

Thomas E. Scott, United States Attorney for the Southern District of Florida, Hector M. Pesquera, Special Agent in Charge, Federal Bureau of Investigation, Miami Field Division, and Jose Marrero, Chief, Criminal Investigation Division, Internal Revenue Service, Southeast Region, Plantation announced today the return of a superseding indictment in connection with an international investment fraud involving more than \$117 million in United States v. Frederic C. Brandau, et al., Case Number 99-8125-Cr-Hurley(s)(s).

The new superseding indictment returned by a federal grand jury in West Palm Beach, Florida charges ten new defendants in connection with the former operations of Financial Federated Title & Trust, Inc., Asset Security Corporation, and American Benefits Services, Inc. The new indictment adds criminal charges against nine previously uncharged individuals, and one corporation.

Charged in the new indictment are **RAPHAEL LEVY**, 52, of Delray Beach, Florida, his company, **AMERICAN BENEFITS SERVICES INC.**, with offices formerly in Lake Worth, **JEFFREY ALLEN PAINE**, 56, of Boca Raton, Florida, **WANDA TIRADO**, 42, of Pompano Beach, Florida, **ALAN RICHARD LEWIS**, 53, of Coconut Creek, Florida, **IVAN JAVIER BURGOS**, 41, of Ft. Lauderdale, Florida, **ZANE JOEL BALSAM**, 46, of Boca Raton, Florida, **JUAN ARROYO**, 35, [brother of Wanda Tirado], of Pompano Beach, Florida, **HARVEY BRANDAU**, 63, [brother of Frederick C. Brandau], of Ft. Lauderdale, Florida, and **CHERYL POINDEXTER**, 53, of Studio City, California.

Previously apprehended and charged in the case, and who remain charged in the second superseding indictment are **FREDERICK C. BRANDAU**, 54, formerly of Davie, Florida, **GARLAND HOGAN**, **MARY ANNE BILLINGHURST**, **FINANCIAL FEDERATED TITLE & TRUST, INC.**, **ASSET SECURITY CORPORATION**, **GARY J. PIERCE**, and **CSI, Ag**.

The lengthy, and detailed indictment in Case Number 99-8125-Cr-Hurley(s)(s), alleges that the defendants engaged in a long-running scheme to defraud using the mails and interstate carriers. The indictment alleges that between at least February, 1996 continuing through August, 1999, the defendants (excluding **ASSET SECURITY CORPORATION, GARY J. PIERCE, CSI, AG, AND JEFFREY PAINE**) conspired to recruit insurance agents to solicit individual investors under false and fraudulent pretenses. The new indictment alleges that at least \$117 million in investor monies were forwarded to **FINANCIAL FEDERATED** for the purpose of purchasing viaticated insurance policies. Viatical settlements are the purchase of life insurance policies or their benefits at a discounted rate from a terminally ill person. The beneficial interest in the insurance policies purchased is sold or re-assigned to an investor. A viatical investor is supposed to receive the full benefits when the terminally ill person dies.

The indictment alleges that **BRANDAU, LEVY, AMERICAN BENEFITS SERVICES, JEFFREY PAINE, ALAN LEWIS, GARLAND HOGAN, MARY ANNE BILLINGHURST** and others knowingly made material misrepresentations in

connection with obtaining the investors' monies. According to the allegations set forth in the superseding indictment some of the more significant representations included that investors were told their investment funds would be used to purchase a beneficial interest in viaticated insurance policies, and that medical overviews were being performed on the insured persons whose policies were being bought. The indictment alleges that although at least \$117 million in investor monies were received by **FINANCIAL FEDERATED**, the company and the defendants used only \$6 million of these funds to buy insurance policies whose total value was just over \$7 million. The indictment also alleges that no real medical reviews were ever performed by the defendants. **HOGAN** is alleged to have been the inside attorney for **FINANCIAL FEDERATED TITLE & TRUST** who caused numerous false documents to be created. **JEFFREY PAINE** is alleged to have been an independent escrow agent who was supposed to verify the existence of insurance policies before investor monies were released. **RAPHAEL LEVY** is alleged to have been the sole director for **AMERICAN BENEFITS SERVICES**, a viatical settlement brokerage company engaged in the business of locating investors who would purchase interests in viatical settlements. **ABS** allegedly obtained millions in investor funds through a network of independent insurance agents and financial consultants. **MARY ANNE BILLINGHURST** is alleged to have been a nurse hired to do medical consulting work for **FINANCIAL FEDERATED**.

In the money laundering charges, the grand jury has alleged that the named defendants knowingly used investor monies for purposes totally unrelated to the purchase of viaticated insurance policies, such as the purchase of numerous houses in Florida, Vermont, South Carolina, Massachusetts, Georgia, and Toronto, Canada. The indictment also alleges that more than \$29 million in investor funds were transferred to **ASSET SECURITY CORPORATION** and none of those monies were used to buy insurance policies. Instead, the indictment alleges that at least \$1.4 million in investor funds were used to buy helicopters and luxury automobiles. Several defendants were added to the mail and wire fraud conspiracy that formed the heart of the investment fraud alleged by the grand jury. Those defendants include, **RAPHAEL R. LEVY**, **ALAN RICHARD LEWIS**, and **JEFFREY ALLEN PAINE**.

The superseding indictment adds money laundering charges against **RAPHAEL R. LEVY**, **WANDA TIRADO**, **ALAN RICHARD LEWIS**, **IVAN BURGOS**, **ZANE BALSAM**, **JUAN ARROYO**, **HARVEY BRANDAU**, and **CHERYL POINDEXTER**. The superseding indictment seeks criminal forfeiture of several additional parcels of real property, both developed and undeveloped, that the grand jury alleges were bought with monies traced to the underlying investment fraud. The government also seeks to forfeit several additional automobiles allegedly purchased with monies also traced to the underlying investment fraud.

The individually charged defendants face a maximum period of incarceration of five years in prison and a \$250,000 fine for **each** mail or wire fraud count under 18 U.S.C., Sec. 1341, 1342, twenty years in prison and a \$500,000 fine or twice the amount of funds laundered for **each** money laundering count charged as a violation of 18 U.S.C., Sec. 1956; and ten years in prison, a \$500,000 fine or twice the amount of funds laundered for

each money laundering count charged as a violation of 18 U.S.C., Sec. 1957. The individual defendants and the counts in which they are charged are set forth in the chart that follows.

Outline of charges:		<u>USA v. Fred Brandau,</u> Case No. 99-8125-Cr- Hurley(s)(s),	
<u>COUNT</u>	<u>STATUTE</u>	<u>DESCRIPTION OF CRIME ALLEGED</u>	<u>DEFENDANT(S)</u>
<u>1</u>	<u>18 U.S.C., Sec. 371</u>	<u>mail and wire fraud conspiracy</u>	<u>FREDERICK C. BRANDAU,</u> <u>GARLAND HOGAN, MARY ANNE BILLINGHURST</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.,</u> <u>GARY J. PIERCE,</u> <u>CSI, Ag. Ltd.,</u> <u>RAPHAEL R. LEVY,</u> <u>AMERICAN BENEFITS SERVICES, INC.,</u> <u>JEFFREY A. PAINE,</u> <u>ALAN RICHARD LEWIS</u>
<u>2</u>	<u>18 U.S.C., Sec. 1341</u>	<u>mail fraud</u>	<u>FREDERICK C. BRANDAU</u> <u>GARLAND HOGAN</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>3</u>	<u>18 U.S.C., Sec. 1341</u>	<u>mail fraud</u>	<u>FREDERICK C. BRANDAU</u> <u>GARLAND HOGAN</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>4</u>	<u>18 U.S.C., Sec. 1341</u>	<u>mail fraud</u>	<u>FREDERICK C. BRANDAU</u> <u>GARLAND HOGAN</u>

			<u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>5</u>	<u>18 U.S.C., Sec.1341</u>	<u>mail fraud</u>	<u>FREDERICK C. BRANDAU</u> <u>GARLAND HOGAN</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>6</u>	<u>18 U.S.C., Sec.1341</u>	<u>mail fraud</u>	<u>FREDERICK C. BRANDAU</u> <u>GARLAND HOGAN</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>7</u>	<u>18 U.S.C., Sec.1341</u>	<u>mail fraud</u>	<u>FREDERICK C. BRANDAU</u> <u>GARLAND HOGAN</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>8</u>	<u>18 U.S.C., Sec.1341</u>	<u>mail fraud</u>	<u>FREDERICK C. BRANDAU</u> <u>GARLAND HOGAN</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>9</u>	<u>18 U.S.C., Sec.1341</u>	<u>mail fraud</u>	<u>FREDERICK C. BRANDAU</u> <u>GARLAND HOGAN</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>10</u>	<u>18 U.S.C., Sec.1341</u>	<u>mail fraud</u>	<u>FREDERICK C. BRANDAU</u> <u>GARLAND HOGAN</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>11</u>	<u>18 U.S.C., Sec.1341</u>	<u>mail fraud</u>	<u>FREDERICK C. BRANDAU</u> <u>GARLAND HOGAN</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>12</u>	<u>18 U.S.C., Sec.1341</u>	<u>mail fraud</u>	<u>FREDERICK C. BRANDAU</u> <u>GARLAND HOGAN</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>

<u>13</u>	<u>18 U.S.C., Sec.1341</u>	<u>mail fraud</u>	<u>FREDERICK C. BRANDAU</u> <u>GARLAND HOGAN</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>14</u>	<u>18 U.S.C., Sec.1341</u>	<u>mail fraud</u>	<u>FREDERICK C. BRANDAU</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u> <u>RAPHAEL R. LEVY</u> <u>AMERICAN BENEFITS SERVICES, INC</u>
<u>15</u>	<u>18 U.S.C., Sec. 1956(h)</u>	<u>money laundering conspiracy</u>	<u>FREDERICK C. BRANDAU,</u> <u>GARLAND HOGAN,</u> <u>MARY ANNE BILLINGHURST,</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.,</u> <u>ASSET SECURITY CORPORATION,</u> <u>GARY J. PIERCE,</u> <u>CSI AG LTD.,</u> <u>RAPHAEL R. LEVY,</u> <u>AMERICAN BENEFITS SERVICES, INC.,</u> <u>WANDA TIRADO ,</u> <u>ALAN RICHARD LEWIS,</u> <u>IVAN BURGOS,</u> <u>ZANE BALSAM,</u> <u>JUAN ARROYO,</u> <u>HARVEY BRANDAU, and</u> <u>CHERYL POINDEXTER</u>
<u>16</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>FREDERICK C. BRANDAU</u> <u>ASSET SECURITY CORPORATION</u>
<u>17</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>MARY ANNE BILLINGHURST</u>

<u>18</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>FREDERICK C. BRANDAU</u> <u>ASSET SECURITY CORPORATION</u>
<u>19</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>FREDERICK C. BRANDAU</u> <u>ASSET SECURITY CORPORATION</u>
<u>20</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>FREDERICK C. BRANDAU</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>21</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>GARLAND HOGAN</u>
<u>22</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>FREDERICK C. BRANDAU</u> <u>ASSET SECURITY CORPORATION</u>
<u>23</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>FREDERICK C. BRANDAU</u> <u>ASSET SECURITY CORPORATION</u>
<u>24</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>FREDERICK C. BRANDAU</u> <u>ASSET SECURITY CORPORATION</u> <u>WANDA TIRADO</u>
<u>25</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>FREDERICK C. BRANDAU</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u> <u>GARY J. PIERCE</u> <u>CSL Ag</u>
<u>26</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>FREDERICK C. BRANDAU</u>
<u>27</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>RAPHAEL R. LEVY</u>
<u>28</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>WANDA TIRADO</u> <u>JUAN ARROYO</u>
<u>29</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>RAPHAEL R. LEVY</u>
<u>30</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>ALAN RICHARD LEWIS</u>

<u>31</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>ALAN RICHARD LEWIS</u>
<u>32</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>IVAN BURGOS</u>
<u>33</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>ALAN RICHARD LEWIS</u>
<u>34</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>IVAN BURGOS</u>
<u>35</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>IVAN BURGOS</u>
<u>36</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>IVAN BURGOS</u>
<u>37</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>ALAN RICHARD LEWIS</u>
<u>38</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>IVAN BURGOS</u> <u>FREDERICK C. BRANDAU</u>
<u>39</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>RAPHAEL R. LEVY</u>
<u>40</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>ZANE BALSAM</u>
<u>41</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>ZANE BALSAM</u>
<u>42</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>ZANE BALSAM</u>
<u>43</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>ZANE BALSAM</u>
<u>44</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>ZANE BALSAM</u>
<u>45</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>ZANE BALSAM</u>
<u>46</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>ZANE BALSAM</u>

<u>47</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>ZANE BALSAM</u>
<u>48</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>ZANE BALSAM</u>
<u>49</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>GARY J. PIERCE</u> <u>JUAN ARROYO</u> <u>WANDA TIRADO</u>
<u>50</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>JUAN ARROYO</u>
<u>51</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>WANDA TIRADO</u>
<u>52</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>HARVEY BRANDAU</u>
<u>53</u>	<u>18 U.S.C., Sec. 1956(a)(1)(B)</u>	<u>concealing money laundering</u>	<u>GARY J. PIERCE</u> <u>CHERYL POINDEXTER</u>
<u>54</u>	<u>18 U.S.C., Sec. 1956(a)(1)(A)(i)</u>	<u>promotion money laundering</u>	<u>FREDERICK C. BRANDAU</u> <u>GARLAND HOGAN</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>55</u>	<u>18 U.S.C., Sec. 1956(a)(1)(A)(i)</u>	<u>promotion money laundering</u>	<u>FREDERICK C. BRANDAU</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>56</u>	<u>18 U.S.C., Sec. 1956(a)(1)(A)(i)</u>	<u>promotion money laundering</u>	<u>FREDERICK C. BRANDAU FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>57</u>	<u>18 U.S.C., Sec. 1956(a)(1)(A)(i)</u>	<u>promotion money laundering</u>	<u>FREDERICK C. BRANDAU</u> <u>GARLAND HOGAN</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>58</u>	<u>18 U.S.C., Sec. 1956(a)(1)(A)(i)</u>	<u>promotion money laundering</u>	<u>FREDERICK C. BRANDAU</u> <u>MARY ANNE BILLINGHURST</u> <u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>59</u>	<u>18 U.S.C., Sec.</u>	<u>money laundering, spending</u>	<u>FREDERICK C. BRANDAU</u>

	<u>1957</u>		<u>FINANCIAL FEDERATED TITLE & TRUST, INC.</u>
<u>60</u>	<u>18 U.S.C., Sec. 1957</u>	<u>money laundering, spending</u>	FREDERICK C. BRANDAU ASSET SECURITY CORPORATION
<u>61</u>	<u>18 U.S.C., Sec. 1957</u>	<u>money laundering, spending</u>	FREDERICK C. BRANDAU FINANCIAL FEDERATED TITLE & TRUST, INC.
<u>62</u>	<u>18 U.S.C., Sec. 1957</u>	<u>money laundering, spending</u>	FREDERICK C. BRANDAU FINANCIAL FEDERATED TITLE & TRUST, INC.
<u>63</u>	<u>18 U.S.C., Sec. 1957</u>	<u>money laundering, spending</u>	FREDERICK C. BRANDAU ASSET SECURITY CORPORATION
<u>64</u>	<u>18 U.S.C., Sec. 1957</u>	<u>money laundering, spending</u>	FREDERICK C. BRANDAU ASSET SECURITY CORPORATION
<u>65</u>	<u>18 U.S.C., Sec. 1957</u>	<u>money laundering, spending</u>	FREDERICK C. BRANDAU ASSET SECURITY CORPORATION
<u>66</u>	<u>18 U.S.C., Sec. 1957</u>	<u>money laundering, spending</u>	FREDERICK C. BRANDAU GARLAND HOGAN FINANCIAL FEDERATED TITLE & TRUST, INC.
<u>67</u>	<u>18 U.S.C., Sec. 1957</u>	<u>money laundering, spending</u>	FREDERICK C. BRANDAU FINANCIAL FEDERATED TITLE & TRUST, INC.
<u>68</u>	<u>18 U.S.C., Sec. 1957</u>	<u>money laundering, spending</u>	FREDERICK C. BRANDAU FINANCIAL FEDERATED TITLE & TRUST, INC.
<u>69</u>	<u>18 U.S.C., Sec. 1957</u>	<u>money laundering, spending</u>	FREDERICK C. BRANDAU FINANCIAL FEDERATED TITLE & TRUST, INC.
<u>70</u>	<u>18 U.S.C., Sec. 1957</u>	<u>money laundering, spending</u>	FREDERICK C. BRANDAU FINANCIAL FEDERATED TITLE & TRUST, INC.
<u>71</u>	<u>18 U.S.C., Sec. 1957</u>	<u>money laundering, spending</u>	FREDERICK C. BRANDAU FINANCIAL FEDERATED TITLE &

			TRUST, INC. ZANE BALSAM
<u>72</u>	<u>18 U.S.C., Sec. 1957</u>	<u>money laundering, spending</u>	FREDERICK C. BRANDAU FINANCIAL FEDERATED TITLE & TRUST, INC.
<u>73</u>	<u>18 U.S.C., Sec. 982</u>	<u>criminal forfeiture</u>	FREDERICK C. BRANDAU, GARLAND HOGAN, MARY ANNE BILLINGHURST, FINANCIAL FEDERATED TITLE & TRUST, INC., ASSET SECURITY CORPORATION, GARY J. PIERCE, CSI Ag LTD., RAPHAEL R. LEVY, AMERICAN BENEFITS SERVICES INCORPORATED, WANDA TIRADO, ALAN RICHARD LEWIS, IVAN BURGOS, ZANE BALSAM, JUAN ARROYO, HARVEY BRANDAU, and CHERYL POINDEXTER

Brandau, Pierce, and Billinghamurst have been ordered detained pending the trial of this matter.

Updates on the progress of the criminal case may be obtained by accessing the Department of Justice web site devoted to this case at:

<http://www.usdoj.gov/usao/fls/VictimWitness/USvBrandau.html>

Mr. Scott commended the efforts of Federal Bureau of Investigation Special Agents Gary Van Eerde, Anthony L. Yanketis, Gary Hellmer, Stephen Lucchesi, Vicki Smeltz, and Internal Revenue Service Special Agent Klaus Hurme for their detailed efforts in uncovering the massive scheme that led to the indictment. The case is being prosecuted by Assistant United States Attorneys Ellen Cohen and Steve Carlton in West Palm Beach, Florida.