

MEDIA RELEASE  
February 4, 2000

## MORE FLORIDA VIATICAL DEALERS INDICTED

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*Grand jury indictments are latest in continuing probe*

TALLAHASSEE -- As part of Florida Treasurer Bill Nelson and Statewide Prosecutor Melanie Ann Hines' probe of the life insurance resale industry, five individuals and one viatical business have been indicted for their alleged participation in separate multi-million dollar fraud schemes.

The suspects today were charged collectively with 240 counts of grand theft, organized fraud and dealing in stolen property in the purchase and resale of about \$9 million worth of life insurance policies fraudulently obtained from 53 insurance companies.

Based near Jacksonville, Orlando and Fort Lauderdale, the suspects helped market to investors life policies that had been obtained by hiding an insured's terminal illness, according to statewide grand jury indictments and state insurance fraud investigators.

Future First Financial Group Inc., a Ponte Vedra Beach-based viatical settlement provider, and Future First's vice president, William F. Sweeney, 51, each were charged in one indictment with 81 counts of grand theft and one count of organized fraud in connection with the marketing of fraudulently obtained policies valued at \$6.9 million.

Wanda Tappan, 56, the president of Life Benefit Services Inc., a Winter Park viatical settlement broker; Bruna Coveleski, 54, the company's vice president; Stan Coveleski, 55, the company's chief financial officer; and, Joel Seidman, 44, a client representative from Fort Lauderdale, each were charged in a second indictment with one count of organized fraud, and a total of 72 counts of dealing in stolen property in connection with the sale of about \$2.5 million in fraudulently obtained policies.

The indictments by the 15th Statewide Grand Jury, announced Friday, stem from a lengthy and ongoing investigation by the state Department of Insurance, Division of Insurance Fraud, into the viatical business across Florida, including "clean sheeting" – the practice involving the hiding of terminal medical conditions from a life insurer.

"For more than a year now, we've been digging into the viatical industry," Nelson said at a morning news conference in Orlando, where he was joined by Hines. "Our investigation so far suggests widespread fraud."

Said Hines: "Properly managed, the viatical industry can provide valuable support to people in their most desperate hour of need. But the kind of fraud engaged in by those charged today poses a serious threat to the continued viability of the industry by undermining investor confidence."

Friday's indictments were the second and third by the Statewide Grand Jury in the continuing probe. Last October, the officers of Justus Viatical Group, of Pompano Beach, were indicted on numerous charges of organized fraud, grand theft and insurance fraud. Some \$3 million in fraudulently obtained policies were bought by the company's two officers, and some \$2 million were resold to investors, according to the October indictment.

In essence, viatical providers and brokers are in the business of buying life insurance policies, usually from the terminally ill, and reselling them to investors who seek to make money upon the insured's death. By selling a policy for a percentage of its face value, the insured can get cash now for medical, living or other expenses. The tradeoff is giving up a bigger payoff at death for one's beneficiaries.

For viatical dealers, the business can be lucrative. For example, Future First in some cases paid the insured only 12 percent of the face value for policies it bought, investigators said. And for helping arrange the sale of just one policy for \$122,746, Life Benefits was paid a \$48,510 commission, investigators said.

In Florida, as elsewhere, the viatical business once thrived on those dying from a terminal illness. But because advanced medical procedures are helping patients live longer, the business is targeting new clients - usually seniors with high payoffs - who may be willing to sell their life insurance policy to investors at a discount.

Nelson now is proposing to expand the state law governing viatical sales by the terminally ill to also cover the sale of life insurance policies of seniors and others. The proposal will be up for consideration by the Legislature when it convenes in March for its annual two-month session. In an interim report issued Friday, the Statewide Grand Jury also made a series of recommendations for consideration by the Legislature, including increasing the penalties for viatical fraud from a misdemeanor to a felony.

For further information, investors with Future First or Life Benefit Services can call the insurance department's Division of Insurance Fraud toll-free at 1-800-378-0445.