

Southern District of Florida

Press Release

THREE DEFENDANTS PLEAD GUILTY TO \$826 MILLION MBC SECURITIES FRAUD CONSPIRACY

July 17, 2007

FOR IMMEDIATE RELEASE

R. Alexander Acosta, United States Attorney for the Southern District of Florida, and Jonathan I. Solomon, Special Agent in Charge, Federal Bureau of Investigation, Miami Field Division ("FBI"), announced today that defendants **Raquel Kohler**, **Ameer Khan**, and **Stephen Ziegler** pled guilty today before United States District Court Judge Paul C. Huck in Miami, Florida. Each of the defendants pled guilty to one count of conspiracy in connection with MBC's billion dollar securities offering. Defendant Kohler also pled guilty to one count of perjury in connection with her testimony at a deposition in a civil action brought by the Miami Regional Office of the Securities and Exchange Commission. Pursuant to the terms of their respective plea agreements, all three defendants face a possible maximum of five years' imprisonment. Defendants Khan and Ziegler agreed to be jointly responsible for approximately \$826 million in restitution, while defendant Kohler agreed to be jointly responsible for approximately \$471 million in restitution, payable to MBC investors. Sentencing is scheduled for September 25, 2007 at 9:00 a.m.

Defendant Kohler was the Chief Financial Officer at Mutual Benefits Corp. ("MBC"), a viatical and life settlement company that was closed by federal regulators in May 2004. Defendant Khan held the title of President at Viatical Services, Inc., a company that performed services in connection with MBC's viatical and life settlements. Defendant Ziegler is an attorney that represented MBC on business and regulatory matters.

According to the Information, MBC sold investment interests in viatical and life settlements through an international network of sales agents. A viatical or life settlement is a transaction in which an investor purchases an interest in a terminally ill or elderly person's life insurance policy death benefit in return for a lump-sum cash payment. An investor in a viatical or life settlement realizes a profit if, when the insured dies and the policy matures, the policy benefit is greater than the price paid for the policy. The longer an insured lives, the more premium payments must be made to prevent the policy from lapsing and becoming worthless.

MBC's sales agents and marketing materials fraudulently induced investor participation in MBC's offering by promising investors "safe" investments in "secure" life insurance policies. Instead, MBC's viatical and life settlement were speculative investments fraught with undisclosed risks. Furthermore, MBC engaged in deceptive business practices by improperly acquiring policies that could not be bought and sold, pressuring

doctors to rubber-stamp false life expectancy figures, and mismanaging escrowed premium funds in an unsustainable "Ponzi" scheme.

The Information alleges that Kohler, as MBC's Chief Financial Officer, assisted MBC's principals with the wiring of funds and preparation of financial documents presented to state or federal regulators. Under her supervision, MBC's undisclosed principals misappropriated investor funds by wiring money from MBC's accounts into non-MBC accounts for personal use. Kohler has also admitted to playing a role in deceiving regulators about MBC's management and has admitted to committing perjury when testifying at an SEC deposition in 2004.

The Information further alleges that Ameer Khan managed Viatical Service, Inc. Although the public was led to believe that Khan operated an independent business, he was controlled by and reported to MBC's undisclosed principals. Khan admitted that he advanced MBC's fraud by concealing the identity of the offering's true management.

The Information also alleges that Stephen Ziegler, an attorney, assisted MBC with general business and regulatory matters and played a role in the execution of escrow services. Ziegler has admitted to filing false documents with regulators to conceal the identity and criminal and disciplinary histories of MBC's management personnel. Ziegler also accepted responsibility for a role in MBC's scheme to acquire certain policies as "gifts" to circumvent policy restrictions on the sale of the policies. As a result, MBC investors were exposed to an additional risk of losing their investments.

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

Mr. Acosta commended the investigative efforts of the FBI and the Miami Regional Office of the Securities and Exchange Commission. The case is being handled by Assistant United States Attorney Andrew K. Levi and Special Assistant United States Attorney 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 <http://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>.

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