

2000- Gov. Gray Davis vetoed a \$100,000 study of potential regulation of conservators. The provision was all that remained of an ambitious proposal for licensing and regulation.

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2004- Gov. Arnold Schwarzenegger signed a bill directing the state Judicial Council to develop educational requirements for professional conservators effective Jan. 1.

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Sources: Times reporting

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About this series

Caring for the aged and infirm was once a family affair. Now, it is a business. In documenting this change, reporters Robin Fields, Evelyn Larrubia and Jack Leonard and researcher Maloy Moore examined records of more than 2,400 cases handled by California's professional conservators since 1997. They also conducted hundreds of interviews — with probate lawyers, judges and independent experts as well as people under conservatorship and their loved ones.

Tuesday: One conservator's troubled career.

Wednesday: L.A.'s public guardian — a canceled promise.

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On the Web

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GUARDIANS FOR PROFIT

Missing Money, Unpaid Bills and Forgotten Clients

Anne L. Chavis, a churchgoing nurse, had sweeping power over wards' lives. It took years for the VA and others to rein her in.

By Evelyn Larrubia, Jack Leonard and Robin Fields
Times Staff Writers

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At the end of the month, her money dwindling, Carolyn Osterhout would survive on



peanut butter sandwiches.

She had trouble paying for both the Prozac she took for depression and the prescription spray she needed for her asthma. For a time, she went without either.

The widow of an Air Force veteran, Osterhout was not penniless. She had money in the bank and received veterans benefits of more than \$1,000 a month.

The source of her troubles was Anne L. Chavis, the court-appointed guardian who controlled her money and was supposed to look after her.

Chavis was late paying the rent on Osterhout's apartment in Colton. She was late sending a monthly living allowance. She was late paying for her medical insurance, which at one point was canceled.

"I just felt like I wanted to lay down and go to sleep and die," recalled Osterhout, 62.

For more than a decade, the Department of Veterans Affairs and California's probate courts entrusted Chavis with dozens of vulnerable adults, most of them disabled veterans and their survivors.

She exploited and neglected many of them with seeming impunity — conduct that highlights the flaws in a broken system.

While supposedly under the supervision of the VA and the courts, Chavis often failed to pay her clients' bills and refused to tell them what she was doing with their money, interviews and records show.

She arranged to buy the home of one elderly client at a discount — while pretending that someone else was the real purchaser.

She helped a business associate inherit the estate of another client — a senile, nearly blind World War II veteran.

She once paid a lawyer with money she took from the bank account of an 80-year-old widow.

When VA officials and the courts finally demanded answers after years of inaction, they discovered that Chavis had failed to account for more than \$1 million of her clients' money.

Courts have ordered her to come up with the funds.

To date, she has not paid a cent.

Chavis, 72, denied any wrongdoing and said she did her best for her clients. "When I

started doing conservatorships, I wasn't that smart," she said in an interview. "There were probably a lot of things that I overlooked or didn't do."

She said she lost track of her wards' finances after her bookkeeper died in 2002 and her longtime lawyer, who helped her run her practice, lost his license a year later. Nevertheless, Chavis said, "I don't want to blame nobody for something I should have been on top of myself."

Chavis said she loved her clients, many of whom suffered from mental illnesses. She visited them regularly, she said, and always returned calls that seemed important.

"Gee whiz, I think I've done a good job with the type of clients that I had and the amount that I had," she said. "It's really crazy, but I really care about those guys."

She vowed to account for all of their money.

"I'm going to pay it," she said. "The Bible says you have to pay what you owe. And, if I owe it ... I'll sell my house."

A New Career

Chavis has a smooth, round face and kind brown eyes. A devout Baptist, she often closes conversations with a pat of her hand and a warm "God bless you."

Born in North Carolina, she moved to Los Angeles in the 1950s and raised seven children while juggling different jobs. She worked as a nurse's aide at what is now County-USC Medical Center and later became a licensed vocational nurse.

She took a second job at the California Department of Transportation, wearing a hard hat on road crews before moving to a desk job. After a day at Caltrans, she often pulled a night shift as a nurse.

Moonlighting at a Pico Boulevard nursing home in 1984, she filled in patients' charts with work she had not done. Investigators said she wrote fake blood sugar readings for eight diabetics and recorded insulin doses that she never administered to five of them.

She then put on a patient gown and slippers and curled up to sleep in a hospital bed, according to a complaint by state regulators. A state nursing board placed her on probation for two years.

In 1988, Chavis filed for bankruptcy protection. Her car had been repossessed, she owed \$7,100 on her credit cards and a mortgage lender was about to foreclose on her home.

Despite these difficulties, she helped found Victory Institutional Baptist Church in Hawthorne. After Sunday services, she served refreshments from the back of her Jeep Cherokee.

"They called it Cafe Chavis," recalled Pastor Richard Williams, who has known her for 30 years. "This church wouldn't be here without her."

Williams said the complaints from Chavis' clients did not square with the woman he knows. "I don't buy it," he said. "If I needed a conservator, despite what you've told me, I'd trust her with my assets."

As she was helping found the church, Chavis moved into another line of work. She turned her three-bedroom home in the West Adams district into a boarding house for veterans.

State inspectors who visited in 1990 reported finding soiled rooms with torn, dirty linens. But Chavis made a favorable impression on a VA employee who dropped in to check on a boarder. He suggested that she become a conservator.

"What is that?" Chavis remembered asking. "What do you do?"

No Background Check

The VA was — and is — constantly looking for caretakers for veterans too sick to care for themselves.

For some, the VA appoints fiduciaries, who collect veterans' benefits and pay their bills. For those with considerable savings or large benefit checks, the government wants an added layer of protection and seeks a conservator.

Conservators are appointed and supervised by probate courts and draw their fees from their clients' assets. They are required to file detailed accountings at least every two years, showing what they are doing with their wards' money.

John Paxson, head of the VA's fiduciary unit in 1990, said a subordinate recommended Chavis as someone who could be trusted.

"She was presented as a very religious person and a retired nurse who really, really cared for veterans," he recalled.

Had VA officials conducted a background investigation, they might have learned about Chavis' bankruptcy and the disciplinary action by the nursing board. They did not.

Instead, with Paxson's approval, they made her fiduciary for three veterans during a trial period, then sent her more cases. Paxson soon left the fiduciary unit for other assignments and did not encounter Chavis again for years.

Chavis, meanwhile, got additional referrals from outside the VA and began securing court appointments as a conservator.

One of her first clients was an 89-year-old woman living in a nursing home. Her most valuable asset was her house. It was vacant when Chavis took charge of her affairs. It did not stay that way for long.

An Untruthful 'No'

Helen Smith moved to Los Angeles from Kentucky as a young woman. She and her late husband, Luddie, worked laundry and construction jobs to buy a modest white bungalow on Denver Avenue in South Los Angeles.

By 1993, Smith was in the Marlinda nursing home in Lynwood, suffering from dementia, with no one to manage her affairs.

Chavis said she learned about Smith while chatting with an elder-care investigator in a supermarket checkout line. In August 1993, she filed a petition with Los Angeles Probate Court to become Smith's conservator.

She was required to obtain a surety bond. The application asked whether she had ever filed for bankruptcy.

Had Chavis answered truthfully, her career might have ended right there. Instead, she marked "no."

Chavis allowed her son, Orlando Johnson, then 29, to live in Smith's house rent-free. She paid the utility bills from Smith's bank account.

In the summer of 1994, Chavis sought a restraining order against her son, whom she described as a paroled murderer and drug user. In court papers, she said he had threatened her.

She also said he was stealing Smith's belongings.

That fall, Chavis asked the Probate Court for permission to sell the house to pay Smith's nursing home bills.

She said she had found a buyer willing to pay \$85,500. That was \$9,500 less than a court-appointed appraiser had said the house was worth.

Another unusual feature of the sale was that Smith was lending the buyer 20% of the purchase price.

Also surprising was the identity of the buyer. Chavis swore in court papers that it was her lawyer, C. Brian Smith.

In fact, it was Chavis herself.

In an interview, she acknowledged that her lawyer agreed to serve as a straw purchaser because she could not obtain a mortgage. Chavis said that she, not Brian Smith, made the mortgage payments.

"I couldn't qualify for it," she said. "My debt ratio was too high."

Brian Smith declined to comment.

In explaining the bargain price, Chavis said no buyers had come forward, though the house had been listed for months.

Neighbors, however, said they saw no for-sale sign, no visits by prospective buyers or any other evidence that the property had been on the market.

Chavis gave the court a document consenting to the sale, purportedly signed by Vatie L. Rogers, identified as Helen Smith's cousin and heir. Chavis provided Rogers' address in South Los Angeles.

Contacted by The Times, Rogers, 73, said she did not know Chavis or Helen Smith and knew nothing about the Denver Avenue house.

Shown a copy of the consent form, she said: "That's not my handwriting, and I never signed that paper."

Rogers, a retired nurse, was puzzled as to how her name had turned up in connection with the sale. Then she remembered having signed up for a Red Cross first-aid class at a Baptist church.

The instructor was Anne Chavis.

'It Was Miserable'

Gregory Maynus was a Marine at Camp Pendleton in the late 1970s when he began hearing voices.

Diagnosed with schizophrenia, he was living on a disability pension in San Bernardino in 1996 when Chavis knocked on his door and said the VA wanted her to become his conservator.

"We talked about Jesus Christ," he recalled. "We did pray together."

Chavis moved Maynus from his apartment to a run-down two-story boarding house on West 37th Street in South Los Angeles. It was called At My Home.

Verlene Cameron, who runs the facility with her mother, said in an interview that Chavis

helped her set it up and taught her to recruit disabled veterans.

Chavis also served as administrator of the home during a period when Cameron lacked the necessary credentials.

Maynus' room cost him \$1,300 a month, three times what he had been paying in San Bernardino.

He complained that Chavis neglected his needs and begrudged him his own money, providing a living allowance of just \$10 a day.

Having lost his spleen to cancer, he needed regular checkups at the VA hospital in Loma Linda. In a sworn court declaration, he said he missed several appointments with his oncologist because Chavis wouldn't give him bus fare.

Maynus also wanted to see his seven children, who were in San Bernardino, 60 miles away. Chavis refused to let him move back or buy a car so he could visit them, he said.

"It was miserable," said Maynus, 46. "I felt ashamed. I felt like I wasn't a parent, like I wasn't a dad."

In January 1997, he found an apartment in Loma Linda with help from his mother and daughter. Maynus said Chavis would not give him \$20 to pay for a credit check, and he lost the apartment.

Two months later, he arranged to move into the home of a Rialto minister, a man he described as "my second father." Chavis thwarted him again, Maynus said, refusing to provide \$150 to move his belongings.

In August 1997, Maynus' mother died. He went to Loma Linda for the funeral and told Chavis he was not going back to At My Home. She finally relented and allowed him to rent an apartment, he said.

Maynus hired a lawyer and asked the Probate Court to remove Chavis as his conservator. In early 1998, she agreed to step aside, and in return Maynus dropped his demand for an accounting of his money.

Chavis denied mistreating Maynus and said many of his complaints stemmed from drug use. She said he had been evicted from his San Bernardino apartment and that At My Home was the only place that would take him.

"I didn't bring him to Los Angeles because I wanted to," Chavis said. "I had nowhere else to put him."

Maynus said he has used drugs but not while he was at the boarding house.

Around the time Maynus left, other Chavis clients sought to break free of her control, complaining that she ignored their calls and was mishandling their money. In many of her cases, she failed to file required financial reports with the VA or the court. Of those she did file, most did not account for all the money she had received.

But the VA continued to send her clients, and the courts kept approving new conservatorships.

By 2001, she was conservator for 27 people, nearly all of them veterans. She was overseeing the government benefits of two dozen other veterans as a fiduciary. In all, she was managing at least \$1.4 million in assets and \$800,000 a year in benefits.

Dubious Inheritance

Louis P. Williams, a Navy veteran and former longshoreman, was 79 and nearly blind. His dementia was so advanced that a judge had stripped him of the right to vote. His kidneys were failing.

He was living at the Hayworth Terrace boarding home for the elderly in the Fairfax district when Chavis became his conservator in 1999.

She placed him in the care of Verlene Cameron, the operator of At My Home. Court records show that Chavis paid the boarding house as much as \$2,600 a month in rent from Williams' bank account.

Cameron said Williams was actually living in her private home on Mullen Avenue in Mid-City.

Williams liked to go on drives to the beach and watch the Rams on television, she said. He went to a clinic several times a week for kidney dialysis.

In September 2000, Cameron composed a will for Williams on her computer.

"I MR. WILLIAM WOULD LIKE TO MAKE VERLENE CAMERON MY BENEFACARY OF MY MONEY; SHE IS TO MAKE ALL DECISION PLANNING MY BURIAL, THANK YOU," it said.

Cameron said that Williams told her he wanted to leave his estate to her and that Chavis suggested she draft a will and have him sign it.

"I asked him, 'Are you sure you don't want anything else to be done with this money? Are you sure you don't have kids out there?'" said Cameron, 40. She said she "kind of felt uncomfortable" until she learned that Williams had no surviving children.

"I know that he loved me like a daughter," Cameron said. "This is a man who for five years I got him up, dressed him, laughed with him, watched football with him."

Chavis sent her bookkeeper to notarize the one-page document, according to both women.

The will bears two scrawled signatures. One appears to be Williams' full name, the other his last name.

The document is dated Sept. 21, 2000, but was notarized on Sept. 20, 2000.

Chavis said she spoke to Williams before he signed the will and was satisfied that it reflected his wishes. "He said, 'She takes good care of me,'" Chavis recalled.

Chavis did not consult Williams' relatives about the will. They learned about it when a Times reporter called, seeking comment.

"That's some fraud," said Idell Alexander of South Los Angeles, Williams' cousin. "Louis was very sick. There's no telling what they had him sign."

After Williams died in January 2002, Cameron filed the will in Probate Court, represented by Chavis' lawyer, C. Brian Smith. Cameron was appointed administrator of Williams' estate.

Chavis submitted a final accounting of Williams' assets and, with court approval, paid herself and her lawyer, Smith, \$12,500 in fees.

Chavis was required to turn over the rest of Williams' estate to Cameron. After nearly two years, Chavis still had not made full payment.

In the end, she kept more than \$15,000, a court-appointed lawyer found.

Cameron decided not to pursue that money and asked the court to award her what was left of the estate: \$61,593.

Superior Court Judge Aviva Bobb, newly arrived in Probate Court, approved the distribution in February, rejecting complaints from Alexander and the VA that the will looked phony.

Last month, after The Times submitted questions to her about the case, Bobb stayed her ruling and said she would hold a hearing to determine whether Cameron should be allowed to inherit the money.

'A Real Good Front'

Chavis might still be accepting new clients if not for a burly Vietnam veteran and his well-connected lawyer.

Patrick Murphy was 18 when his Marine unit came under fire in Quang Nam province in

1968. A grenade explosion shredded his legs. Today, he gets around on crutches and a motorized scooter. The shrapnel in his body sets off airport metal detectors.

Murphy was at the VA hospital in Loma Linda, suffering from post-traumatic stress disorder, when Chavis became his conservator in July 1999.

"She put on a real good front," Murphy, now 55, said in an interview. "She can look you in the face and you can think this woman is really out to do the best for you."

Murphy said Chavis was late paying his bills and rarely came to see him. When he asked her to account for his money, she stopped returning his calls, he said.

"I'd be in turmoil," Murphy said. "You feel like this piece of garbage and anyone can walk all over you."

He vented his frustration during group therapy at the VA hospital, complaining about "his conservator ignoring his needs, that she never responds to his call," according to a therapist's summary.

In 2000, he got married and asked the VA and the Social Security Administration to stop sending his monthly checks to Chavis. He wanted his wife, Guadalupe, to collect the money.

In response, Chavis wrote federal officials that Guadalupe was unfit to manage Murphy's finances and had bounced a \$6,017 check at a car dealership where the couple bought a used minivan.

The VA took Chavis at her word and refused to send Murphy's checks to his wife.

In June 2001, Murphy's court-appointed lawyer, E. Joan Nelms, petitioned the court to end the conservatorship. She said Chavis' story about the bounced check was a "blatant falsehood" and produced a letter from the car dealership that said Murphy and his wife had done nothing wrong.

The dealership did have complaints — about Chavis. She failed to make installment payments on the minivan, as she had promised, the dealer's finance director wrote.

Judge Michael A. Smith ended her conservatorship over Murphy, calling her conduct "unwarranted and unprofessional."

Smith ordered Chavis to file a full accounting of Murphy's money. Months passed and she failed to do so. Nelms had taken a new job, so the judge appointed another lawyer for Murphy.

Roy H. Nierman, a Navy veteran, was a member of the Republican National Committee, and he had dealt with Chavis before. He couldn't believe the VA and Southern

California's probate courts were still putting disabled veterans in her hands.

The Bureaucracy Stirs

Two years earlier, Nierman had been involved in a legal battle with Chavis over who would serve as conservator for Michael Dolan, a veteran suffering from schizophrenia. Dolan's mother wanted to manage his affairs. So did Chavis, his VA-appointed fiduciary.

Nierman, representing the mother, discovered that Chavis had collected \$21,000 of Dolan's money but had not paid his bills. He complained to U.S. Rep. Jerry Lewis (R-Redlands), a former chairman of the House subcommittee overseeing the VA. The dispute was resolved without Lewis' involvement: Dolan's mother became his conservator, and Chavis returned his money.

In 2002, now representing Murphy, Nierman sent the congressman another letter. "It appears the problem with Anne L. Chavis has not disappeared," he wrote. "Anne Chavis is again refusing to account for the funds she has expended on behalf of a VA recipient."

Nierman expressed dismay that the VA "continues to appoint her as [fiduciary] for veterans in the Inland Empire area."

A Lewis aide called the VA in Los Angeles, and at last the bureaucracy began to stir. An investigation found that Chavis had failed to submit accountings for many of her clients, and the L.A. regional office had let her slide.

John Paxson was brought in to clean up the mess. He was the VA official who, back in 1990, had approved Chavis' first cases. A slim man with a mop of graying hair, Paxson, 57, had earned two Purple Hearts and two Bronze Stars in Vietnam.

He called Chavis and demanded to know why accountings for more than 50 of her VA clients had not been filed. Chavis said her bookkeeper had died recently, but she would quickly pull the paperwork together, Paxson recalled.

He gave her a deadline, then extended it twice when she pleaded for leniency, citing health problems.

"I even let her stall me," Paxson said in an interview. "It was misplaced compassion."

The promised reports never materialized. Fed up, he barred Chavis from receiving VA benefits on behalf of any veterans beginning in October 2002.

Chavis was also behind in filing financial reports with the probate courts in her conservatorship cases. VA officials reasoned that judges might succeed where they had failed. They asked the Los Angeles court to order her to produce reports in eight cases. A hearing was set for Jan. 24, 2003.

Chavis did not show up. Alan Achen, a VA lawyer, accused her of dodging the agency's process servers.

A judge postponed the hearing until March. By then, the VA had decided to give Chavis yet another chance. Chavis' lawyer, C. Brian Smith, told the court that she would file all the overdue accountings in 45 days.

"Is there a point to ordering Ms. Chavis back?" the judge asked.

"I don't think so, your honor," Achen replied. "I think she's got the message."

The next day, Smith's license was suspended. The state bar said he had stolen \$274,000 from clients in cases unrelated to Chavis. He was later charged with grand theft, forgery and perjury and has pleaded not guilty.

The 45-day deadline came and went with no reports from Chavis.

She hired a new attorney, Billy Hall Hairston, and wrote him a \$1,750 check. It was drawn on the bank account of one of Chavis' wards, 80-year-old Rheajean Redmon.

Redmon, widow of a soldier killed in the Korean War, suffered from dementia and lived in a nursing home in Joshua Tree.

"I'm just flabbergasted," said her daughter, Penny Waite. "I'm astounded that she has the audacity to use my mother's funds to pay her bills."

Pulling the Files

By February 2004, the VA had finally had enough. Three agency officials appeared at the Hill Street civil courthouse in downtown Los Angeles and asked to speak privately with Thomas W. Stoeber, then the supervising probate judge.

The three were ushered into the judge's second-floor chambers. They said they had grave concerns about Chavis' cases and what was happening to her clients' money.

"After they left," said Sandra Riley, the court's supervising probate attorney, "we started pulling the files."

Court officials discovered that Chavis had not filed financial accountings, inventories of clients' assets or other records in 27 cases. This was a serious breach. Conservators are required by law to keep the courts informed of their activities; the courts are supposed to make sure they do.

"I honestly can't tell you why this happened," Riley said. "I wish I [could] because we would do something about it."

In March 2004, Stoever summoned Chavis to a hearing. Her case files were piled on a metal cart and wheeled into Department 11, his wood-paneled courtroom.

Scanning the room, Stoever saw several of his staff members and representatives of the VA. He did not see Chavis.

"Alrighty, bench warrant issued for Anne Chavis," Stoever said.

Chavis appeared two days later. Stoever ordered her to file the accountings by May and attend another hearing in June.

"We're going to do what we can to put a full rein on the conservator's actions in this and other cases," Stoever said.

Chavis missed the May deadline.

She was busy, but not with her clients' finances. She transferred to her daughter, DeLisa Easter, the Denver Avenue home she had secretly bought from Helen Smith back in 1994. A month later, Easter sold the house for \$260,000, three times what Chavis had paid.

Chavis did not show up for the June hearing. Again, Stoever issued a warrant for her arrest.

Five weeks later, she appeared unexpectedly in Department 11 with a letter for the judge. He refused to accept it and ordered his bailiff to arrest her.

She spent the day in a cell at the sheriff's Inmate Reception Center before posting \$10,000 bail.

At a hearing on Sept. 28, 2004, Stoever asked her to explain her behavior.

"I had a stroke and another stroke. A lot of stuff was going on with me as far as my diabetes," Chavis said in a barely audible voice.

"I just got overwhelmed."

Stoever ended her career as a conservator that day. He called case after case and ordered her removed in each one. It took more than an hour.

Under order to repay more than \$1 million, Chavis has filed reports accounting for some of the VA benefits and other income she collected on her clients' behalf. But nearly \$750,000 remains unaccounted for.

Bonding companies that insured her clients' money have paid less than \$90,000, settling cases for a fraction of the missing money.

To recover some of their losses, the companies are searching for Chavis' bank accounts and other assets. Gary Wayne Burger, a lawyer for two of the firms, said the insurers had determined that they could not lay claim to the real estate she transferred out of her name.

Carolyn Osterhout is among the former wards still scarred by their experience with Chavis.

With help from a friend, she managed to get free of Chavis' control after seven years under conservatorship. But her lawyer's review of financial records found that \$31,706 of Osterhout's money was missing.

In 2003, a judge ruled that Chavis had "misappropriated" the money and ordered her to repay it. She has yet to pay a penny.

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Times researcher Maloy Moore contributed to this report.

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(BEGIN TEXT OF INFOBOX)

Planning ahead

To avoid a conservatorship, or to ensure that someone you trust is put in charge of your affairs, attorneys recommend one or more of the following steps.

*A **durable power of attorney** designates someone to manage your finances. It does not have to be drafted by an attorney, but it must be notarized if real estate is involved. If you don't plan on using an attorney, ask for a "statutory" form at stationery stores or look for it on the Internet.*

*An **advance healthcare** directive authorizes a friend or loved one to make medical decisions for you. A kit for creating one can be ordered online through the California Medical Assn. at <http://www.cmanet.org>.*

*An **advance nomination** designates someone to serve as your conservator if a court deems one necessary.*

*A **revocable trust**, also known as a*

living trust, designates an individual to manage your assets outside court jurisdiction while you are alive and after you die, thereby avoiding the cost of probate. Trust documents must be filed with your bank and other financial institutions.

Be sure to inform the people whom you have designated to make decisions for you. Give