

PRESS RELEASE

Owner Of Insurance Firm Sentenced To 10 Years In Prison For \$40 Million Scheme To Steal Client Healthcare Funds And Defraud Lenders

Tuesday, August 20, 2024

For Immediate Release

U.S. Attorney's Office, Southern District of New York

Damian Williams, the United States Attorney for the Southern District of New York, announced today that ANTHONY RICCARDI, an owner and manager of the Connecticut insurance firm Employee Benefit Solutions LLC (“EBS”), was sentenced to 10 years in prison for conspiring to commit wire fraud and bank fraud. Between 2015 and 2019, RICCARDI and his co-conspirators used EBS as part of a widespread, \$40 million scheme to misappropriate and steal client healthcare funds and defraud multiple lenders. RICCARDI previously pled guilty on February 21, 2023, before U.S. District Judge Philip M. Halpern, who imposed today’s sentence.

U.S. Attorney Damian Williams said: “For years, Anthony Riccardi schemed to abuse his position of trust by stealing millions in fiduciary money that was meant to pay for important employee healthcare expenses. He used this stolen money to fund a lavish lifestyle that included luxury cars and a sprawling mansion. To keep the scheme going, Riccardi also defrauded lenders out of millions. Today’s sentence underscores that no matter how complex the scheme, those who use their positions defraud others and enrich themselves will answer for their crimes.

According to the Indictment, the Complaint, other court filings, and statements made during court proceedings:

From at least 2015 and continuing through 2019, RICCARDI was the 50% co-owner and Executive Vice President of EBS, which 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. 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 period, Company-1 transferred approximately \$26 million to EBS for the payment of healthcare claims.

In reality, a significant number 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 managers and owners of EBS. For example, a review of bank records indicates that Company-1 healthcare funds were used by RICCARDI and his co-conspirators to pay their home mortgage expenses as well as a personal credit card account with expenses relating to boating, luxury cars, and golf.

EBS, through RICCARDI and his co-conspirators, made decisions on 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.

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. EBS routinely inflated the Company-1 check registers at the direction of RICCARDI and his co-conspirators. Such efforts were typically accomplished through RICCARDI and his co-

conspirators instructing others to manually create fraudulent entries in the EBS claims processing software, including fake claims under the name of a business controlled by RICCARDI. RICCARDI and his co-conspirators 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.

By mid-2017, as EBS buckled under mounting outstanding fiduciary obligations, RICCARDI and his co-conspirators began an elaborate effort to conceal and perpetuate the ongoing fraud on Company-1 by applying for multiple fraudulent bank loans and merchant cash advances designed in part to pay various fiduciary obligations that EBS owed to Company-1. RICCARDI and his co-conspirators fraudulently applied for and received millions of dollars in loans under the auspices of financing the purchase of upgraded billing software for EBS, which included RICCARDI and his co-conspirators submitting fabricated invoices from a fake company that supposedly sold the billing software.

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In addition to the prison term, RICCARDI, 46, of New Canaan, Connecticut, was sentenced to three years of supervised release. He was additionally ordered to pay \$14,870,653.36 in restitution and forfeit \$2,000,000.00.

RICCARDI's co-defendant, Patricia Riccardi, was previously sentenced to 30 months in prison following her guilty plea to one count of conspiring to commit wire fraud and bank fraud before Judge Halpern.

RICCARDI's co-conspirator, Erin Verespy, was previously sentenced to 66 months in prison following her guilty plea to one count of conspiring to commit wire fraud and bank fraud before U.S. District Judge Cathy Seibel.

Mr. Williams praised the outstanding investigative work of the U.S. Postal Inspection Service and the Special Agents of the U.S. Attorney's Office. Mr. Williams also thanked the U.S. Department of Labor, Employee Benefits Security Administration; the U.S. Department of Labor, Office of Inspector General; and the U.S. 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 U.S. Attorney Nicholas S. Bradley is in charge of the prosecution.

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Updated August 20, 2024

Topic

HEALTH CARE FRAUD

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Press Release Number: 24-274