

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Criminal Case No.

UNITED STATES OF AMERICA,

Plaintiff,

v.

1. JON M. HALLFORD, and
2. CARIE L. HALLFORD,

Defendants.

INDICTMENT

The Grand Jury charges:

COUNTS 1 - 10

Wire Fraud and Aiding and Abetting

At all times material to this indictment:

Individuals and Entities

1. The defendants JON M. HALLFORD and CARIE L. HALLFORD (collectively referred to as the "HALLFORDS") were married to each other and were residents of the State and District of Colorado.
2. The HALLFORDS were joint owners of "HallfordHomes, LLC" which was a Colorado based business entity that operated under the tradenames "Return to Nature Funeral Home," "Return to Nature – Burial and Cremation," "Return to Nature Crematory," and "Return to Nature Funeral Services" (collectively referred to as "Return to Nature Funeral Home").

3. The HALLFORDS operated Return to Nature Funeral Home from approximately August of 2017, through October 5, 2023, at which point it was closed by State of Colorado law enforcement and regulatory officials.

4. The HALLFORDS ran their funeral home business from two locations, 944 Elkton Drive, Colorado Springs, Colorado, (“Elkton location”), and 31 Werner Road, Penrose, Colorado (“Werner location”).

5. JOHN HALLFORD and CARIE HALLFORD each maintained a 50% ownership interest in Return to Nature Funeral Home.

The Scheme to Defraud Customers of Return to Nature Funeral Home

6. Beginning on or about September 15, 2019, and continuing through and including on or about October 5, 2023, in the State and District of Colorado, defendants JON HALLFORD and CARIE HALLFORD together and with each other, devised and intended to devise a scheme to defraud and to obtain money and property from the customers of Return to Nature Funeral Home by means of materially false and fraudulent pretenses, representations and promises, and aided and abetted the same.

As part of the scheme:

7. The HALLFORDS through their business, Return to Nature Funeral Home, offered various services and products to members of the public including, funeral burials and cremations. The HALLFORDS advertised their business to potential customers using an internet website which stated, among other things, in its “Frequently Asked Questions” section the following:

Return to Nature Funeral Home is a unique Family Owned and Operated Colorado Springs & Penrose mortuary service. We operate with three generations of Funeral Service Experience and Education. Our Family is here to serve your Family and guide You through every step of the bereavement process. We cater to Your Family and provide Your Loved One with the utmost Professional Care and Discretion. Our Family Serving Your Family, for over 80 years.

8. JON HALLFORD and CARIE HALLFORD typically met with customers and offered to provide either a burial or a cremation for the deceased using the services of Return to Nature Funeral Home. The customers included individuals making their own funeral arrangements prior to death, family members or friends of the recently deceased, or the next-of-kin of the deceased. Such customer meetings were commonly held in person at the Elkton location in Colorado Springs.

9. JON HALLFORD and CARIE HALLFORD typically entered into a “Contract for Goods & Services” with customers related to the services to be provided in connection with a burial or cremation. The Return to Nature Funeral Home contracts typically set forth the specific arrangements which the HALLFORDS agreed to provide for the customer related to the disposition of the body of the deceased.

10. When a customer selected a cremation, the HALLFORDS agreed as part of the contract with a customer to arrange for the body of the deceased to be cremated. Afterwards, the HALLFORDS agreed to return the cremains (also referred to as ashes) within an urn to a family member, friend, or a designated next-of-kin. The HALLFORDS did not conduct the cremations themselves, as their business did not possess a

cremation retort (which is the incineration chamber or oven used for the actual cremation). Instead, the HALLFORDS utilized third-party businesses to conduct cremations on behalf of Return to Nature Funeral Home customers.

11. When a customer selected a funeral burial, the HALLFORDS agreed to provide a burial of the deceased at a designated cemetery as well as supply the specific type of coffin purchased by the customer.

12. The HALLFORDS verbally promised and represented to customers that they would provide either the cremation or burial as set forth within the written terms of the Return to Nature Funeral Home contract.

13. The HALLFORDS charged a fee for their services which amount was set forth within the parties' contract. The costs of each contract varied based on the goods and services purchased by a customer but commonly ranged between \$900 and \$1,400 for cremations. Costs for burials were substantially higher than cremations in most cases. The HALLFORDS were paid by customers through various means including, cash, check, and credit card. Many of the customers paid Return to Nature Funeral Home with a credit card using the payment processing service "Square, Inc." (later known as "Block, Inc.") which operated within interstate commerce and was located outside of Colorado.

14. CARIE HALLFORD handled most of the banking, invoicing, contracting with customers, filing of required paperwork, bookkeeping and communications with customers. JON HALLFORD also interacted with the customers at times; he was also responsible for removing the bodies of the deceased, transporting the bodies of the deceased, and processing and preparing the bodies for burial or cremation. JON

HALLFORD processed and prepared the bodies of the deceased at the Werner location in Penrose, Colorado. Return to Nature Funeral Home employed various employees who assisted in its operations during various times throughout the scheme.

15. The HALLFORDS failed to provide the basic core service it promised to many of its customers – either a cremation or a burial. Nonetheless, the HALLFORDS continued to collect payment from such customers (also referred to as “victims”) for funeral services and goods despite not fulfilling their commitment to provide a cremation or burial. At times, the HALLFORDS collected payment for cremation or burial costs from an insurance company, government entity or third-parties connected to the deceased.

16. Beginning as early as September of 2019, and continuing through October of 2023, the HALLFORDS failed to cremate or bury approximately 190 bodies in connection with the scheme. As a result, the HALLFORDS collected in excess of \$130,000 from victims for cremation or burial services which they never provided.

17. The HALLFORDS attempted to conceal their fraudulent activity by allowing the 190 bodies to remain in various states of decay and decomposition within the Werner location in Penrose, Colorado. The HALLFORDS concealed the gruesome collection of bodies at their Werner location by preventing outsiders from entering their building, covering the windows and doors of the building to limit others from viewing inside, and providing false statements to others regarding the foul odor emanating from the building and the true nature of the activity occurring inside.

18. The HALLFORDS routinely prepared death certificates for the deceased and then filed, or caused to be filed, such certificates with the State of Colorado's Electronic Death Registry. On many of the death certificates for the 190 bodies found at the Werner location, CARIE HALLFORD, with the assistance of JON HALLFORD, falsely stated that the "method of disposition" was by either cremation or burial when in truth and in fact, the HALLFORDS knew that there was no disposition of certain bodies as they were left decomposing at the Werner location.

19. The HALLFORDS at times misrepresented to, and concealed from, the third-party businesses conducting cremations on behalf of Return to Nature Funeral Home the true identities of some of the bodies being submitted for cremation. As a result, the third-party businesses at times misidentified within their own records the identities of bodies which were cremated.

20. The HALLFORDS – in a number of instances – provided the decedent's family members, friends, or the designated next-of-kin with an urn filled with dry concrete mix instead of the actual cremains of the deceased.

21. The HALLFORDS on at least two occasions also arranged for and provided the wrong body for a cemetery burial resulting in the incorrect remains being buried in a gravesite plot while concealing this fact from the next-of-kin.

The Wires

22. On or about the following dates, in the State and District of Colorado, and elsewhere, the defendants JON M. HALLFORD and CARIE L. HALLFORD, aiding and abetting each other, and for the purpose of executing the scheme described in paragraphs 1 - 21 of the herein Indictment, did cause to be transmitted by means of wire

communication in interstate commerce, certain writings, signs, signals, pictures, as set forth below:

Count	Date	Description of Wire Communication
1	10-21-19	Credit card payment in the amount of \$566.88 from Victim-1 to Return to Nature Funeral Home in Colorado using Square Inc./Block Inc. which was located outside of Colorado
2	4-27-20	Credit card payment in the amount of \$935.71 from Victim-2 to Return to Nature Funeral Home in Colorado using Square Inc./Block Inc. which was located outside of Colorado
3	5-18-20	Credit card payment in the amount of \$1,916.71 from Victim-3 to Return to Nature Funeral Home in Colorado using Square Inc./Block Inc. which was located outside of Colorado
4	11-19-20	Credit card payment in the amount of \$1,104.71 from Victim-4 to Return to Nature Funeral Home in Colorado using Square Inc./Block Inc. which was located outside of Colorado
5	11-24-20	Credit card payment in the amount of \$1,345.71 from Victim-5 to Return to Nature Funeral Home in Colorado using Square Inc./Block Inc. which was located outside of Colorado
6	11-1-22	Credit card payment in the amount of \$1,339.69 from Victim-6 to Return to Nature Funeral Home in Colorado using Square Inc./Block Inc. which was located outside of Colorado
7	11-17-22	Credit card payment in the amount of \$1,439.84 from Victim-7 to Return to Nature Funeral Home in Colorado using Square Inc./Block Inc. which was located outside of Colorado
8	2-19-23	Credit card payment in the amount of \$1,365.69 from Victim-8 to Return to Nature Funeral Home in Colorado using Square Inc./Block Inc. which was located outside of Colorado
9	6-2-23	Credit card payment in the amount of \$1,483.58 from Victim-9 to Return to Nature Funeral Home in Colorado using Square Inc./Block Inc. which was located outside of Colorado
10	8-6-23	Credit card payment in the amount of \$1,365.69 from Victim-10 to Return to Nature Funeral Home in Colorado using Square Inc./Block Inc. which was located outside of Colorado

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

COUNT 11

Conspiracy to Commit Wire Fraud

23. The allegations contained in counts 1 through 10 of this Indictment are hereby re-alleged as if set out in full and incorporated herein by reference.

24. Beginning on or about September 15, 2019, and continuing through and including on or about October 5, 2023, in the State and District of Colorado, defendants JON HALLFORD and CARIE HALLFORD together and with each other, did knowingly agree to commit wire fraud, in violation of Title 18, United States Code, Section 1343.

25. The manner and means by which the conspiracy was carried out was through the scheme to defraud as alleged in Counts 1 through 10 of this Indictment.

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

COUNTS 12 - 14

Wire Fraud and Aiding and Abetting

General Allegations

26. The allegations contained in paragraphs 1 through 5 of this Indictment are hereby re-alleged as if set out in full and incorporated herein by reference.

27. The United States Small Business Administration (“SBA”) is an executive-branch agency of the United States government that provides support to entrepreneurs and small businesses.

28. On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, which provided emergency assistance to small business owners suffering adverse economic effects caused by the Coronavirus (“COVID-19”) pandemic. The CARES Act established several new temporary programs and expanded existing programs, including programs

created or administered by the SBA. One source of funding for small businesses was the Economic Injury Disaster Loan (“EIDL”) program. The CARES Act mandated that only businesses in operation on or before February 1, 2020, for EIDL, were eligible under the programs.

29. The EIDL program was an SBA program that provided low-interest financing to small businesses in regions affected by declared disasters. The CARES Act authorized the SBA to provide EIDLs to eligible small businesses experiencing substantial financial disruptions due to the COVID-19 pandemic.

30. Until April 2021, under the EIDL program, a small business could receive a loan from the SBA in an amount of up to six months of working capital with a maximum of \$150,000. In April 2021, the SBA increased the EIDL limit to allow small businesses to receive loans in the amount of up to 24 months of working capital with a maximum of \$500,000. Thereafter, in September 2021, the SBA increased the EIDL limit to \$2 million.

31. In order to obtain an EIDL, a qualifying business was required to submit an application to the SBA and provide information about its operations, such as the number of employees and the entity’s gross business revenues and cost of goods sold in the twelve months prior to January 31, 2020. The amount of the loan, if approved, was determined in part based on the information provided concerning the gross revenue and cost of goods sold. For loans greater than \$25,000, the SBA withheld a \$100 fee from the total EIDL amount for filing a UCC-1 lien on the borrower’s business assets. EIDL funds were issued directly by the SBA and were permitted to be used for payroll

expenses, sick leave, production costs, and business obligations, such as debts, rents, and mortgage payments.

**The Scheme to Defraud the United States
Small Business Administration**

32. Beginning on or about March 30, 2020, and continuing through and including on or about March 1, 2022, in the State and District of Colorado, defendants JON HALLFORD and CARIE HALLFORD together and with each other, devised and intended to devise a scheme to defraud and to obtain money and property from the SBA by means of materially false and fraudulent pretenses, representations and promises, and abetted and abetted the same.

As part of the scheme:

33. From on or about March 30, 2020, through on or about October 20, 2021, the HALLFORDS worked together to prepare and submit loan documentation to the SBA which contained materially false representations. As a result, the HALLFORDS received three separate funding payments from the SBA in connection with a loan totaling \$882,300 based on their fraudulent misrepresentations to the SBA.

34. The HALLFORDS made material misrepresentations to the SBA regarding their eligibility to qualify for such loan and grant funds on their initial EIDL loan application, original loan agreement, and amended loan agreements, to include:

- (a) falsely stating that the HALLFORDS were “not engaged in any illegal activity” when in truth and in fact, the HALLFORDS were jointly engaged in a separate, ongoing wire fraud scheme to defraud customers of their business, Return to Nature Funeral Home, in violation of 18 U.S.C. §§ 1343 and 2, and conspiracy to do the same in violation of 18 U.S.C. §

1349; and

- (b) falsely stating that neither of the HALLFORDS were “more than sixty (60) days delinquent on child support obligations” when in truth and in fact, the HALLFORDS each knew that JON HALLFORD was more than 60 days delinquent on his child support obligations as required by a district court within the State of Oklahoma.

35. The HALLFORDS caused the SBA to approve three requests for EIDL funds to Return to Nature Funeral Home and three grants totaling \$15,000. The SBA funded the HALLFORDS’ business loan as follows:

<u>Date</u>	<u>Amount</u>	<u>Loan Description</u>	<u>Total Principal Loan Balance</u>
5/19/20	\$ 150,000	original loan	\$ 150,000
5/24/21	\$ 350,000	loan modification #1	\$ 500,000
11/9/21	\$ 382,300	loan modification #2	\$ 882,300

The SBA loan funds, less the \$100 UCC-1 fee for the first EIDL loan, were deposited in the HALLFORDS’ ENT Credit Union bank account (account ending #5380) which they jointly controlled together on behalf of their business.

36. The HALLFORDS falsely certified on their original loan agreement and amended loan agreements that the SBA loan proceeds would be used solely as working capital to alleviate economic injury caused by the COVID-19 pandemic. They also agreed that as part of each of the loan agreements that, among other things, they would not distribute, advance, loan, or gift any of the loan proceeds to the company’s owners or employees or to any other company without SBA advance consent. The HALLFORDS also falsely certified on the security agreements for each loan that none of the loan funds

are or will be used primarily for personal, family, or household purposes. When accepting the loan funds, the HALLFORDS also acknowledged that misuse and misapplication of loan funds was not allowed for under the terms of each loan and could result in punishment under the law.

37. The HALLFORDS used the bulk of the loan proceeds for their personal benefit despite making the above certifications and acknowledgements. Specifically, following the HALLFORDS' receipt of \$350,000 in loan funds on May 24, 2021 (loan modification #1), and \$382,300 in loan funds on November 9, 2021 (loan modification #2), the HALLFORDS misused a substantial portion of the funds for personal purposes instead of using the funds for working capital to sustain their business. The HALLFORDS misapplied the SBA funds for their own use and personal benefit by spending the funds on such things as: a vehicle, multiple vacations, entertainment, dining, tuition for a minor child, cryptocurrency, cosmetic medical procedures, jewelry, various goods and merchandise from Amazon, and payments to other vendors unrelated to their business.

The Wires

38. On or about the following dates, in the State and District of Colorado, and elsewhere, the defendants JON M. HALLFORD and CARIE L. HALLFORD, aiding and abetting each other, and for the purpose of executing the scheme described in paragraphs 26 - 37 of the herein Indictment, did cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, signals, pictures, as set forth below:

Count	Date	Description of Wire Communication
12	5-19-20	Payment file for Economic Injury Disaster Loan of \$149,900 from SBA finance center in Colorado to U.S. Treasury disbursing office outside of Colorado caused by the HALLFORDS' submission of an EIDL application and connected loan documents.
13	5-24-21	Payment file for Economic Injury Disaster Loan of \$350,000 from SBA finance center in Colorado to U.S. Treasury disbursing office outside of Colorado caused by the HALLFORDS' request for an EIDL modification to increase the loan amount.
14	11-9-21	Payment file for Economic Injury Disaster Loan of \$382,300 from SBA finance center in Colorado to U.S. Treasury disbursing office outside of Colorado caused by the HALLFORDS' request for an EIDL modification to increase the loan amount.

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

COUNT 15

Conspiracy to Commit Wire Fraud

39. The allegations contained in Counts 12 through 14 of this Indictment are hereby re-alleged as if set out in full and incorporated herein by reference.

40. Beginning on or about March 30, 2020, and continuing through and including on or about March 1, 2022, in the State and District of Colorado, defendants JON HALLFORD and CARIE HALLFORD together and with each other, did knowingly agree to commit wire fraud, in violation of Title 18, United States Code, Section 1343.

41. The manner and means by which the conspiracy was carried out was through the scheme to defraud as alleged in Counts 12 through 14 of this Indictment.

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

FORFEITURE ALLEGATION

42. The allegations contained in Counts 1 through 15 of this Indictment are hereby re-alleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

43. Upon conviction of the violations alleged in Counts 1 through 15 of this Indictment involving violations of Title 18, United States Code, Sections 1343 and 2, and 1349, defendants, JON M. HALLFORD and CARIE L. HALLFORD, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c) any and all of the defendants' right, title, and interest in all property constitution and derived from any proceeds obtained directly and indirectly as a result of such violations, including, but not limited to: A money judgment in the amount of proceeds obtained by the scheme and by the defendants.

44. If any of the property described above, as a result of any act or omission of the defendants:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. 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 28, United States Code, Section 2461(c), to seek forfeiture of any other property of said defendants up to the value of the forfeitable property.

A TRUE BILL:

Ink Signature on File in Clerk's Office
FOREPERSON

COLE FINEGAN
United States Attorney

By: s/ Tim Neff
Tim Neff
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By: s/ Craig Fansler
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Attorney for Government

DEFENDANT: JON M. HALLFORD

YOB: 1979

COMPLAINT
FILED? ___ Yes ___X___ No

If Yes, MAGISTRATE CASE NUMBER: n/a

HAS DEFENDANT BEEN ARRESTED ON COMPLAINT? ___ Yes ___X___ No

OFFENSE(S): Counts 1-10: Wire Fraud and Aiding and Abetting. 18 U.S.C. §§ 1343 and 2.

Count 11: Conspiracy to Commit Wire Fraud. 18 U.S.C. § 1349.

Counts 12-14: Wire Fraud and Aiding and Abetting. 18 U.S.C. §§ 1343 and 2.

Count 15: Conspiracy to Commit Wire Fraud. 18 U.S.C. § 1349.

LOCATION OF
OFFENSE: El Paso and Fremont Counties, Colorado

PENALTY: NMT 20 years of imprisonment, NMT \$250,000 fine, or both; NMT 3 years of supervised release; \$100 special assessment fee.

AGENT: Andrew Cohen,
Special Agent, Federal Bureau of Investigation

Heather McCormick
Special Agent, OIG, U.S. Small Business Administration

AUTHORIZED
BY: Tim Neff and Craig Fansler
Assistant U.S. Attorneys

ESTIMATED TIME OF TRIAL:

___ five days or less; ___X___ over five days

THE GOVERNMENT

X will seek detention in this case based on 18 U.S.C. § 3142(f)(2).

The statutory presumption of detention is not applicable to this defendant.

DEFENDANT: CARIE L. HALLFORD

YOB: 1976

COMPLAINT
FILED? ___ Yes ___X___ No

If Yes, MAGISTRATE CASE NUMBER: n/a

HAS DEFENDANT BEEN ARRESTED ON COMPLAINT? ___ Yes ___X___ No

OFFENSE(S): Counts 1-10: Wire Fraud and Aiding and Abetting. 18 U.S.C. §§ 1343 and 2.

Count 11: Conspiracy to Commit Wire Fraud. 18 U.S.C. § 1349.

Counts 12-14: Wire Fraud and Aiding and Abetting. 18 U.S.C. §§ 1343 and 2.

Count 15: Conspiracy to Commit Wire Fraud. 18 U.S.C. § 1349.

LOCATION OF
OFFENSE:

El Paso and Fremont Counties, Colorado

PENALTY:

Counts 1 – 15: NMT 20 years of imprisonment, NMT \$250,000 fine, or both; NMT 3 years of supervised release; \$100 special assessment fee, restitution (each count)

AGENT:

Andrew Cohen,
Special Agent, Federal Bureau of Investigation

Heather McCormick
Special Agent, OIG, U.S. Small Business Administration

AUTHORIZED
BY:

Tim Neff and Craig Fansler
Assistant U.S. Attorneys

ESTIMATED TIME OF TRIAL:

___ five days or less; ___X___ over five days

THE GOVERNMENT

X will seek detention in this case based on 18 U.S.C. § 3142(f)(2).

The statutory presumption of detention is not applicable to this defendant.