



Former Insurance Broker Sentenced For Fraud and Money Laundering, Reports U.S. Attorney

BOSTON, Feb. 22 /PRNewswire-USNewswire/ -- A Hanson man was sentenced yesterday in federal court for defrauding a number of individuals who believed that they were purchasing annuity policies from Transamerica and with defrauding a client of the Catholic Order of Foresters ("COF").

United States Attorney Michael J. Sullivan, Warren T. Bamford, Special Agent in Charge of the Federal Bureau of Investigation in New England, and Douglas A. Bricker, Special Agent in Charge of the Internal Revenue Service, Criminal Investigation Boston Field Office, announced that JOSEPH P. GARVEY, age 43, of 113 Andrew Lane, Hanson, MA, was sentenced by U.S. District Chief Judge Mark L. Wolf to 71 months in prison, to be followed by 3 years of supervised release. Restitution was also ordered in the amount of \$493,748.03, which was less than the total amount of loss because GARVEY had returned \$177,104.57 to some of the victims.

At an earlier plea hearing, the prosecutor told the Court that, had the case proceeded to trial, the evidence would have proven that GARVEY perpetrated two fraud schemes in which he obtained a total of approximately \$670,852.60 from various people. In one scheme, GARVEY, a former independent producer for Transamerica and insurance agent for the Knights of Columbus (KOC), used two intermediaries to defraud several individuals into believing that they were purchasing annuity policies from Transamerica. Instead of obtaining valid annuity policies, GARVEY took checks that the individuals had made out to Transamerica and deposited them into a bank account that he controlled. GARVEY then used the victims' monies for his and his wife's personal benefit. In the second scheme, GARVEY pretended to be a former elderly client whom he had met through the KOC, in order to fraudulently withdraw funds from an annuity policy she had with the COF.

Specifically, the prosecutor told the Court that in the first fraud scheme, GARVEY opened up a bank account at the Wells Fargo Bank in California, in the name of Transamerica, without the company's knowledge or approval. From December 2002 through July 2004, GARVEY deposited funds into this account that he wrongfully obtained from unsuspecting individuals who believed they were investing in Transamerica annuities. During this time frame, GARVEY induced two field agents with the KOC to solicit individuals to purchase Transamerica annuity policies from him. In exchange for referring clients to him, GARVEY would pay the field agents commissions based on the value of the policies sold. In order to facilitate the purchase of annuities from him, GARVEY provided Transamerica application forms to the field agents, which they, in turn, gave to individuals. Both field agents solicited family members and KOC clients to purchase the annuities. Once the interested applicants filled out the Transamerica forms and provided checks made out to Transamerica to the field agents, the agents then gave the paperwork and checks to GARVEY for processing. Rather than forwarding the funds for the purchase of annuity policies, GARVEY instead deposited the funds into his account at the Wells Fargo Bank. In some instances, he provided phoney annuity policies that he fabricated; in other instances, he provided no policies at all. Through this scheme, GARVEY obtained approximately \$456,437.10.

In the second fraud scheme, which occurred from February 2004 through

July 2004, GARVEY falsely represented himself to be an 80 year old widower from Buzzards Bay, MA whom he knew through the KOC, who held an annuity policy with the COF. GARVEY sent letters and faxes to COF as "AMM" in order to cause a change of address and obtain beneficiary and withdrawal of funds forms. GARVEY set up a post office box with a fake address of 3108 Nealwood Ave. #945, Orlando, FL, so that he could direct that mail to AMM be sent there, then forwarded to his home address in Hanson, MA. Through this scheme, GARVEY defrauded the COF into believing that AMM had requested a withdrawal of funds from her annuity. As a result, in April 2004, COF issued a check made out to AMM in the amount of \$115,116.43, which they mailed to the phoney Orlando, FL address. This check was forwarded to GARVEY's home address, whereby GARVEY then mailed the check to his bogus Transamerica account. In July 2004, GARVEY again fraudulently represented himself as AMM and pursuant to a withdrawal of funds application which he mailed to COF, another check was issued for \$91,056.54 which GARVEY obtained and mailed to his Transamerica account. Given the early withdrawal of funds from the annuity policy, withdrawal fees were charged, and GARVEY caused AMM a loss of \$214,415.50.

The money laundering charges relate to GARVEY's use of the monies in the Transamerica account. Most of the funds in the Transamerica account were derived from the mail fraud scheme that GARVEY executed. GARVEY then used these funds to make numerous checks payable to himself and his wife, B. Garvey, which he described as "payroll" checks. He also issued a number of checks made out to one of the field agents and to himself, in an amount over \$10,000.

There were a number of victims who spoke at the plea hearing and told Judge Wolf how devastated they were about being defrauded. Judge Wolf, in imposing sentence, commented on the pain GARVEY had inflicted on the victims and told GARVEY that what he had done was "despicable."

The case was investigated by the Federal Bureau of Investigation and the Internal Revenue Service, Criminal Investigation. It is being prosecuted by Assistant U.S. Attorney Carmen M. Ortiz of Sullivan's Economic Crimes Unit.

SOURCE U.S. Attorney

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