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## NEWS



## Final Defendant In National Prearranged Services, Inc. Case Convicted On 18 Counts Of Fraud

FOR IMMEDIATE RELEASE

August 22, 2013

St. Louis, MO – **DAVID R. WULF** was convicted today after a thirteen-day trial before United States District Judge Jean C. Hamilton for his role in one of the largest frauds ever prosecuted in the Eastern District of Missouri. Wulf was convicted on 18 counts, including bank fraud, wire fraud, wire fraud affecting a financial institution and conspiracy to commit those crimes.

Wulf was appointed in the 1980's to serve as the independent investment advisor to the preneed funeral trusts established pursuant to Missouri statutes by National Prearranged Services, Inc. ("NPS"). As the trusts' advisor, Wulf was responsible for **protecting, investing and managing** the trusts' assets, which included more than \$150 million paid by customers who were told their funds would be kept safe until the time of need. The government's evidence at trial, however, established that Wulf continually authorized the use of trust funds to pay unrelated debts of companies affiliated with NPS, to enrich his co-defendants and ultimately to perpetuate a massive Ponzi scheme that spanned more than a dozen states and affected thousands of individual customers.

According to court documents and testimony presented at trial, beginning as early as 1992 and continuing until 2008, NPS sold prearranged funeral contracts in several states, including Missouri, Illinois and Ohio. During that time, insurance companies affiliated with NPS issued life insurance policies related to those prearranged funeral contracts. As part of the contracts, the total price for funeral services and merchandise for an individual was agreed upon, and that price would remain constant regardless of when the funeral services and merchandise would be needed. Customers entering into prearranged funeral contracts would usually pay a single sum of money up-front to NPS either directly or through a funeral home that was also a party to the contract. NPS represented to individual customers, funeral homes and state regulators that funds paid by customers under the prearranged funeral contracts would be kept in a secure trust or insurance policy as required under state law.

Court documents disclose, however, that NPS made use of funds paid by customers in ways that were inconsistent both with its prior and continuing representations and with the applicable state laws and regulations. Instead, NPS operated as a fraudulent Ponzi-like scheme, where customer funds were neither kept safe in bank trusts or insurance policies, but instead were utilized for unauthorized purposes and the personal enrichment of NPS' officers and others. In turn, new business became the source of funding for funerals that prior customers had previously paid for in advance. Victims of the scheme include individual customers, funeral homes and state insurance guarantee associations across the country.

Each count of bank fraud, conspiracy and wire fraud affecting a financial institution carries a maximum penalty of 30 years imprisonment. The wire fraud counts each carry a maximum penalty of 20 years. In determining the actual sentences, a judge is required to consider the U.S. Sentencing Guidelines, which provide recommended sentencing ranges. Wulf's sentencing has been set for November 7, 2013.

Wulf's co-defendants James Douglas Cassity, Brent Douglas Cassity, Howard Wittner, Randall Sutton and Sharon Nekol Province each pled guilty to charges against them earlier this year and likewise await sentencing in November.

This case was investigated by the Internal Revenue Service-Criminal Investigation, the Federal Bureau of Investigation and the Postal Inspection Service. Assistant United States Attorneys Steven Muchnick, Charles Birmingham and Richard Finneran prosecuted the case for the U.S. Attorney's Office.

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