

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

*United States Attorney
Laura E. Duffy*

For Further Information, Contact: Assistant U.S. Attorney James Melendres (619) 546-7931

For Immediate Release

LIFE INSURANCE COMPANIES FIND THERE'S NO INSURANCE AGAINST \$80 MILLION FRAUD

*Insurance Agent admits promising free coverage to elderly individuals while
defrauding life insurance companies and committing tax evasion*

NEWS RELEASE SUMMARY – January 28, 2014

San Diego, CA – United States Attorney Laura E. Duffy announced today that insurance broker Jeffrey B. Keller appeared in federal court before United States Magistrate Judge William V. Gallo and admitted deceiving life insurance companies so that they would issue more than \$80 million worth of policies to unqualified applicants who had no intention of paying the policy premium. In return, Keller obtained over \$3 million in commissions.

As set forth in the Plea Agreement, Keller employed multiple means to deceive the life insurance companies. Initially, he recruited elderly individuals to apply for “free” life insurance policies with death

benefits ranging from \$2 million to \$10 million. Keller then submitted fraudulent applications to the insurance companies by intentionally omitting or falsifying the applicant's net worth, income, or source of premium payments. Further, Keller concealed that, in some cases, he secretly rebated to some applicants funds representing part of the commission payments fraudulently obtained from the life insurance carriers.

In addition to deceiving the life insurance companies, Keller inflated business expenses paid to his coconspirators in order to reduce his income and thus evade the payment of taxes that were lawfully due and owing. For example, Keller would issue checks in inflated amounts payable to a variety of companies controlled by individuals who assisted Keller in committing tax evasion. These coconspirators were paid for work related to the life insurance fraud (e.g., setting up life insurance trusts) and then kicked-back the inflated amount to Keller. In order to settle his tax liability, Keller agreed to pay \$1 million to the IRS in connection with the inflated invoices.

Keller is scheduled to be sentenced on April 11, 2014, at 9:00 a.m. before U.S. District Court Judge Janis L. Sammartino.

DEFENDANT

JEFFREY B. KELLER

SUMMARY OF CHARGES

Title 18, United States Code, Section 371 – Conspiracy to Commit Mail Fraud and Wire Fraud and to Defraud the United States by Impairing and Impeding the Lawful Functioning of the Internal Revenue Service. Maximum penalties: 5 years in prison, \$250,000 fine, term of supervised release of three years, restitution, forfeiture, and \$100 special assessment.

AGENCIES

Internal Revenue Service – Criminal Investigation
Federal Bureau of Investigation