



Feature

Jaws Drop at Lawyers' Indictment

Another Ponzi scheme has been cracked down on in Fort Lauderdale, Florida. Perhaps this event in and of itself is losing its surprise factor. It seems everywhere we turn now another scheme or another scam is coming to light. They are coming in all shapes and sizes, but mostly large. This Mutual Benefits scheme amounts to nearly \$1 billion. Already nine officials connected with Mutual Benefits have pled guilty and have been sentenced to prison. The former company president, Peter Lombardi, is included in this number. His is a twenty-year term.

The shocking part about all of this is two attorneys who have been included in the indictment: Michael McNerney and Anthony Livoti Jr. These men are both highly regarded and have been involved in the legal community as well as in causes in their community for many years. All who know them and have worked with them attest to each attorney's integrity and honesty. Attorney Stuart Grossman of Miami's Grossman Roth worked with McNerney when they were Florida Bar offices together. He says of McNerney, "I am in suspended disbelief over the allegations. When a lawyer is charged, the whole legal community gasps, and when it's a lawyer of Mike McNerney's stature, I think they gasp, and they have a feeling of utter disbelief."

So how is this paradox resolved? Only time will tell. Each attorney has retained counsel and their lawyers say both men claim they were acting in their ethical roles advising Mutual Benefits and are not guilty of any of the charges laid against them. They seem confident that when they go to trial the jury will agree with them.

The Mutual Benefits Ponzi scheme was discovered and the company shut down in 2003. The company specialized in viaticals. This means that Mutual Benefits bought life insurance policies from clients who were terminally ill or were elderly. If the policyholder died ahead of the anticipated time

or at the anticipated time, then Mutual Benefits would make money off the policy. However, with scientific technology advancing as fast as it has been, lives of most patients have been prolonged past the anticipated date and Mutual Benefits began losing a lot of money. They began using new investors' money to pay off premiums.

Both McNerney and Livoti have been charged with money laundering and wire fraud conspiracy. The former executives of Mutual Benefits have also been charged in addition to the nine officials mentioned above. Lawyers for four of the defendants claim that the SEC acted too quickly in shutting down Mutual Benefits, saying there were still millions of dollars to pay policies. If they can prove this, perhaps juries will find defendants not guilty on some or all of the charges.

Some of the former executives have agreed to pay millions in fees, but McNerney and Livoti are determined to go to trial. They have plenty of people on their side, too. There are so many people who have known both men for so long and attest to their integrity that for those of us outside the case it can be a little puzzling. Perhaps more will come to light as the case goes to trial.

EmploymentCrossing is the largest collection of active jobs in the world.

We continuously monitor the hiring needs of more than 250,000 employers, including virtually every corporation and organization in the United States. We do not charge employers to post their jobs and we aggressively contact and investigate thousands of employers each day to learn of new positions. No one works harder than EmploymentCrossing.

Let EmploymentCrossing go to work for you.