

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

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

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Former Owner of Hammonton Insurance Business Sentenced to 40
Months in Prison for Scheme to Sell Fraudulent Insurance Policies

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Greg Reinert, PAO
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CAMDEN – The former owner/operator of a Hammonton insurance business was sentenced to 40 months in federal prison today for his participation in a conspiracy to sell false and fraudulent insurance policies and for obstructing the investigation by the Federal Bureau of Investigation, Acting U.S. Attorney Ralph J. Marra, Jr., announced.

U.S. District Judge Jerome B. Simandle also ordered John J. Petrillo, 56, of Mays Landing, to serve five years of supervised release upon the completion of his prison sentence. Judge Simandle continued the defendant's release on a \$100,000 secured bond pending his surrender to authorities with the U.S. Bureau of Prison on a date to be determined by prison officials. Judge Simandle also scheduled an Aug. 19, 2009, restitution hearing to finalize a payment schedule for \$618,480 in restitution, which already has been turned over to the federal government

On Jan. 29, 2009, Petrillo pleaded guilty before Judge Simandle to a two-count Information that charges him with one count each of conspiracy to commit mail fraud and conspiracy to obstruct justice.

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 mostly to bars and nightclubs in the area.

Petrillo admitted that from as early as June 2004 until about July 2006, he and an employee of Aconorate, identified only as Co-Conspirator 1 ("CC-1"), from Voorhees, began operating a scheme to defraud their clients. Petrillo admitted that their scheme initially involved substantially overcharging clients for insurance premiums, sometimes by as much as 800 percent over the actual cost of the policy.

Furthermore, Petrillo admitted that most of the insurance policies were placed through a broker named Gilbert Scott Morgan, 61, of Spring, Texas, who owned and operated G. Morgan Insurance Agency, C.T. Group Inc., and Lucent Dynamics LP.

Petrillo admitted that in September 2005, he and CC-1, after realizing that the policies obtained through Morgan were false and fraudulent, continued to issue extensions and new false and fraudulent policies, and continued to collect monthly installment payments for numerous existing false and fraudulent policies. Petrillo further admitted that he and CC-1, 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 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 CC-1, 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 CC-1 and

Kulig in November 2005 to discuss how to obfuscate the fraudulent overcharges and the sale of false and fraudulent policies originating from Morgan, as well as how to resolve claims associated with those policies. The co-conspirators decided to create the appearance that United Assurance Co. (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.

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; set up 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.

Kulig and Morgan have pleaded guilty for their roles in the conspiracy and are awaiting sentencing. According to a criminal Complaint that was signed on April 14, 2008, Thomas Grubb, 55, of Voorhees, was an Aconorate employee and assisted Petrillo in a cover-up of the scheme. Grubb has been a fugitive since the Complaint was signed charging him with obstruction of justice.

In determining the actual sentence, Judge Simandle consulted 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 Criminal Investigation's Mays Landing Post of Duty, under the direction of Acting Special Agent in Charge Julio La Rosa in Newark, with the investigation.

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

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Defense Attorney: Emmett Fitzpatrick, Esq. Philadelphia