

IN THE UNITED STATES DISTRICT COURT FOR THE  
 WESTERN DISTRICT OF MISSOURI  
 WESTERN DIVISION

UNITED STATES OF AMERICA,	No.
Plaintiff,	<b>COUNTS ONE - THREE: Wire Fraud</b> <b>18 U.S.C. § 1343</b> NMT 20 Years Imprisonment NMT \$250,000 Fine NMT 3 Years Supervised Release Class C Felony
v.	
FREYA D. PEARSON, [DOB: 11/19/1972]	
Defendant.	<b>COUNTS FOUR - SEVEN:</b> <b>Money Laundering</b> <b>18 U.S.C. § 1957</b> NMT 10 Years Imprisonment Either NMT \$250,000 Fine or NMT Twice the Amount of Criminally Derived Property NMT 3 Years Supervised Release Class C Felony
	<b>COUNT EIGHT: Tax Evasion</b> <b>26 U.S.C. § 7201</b> NMT 5 Years Imprisonment and/or a Fine of NMT \$250,000 NMT 3 Years Supervised Release Class D Felony
	<b>COUNT NINE: False Statements</b> <b>18 U.S.C. § 1001</b> NMT 5 Years Imprisonment NMT \$250,000 NMT 3 Years Supervised Release Class D Felony
	Allegation of Criminal Forfeiture 18 U.S.C. §§ 982(a)(1) and (a)(2)(A)
	\$100 Mandatory Special Assessment on Each Count

## INDICTMENT

THE GRAND JURY CHARGES:

### Introduction

1. In 2008, Marva Wilson won approximately \$2 million in the Missouri lottery. Wilson was 60 years old at the time and financially unsophisticated. Upon winning the lottery, Wilson bought two houses and with the aid of a financial advisor, established an annuity that would have paid her approximately \$30,000 per year for the rest of her life.
2. In September 2009, defendant Freya Pearson created the nonprofit entity Recidivism at Work (RAW).
3. In approximately January 2010, Wilson was introduced to Pearson, who was unemployed. At that time, Pearson's only income came from child support and Social Security benefits for one of her children. In 2011, Pearson also began receiving welfare and/or food stamp benefits.

### Scheme and Artifice to Defraud Wilson and to Evade Taxes

4. In the spring of 2010, Pearson convinced Wilson to wire transfer a total of \$480,000 to Pearson's account. Whether the money was an investment or a business loan, Pearson materially omitted to disclose to Wilson that she would use the money to gamble and for her own personal expenses.
5. On or about April 22, 2010, Pearson opened a Bank of America nonprofit checking account, number ending 6167, in the name of RAW, over which Pearson had sole signature authority. Pearson instructed Wilson to withdraw her lottery winnings from a John Hancock

annuity account that had been established for Wilson by a legitimate financial advisor; the funds were then deposited into Wilson's personal checking account at UMB, account number ending 5583.

6. On April 23, 2010, May 12, 2010, and June 3, 2010, in the Western District of Missouri, at Pearson's direction, Wilson wired the amounts of \$180,000, \$240,000, and \$60,000, respectively, from her UMB checking account into Pearson's RAW checking account, for a total of \$480,000.

7. Pearson used the \$480,000 to gamble, travel, buy cars, clothes, and furniture, and pay rent while she lived in the St. Louis metropolitan area. No identifiable money was used for the nonprofit entity, nor for any business purpose. Between July 2010 and August 2011, Pearson deposited a total of \$38,170 into Wilson's account disguised as annuity or allowance payments, bringing Pearson's unreported income total to \$441,830.

8. On or about May 18, 2010, Pearson set up an additional Bank of America account for RAW, savings account number ending 5535, which was used only to receive transfers from the RAW checking account number 6167.

9. Pearson filed for Chapter 7 bankruptcy protection on December 2, 2010, in St. Louis, Missouri, and submitted schedules she signed under penalty of perjury stating she had only \$1,770 in assets, \$91,883.42 in unsecured debts, and no job. Pearson did not disclose either of the RAW bank accounts, which on December 2, 2010, had balances of \$51,493.99 and \$5,012.34, for a total of \$56,506.33. Nor did Pearson disclose any supposed debt owed to Wilson. Pearson received a discharge of her debts on March 15, 2011.

10. Pearson was first questioned by law enforcement in 2011; at that time she claimed the money from Wilson was an investment. Pearson also falsely stated that: 1) Pearson had received only \$200,000 from Wilson; 2) Pearson used the money for business; and 3) Pearson had two other ‘investors.’ Pearson further complained that Wilson spent too much.

11. In 2013, Pearson produced a supposed loan agreement in which Wilson was referred to as an investor and in which Wilson agreed to lend \$420,000 to Pearson, which Pearson would repay at the rate of \$1,200 per month to be repaid in full by three years (payments of \$1,200 a month for three years would total \$43,200). The ‘agreement’ falsely stated that \$60,000 had already been repaid by Pearson to Wilson, when in fact Wilson wired \$60,000 into Pearson’s account on June 3, 2010. As noted above, Pearson made random payments of a total of \$38,170 to Wilson, using Wilson’s own money before stopping entirely in August 2011.

12. Pearson filed no tax return for tax year 2010.

#### **Scheme and Artifice to Defraud Weston Housing Authority**

13. In March 2010, Pearson applied for federal housing benefits, specifically the Section 8 tenant voucher housing program. The Section 8 program assists low-income families with housing, by paying most or all the beneficiary’s rent. Beneficiaries must certify annually their income and assets to determine whether they still qualify for these federal benefits. Pearson was admitted to the Section 8 program on March 26, 2010. She received federal housing benefits from the Weston Housing Authority from April 2010 through April 2014.

14. On December 2, 2010, Pearson filed a bankruptcy petition in St. Louis, Missouri, which she signed under penalty of perjury stating that she had lived in St. Louis for 180 days, or since on or about June 4, 2010. Pearson lived in the St. Louis area through March 2012, while

she continued to receive federal housing benefits from the Weston Housing Authority for a rental home in Kansas City, Missouri.

15. On or about March 2012, Pearson was approved for transfer of benefits to Orange County, California, although her benefits were still paid by the Weston Housing Authority. Pearson received public housing benefits until April 2014, for a total benefit amount of \$76,837.70.

16. Pearson defrauded Wilson of a total of \$441,830. Pearson evaded \$122,000 in federal income tax. Pearson defrauded the Weston Housing Authority of \$76,837.70. Pearson thus caused a total loss of at least \$640,667.

**COUNTS ONE - THREE**

17. Paragraphs one through sixteen as set forth above are re-alleged and expressly incorporated as if fully set forth herein.

18. On or about the date listed below for the specific count, in the Western District of Missouri and elsewhere, Freya Pearson, with intent to defraud and for the purpose of executing and attempting to execute the scheme and artifice to defraud, knowingly caused to be transmitted by means of wire communications in interstate commerce, writings, signs, and signals for the purposes of executing the above-described scheme:

Count	Date	Amount	Wire Transmission
1	4/23/2010	\$180,000	Wire transfer from Wilson's UMB account number 5583 to RAW account number 6167
2	5/12/2010	\$240,000	Wire transfer from Wilson's UMB account number 5583 to RAW account number 6167
3	6/4/2010	\$60,000	Wire transfer from Wilson's UMB account number 5583 to RAW account number 6167

All in violation of Title 18, United States Code, Section 1343.

**COUNTS FOUR - SEVEN**

19. Paragraphs one through sixteen as set forth above are re-alleged and expressly incorporated as if fully set forth herein.

20. On or about the below listed dates, within the Western District of Missouri and elsewhere, defendant Freya Pearson did knowingly engage in, attempt to engage in, and cause to be engaged in, a monetary transaction, that is, the deposit, withdrawal, transfer, or exchange, in or affecting interstate commerce, of funds by, through, or to a financial institution, and said monetary transaction involved criminally derived property of a value greater than Ten Thousand Dollars, with the funds involved in said monetary transaction having been derived from a specified unlawful activity, that is, wire fraud, and Freya Pearson knew said monetary transaction involved the proceeds of a criminal offense.

Count	Date	Withdrawal Account #	Beneficiary Account	Monetary Transaction
4	8/10/10	BOA, in name of RAW, #6167	Cash to Pearson	\$60,000 cash withdrawal
5	8/18/10	BOA, in name of RAW, #5535	BOA, in name of RAW, #6167	\$50,000 teller transfer
6	9/27/10	BOA, in name of RAW, #5535	BOA, in name of RAW, #6167	\$16,200 online banking transfer
7	9/29/10	BOA, in name of RAW, #5535	BOA, in name of RAW, #6167	\$20,000 online banking transfer

All in violation of Title 18, United States Code, Section 1957.

**COUNT EIGHT**

21. Paragraphs one through sixteen as set forth above are re-alleged and expressly incorporated as if fully set forth herein.

22. That between April 23, 2010, and June 3, 2010, in the Western District of Missouri, Freya Delicia Pearson, then a resident of Kansas City, Missouri, had and received taxable income in the sum of at least \$441,830. Upon that taxable income, there was owing to the United States of America an income tax of at least \$122,000. Well knowing the foregoing facts and failing to make an income tax return on or before April 15, 2011, as required by law, to any proper officer of the Internal Revenue Service, and to pay to the Internal Revenue Service the income tax, Pearson did willfully attempt to evade and defeat income tax due and owing by her to the United States of America for the calendar year 2010, by the affirmative acts enumerated in paragraphs one through thirteen of this indictment.

All in violation of Title 26, United States Code, Section 7201.

**COUNT NINE**

23. Paragraphs one through sixteen as set forth above are re-alleged and expressly incorporated as if fully set forth herein.

24. That between March 2010 and February 14, 2011, in the Western District of Missouri and elsewhere, Freya Pearson, defendant herein, did knowingly and willfully make false, fraudulent, material representations in a matter within the jurisdiction of the executive branch of the United States, that is, to the Department of Housing and Urban Development, by stating: 1) that she had only \$60 in bank accounts, when in fact, on February 14, 2011, she had at least \$3,200 in bank accounts controlled by her; 2) that she lived in Kansas City, Missouri, when in fact, she moved to the St. Louis metropolitan area; and 3) that she had no other income, when in fact she received interest income from her Bank of America RAW savings account

number 5535. As a result of these and other false statements, Pearson received \$76,837.70 in housing benefits which she was not entitled to receive.

All in violation of Title 18, United States Code, Section 1001(a)(2).

**ALLEGATION OF FORFEITURE**

25. The allegations of Counts One – Seven of this Indictment are re-alleged and fully incorporated herein for the purpose of alleging forfeiture to the United States of America of certain property in which the defendant has an interest, pursuant to the provisions of Title 18, United States Code, Section 982(a)(2)(A), and the procedures outlined in Title 21, United States Code, Section 853.

26. Upon conviction of any violation of Title 18, United States Code, Sections 1343 and 1957, defendant shall forfeit to the United States any property constituting, or derived from, proceeds the person obtained directly or indirectly pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(2)(A).

27. The property subject to forfeiture includes, but is not limited to, the following:

a. Money Judgment and Other Property Involved In or Traceable to the Offenses:

Any interest or proceeds traceable thereto of \$441,830, representing the proceeds obtained by defendant Freya D. Pearson, in that such sum in aggregate is involved in, or is derived from, proceeds traceable to the offenses set forth in Counts One - Seven.

b. Substitute Assets

If the property described above as being subject to forfeiture as a result of any act or omission of the defendant,

- (1) cannot be located upon the exercise of due diligence;
- (2) has been transferred or sold to, or deposited with a third person;
- (3) has been placed beyond the jurisdiction of the Court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b), to seek forfeiture of any other property of the defendant up to the value of the above-forfeitable property or to seek return of the property to the jurisdiction of the Court so that the property may be seized and forfeited.

All pursuant to the provisions of Title 18, United States Code, Section 982(a)(2)(A) and the procedures outlined in Title 21, United States Code, Section 853(p).

A TRUE BILL:

/s/ Marsha K. Elbasani  
FOREPERSON OF THE GRAND JURY

/s/Kathleen D. Mahoney  
Kathleen D. Mahoney #38828  
Assistant United States Attorney

Dated: 10/28/14  
Kansas City, Missouri

**UNITED STATES COURT OF APPEALS  
FOR THE EIGHTH CIRCUIT**

No: 17-1438

United States of America

Appellee

v.

Freya D. Pearson

Appellant

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Appeal from U.S. District Court for the Western District of Missouri - Kansas City  
(4:14-cr-00306-BP-1)

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**ORDER**

Appellant's appointed attorney, Mr. John Johnston, has filed a motion for leave to withdraw. The court has considered the motion, and the motion is granted. The case will proceed pro se.

On December 26, 2017, the court entered an order taking Mr. Johnston's motion to waive oral argument with the case for consideration by the panel to which the case was submitted for disposition on the merits. In light of this order granting Mr. Johnston leave to withdraw, the court's December 26, 2017 order is vacated. The case will be submitted on the briefs without oral argument.

January 19, 2018

Order Entered at the Direction of the Court:  
Clerk, U.S. Court of Appeals, Eighth Circuit.

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/s/ Michael E. Gans

**UNITED STATES COURT OF APPEALS  
FOR THE EIGHTH CIRCUIT**

No: 17-1438

United States of America

Appellee

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Appellant

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(4:14-cr-00306-BP-1)

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**ORDER**

The appellant's motion for reconsideration and to seal are denied.

May 15, 2018

Order Entered at the Direction of the Court:  
Clerk, U.S. Court of Appeals, Eighth Circuit.

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/s/ Michael E. Gans