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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

THOMAS G. BRUTON
CLERK, U.S. DISTRICT COURT

UNITED STATES OF AMERICA)

)

No.

20CR

78

v.)

)

Violations: Title 18, United States

DIANE LAZAR, also known as)
"Diane Dowd")

)

Code, Sections 1014, 1343 and 1344

)

JUDGE NORGLE

)

MAGISTRATE JUDGE FINNEGAN

COUNT ONE

The SPECIAL NOVEMBER 2019 GRAND JURY charges:

1. At times material to this indictment:

Individuals and Entities Involved

a. Defendant DIANE LAZAR became a licensed insurance producer (also known as an insurance agent) in Illinois on or about July 16, 2008. LAZAR had a daughter H.M. who was born in 1999 and had a different last name from LAZAR. LAZAR resided in Palos Heights, Illinois, with her husband and H.M.

b. Individual A was born in 1928. Individual A lived in North Riverside, Illinois, from sometime prior to 2008 until he died in approximately June 2014. Individual A had no will when he died. Individual A began purchasing insurance products through LAZAR in approximately 2008.

c. Mutual of Omaha Insurance Company, also known as United of Omaha Life Insurance Company ("Mutual of Omaha"), was an insurance company that provided various insurance and financial products, including annuities.

d. Midland National Life Insurance Company (“Midland”), was an insurance company that provided various insurance and financial products, including annuities.

e. Sagicor Life Insurance Company (“Sagicor”) was an insurance company that provided various insurance and financial products, including annuities.

f. Transamerica Premier Life Insurance Company, previously known as Monumental Life Insurance Company (“Transamerica”), is an insurance company that provided various insurance products, including life insurance policies.

g. PNC Bank is a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation.

h. An annuity is an insurance product for which a policy holder pays premiums to the insurance company in exchange for the right to receive a later payment or series of payments. Under certain types of annuities, the policy holder may be charged surrender fees for drawing on the cash value of the policy within a specified period of time. Upon the policy holder’s death, the balance of the annuity, minus penalties or other charges, is paid to the named beneficiary or to the estate of the policy holder.

Individual A’s Purchases of Insurance Products Through LAZAR

i. On or about July 16, 2008, LAZAR signed a contract with Mutual of Omaha to become an authorized agent to sell insurance products for that company. That contract prohibited LAZAR from causing or encouraging a client to replace a

product with a product from a competing company or to use cash values from a product to make a purchase from a competing company.

j. On or about November 29, 2008, LAZAR and another insurance agent submitted an application for Individual A to purchase annuities from Mutual of Omaha. The application was approved, and Individual A paid Mutual of Omaha approximately \$445,000 in premiums for two annuities. Mutual of Omaha paid LAZAR approximately \$6,300 in commissions for those transactions.

k. On or about May 7, 2011, LAZAR submitted an application for Individual A to purchase another annuity from Mutual of Omaha, which was approved. Individual A paid Mutual of Omaha approximately \$49,000 in premiums for that annuity. Mutual of Omaha paid LAZAR approximately \$1,200 as a commission for that transaction.

l. On or about October 6, 2011, LAZAR signed a contract with Midland to become an authorized agent to sell insurance products for that company.

m. On or about October 11, 2011, LAZAR submitted an application for Individual A to purchase an annuity from Midland, which was approved. Individual A paid Midland approximately \$460,000 in premiums for that annuity, which premiums were funded by the surrender of certain annuities Individual A had with Mutual of Omaha that LAZAR previously had sold to him. Midland paid LAZAR approximately \$9,400 as a commission for that transaction.

n. On or about October 2, 2012, LAZAR signed a contract with Sagicor to become an authorized agent to sell insurance products for that company.

Sagicor prohibited its agents from submitting an annuity application on behalf of a client in which the agent or the agent's family member is designated as beneficiary.

o. On or about January 17, 2013, LAZAR submitted an application which was subsequently approved for Individual A to purchase an annuity from Sagicor, listing H.M. (LAZAR's daughter) as the beneficiary of that annuity. Individual A paid Sagicor approximately \$42,000 in premiums for that annuity, which premiums were funded by the surrender of one of the annuities Individual A had with Mutual of Omaha that LAZAR previously had sold to him. Sagicor paid LAZAR approximately \$1,000 as a commission for that transaction.

p. On or about April 3, 2013, LAZAR submitted an application which was subsequently approved for Individual A to purchase another annuity from Sagicor, listing H.M. as the beneficiary of that annuity. Individual A paid Sagicor approximately \$400,000 in premiums for that annuity, which premiums were funded by the surrender of the annuity Individual A had with Midland that LAZAR previously had sold to him. Sagicor paid LAZAR approximately \$10,000 as a commission for that transaction. Individual A was charged approximately \$34,000 in surrender fees by Midland for the surrender of that annuity.

q. On or about October 21, 2013, LAZAR signed a contract with Transamerica to become an authorized agent to sell insurance products for that company.

r. In approximately February 2014, LAZAR submitted to Transamerica applications for a life insurance policy for Individual A with a face

amount of \$25,000, which listed H.M. as the beneficiary of that policy. That policy application was approved by Transamerica, which required Individual A to pay monthly premiums.

s. On or about June 24, 2014, Individual A was found dead at his residence.

t. At the time of his death, Individual A had a bank account at PNC Bank solely in his name with a balance of approximately \$100,000.

2. Beginning no later than in or about 2011, and continuing until in or about June 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

DIANE LAZAR,

defendant herein, knowingly devised, intended to devise, and participated in a scheme to defraud Individual A, Individual A's estate, Mutual of Omaha, Midland, Sagacor, Transamerica, and PNC Bank, and to obtain and attempt to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, as further described below.

3. It was part of the scheme that LAZAR made misrepresentations, and concealed material facts, to obtain commissions and to obtain and attempt to obtain proceeds of Individual A's annuities and life insurance policy and of a bank account belonging to Individual A, including by, among other things: (1) falsely representing the reasons for surrendering Individual A's existing annuities; (2) falsely representing that H.M. was Individual A's "grandchild" or "great grandchild," and listing a false address for H.M., in connection with designating H.M. as Individual

A's beneficiary; (3) concealing her own relationship to H.M. in an effort to collect the proceeds of the annuities and life insurance policy after Individual A's death; and (4) fraudulently submitting a purported power of attorney to PNC Bank after Individual A's death to obtain money in an account in Individual A's name.

*LAZAR's Fraudulent Representations Regarding
the Surrender of Individual A's Annuities*

4. It was further part of the scheme that to cause Individual A's existing Mutual of Omaha annuities to be surrendered to fund the purchase of the Midland annuity, LAZAR did the following:

a. On or about September 14, 2011, LAZAR requested that Mutual of Omaha send all correspondence regarding Individual A's policies to her instead of to Individual A.

b. On or about September 25, 2011, LAZAR caused a surrender request to be sent to Mutual of Omaha purportedly on behalf of Individual A, in which LAZAR falsely represented that Individual A was seeking to surrender certain of his Mutual of Omaha annuities because he needed the money to purchase property he was acquiring. LAZAR knew that this representation was false because she intended that those proceeds be used as premiums to purchase the Midland annuity with herself as agent on that policy.

c. On or about October 11, 2011, LAZAR caused the annuity application to Midland to falsely state that the Midland annuity was not replacing any existing annuity policy, when in fact, as LAZAR knew, the Midland annuity was replacing existing Mutual of Omaha annuities.

LAZAR Fraudulently Caused H.M. to be Listed as Individual A's Beneficiary

5. It was further part of the scheme that LAZAR caused the January 17, 2013, annuity application to be submitted to Sagicor on behalf of Individual A, knowing that the application falsely stated:

a. that H.M.'s relationship to Individual A was "Great Grandchild," when in fact, H.M. was not a relative of Individual A; and

b. that H.M.'s address was in Crestwood, Illinois, when in fact, H.M. lived with LAZAR in Palos Heights, Illinois.

6. It was further part of the scheme that LAZAR caused the April 3, 2013, annuity application to be submitted to Sagicor on behalf of Individual A, knowing that the application falsely stated:

a. that H.M.'s relationship to Individual A was "Great Grandchild," when in fact, H.M. was not a relative of Individual A; and

b. that H.M.'s address was in Crestwood, Illinois, when in fact, H.M. lived with LAZAR in Palos Heights, Illinois.

7. It was further part of the scheme that LAZAR caused the February 2014 life insurance applications to be submitted to Transamerica, knowing that those applications falsely stated:

a. that H.M.'s relationship to Individual A was "Grandchild" or "Great Grandchild";

b. that Individual A had not been diagnosed with or treated for cancer within the past two years; and

c. that Individual A's address was in Palos Heights, Illinois, which address was, in fact, a post office box controlled by LAZAR.

8. It was further part of the scheme that on or about April 24, 2014, LAZAR caused the address for Individual A's Sagicor annuity policies to be changed to LAZAR's post office box in Palos Heights, Illinois.

LAZAR Misappropriated Approximately \$100,000 from Individual A's PNC Bank Account Using a Fraudulent Power of Attorney After His Death

9. It was further part of the scheme that on or about July 11, 2014, which was approximately two and one-half weeks after Individual A was found dead, LAZAR submitted to PNC Bank a fraudulent document titled "Power of Attorney," which purported to grant LAZAR the power to make financial decisions on behalf of Individual A, and was purportedly signed by Individual A in the presence of a notary public. In fact, LAZAR had caused a notary public to notarize that document in Individual A's absence by falsely stating to the notary, among other things, that Individual A was LAZAR's maternal grandfather and that the document needed to be notarized urgently because LAZAR's grandfather was in hospice care.

10. It was further part of the scheme that by submitting the fraudulent power of attorney to PNC Bank, LAZAR caused PNC Bank to add her as an authorized signatory to Individual A's account.

11. It was further part of the scheme that LAZAR concealed from PNC Bank the fact that Individual A was dead and that the power of attorney was not notarized in Individual A's presence.

12. It was further part of the scheme that after causing herself to be added as an authorized signatory to Individual A's PNC Bank account, LAZAR withdrew and misappropriated for her personal benefit the proceeds from that account.

*LAZAR's Fraudulent Efforts to Collect
Individual A's Annuity and Insurance Proceeds*

13. It was further part of the scheme that on or about July 21, 2014, after Individual A died, LAZAR filed a claim on behalf of H.M. for the proceeds of Individual A's two Sagicor annuities. LAZAR knew that the claim she filed was false and fraudulent in the following ways:

a. LAZAR falsely identified H.M.'s "relationship to decedent" as "great grandchild";

b. LAZAR falsely listed H.M.'s address as being in Crestwood, Illinois, rather than LAZAR's and H.M.'s address in Palos Heights, Illinois, to conceal that LAZAR was H.M.'s mother and that H.M. was not in fact a relative of Individual A; and

c. LAZAR signed the claim as H.M.'s guardian using her maiden name, "Diane Dowd," to conceal her identity as Individual A's insurance agent and that LAZAR was H.M.'s mother.

14. It was further part of the scheme that on or about July 22, 2014, LAZAR spoke by telephone with a claims representative of Transamerica in an effort to collect on Individual A's life insurance policy. The claims representative, who understood that LAZAR was the insurance agent who sold the life insurance policy to Individual A, asked LAZAR to find out the identity of H.M.'s guardian. LAZAR concealed from

the claims representative that she was H.M.'s mother and guardian, and LAZAR instead gave the name of H.M.'s stepfather as H.M.'s purported guardian.

15. It was further part of the scheme that on or about August 29, 2014, LAZAR spoke by telephone with another claims representative of Transamerica, who also understood that LAZAR was the insurance agent who sold the life insurance policy to Individual A. When the claims representative asked for the address of H.M.'s mother, LAZAR falsely gave an address in Crestwood, Illinois, and LAZAR concealed from the claims representative that she was, in fact, H.M.'s mother.

16. It was further part of the scheme that on or about October 10, 2014, LAZAR signed a petition in the Circuit Court of Cook County, Probate Division, to become the guardian of H.M.'s estate. LAZAR used and signed the name "Diane Dowd" in that petition to conceal her identity as Individual A's insurance agent and that LAZAR was H.M.'s mother.

17. It was further part of the scheme that, on or about December 2, 2014, LAZAR filed a claim with Transamerica on behalf of H.M. for the proceeds of Individual A's life insurance policy. LAZAR knowingly caused that claim to falsely identify H.M.'s "relationship to the deceased" as "Granddaughter," to falsely list Individual A's last known address as the address for LAZAR's post office box in Palos Heights, Illinois, and to conceal her relationship to H.M.

18. It was further part of the scheme that on or about December 18, 2014, after the guardianship petition was approved by the court, LAZAR emailed to a

Sagicor claims representative an order appointing "Diane Dowd" as the guardian of H.M.'s estate.

19. It was further part of the scheme that, on or about December 29, 2014, LAZAR sent an email to a Sagicor claims representative in which she attempted to collect the proceeds of Individual A's annuities by concealing that she was H.M.'s mother.

20. It was further part of the scheme that LAZAR misrepresented, concealed, and hid, and caused to be misrepresented, concealed, and hidden, the purposes of the scheme and acts done in furtherance of the scheme.

21. On or about February 5, 2015, in the Northern District of Illinois, and elsewhere,

DIANE LAZAR,

defendant herein, for the purpose of executing the scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate email transmission from the email address "dihanna2@yahoo.com" to the email address "chris_vaughn@sagicor.com," attaching additional paperwork regarding the claim on Individual A's Sagicor annuities and writing, in part, "There is a beneficiary listed on this account. Please let me know status. The company has all proper and legal documents to proceed with this claim," by which LAZAR attempted to collect on the fraudulent claim on Individual A's Sagicor annuities;

In violation of Title 18, United States Code, Section 1343.

COUNT TWO

The SPECIAL NOVEMBER 2019 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 21 of Count One are realleged here.
2. On or about June 15, 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

DIANE LAZAR,

defendant herein, for the purpose of executing the scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate email transmission from the email address "dihanna2@yahoo.com" to the email address "chris_vaughn@sagicor.com," by which LAZAR attempted to collect on the fraudulent claim on Individual A's Sagicor annuities;

In violation of Title 18, United States Code, Section 1343.

COUNT THREE

The SPECIAL NOVEMBER 2019 GRAND JURY further charges:

1. The allegations in paragraphs 1(a), 1(b), 1(g), 1(s) and 1(t) of Count One are realleged here.

2. Beginning no later than on or about July 11, 2014, and continuing until on or about September 2, 2014, in the Northern District of Illinois, Eastern Division, and elsewhere,

DIANE LAZAR,

defendant herein, knowingly participated in a scheme to defraud a financial institution, namely, PNC Bank, the deposits of which were insured by the Federal Deposit Insurance Corporation, and to obtain money owned by and under the custody and control of PNC Bank, by means of materially false and fraudulent pretenses, representations, and promises, as further described below.

3. Paragraphs 9 through 12 and Paragraph 20 of Count One of this indictment are incorporated here.

4. On or about July 11, 2014, in the Northern District of Illinois, Eastern Division, and elsewhere,

DIANE LAZAR,

defendant herein, knowingly executed and attempted to execute the above-described scheme by submitting a purported "power of attorney" to PNC Bank to cause herself to be added as an authorized signatory to Individual A's bank account;

In violation of Title 18, United States Code, Section 1344.

COUNT FOUR

The SPECIAL NOVEMBER 2019 GRAND JURY further charges:

1. The allegations in paragraphs 1(a), 1(b), 1(g), 1(s), 1(t), 9 through 12, and 20 of Count One are realleged here.

2. On or about July 11, 2014, at Palos Heights, in the Northern District of Illinois, Eastern Division, and elsewhere,

DIANE LAZAR,

defendant herein, knowingly made a false statement to PNC Bank, the deposits of which were then insured by the Federal Deposit Insurance Corporation, by submitting to PNC Bank a purported “power of attorney” that falsely stated that it was notarized in Individual A’s presence and that falsely reflected that Individual A was not deceased, for the purpose of influencing PNC Bank to add defendant as an authorized signatory to Individual A’s bank account;

In violation of Title 18, United States Code, Section 1014.

FORFEITURE ALLEGATION

The SPECIAL NOVEMBER 2019 GRAND JURY further alleges:

1. Upon conviction of an offense in violation of Title 18, United States Code, Section 1343 or 1344, affecting a financial institution, as set forth in this Indictment, defendant shall forfeit to the United States of America any property which constitutes and is derived from proceeds obtained directly and indirectly as a result of the offense, as provided in Title 18, United States Code, Section 982(a)(2)(A).

2. The property to be forfeited includes, but is not limited to: a personal money judgment in the amount of approximately \$101,140.

3. If any of the property described above, as a result of any act or omission by a defendant: cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third party; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty, the United States of America shall be entitled to forfeiture of substitute property, as provided in Title 21, United States Code Section 853(p).

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY