



U.S. Department of Justice

*United States Attorney
Southern District of Florida*

99 N.E. 4 Street,
Miami, FL 33132
(305)961-9001

January 5, 2009

NEWS RELEASE:

FOUR DEFENDANTS CHARGED IN \$1 BILLION INVESTOR FRAUD

Eric I. Bustillo, Acting United States Attorney for the Southern District of Florida on this case, and Jonathan I. Solomon, Special Agent in Charge, Federal Bureau of Investigation ("FBI"), announced today the Indictment of defendants **Joel Steinger, a/k/a Joel Steiner, Steven Steiner, a/k/a Steven Steinger, Michael McNerney, and Anthony Livoti, Jr.** on charges stemming from their involvement with Mutual Benefits Corp. ("MBC"), a viatical and life settlement company that raised more than \$1.25 billion from more than 30,000 investors before being shut down by federal regulators in May 2004.

The Indictment charges defendants Joel Steinger, Steven Steiner, Michael McNerney and Anthony Livoti, Jr. with, among other things, conspiracy, mail fraud, wire fraud, and money laundering, in violation of 18 U.S.C. §§1341, 1343, 1349 and 1956(h), respectively. Defendants McNerney and Livoti made their initial appearances in federal court today. The court set bond for both defendants. Defendants Joel Steinger and Steven Steiner are expected to make their initial appearances in court later this week.

According to the 25-count Indictment, the defendants' fraud caused more than 28,000 victims to lose approximately \$837 million. Many of these victims lost their investments for retirement, education and medical expenses, while the defendants made millions of dollars and, in some cases, lived extravagant lifestyles that included million dollar homes, expensive cars, horse farms and international travel.

According to the Indictment, MBC sold viatical and life settlement investments through an international network of sales agents. A viatical or life settlement is an investment in which an investor purchases the right to receive the benefit on a terminally ill or elderly person's life insurance policy. An investor in a viatical or life settlement realizes a profit if, when the insured dies and the policy matures, the death benefit paid is more than the price paid for the policy and the expenses needed to keep the policy active. The longer an insured lives, the more expensive it becomes to maintain the investment because more premium payments must be made to prevent the policy from lapsing and becoming worthless.

The Indictment alleges that MBC's sales agents and marketing materials falsely promised investors "safe" investments in "secure" life insurance policies. Instead, MBC's viatical and life settlement were investments that had many undisclosed risks to investors. MBC engaged in wide-scale fraud by improperly acquiring policies that could not be bought and sold, pressuring doctors to rubber-stamp false life expectancy figures, and mismanaging premium funds in an unsustainable "Ponzi" scheme.

According to the Indictment, defendant Joel Steinger was the principal executive in charge of most major decisions made at MBC. Because Joel Steinger is a felon who was federally convicted of defrauding investors in the past, his controlling role at MBC was hidden from investors. To carry out this scheme, Joel Steinger hired doctors who could be pressured to adopt false life expectancies, allowing him to buy low-value policies and immediately resell those policies to investors at a higher price by claiming that the insureds covered by the policies were near death.

Defendant Steven Steiner was also a founding principal of MBC. Steiner was also actively involved MBC's sales staff and encouraged investors to buy MBC's investments.

Defendant Michael McNERney, an attorney licensed by the State of Florida, assisted MBC with the marketing of its fraudulent investment by meeting with investors in his Fort Lauderdale law offices and encouraging them to purchase MBC investments.

Defendant Anthony Livoti, Jr., also an attorney licensed by the State of Florida, was MBC's premium trustee, who held millions of dollars of investor money in accounts under his control. Instead of protecting the money entrusted to him, the Indictment alleges that Livoti used money collected from more recent investors to pay premium obligations on older policies as part of a "Ponzi scheme."

Victims/investors may obtain information concerning this case, or submit victim impact statements concerning this case at www.usdoj.gov/usao/fls/VictimWitness.html.

Mr. Bustillo commended the investigative efforts of the FBI and the Miami Regional Office of the Securities and Exchange Commission. The matter is being handled by Assistant U.S. Attorneys Andrew K. Levi and Ryan Dwight O'Quinn.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at www.usdoj.gov/usao/fls. Related court documents and information may be found on the website of the District Court for the Southern District of Florida at <http://www.flsd.uscourts.gov/> or on <http://pacer.flsd.uscourts.gov/>.