

**Department of Justice**  
U.S. Attorney's Office  
Southern District of New York

FOR IMMEDIATE RELEASE

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## **Chief Financial Officer Of Connecticut Insurance Firm Sentenced In \$33 Million Scheme To Steal Client Healthcare Funds And Defraud Multiple Lenders**

Damian Williams, the United States Attorney for the Southern District of New York, announced today that ERIN VERESPY was sentenced to 66 months in prison for her participation in a widespread, \$33 million scheme to misappropriate client healthcare funds and defraud multiple lenders through her role as the Chief Financial Officer of Employee Benefit Solutions LLC ("EBS"), an insurance firm located in Wilton, Connecticut. VERESPY previously pled guilty before U.S. District Judge Cathy Seibel, who imposed today's sentence.

U.S. Attorney Damian Williams said: "For nearly two years, Erin Verespy helped manage a sophisticated, widespread scheme to steal millions of dollars of client healthcare funds, including with false and inflated invoices. As part of that scheme, Verespy also defrauded lenders out of millions. In doing so, she abused a position of trust as a fiduciary of client money that was meant to pay for important healthcare expenses. Thanks to the coordinated and tireless efforts of our law enforcement partners to untangle this fraud, Verespy will now serve a significant sentence in federal prison."

According to the Information, the Complaint, other court filings, and statements made during court proceedings:

From at least July 2017 and continuing through 2019, ERIN VERESPY served as the CFO of EBS, which offered a variety of healthcare insurance-related services to clients. EBS, among other things, provided third party healthcare claims administration ("TPA") services to clients that elected to "self-fund" (or self-insure) their employee healthcare plans. As a TPA, EBS would purportedly administer, process, and pay healthcare claims for its clients' employees in exchange for an administrative fee.

Between at least 2015 and continuing through 2019, EBS represented an automobile dealership chain ("Company-1") headquartered in Westchester County, New York. During this time period, EBS served as a TPA for Company-1's self-funded employee healthcare program and purported to process and pay claims to medical providers that treated Company-1's employees. To do this, EBS generated bimonthly "check register" invoices for Company-1 that listed all employee healthcare expenses from healthcare providers during that two-week period. EBS also administered a bank account on Company-1's behalf for the express purpose of paying Company-1 healthcare claims. Company-1 would fund each check register by paying the invoiced amount, expecting that EBS would promptly pay the claims to the healthcare providers. During this time period, Company-1 transferred approximately \$26 million to EBS for the payment of healthcare claims.

In reality, a significant amount of purported checks listed on the EBS "check register" invoices were never actually deposited by the healthcare providers. Instead, approximately \$17.87 million in Company-1 healthcare payments were misappropriated, with the overwhelming majority simply transferred by EBS into its own operating account, where they were used for non-healthcare expenses by the managers and owners of EBS. For example, a review of bank records indicates that Company-1 healthcare funds were used by VERESPY's co-conspirators to pay their home mortgage

expenses, as well as a personal credit card account with expenses relating to boating, luxury cars, and golf. VERESPY personally made over one million dollars from her participation in the fraudulent scheme.

EBS, through VERESPY and her co-conspirators, made decisions on what few Company-1 healthcare claims they did pay based on which healthcare providers were likely to complain if they did not receive payment, or if the claims were connected to Company-1 executives. VERESPY, for example, discussed the timing of payments for Company-1 “VIPs” as well as a “Not VIP” claim that was nonetheless the subject of complaining phone calls.

The “check registers” sent to Company-1 also contained millions of dollars in fraudulent or inflated healthcare claims that were eventually paid by Company-1. EBS routinely inflated the Company-1 check registers at the direction of VERESPY and her co-conspirators. Such efforts were typically accomplished through VERESPY and her co-conspirators instructing others to manually create fraudulent entries in the EBS claims processing software, including fake claims under the name of a business controlled by VERESPY’s co-conspirators. VERESPY and her co-conspirators also took steps to conceal their fraud from Company-1 by creating and sending manipulated and fabricated bank statements and checks to create the appearance that healthcare claims were being paid by EBS, when in reality they were not.

By mid-2017, as EBS buckled under mounting outstanding fiduciary obligations, VERESPY and her co-conspirators began an elaborate effort to conceal and perpetuate the ongoing fraud on Company-1 by applying for multiple fraudulent bank loans and merchant cash advances designed in part to pay various fiduciary obligations that EBS owed to Company-1. VERESPY and her co-conspirators fraudulently applied for and received millions of dollars in loans under the auspices of financing the purchase of upgraded billing software for EBS, which included VERESPY and her co-conspirators submitting fabricated invoices from a fake company that supposedly sold the billing software.

In addition to the prison term, ERIN VERESPY, 50, of Trumbull, Connecticut, was sentenced to 5 years of supervised release. The Court also ordered VERESPY to pay \$16,053,508.19 in restitution and forfeit \$1,066,038.02. On April 14, 2021, VERESPY pled guilty to one count of conspiracy to commit wire fraud and bank fraud, in violation of Title 18, United States Code, Section 1349.

Mr. Williams praised the outstanding investigative work of the U.S. Postal Inspection Service and the Special Agents of the United States Attorney’s Office. Mr. Williams also thanked the U.S. Department of Labor, Employee Benefits Security Administration; the U.S. Department of Labor, Office of Inspector General; and the United States Secret Service, which are assisting in the investigation, as well as the U.S. Attorney’s Office for the District of Connecticut.

The prosecution is being handled by the Office’s White Plains Division. Assistant United States Attorney Nicholas S. Bradley is in charge of the prosecution.

**Component(s):**

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