



United States Attorney District of New Jersey

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SURETIES BROKER SENTENCED TO 18 MONTHS IN PRISON FOR DEFRAUDING NEW JERSEY BUSINESS OF \$800,000

TRENTON, N.J. – A former California sureties broker was sentenced today to 18 months in federal prison for his scheme to defraud a New Jersey company of approximately \$800,000, United States Attorney Paul J. Fishman announced.

Robert S. Michaels, 64, currently of Park City, Utah, previously pleaded guilty to a count of wire fraud before United States District Judge Mary L. Cooper, who also imposed the sentence today in Trenton federal court.

According to documents filed in this case and statements made in court:

In June 2002, Michaels was a principal of a company called North American Sureties ("NAS") located in Los Angeles. NAS was in the business of obtaining surety bonds for customers to guarantee commercial loans, among other purposes.

Michaels offered to obtain a surety bond on behalf of an individual identified in court documents as "J.V." who owned a business called Phoenix World Wide Limited ("Phoenix") in Monmouth County, N.J. The bond, which was to be reinsured, was to guarantee a \$40 million loan for the acquisition of a company located in Italy. Michaels told J.V. and his representatives that a \$800,000 deposit toward the bond premium would be required.

Michaels admitted that in soliciting the down payment, he made misrepresentations to J.V. about the identity of the reinsurance companies. He also admitted to telling J.V. that the deposit would be fully refundable, though he knew he was in no position to refund the deposit.

After NAS received the \$800,000, Michaels spent the money on personal and business expenses unrelated to his business dealings with J.V. Beginning in October 2002, Michaels made false statements to J.V. and his representatives that NAS was in the process of returning the \$800,000 deposit as requested, but was delayed for various reasons – including purported glitches in the international banking system.

In addition to the prison term, Judge Cooper ordered Michaels to serve three years of supervised release and ordered him to pay restitution in the amount of \$195,000 – plus interest in an amount to be calculated by the Court. Judge Cooper continued Michaels' release on a \$250,000 bond pending his surrender to authorities.

U.S. Attorney Fishman credited special agents of the FBI's Red Bank Resident Agency, under the direction of Special Agent in Charge Michael B. Ward in Newark, with conducting the investigation which led to today's sentence.

The government is represented by Assistant U.S. Attorney Eric M. Schweiker, of the U.S. Attorney's Office Criminal Division in Trenton.

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Defense counsel: Peter B. Bennett, Esq., Middletown, N.J.