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Office of the Insurance Fraud Prosecutor

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Central Jersey Couple That Ran Insurance Brokerage Company Pleads Guilty to Stealing More Than \$770,000 from Seven Insurance Companies

TRENTON – Acting Attorney General John Hoffman announced that a central New Jersey husband and wife who ran a now-defunct insurance brokerage company have pleaded guilty to their roles in a scheme to steal more than \$770,000 by failing to remit insurance premiums to seven insurance companies.

Brian P. Mohen, 47, who currently lives in Spring Lake but who lived in Far Hills Borough when the crime occurred, pleaded guilty yesterday (Oct. 28) to second-degree misapplication of entrusted property and two counts of third-degree failure to file an income tax return. Mohen's wife, Lisa A. Stanko-Mohen, 48, pleaded guilty to one count of third-degree misapplication of entrusted property and two counts of third-degree failure to file an income tax return. The couple was charged in a Dec. 10, 2012 state grand jury indictment. The defendants pleaded guilty before Superior Court Judge Julie M. Marino in Somerset County.

Judge Marino scheduled sentencing for Jan. 17, 2014. Under the plea agreement, the state will recommend that Brian Mohen be sentenced to eight years in state prison and that Lisa Stanko-Mohen be sentenced to five years of probation. In addition, the defendants will execute consent judgments that will require them to pay a total of \$660,446 in restitution and \$116,451 in unpaid taxes, including interest and penalty.

“The defendants had a fiduciary obligation to their clients to remit insurance premiums to insurance companies, but chose instead to selfishly line their own pockets,” Acting Attorney General Hoffman said. “This type of crime, which ultimately increases insurance rates for honest New Jerseyans, will not be tolerated.”

“Today's guilty pleas show that the Office of the Insurance Fraud Prosecutor continues to make the investigation and prosecution of corrupt insurance brokers a top priority,” Acting Insurance Fraud Prosecutor Ronald Chillemi said.

The defendants were the managing directors of Arden Financial Services, Inc. (Arden), located in Far Hills Borough. The company specialized in the sale of management liability insurance.

In pleading guilty, Brian Mohen admitted that between Feb. 28, 2007 and June 7, 2010, he was responsible for the misappropriation of approximately \$770,768. Lisa Stanko-Mohen admitted that she was responsible for the misappropriation of more than \$1,000. An investigation by the Office of the Insurance Fraud Prosecutor determined that the defendants misappropriated the money by failing to remit premiums they received to seven

companies - Indian Harbor Insurance Company (\$300,900), Great American Insurance Company (\$128,694), Catlin Specialty Insurance Company (\$123,250), XL Specialty (\$89,250), Navigators Insurance Company (\$71,823), The Camden Fire Insurance Association (\$52,650), and Greenwich Insurance Company (\$4,200).

New Jersey law and Arden's producer agreement with the insurance companies established a fiduciary relationship between Arden and the insurance companies with which Arden was doing business and required Arden to hold all insurance premiums it received in a segregated trust account. The commingling of premiums with any other funds or the misappropriation or conversion of premiums to Arden's or the defendants' own use was expressly prohibited by New Jersey law.

The investigation determined that the defendants commingled trust account funds with office funds, failed to remit premiums due and owing to those insurance companies, and misappropriated premiums for their own purposes.

Once the defendants' fraudulent actions were discovered, the insurance companies made good on the policies, so that the policy holders did not lose coverage.

The defendants also admitted today that they failed to file an income tax return for the tax years ending 2008 and 2009. The investigation determined that they subsequently failed to pay \$49,900 in income tax for 2008 and \$21,969 in income tax for 2009.

Acting Insurance Fraud Prosecutor Ronald Chillemi noted that Deputy Attorney General Thomas G. Tresansky, Jr., Detective Kristi L. Procaccino, Detective Megan Flanagan and Analyst Terri Drumm of the Office of the Insurance Fraud Prosecutor and Supervising Auditor Michael Mullane with the Division of Taxation Office of Criminal Investigations were assigned to the investigation. Deputy Attorneys General Cheryl Maccaroni and Michael Locke represented the Office of the Insurance Fraud Prosecutor at the guilty plea hearing.

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