

1 JUSTICE COURT, LAS VEGAS TOWNSHIP

2 CLARK COUNTY, NEVADA

3 THE STATE OF NEVADA, )

4 Plaintiff, )

5 -vs- )

6 MICHAEL JOHNSON, aka,  
7 Michael E. Johnson,  
8 ROBERT COACHE, aka,  
9 Robert Alan Coache #0351932, )

Defendants. )

CASE NO: 11F08284A-B

DEPT NO: 5

CRIMINAL COMPLAINT

10 The Defendants above named having committed the crimes of CONSPIRACY TO  
11 COMMIT EXTORTION BY PUBLIC OFFICER OR EMPLOYEE (Gross Misdemeanor -  
12 NRS 199.480, 197.170); EXTORTION BY PUBLIC OFFICER OR EMPLOYEE (Felony -  
13 NRS 197.170); CONSPIRACY TO COMMIT RECEIVING BRIBE BY PUBLIC OFFICER  
14 (Gross Misdemeanor - NRS 199.480, 197.040); RECEIVING BRIBE BY PUBLIC  
15 OFFICER (Felony - NRS 197.040); MISCONDUCT OF A PUBLIC OFFICER (Felony -  
16 NRS 197.110(2)); CONSPIRACY TO COMMIT MONEY LAUNDERING (Gross  
17 Misdemeanor - NRS 199.480, 207.195) and MONEY LAUNDERING (Felony - NRS  
18 207.195), in the manner following, to-wit: That the said Defendants, on or between January  
19 1, 2006 and May 4, 2011, at and within the County of Clark, State of Nevada,

20 COUNT 1 – CONSPIRACY TO COMMIT EXTORTION BY PUBLIC OFFICER OR  
21 EMPLOYEE

22 Defendants did, then and there meet with each other and between themselves, and/or  
23 other individuals, and each of them with the other, wilfully and unlawfully conspire and  
24 agree to commit a crime, to-wit: extortion by public officer or employee, and in furtherance  
25 of said conspiracy, Defendants and/or other individuals did commit the acts as set forth in  
26 Count 2, said acts being incorporated by this reference as though fully set forth herein.

27 COUNT 2 – EXTORTION BY PUBLIC OFFICER OR EMPLOYEE

28 Defendants did, on or between January 1, 2006 and May 21, 2008, then and there

1 knowingly, feloniously, and without legal authority, while acting as public officers or  
2 employees, to-wit: Defendant ROBERT COACHE, aka, Robert Alan Coache, as Deputy  
3 State Engineer and/or Defendant MICHAEL JOHNSON, aka, Michael E. Johnson, as Chief  
4 Hydrologist of the Virgin Valley Water District, received or agreed to receive a fee or other  
5 compensation for his official service or his employment where a fee or compensation was  
6 not allowed to him by statute, in the following manner: (1) by Defendant MICHAEL  
7 JOHNSON, aka, Michael E. Johnson, after being asked by MICHAEL LONETTI to help  
8 him acquire the purchase water right permit 54383 from the Virgin River, agreeing to help  
9 acquire Permit 54383 and sell permits 54383 and 3085 (2) establishing RIO VIRGIN, LLC,  
10 with defendants being the sole beneficiaries of the monies deposited in the RIO VIRGIN  
11 LLC, for payment of the services rendered (3) the State Engineer granting permit 54383  
12 from the Virgin River (4) MICHAEL JOHNSON, aka, Michael E. Johnson, approaching the  
13 Southern Nevada Water District to sell MICHAEL LONETTI's two (2) permits from the  
14 Virgin River, permit 3085 and permit 54383 (5) the Southern Nevada Water District refused  
15 to purchase permit 54383 (6) thereafter, MICHAEL JOHNSON, aka, Michael E. Johnson,  
16 agreeing to influence the Virgin Valley Water District to trade 890 acre-feet of water from  
17 the Bunkerville Irrigation Company to the Southern Nevada Water Authority in exchange for  
18 permit 54383 (7) thereafter, the Southern Nevada Water Authority purchasing permits 3085  
19 and 54383 from MICHAEL LONETTI and trading permit 54383 for the 890 acre-feet of  
20 water from the Bunkerville Irrigation Company owned by the Virgin Valley Water District  
21 (8) thereafter, MICHAEL LONETTI paying to RIO VIRGIN LLC one million three hundred  
22 twenty-seven thousand five hundred dollars (\$1,327,500.00) as payment for services  
23 rendered by Defendants (9) thereafter, Defendants splitting the \$1,327,500.00.

24 COUNT 3 – CONSPIRACY TO COMMIT ASKING OR RECEIVING BRIBE BY  
25 PUBLIC OFFICER

26 Defendants did, on or between January 1, 2006 and May 21, 2008, then and there  
27 meet with each other and between themselves, and/or other individuals and each of them  
28 with the other, wilfully and unlawfully conspire and agree to commit a crime, to-wit: asking

1 or receiving bribe by public officer or employee, and in furtherance of said conspiracy,  
2 Defendants and/or other individuals, did commit the acts as set forth in Count 4, said acts  
3 being incorporated by this reference as though fully set forth herein.

4 COUNT 4 – ASKING OR RECEIVING BRIBE BY PUBLIC OFFICER

5 Defendants did, on or between January 1, 2006 and May 21, 2008, wilfully,  
6 unlawfully and feloniously, being a person who executes any of the functions of a public  
7 officer, to-wit: Defendant MICHAEL JOHNSON, aka, Michael E. Johnson, as Chief  
8 Hydrologist for the Virgin Valley Water District and/or a person employed by or acting for  
9 the State or for any public officer in the business of the State, to-wit: Defendant ROBERT  
10 COACHE, aka, Robert Alan Coache, asked or received, directly or indirectly, any  
11 compensation, gratuity or reward, or any promise thereof, upon an agreement or  
12 understanding that his vote, opinion, judgment, action, decision or other official proceeding  
13 will be influenced thereby, or that he will do or omit any act or proceeding or in any way  
14 neglect or violate any official duty, in the following manner, to-wit: (1) by Defendant  
15 MICHAEL JOHNSON, aka, Michael E. Johnson, after being asked by MICHAEL  
16 LONETTI to help him acquire the purchase water right permit 54383 from the Virgin River,  
17 agreeing to help acquire permit 54383 and sell permits 54383 and 3085 (2) establishing RIO  
18 VIRGIN, LLC, with Defendants being the sole beneficiaries of the monies deposited in the  
19 RIO VIRGIN LLC, for payment of the services rendered (3) the State Engineer granting  
20 permit 54383 from the Virgin River (4) MICHAEL JOHNSON, aka, Michael E. Johnson,  
21 approaching the Southern Nevada Water District to sell MICHAEL LONETTI's two (2)  
22 permits from the Virgin River, permit 3085 and permit 54383 (5) the Southern Nevada  
23 Water District refused to purchase permit 54383 (6) thereafter, MICHAEL JOHNSON, aka,  
24 Michael E. Johnson, agreeing to influence the Virgin Valley Water District to trade 890 acre-  
25 feet of water from the Bunkerville Irrigation Company to the Southern Nevada Water  
26 Authority in exchange for permit 54383 (7) thereafter, the Southern Nevada Water Authority  
27 purchasing permits 3085 and 54383 from MICHAEL LONETTI and trading permit 54383  
28 for the 890 acre-feet of water from the Bunkerville Irrigation Company owned by the Virgin

1 Valley Water District (8) thereafter, MICHAEL LONETTI paying to RIO VIRGIN LLC,  
2 one million three hundred twenty-seven thousand five hundred dollars (\$1,327,500.00) as  
3 payment for services rendered by Defendants (9) thereafter, Defendants splitting the  
4 \$1,327,500.00.

5 COUNT 5 – MISCONDUCT OF PUBLIC OFFICER

6 Defendant MICHAEL JOHNSON, aka, Michael E. Johnson, did, on or between  
7 January 1, 2008 and May 20, 2008, being a public officer, to-wit: Chief Hydrologist of the  
8 Virgin Valley Water District, employ or use any money or property under his official control  
9 or direction, or in his official custody, to-wit: 890 acre-feet of Bunkerville Irrigation  
10 Company water owned by the Virgin Valley Water District, for the private benefit or gain or  
11 gain or himself or another, to-wit: by convincing the Board of the Virgin Valley Water  
12 District, either himself or through the General Manager MICHAEL WINTERS, to trade the  
13 890 acre-feet of Bunkerville Irrigation Company water to the Southern Nevada Water  
14 Authority for MICHAEL LONETTI's permit 54383 water if the Southern Nevada Water  
15 Authority would purchase permit 54383 resulting in a large financial gain to MICHAEL  
16 JOHNSON, aka, Michael E. Johnson, who secretly, along with ROBERT COACHE, aka,  
17 Robert Alan Coache, owned a 25% interest in permit 54383.

18 COUNT 6 – MISCONDUCT OF PUBLIC OFFICER

19 Defendant ROBERT COACHE, aka, Robert Alan Coache, did, on or between  
20 January 2006 and July 2007, being a public officer, to-wit: Deputy State Engineer, employ  
21 or use any property under his official control or direction, or in his office custody, to-wit:  
22 permit 54383 from the Virgin River, for the private benefit or gain or himself or another, to-  
23 wit: the permit being in his area of coverage of Southern Nevada Water Rights, the permit  
24 originally going to be denied, after the notice of intent to deny, Defendant ROBERT  
25 COACHE, aka, Robert Alan Coache, and Defendant MICHAEL JOHNSON, aka, Michael  
26 E. Johnson, receiving a 25% interest in the permit, if granted, thereafter permit 54383 being  
27 granted by the State Engineer.

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1 COUNT 7 – CONSPIRACY TO COMMIT MONEY LAUNDERING

2 Defendants did, then and there meet with each other and between themselves, and  
3 each of them with the other, wilfully and unlawfully conspire and agree to commit a crime,  
4 to-wit: money laundering, and in furtherance of said conspiracy, Defendants did commit the  
5 acts as set forth in Counts 8 through 25, said acts being incorporated by this reference as  
6 though fully set forth herein.

7 COUNT 8 – MONEY LAUNDERING

8 Defendants did, then and there wilfully, unlawfully and feloniously, conduct or  
9 attempt to conduct a financial transaction involving a monetary instrument that represents  
10 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
11 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or asking or RECEIVING  
12 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the  
13 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
14 the location, source, ownership or control of the instrument, by the Defendants directing that  
15 \$1,327,500.00 be deposited into the RIO VIRGIN, LLC account at Wells Fargo Bank on  
16 May 21, 2008, knowing said money was the proceeds of unlawful activity.

17 COUNT 9 - MONEY LAUNDERING

18 Defendants did, then and there willfully, unlawfully and feloniously, conduct or  
19 attempt to conduct a financial transaction involving a monetary instrument that represents  
20 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
21 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
22 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the  
23 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
24 the location, source, ownership or control of the instrument, by Defendant ROBERT  
25 COACHE, aka, Robert Alan Coache, transferring \$48,000.00 from the RIO VIRGIN, LLC  
26 accounts to an account in the name of Madras, LLC at Nevada State Bank on or about May  
27 29, 2008, knowing said money was the proceeds of unlawful activity.

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1 COUNT 10 - MONEY LAUNDERING

2 Defendants did, then and there willfully, unlawfully and feloniously, conduct or  
3 attempt to conduct a financial transaction involving a monetary instrument that represents  
4 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
5 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
6 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the  
7 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
8 the location, source, ownership or control of the instrument, by Defendants transferring  
9 \$35,000.00 from the RIO VIRGIN, LLC accounts at Wells Fargo to accounts at Wells Fargo  
10 Bank in the name of MICHAEL JOHNSON on or about June 27, 2008, knowing said money  
11 was the proceeds of unlawful activity.

12 COUNT 11 – MONEY LAUNDERING

13 Defendants did, then and there willfully, unlawfully and feloniously, conduct or  
14 attempt to conduct a financial transaction involving a monetary instrument that represents  
15 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
16 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
17 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the  
18 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
19 the location, source, ownership or control of the instrument, by Defendant ROBERT  
20 COACHE, aka, Robert Alan Coache, getting a cashier's check for \$10,000.00 from the RIO  
21 VIRGIN, LLC accounts to First American Title Company FBO Jordan & Holly Coache on  
22 or about June 27, 2008, knowing said money was the proceeds of unlawful activity.

23 COUNT 12 – MONEY LAUNDERING

24 Defendants did, then and there willfully, unlawfully and feloniously, conduct or  
25 attempt to conduct a financial transaction involving a monetary instrument that represents  
26 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
27 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
28 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the

1 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
2 the location, source, ownership or control of the instrument, by Defendants transferring  
3 \$500,000.00 from the RIO VIRGIN, LLC accounts at Wells Fargo to the RIO VIRGIN, LLC  
4 account at Charles Schwab on or about July 3, 2008, knowing said money was the proceeds  
5 of unlawful activity.

6 COUNT 13 – MONEY LAUNDERING

7 Defendants did, then and there willfully, unlawfully and feloniously, conduct or  
8 attempt to conduct a financial transaction involving a monetary instrument that represents  
9 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
10 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
11 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the  
12 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
13 the location, source, ownership or control of the instrument, by Defendants transferring  
14 \$229,237.50 from the RIO VIRGIN, LLC accounts at Wells Fargo to an account at the  
15 Cumorah Credit Union in the name of Jordan and Holly Coache on or about July 7, 2008,  
16 knowing said money was the proceeds of unlawful activity.

17 COUNT 14 – MONEY LAUNDERING

18 Defendants did, then and there willfully, unlawfully and feloniously, conduct or  
19 attempt to conduct a financial transaction involving a monetary instrument that represents  
20 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
21 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
22 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the  
23 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
24 the location, source, ownership or control of the instrument, by Defendant ROBERT  
25 COACHE, aka, Robert Alan Coache, getting a cashier's check for \$10,000.00 from the RIO  
26 VIRGIN, LLC accounts at Wells Fargo payable to Jordan Coache on or about July 11, 2008,  
27 knowing said money was the proceeds of unlawful activity.

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1 COUNT 15 – MONEY LAUNDERING

2 Defendants did, then and there willfully, unlawfully and feloniously, conduct or  
3 attempt to conduct a financial transaction involving a monetary instrument that represents  
4 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
5 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
6 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the  
7 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
8 the location, source, ownership or control of the instrument, by Defendants transferring  
9 \$15,000.00 from the RIO VIRGIN, LLC accounts at Wells Fargo to accounts at Wells Fargo  
10 Bank in the name of MICHAEL JOHNSON on or about August 18, 2008, knowing said  
11 money was the proceeds of unlawful activity.

12 COUNT 16 – MONEY LAUNDERING

13 Defendants did, then and there willfully, unlawfully and feloniously, conduct or  
14 attempt to conduct a financial transaction involving a monetary instrument that represents  
15 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
16 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
17 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the  
18 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
19 the location, source, ownership or control of the instrument, by Defendant MICHAEL  
20 JOHNSON writing a check for \$15,000.00 from his account at Wells Fargo to MICHAEL  
21 WINTERS, General Manger of the Virgin Valley Water District on or about August 18,  
22 2008, knowing said money was the proceeds of unlawful activity.

23 COUNT 17 – MONEY LAUNDERING

24 Defendants did, then and there willfully, unlawfully and feloniously, conduct or  
25 attempt to conduct a financial transaction involving a monetary instrument that represents  
26 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
27 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
28 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the



1 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
2 the location, source, ownership or control of the instrument, by Defendants transferring  
3 \$139,530.34 from the RIO VIRGIN, LLC accounts at Wells Fargo to Nevada Title Company  
4 FBO Cibola Investments, LLC on or about September 12, 2008, knowing said money was  
5 the proceeds of unlawful activity.

6 COUNT 18 – MONEY LAUNDERING

7 Defendants did, then and there willfully, unlawfully and feloniously, conduct or  
8 attempt to conduct a financial transaction involving a monetary instrument that represents  
9 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
10 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
11 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the  
12 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
13 the location, source, ownership or control of the instrument, by Defendants transferring  
14 \$77,000 from the RIO VIRGIN, LLC accounts at Wells Fargo to accounts at Wells Fargo  
15 Bank in the name of MICHAEL JOHNSON on or about March 2, 2009, knowing said  
16 money was the proceeds of unlawful activity.

17 COUNT 19 – MONEY LAUNDERING

18 Defendants did, then and there willfully, unlawfully and feloniously, conduct or  
19 attempt to conduct a financial transaction involving a monetary instrument that represents  
20 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
21 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
22 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the  
23 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
24 the location, source, ownership or control of the instrument, by Defendants writing a check  
25 to the IRS for \$202,590 from the RIO VIRGIN, LLC accounts at Wells Fargo on or about  
26 April 8, 2009, knowing said money was the proceeds of unlawful activity.

27 COUNT 20 – MONEY LAUNDERING

28 Defendants did, then and there willfully, unlawfully and feloniously, conduct or

1 attempt to conduct a financial transaction involving a monetary instrument that represents  
2 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
3 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
4 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the  
5 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
6 the location, source, ownership or control of the instrument, by Defendants transferring  
7 \$26,500.00 by check from the RIO VIRGIN, LLC accounts at Wells Fargo to the RIO  
8 VIRGIN, LLC account at Charles Schwab on or about October 13, 2009, knowing said  
9 money was the proceeds of unlawful activity.

10 COUNT 21 – MONEY LAUNDERING

11 Defendants did, then and there willfully, unlawfully and feloniously, conduct or  
12 attempt to conduct a financial transaction involving a monetary instrument that represents  
13 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
14 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
15 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the  
16 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
17 the location, source, ownership or control of the instrument, by Defendant ROBERT  
18 COACHE, aka, Robert Alan Coache, making two (2) cash withdrawals totaling \$10,000.00  
19 from the RIO VIRGIN, LLC accounts at Wells Fargo on or about December 1, 2009,  
20 knowing said money was the proceeds of unlawful activity.

21 COUNT 22 – MONEY LAUNDERING

22 Defendants did, then and there willfully, unlawfully and feloniously, conduct or  
23 attempt to conduct a financial transaction involving a monetary instrument that represents  
24 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
25 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
26 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the  
27 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
28 the location, source, ownership or control of the instrument, by Defendant ROBERT

1 COACHE, aka, Robert Alan Coache, writing a check for \$40,440.84 from the RIO VIRGIN,  
2 LLC accounts at Wells Fargo deposited into an account at the Nevada State Bank in the  
3 name of ROBERT COACHE on or about December 1, 2009, knowing said money was the  
4 proceeds of unlawful activity.

5 COUNT 23 – MONEY LAUNDERING

6 Defendants did, then and there willfully, unlawfully and feloniously, conduct or  
7 attempt to conduct a financial transaction involving a monetary instrument that represents  
8 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
9 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
10 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the  
11 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
12 the location, source, ownership or control of the instrument, by Defendants transferring  
13 \$134,485.99 from the RIO VIRGIN, LLC accounts at Charles Schwab to an account at  
14 Charles Schwab in the name of ROBERT COACHE on or about December 8, 2009,  
15 knowing said money was the proceeds of unlawful activity.

16 COUNT 24 – MONEY LAUNDERING

17 Defendants did, then and there willfully, unlawfully and feloniously, conduct or  
18 attempt to conduct a financial transaction involving a monetary instrument that represents  
19 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
20 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
21 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the  
22 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
23 the location, source, ownership or control of the instrument, by Defendants transferring  
24 \$338,353.84 from the RIO VIRGIN, LLC accounts at Charles Schwab to an account at  
25 Charles Schwab in the name of MICHAEL JOHNSON on or about December 15, 2009,  
26 knowing said money was the proceeds of unlawful activity.

27 COUNT 25 – MONEY LAUNDERING

28 Defendants did, then and there willfully, unlawfully and feloniously, conduct or

1 attempt to conduct a financial transaction involving a monetary instrument that represents  
2 the proceeds of or is directly or indirectly derived from any unlawful activity, to-wit:  
3 EXTORTION BY PUBLIC OFFICER OR EMPLOYEE and/or ASKING OR RECEIVING  
4 BRIBE BY PUBLIC OFFICER and/or MISCONDUCT OF PUBLIC OFFICER, with (1) the  
5 intent to further any unlawful activity; and/or (2) the knowledge that the transaction conceals  
6 the location, source, ownership or control of the instrument, by Defendants transferring  
7 \$438,500 from the bank account of MICHAEL JOHNSON at Wells Fargo Bank to Texas  
8 Allied Petroleum on or between December 21, 2009 and September 13, 2010, knowing said  
9 money was the proceeds of unlawful activity.

10 All of which is contrary to the form, force and effect of Statutes in such cases made  
11 and provided and against the peace and dignity of the State of Nevada. Said Complainant  
12 makes this declaration subject to the penalty of perjury.

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5/9/2011

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LAS VEGAS METROPOLITAN POLICE DEPARTMENT  
**DECLARATION OF WARRANT/SUMMONS**  
(N.R.S. 171.106)  
(N.R.S. 53 amended 7/13/1993)

Event Number: 110405-1837

STATE OF NEVADA     )     MICHAEL JOHNSON  
                          ) ss:  
COUNTY OF CLARK    )     DOB: 04-17-60 SS#: ██████████

Detective N. Chio P#5109, being first duly sworn, deposes and says:

That he is a detective with the Las Vegas Metropolitan Police Department, being so employed for a period of 15 years, assigned to investigate the crime(s) of Misconduct of Public Officer, Receiving Bribe by Public Officer, Obtaining Money Under False Pretenses, Money Laundering (6cts.), Racketeering, committed on or about January 2006- Present, which investigation has developed **MICHAEL JOHNSON** as the perpetrator thereof.

**THAT DECLARANT DEVELOPED THE FOLLOWING FACTS IN THE COURSE OF THE INVESTIGATION OF SAID CRIME, TO WIT:**

On October 11, 2010, Sgt. M. Pence P#4950 and I met with several members of the Virgin Valley Water District (VVWD) and members of the Clark County District Attorney's office. The VVWD board members present were Ken Rock , the General Manager, Karl Gustaveson, Mark McEwen, and attorney Bo Bingham. Representing the Clark County District Attorney's office were D.A. David Roger, Deputy D.A. Marc Digiacommo, and Deputy D.A. Brian Rutledge.

The VVWD board members had requested the meeting in order to report allegations of possible criminal misconduct by the former Chief Hydrologist of the VVWD, Michael Johnson AKA Boomer. Bingham stated that in August 2010, the VVWD board had conducted a closed session hearing with Michael Johnson reference several allegations of wrongdoing on his part. During the hearing, Johnson admitted to the board members that he had been a "consultant" for a wealthy landowner named John Lonetti Jr., without notifying the board. Bingham stated that this violated a provision in Johnson's work contract as a public employee of the Virgin Valley Water District.

As a consultant, Johnson admitted to receiving a fee in the thousands of dollars from Lonetti. The fee was in exchange for unknown services reference a water rights transaction involving Lonetti, the Southern Nevada Water Authority (SNWA), and the VVWD. Johnson refused to elaborate further on exactly what his involvement entailed. After the hearing, Johnson tendered his resignation as Chief Hydrologist. Bingham also brought up several allegations that Johnson had a close relationship with the former Deputy State Engineer for Southern Nevada in the Nevada Division of Water Resources, Robert Coache. There were rumors that Johnson had somehow used this relationship to his advantage to facilitate several transactions in the past. Bingham stated that he had learned that Johnson and Coache had formed a Limited Liability Company called "Cibola Investments", and were actively engaged in buying and selling real estate together.

The board members also felt that former VVWD General Manager Michael Winters might have been involved with Coache and Johnson. Winters had been previously charged with Misconduct of a Public Officer due to an investigation conducted by Detective A. Caldwell in 2008. The VVWD asked that the Las Vegas Metropolitan Police Department (LVMPD) investigate to determine if these allegations had any merit.

The four principals identified by the VVWD were Michael Johnson (former Chief Hydrologist VVWD), Robert Coache (former Deputy State Engineer for the State of Nevada Division of Water Resources), Michael Winters (former General Manager VVWD) and businessman/entrepreneur John Lonetti Jr. Using LVMPD SCOPE records and Nevada Department of Motor Vehicle databases, they were all positively identified with the following personal identifiers:

- Michael Eugene Johnson DOB 04-17-60; Social Security number [REDACTED].  
2236 Ladue Drive, Las Vegas, Nevada, 89128.
- Robert Alan Coache, DOB 12-20-58; Social Security number [REDACTED].  
4280 N. Tioga Way, Las Vegas, Nevada, 89129.
- Michael Winters, DOB 06-17-54; Social Security number [REDACTED].  
271 W. Camillia Circle, Mesquite, Nevada, 89027.
- John Lonetti Jr., DOB 03-19-34; Social Security number [REDACTED].  
3915 Goldbutte Drive, Bunkerville, Nevada, 89021.

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1. Any agency, board or commission established by this State or any of its political subdivisions and all persons exercising or assuming to exercise any of the powers or functions of a public officer.

The Virgin Valley Water District is a special district and public corporation of the State of Nevada. As employees of the VVWD, Michael Johnson (Chief Hydrologist), and Michael Winters (General Manager) are public officers pursuant to NRS 193.019. Robert Coache as a Deputy State Engineer for Nevada is also defined as a public officer pursuant to NRS 193.019.

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showed the disbursement of all the monies from this account. A flow chart showing the disbursement of monies is attached to this affidavit, designated as Exhibit A, and is incorporated by this reference as though fully set forth herein. A written narrative that explains flow chart (Exhibit A), is attached to this affidavit, designated as Exhibit B and is incorporated by this reference as though fully set forth herein.

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The Rio Virgin business accounts were then closed after the money was disbursed, and Rio Virgin LLC., was dissolved. It appeared that the sole purpose for the creation of Rio Virgin LLC. was to receive this money from the Lonetti Trust AKA John Lonetti Jr.

On March 29, 2011, Officer A. Caldwell and I interviewed John Lonetti Jr. at his ranch located at 3915 Goldbutte Dr., Bunkerville, Nevada. During the interview, Lonetti told us that in early 2006 he had received a letter from the Nevada State Engineer reference a pending water permit application he had filed in 1990. Lonetti had filed the permit asking for 2,000 acre feet in order to irrigate 400 acres on his property. The letter stated that there was no more water left in the Virgin River that would be appropriated (granted to pending applications) and asked Lonetti to sign a form withdrawing his application or to respond to the letter stating why his permit should be granted.

Lonetti told us that he contacted Michael Johnson to assist him in responding to the State Engineer to obtain his water permit. He stated he decided on using Johnson since he was the Chief Hydrologist for the VVWD and Lonetti had worked with him on previous water deals that Lonetti had been involved in with the VVWD. Lonetti stated Johnson and him entered into a financial agreement, which had a confidentiality clause that he would not discuss with us. Lonetti described this as a consulting contract.

Lonetti told us that Johnson assisted him in drafting a written response to the State Engineer's office. Eventually, the State Engineer's office reversed its opinion and the permit was granted to Lonetti, giving him 1,200 acre feet under permit number 54383. Lonetti claimed to not know what other measures that Johnson did on his behalf to obtain the reversal. Lonetti stated that this was the only time he had hired Johnson.

I asked Lonetti if he knew Robert Coache. He said he did not know him but had heard about him from Johnson. Lonetti stated he knew Johnson had connections in the State Engineers office, but claimed to not know the extent of Coache and Johnson's relationship. I then asked him if he was familiar with Rio Virgin LLC. Lonetti admitted to writing a check for Johnson's consulting fee to Rio Virgin LLC. This fee was confirmed to be the \$1.3 million dollar deposit into the Rio Virgin business account. Lonetti agreed to do a voluntary taped statement to the above facts.

I served a grand jury subpoena on Lonetti at that time asking for the written employee agreement between Johnson and him and any other paperwork pertaining to that business transaction. The following day, Lonetti called me and told me the documents were ready for pickup. Lonetti gave me a copy of the letter from the State Engineer that he received, his written response, and the written agreement he had with Rio Virgin LLC. AKA Michael Johnson & Robert Coache.

The written agreement he had with Rio Virgin LLC was dated on February 1, 2007. It stated that Lonetti owned 1,062.26 acre-feet under permit 3085 and 1,200 acre-feet under permit 54383. Rio Virgin received 10% (162 acre-feet) of permit 3085 and 25% (300 acre-feet) of permit 54383. The agreement was effective February 1, 2007 and would "terminate upon transfer or future sale of Virgin River water." There was a paragraph in the agreement addressing confidentiality which prohibited either party from discussing the business dealings with outside entities. **Both of these water rights, permit 3085 and 54383, were the rights that Johnson brokered to SNWA in May 2008 that paid \$8,416,506 to John Lonetti.** Rio Virgin then received the approximately \$1.3 million into their business account consummating the agreement. The copy of the agreement Lonetti had was not signed by Johnson. Lonetti stated that this was the only copy he had and that Johnson possibly had a copy with both of

their signatures, but he distinctly remembered both Johnson and him had signed the final agreement.

I obtained a copy of the public record file for permit 54383 that Johnson had helped Lonetti acquire. Within the file, I found no documentation or reason why there was a reversal of position from the first letter stating no water was left in the Virgin River to be appropriated, to the permit being granted on June 29, 2007 by Deputy State Engineer Jason King. There was a corrected permit dated July 7, 2007 within the file correcting several clerical errors signed by Ken Haffey. There was no record of Robert Coache within the file, even though he was the Deputy State Engineer of Southern Nevada. As the Deputy State Engineer of Southern Nevada, who was the regional expert for the state, it stands to reason that his opinion would be heavily relied upon to make such a ruling.

Also suspicious in nature was that Lonetti and Rio Virgin LLC entered into an agreement on February 1, 2007 and the permit did not get approved until June 29, 2007. In the agreement it specifically stated that Lonetti **owned** permit 54383, four months before it was given approval by the State Engineer. It also specifically stated that the agreement would be terminated upon "future sale of Virgin River water". Lonetti claimed to need the water to irrigate 400 acres, however, within six months of acquiring the permit, Johnson approached SNWA on behalf of Lonetti to broker the water deal and the water permit was sold within a year of Lonetti being granted approval.

A search of the State Engineer database was conducted to determine whether other permits for surface water from the Virgin River had been granted during a time period of 2004 - 2011. The search found no other permits, similar to Lonetti's, where a private land owner was asking for Virgin River surface water. Permit 54383, Lonetti's permit, was the only one granted in the past seven years.

Detective Downing and I traveled to Carson City, Nevada during the latter part of April, 2011 in order to conduct several interviews at the State Engineer's office. During these interviews, Bryan Stockton from the State of Nevada, Office of the Attorney General was present representing the employees interviewed. On April 26, 2011, Detective Downing and I met with the State Engineer Jason King to interview him reference the Lonetti water permit.

King told us that during this time period of the Lonetti permit (2006-2007), he was the Deputy State Engineer under Tracy Taylor. He stated he did not remember talking to Coache about this permit. He did confirm that Coache was the Deputy State Engineer for Southern Nevada and was the area expert for the State Engineer office. King stated that he had no knowledge of Coache being involved with Johnson and Lonetti as a consultant for this water permit. King stated that if that were true, Coache would be in direct violation of conduct for a Deputy State Engineer for the state of Nevada. King gave a taped voluntary statement to the above facts.

On April 27, 2011, we interviewed Tracy Taylor. Taylor currently is a Deputy State Engineer, but was the State Engineer during the time in question, 2006-2007. Taylor stated he did not recall talking personally to Coache reference the Lonetti water permit. He did state, however, that during his tenure as the State Engineer, he more than likely had a field evaluation done on this permit by the Southern Nevada field office, which Coache was the head of as the Deputy State Engineer of Southern Nevada. Taylor stated that field evaluation reports could take the form of written, verbal over the phone or email. If there was a written report, it should have been in the file, which it was not. However, this did not preclude the possibility that it could have been in email form or over the phone. There is no standardized policy in the State Engineer's office for field evaluations. Taylor also stated he had no knowledge of Coache being involved in any way with this water permit as a consultant. Taylor also completed a recorded statement to the above facts.

I served a grand jury subpoena requesting records from the State Engineer's office, to include the personnel file of Robert Coache. During the review of the file, I discovered a record of disciplinary action on Coache that occurred during April, 1989 – May, 1989. Coache was disciplined and subsequently suspended, for engaging as a consultant in matters dealing with water rights, which fall within the statutory jurisdiction and enforcement responsibilities of the State Engineer's office. In an office memorandum signed by Coache, dated May 16, 1989, he is specifically ordered that he will acquire approval from the State Engineer before engaging in any outside work relating to water resources within the state of Nevada.

In a memorandum dated July 11, 2005, Coache was counseled again reference his outside consulting business and its possible conflicts as an employee with the State Engineer's office. In this instance, it was determined that his business, which dealt with golf courses

## CONTINUATION

Event #: 110405-1837

irrigation management plans and environmental compliance, did not conflict with his duties as a public employee. However, Coache was counseled on becoming involved in water issues that came into conflict with his duties as a public officer of the State Engineer's office.

Despite being formally counseled on two separate occasions and disciplined on one of them, Coache still engaged as a consultant with Michael Johnson to John Lonetti to help Lonetti acquire, and then sell water rights. This is in direct conflict of his duties as a public officer for the State of Nevada State Engineer's office which has the statutory jurisdiction and enforcement responsibilities in this area.

From the evidence gathered it appears that a complex and secretive criminal conspiracy occurred between John Lonetti Jr., Michael Johnson, Robert Coache and Michael Winters. Upon receiving the letter from the State Engineer, Lonetti approached Johnson who he knew to be good friends with Robert Coache, the Deputy State Engineer of Southern Nevada. As the Deputy State Engineer of Southern Nevada for the office of the State Engineer based in Carson City, Coache would have considerable influence since he was the resident expert on water rights for the Southern Nevada region.

Johnson, Lonetti and Coache entered into a criminal conspiracy to subvert the process and guarantee the water permit would be granted to Lonetti to later be sold for millions of dollars. The three entered into a written agreement that pre-dated the State Engineer's approval by four months begging the question, how did Lonetti, Johnson and Coache know that the permit would be approved unless Coache, as the Deputy State Engineer, utilized his influence to subvert the process and have the permit granted.

Lonetti agreed to give Johnson and Coache a percentage of his two water rights for their actions, with the agreement that the water rights were to be sold and their agreement concluded upon that condition. This showed that Lonetti never planned to use the water for irrigation as he stated in his application, rather sought the water permit in order to turn it for a quick profit. However, he needed the help of three public officials in order to convince the SNWA to consummate the purchase agreement which paid him **\$8,416,506**.

Within six months of the permit being granted, Lonetti had Johnson approach SNWA to see if they would be interested in buying the water rights. SNWA told Johnson that the 1,200 acre feet that Johnson and Coache had a vested 25% interest in was not useful to them due to its high priority date. Johnson then stated that he could guarantee that the VVWD trade 890 acre-feet of Bunkerville Irrigation water with the lower priority date that the SNWA would like, for the 1,200 acre-feet if SNWA would first purchase the water from Lonetti. SNWA agreed to those terms as long as VVWD would approve the deal.

Michael Winters was the General Manager for the VVWD at that time. Even though all decisions must be board approved, Winters and Johnson held considerable influence and were responsible for presenting the facts to the board for any issue that required board approval. The deal was approved by the VVWD board and the water transaction was consummated with SNWA, just as Johnson had promised.

SNWA paid John Lonetti **\$8,416,506** for the water rights to permit 3085 and 54383. Lonetti then paid Johnson and Coache **\$1,327,500.00** through their fictitious company Rio Virgin LLC. Johnson paid Michael Winters \$15,000 for his role in this conspiracy. Johnson and Coache had created a fictitious business, Rio Virgin LLC., for the sole purpose of this criminal conspiracy and to receive the funds from Lonetti that comprised the bribe for compromising their services as public employees.

From the financial analysis conducted by the LVMPD (Exhibit A & B), both Johnson and Coache engaged in numerous transactions with the illegal proceeds obtained from Lonetti. Per NRS 207.195, Use of Monetary Instrument derived from unlawful activity; each violation involving one or more monetary instruments totaling \$10,000 or more shall be deemed a separate offense. Johnson and Coache both transferred the money paid by Lonetti into personal bank accounts and investment accounts in several financial institutions as outlined by the financial analysis report and flow chart (Exhibit A). Each transaction was an attempt to disguise its origin as ill gotten gains from the Lonetti bribe money. The number of transactions in violation of NRS 207.195 that Johnson was involved in totaled six counts. The number of transactions in violation of NRS 207.195 that Coache was involved in totaled thirteen counts.

Michael Johnson engaged in the crimes of Receiving a Bribe by Public Officer and Obtaining Money Under False Pretenses, crimes defined as Racketeering activities by NRS 207.360 and purchased a residence at 9582 Bighorn Ranch Avenue with Robert Coache under their company Cibola Investments LLC. This is in direct violation of Racketeering Unlawful Acts as defined in NRS 207.400 section 1, subsection A1.

Robert Coache engaged in the crime of Receiving a Bribe by Public Officer and Obtaining Money Under False Pretenses, crimes defined as Racketeering activities by NRS 207.360 and purchased a residence at 9582 Bighorn Ranch Avenue, Las Vegas, Nevada with Michael Johnson under their company Cibola Investments LLC, purchased a home at 8724 Melissa Meadows Street, Las Vegas, Nevada for his son and daughter in law, Jordan and Holly Coache, and purchased a home located at 3836 Canary Cedar Street, Las Vegas, Nevada under his company Kovadachy LLC. This is in direct violation of Racketeering Unlawful Acts as defined in NRS 207.400 section 1, subsection A1.

Wherefore, Declarant prays that a Warrant of Arrest be issued for suspect **MICHAEL JOHNSON** on the charge(s) of Misconduct of Public Officer 197.110, Obtaining Money Under False Pretenses 205.380, Receiving Bribe by Public Officer 197.040, Money Laundering (6cts.) 207.195, Racketeering.

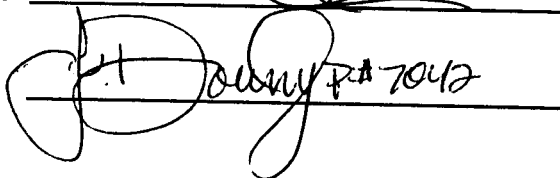
I declare under penalty of perjury under the law of the State of Nevada that the foregoing is true and correct.

Executed on this 4th day of May, 2011.

DECLARANT:



WITNESS:



DATE:

5-4-11



LAS VEGAS METROPOLITAN POLICE DEPARTMENT  
**DECLARATION OF WARRANT/SUMMONS**  
(N.R.S. 171.106)  
(N.R.S. 53 amended 7/13/1993)

Event Number: 110405-1837

STATE OF NEVADA     )     **Robert Coache**  
                              ) **ss:** ID# 0351932  
COUNTY OF CLARK    )     DOB: 12-20-58 SS# XXXXXXXXXX

Detective N. Chio P#5109, being first duly sworn, deposes and says:

That he is a detective with the Las Vegas Metropolitan Police Department, being so employed for a period of 15 years, assigned to investigate the crime(s) of Misconduct of Public Officer, Receiving Bribe by Public Officer, Obtaining Money Under False Pretenses, Money Laundering (13cts.), Racketeering (3cts.), committed on or about January 2006- Present, which investigation has developed **ROBERT COACHE**, as the perpetrator thereof.

**THAT DECLARANT DEVELOPED THE FOLLOWING FACTS IN THE COURSE OF THE INVESTIGATION OF SAID CRIME, TO WIT:**

On October 11, 2010, Sgt. M. Pence P#4950 and I met with several members of the Virgin Valley Water District (VVWD) and members of the Clark County District Attorney's office. The VVWD board members present were Ken Rock , the General Manager, Karl Gustaveson, Mark McEwen, and attorney Bo Bingham. Representing the Clark County District Attorney's office were D.A. David Roger, Deputy D.A. Marc Digiacommo, and Deputy D.A. Brian Rutledge.

The VVWD board members had requested the meeting in order to report allegations of possible criminal misconduct by the former Chief Hydrologist of the VVWD, Michael Johnson AKA Boomer. Bingham stated that in August 2010, the VVWD board had conducted a closed session hearing with Michael Johnson reference several allegations of wrongdoing on his part. During the hearing, Johnson admitted to the board members that he had been a "consultant" for a wealthy landowner named John Lonetti Jr., without notifying the board. Bingham stated that this violated a provision in Johnson's work contract as a public employee of the Virgin Valley Water District.

As a consultant, Johnson admitted to receiving a fee in the thousands of dollars from Lonetti. The fee was in exchange for unknown services reference a water rights transaction involving Lonetti, the Southern Nevada Water Authority (SNWA), and the VVWD. Johnson refused to elaborate further on exactly what his involvement entailed. After the hearing, Johnson tendered his resignation as Chief Hydrologist. Bingham also brought up several allegations that Johnson had a close relationship with the former Deputy State Engineer for Southern Nevada in the Nevada Division of Water Resources, Robert Coache. There were rumors that Johnson had somehow used this relationship to his advantage to facilitate several transactions in the past. Bingham stated that he had learned that Johnson and Coache had formed a Limited Liability Company called "Cibola Investments", and were actively engaged in buying and selling real estate together.

The board members also felt that former VVWD General Manager Michael Winters might have been involved with Coache and Johnson. Winters had been previously charged with Misconduct of a Public Officer due to an investigation conducted by Detective A. Caldwell in 2008. The VVWD asked that the Las Vegas Metropolitan Police Department (LVMPD) investigate to determine if these allegations had any merit.

The four principals identified by the VVWD were Michael Johnson (former Chief Hydrologist VVWD), Robert Coache (former Deputy State Engineer for the State of Nevada Division of Water Resources), Michael Winters (former General Manager VVWD) and businessman/entrepreneur John Lonetti Jr. Using LVMPD SCOPE records and Nevada Department of Motor Vehicle databases, they were all positively identified with the following personal identifiers:

- Michael Eugene Johnson DOB 04-17-60; Social Security number [REDACTED].  
2236 Ladue Drive, Las Vegas, Nevada, 89128.
- Robert Alan Coache, DOB 12-20-58; Social Security number [REDACTED].  
4280 N. Tioga Way, Las Vegas, Nevada, 89129.
- Michael Winters, DOB 06-17-54; Social Security number [REDACTED].  
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showed the disbursement of all the monies from this account. A flow chart showing the disbursement of monies is attached to this affidavit, designated as Exhibit A, and is incorporated by this reference as though fully set forth herein. A written narrative that explains flow chart (Exhibit A), is attached to this affidavit, designated as Exhibit B and is incorporated by this reference as though fully set forth herein.

A wire transfer in the amount of \$15,000 was also discovered from Rio Virgin LLC., to the personal bank account of Michael Johnson with a memo that read "Winters". This money was later confirmed to have been paid to Michael Winters, the General Manager of VVWD at that time. During the water transaction with SNWA and Lonetti, SNWA was not interested in the 1,200 acre-feet under permit 54383, until Johnson told them that he would have VVWD trade 890 acre feet of water from the Bunkerville Irrigation Company. Winters, as the General Manager of VVWD, would have had to approve this transaction.

The Rio Virgin business accounts were then closed after the money was disbursed, and Rio Virgin LLC., was dissolved. It appeared that the sole purpose for the creation of Rio Virgin LLC. was to receive this money from the Lonetti Trust AKA John Lonetti Jr.

On March 29, 2011, Officer A. Caldwell and I interviewed John Lonetti Jr. at his ranch located at 3915 Goldbutte Dr., Bunkerville, Nevada. During the interview, Lonetti told us that in early 2006 he had received a letter from the Nevada State Engineer reference a pending water permit application he had filed in 1990. Lonetti had filed the permit asking for 2,000 acre feet in order to irrigate 400 acres on his property. The letter stated that there was no more water left in the Virgin River that would be appropriated (granted to pending applications) and asked Lonetti to sign a form withdrawing his application or to respond to the letter stating why his permit should be granted.

Lonetti told us that he contacted Michael Johnson to assist him in responding to the State Engineer to obtain his water permit. He stated he decided on using Johnson since he was the Chief Hydrologist for the VVWD and Lonetti had worked with him on previous water deals that Lonetti had been involved in with the VVWD. Lonetti stated Johnson and him entered into a financial agreement, which had a confidentiality clause that he would not discuss with us. Lonetti described this as a consulting contract.

Lonetti told us that Johnson assisted him in drafting a written response to the State Engineer's office. Eventually, the State Engineer's office reversed its opinion and the permit was granted to Lonetti, giving him 1,200 acre feet under permit number 54383. Lonetti claimed to not know what other measures that Johnson did on his behalf to obtain the reversal. Lonetti stated that this was the only time he had hired Johnson.

I asked Lonetti if he knew Robert Coache. He said he did not know him but had heard about him from Johnson. Lonetti stated he knew Johnson had connections in the State Engineers office, but claimed to not know the extent of Coache and Johnson's relationship. I then asked him if he was familiar with Rio Virgin LLC. Lonetti admitted to writing a check for Johnson's consulting fee to Rio Virgin LLC. This fee was confirmed to be the \$1.3 million dollar deposit into the Rio Virgin business account. Lonetti agreed to do a voluntary taped statement to the above facts.

I served a grand jury subpoena on Lonetti at that time asking for the written employee agreement between Johnson and him and any other paperwork pertaining to that business transaction. The following day, Lonetti called me and told me the documents were ready for pickup. Lonetti gave me a copy of the letter from the State Engineer that he received, his written response, and the written agreement he had with Rio Virgin LLC. AKA Michael Johnson & Robert Coache.

The written agreement he had with Rio Virgin LLC was dated on February 1, 2007. It stated that Lonetti owned 1,062.26 acre-feet under permit 3085 and 1,200 acre-feet under permit 54383. Rio Virgin received 10% (162 acre-feet) of permit 3085 and 25% (300 acre-feet) of permit 54383. The agreement was effective February 1, 2007 and would "terminate upon transfer or future sale of Virgin River water." There was a paragraph in the agreement addressing confidentiality which prohibited either party from discussing the business dealings with outside entities. ***Both of these water rights, permit 3085 and 54383, were the rights that Johnson brokered to SNWA in May 2008 that paid \$8,416,506 to John Lonetti.*** Rio Virgin then received the approximately \$1.3 million into their business account consummating the agreement. The copy of the agreement Lonetti had was not signed by Johnson. Lonetti stated that this was the only copy he had and that Johnson possibly had a copy with both of

their signatures, but he distinctly remembered both Johnson and him had signed the final agreement.

I obtained a copy of the public record file for permit 54383 that Johnson had helped Lonetti acquire. Within the file, I found no documentation or reason why there was a reversal of position from the first letter stating no water was left in the Virgin River to be appropriated, to the permit being granted on June 29, 2007 by Deputy State Engineer Jason King. There was a corrected permit dated July 7, 2007 within the file correcting several clerical errors signed by Ken Haffey. There was no record of Robert Coache within the file, even though he was the Deputy State Engineer of Southern Nevada. As the Deputy State Engineer of Southern Nevada, who was the regional expert for the state, it stands to reason that his opinion would be heavily relied upon to make such a ruling.

Also suspicious in nature was that Lonetti and Rio Virgin LLC entered into an agreement on February 1, 2007 and the permit did not get approved until June 29, 2007. In the agreement it specifically stated that Lonetti *owned* permit 54383, four months before it was given approval by the State Engineer. It also specifically stated that the agreement would be terminated upon "future sale of Virgin River water". Lonetti claimed to need the water to irrigate 400 acres, however, within six months of acquiring the permit, Johnson approached SNWA on behalf of Lonetti to broker the water deal and the water permit was sold within a year of Lonetti being granted approval.

A search of the State Engineer database was conducted to determine whether other permits for surface water from the Virgin River had been granted during a time period of 2004 - 2011. The search found no other permits, similar to Lonetti's, where a private land owner was asking for Virgin River surface water. Permit 54383, Lonetti's permit, was the only one granted in the past seven years.

Detective Downing and I traveled to Carson City, Nevada during the latter part of April, 2011 in order to conduct several interviews at the State Engineer's office. During these interviews, Bryan Stockton from the State of Nevada, Office of the Attorney General was present representing the employees interviewed. On April 26, 2011, Detective Downing and I met with the State Engineer Jason King to interview him reference the Lonetti water permit.



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King told us that during this time period of the Lonetti permit (2006-2007), he was the Deputy State Engineer under Tracy Taylor. He stated he did not remember talking to Coache about this permit. He did confirm that Coache was the Deputy State Engineer for Southern Nevada and was the area expert for the State Engineer office. King stated that he had no knowledge of Coache being involved with Johnson and Lonetti as a consultant for this water permit. King stated that if that were true, Coache would be in direct violation of conduct for a Deputy State Engineer for the state of Nevada. King gave a taped voluntary statement to the above facts.

On April 27, 2011, we interviewed Tracy Taylor. Taylor currently is a Deputy State Engineer, but was the State Engineer during the time in question, 2006-2007. Taylor stated he did not recall talking personally to Coache reference the Lonetti water permit. He did state, however, that during his tenure as the State Engineer, he more than likely had a field evaluation done on this permit by the Southern Nevada field office, which Coache was the head of as the Deputy State Engineer of Southern Nevada. Taylor stated that field evaluation reports could take the form of written, verbal over the phone or email. If there was a written report, it should have been in the file, which it was not. However, this did not preclude the possibility that it could have been in email form or over the phone. There is no standardized policy in the State Engineer's office for field evaluations. Taylor also stated he had no knowledge of Coache being involved in any way with this water permit as a consultant. Taylor also completed a recorded statement to the above facts.

I served a grand jury subpoena requesting records from the State Engineer's office, to include the personnel file of Robert Coache. During the review of the file, I discovered a record of disciplinary action on Coache that occurred during April, 1989 – May, 1989. Coache was disciplined and subsequently suspended, for engaging as a consultant in matters dealing with water rights, which fall within the statutory jurisdiction and enforcement responsibilities of the State Engineer's office. In an office memorandum signed by Coache, dated May 16, 1989, he is specifically ordered that he will acquire approval from the State Engineer before engaging in any outside work relating to water resources within the state of Nevada.

In a memorandum dated July 11, 2005, Coache was counseled again reference his outside consulting business and its possible conflicts as an employee with the State Engineer's office. In this instance, it was determined that his business, which dealt with golf courses

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irrigation management plans and environmental compliance, did not conflict with his duties as a public employee. However, Coache was counseled on becoming involved in water issues that came into conflict with his duties as a public officer of the State Engineer's office.

Despite being formally counseled on two separate occasions and disciplined on one of them, Coache still engaged as a consultant with Michael Johnson to John Lonetti to help Lonetti acquire, and then sell water rights. This is in direct conflict of his duties as a public officer for the State of Nevada State Engineer's office which has the statutory jurisdiction and enforcement responsibilities in this area.

From the evidence gathered it appears that a complex and secretive criminal conspiracy occurred between John Lonetti Jr., Michael Johnson, Robert Coache and Michael Winters. Upon receiving the letter from the State Engineer, Lonetti approached Johnson who he knew to be good friends with Robert Coache, the Deputy State Engineer of Southern Nevada. As the Deputy State Engineer of Southern Nevada for the office of the State Engineer based in Carson City, Coache would have considerable influence since he was the resident expert on water rights for the Southern Nevada region.

Johnson, Lonetti and Coache entered into a criminal conspiracy to subvert the process and guarantee the water permit would be granted to Lonetti to later be sold for millions of dollars. The three entered into a written agreement that pre-dated the State Engineer's approval by *four months* begging the question, how did Lonetti, Johnson and Coache know that the permit would be approved unless Coache, as the Deputy State Engineer, utilized his influence to subvert the process and have the permit granted.

Lonetti agreed to give Johnson and Coache a percentage of his two water rights for their actions, with the agreement that the water rights were to be sold and their agreement concluded upon that condition. This showed that Lonetti never planned to use the water for irrigation as he stated in his application, rather sought the water permit in order to turn it for a quick profit. However, he needed the help of three public officials in order to convince the SNWA to consummate the purchase agreement which paid him **\$8,416,506**.

Within six months of the permit being granted, Lonetti had Johnson approach SNWA to see if they would be interested in buying the water rights. SNWA told Johnson that the 1,200 acre feet that Johnson and Coache had a vested 25% interest in was not useful to them due to its high priority date. Johnson then stated that he could guarantee that the VVWD trade 890 acre-feet of Bunkerville Irrigation water with the lower priority date that the SNWA would like, for the 1,200 acre-feet if SNWA would first purchase the water from Lonetti. SNWA agreed to those terms as long as VVWD would approve the deal.

Michael Winters was the General Manager for the VVWD at that time. Even though all decisions must be board approved, Winters and Johnson held considerable influence and were responsible for presenting the facts to the board for any issue that required board approval. The deal was approved by the VVWD board and the water transaction was consummated with SNWA, just as Johnson had promised.

SNWA paid John Lonetti **\$8,416,506** for the water rights to permit 3085 and 54383. Lonetti then paid Johnson and Coache **\$1,327,500.00** through their fictitious company Rio Virgin LLC. Johnson paid Michael Winters \$15,000 for his role in this conspiracy. Johnson and Coache had created a fictitious business, Rio Virgin LLC., for the sole purpose of this criminal conspiracy and to receive the funds from Lonetti that comprised the bribe for compromising their services as public employees.

From the financial analysis conducted by the LVMPD (Exhibit A & B), both Johnson and Coache engaged in numerous transactions with the illegal proceeds obtained from Lonetti. Per NRS 207.195, Use of Monetary Instrument derived from unlawful activity; each violation involving one or more monetary instruments totaling \$10,000 or more shall be deemed a separate offense. Johnson and Coache both transferred the money paid by Lonetti into personal bank accounts and investment accounts in several financial institutions as outlined by the financial analysis report and flow chart (Exhibit A). Each transaction was an attempt to disguise its origin as ill gotten gains from the Lonetti bribe money. The number of transactions in violation of NRS 207.195 that Johnson was involved in totaled six counts. The number of transactions in violation of NRS 207.195 that Coache was involved in totaled thirteen counts.


Michael Johnson engaged in the crimes of Receiving a Bribe by Public Officer and Obtaining Money Under False Pretenses, crimes defined as Racketeering activities by NRS 207.360 and purchased a residence at 9582 Bighorn Ranch Avenue with Robert Coache under their company Cibola Investments LLC. This is in direct violation of Racketeering Unlawful Acts as defined in NRS 207.400 section 1, subsection A1.

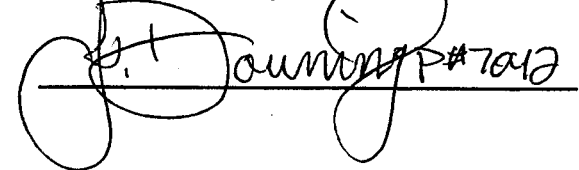
Robert Coache engaged in the crime of Receiving a Bribe by Public Officer and Obtaining Money Under False Pretenses, crimes defined as Racketeering activities by NRS 207.360 and purchased a residence at 9582 Bighorn Ranch Avenue, Las Vegas, Nevada with Michael Johnson under their company Cibola Investments LLC, purchased a home at 8724 Melissa Meadows Street, Las Vegas, Nevada for his son and daughter in law, Jordan and Holly Coache, and purchased a home located at 3836 Canary Cedar Street, Las Vegas, Nevada under his company Kovadachy LLC. This is in direct violation of Racketeering Unlawful Acts as defined in NRS 207.400 section 1, subsection A1.

Wherefore, Declarant prays that a Warrant of Arrest be issued for suspect **MICHAEL JOHNSON** on the charge(s) of Misconduct of Public Officer 197.110, Obtaining Money Under False Pretenses 205.380, Receiving Bribe by Public Officer 197.040, Money Laundering (13cts.) 207.195, Racketeering (3cts.).

**I declare under penalty of perjury under the law of the State of Nevada that the foregoing is true and correct.**

**Executed on this 4th day of May, 2011.**

DECLARANT: 

WITNESS:  #7012

DATE: 5-4-11