

The United States Attorney's Office

Southern District of Florida

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Press Release

**FORMER VIATICAL FIRM EXECUTIVE SENTENCED TO TWENTY YEARS FOR ROLE IN SECURITIES FRAUD SCHEME**

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January 19, 2007

**FOR IMMEDIATE RELEASE**

R. Alexander Acosta, United States Attorney for the Southern District of Florida, and Jonathan I. Solomon, Special Agent in Charge, Federal Bureau of Investigation ("FBI"), Miami Field Office, announced that defendant, **Peter Lombardi**, the former President and sole shareholder of South Florida viatical firm Mutual Benefits Corp. ("MBC") was sentenced today by United States District Court Judge Paul C. Huck to two-hundred forty (240) months' imprisonment, followed by three (3) years of supervised release.

On October 23, 2006, Lombardi pled guilty to securities fraud in connection with his role in a viatical and life settlement scheme in which 28,000 investors lost over \$800 million, in violation of 15 U.S.C. §§78j(b) and 78ff(a), 17 C.F.R. §240.10b-5, 18 U.S.C. §2.

According to facts admitted to by Lombardi in connection with this guilty plea, MBC principals directed an international network of sales agents and marketing directors who fraudulently induced investors to purchase interests in viatical and life settlements through a series of material misrepresentations concerning the safety and security of the investments. A viatical or life settlement is a transaction in which an investor purchases an interest in a terminally ill or elderly person's life insurance policy death benefit in return for a lump-sum cash payment. An investor in a viatical or life settlement realizes a profit if, when the insured dies and the policy matures, the policy benefit is greater than the price paid for the policy. The longer an insured lives, the more premium payments must be made to prevent the policy from lapsing and becoming worthless.

MBC also misled investors by promising to escrow enough money to pay for anticipated insurance premiums. However, given the fraudulently low life expectancies assigned by MBC's principals, MBC compensated for insufficient premium reserves by creating an unsustainable "Ponzi" scheme that used premium funds from recently sold policies to pay premium obligations on older policies that failed to mature.

Victims may obtain information concerning this case, or submit victim impact statements concerning this case at <http://www.usdoj.gov/usao/fls/VictimWitness.html>.

Mr. Acosta commended the investigative efforts of the FBI and the Southeast Regional Office of the Securities and Exchange Commission. This matter is being prosecuted by Assistant United States Attorney Andrew K. Levi and Special Assistant United States Attorney Ryan Dwight O'Quinn.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at <http://www.usdoj.gov/usao/fls>. Related court

documents and information may be found on the website of the District Court for the Southern District of Florida at <http://www.flsd.uscourts.gov> or on <http://pacer.flsd.uscourts.gov>.

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