

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

UNITED STATES OF AMERICA)
)
 v.) **No. 2:23-cr-00164-AMM-SGC**
)
BRET CHAPPELL,)
)
 Defendant.)

PLEA AGREEMENT

The United States and the Defendant, **BRET CHAPPELL**, hereby acknowledge the following Plea Agreement in this case:

PLEA

The Defendant agrees to (i) plead guilty to the Information filed in the above-numbered and -captioned matter; (ii) consent to forfeiture as described in Section XII; (iii), pay restitution of \$1,628,310.13 to Alfa Mutual Insurance Corporation; and (iv) waive certain rights to direct appeal and collateral attack as outlined in Section IV of this Agreement. In exchange, the United States Attorney, acting on behalf of the United States and through the undersigned Assistant United States Attorney, agrees to recommend the disposition specified below, subject to the conditions in Section VII.

Defendant's Initials BC

TERMS OF THE AGREEMENT

I. MAXIMUM PUNISHMENT

The Defendant understands that the maximum statutory punishment that may be imposed for Mail Fraud in violation of Title 18, United States Code, Section 1341, as charged in the Information, is:

- A. Imprisonment for not more than 20 years;
- B. A fine of not more than \$250,000, or,
- C. Both A and B;
- D. Supervised release of not more than five years; and
- E. A special assessment of \$100.

II. FACTUAL BASIS FOR PLEA

The United States is prepared to prove, at a minimum, the following facts at the trial of this case:

In or around February 2023, Alfa Corporation (“Alfa”) discovered that a licensed insurance agent working at its service center in Hayden, Alabama, had convinced numerous victims to purchase purported Alfa Life Insurance Policies that were never actually submitted to or underwritten by Alfa. Alfa contacted the Alabama Department of Insurance and opened an investigation.

Agents from the United States Secret Service joined the investigation in late February 2023 and determined that Defendant Bret Chappell devised a scheme to

defraud numerous victims, many of whom were elderly, into surrendering existing Alfa Life Insurance Policies for cash value that was to be used to purchase new Alfa Life Insurance policies covering the victims.

Defendant Chappell convinced victim S.T. to use proceeds from the cash surrender of an existing policy with Alfa to purchase a new single premium whole life policy with a value of \$1,765,000. Defendant Chappell notified Alfa that S.T. wished to cash surrender his policy, and Alfa issued a check in the amount of \$201,975 dated August 21, 2019, made payable to S.T. Alfa mailed the check using the United States Postal Service to S.T. in the Northern District of Alabama. Defendant Chappell then manufactured a counterfeit whole life policy covering S.T. that was purportedly issued by Alfa Life Insurance and delivered the document to the victim. Defendant Chappell then convinced S.T. to endorse the check and deliver it to him at the Alfa Service Center in Hayden, Alabama. Rather than using the funds from the check to satisfy the premium associated with the purchase of an actual whole life policy from Alfa covering S.T., Defendant Chappell deposited the \$201,957 into his personal bank account at Traditions Bank.

In 2021, Defendant Chappell convinced H.P., an elderly victim living in Dora, Alabama, that Alfa offered a certificate of deposit with a 72-month term at 3.5% interest for purchase. Alfa is not a financial institution and does not offer certificates of deposit for purchase to customers. Nonetheless, Defendant Chappell convinced

H.P. to cash in two existing certificates of deposit at Farm Bureau Bank, resulting in a payment of \$353,200.50 to H.P. Defendant Chappell directed Farm Bureau Bank to mail the checks made payable to H.P. to the Alfa Service Center address in Hayden, Alabama, where Defendant Chappell received the checks. Defendant Chappell then forged H.P.'s signature on both checks and deposited the checks into Defendant Chappell's account at Traditions Bank on December 6, 2021. Defendant Chappell further manufactured a counterfeit "certificate of deposit" agreement in H.P.'s favor that was delivered to the victim, who believed that he had purchased the product promised by Defendant Chappell.

In 2022, Defendant Chappell convinced victims E.N. and F.N., a married couple living in Warrior, Alabama, to purchase a "joint" single premium whole life insurance policy from Alfa with a value of \$101,500.50. Alfa does not issue "joint" whole life insurance policies. Nonetheless, Defendant Chappell directed the victims to cash surrender two existing policies with Alfa Life Insurance Corporation that resulted in cash proceeds totaling approximately \$66,000. Defendant Chappell contacted the Alfa home office in Montgomery, Alabama, and informed the office that the victims desired to cash surrender their existing policies. Alfa thereafter issued two checks made payable to the victims that were mailed by the United States Postal Service to the Alfa Service Center address in Hayden, Alabama, where Defendant Chappell worked. Defendant Chappell then convinced the victims to

endorse the checks. Defendant Chappell deposited the checks into his account at Traditions Bank on August 28, 2022, rather than using the funds to purchase a life insurance policy covering the victims. Defendant Chappell then manufactured a document purporting to be a “joint” single premium whole life insurance policy covering the victims, who believed they had secured the product promised by Defendant Chappell.

Once Alfa learned of Defendant Chappell’s scheme to defraud, it began work to provide each victim with the coverage promised by Defendant Chappell, if possible. In total, Defendant Chappell received funds totaling \$862,286.55 to which he was not entitled, causing Alfa to incur a loss totaling \$1,628,310.13 make known victims, all of whom were not discussed herein, whole.

The Defendant hereby stipulates that the facts stated above are substantially correct and that the Court can use these facts in calculating the Defendant’s sentence. The Defendant further acknowledges that these facts do not constitute all of the evidence of each and every act that the Defendant and/or any co-conspirators may have committed.



BRET CHAPPELL

III. RECOMMENDED SENTENCE

Subject to the limitations in Section VII regarding subsequent conduct and pursuant to Rule 11(c)(1)(B) of the *Federal Rules of Criminal Procedure*, the United States will recommend the following disposition:

- A. That the Defendant be awarded a two (2) level reduction in the Defendant's adjusted offense level, based upon the Defendant's apparent prompt recognition and affirmative acceptance of personal responsibility for the Defendant's criminal conduct. The United States agrees to make a motion pursuant to U.S.S.G. § 3E1.1(b) for an additional one-level decrease in recognition of the Defendant's prompt notification to the United States of the intention to enter a plea of guilty. The United States may oppose any adjustment for acceptance of responsibility if the Defendant:
- (1) fails to admit each and every item in the factual stipulation;
 - (2) denies involvement in the offense;
 - (3) gives conflicting statements about the Defendant's involvement in the offense;
 - (4) is untruthful with the Court, the United States, or the United States Probation Officer;
 - (5) obstructs or attempts to obstruct justice prior to sentencing;
 - (6) engages in any criminal conduct between the date of this agreement and the date of sentencing; or
 - (7) attempts to withdraw the Defendant's plea of guilty for any reason other than those expressly enumerated in the "Waiver of Right to Appeal and Post-Conviction Relief" section of this Plea Agreement;
- B. That the Defendant be remanded to the custody of the Bureau of Prisons and incarcerated for a term consistent with the low-end of the advisory *United States Sentencing Guidelines* range as calculated by the Court at the time of sentencing;
- C. That following the said term of imprisonment, the Defendant be placed on supervised release for a period to be determined by the Court, subject to the Court's standard conditions of supervised release and the following special condition(s): that the Defendant be prohibited from obtaining employment that provides access to financial information;
- D. That the Defendant be required to pay restitution to all the victims of the Defendant's crimes, including \$1,628,310.13 to Alfa Mutual Insurance Corporation;
- E. That the Defendant be required to comply with the forfeiture provisions set forth in Section XII of this Agreement; and

- F. That the Defendant pay a special assessment of \$100, said amount due and owing as of the date sentence is pronounced.

IV. WAIVERS

A. STATUTE OF LIMITATIONS WAIVER

In consideration of the recommended disposition of this case, I, BRET CHAPPELL, hereby understand, acknowledge, and agree that if this Plea Agreement is set aside for any reason, I will not assert any defense based on any applicable statute of limitations or the Speedy Trial Act, 18 U.S.C. § 3161, *et seq.*, that includes the passage of time from and including the date of this Plea Agreement until and including the date of entry of any order setting this Plea Agreement aside.

B. RIGHT TO APPEAL AND POST-CONVICTION RELIEF

In consideration of the recommended disposition of this case, I, BRET CHAPPELL, hereby waive and give up my right to appeal my conviction and/or sentence in this case, as well as any fines, restitution, and forfeiture orders, the Court might impose. Further, I waive and give up the right to challenge my conviction and/or sentence, any fines, restitution, forfeiture orders imposed or the manner in which my conviction and/or sentence, any fines, restitution, and forfeiture orders were determined in any post-conviction proceeding, including, but not limited to, a motion brought under 28 U.S.C. § 2255, and any argument that (1) the statute(s) to

which I am pleading guilty is or are unconstitutional or (2) the admitted conduct does not fall within the scope of the statute(s).

The Defendant reserves the right to contest in an appeal or post-conviction proceeding(s) the following:

1. Any sentence imposed in excess of the applicable statutory maximum sentence(s);
2. Any sentence imposed in excess of the Guidelines range determined by the Court at the time sentence is imposed; and
3. Ineffective assistance of counsel.

The Defendant acknowledges that before giving up these rights, the Defendant discussed the *United States Sentencing Guidelines* and their application to the Defendant's case with the Defendant's attorney, who explained them to the Defendant's satisfaction. The Defendant further acknowledges and understands that the United States retains its right to appeal when authorized by statute.

I, BRET CHAPPELL, hereby place my signature on the line directly below to signify that I fully understand the foregoing paragraphs, and that I am knowingly and voluntarily entering into this waiver.



BRET CHAPPELL

V. **UNITED STATES SENTENCING GUIDELINES**

The Defendant's counsel has explained to the Defendant, that following the United States Supreme Court's decision in *United States v. Booker*, the *United States Sentencing Guidelines* are **advisory** in nature. Sentencing is in the Court's discretion and is not required to be within the Guideline range. The Defendant agrees that, pursuant to this Agreement, the Court may use facts it finds by a preponderance of the evidence to reach an advisory Guideline range, and the Defendant explicitly waives any right to have those facts found by a jury beyond a reasonable doubt.

VI. **AGREEMENT NOT BINDING ON COURT**

The Defendant fully and completely understands and agrees that it is the Court's duty to impose sentence upon the Defendant and that any sentence recommended by the United States is **NOT BINDING UPON THE COURT**, and that the Court is not required to accept the United States' recommendation. Further, the Defendant understands that if the Court does not accept the United States' recommendation, the Defendant does not have the right to withdraw the guilty plea.

VII. **VOIDING OF AGREEMENT**

The Defendant understands that if the Defendant (a) violates any federal, state, or local law or any condition of pretrial release after entering into this Plea Agreement, (b) moves the Court to accept a plea of guilty in accordance with, or pursuant to, the provisions of *North Carolina v. Alford*, 400 U.S. 25 (1970),

(c) tenders a plea of *nolo contendere* to the charges, (d) violates any other term of this Plea Agreement, and/or (e) does or says anything that is inconsistent with the acceptance of responsibility, the Plea Agreement will become NULL and VOID at the election of the United States, and the United States will not be bound by any of the terms, conditions, or recommendations, express or implied, which are contained herein. Further, such election will not entitle the Defendant to withdraw a previously entered plea.

VIII. OTHER DISTRICTS AND JURISDICTIONS

The Defendant understands and agrees that this Agreement **DOES NOT BIND** any other United States Attorney in any other district, or any other state or local authority.

IX. COLLECTION OF FINANCIAL OBLIGATION

To facilitate the collection of financial obligations to be imposed in connection with this prosecution, the Defendant agrees to:

- fully disclose all assets in which the Defendant has any interest or over which the Defendant exercises control, directly or indirectly, including those held by a spouse, nominee or other third party;
- promptly submit a completed financial statement to the United States Attorney's Office, in a form that it provides and as it directs;
- identify all assets over which the Defendant exercises or exercised control, directly or indirectly, within the past five years, or in which the Defendant has

or had during that time any financial interest;

- take all steps as requested by the United States to obtain from any other parties by any lawful means any records of assets owned at any time by the Defendant;
- undergo any polygraph examination the United States may choose to administer concerning such assets and to provide and/or consent to the release of the Defendant's tax returns for the previous five years.

The Defendant further agrees that the above information, as well as any of the Defendant's financial statements and disclosures, will be complete, accurate, and truthful. Finally, the Defendant expressly authorizes the United States Attorney's Office to obtain a credit report on the Defendant to evaluate the Defendant's ability to satisfy any financial obligation imposed by the Court.

X. AGREEMENT REGARDING RELEVANT CONDUCT AND RESTITUTION

As part of the Defendant's Plea Agreement, the Defendant admits to the above facts associated with the charges and relevant conduct for any other acts. The Defendant understands and agrees that the relevant conduct contained in the factual basis will be used by the Court to determine the Defendant's range of punishment under the advisory sentencing guidelines. The Defendant admits that all the crimes listed in the factual basis are part of the same acts, scheme, and course of conduct. This Agreement is not meant, however, to prohibit the United States Probation Office or the Court from considering any other acts and factors, which may

constitute or relate to relevant conduct. Additionally, if this Agreement contains any provisions providing for the dismissal of any counts, the Defendant agrees to pay any appropriate restitution to each of the separate and proximate victims related to those counts should there be any and waives objection to the inclusion of that restitution in any order issued by the Court.

XI. TAX, FORFEITURE AND OTHER CIVIL/ADMINISTRATIVE PROCEEDINGS

Unless otherwise specified herein, the Defendant understands and acknowledges that this Agreement does not apply to or in any way limit any pending or prospective proceedings related to the Defendant's **tax liabilities**, if any, or to any pending or prospective **forfeiture** or other **civil** or **administrative** proceedings.

XII. FORFEITURE

The Defendant agrees to consent to the immediate entry of a final order of forfeiture against the Defendant, pursuant to Rule 32.2(b)(1) of the *Federal Rules of Criminal Procedure* in the amount of \$1,628,310.13, which represents proceeds the Defendant personally obtained, controlled, and benefitted from as a result of the offense alleged in the Information and to which the Defendant is indicating the Defendant's desire to plead guilty by way of this written Plea Agreement. For purposes of entering said order of forfeiture, the Defendant

acknowledges that a nexus exists between said amount and the criminal offense to which the Defendant is pleading guilty.

The Defendant acknowledges that if, due to an act or omission of the Defendant, directly forfeitable property: (i) cannot be located upon the exercise of due diligence; (ii) has been transferred or sold to, or deposited with, a third party; (iii) has been placed beyond the jurisdiction of the Court; (iv) has been substantially diminished in value; or (v) has been commingled with other property which cannot be divided without difficulty, the United States is authorized under law to seek the forfeiture of any and all assets of the Defendant as substitute assets for the purpose of satisfying the final order of forfeiture until the order is satisfied in full. As a result, the Defendant consents to the forfeiture of all of the Defendant's property up to the value of \$1,628,310.13 representing proceeds the Defendant personally obtained, controlled, and benefitted from as a result of the offense alleged in the Information.

The Defendant agrees to take all steps as requested by the United States to pass clear title to forfeitable assets to the United States, and to testify truthfully in any judicial forfeiture proceeding. The Defendant hereby waives the requirements of *Fed. R. Crim. P.* 32.2 regarding notice of the forfeiture in the Information, announcement of the forfeiture at sentencing, and incorporation of the forfeiture in

the judgment. The Defendant also waives the requirements of *Fed. R. Crim. P.* 43(a) with respect to the imposition of any forfeiture sanction carried out in accordance with this Plea Agreement. The Defendant acknowledges that he understands that the forfeiture of assets is part of the sentence that may be imposed in this case and waives any failure by the Court to advise the Defendant of this, pursuant to *Fed. R. Crim. P.* 11(b)(1)(J), at the time the Defendant's guilty plea is accepted.

The Defendant further waives all Constitutional and statutory challenges in any manner (including direct appeal, habeas corpus, or any other means) to any forfeiture carried out in accordance with this Plea Agreement on any grounds, including any Double Jeopardy challenges that the Defendant may have to the entry of a forfeiture order before sentencing, and any claims, defenses, or challenges arising under the Excessive Fines Clause of the Eighth Amendment resulting from the forfeiture imposed as a result of this Information or any pending or completed administrative or civil forfeiture actions based upon the course of conduct that provides the factual basis for the forfeiture.

Non-Abatement of Criminal Forfeiture

The Defendant agrees that the forfeiture provisions of this Plea Agreement are intended to, and will, survive the Defendant, notwithstanding the abatement of any underlying criminal conviction after the execution of this Agreement. The forfeitability of any particular property pursuant to this Agreement shall be

determined as if the Defendant had survived, and that determination shall be binding upon the Defendant's heirs, successors, and assigns until the agreed forfeiture, including any agreed money judgment amount, is collected in full. To the extent that forfeiture pursuant to this Agreement requires the Defendant to disgorge wrongfully obtained criminal proceeds for the benefit of the Defendant's victims, the Defendant agrees that the forfeiture is primarily remedial in nature.

XIII. IMMIGRATION STATUS

The Defendant recognizes that pleading guilty may have consequences with respect to the Defendant's immigration status if the Defendant is not a citizen of the United States. Under Federal law, a broad range of crimes are removable offenses, including the offense(s) to which the Defendant is pleading guilty. The Defendant's guilty plea and conviction make it practically inevitable and a virtual certainty that the Defendant will be removed or deported from the United States if the Defendant is not a citizen of the United States. Removal and other immigration consequences are the subject of a separate proceeding, however; and the Defendant understands that no one, including his attorney or the district court, can predict to a certainty the effect of his conviction on his immigration status. Understanding all of this, the Defendant nevertheless affirms that the Defendant wants to plead guilty regardless of any immigration consequences that plea may entail, even if the consequence is automatic removal from the United States.

XIV. DEFENDANT'S ACKNOWLEDGEMENT

I have read and understand the provisions of this Plea Agreement consisting of 18 pages. I have discussed the case and my Constitutional and other rights with my lawyer. I am satisfied with my lawyer's representation in this case. I understand that by pleading guilty, I will be waiving and giving up my right to continue to plead not guilty, to a trial by jury, to the assistance of counsel at that trial, to confront, cross-examine, or compel the attendance of witnesses, to present evidence on my behalf, to maintain my privilege against self-incrimination, and to the presumption of innocence. I agree to enter my plea as indicated above on the terms and conditions set forth herein.

NO PROMISES OR REPRESENTATIONS OTHER THAN THOSE IN THE AGREEMENT HAVE BEEN MADE TO ME BY THE PROSECUTOR, OR BY ANYONE ELSE, NOR HAVE ANY THREATS BEEN MADE OR FORCE USED TO INDUCE ME TO PLEAD GUILTY.

I further state that I have not had any drugs, medication, or alcohol within the past 48 hours except as stated here:

I understand that this Plea Agreement will take effect and will be binding as to the Parties *only* after all necessary signatures have been affixed hereto.

BE

I have personally and voluntarily placed my initials on every page of this Plea Agreement and have signed the signature line below to indicate that I have read, understand, and approve all the provisions of this Plea Agreement, both individually and as a total binding agreement.

7/24/23
DATE



BRET CHAPPELL
Defendant

XV. COUNSEL'S ACKNOWLEDGMENT

I have discussed this case with my client in detail and have advised my client of all my client's rights and all possible defenses. My client has conveyed to me that he understands this Plea Agreement and consents to all its terms. I believe the plea and disposition set forth herein are appropriate under the facts of this case and are in accordance with my best judgment. I concur in the entry of the Plea Agreement on the terms and conditions set forth herein.

7/24/23
DATE

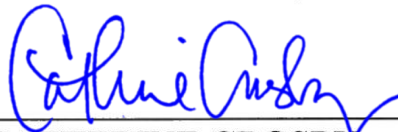


BRETT BLOOMSTON
Defendant's Counsel

XVI. UNITED STATES' ACKNOWLEDGMENT

I have reviewed this matter and this Plea Agreement and concur that the plea and disposition set forth herein are appropriate and are in the interests of justice.

PRIM F. ESCALONA
United States Attorney



CATHERINE CROSBY
Assistant United States Attorney

July 25, 2023

DATE