

News Release



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President of New York Corporation Indicted For Embezzlement And Mail Fraud

NEW YORK CITY — The former president of Vanguard Asset Group Inc., Lake Success, N.Y., was indicted by a federal grand jury in New York for embezzlement of health care premiums and for defrauding small business clients to benefit himself.

“Theft of employee benefit assets is unacceptable,” said Ann L. Combs, Assistant Secretary of the Employee Benefits Security Administration (EBSA). “The department will not hesitate to pursue those who commit these crimes and recover money stolen from hard-working Americans.”

Samuels was indicted for embezzlement of payments intended to provide health care coverage and for devising a scheme to defraud members of the Wedding & Event Videographers Association (WEVA) and the American Financial Management Association Group (AFMA). AFMA was a corporation set up by Samuels to collect premiums from individuals that were not WEVA members.

Samuels allegedly carried out the fraud by falsely representing to WEVA members that Vanguard carried stop-loss insurance coverage to pay claims in excess of the assets that Vanguard had and by embezzling for his personal use payments intended to provide health coverage. Samuels, who was in charge of Vanguard’s day-to-day operations including its financial affairs, allegedly failed to pay numerous bills submitted to Vanguard by health care providers for services provided to WEVA and AFMA members.

Vanguard marketed the health care benefit program in numerous states including New York, New Jersey, Florida, Connecticut and Massachusetts. Vanguard is not related to The Vanguard Group Inc. of Valley Forge, Pa.

The New York regional office of EBSA and the department’s Office of Inspector General in New York conducted the joint investigation in this case. The U.S. Attorney’s Office for the Eastern District of New York prosecuted the case.

In previous legal actions, the Labor Department obtained a judgment in January 2001 permanently barring Samuels from involvement with ERISA plans and requiring restitution to the International Workers Guild (IWG) health plan. In a separate criminal case, Samuels was sentenced to six months of probation for his role in committing health care fraud in connection with the IWG health plan.

Tips for small employers on purchasing health benefits may be found at EBSA’s web site at <http://www.dol.gov/ebsa/newsroom/fshlthinstips.html>. Employers and workers can reach the New York regional office at (212) 607-8600 or EBSA toll-free at 1-866-444-EBSA (3272) for help with problems relating to private-sector retirement and health plans.

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(U.S. v. Samuels)
Criminal No. CR05-0230