

China Deep Dive

Chapter One – The Beginning

Las Cruces, New Mexico

October 1985

Paul Sullivan had spent most of his life just getting by. His goals were modest, and he wasn't a complainer. He had gone to a commuter college outside of Oklahoma City and graduated without honors. He quickly passed the CPA exam and started his lackluster career. That was thirty years ago. He was still unsure of what he wanted to do in life. Not that he minded accounting, it just felt like he was wasting his time doing nothing of any importance. In the middle of his bland existence he got married and had two kids. His wife wore the pants in the family from the beginning. That annoyed Paul on occasion, but he was inclined to let it go. He also let himself go by adding pounds to his six-foot frame and loosing most of his hair. His take charge wife soon tired of Paul and kicked him out. He sulked for a few weeks and then left town. He never missed his demanding wife and did not stay in touch with his kids. He was a lousy husband and father.

The story I'm going to tell you about Paul and how he became involved in a multi-million-dollar fraud is true, well mostly true; at least it's how it was told to me. It begins on a cool morning in Las Cruces, New Mexico. The year is 1985. Paul is headed to a local breakfast place to meet a banker, not his choice of fun things to do. The banker, Trevor Gomez, had called a few days earlier and ask if they could get together to discuss a possible client. Someone he would like to introduce Paul to. Paul was immediately suspicious. In his capacity as the CFO of one of the major businesses in town, Paul had dealings with Trevor's bank, Western National, but only knew Trevor slightly. However, anyone wanting to refer a potential client got his attention, this however seemed odd; very odd.

After leaving the largest company in town, due to the owner, Bill McCullum, being a caustic asshole who had made his life miserable; Paul had been making a living as a strategic financial consultant. He had an extensive business background and was well respected as a “financial guy.” However, the potential client base in Las Cruces was not large. The town was somewhere around one-hundred thousand, which made for a comfortable place to live, but was not exactly a thriving market for financial advisors. He was getting by while also considering moving to a bigger city.

Trevor had selected Chuck’s, a breakfast place that looked like an old Denny’s. On a previous visit Paul had asked the waitress if Chuck was the owner. She seemed confused and said, “not sure where the name came from, but the owner’s name is Lopez.” The absurdity of the answer made him want to avoid further visits, but here he was in the wee hours of the morning entering Chuck’s.

Trevor was easy to spot. He was the only one wearing a suit and tie. The restaurant was close to the bank, and no doubt the reason Trevor had selected the location; convenient for him.

“Good morning.” Paul smiled at Trevor, trying to cover his sense of unease.

“Oh, great. Glad you could make it. Take a seat.” Trevor was loud and outgoing. He had the aura of a car salesman not a banker; but it was rumored his uncle was a major investor in the bank, so Trevor was a VP. Trevor waved at the waitress. “Bring another cup of coffee. Will ya, sweetie?”

Trevor reminded Paul of his old boss. He was always making choices for other people, even when he had no idea what those people wanted. “Well, Trevor, thanks for thinking of me for your customer. I’m always looking for business.” Still could not shake the bad feeling.

“Look, Paul, I won’t lie to you, I’ve got a potential problem and was looking for someone to help me out. I talked to the bank’s CPA and he recommended you. I hadn’t really thought about you still being in town after you left McCullum. Figured you would have moved-on.

“Yeah, probably should have. So, what’s the problem?” *Jez, I don’t want to talk to this guy. I really do need to just move on.*

“It’s a customer of the bank. Guy named Vick Williams. Any chance you know him?”

“Name doesn’t ring a bell.” *I sure the hell hope this isn’t about some kind of small-town gossip.*

“Yeah, he’s been pretty low-key. Not that many people know much about him. He moved to town about two years ago and started International Distributors out on Alameda in an old strip center. I’m sure most people don’t even know what they do. In a short amount of time he has become one of the bank’s largest customers. He’s kind of an odd guy. Well not kinda, he is an odd guy. It’s a big business but he runs it like it’s a mom and pop liquor store. The bank thinks he needs administrative and financial type help.” Trevor paused and nodded his head like he had completed his thought. Paul was still unsure what he wanted.

“So, you’re doing recruiting for him?” Paul smiled at Trevor hoping he would realize he was not making much sense.

“Not exactly. Let me just spit it out, okay? We want someone to go to work for the guy and then tell us what is really going on. He’s into the bank for about five million, and we are becoming nervous. We need better information. Is that something you could do?”

What the fuck? You want a spy? “Sounds a little unethical to me Trevor. When I work for someone, what I learn becomes confidential information. I believe I would be uncomfortable with what you are suggesting.” On the other hand, I do need money.

“Look, I screwed that up. We don’t want you to tell us anything private, we just want to have someone we can talk to who knows what’s going on. Vick is confusing to understand. We don’t think he is doing anything wrong. It’s just so hard to get a sense of comfort from him or his right-hand man, Larry. They take forever to get us financial information, and then it is often incomplete or odd looking. Larry is the CFO and, in my opinion, doesn’t know shit about accounting or much of anything. He’s just Vick’s “kiss ass” guy and will do anything Vick asks. We want someone with more knowledge and experience to be involved with the business. And keep us informed.”

“Well, let’s just suppose I was willing to do this, why would this guy hire me?”

“Because we would make him. He’s into us for a bunch of money, and he wants even more. We have already told him we were uncomfortable extending any more credit until we have better data and support information. We would like a business plan developed with procedures and controls put in place. I’ve told him directly that Larry is fine as a personal assistant, but he does not know crap about accounting, financial reporting or developing planning documents. So, if he wants more money from us, he has to do something else.”

“I won’t be an employee, but if he wanted to hire me as a consultant to produce a business plan and maybe an overall analysis of his operation, I would be interested. I can tell you that I would not give you inside information unless I thought he was hiding something that was illegal. I will not provide gossip or personal information about the owner or his assistant.

What I can give you is an honest analysis of the business, including financial viability, as long as you get Vick to agree to that up front.”

Trevor leaned back thinking. “Look, let me talk to my boss. I think there is way to make this work. Why don’t I try and set something up with you and Vick? He’s an interesting guy and you should meet him. See what you think after that meeting, and we can talk again, okay?”

“Sure.” Paul got up to leave.

“Hey, I offered to buy you breakfast not just coffee. What would you like?” Trevor was always selling even after the sale had been made.

“That’s okay, Trevor, my waistline can afford to miss a few meals. I’ll head on out. Let me know about that meeting with Vick. And thanks for thinking about me on this deal. I hope something works out.” Paul stood and they shook hands. Trevor’s was soft and sweaty. Paul really didn’t like car salesmen.

On his way down Telshore Drive he stopped at McDonalds drive-thru and got the best bargain breakfast sandwich on the planet. *Fuck the waistline.*

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For the next few days, Paul made calls to see what he could learn about Vick Williams and International Distributors. He didn’t learn much. One guy said he was sure Vick was connected to a Mexican operation out of Juarez. Paul asked for details; he had none. Another guy said he had heard that it had something to do with China. That really seemed wild, but that guy had details. He said about a month ago a group of Chinese businessmen, about a half-dozen of them, stayed at the Holiday Inn and met with Williams. He said the bar gossip was that it was

illegal drugs. Paul asked why he thought an illegal drug operation would send a large group of businessmen in suits to stay at the Holiday Inn for everyone to see. He wasn't sure.

Another contact who had a connection with Western Bank said Williams was importing something from China. He said it was big bucks and the bank was backing him. That guy thought the bank was in way over their heads. "Those dumb son-of-a-bitches think they're some kind of international banking operation and don't have a fuckin' clue what they're doin'. I think that SOB Vick is takin' those bank geniuses to the fuckin' cleaners."

Whatever was going on, it was on a very large scale for Las Cruces. Plus, it was being done mostly in secret. There just had to be a few bucks laying around Paul could sweep up. He was debating about calling Trevor when the phone rang.

"Hello."

"Hey, Paul. It's Trevor. How's things?"

"Great Trevor. Get that appointment set-up with Vick yet?" No reason to chat with this guy, get to the point.

"Yep. He'd like to see you tomorrow at 10 am. Does that work?"

"Sure. Thanks for setting that up. Anything else?"

"Nope. Just, after you meet with Vick, give me a call, will ya?"

"Sure. Thanks again." He hung up before Trevor could say any more. This whole thing still had an ugly feel about it. *Maybe he would call Trevor or maybe he wouldn't. Maybe he would move tomorrow to Albuquerque or fuckin' Dallas; or maybe not. Jez.*

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If International Distributors was a big-time business success in the middle of this one-horse town there was no way of knowing it from their offices. It looked like they were occupying about half of a run-down strip shopping center that also housed a liquor store, nail salon and a laundromat. Not exactly Wall Street.

Paul paused for a minute. Hating that feeling of dread. He needed to make some money, but this was feeling all wrong. He fought off the urge to find an early opening bar and entered the headquarters of IDI, International Distributors, Inc. as identified by the lettering on the door.

The interior was not much better than the outside. Low ceilings, little light, old beat-up desks and no one out front. He waited a few beats; “Hello, anyone home?” No response.

Maybe the local morning bar would be more accommodating?

“Oh, hi! Sorry, I was in the powder room.” The blushing, cute girl could be twelve or twenty-five, it was hard to tell. At least she was smiling.

“No problem. I’m Paul Sullivan and I have an appointment with Mr. Williams.”

“Oh, really? Oh, my; did he know?”

No, I just made the appointment with myself. “Well, I guess he did. I believe Mr. Gomez from Western Bank actually made the appointment.”

“Oh, wow. I’m sure this is important. If you’re with the bank, I know he will want to see you.” She was fumbling around with an address book. “Let me call him really quick. Can I get you a cup of coffee?” She was smiling but looked nervous.

“No, I’m fine. And, if there has been some miscommunication, that is fine. I can meet with him some other time.” *Fuck!*

“No. No. Please just take a seat.” She began working the phone. She had several conversations but kept her voice to a whisper.

“Uh, Mister....”

“Sullivan”

“Yes, Mr. Sullivan, Mr. Williams will be here in just a little bit. He had an emergency come up but will be here soon. His assistant Mr. White is just minutes from the office and will be here very soon to meet with you until Mr. Williams can get here.” She let out her breath like she had accomplished a significant task.

“Maybe I’ll take that coffee.”

The wait for Mr. White was not long.

“Hello, Mr. Sullivan. Sorry for the confusion this morning. Just another day at IDI. Please come on back to my office.”

Paul followed him. His office was large and cluttered. In many ways the office and man looked the same; big and disorganized.

“You don’t have to entertain me until Mr. Williams gets here. I’m sure you have things to do.”

“Yeah, I do. But when the fuckin’ bank says jump, we jump. So, you’re going to be their spy and tell them all of the ways we are fucking up.” Larry was not smiling and seemed angry.

“Well, not sure what you mean by that, but I’m here to meet Mr. Williams to see if there is some way I can help. I was contacted by the bank and met with Trevor Gomez. But I can assure you I’m not a spy.”

“I know they think I’m a fucking idiot and don’t know shit about anything. But I’m the guy here making this shit work. We have gone from about \$100K in sales last year to almost \$3.4 million so far this year with almost no goddamn help. I work eighty-hour weeks and to have those bastards say I’m a useless piece of shit sort of pisses me off.”

Sensing Larry’s emotional explosion could get much worse if provoked, Paul remained quiet. During the pause the cute receptionist brought the coffee. She could tell things were not going well and quickly put the coffee on the desk and left.

“Sorry. I don’t know you from Adam, but I guess I was looking for someone to yell at. The stress around here is very high. Vick will be here in a few minutes, and you can rat me out. He’s a nicer guy than I am.”

“it’s okay. I’m not harmed. What is it that you sell \$3.4 million of?”

“Surgical towels.”

“From China?”

“Yep. If we had the financial backing we need, we could sell \$100 million worth of blue surgical towels a year for the next ten years—that’s a billion fuckin’ dollars. Vick Williams is a fucking genius who nobody understands. But he’s going to be a very wealthy man and so am I.”