigation into allegations of fraud began when Kansas City area victims approached the Missouri Attorney General's Office to file a complaint, Graves explained. 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.

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.

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.

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.

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.

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.

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