

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon. Michael Shipp
 :
 v. : Criminal No. 14-
 :
 DAVID L. CLARK : 18 U.S.C. § 1349

I N F O R M A T I O N

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

1. At all times relevant to this Information:
 - a. Defendant DAVID L. CLARK ("CLARK"), resided in Morris County, New Jersey, where he owned and operated Real Benefits Association, LLC ("RBA").

REAL BENEFITS ASSOCIATION

2. RBA was a New Jersey limited liability company incorporated by defendant CLARK on or about December 17, 2003, under the name Realty Benefits Association, LLC. On or about June 10, 2009, the corporate name was changed to Real Benefits Association, LLC.
3. Defendant CLARK established RBA as a purported labor organization domiciled in New Jersey. Defendant CLARK created RBA

as a way to market and sell health insurance to the general public through the RBA Welfare Plan ("Welfare Plan").

4. RBA was not licensed to issue policies of insurance as an insurance company in the State of New Jersey, or in any other state.

5. Initially, the Welfare Plan was fully insured through Perfect Health, a licensed New York insurance company. Participants paid insurance premiums to bank accounts of RBA and/or the Welfare Plan, which defendant CLARK remitted to Perfect Health.

6. In or about early 2008, the Welfare Plan gained additional members through defendant CLARK's relationship with a Tennessee insurance broker. Around this time, the Welfare Plan insured approximately 2,500 participants.

7. In or about 2008, Perfect Health was purchased by Health Insurance Programs ("HIP"). HIP discontinued its insurance policy with the Welfare Plan. In addition, the federal government notified defendant CLARK in or about June 2008 that RBA did not qualify as a labor organization and was required to cease operating.

THE CONSPIRACY

8. From in or about December 2008 through in or about July 2011, in Morris County, in the District of New Jersey and elsewhere, defendant

DAVID CLARK

did knowingly and intentionally conspire and agree with others to devise a scheme and artifice to defraud individuals and businesses who purchased health insurance coverage through plans offered by RBA, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and for the purposes of this scheme and artifice to defraud did cause to be transmitted a writing, signal, and sound by means of a wire, radio, and television communication in interstate commerce, contrary to Title 18, United States Code, Section 1343.

OBJECT OF THE CONSPIRACY

9. The object of the conspiracy was for defendant CLARK and others to profit from the collection of health insurance premiums paid by individuals and businesses based on materially false and fraudulent representations that CLARK and others would provide health insurance coverage in exchange for such premiums.

MANNER AND MEANS OF THE CONSPIRACY

10. It was part of the conspiracy that defendant CLARK and others (collectively, the "coconspirators") purported to provide

health care coverage to more than 25,000 individuals and multiple employer groups in various states, including New Jersey. The insurance was sold under various names, including RBA. Although holding themselves out as providing health care coverage, the coconspirators did not comply with either state or federal regulatory requirements.

11. It was further part of the conspiracy that the coconspirators caused RBA to collect premiums from victim insurance enrollees primarily by two methods of payments:

- i. wire transfer payments - including numerous wire transfers in interstate commerce - from victims' checking/savings account; and
- ii. wire payments from victims' credit cards or debit cards.

The premiums collected were deposited into various bank accounts that were controlled by the coconspirators.

12. It was further part of the conspiracy that despite continuing to collect premiums from members, the coconspirators did not notify members that they were without health insurance. In or about 2008, participants began to complain to their respective State Insurance Departments when their medical claims were not being paid. Ultimately, it was discovered that the coconspirators were selling

non-existent health insurance prompting various State Insurance Departments to issue cease and desist Orders on the coconspirators.

13. It was further part of the conspiracy that despite numerous cease and desist orders, the coconspirators and others continued to market and sell bogus health insurance, and from in or about December 2008 to in or about July 2011, the coconspirators collected approximately \$1,789,596 in premiums for RBA health insurance coverage.

14. It was further part of the conspiracy that the coconspirators unjustly denied or turned down legitimate claims submitted pursuant to the Welfare Plan.

15. It was further part of the conspiracy that defendant CLARK, diverted approximately \$962,027 from the premiums paid by RBA participants for his personal use, including among other things, using the victim's premiums to fund personal debit and credit card purchases, college tuition payments, and deposits to his son's bank account.

All in violation of Title 18, United States Code, Section 1349.

FORFEITURE ALLEGATION

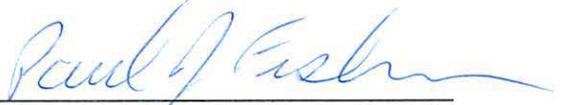
1. The allegations contained in this Information are hereby realleged and incorporated by reference for the purpose of noticing forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 18, United States Code, Section 2461(c)

2. Upon conviction of the offense contrary to Title 18, United States Code, Section 1343, in violation of Title 18, United States Code, Section 1349, charged in this Information, the defendant, CLARK, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, all right, title, and interest in any property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the offense of conviction, including the amount of \$988,918.58 in United States currency.

3. If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be divided without difficulty, the United States shall be entitled, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), and Title 28, United States Code, Section 2461(c), to forfeiture of any other property of the defendant, CLARK, up to the value of the property described in the preceding paragraph.



PAUL J. FISHMAN
UNITED STATES ATTORNEY

CASE NUMBER: _____

**United States District Court
District of New Jersey**

UNITED STATES OF AMERICA

v.

David Clark

INFORMATION FOR

18 U.S.C. § 1349

PAUL J. FISHMAN

U.S. ATTORNEY

NEWARK, NEW JERSEY

MICHAEL H. ROBERTSON

ASSISTANT U.S. ATTORNEY

(973) 645-2779

USA-48AD 8
(Ed. 1/97)