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Florida doctor pleads guilty in \$1 billion fraud

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MIAMI (Reuters) - A Florida doctor pleaded guilty on Wednesday to securities fraud in connection with a life insurance scam that cost 28,000 investors nearly \$1 billion, prosecutors said.

Clark Mitchell, the former director of a prominent AIDS clinic who was arrested more than five years ago on insurance fraud charges, agreed to be responsible for restitution of \$367 million to investors in Mutual Benefits Corp., a Fort Lauderdale company that sought investors in life insurance policies held by elderly or ill people.

U.S. District Judge Paul Huck accepted a plea agreement and set sentencing for March 7, 2007, prosecutors said. It is one of several civil and criminal cases stemming from the company.

Prosecutors said Mutual Benefits directed an international network of agents who conned people into investing in viatical settlements, which are agreements to buy the life insurance death benefit of a terminally ill or elderly person in return for a lump-sum payment.

The investors were led to believe that their investments were safe because doctors would determine the life expectancy of the insured person.

But prosecutors say MBC officials -- not doctors -- determined the life expectancies which were fraudulently low. Mitchell and other doctors who worked for the company signed affidavits and letters that were sent to investors to make their investments seem less risky.

Prosecutors said Mutual Benefits' investors lost \$956 million.

Mitchell also pleaded guilty to conspiracy to commit health care fraud in connection with his work at a South Florida AIDS clinic. Prosecutors said he inflated Medicare bills by more than \$500,000 by claiming AIDS patients received more extensive treatment than they actually did.

Under the terms of the plea agreement, Mitchell faced 10 years in prison and a fine of more than \$5 million, in addition to the restitution.

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