



*United States Attorney
District of New Jersey*

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**OWNER AND OPERATOR OF NEW JERSEY-BASED REAL BENEFITS
ASSOCIATION LLC SENTENCED TO 18 MONTHS IN PRISON FOR SELLING
BOGUS HEALTH INSURANCE**

TRENTON, N.J. – An insurance broker who stole nearly \$1 million while continuing to sell health care coverage he knew was fake was sentenced today to 18 months in prison, U.S. Attorney Craig Carpenito announced.

David Clark, 75, of Morristown, New Jersey, previously pleaded guilty before U.S. District Judge Michael Shipp to an information charging him with conspiracy to commit wire fraud. Judge Shipp imposed the sentence today in Trenton federal court.

According to documents filed in this case and statements made in court:

Clark owned and operated Real Benefits Association LLC (RBA), a New Jersey limited liability company he incorporated on Dec. 17, 2003, under a similar name. Clark established RBA as a purported labor organization and as a way to market and sell health insurance to the general public through the RBA Welfare Plan. Initially, the Welfare Plan was fully insured through Perfect Health, a licensed New York insurance company. Participants paid insurance premiums to bank accounts of RBA or the Welfare Plan, which Clark then remitted to Perfect Health.

Perfect Health was purchased by Health Insurance Programs (HIP) in 2008, and HIP discontinued its insurance policy with the RBA Welfare Plan. The federal government notified Clark that RBA did not qualify as a labor organization and was required to cease operating.

Clark continued, however, to market and sell the health insurance plans to unsuspecting participants. Participants began to complain to their respective state insurance departments when their medical claims were not being paid, which prompted various departments throughout the United States to issue cease and desist orders.

Clark and conspirators continued to market and sell bogus health insurance, and from December 2008 to July 2011, they collected approximately \$1.8 million in premiums for RBA health insurance coverage. Clark diverted \$962,027 from the premiums paid by RBA participants for his personal use, including by using victims' premiums to fund personal debit and credit card purchases, college tuition payments and deposits to a relative's bank account.

In addition to the prison term, Judge Shipp sentenced Clark to two years of supervised release.

U.S. Attorney Carpenito credited special agents of the U. S. Department of Labor Office of Inspector General, under the direction of Special Agent in Charge for the New York Region Michael C. Mikulka; the U.S. Department of Labor Employee Benefits Security Administration (EBSA), under the direction of Darren Cohen, Regional Director; and postal inspectors of the U.S. Postal Inspection Service, under the direction of Inspector in Charge James Buthorn, with the investigation leading to today's sentencing.

The government is represented by Senior Trial Counsel Jacob T. Elberg of the U.S. Attorney's Office's Health Care and Government Fraud Unit in Newark.

If you have information or think you might be a victim of this scheme, please contact (866) 444-3272 to speak to an EBSA benefits advisor.

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Defense counsel: John P. McDonald Esq., Somerville, New Jersey