

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF TEXAS

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

JUN 08 2017

UNITED STATES OF AMERICA

§
§
§
§
§

BY
DEPUTY _____

v.

No. 1:17-CR- 73
Judge

LAWRENCE ALLEN DESHETLER

FACTUAL BASIS AND STIPULATION

The government presents to the Court, by and through the undersigned Assistant United States Attorney in and for the Eastern District of Texas, joined by the defendant **Lawrence Allen DeSehtler**, and the defendant's attorney Gary Bonneaux, and presents this factual basis and stipulation in support of the defendant's plea of guilty to Count One of the information and in support thereof, would show the following:

1. That the defendant **Lawrence Allen DeSehtler** hereby stipulates and agrees to the truth of all matters set forth in this factual basis and stipulation, and agrees that such admission may be used by the Court in support of his plea of guilty to Count One of the information, which charges a violation of 18 U.S.C. § 1341, Mail Fraud.
2. That the defendant, **Lawrence Allen DeShetler** who is pleading guilty to such indictment, is one and the same person charged in the indictment.
3. That the events described in the indictment occurred in the Eastern District of Texas and elsewhere.
4. That had this matter proceeded to trial, the government, through the testimony of witnesses, including expert witnesses, and through admissible exhibits, would

have proven, beyond a reasonable doubt, each and every essential element of the offense alleged in the indictment; specifically, the government would have proven the following stipulated facts:

a. Lawrence Allen DeShetler (DeShetler), defendant, has been a certified financial planner (CFP) and investment advisor since 1994, and has been president of DeShetler & Company, Inc. since 1988. In his capacity as a CFP and investment advisor, DeShetler would advise clients on investment strategies and act as a broker for financial products, such as annuities and insurance policies. However, beginning in early 2016, DeShetler began soliciting funds from clients by telling them he would invest them or purchase a financial product, when, in fact, DeShetler would deposit the funds in a bank account under his name and control, and use the money for his personal benefit. In total, DeShetler defrauded five clients, as described below.

b. **Victim R.H.**

i. Victim R.H. is a 64-year-old resident of Lumberton, Texas. DeShetler began as her financial advisor sometime in or around 2010. In 2010, DeShetler advised R.H. to place her retirement funds into an individual retirement account (IRA) at Voya Financial (Voya). In January 2016, DeShetler told R.H. that she was losing money in the Voya IRA and she should move it to an IRA with JP Morgan Chase (Chase), where she would get a better return on her investment. R.H. agreed, but informed DeShetler that this was her retirement and all the money she had, and

could not afford to lose it. R.H. and DeShetler met at a restaurant in Lumberton, Texas, where R.H. gave DeShetler a check for \$726,985.19, which represented her entire Voya IRA. DeShetler took the check and deposited the money in a non-IRA Chase account under his name and under his sole control. DeShetler began to make monthly payments to R.H., and used what money he did not disperse to R.H. for his personal benefit, including food, alcohol, personal housing rental payments, and personal travel. DeShetler further used R.H.'s funds for a down payment to begin construction of a house in Nicaragua. In mid-June, 2016, R.H. attempted to contact DeShetler, but was unable to reach him. R.H. was able to reach DeShetler's neighbor, who told her that DeShetler moved to Nicaragua.

- ii. In total, DeShetler made 5 monthly payments of \$4,250 to R.H., for a total of \$21,250. As such, the parties agree that the intended loss for R.H. is the total investment of \$726,985.19, minus the money returned, for a total intended loss of \$705,735.19. After discovery of the scheme, the Montgomery County District Attorney's Office seized \$633,517.68 in the Chase account, leaving \$93,467.51 in restitution owed to R.H.

c. Victim J.S.

- i. Victim J.S. is a 75-year-old resident of Orange, Texas. DeShetler was J.S.'s financial advisor for "several years." DeShetler advised J.S. to invest her retirement funds with Voya. However, in early 2016,

DeShetler advised her that Voya was losing money and to withdraw it from Voya so she could give it to him to re-invest with Chase.

DeShetler assisted J.S. in completing the withdrawal process, and Voya mailed J.S. a cashier's check in the amount of \$243,382.21 via United States Postal Service. These funds represented the entire amount of J.S.'s retirement funds. DeShetler went to J.S.'s home and had J.S. sign the check over to him, and told her that he would deposit it in the Chase branch in Orange. DeShetler, however, ultimately deposited the funds into a Mid-South Bank (Mid-South) account in Magnolia, Texas, which was in his name and under his control. DeShetler used the proceeds from J.S. for his own personal use and expenses.

- ii. The parties agree that the intended loss was \$243,382.21. The large deposit made by DeShetler aroused the suspicion of Mid-South's security officer, who contacted J.S. After speaking with J.S., the account was frozen and the remaining balance of \$198,842.63 was returned to J.S., leaving \$44,539.58 due in restitution to J.S.

d. Victims C.S. & D.S.

- i. C.S. & D.S. are a married couple living in Nederland, Texas. C.S.'s father, G.S., engaged CLA Estate Services (CLA) to create a revocable trust, and DeShetler managed that trust account. In May 2014, G.S. passed away and sometime thereafter, DeShetler contacted C.S. & D.S. and advised them to liquidate part of the trust and purchase a whole life

insurance policy from Ohio National Life Insurance Company (Ohio National). C.S. & D.S. did as DeShetler advised, and provided DeShetler a check, for \$700,000. DeShetler told C.S. & D.S. that he would purchase the Ohio National policy and pay the initial premium and all subsequent premiums from the funds they provided him, and that the balance would be held with Merrill Lynch Wealth Management (Merrill Lynch). DeShetler did make the initial premium payment of \$172,850.00, but failed to make subsequent payments. As a result, the policy lapsed, and the initial premium was lost with no residual value. In late 2015, C.S. & D.S. attempted to contact DeShetler, but all of his phone numbers were disconnected and they were unable to locate him. C.S. & D.S. further attempted to contact Merrill Lynch about releasing the remaining funds to them, but Merrill Lynch was unable to provide them any information on the account because C.S. & D.S. were not included as beneficiaries or co-owners of the account.

- ii. The parties agree that the intended loss to the victim was \$700,000. C.S. & D.S. were able to recover \$175,075.39 by suing DeShetler, minus \$72,123.96 in attorney's fees and costs, leaving C.S. & D.S. with \$102,951.43 of the amount recovered. Accordingly, the parties agree that restitution owed to C.S. & D.S. is the original \$700,000, less the amount recovered by C.S. & D.S., which totals \$597,048.04

e. Victim N.D.

- i. N.D. is an 83-year-old resident of Pearland, Texas. In 2013, N.D. and her husband set up a trust with CLA. In approximately 2014, DeShetler visited N.D. and advised that she should liquidate the account and provide the funds to DeShetler, who could better invest them. N.D. and her husband agreed and gave \$187,699.45 to DeShetler in 4 checks, which he deposited in an account at Chase Bank. In late 2015, N.D.'s husband passed away. Around May 16th, 2016, N.D. met with DeShetler and agreed to allow him to stay at her home while she went to visit her son. N.D. allowed DeShetler to stay at her home because she trusted DeShetler, knew that he was going through a divorce and she felt it would be best if someone was at her home while she was away. On approximately June 21st, 2016, N.D. returned home and found that all of her investment documents were missing and DeShetler was gone. N.D. attempted to contact DeShetler, but was unable to reach him.
- ii. The parties agree that the intended loss is \$187,699.45. The Montgomery County District Attorney's Office was able to seize \$44,882.89 from the Chase Bank account and return it to N.D. The parties agree that the unpaid restitution to N.D. is \$142,816.56.

f. Victim F.P.

- i. F.P. is an 88-year-old resident of Corpus Christi, Texas. Investigators spoke with F.P.'s family, who reported that F.P. was a client of DeShetler and that he invested F.P.'s money. They confirmed that F.P.

lost the majority of the funds invested with DeShetler, although they were unsure regarding the particulars of the investments. A review of records shows that F.P. provided DeShetler three checks in January and February of 2016, two of which represent proceeds from a policy held at Athene Annuity and Life Company, for a total of \$100,696.86.

DeShetler made monthly payments between March 1, 2016 and December 3, 2016 back to F.P. from a Chase Bank account that was otherwise used for his personal expenses. Those payments totaled \$30,510.

- ii. The parties agree that the intended loss and restitution due to F.P. is the total investment, minus the amount of money paid back to F.P., which equals \$70,186.86.
- g. The total intended loss from all five victims is \$1,907,003.71, and the actions of DeShetler caused financial hardship to at least one, but less than five, victims. Further, as their financial advisor, DeShetler occupied a position of trust relative to the victims of the offense. The total restitution due is \$948,058.55.

DEFENDANT'S SIGNATURE AND ACKNOWLEDGMENT

- 5. I have read this factual basis and stipulation and the indictment or have had them read to me and have discussed them with my attorney. I fully understand the contents of this factual basis and stipulation and agree without reservation that it accurately describes the events and my acts.

Dated: _____

5/15/17



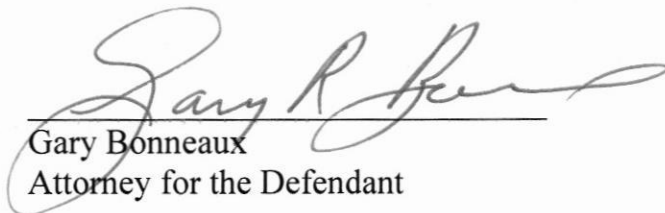
LAWRENCE ALLEN DESHETLER
Defendant

DEFENSE COUNSEL'S SIGNATURE AND ACKNOWLEDGMENT

6. I have read this factual basis and stipulation and the indictment and have reviewed them with my client, **Lawrence Allen DeShetler**. Based upon my discussions with the defendant, I am satisfied that the defendant understands the factual basis and stipulation as well as the indictment, and is knowingly and voluntarily agreeing to these stipulated facts.

Dated: _____

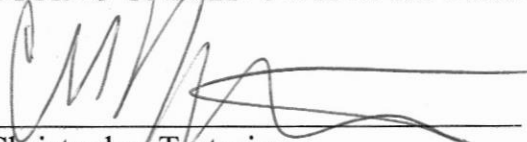
May 15, 2017



Gary Bonneaux
Attorney for the Defendant

Respectfully submitted,

BRIT FEATHERSTON
ACTING UNITED STATES ATTORNEY



Christopher Tortorice
Assistant United States Attorney
Eastern District of Texas
350 Magnolia, Suite 150
Beaumont, Texas 77701
(409) 839-2538
(409) 839-2550 Fax
Texas Bar No. 24048912