

Southern District of Florida

Press Release

DOCTOR SENTENCED TO TEN YEARS IN SECURITIES AND HEALTH CARE FRAUD SCHEMES

March 30, 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"), announced that defendant, **Clark Mitchell**, a medical doctor once associated with Mutual Benefits Corp. ("MBC"), was sentenced today by United States District Court Judge Paul C. Huck to one-hundred twenty (120) months' imprisonment, followed by three (3) years of supervised release. Mitchell was also ordered to pay approximately \$355 million in restitution to the MBC's victims who invested during his involvement in the scheme.

On December 22, 2006, Mitchell was charged by Information with one count of securities fraud, in violation of 15 U.S.C. §§ 78j(b) and 78ff(a), 17 C.F.R. § 240.10b-5, and 18 U.S.C. § 2, and one count of conspiracy to commit health care fraud, in violation of 18 U.S.C. §371. On December 27, 2006, Mitchell pled guilty to both of these charges.

The securities fraud charges filed against Mitchell stemmed from his role in an investment scheme that ultimately collected more \$1 billion from more than 30,000 victims worldwide. According to court documents, MBC disseminated false and misleading marketing materials through an international network of agents, promising that the insurance policies offered and sold by MBC were safe and secure investments because a physician was independently determining how long insured individuals would live. Instead, individuals at MBC were dictating fraudulently low life expectancy determinations to Mitchell, who signed thousands of letters falsely assuring investors that he had determined the life expectancies based on his review of medical records.

MBC also misled investors by promising to escrow sufficient money to pay anticipated premiums on the insurance policies. However, because the life expectancies assigned to MBC's policies were manipulated to be unrealistically short, the premium reserves that were set aside were grossly insufficient. To compensate for these insufficient premium reserves, MBC's principals pooled the premium accounts in an unsustainable "Ponzi" scheme.

During his guilty plea, Mitchell also admitted that he and others at Community Healthcare/CenterOne, Inc., a Broward AIDS clinic, conspired to commit health care fraud by creating inflated bills that were submitted to Medicare. These fraudulent bills

defrauded the Medicare system of more than \$500,000 by claiming that the clinic's patients received more extensive treatments than had actually been provided. In connection with this conspiracy, Mitchell was sentenced to 120 months' imprisonment, to be served concurrently with the securities fraud sentence.

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 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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