

# ***NEWS RELEASE***

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## ***OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA***

*San Diego, California*

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*For Immediate Release*

### **PROMINENT SURROGACY ATTORNEY SENTENCED TO PRISON FOR HER ROLE IN BABY-SELLING CASE**

**NEWS RELEASE SUMMARY - February 24, 2012**

United States Attorney Laura E. Duffy announced today that attorney Theresa Erickson was sentenced by United States District Judge Anthony J. Battaglia to serve five months in prison and nine months of home confinement for her involvement in a baby-selling ring that deceived prospective parents and the Superior Court of California.

As noted during the hearing, California law forbids the sale of parental rights to babies and children. The law does, however, permit surrogacy arrangements, but only if the Gestational Carrier (“GCs”) and the Intended Parents (“IPs”) enter into an agreement prior to an embryonic transfer. If the GC and IPs do not reach an agreement before the GC receives the embryonic transfer, the GC can only transfer parental rights in the unborn child through a formal adoption procedure. California law permits participants to profit from surrogacies, but not adoptions.

In her August 2011 guilty plea, Erickson (an internationally-renowned California attorney specializing in reproductive law) admitted that she and her conspirators used numerous GCs to create an inventory of unborn babies that they would sell for over \$100,000 each. They accomplished this by sending women to become implanted with embryos in overseas clinics. If the women (now GCs) sustained their pregnancies into the second trimester, the conspirators offered the babies to prospective parents by falsely representing that the unborn babies were the result of legitimate surrogacy arrangements in which the original IPs had backed out. The conspirators also drafted fraudulent “assumption agreements” for the prospective parents to sign, which reinforced the lie that original IPs existed but had simply backed out.

According to court records, Erickson admitted to lying to the California Superior Court by fraudulently representing in court documents that these post-pregnancy agreements between the GC and IPs were legitimate surrogacies, which allowed Erickson and her co-conspirators to make over \$400,000 in profit from the sale of parental rights. Specifically, Erickson admitted that she prepared and filed with the Superior Court of California, County of San Diego, declarations and pleadings that falsely represented that the unborn babies were the products of legitimate surrogacy arrangements – that is, ones that involved agreements between the IPs and the GCs prior to embryonic transfer. With these fraudulently obtained pre-birth orders, the IPs' names would be placed on the babies' birth certificates through a surrogacy and the conspirators would be able to profit from their sale of parental rights.

According to court records, Erickson and her co-conspirators risked the health of at least one GC in order to profit from a fraudulent surrogacy, instead of a legitimate adoption. For example, in 2010, a GC, who was living in a Midwestern state that did not allow surrogacies, received orders from her doctor to be on bed rest due to premature labor contractions. In response, Erickson told the GC, “I really think that you need to get out to California as soon as possible in order to avert an adoption.”

In her guilty plea, Erickson also admitted that she caused applications containing materially false representations to be submitted to the State of California's Access for Infants and Mothers program to defraud the agency out of the medical expenses from the birth of the babies.

United States Attorney Duffy stated, "The surrogacy laws were enacted to protect both unborn babies and parents seeking children. Erickson abused her position as a trusted legal advisor and officer of the court by circumventing the law and undermining the rights of children and intended parents. Out of sheer greed Erickson preyed upon people's most basic need: to raise a child. We cannot and will not allow individuals like Erickson to profit by taking advantage of vulnerable people who have a sincere desire to lawfully adopt and parent children." United States Attorney Duffy also praised the efforts of special agents of the Federal Bureau of Investigation for their dedication on a unique and complicated investigation.

FBI Special Agent in Charge Keith Slotter commented, "Though the FBI investigates many different types of fraud, it is particularly disturbing when victims have been taken advantage of because of their desire to create a family. In this case, the victims were exploited at a time in their lives when they were in a most vulnerable situation and trusting in legal counsel to abide by the laws of this country to provide them with legitimate services."

At sentencing, Judge Battaglia ordered Erickson to pay a \$70,000 fine and serve three years of supervised release.

Today, Judge Battaglia also sentenced co-conspirator Carla Chambers to serve five months in custody, and seven months of home confinement and \$180,020.20 in forfeiture, and three years of supervised release (Case Number: 11CR3368-AJB).

On December 1, 2011, Judge Battaglia sentenced Hilary Neiman, a Maryland attorney specializing in reproductive law and the third member of the conspiracy, to serve 12 months' custody (5 months in prison and 7 months of home confinement), pay a \$20,000 fine, \$133,000 in forfeiture, and three years of supervised release

(Case Number: 11CR3247-AJB).

The Court will set a future date for the restitution hearing for all three defendants.

**DEFENDANTS**

Theresa Erickson (11CR3372-AJB)

Carla Chambers (11CR3247-AJB)

Hilary Neiman (11CR3368-AJB)

**SUMMARY OF CHARGES**

Theresa Erickson and Hilary Neiman

Title 18, United States Code, Section 371-Conspiracy to Commit Wire Fraud

Carla Chambers

Title 18, United States Code, Section 371-Conspiracy to Engage in Monetary Transactions in Property Derived from Specified Unlawful Activity

**INVESTIGATING AGENCY**

Federal Bureau of Investigation