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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

FILED

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

February 2009 Grand Jury

11 UNITED STATES OF AMERICA,)
12 Plaintiff,)
13 v.)
14 FAYE SHILLING,)
15 aka "Faye Lattimore," and)
16 JEAN CRUMP,)
17 aka "Jean Johnson,")
Defendants.)

CR No. **CR 09 00322**

I N D I C T M E N T

[18 U.S.C. § 1341: Mail Fraud;
18 U.S.C. § 1343: Wire Fraud;
18 U.S.C. § 2: Aiding and
Abetting and Causing an Act to
be Done]

The Grand Jury charges:

COUNTS ONE AND TWO

[18 U.S.C. §§ 1343, 2]

I. INTRODUCTORY ALLEGATIONS

At all times relevant to this Indictment:

A. Defendants and Co-Schemers

1. Defendant FAYE SHILLING, also known as "Faye Lattimore" ("defendant SHILLING"), was a phlebotomist who resided within the Central District of California.

2. Defendant JEAN CRUMP, also known as "Jean Johnson" ("defendant CRUMP"), resided within the Central District of

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1 California and worked at Simpson and McGee Mortuary, also located
2 within the Central District of California.

3 3. Lydia Eileen Pearce ("Pearce") owned and operated
4 Steward-Pearce Mortuary ("SP Mortuary"). SP Mortuary was a full-
5 service mortuary located in Long Beach, California, within the
6 Central District of California.

7 B. Life Insurance Company Victims

8 4. Conseco Life Insurance Company ("Conseco") was a life
9 insurance company located in Carmel, Indiana, that issued a life
10 insurance policy for a purported individual named "Jim Davis"
11 with a face value of \$250,000.

12 5. American General Life Insurance Company ("American
13 General") was a life insurance company located in Houston, Texas,
14 that issued a life insurance policy for a purported individual
15 named "Jim Davis" with a face value of \$450,000.

16 6. The Chesapeake Life Insurance Company ("Chesapeake")
17 was a life insurance company located in Oklahoma City, Oklahoma,
18 that issued a life insurance policy for a purported individual
19 named "Laura Urich" with a face value of \$50,000.

20 C. Financial Assignment Company Victims

21 7. Jackman Financial Corp. ("Jackman Financial") was a
22 financial assignment company located in Chicago, Illinois, that
23 advanced mortuaries cash to cover funeral expenses in exchange
24 for a small fee and an assignment on a deceased individual's life
25 insurance policy.

26 8. AC Moore Financial Services, Inc. ("AC Moore") was a
27 financial assignment company located in Pomona, California, that
28 advanced mortuaries cash to cover funeral expenses in exchange

1 for a small fee and an assignment on a deceased individual's life
2 insurance policy.

3 9. Advanced Funeral Funding ("AFF") was a financial
4 assignment company located in Portsmouth, Virginia, that advanced
5 mortuaries cash to cover funeral expenses in exchange for a small
6 fee and an assignment on a deceased individual's life insurance
7 policy.

8 D. Funeral Financing Process

9 10. Funeral homes and mortuaries used financial assignment
10 companies, like Jackman Financial, AC Moore, and AFF, to assist
11 family members and friends of deceased individuals with funeral
12 costs and related expenses.

13 11. In order for a funeral home or mortuary to receive
14 funds from a financial assignment company, the funeral home or
15 mortuary, along with all beneficiaries of the deceased
16 individual's life insurance policy, was required to complete an
17 irrevokable assignment giving the financial assignment company an
18 assignment for a certain amount of the proceeds from the deceased
19 individual's life insurance policy.

20 12. Once the assignment was completed, the mortuary or
21 funeral home was required to submit to the financial assignment
22 company a detailed expense report itemizing the various funeral
23 costs and related expenses (the "Funeral Bill").

24 13. In addition to the Funeral Bill, the funeral home or
25 mortuary and all beneficiaries of the deceased individual's life
26 insurance policy were also required to submit to the financial
27 assignment company and the decedent's life insurance company a
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1 proof of death/claimant's statement (the "Sworn Statement of
2 Death") along with a death certificate (the "Death Certificate").

3 14. In order for an insurance company, such as Conseco or
4 Chesapeake, to pay the proceeds from an insured's life insurance
5 policy, the beneficiaries of the deceased individual's life
6 insurance policy were required to submit a Death Certificate to
7 the life insurance company.

8 15. The accuracy and completeness of the Funeral Bills, the
9 Sworn Statements of Death, and the Death Certificates were
10 material to the decision-making of the financial assignment
11 company in transferring funds up to the value of the assignment
12 and to the life insurance company in paying out the proceeds of a
13 decedent's life insurance. The falsification of Funeral Bills,
14 Sworn Statements of Death, and Death Certificates would have
15 resulted in the nonpayment of funds by the financial assignment
16 company and the life insurance company. Moreover, the complete
17 faking of a funeral, where there was never any corpse or
18 decedent, would have resulted in the nonpayment of funds by the
19 financial assignment company and the life insurance company.

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1 II. THE FRAUDULENT SCHEME

2 16. Beginning in or about December 2004, and continuing
3 until at least January 9, 2007, within the Central District of
4 California, and elsewhere, defendant SHILLING, defendant CRUMP,
5 and others known and unknown to the Grand Jury, knowingly and with
6 intent to defraud, devised, participated in, and executed a scheme
7 to defraud Jackman Financial, AC Moore, Chesapeake, and Conseco as
8 to material matters, and to obtain money and property from Jackman
9 Financial, AC Moore, Conseco, and Chesapeake by means of material
10 false and fraudulent pretenses, representations, and promises, and
11 the concealment of material facts.

12 17. The fraudulent scheme operated, in substance, in the
13 following manner:

14 The "Jim Davis" Funeral

15 a. Co-schemers purchased life insurance policies from
16 Conseco and American General for the purported individual named
17 "Jim Davis" ("Davis").

18 b. After these policies had matured, defendant
19 SHILLING, defendant CRUMP, and other co-schemers prepared false
20 and misleading proof of death documents, including a fake Death
21 Certificate for Davis, in order to fraudulently collect proceeds
22 on his life insurance from Conseco, Jackman Financial, and AC
23 Moore.

24 c. Defendant SHILLING and other co-schemers purchased
25 a burial plot for Davis at Abbey Memorial Park in Compton,
26 California.

27 d. Defendant SHILLING, defendant CRUMP, Pearce and
28 other co-schemers planned a sham funeral for Davis. Instead of

1 an actual corpse, the casket was filled with various materials to
2 ensure the proper weight and the funeral was conducted in a
3 manner so as to minimize its costs.

4 e. Defendant SHILLING, defendant CRUMP, Pearce, and
5 other co-schemers completed and signed a false and misleading
6 Funeral Bill that was wired to Jackman Financial reflecting
7 approximately \$30,966.63 in funeral and related burial costs. At
8 the time this fraudulent Funeral Bill was wired, defendant
9 SHILLING and defendant CRUMP knew that it was false and
10 misleading in that it grossly inflated all of the funeral
11 expenses and related costs and because it was for a sham funeral
12 with a non-existent corpse.

13 f. Defendant SHILLING, defendant CRUMP, Pearce, and
14 other co-schemers completed and wired to Jackman Financial and AC
15 Moore an irrevocable assignment of insurance proceeds in order
16 for SP Mortuary to receive funds from Jackman Financial and AC
17 Moore once SP Mortuary submitted the Funeral Bills and the Sworn
18 Statements of Death.

19 g. Based on the fraudulent documents submitted by
20 defendant SHILLING, defendant CRUMP, Pearce, and other co-
21 schemers, Jackman Financial approved and paid to SP Mortuary
22 approximately \$29,569.11 and AC Moore approved and paid to SP
23 Mortuary approximately \$16,437.

24 h. After the staged funeral, defendant SHILLING,
25 defendant CRUMP, and other co-schemers filed false and misleading
26 documents with the County of Los Angeles indicating that Davis'
27 alleged remains were cremated and scattered at sea.

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1 i. Defendant SHILLING, defendant CRUMP, and other co-
2 schemers ultimately arranged for the casket containing Davis'
3 alleged remains to be exhumed and those alleged remains to be
4 cremated on an expedited basis.

5 j. In order to conceal their actions and further
6 their scheme to defraud, defendant CRUMP approached a medical
7 doctor and offered him \$50,000 to create fake medical records for
8 Davis supporting the cause of death stated in the fake Death
9 Certificate.

10 k. Shortly after the sham funeral, defendant
11 SHILLING, defendant CRUMP, and other co-schemers submitted the
12 fraudulent Death Certificate for Davis to Conseco. Based upon
13 the Death Certificate, Conseco established a bank account (the
14 "Conseco Benefits Account") for Davis' alleged beneficiary and
15 paid \$232,198.11 into this account.

16 l. Shortly after the account was created, defendant
17 SHILLING and others paid defendant CRUMP \$10,000.

18 The "Laura Urich" Cremation

19 m. Co-schemers purchased a life insurance policy from
20 Chesapeake for a purported individual named "Laura Urich"
21 ("Urich").

22 n. After this policy had matured, defendant SHILLING,
23 defendant CRUMP and other co-schemers prepared false and
24 misleading Proof of Death Documents for Urich in order to
25 fraudulently collect proceeds on her life insurance from AFF and
26 Chesapeake.

27 o. Defendant SHILLING, defendant CRUMP, and other co-
28 schemers created a false and misleading Death Certificate for

1 Urich.

2 p. Defendant SHILLING, defendant CRUMP, and other co-
3 schemers staged a sham cremation for Urich. As defendant
4 SHILLING and defendant CRUMP well knew at the time, the cremation
5 was a sham in that Urich's alleged remains were not being
6 cremated.

7 q. Defendant SHILLING, defendant CRUMP, and other co-
8 schemers completed a false and misleading Funeral Bill that was
9 submitted to AFF reflecting approximately \$5,250 in cremation and
10 related burial costs. At the time this false and misleading
11 Funeral Bill was sent, defendant SHILLING and defendant CRUMP
12 knew that it was false and misleading, in that it was for a sham
13 cremation of a non-existent decedent and was designed solely to
14 receive money from the assignment of Urich's life insurance
15 proceeds.

16 r. Defendant SHILLING, defendant CRUMP, and other co-
17 schemers completed and sent to AFF an irrevokable assignment of
18 insurance proceeds in order to receive funds from AFF.

19 s. Based on the fraudulent assignment documents
20 submitted by defendant SHILLING, defendant CRUMP, and other co-
21 schemers, AFF approved and paid approximately \$5,000.11 to D&G
22 Funeral Home.

23 t. Shortly after the sham cremation, defendant
24 SHILLING, defendant CRUMP, and other co-schemers submitted a
25 fraudulent Death Certificate for Urich to Chesapeake. Based upon
26 this Death Certificate, Chesapeake mailed a check from Oklahoma
27 City, Oklahoma in the amount of \$5,450.34 to AFF in Portsmouth,
28 Virginia, which represented payment in full for the assignment

1 AFF held on the Urich's death benefits. Chesapeake also mailed a
2 check from Oklahoma City, Oklahoma in the amount of \$45,010.28 to
3 Urich's alleged beneficiary in Conway, Arkansas, which
4 represented the remaining amount of Urich's life insurance
5 policy.

6 u. Shortly after Chesapeake paid the death benefits
7 on Urich's policy, Urich's alleged beneficiary paid defendant
8 SHILLING \$34,000.

9 v. Shortly after receiving these funds, defendant
10 SHILLING paid defendant CRUMP at least \$2,000.

11 18. To carry out the fraudulent scheme, defendant SHILLING,
12 defendant CRUMP, and other co-schemers, known and unknown to the
13 Grand Jury, falsely represented the following material facts to
14 the life insurance companies and the financial assignment
15 companies, both orally and in writing:

16 a. That "Jim Davis" was an individual who had died.

17 b. That "Jim Davis" had a beneficiary entitled to
18 death benefits from matured life insurance policies from Consec
19 and American General.

20 c. That "Laura Urich" was an individual who had died.

21 d. That "Laura Urich" had a beneficiary entitled to
22 death benefits from a matured life insurance policy from
23 Chesapeake.

24 e. That "Jim Davis" was buried after a funeral that
25 cost approximately \$30,962.42 and/or \$18,249.88 (the amount of
26 the two approved assignments).

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1 f. That "Laura Urich" was cremated and her remains
2 disposed of at a cost of approximately \$5,000.11 (the amount of
3 the approved assignment).

4 19. In truth and in fact, as defendant SHILLING, defendant
5 CRUMP, and other co-schemers well knew, these promises and
6 statements were false and misleading in that:

7 a. There was no individual named "Jim Davis" and no
8 beneficiary who was entitled to collect on his life insurance
9 policies with Consec or American General.

10 b. There was no individual named "Laura Urich" and no
11 beneficiary who was entitled to collect on her life insurance
12 policy with Chesapeake.

13 c. "Jim Davis" was never buried and his staged
14 funeral was a sham.

15 d. "Laura Urich" was never cremated and her alleged
16 cremation was a sham.

17 20. As further part of the scheme to defraud, defendant
18 SHILLING, defendant CRUMP, and other co-schemers, known and
19 unknown to the Grand Jury, concealed the following material
20 facts, among others, from the life insurance companies and the
21 financial assignment companies:

22 a. That "Jim Davis" was not an actual individual who
23 had died and, therefore, that no one was entitled to the death
24 benefits from his matured life insurance policies with Consec
25 and American General.

26 b. That the Death Certificate submitted to Consec
27 and American General for "Jim Davis" was fake.

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1 c. That "Laura Urich" was not an actual individual
 2 who had died and, therefore, that no one was entitled to the
 3 death benefits from her matured life insurance policy with
 4 Chesapeake.

5 d. That the Death Certificate submitted to Chesapeake
 6 for "Laura Urich" was fake.

7 e. That "Jim Davis" was never actually buried and
 8 never had any type of funeral.

9 f. That "Laura Urich" was never actually cremated.

10 III. EXECUTION OF THE SCHEME BY USE OF THE WIRES

11 21. On or about the dates set forth below, in Los Angeles
 12 County, within the Central District of California, and elsewhere,
 13 defendant SHILLING, defendant CRUMP, and others known and unknown
 14 to the Grand Jury, for the purpose of executing and attempting to
 15 execute the scheme to defraud described above, transmitted,
 16 willfully caused the transmission of, and aided and abetted the
 17 transmission of, the following items, by means of wire and radio
 18 communication in interstate and foreign commerce:

<u>COUNT</u>	<u>DATE</u>	<u>ITEM WIRED</u>
ONE	04/02/2006	Fake Funeral Bill and Irrevocable Assignment facsimiled from SP Mortuary in Long Beach, California, to Jackman Financial in Chicago, Illinois
TWO	04/03/2006	\$29,569.11 wired from the LaSalle Bank account of Jackman Financial in Chicago, Illinois, to the Farmers & Merchant Bank account of SP Mortuary in Long Beach, California
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COUNTS THREE THROUGH FIVE

[18 U.S.C. §§ 1341, 2]

22. The Grand Jury hereby incorporates by reference and re-alleges paragraphs 1 through 20 of this Indictment as though fully set forth herein.

I. EXECUTION OF THE SCHEME BY USE OF THE MAIL

24. On or about the dates set forth below, in Los Angeles County, within the Central District of California, and elsewhere, defendant SHILLING, defendant CRUMP, and others known and unknown to the Grand Jury, for the purpose of executing and attempting to execute the scheme to defraud described above, placed and caused to be placed the following items in an authorized depository for mail matter, to be sent and delivered by the United States Postal Service according to the directions thereon:

<u>COUNT</u>	<u>DATE</u>	<u>MAILING DESCRIPTION</u>
THREE	05/01/2006	Checkbook from Conseco's BenefitNow Account mailed from Conseco in Boston, Massachusetts to T.M., Davis' alleged beneficiary, in Los Angeles, California
FOUR	01/03/2007	Check 142716 for \$5,450.34 from Chesapeake in Oklahoma City, Oklahoma to AFF's offices in Portsmouth, Virginia made payable to AFF for full satisfaction of AFF's assignment for the death benefits of "Laura Urich"

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<u>COUNT</u>	<u>DATE</u>	<u>MAILING DESCRIPTION</u> (Continued)
1 FIVE	01/22/2007	Check 143668 for \$45,010.28 from Chesapeake in Oklahoma City, Oklahoma to Conway, Arkansas made payable to D.C., an alleged beneficiary for the remaining death benefits from Urich's life insurance policy

A TRUE BILL


Foreperson

THOMAS P. O'BRIEN
United States Attorney



DANIEL S. GOODMAN
Assistant United States Attorney
Acting Chief, Criminal Division

DOUGLAS A. AXEL
Assistant United States Attorney
Chief, Major Frauds Section

BEONG-SOO KIM
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