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HIGHLAND PARK COUPLE INDICTED IN HIS ALLEGED THEFT OF $17 MILLION FROM INSURANCE BROKERAGE AND HER ALLEGED CONCEALMENT OF PROCEEDS

CHICAGO – A Highland Park man was indicted on federal fraud charges for allegedly skimming more than $17 million from an insurance brokerage where he was an executive and his wife was charged with money laundering for allegedly concealing the stolen funds, which they used to pay for luxury autos, jewelry, travel and the mortgage on their home. The defendants, **Robert S. Carter** and **Virginia Carter**, were charged in a 36-count indictment that was returned by a federal grand jury late yesterday and made public today, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, Thomas J. Kneir, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation, and James W. Martin, Special Agent-in-Charge of the Criminal Investigation Division of the Internal Revenue Service in Chicago.

Robert S. Carter, also known as Robert B. Carter, 58, and his wife, Virginia Carter, also known as Ginny Carter, 59, both of Highland Park, will be arraigned at a later date in U.S. District Court. He was charged with eight counts of mail fraud and four counts of tax fraud, and she was charged with 23 counts of money laundering and two counts of tax fraud. The indictment also seeks forfeiture of $17 million, including $138,300 in cash that was seized and all funds contained in 11 separate financial accounts; the couple's Highland Park home; a 1962 Corvette convertible, a 2001 Audi TT convertible roadster and a 1995 Ferrari F512M; household items including a crystal table, an oil painting, a projection TV system, a grand piano; and assorted jewelry including Philippe Patek watches and diamond jewelry.

According to the indictment, Robert Carter was the senior vice president of marketing for National Accident Insurance Underwriters, Inc. (NAIU), an insurance agency and brokerage based in Arlington Heights. He was responsible for marketing NAIU's business to various brokers, oversaw 14 account executives who also marketed business, and had authority to bind policies with NAIU and insurance companies with whom they contracted.

Between February 2000 and March 2002, Robert Carter allegedly engaged in a fraud scheme to obtain more than $17 million by diverting premium checks from customers that were payable to NAIU and National Accident Insurance Group (NAIG). The indictment alleges that he used a typewriter to alter the payee line on the checks by adding the name "Sherman" after the payee and then depositing the checks into an account that he controlled in the name of Sherman Imports, Inc. He then withdrew funds from the Sherman account and used the money, the charges add.

To conceal the scheme, Carter allegedly created and provided to NAIU false premium reports that misrepresented the amount of premium collected on the policies sold and issued to customers, causing NAIU to send false premium reports to American National Insurance Company, a Galveston, Tex.-based managing agent that enabled NAIU to provide life, health, property and casualty insurance and other financial services.

The premium checks he allegedly stole were sent to NAIU from third-party administrators and various marketing brokers – whose customers were primarily bank credit card issuers – and were made payable to NAIU or NAIG for the sale of ANICO policies covering travel cancellation, accidental death and dismemberment and personal identity theft. Robert Carter instructed NAIU mail room employees to send unopened mail from the brokers and administrators directly to him and he removed the original premium reports and accompanying checks made payable to NAIU, the indictment alleges. After altering the payee line and depositing the checks, he disposed of the original premium reports and created new false premium reports reflecting lower premium payments and attached new checks for the lower amount drawn on the Sherman Imports account, both of which he then provided to NAIU, according to the charges.

In addition, the fraud scheme alleges that Robert Carter contracted to sell certain unauthorized insurance policies and never provided NAIU with any of the premiums. When one of those policies required a claim to be paid to a customer, he allegedly withdrew funds from the Sherman account and paid the claim from the diverted funds.

According to the indictment, other NAIU executives confronted Robert Carter about the alleged diversion of premiums on March 18, 2002. No later than mid-March 2002, it alleges that Virginia Carter learned that her husband was suspected of fraudulently obtaining substantial funds from his employer. Before that time, she had access to eight financial accounts listed in the indictment, and afterward, she opened five new accounts listed in the indictment.

The money laundering charges against Virginia Carter alone allege that in March, April, May and one instance in September 2002, she engaged in 23 different cash transactions in amounts ranging from $9,000 to $825,000, knowing that the funds were proceeds of illegal activity.

The tax fraud charges allege that Robert and Virginia Carter together filed a false federal income tax return for 1999 and that Virginia Carter alone filed a false return for 2000, in both instances allegedly failing to report income from the fraud scheme. Robert Carter was also charged with tax evasion for 1999, 2000 and 2001, during which he attempted to evade nearly $1.5 million in federal income taxes.

The government is being represented by Assistant U.S. Attorney Virginia Kendall.

If convicted, the charges in the indictment carry the following maximum penalties on each count: mail fraud – 5 years in prison and a $250,000 fine; money laundering – 20 years and a $500,000 fine or twice the amount of the money involved in the transaction, whichever is greater;

filing a false tax return – 3 years in prison and a $250,000 fine; and tax evasion – 5 years in prison and a $250,000 fine. In addition, defendants convicted of tax offenses must pay the costs of prosecution and remain liable for any taxes, penalties and interest owed. As an alternative maximum fine, the Court may order a fine totaling twice the gross loss to any victim or twice the gain to the defendant, whichever is greater. Restitution is mandatory. The Court, however, would determine the appropriate sentence to be imposed under the United States Sentencing Guidelines.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the United States has the burden of proving guilt beyond a reasonable doubt.

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