



News Release

Attorney General Robert E. Cooper, Jr.

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STATE ARRESTS FOUR FOR ALLEGED MULTI-MILLION DOLLAR INSURANCE FRAUD SCHEME

The State Attorney General's Office and Williamson County District Attorney's Office have indicted four people in connection with a multi-million-dollar insurance fraud case involving the now defunct Franklin-based National Foundation of America (NFOA).

Richard and Susan Olive, owners of the company, and Breanna McIntyre, an employee, were taken into custody in Tallahassee, Fla. while Kenny M. Marks, an officer with NFOA, was picked up in Franklin. They are all charged with one count each of theft over \$10,000 and nine counts of theft of over \$60,000. They are alleged to have enticed several elderly people into trading in their valuable insurance annuities for worthless so-called "charitable gift" annuities. The case involved millions of dollars allegedly stolen from people in more than a dozen states.

If convicted, the defendants face up to 12 years in prison and possible fines of up to \$25,000 for each count. Meanwhile, NFOA's assets have been seized and the company has been placed into receivership. The separate civil receivership case has been ongoing since May 2007.

"We are gratified to have these defendants in custody considering the very serious nature of the alleged crimes," Attorney General Bob Cooper said. "Our hearts go out to the victims of this case, many of whom have lost life savings while doing what they thought was best for themselves and their families."

It is alleged that from January 2006 to the state's seizure of the company in late May, 2007, NFOA solicited, misled and coerced elderly consumers in Tennessee and several other states into surrendering legitimate income tax deferred annuities, securities, real estate and cash for the benefit of themselves and their heirs to NFOA. In exchange, they were given NFOA's "installment plan," which the defendants claimed would give the recipients a "generous tax deduction." As a result, the Olives gained control of an estimated \$31 million in assets, according to the complaint.

When legitimate insurance agents noticed so many people were surrendering their annuities to buy into the so-called charitable annuities with NFOA, they contacted officials with the Insurance Division of the Tennessee Department of Commerce and Insurance. Responding to complaints received in the division's Financial Affairs section in 2007, Commerce and Insurance worked with investigators from the Attorney General's Office, as well as insurance regulators from other states. Ultimately, Commerce and Insurance was able to work with banks and insurance producers to return about 78% of lost funds to Tennessee victims, some \$15.4 million in total.

Officials discovered the defendants allegedly used the money taken from investors for a slew of personal expenses and luxury items, elaborate vacations and to pay off existing debt.

The Insurance Division of the Department of Commerce and Insurance continues to work to protect the interests of Tennesseans in similar cases, and asks Tennesseans who have complaints about insurance products to contact the Consumer Insurance Services section at 615-741-2218, 1-800-342-4029 (inside Tennessee) or by e-mailing insurance.info@tn.gov.