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CLERK, U.S. DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA



DEPUTY

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

January 2019 Grand Jury

UNITED STATES OF AMERICA,

Plaintiff,

v.

CHRISTOPHER TOUPS (4),  
DR. MICHAEL VILLARROEL (6)  
PAUL CRAIG (7),

Defendants.

Case No. 18CR1674-JLS

I N D I C T M E N T  
**(Superseding)**

Title 18, U.S.C., Sec. 1349 -  
Conspiracy to Commit Wire Fraud;  
Title 18, U.S.C., Sec. 1343 -  
Wire Fraud; Title 18, U.S.C.,  
Sec. 287 - Making a False Claim;  
Title 18, U.S.C., Sec. 2 - Aiding  
and Abetting; Title 18, U.S.C.,  
Sec. 981(a)(1)(C) and Title 28,  
U.S.C., Sec. 2461(c) - Criminal  
Forfeiture

The grand jury charges:

INTRODUCTORY ALLEGATIONS

1. The United States Department of Defense (DoD) is an agency of the United States.

2. The Traumatic Servicemembers Group Life Insurance (TSGLI) is an insurance funded by servicemembers and the Department of Defense, and administered by the Prudential Insurance Company. It provides short-term financial assistance to severely injured Servicemembers and Veterans to assist them in their recovery from traumatic injuries. If a Servicemember is injured, the TSGLI provides a tax-free, lump-sum payment ranging from \$25,000 to \$100,000, depending on the severity and type of injury. The losses eligible for payments include loss of sight,

1 hearing, speech, amputations, facial reconstruction, coma, burns, 15-  
2 day hospitalizations and loss of "Activities of Daily" living due to  
3 traumatic brain injury or other traumatic injuries.

4 3. Richard Cote (charged elsewhere) was a Chief Petty Officer and  
5 an Explosive Ordinance Disposal Chief in the United States Navy stationed  
6 in San Diego, California. He is a member of Explosive Ordinance Disposal  
7 Expeditionary Support Unit One ("EOD ESU One") in San Diego, California.

8 4. Kelene Meyer, aka Jacqueline Toups, (charged elsewhere) was  
9 an officer in the United States Navy until January 2012. While serving  
10 in the Navy, Meyer worked as a nurse.

11 5. Earnest Thompson (charged elsewhere) was an officer in the  
12 United States Navy until January 2015. From March 2, 2011 through  
13 January 31, 2015, Thompson was stationed in San Diego, California and  
14 assigned to EOD ESU One.

15 6. CHRISTOPHER TOUPS was a Chief Petty Officer Construction  
16 Mechanic in the United States Navy. From September 16, 2010 through  
17 September 15, 2014, C. TOUPS was assigned to EOD ESU One in San Diego,  
18 California.

19 7. DR. MICHAEL VILLARROEL is a Commander in the United States  
20 Navy. From March 1, 2010 until May 31, 2013, he was the medical officer  
21 for the EOD ESU command stationed in San Diego, California.

22 8. PAUL CRAIG was an officer in the Navy from May 4, 2002 until  
23 July 28, 2012. From June 15, 2009 until July 28, 2012, he was a Lieutenant  
24 Commander and assigned to EOD ESU One.

25 Count 1

26 CONSPIRACY TO COMMIT WIRE FRAUD (18 U.S.C. § 1349)

27 9. Beginning in or about January 2012 and continuing to and  
28 including December 2015 in the Southern District of California, and

1 elsewhere, defendants CHRISTOPHER TOUPS, DR. MICHAEL VILLARROEL, PAUL  
2 CRAIG, Richard Cote (charged elsewhere), Earnest Thompson (charged  
3 elsewhere), and Kelene Meyer (aka Jacqueline Toups, aka Kelene McGrath  
4 (charged elsewhere)) knowingly conspired and agreed with each other, and  
5 other persons known and unknown to the Grand Jury, to commit wire fraud  
6 - that is, having devised with the intent to defraud a material scheme  
7 to defraud and to obtain money and property by means of materially false  
8 and fraudulent pretenses, representations and promises, for the purpose  
9 of executing such scheme used and caused to be used interstate wire  
10 communications, in violation of Title 18, United States Code,  
11 Section 1343.

12 MANNER AND MEANS

13 10. It was part of the conspiracy that defendants TOUPS,  
14 VILLARROEL, CRAIG, and others, devised a scheme to defraud others in  
15 which it was reasonably foreseeable that wire communications would be  
16 used to further the scheme, and the object of the conspiracy was to be  
17 accomplished, in substance, as follows:

18 a. Defendants TOUPS, VILLARROEL, and CRAIG and others  
19 induced the United States Department of Defense to pay money - through  
20 the TSGLI program - based on false and fraudulent claims that the  
21 defendants and others suffered severe and catastrophic injuries while  
22 serving in the United States Navy;

23 b. To substantiate their claims, Defendants and others  
24 attached materially false, fraudulent, and altered medical records to  
25 their TSGLI applications;

26 c. Under penalty of law, defendants and others signed the  
27 TSGLI applications claiming that the application did not contain any  
28



1 false statements when, in fact, the applications did contain numerous  
2 false statements.

3 OVERT ACTS

4 11. In furtherance of the conspiracy and to accomplish its object,  
5 the following overt acts, among others, were committed within the  
6 Southern District of California, and elsewhere:

7 a. On or about January 11, 2012, defendant PAUL CRAIG signed  
8 and filed a fraudulent TSGLI Application falsely claiming that he had  
9 an extended loss of activities of daily living for 113 days resulting  
10 from a parachuting accident when, in fact, CRAIG had not had an extended  
11 loss of daily living for 113 days. To substantiate his fraudulent claim,  
12 CRAIG attached fraudulent medical records. Kelene Meyer, aka Jacqueline  
13 Toups, (charged elsewhere) signed and certified the TSGLI application  
14 as the medical reviewer knowing that the application was fraudulent.

15 b. On or about January 17, 2012, defendant C. TOUPS signed  
16 and filed a fraudulent TSGLI Application falsely claiming he suffered  
17 catastrophic injury on February 18, 2005 when he purportedly fell during  
18 a training exercise. To substantiate his fraudulent claim, C. TOUPS  
19 attached fraudulent medical records. Defendant VILLARROEL signed and  
20 certified the TSGLI application as the medical reviewer knowing that the  
21 application was fraudulent.

22 c. On or about May 23, 2012, defendant CRAIG signed and  
23 filed a fraudulent TSGLI Application falsely claiming that he was injured  
24 on or about January 8, 2012 in an off-road vehicle accident. To  
25 substantiate his fraudulent claim, CRAIG attached fraudulent medical  
26 records. Defendant VILLARROEL signed and certified the TSGLI  
27 application as the medical reviewer knowing that the application was  
28 fraudulent.

1           d. On or about June 6, 2012, Meyer (charged elsewhere)  
2 signed and filed a fraudulent TSGLI Application falsely claiming she  
3 suffered catastrophic injuries on April 2, 2002, when she purportedly  
4 injured her shoulder falling off of a horse. To substantiate her  
5 fraudulent claim, Meyer attached fraudulent medical records. Defendant  
6 VILLARROEL signed and certified the TSGLI application as the medical  
7 reviewer knowing that the application was fraudulent.

8           e. On or about March 19, 2013, Earnest Thompson (charged  
9 elsewhere) signed and filed a fraudulent TSGLI Application falsely  
10 claiming he suffered catastrophic injuries during May 2002, when he  
11 purportedly broke his left leg, left foot, right knee, and right forearm  
12 in a motorcycle accident. To substantiate his fraudulent claim, Thompson  
13 altered the genuine medical records of C.C., an individual who suffered  
14 a motorcycle accident on December 26, 2011, to make it appear that  
15 Thompson suffered the injuries claimed in his TSGLI application.  
16 Thompson then attached those false and fraudulent medical records to his  
17 application. Defendant VILLARROEL signed and certified the TSGLI  
18 application as the medical reviewer knowing that the application was  
19 fraudulent.

20           f. On or about July 15, 2015 Richard Cote (charged  
21 elsewhere) signed and filed a fraudulent TSGLI Application falsely  
22 claiming he suffered catastrophic injuries on January 3, 2002, when he  
23 purportedly fell from a ladder while taking down Christmas lights. To  
24 substantiate his fraudulent claim, Cote altered the genuine medical  
25 records of D.B., a United States Navy SEAL who suffered severe and  
26 catastrophic injuries on October 4, 2004 when he fell from a helicopter  
27 during a training exercise, to make it appear that Cote suffered the  
28 injuries claimed in his TSGLI application. Cote then attached those

1 false and fraudulent medical records to his application. Kelene Meyer  
 2 signed and certified the TSGLI application as the medical reviewer  
 3 knowing that the application was fraudulent.

4 All in violation of Title 18, United States Code, Section 1349.

5 Counts 2-4

6 WIRE FRAUD (18 U.S.C. § 1343, § 2)

7 12. Paragraphs 1 through 8, 10 and 11 are realleged and  
 8 incorporated herein by reference.

9 13. On or about the dates set forth below, within the Southern  
 10 District of California, and elsewhere, defendants CHRISTOPHER TOUPS,  
 11 PAUL CRAIG, and DR. MICHAEL VILLARROEL for the purpose of executing and  
 12 attempting to execute the above-described scheme to defraud and to obtain  
 13 money and property by means of materially false and fraudulent pretenses,  
 14 representations, and promises, transmitted and cause to be transmitted  
 15 in interstate commerce, the writings, signs, signals, pictures, and  
 16 sounds set forth below:

<u>Count</u>	<u>Date</u>	<u>Sender</u>	<u>Receiver</u>	<u>Communication</u>	<u>Defendants</u>
2	April 9, 2012	Prudential TSGLI	USAA Federal Savings Bank (Chula Vista, CA)	\$100,000 wire	TOUPS VILLARROEL
3	April 19, 2012	Prudential TSGLI	USAA Federal Savings Bank (San Diego, CA)	\$75,000 wire	CRAIG TOUPS VILLARROEL
4	June 18, 2012	Prudential TSGLI	USAA Federal Savings Bank (San Diego, CA)	\$100,000 wire	CRAIG TOUPS VILLARROEL

28 All in violation of Title 18, United States Code, Sections 1343 and 2.



Counts 5-7Making a False & Fraudulent Claim (18 U.S.C. § 287, § 2)

14. Paragraphs 1 through 8, 10 and 11 are realleged and incorporated herein by reference.

15. On or about the dates listed below, within the Southern District of California, defendants CHRISTOPHER TOUPS, PAUL CRAIG, and DR. MICHAEL VILLARROEL knowingly made and presented, and caused to be made and presented, to the United States Navy, an agency of the Department of the Defense, claims against the United States for payment, that is, that the named applicant suffered an injury that resulted in the loss of activities of daily living as described in the application entitling them to compensation under the TSGLI program, knowing that the claim was false, fictitious or fraudulent:

<u>Count</u>	<u>Date</u>	<u>Statement</u>	<u>Defendants</u>
5	January 17, 2012	TSGLI Application of Christopher TOUPS	TOUPS VILLARROEL
6	January 11, 2012	TSGLI Application of Paul CRAIG	CRAIG TOUPS VILLARROEL
7	May 23, 2012	TSGLI Application of Paul CRAIG	CRAIG TOUPS VILLARROEL

All in violation of Title 18, United States Code, Sections 287 and 2.

FORFEITURE ALLEGATION

16. The factual allegations contained in paragraphs 1 through 11 are realleged and incorporated herein by reference for the purpose of alleging forfeiture.

17. Upon conviction of one or more of the offenses alleged in Counts 1 through 4 of this Superseding Indictment and pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United

1 States Code, Section 2461(c), defendants CHRISTOPHER TOUPS, PAUL CRAIG,  
2 and DR. MICHAEL VILLARROEL, shall forfeit to the United States any and  
3 all property, real and personal, which constitutes or is derived from  
4 proceeds traceable to the violations.

5 18. If any of the above-described forfeitable property, as a  
6 result of any act or omission of the defendants -

- 7 a. Cannot be located upon the exercise of due diligence;  
8 b. Has been transferred or sold to, or deposited with, a  
9 third person;  
10 c. Has been placed beyond the jurisdiction of the court; has  
11 been substantially diminished in value; or  
12 d. Has been commingled with other property which cannot be  
13 subdivided without difficulty;

14 it is the intent of the United States, pursuant to Title 18, United  
15 States Code, Section 982(b), to seek forfeiture of any property of the  
16 defendants up to the value of the said property listed above as being  
17 subject to forfeiture.

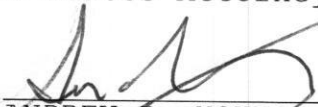
18 All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and  
19 Title 28, United States Code, Section 2461(c).

20 DATED: October 31, 2019.

21 A TRUE BILL:

22   
23 \_\_\_\_\_  
Foreperson

24 ROBERT S. BREWER, JR.  
United States Attorney

25  
26 By:   
27 \_\_\_\_\_  
ANDREW P. YOUNG  
Assistant U.S. Attorney