



Department of Justice

United States Attorney John W. Vaudreuil
Western District of Wisconsin

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CONTACT: DANIEL J. GRABER

PHONE: (608) 264-5158

TTY: (608) 264-5006

FORMER LAKEWOODS CFO PLEADS GUILTY IN FEDERAL COURT TO MAIL FRAUD & FILING A FALSE INCOME TAX RETURN

MADISON, WIS. -- John W. Vaudreuil, United States Attorney for the Western District of Wisconsin, announced that Lori Hall, 50, Glidden, Wis., pleaded guilty today in U.S. District Court in Madison to one count of mail fraud and one count of filing a false income tax return.

In September 2013, a federal grand jury sitting in Madison, Wis., returned a seven-count indictment against Hall. The indictment charged Hall with one count of mail fraud, one count of wire fraud, and five counts of filing false income tax returns. The indictment alleged that Hall worked at Lakewoods Resort from November 1, 1998 to January 13, 2012, as the Chief Financial Officer ("CFO").

At today's plea hearing, Hall admitted that she devised and participated in a scheme to defraud her employer The Lakewoods, Inc., which operated Lakewoods Resort in Cable, Wis., and operated as a management company for Lakewoods Villages Homeowners Association (LVHA) and Forest Ridges Homeowners Association (FRHA). LVHA and FRHA were created as homeowners associations for two condominium developments built on the grounds of Lakewoods Resort. In addition, PNE Investment Company (PNE) was a holding company created by the three corporate managers of The Lakewoods, Inc., to operate and manage cabin rentals on the Lakewoods resort complex.

Hall admitted that beginning in January 2006 through January 2012, she embezzled funds from the LVHA, FRHA, and PNE bank accounts. Hall admitted that she presented checks for signature with incorrect invoices, that she altered the payee line on checks after they had been signed, and that she procured an unauthorized signature stamp in the name of one of the corporate managers and used it to sign checks she prepared payable to herself.

Hall admitted that she used the embezzled funds for her own personal purposes, which included the funding of gambling activity. She also admitted that from 2006 to 2012, Hall embezzled \$702,130.79 from the LVHA, FRHA and PNE accounts.

Finally, Hall admitted that she filed a false 2007 federal income tax return with the IRS. The return reported adjusted gross income of \$57,322. Hall admitted she failed to report an additional \$169,455.80 in embezzled income on her tax return, which led to an additional tax due and owing of \$38,927.

As part of the plea agreement with the government, Hall agreed to a criminal asset forfeiture judgment of \$702,130.79, which represented the proceeds from the mail and wire fraud scheme.

U.S. District Judge Barbara B. Crabb scheduled sentencing for April 16, 2014, at 1:00 p.m. Hall faces a maximum penalty of 20 years in federal prison on the mail fraud charge, and three years in federal prison on the false tax return charge.

The charges against Hall are the result of an investigation by IRS Criminal Investigation; the Wisconsin Department of Justice, Division of Criminal Investigation; and the Bayfield County Sheriff's Department. The prosecution of this case has been assigned to Assistant U.S. Attorney Daniel J. Graber.

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