

The United States Attorney's Office

Southern District of Florida

Press Release

MBC MANAGERS PLEAD GUILTY TO ROLE IN \$830 MILLION SECURITIES FRAUD

February 27, 2007

FOR IMMEDIATE RELEASE

Defendants **Carol Traina** and **Bari Wiggins** entered guilty pleas before United States District Judge Paul C. Huck in Miami, announced 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"). **Traina** and **Wiggins** were employee-managers at Mutual Benefits Corp. ("MBC"), a viatical and life settlement company that was closed by federal regulators in May 2004. **Traina** and **Wiggins** each pled guilty to an Information charging one count of conspiracy to commit securities fraud, in violation of 18 U.S.C. §371 in connection with MBC's billion dollar securities offering. Pursuant to the terms of their respective plea agreements, both defendants face up to five (5) years' imprisonment. **Traina** and **Wiggins** also agreed to be jointly responsible for approximately \$830 million in restitution payable to MBC investors. Sentencing is scheduled for May 8, 2007.

According to the Information, MBC sold investment interests in viatical and life settlements through an international network of sales agents. 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's sales agents and marketing materials fraudulently induced investor participation in MBC's offering by promising investors "safe" investments in "secure" life insurance policies. Instead, MBC's viatical and life settlement were speculative investments fraught with undisclosed risks. Furthermore, MBC engaged in deceptive business practices by improperly acquiring policies that could not be bought and sold, pressuring doctors to rubber-stamp false life expectancy figures, and mismanaging escrowed premium funds in an unsustainable "Ponzi" scheme.

According to the Information, **Traina**, as MBC's Office Manager, assisted MBC's principals with the management of an international network of sales agents and marketing directors. Under her supervision, MBC's sales agents misrepresented the safety and security of the investments that MBC offered and sold. **Traina** also admitted to a role in the creation and distribution of false and misleading life expectancy letters that misrepresented the health condition insureds underlying MBC's life insurance policies.

Under the supervision of MBC's principals, **Wiggins** managed MBC's Policy Services Department. In this position, **Wiggins** oversaw the acquisition of insurance policies. **Wiggins** admitted that she acquired MBC's insurance policies, knowing that sales agents were misleading investors about the safety and security of MBC's investments. **Wiggins** further admitted that she helped MBC fraudulently obtain certain group insurance policies, which also placed investors at risk of losing their money.

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Victims/investors may obtain information concerning this case, or submit victim impact statements concerning this case at 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. The matter is being handled 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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