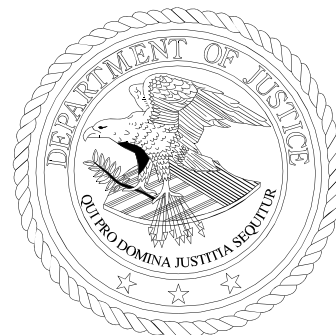


# NEWS

---

United States Department of Justice  
U.S. Attorney, District of New Jersey  
401 Market Street, Fourth Floor  
Camden, New Jersey 08101

---



---

***Ralph J. Marra, Jr., Acting U.S. Attorney***

---

***More Information?*** Contact the Assistant U.S. Attorney or other contact listed below to see if more information is available.

***News on the Internet:*** News Releases, related documents and advisories are posted short-term at our website, along with links to our archived releases at the Department of Justice in Washington, D.C. ***Go to: <http://www.njusao.org/break.html>***

---

Assistant U.S. Attorney  
JOHN J. HOFFMAN  
609-989-0579

petr0129.rel  
FOR IMMEDIATE RELEASE  
Jan. 29, 2009

---

## Owner/Operator of Hammonton Insurance Business Pleads Guilty in Connection with the Sale of Fraudulent Insurance Policies

---

(More)

---

Greg Reinert, PAO  
Public Affairs Office  
<http://www.njusao.org>

856-757-5233  
973-645-2888

**Breaking News (NJ) <http://www.usdoj.gov/usao/nj/press/index.html>**

---

CAMDEN – The owner/operator of a Hammonton insurance business pleaded guilty today to conspiracy charges in connection with the sale of false and fraudulent insurance policies and obstructing justice, Acting U.S. Attorney Ralph J. Marra, Jr., announced.

John J. Petrillo, 53, of Mays Landing, entered his guilty plea in U.S. District Court in Camden before Judge Jerome B. Simandle. Petrillo pleaded guilty to a two-count Information that charges him with one count each of conspiracy to commit mail fraud and conspiracy to obstruct of justice. Judge Simandle continued the defendant's release pending sentencing, which is scheduled for May 8.

At his plea hearing, Petrillo stated that he owned and operated Aconorate Insurance Agency ("Aconorate") in Hammonton. Aconorate, which was licensed in New Jersey, Pennsylvania and New York, sold commercial insurance policies that were obtained through other insurance brokerages which had contracted with insurance carriers to sell their policies.

Petrillo admitted that from as early as June 2004 until about July 2006, he and an individual identified in the Information to which Petrillo pleaded guilty only as Co-Conspirator #1 ("CC1"), who resides in Voorhees and was employed by Aconorate, began operating a scheme to defraud their clients. Petrillo admitted their scheme initially involved substantially overcharging clients for insurance premiums, sometimes by as much as 800 percent over the actual cost. Petrillo admitted that he and CC1 then kept for their own personal use the difference between what the clients paid to Aconorate and what Aconorate paid the insurance carriers.

Furthermore, Petrillo admitted that most of the insurance policies were placed through a broker named Gilbert Scott Morgan, 60, of Spring, Texas, who owned and operated G. Morgan Insurance Agency, C.T. Group Inc., and Lucent Dynamics LP.

Morgan purportedly wrote policies on behalf of Prime Insurance Syndicate ("Prime"), located in Salt Lake City, which was an insurance carrier providing insurance coverage to businesses and individuals; Universal Pacific Insurance Co., Ltd. ("UPIC"), which was a purported insurance carrier headquartered in Los Angeles and Malibu; and United Assurance Company ("United"), which was a purported insurance carrier headquartered in St. George, Grenada.

Petrillo admitted that in September 2005, he and CC1, after realizing that the Prime, UPIC and United policies obtained through Morgan were false and fraudulent, continued to issue extensions and new false and fraudulent United and UPIC policies, and continued to collect monthly installment payments for numerous existing false and fraudulent United and UPIC policies.

Petrillo further admitted that it was part of the conspiracy that he and CC1, in an effort to collect money for these false and fraudulent policies and extensions, created invoices that were sent, via U.S. mail and facsimile, to the insureds.

On Sept. 22, 2008, Thomas D. Kulig, 33, of Little Egg Harbor, pleaded guilty for his role on the conspiracy. At his plea hearing, Kulig stated that he became an employee of Aconorate in April 2005 and performed information technology services. Kulig and Petrillo both admitted that at the direction of Petrillo and CC1, Kulig manipulated and/or created from scratch declaration

pages of the policies to match what the insureds were being charged.

Furthermore, Petrillo admitted that in an effort to cover up the scheme, he met with CC1 and Kulig in November 2005 to discuss how to obfuscate the fraudulent overcharges and the sale of false and fraudulent policies originating from GM, as well as how to resolve claims associated with those policies. The co-conspirators decided to create the appearance that United (on behalf of which the vast majority of false and fraudulent policies were sold), was a legitimate carrier so that they might be able to settle existing United claims and retain the premium payments.

A criminal Complaint, signed on April 14, 2008, charges Thomas Grubb, 54, of Voorhees, with obstruction of justice for his role in the attempted cover-up. According to the Complaint, Grubb was employed by Aconorate. Currently, Grubb is a fugitive.

Petrillo admitted that in an effort to make United appear as a legitimate insurance carrier, the co-conspirators created a company website; opened a mail box at Mail Service Center in Los Angeles in the name of United Assurance Company, Ltd; setup a toll-free telephone number; incorporated United Assurance Company, LTD. in Nevada; and listed on the declaration page of policies that MIS Claims Services in Haddonfield as the location to contact in order to file an insurance claim for the newly-created United policies.

In pleading guilty, Petrillo agreed to be held jointly and severally liable with other co-conspirators for restitution to victims in the amount of \$618,480 for all losses resulting from the scheme. Kulig and Morgan have pleaded guilty for their roles in the conspiracy and are awaiting sentencing.

In determining an actual sentence, Judge Simandle will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Marra credited Special Agents of the FBI's Atlantic City Resident Agency, under the direction of Special Agent in Charge Weysan Dun in Newark, and the IRS's Mays landing Post of Duty, under the direction of Special Agent in Charge William P. Offord in Newark, with the investigation, which is continuing.

The government is represented by Assistant U.S. Attorney John J. Hoffman of the Criminal Division in Trenton.

– end –

Defense Attorney: Emmett Fitzpatrick, Esq. Philadelphia