



U.S. Department of Justice

United States Attorney Eastern District of Arkansas

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LITTLE ROCK INSURANCE COMPANY OWNER SENTENCED FOR DEFRAUDING LIFE INSURANCE COMMISSION AND POLICYHOLDERS

Little Rock - United States Attorney Jane W. Duke announced that Frank Whitbeck, age 61, of Little Rock was sentenced late today for defrauding the Arkansas Insurance Department and policyholders of Signature Life Insurance Company of America, Inc. After an all day hearing, Whitbeck was sentenced by United States District Judge William R. Wilson, Jr. to 72 months incarceration, \$3,787,188 restitution and a \$12,000 fine followed by 3 years supervised release. He is to report to the Bureau of Prisons' custody on December 1, 2008.

Whitbeck submitted false information to the Arkansas Insurance Department, thereby misrepresenting the amount of required reserves the company had available to pay potential claims. Specifically, Whitbeck claimed that his company, Signature Life Insurance Company of America, Inc., had made secured loans of some of its assets to unrelated third parties. Contrary to such representations, Whitbeck had diverted the money to other business interests or for his personal use. Upon discovery of the misrepresentations, regulators placed the company into receivership. On May 8, 2008, Whitbeck entered a plea of guilty to one count of mail fraud, in violation of Title 18, United States Code, Section 1341.

"The current financial crisis demonstrates how devastating it becomes to our economy when investors, consumers, and policyholders lose confidence in the very entities and institutions in which they have placed their money and trust. This case and many others like it illustrate the commitment of the Department of Justice to aggressively prosecute those individuals who abuse consumer and investor trust," stated Duke. She added, "in this state, we

are very fortunate to have a watchdog like the Arkansas Insurance Department working diligently to protect policyholders from being victimized by their insurers.”

This matter was investigated by special agents with the Federal Bureau of Investigation, in cooperation with the Arkansas Department of Insurance-Criminal Investigation Division. Assistant United States Attorney George Vena prosecuted this case for the United States.

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