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Kissimmee pair guilty in insurance scheme

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Two Kissimmee brothers were convicted Tuesday of buying life-insurance policies with investors' money and then squandering the cash.

In the \$107 million scheme, the brothers bought life-insurance policies of terminally ill patients and the elderly at a discount and sold them to investors at a profit, prosecutors said in federal court during the seven-month trial.

Clarence Keith LaMonda and Jesse "Jess" LaMonda were indicted in 2005 alongside their one-time business attorney, John Maynard, by a grand jury on multiple conspiracy and fraud charges.

Instead of the promised high returns, the LaMondas spent the money on speculative oil- and gas-exploration projects, personal investments and a lavish lifestyle, said David Ignall, a Department of Justice tax prosecutor.

Jurors, who deliberated for six days, convicted the LaMondas on all counts, including two counts of conspiracy to commit mail and wire fraud and 11 counts of mail fraud. In addition, Keith LaMonda was convicted of conspiracy to defraud the government and making a false tax claim to the Internal Revenue Service.

Maynard was convicted on one count each of conspiracy to commit mail and wire fraud and conspiracy to defraud the government. Jurors acquitted the disbarred attorney of 12 fraud-related counts.

"Dr. LaMonda [Jesse] and his family are disappointed," said Michael Pasano, a former federal prosecutor from Miami with experience in trials involving resale of life-insurance policies, known as viaticals.

"We will appeal in hopes of vindicating his reputation."

During closing arguments last month, Ignall told jurors that the brothers treated investors' funds as their "personal piggy bank" at a business where a "culture of fraud" flourished.

As an example, Ignall said, in 1998 and 1999, the LaMondas raised \$6.3 million from investors to buy a \$9.5 million life-insurance policy of a woman expected to live only three years.

The insurance company canceled the policy in 2001 when the LaMondas stopped paying on premiums.

After the verdict was read, prosecutors requested new bail conditions for the defendants.

In a bond hearing after the verdict, U.S. Magistrate James Glazebrook set \$1 million bail for Keith LaMonda

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and \$100,000 bail for his brother.

Maynard, meanwhile, will remain free after posting \$50,000 bail.

Though unhappy with the verdict, Chandler Muller, Maynard's Winter Park attorney, said: "We feel good about his appeal."

Assistant U.S. Attorney Karen Gable was ecstatic.

"The U.S. Attorney's Office is committed to fighting fraud, and this verdict goes a long way toward cleaning up the viaticals industry," Gable said.

The brothers ran Accelerated Benefits Corp. on East Robinson Street in Orlando until 2001, when a raid by the FBI and IRS agents shut them down. They resurfaced in Texas, incorporating ABC Viaticals Inc. in Houston.

In November, the U.S. Securities and Exchange Commission filed a civil complaint in Dallas against the LaMondas. A federal judge there has placed the business in a receivership. The SEC complaint accuses the brothers of securities fraud and seeks to permanently shut them down.

Keith LaMonda could face up to 30 years in prison, and Jesse LaMonda could receive up to 20 years. Maynard could face up to 10 years when sentenced May 17.

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