

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF WISCONSIN

UNITED STATES OF AMERICA

v.

CRIMINAL COMPLAINT

JILL MCBRAYER, d.o.b. 09/13/1952

CASE NUMBER:

a.k.a. Jill Toler,

05-M-459

CHARLES YELLEN,
JOSEPH LALOTA, JR.

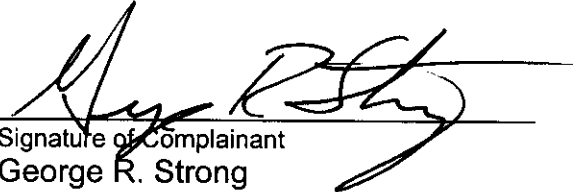
LAWRENCE REESE,
SIMUEL BURRELL, and
JOSEPH SCORSONE

I, George R. Strong, the undersigned complainant, being duly sworn, state the following is true and correct to the best of my knowledge and belief. On or about from January, 2001 through November, 2003, in Milwaukee County, in the State and Eastern District of Wisconsin, and elsewhere, **Jill McBrayer, Charles Yellen, Joseph Lalota, Jr., Lawrence Reese, Simuel Burrell and Joseph Scorsone**, the defendants, did commit mail fraud in violation of Title 18, United States Code, Sections 1341 and 2.

I further state that I am a Special Agent with the Federal Bureau of Investigation, and this complaint is based on the following facts:

Please see the attached affidavit.

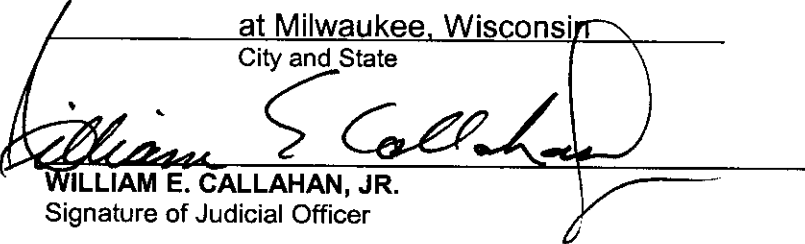
Continued on the attached sheet and made a part hereof: Yes No


Signature of Complainant
George R. Strong

Sworn to before me and subscribed in my presence,

August 11, 2005
Date

The Honorable William E. Callahan, Jr.
United States Magistrate Judge
Name & Title of Judicial Officer

at Milwaukee, Wisconsin
City and State

WILLIAM E. CALLAHAN, JR.
Signature of Judicial Officer

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT

I, George R. Strong, being duly sworn, hereby states the following:

1. I am a Special Agent assigned to the Milwaukee Field Office of the Federal Bureau of Investigation (FBI). I have a Bachelor of Business Administration Degree in Accounting. I have been employed as a Special Agent for the FBI since 1990. My present responsibilities and duties include, in part, the investigation of white collar crime. This includes, but is not limited to, the investigation of mail fraud. During my tenure with the FBI, I have participated in numerous investigations involving mail fraud.
2. In December of 2003, I received information from the Port Washington Police Department regarding Jill McBrayer, also known as Jill Toler. I was told that defendant McBrayer, who had been employed by Allen-Edmonds Shoe Corporation (hereinafter "Allen-Edmonds"), embezzled money from the corporation. Allen-Edmonds, a Wisconsin based corporation, is a manufacturer of high-end shoes. They distribute and sell their shoes nationally and internationally. As a result of this information, Federal Bureau of Investigation, Milwaukee initiated an investigation.
3. I interviewed Jay Schauer, Treasurer/Controller of Allen-Edmonds. He stated that Jill McBrayer had been employed by Allen-Edmonds as a Credit Manager for approximately 15 years. He indicated that the company became suspicious of her when defendant McBrayer quit in November of 2003, immediately

preceding a time where typically year-end bonuses are awarded. Mr. Schauer stated that Allen-Edmonds hired an accounting firm to review their records. The accounting firm prepared a detailed financial analysis that indicated Jill McBrayer caused a \$1,244,472.00 loss to Allen-Edmonds as a result of separate schemes to defraud.

4. I interviewed Jill McBrayer on or about January 30, February 2 and 12, 2004 regarding the loss suffered by Allen-Edmonds. According to company records, during defendant McBrayer's tenure Principal Credit Corporation (hereinafter "PCC") was hired to collect on unpaid debts. PCC is located in the New York City area. Defendant McBrayer was questioned regarding Allen-Edmonds' financial activity with PCC. Defendant McBrayer stated that during their business relationship she and the owners of PCC, Charles Yellen and Joseph Lalota, Jr., agreed that defendant McBrayer would refer for collection accounts that had already been paid, and, in turn, defendant Lalota and defendant Yellen would kickback to her a percentage of the collection fee. Defendants Yellen and Lalota had at some point traveled to Wisconsin to personally discuss the kickback scheme with her.
5. Defendant McBrayer further stated, and an analysis by the accounting firm of Allen Edmonds' records revealed, that from approximately January 21, 2001 through February 26, 2003, defendant McBrayer referred accounts to PCC that had already been paid. According to defendant McBrayer, she primarily

referred international accounts because the commission received by the collection firm was higher for international collections. After receiving the account that ostensibly required collection, defendants Yellen and Lalota submitted an invoice to Allen-Edmonds requesting payment for the collection services. A review of Allen-Edmonds' records further revealed that shortly after receiving each billing invoice from PCC, Allen-Edmonds mailed a check for its fee to PCC. Consistent with Allen-Edmonds' regular course of business, these checks were sent from Allen-Edmonds to PCC through the United States Mail.

6. The following amounts and dates reflect a partial listing of payments from Allen-Edmonds to PCC for fraudulent collection payments: November 28, 2001 for \$6,746.95; April 25, 2001 for \$5,312.76; January 15, 2003 for \$7,542.47. A review of Allen-Edmonds' records and defendant McBrayer's personal bank account records revealed that generally after Allen-Edmonds mailed these checks to PCC, in turn, PCC mailed company checks or money orders addressed to defendant McBrayer.
7. I subpoenaed the personal account information for defendant McBrayer, a/k/a Jill Toler. A review of the records also revealed that approximately six checks/money orders were made payable to Jill Toler from PCC and deposited into her personal account.

8. Defendant Yellen and Lalota received approximately \$505,984 in commissions from Allen-Edmonds to which they were not entitled. In exchange, defendant McBrayer, received approximately \$47,069.42 from PCC.
9. Defendant McBrayer, also stated she created false accounting entries that benefitted various shoe dealers in exchange for kickbacks. Generally Allen-Edmonds received payments through the United States mail in its lock box located at its bank. After receiving payments from various shoe dealers, the investigation revealed, and the accounting firm's analysis confirmed, that defendant McBrayer misapplied a portion of payments received from large shoe dealers to benefit other shoe dealers. As defendant McBrayer admitted, the shoe dealers who benefitted from the arrangement, in turn, mailed kickback checks to defendant McBrayer through the United States mails or other interstate commercial carriers.
10. Defendant McBrayer stated that she misapplied money received from large shoe dealers to benefit the following individuals: defendant Lawrence Reese, d/b/a Van's Shoes and Oakwood and Green, a Milwaukee Shoe dealer; and defendant Simuel Burrell, d/b/a Burrell's Professional Shoe Service, a shoe dealer in Orlando, Florida; and defendant Joseph Scorsone d/b/a Joseph's Shoes, a shoe dealer in Philadelphia, Pennsylvania.
11. A further review of the records of Allen-Edmonds revealed that defendant Reese's account receivable balance was fraudulently lowered by approximately

\$181,916.33. During the February 2, 2004 interview, defendant McBrayer stated that in return for applying a fraudulent credit to defendant Reese's account, defendant Reese mailed kickback checks to her made payable to her daughter for fictitious work. Defendant McBrayer stated that her daughter did not work at Van's Shoes for defendant Reese. The checks payable to her daughter were deposited into defendant McBrayer's accounts. Defendant Reese mailed them to defendant McBrayer for her assistance in lowering his receivable balance at Allen-Edmonds. In exchange for lowering defendant Reese's receivable balance, defendant McBrayer received approximately \$6,549.95, as her bank records reflect.

12. During the course of my review of defendant McBrayer's personal bank accounts, I received copies of checks made payable to Melissa Toler, McBrayer's daughter, which had been deposited in defendant McBrayer's personal bank account. I interviewed Melissa Toler and presented her with the checks that I had received from the bank addressed to her, and deposited in her mother's account. Melissa Toler stated that she did not consider herself an employee of defendant Reese. Melissa Toler did not recognize any of the checks; however, she did recognize the handwriting of the endorsement on the back of the checks as that of her mother.
13. According to defendant McBrayer's statement, as well as the checks I received during the investigation, on or about the following dates, defendant McBrayer

received, in part, from defendant Reese through the United States mail the following checks in the corresponding amounts: August 10, 2001 - \$300; September 24, 2003 - \$250; October 28, 2003 - \$250; and November 10, 2003 - \$250. Each check was deposited by defendant McBrayer into her checking account and they were signed by defendant Reese.

14. Defendant McBrayer stated that she misapplied money from large deposits to defendant Burrell and in return, defendant Burrell mailed her "small payments". A review of Allen-Edmonds records by the accounting firm revealed that defendant Burrell's accounts receivable balance was lowered by approximately \$248,630.12 as a result of defendant McBrayer's false accounting entries. In return, and confirmed through a review of records of her bank accounts, defendant McBrayer received approximately \$4,150 from defendant Burrell.
15. According to records of her bank accounts, defendant McBrayer, in part, deposited checks and money orders in corresponding amounts signed by defendant Burrell: December 18, 2002 - \$400.00; April 14, 2003 - \$500.00; August 2, 2003 - \$500.00; November 3, 2003 - \$500.00. Defendant McBrayer admitted receiving these and other checks and money orders through the United States Mail, and stated that she deposited all of the above into her personal bank account.
16. When interviewed on January 30 and February 2, 2004 regarding defendant Scorsone, defendant McBrayer indicated that she also misapplied portions of

payments from large dealers to the benefit of defendant Scorsone's account.

According to defendant McBrayer, defendant Scorsone had suggested this as a way she could "help him out." She specifically stated that in exchange for this assistance, defendant McBrayer received "small payments from Joseph Scorsone" through the United States Mail or other commercial interstate carriers. Allen-Edmonds records reflect that the total benefit received by defendant Scorsone for this fraudulent kickback scheme is approximately \$158,201.28. A review of defendant McBrayer's bank records shows that she received, in part, from defendant Scorsone the following checks on or about the following dates in the following amounts: December 20, 2000 - \$300.00; June 15, 2001 - \$500.00; December 23, 2002 - \$400.00; October 3, 2003 - \$400.00.

17. Based upon my training and experience I believe that there is probable cause to believe that defendants Jill McBrayer, a/k/a Jill Toler, Charles Yellen, Joseph Lalota, Jr, Lawrence Reese, Simuel Burrell and Joseph Scorsone, committed mail fraud in violation of Title 18, United States Code Sections 1341 and 2.