

PRESS RELEASE

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JURY FINDS HAYWARD MAN GUILTY OF ARSON & MAIL FRAUD

Madison, Wisconsin -- Erik C. Peterson, United States Attorney for the Western District of Wisconsin, announced that Phillip Lathrop, 39, Hayward, Wis., was found guilty Friday evening, February 27, in U.S. District Court in Madison. After a three-day trial, a jury found Lathrop guilty of arson and mail fraud. After the verdict, Lathrop stipulated to a criminal forfeiture money judgment in the amount of \$253,038.39.

According to the evidence introduced at trial, Lathrop owned and operated a bar called Player's Sports Bar & Grill, located at W566 US Hwy 63, Hayward. Lathrop had insured Player's with Capitol Indemnity Corporation. Lathrop's policy with Capitol Indemnity was effective from August 17, 2002 through August 17, 2003, 12:01 a.m. CST. The bar was set on fire on August 16, 2003, at approximately 4:00 a.m.

According to the evidence, Lathrop hired Dave Maki to burn down Player's. Lathrop promised to pay Maki \$5,000 cash, plus provide him with cocaine. After receiving notice on August 11, 2003 from Capitol Indemnity that his insurance premium would increase significantly effective August 17, 2003, Lathrop instructed Maki: (1) to

break into Player's on August 16, 2003, about one-half hour after bar closing time; (2) after breaking into the bar, to take the VCR tape out of the video surveillance system and destroy the tape; (3) to break into the coin-operated video gaming machines and steal the money to make it look like a burglary/arson; and (4) to take some Tiki torches from the outdoor patio and place the torches in the attic above the main bar next to a box of clothing stored in the attic, set the box of clothing on fire, and push the burning box of clothes next to the wall to start the roof on fire. Maki testified that he followed Lathrop's instructions and set the bar on fire on August 16, 2003, at 4:00 a.m. Maki will plead guilty to arson in Washburn County Circuit Court later this month.

According to the evidence, after the fire, Lathrop instructed other individuals, including Maki, to tell the police and the State Fire Marshal that a person other than Lathrop set the bar on fire. On September 23, 2003, Lathrop mailed a "Sworn Statement in Proof of Loss" to Capitol Indemnity falsely indicating that Lathrop did not cause the fire damage to Player's on August 16, 2003, and requesting that Capitol Indemnity pay Lathrop \$314,519.35 in insurance proceeds. As a result of the false insurance claim from Lathrop, Capitol Indemnity paid out a total of \$253,038.39 to Lathrop. The insurance checks were mailed from Capitol Indemnity's office in Madison.

After the verdict, Chief U.S. District Judge Barbara B. Crabb immediately remanded Lathrop into the custody of the U.S. Marshal, and scheduled sentencing for May 8, 2009, at 1:20 p.m. Lathrop faces a mandatory minimum penalty of five years in prison on the arson, and a statutory maximum penalty of twenty years in prison on the arson and each of the four mail fraud counts.

The charges against Lathrop were the result of an investigation conducted by the Washburn County Sheriff's Office, the Sawyer County Sheriff's Office, and the Wisconsin Department of Justice, Division of Criminal Investigation. The prosecution of the case has been handled by Assistant U.S. Attorney Daniel J. Graber.

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