



# Department of Justice

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Western District of Wisconsin

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**FORMER LAKEWOODS CFO RECEIVES  
37-MONTH FEDERAL PRISON SENTENCE  
FOR MAIL FRAUD AND FILING A FALSE TAX RETURN**

Madison, Wis. - John W. Vaudreuil, United States Attorney for the Western District of Wisconsin, announced that Lori Hall, 50, Glidden, Wis., was sentenced today by U.S. District Judge Barbara B. Crabb to a 37-month prison sentence for mail fraud and filing a false income tax return. Hall pleaded guilty to these charges on January 29, 2014.

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 the January plea hearing in federal court, 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 from 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 the IRS found that from 2006 to 2012, Hall embezzled \$702,130.79 from the LVHA, FRHA and PNE accounts.

Hall also 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.

At today's sentencing hearing, Hall argued she should receive a light sentence because she suffered from mental illness due to childhood abuse, addiction to gambling, and dissociative identity disorder. Judge Crabb rejected this argument, finding Hall's mental illness claim to be questionable. Judge Crabb told Hall that she thought Hall was a consummate actor who was playing the role of trusted friend and loyal employee when in reality Hall was stealing her employers blind.

According to Judge Crabb, "That is not mental illness. That is deliberate, careful and intentional planning. It took enormous thought and memory to do the scheme and cover it up to make sure you did not get caught by your employers."

In response to Hall's statement to the Court that she was sorry for the harm she caused to the Lakewoods Resort, its owners, and the community of Cable, Wis., Judge Crabb told Hall she did not believe her, stating, "I think you could fool anyone. You did it for six years. You could fool the psychiatrists, you could fool anyone."

Judge Crabb added, "You are so completely untrustworthy. I can't believe what you are saying. You are a very, very accomplished liar and schemer."

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 handled by Assistant U.S. Attorney Daniel J. Graber.

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