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Southern District of New York

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Former Managers And Employees Of Connecticut Insurance Firm Charged In \$17 Million Scheme To Defraud Client Healthcare Expenses

Audrey Strauss, the Acting United States Attorney for the Southern District of New York, and Philip R. Bartlett, Inspector in Charge of the New York Field Office of the United States Postal Inspection Service ("USPIS"), announced the arrests of ANTHONY RICCARDI, PATRICIA RICCARDI, ERIN VERESPY, and VANESSA BATTLE, former managers and employees of Employee Benefit Solutions LLC ("EBS"), for defrauding clients by misappropriating over \$17 million in client funds intended for employee healthcare claims. ANTHONY RICCARDI, PATRICIA RICCARDI, and ERIN VERESPY appeared before Chief U.S. Magistrate Judge Paul E. Davison in White Plains federal court last week, and VANESSA BATTLE appeared before Judge Davison this morning.

Acting U.S. Attorney Audrey Strauss said: "As alleged in the criminal complaint, the defendants abused their positions as administrators of client healthcare plans for years by creating false and inflated invoices and then misappropriating millions of dollars for their own uses. As further alleged, the defendants sought to conceal this fraud by creating false bank statements and checks. Our Office will continue to work with our law enforcement partners to expose and prosecute egregious fraud schemes."

Inspector in Charge Philip R. Bartlett said: "The magnitude and the level of the alleged dishonesty by these individuals is truly unfathomable. The defendants allegedly enriched themselves with money transferred to EBS intended for the payment of medical expenses. Once Postal Inspectors caught this case they swiftly uncovered the theft scheme and brought those allegedly responsible to justice for their criminal behavior."

According to the allegations in the Complaint unsealed today^[1]:

ANTHONY RICCARDI, PATRICIA RICCARDI, ERIN VERESPY, and VANESSA BATTLE are managers and employees of EBS, a company based in Wilton, Connecticut, that offered a variety of healthcare insurance-related services to clients. EBS, among other things, provided third party healthcare claims administration ("TPA") services to clients that elected to "self-fund" (or self-insure) their employee healthcare plans. As a TPA, EBS would purportedly administer, process, and pay healthcare claims for its clients' employees in exchange for an administrative fee.

Between at least 2015 and continuing through 2019, EBS represented an automobile dealership chain ("Company-1") headquartered in Westchester County, New York. During this time period, EBS served as a TPA for Company-1's self-funded employee healthcare program and purported to process and pay claims to medical providers that treated Company-1's employees. To do this, EBS generated bimonthly "check register" invoices for Company-1 that listed all employee healthcare expenses from healthcare providers during that two-week period. EBS also administered a bank account on Company-1's behalf for the express purpose of paying Company-1 healthcare claims. Company-1 would fund each check register by paying the invoiced amount, expecting that EBS would promptly

pay the claims to the healthcare providers. During this time period, Company-1 transferred approximately \$26 million to EBS for the payment of healthcare claims.

In reality, a significant amount of purported checks listed on the EBS “check register” invoices were never actually deposited by the healthcare providers. Instead, approximately \$17.87 million in Company-1 healthcare payments were misappropriated, with the overwhelming majority simply transferred by EBS into its own operating account, where they were used for non-healthcare expenses by the defendants. For example, a review of bank records indicates that Company-1 healthcare funds were used by ANTHONY RICCARDI and PATRICIA RICCARDI to pay their home mortgage expenses, as well as a personal credit card account with expenses relating to boating and golf.

EBS, through the defendants, made decisions of what few Company-1 healthcare claims they did pay based on which healthcare providers were likely to complain if they did not receive payment, or if the claims were connected to Company-1 executives. PATRICIA RICCARDI and VERESPY, for example, discussed the timing of payments for Company-1 “VIPs” as well as a “Not VIP” claim that was nonetheless the subject of complaining phone calls.

The “check registers” sent to Company-1 also contained millions of dollars in fraudulent or inflated healthcare claims that were eventually paid by Company-1. Such efforts were directed by ANTHONY RICCARDI and assisted by BATTLE, who among other things, manually entered a majority of claims relating to a specific pharmacy network that were billed to Company-1, despite approximately \$3 million of those claims being fictitious. Furthermore, on at least one occasion, BATTLE sent an auditor for Company-1’s insurance underwriter a series of pharmacy network claims that were billed to Company-1 despite being significantly inflated from the pharmacy network’s records.

The defendants also took steps to conceal their fraud from Company-1 by creating and sending manipulated and fabricated bank statements and checks to create the appearance that healthcare claims were being paid by EBS, when in reality they were not. In approximately January 2019, for example, ANTHONY RICCARDI sent multiple bank statements to Company-1 that purported to show healthcare claims being paid out from the account EBS created on Company-1’s behalf. Such bank statements were significantly altered from the actual bank statements and hid, for example, the millions of dollars that EBS transferred from the Company-1 account into the EBS operating account. BATTLE sent similar copies of the altered bank statements to an auditor for Company-1’s insurance underwriter. VERESPY and ANTHONY RICCARDI also exchanged emails showing the creation of altered bank statements on behalf of another client in or about 2018. Furthermore, on at least one occasion, ANTHONY RICCARDI sent Company-1 an image of an altered check to create the appearance that EBS was handling a delayed healthcare payment. In so doing, ANTHONY RICCARDI also emailed PATRICIA RICCARDI and BATTLE to ask whether they needed to “make more . . . checks.”

ANTHONY RICCARDI, 42, PATRICIA RICCARDI, 53, and VANESSA BATTLE, 65, each of New Canaan, Connecticut, and ERIN VERESPY, 49, of Trumbull, Connecticut, are each charged with one count of conspiracy to commit wire fraud and one count of wire fraud, each of which carries a maximum sentence of 20 years in prison.

The maximum potential sentences in this case are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendant will be determined by the judge.

Ms. Strauss praised the outstanding investigative work of the U.S. Postal Inspection Service and the Special Agents of the United States Attorney’s Office. Ms. Strauss also thanked the U.S. Department of Labor, Employee Benefits Security Administration; U.S. Department of Labor, Office of Inspector General; and the United States Secret Service, which are assisting in the investigation, as well as the U.S. Attorney’s Office for the District of Connecticut.

The prosecution is being handled by the Office's White Plains Division. Assistant United States Attorney Nicholas S. Bradley is in charge of the prosecution.

The charges in the Complaint are merely accusations and the defendants are presumed innocent unless and until proven guilty.

[1] As the introductory phrase signifies, the entirety of the text of the Complaint, and the description of the Complaint set forth herein, constitute only allegations, and every fact described should be treated as an allegation.