

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
TERRE HAUTE DIVISION

FILED
01/05/2026
U.S. DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
Kristine L. Seufert, Clerk

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 v.)
)
 KARLA LYNN PIPES,)
)
 Defendant.)

Cause No. 2:26-cr-001-JRS-CMM

INFORMATION

The United States Attorney charges that:

GENERAL ALLEGATIONS

At times material to this Information:

1. On or about November 5, 2019, the citizens of the Town of Clay City, Indiana (the Town), elected defendant KARLA LYNN PIPES (“PIPES”) to represent them as Clerk-Treasurer. From in or about January 2020 through in or about December 2023, PIPES served as the Town’s Clerk-Treasurer. During that same period, PIPES also served as the Town’s Utility Clerk.
2. As Clerk-Treasurer and Utility Clerk, PIPES performed a wide range of official actions. Those actions included presenting financial updates and reports to the Clay City Town Board to ensure Board members were properly informed of the Town’s financial position.
3. PIPES maintained a checking account at First Financial Bank, with an account number ending in 2674. First Financial Bank utilized a computer server located outside of Indiana.
4. As a result of an executive session of the Town’s Board that took place on January 10, 2020, the Board voted to approve the issuance of two credit cards for the Town. PIPES

completed an application for credit accounts with First Financial Bank, which resulted in the issuance of two credit cards – one to PIPES in her official capacity and another to a Town official.

5. From in or about February 2020 through in or about August 2020, the card issued to PIPES was assigned a number ending in 9218. Beginning in or about August 2020, the card issued to PIPES was reassigned a number ending in 9811.

6. Square, Inc. (“Square”) was a financial services company based in San Francisco, California. Square provided its customers with the ability to accept credit card payments using the internet, or through a phone or tablet equipped with a Square Reader device. When such a payment was processed, digital information traveled via interstate wire communication.

7. PIPES maintained an account with Square, which she created in or about August 2015. At inception, PIPES assigned the account the name “Karla’s Truvision.” PIPES linked her Square account to her First Financial checking account ending in 2674. In so doing, PIPES could initiate transfers of money from her Square account to her First Financial checking account or to the debit card associated with checking account 2674.

THE SCHEME TO DEFRAUD

8. Beginning in or around April 2020 and continuing until in or around October 2023, PIPES used her official position as Clerk-Treasurer with the Town of Clay City to devise and execute a scheme to defraud the Town by means of false and fraudulent pretenses, representations, and promises concerning material facts and matters.

9. The objective of the scheme was for PIPES to enrich herself by obtaining money belonging to the Town for her own personal use.

10. The manner and means by which PIPES sought to accomplish and did accomplish the scheme to defraud included, among others, the following.

11. In her role as Clerk-Treasurer, PIPES had access to the Town's credit card at First Financial that had been issued to her in her official capacity, as noted above.

12. On numerous occasions, PIPES would initiate transactions with the Town's credit card through her Square account. Square records show that she initiated transactions in various ways, with the entry method showing as "swiped," "on file," and "keyed."

13. On various occasions, PIPES would then electronically transfer funds from her Square account into her own account at First Financial, either as an ACH transfer into the checking account itself or as an "instant deposit" onto the debit card associated with her checking account. Both methods would initiate an interstate wire communication. In so doing, PIPES obtained money belonging to the Town and to which she was not entitled to receive. PIPES conducted these transactions without the knowledge, consent, or authorization of the Town's Board.

14. PIPES concealed the fraudulent scheme by altering the name of her Square account. Specifically, during the relevant period, the Town conducted legitimate and frequent business with Vendor A, a specialized distributor of water, wastewater, storm drainage, and fire-protection products. Vendor A legitimately invoiced the Town, at times as frequently as once a month, and records show that invoices were always paid via electronic payment from the Town's checking accounts, not via credit card payments. In furtherance of the fraud, PIPES renamed her Square account from "Karla's Truvision" to different versions of Vendor A's name, such that any charges to her Square account would appear on the Town's credit card statements as seemingly legitimate payments to Vendor A. Pipes did so without knowledge, consent, or authorization of the Town's Board.

15. In sum, PIPES stole approximately \$236,713.39 from the Town of Clay City as a result of approximately 138 fraudulent Square transfers.

16. In addition, PIPES stole approximately \$61,333.35 in the form of fraudulent checks drawn from the Town's accounts used for payroll and for general fund purposes. Specifically, PIPES wrote herself approximately six checks from the Town's checking accounts and deposited them into her own checking account. PIPES attempted to conceal her fraudulent scheme by falsely listing a check was for Vendor A in the Town's General Accounting Ledger. PIPES also attempted to conceal her scheme by falsely writing on the checks that they were for "clerk pay." PIPES conducted these transactions without the knowledge, consent, or authorization of the Town's Board.

17. In total, PIPES stole approximately 298,046.74 from the Town of Clay City. PIPES used the funds for personal expenses, including the purchase of real estate.

COUNT 1
Wire Fraud
18 U.S.C. § 1343

18. Paragraphs 1 through 17 are hereby realleged and incorporated by reference as if set forth here.

19. Between in or around April 2020 through October 31, 2023, within the Southern District of Indiana and elsewhere, KARLA LYNN PIPES, the defendant herein, having devised and intending to devise a scheme and artifice to defraud the Town of Clay City, and for obtaining money and property from the Town by means of false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice and attempting to do so, did knowingly transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce, writing, signs, signals, pictures, and sounds, as set forth below.

Count	On or About Date	Interstate Wire Transmission
1	9/5/2023	Electronic wire transfer from the Town of Clay City's First Financial credit card account to PIPES' Square account for \$3,985.72

All in violation of Title 18, United States Code, Section 1343.

FORFEITURE

20. The allegations contained in this Information are hereby realleged and incorporated by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

21. Upon conviction of an offense in violation of Title 18, United States Code, Section 1343, the defendant shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offense.

22. Further, upon conviction, the United States will seek an order of forfeiture in the form of a money judgment representing a sum in the amount of proceeds the defendant obtained from violations of Title 18, United States Code, Section 1343, as charged above.

23. If any property subject to forfeiture, as a result of any act of omission of the defendant: (a) cannot be located upon the exercise of due diligence; (b) has been transferred or sold to, or deposited with, a third party; (c) has been placed beyond the jurisdiction of the court; (d) has been substantially diminished in value; or (e) has been commingled with other property which cannot be divided without difficulty, the United State shall be entitled to forfeiture of

substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

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UNITED STATES ATTORNEY

By: *Kyle Sawa*
Kyle M. Sawa
Chief, General Crimes Unit