

Page 1 of 1 D.C.  
ELECTRONIC  
FEB. 15, 2008  
CLARENCE MADDOX  
CLERK U.S. DIST. CT.  
S.D. OF FLA. - MIAMI

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO.

SECURITIES AND EXCHANGE COMMISSION, )

Plaintiff, )

v. 08-60219-CV-DIMITROULEAS/ROSENBAUM )

RAQUEL KOHLER, )

Defendant. )

COMPLAINT

Plaintiff Securities and Exchange Commission alleges as follows:

I. INTRODUCTION

1. The Commission brings this action to restrain and enjoin Defendant Raquel Kohler, the former Chief Financial Officer and comptroller of Mutual Benefits Corporation ("MBC" or the "Company"), from violating the federal securities laws. This action arises from the massive offering fraud MBC and its principals conducted that bilked more than \$1 billion from more than 30,000 investors worldwide. From late 1994 through the date of the Commission's emergency action against MBC in May 2004, the Company offered unregistered securities in the form of fractional interests in discounted life insurance policies known as viatical settlements.

2. In connection with the sale of these securities, MBC and its principals made numerous misrepresentations and omissions to prospective and current investors about, among other things, the profitability and rates of maturity of the policies, the process by which life expectancies on the policies were determined, the use of investor proceeds, and the disciplinary

histories of MBC's undisclosed principals. Additionally, MBC and its principals diverted and misused significant investor funds.

3. Kohler was a substantial participant in the MBC offering fraud. She was aware of MBC's misuse of investor funds, helped conceal the fraud, and wired investor funds to accounts MBC's principals controlled. Kohler also participated in the preparation and filing of false and misleading information with State of Florida regulators to conceal the fact that a convicted felon with a disciplinary history was a controlling principal of MBC.

4. By virtue of her conduct, Kohler violated Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5.

## II. JURISDICTION AND VENUE

5. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e) and 78aa.

6. Venue is proper in the Southern District of Florida because many of Kohler's acts and transactions giving rise to the violations alleged in this Complaint occurred in the Southern District of Florida. In addition, Kohler resides in the Southern District of Florida and at all times relevant to the allegations in this Complaint, MBC's principal place of business was located in the Southern District of Florida.

7. In connection with the conduct alleged in this Complaint, Kohler, directly or indirectly, singly or in concert with others, made use of the means or instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, and the mails.

### **III. DEFENDANT**

8. Kohler, 43, lives in Coral Springs, Florida. She is a certified public accountant licensed in New York. Kohler was CFO and comptroller of MBC from May 2001 until May 2004. On September 24, 2007, a judgment of conviction was entered against Kohler in *United States v. Kohler*, No. 07-CR-20446-PCH, in the United States District Court for the Southern District of Florida, finding her guilty of one count of conspiracy to commit securities fraud in violation of 18 U.S.C. § 371, in connection with the MBC offering fraud. Kohler was sentenced to 60 months imprisonment in a federal penitentiary and ordered to pay restitution, jointly and severally with co-conspirators, in the amount of \$471,000,000.

### **IV. THE FRAUDULENT OFFERING**

#### **A. Mutual Benefit's Fraudulent Offering**

9. From late 1994 until May 2004, MBC operated in Fort Lauderdale, Florida as a viatical and life settlement provider, raising money from investors to purchase viatical and life settlement contracts. A viatical or life settlement contract involves the sale of a life insurance policy by a terminally ill person or senior citizen (known in the industry as a "viator") at a price discounted from the face value of the policy. Investors pay the premiums, and receive the face value of the life insurance policy when the insured, or viator, dies. In turn, the viator receives a portion of the proceeds of his life insurance policy as a lump sum.

10. MBC was run primarily by its undisclosed principals, Joel Steinger, a convicted felon with an extensive disciplinary history, and his brother, Leslie Steinger, who also has a significant disciplinary history. Peter Lombardi held the title of president of MBC, and Steven Steiner, who is the brother of Joel and Leslie Steinger, was the vice president.



VSI, Ameer Khan, and Khan reported directly to Steinger, who made ultimate decisions for VSI. MBC made and kept VSI's books and records.

16. MBC used a significant portion of investor funds to pay commissions to sales agents and, unbeknownst to investors, to various shell companies the individual defendants and others controlled.

17. Between 1994 and May 2004, MBC raised more than \$1 billion from more than 30,000 investors worldwide through the unregistered offer and sale of securities in the form of fractionalized interests in viatical and life settlement contracts.

18. No registration statement was filed or in effect with the Commission in connection with the securities MBC offered.

19. On May 3, 2004, the Commission filed a civil injunctive action against Mutual Benefits, Joel and Leslie Steinger, Peter Lombardi, and certain relief defendants alleging violations of the antifraud and registration provisions of the federal securities laws. *SEC v. Mutual Benefits Corp.*, Case No. 04-60573-CIV-MORENO (the "MBC action"). On June 21, 2005, the Commission filed an Amended Complaint adding Steven Steiner as a defendant. On May 4, 2004, the Commission obtained emergency relief against all defendants, including appointment of a receiver over MBC, VSI, and other affiliated corporate entities, asset freezes against the defendants, and a temporary restraining order.

20. In May 2005, the Eleventh Circuit affirmed the District Court's order denying the defendants' motion to dismiss for lack of subject matter jurisdiction, ruling the viatical settlements MBC sold constituted securities under the federal securities laws. *SEC v. Mutual Benefits Corp.*, 408 F.3d 737 (11th Cir. 2005). All of the individual defendants in the MBC



24. MBC failed to disclose to investors the existence of serious cash deficiencies in the escrow accounts where the Company set aside investor funds to pay future premiums on the life insurance policies. Because of the fraudulent life expectancies MBC assigned and because MBC failed to set aside any funds for hundreds of policies, the escrow accounts suffered serious shortfalls. As of September 30, 2003, more than 74% of MBC's active policies had zero (or negative) escrow balances.

25. Additionally, MBC's representations to investors regarding its rates of returns were false and misleading. Because of the serious problems with the life expectancies assigned to some of MBC's policies and the deficiencies in the Company's premium escrow account, investors would be faced with the prospect of having to place additional funds with MBC in order to cover future premium payments, which would result in a reduction of the returns promised to investors.

26. At the same time MBC was encountering these cash deficiencies the Company's principals were wrongfully diverting millions of dollars to themselves in undisclosed "consulting fees" and wire transfers to offshore accounts.

27. Finally, MBC failed to disclose Joel and Leslie Steinger played such substantial roles in the operation of MBC and VSI that they were, in fact, undisclosed principals of those entities. As such, MBC should have disclosed their criminal and disciplinary backgrounds to prospective and existing investors. MBC also failed to disclose to investors that at least five states had issued cease-and-desist orders against MBC and its principals for securities fraud and registration violations. In addition, a sixth state issued a cease-and-desist order against the sales agents who sold the investment opportunity in that state.

**C. Kohler's Role in Mutual Benefits' Fraudulent Offering**

28. Kohler became involved with MBC while she was employed as an accountant by an outside accounting and auditing firm in Miami, Florida. The firm performed yearly audits and issued unqualified audit opinions of MBC's financial statements from 1994 through 2003. Kohler joined the audit team reviewing MBC's financial statements in 1999.

29. In May 2001, Kohler joined MBC as its CFO and comptroller, responsible for reconciling bank accounts, arranging wire transfers, reviewing documents in connection with the financial audits, and compiling information for state insurance and securities regulators, most notably, Florida's Office of Insurance Regulation.

30. In her position as CFO and comptroller, Kohler was aware MBC was using new investor funds improperly to pay premiums on older policies, and that the Company and its principals were misusing investor funds. From May 2001 through May 2004, Kohler wired funds out of MBC's operating accounts and into accounts MBC's principals controlled and falsely labeled the transfers "commissions."

31. Kohler also knew MBC's undisclosed principals, Joel and Leslie Steinger, substantially controlled all of the Company's operations. However, Kohler participated in the preparation and filing of false and misleading information with state regulators to conceal the fact that a convicted felon with a disciplinary history was a controlling principal of MBC.

**V. VIOLATIONS**

**Fraud in Violation of Section 10(b) and Rule 10b-5 of the Exchange Act**

32. The Commission repeats and realleges paragraphs 1 through 31 of its Complaint.

33. From May 2001 through May 2004, Kohler, directly and indirectly, by use of the means and instrumentalities of interstate commerce, and of the mails in connection with the

purchase or sale of the securities, as described in this Complaint, knowingly or recklessly: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices and courses of business which have operated as a fraud upon the purchasers of such securities.

34. By reason of the foregoing, Kohler, directly or indirectly, violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.

**VI. PRAYER FOR RELIEF**

**WHEREFORE**, the Commission respectfully requests that the Court:

**I.**

**Declaratory Relief**

Declare, determine and find that Kohler committed the violations of the federal securities laws alleged in this Complaint.

**II.**

**Permanent Injunctive Relief**

Issue a Permanent Injunction restraining and enjoining Kohler, her officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 10(b) and Rule 10b-5 of the Exchange Act, as indicated above.

**III.**

**Further Relief**

Grant such other relief as this Court may deem just and appropriate.



JS 44 (Rev. 11/05)

**CIVIL COVER SHEET**

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.) **NOTICE: Attorneys MUST Indicate All Re-filed Cases Below.**

<p><b>I. (a) PLAINTIFFS</b> SECURITIES AND EXCHANGE COMMISSION</p> <p><b>(b)</b> County of Residence of First Listed Plaintiff _____ (EXCEPT IN U.S. PLAINTIFF CASES)</p> <p><b>(c)</b> Attorney's (Firm Name, Address, and Telephone Number) Amie Riggle Berlin (305) 982-6352 Securities and Exchange Commission 801 Brickell Avenue, Suite 1800, Miami, FL 33131</p>	<p><b>DEFENDANTS</b> RAQUEL KOHLER</p> <p>County of Residence of First Listed Defendant <b>Broward</b> (IN U.S. PLAINTIFF CASES ONLY)</p> <p>NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT LAND INVOLVED.</p> <p>Attorneys (If Known)</p>
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**(d)** Check County Where Action Arose:  MIAMI-DADE  MONROE  BROWARD  PALM BEACH  MARTIN  ST. LUCIE  INDIAN RIVER  OKEECHOBEE HIGHLANDS

<p><b>II. BASIS OF JURISDICTION</b> (Place an "X" in One Box Only)</p> <p><input checked="" type="checkbox"/> 1 U.S. Government Plaintiff <input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party)</p> <p><input type="checkbox"/> 2 U.S. Government Defendant <input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)</p>	<p><b>III. CITIZENSHIP OF PRINCIPAL PARTIES</b> (Place an "X" in One Box for Plaintiff and One Box for Defendant)</p> <table style="width:100%;"> <tr> <td style="width:50%;">Citizen of This State</td> <td style="width:10%;"><input type="checkbox"/> 1</td> <td style="width:10%;"><input type="checkbox"/> 1</td> <td style="width:20%;">Incorporated or Principal Place of Business In This State</td> <td style="width:10%;"><input type="checkbox"/> 4</td> <td style="width:10%;"><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td><input type="checkbox"/> 2</td> <td><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business In Another State</td> <td><input type="checkbox"/> 5</td> <td><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td><input type="checkbox"/> 3</td> <td><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td><input type="checkbox"/> 6</td> <td><input type="checkbox"/> 6</td> </tr> </table>	Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business In This State	<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business In Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
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Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6														

**IV. NATURE OF SUIT** (Place an "X" in One Box Only)

<p><b>CONTRACT</b></p> <p><input type="checkbox"/> 110 Insurance</p> <p><input type="checkbox"/> 120 Marine</p> <p><input type="checkbox"/> 130 Miller Act</p> <p><input type="checkbox"/> 140 Negotiable Instrument</p> <p><input type="checkbox"/> 150 Recovery of Overpayment &amp; Enforcement of Judgment</p> <p><input type="checkbox"/> 151 Medicare Act</p> <p><input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans)</p> <p><input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits</p> <p><input type="checkbox"/> 160 Stockholders' Suits</p> <p><input type="checkbox"/> 190 Other Contract</p> <p><input type="checkbox"/> 195 Contract Product Liability</p> <p><input type="checkbox"/> 196 Franchise</p>	<p><b>TORTS</b></p> <p><b>PERSONAL INJURY</b></p> <p><input type="checkbox"/> 310 Airplane</p> <p><input type="checkbox"/> 315 Airplane Product Liability</p> <p><input type="checkbox"/> 320 Assault, Libel &amp; Slander</p> <p><input type="checkbox"/> 330 Federal Employers' Liability</p> <p><input type="checkbox"/> 340 Marine</p> <p><input type="checkbox"/> 345 Marine Product Liability</p> <p><input type="checkbox"/> 350 Motor Vehicle</p> <p><input type="checkbox"/> 355 Motor Vehicle Product Liability</p> <p><input type="checkbox"/> 360 Other Personal Injury</p> <p><b>PERSONAL INJURY - Med. Malpractice</b></p> <p><input type="checkbox"/> 362 Personal Injury - Med. Malpractice</p> <p><input type="checkbox"/> 365 Personal Injury - Product Liability</p> <p><input type="checkbox"/> 368 Asbestos Personal Injury Product Liability</p> <p><b>PERSONAL PROPERTY</b></p> <p><input type="checkbox"/> 370 Other Fraud</p> <p><input type="checkbox"/> 371 Truth in Lending</p> <p><input type="checkbox"/> 380 Other Personal Property Damage</p> <p><input type="checkbox"/> 385 Property Damage Product Liability</p>	<p><b>FORFEITURE/PENALTY</b></p> <p><input type="checkbox"/> 610 Agriculture</p> <p><input type="checkbox"/> 620 Other Food &amp; Drug</p> <p><input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881</p> <p><input type="checkbox"/> 630 Liquor Laws</p> <p><input type="checkbox"/> 640 R.R. &amp; Truck</p> <p><input type="checkbox"/> 650 Airline Regs.</p> <p><input type="checkbox"/> 660 Occupational Safety/Health</p> <p><input type="checkbox"/> 690 Other</p> <p><b>LABOR</b></p> <p><input type="checkbox"/> 710 Fair Labor Standards Act</p> <p><input type="checkbox"/> 720 Labor/Mgmt. Relations</p> <p><input type="checkbox"/> 730 Labor/Mgmt. Reporting &amp; Disclosure Act</p> <p><input type="checkbox"/> 740 Railway Labor Act</p> <p><input type="checkbox"/> 790 Other Labor Litigation</p> <p><input type="checkbox"/> 791 Empl. Security</p>	<p><b>BANKRUPTCY</b></p> <p><input type="checkbox"/> 422 Appeal 28 USC 158</p> <p><input type="checkbox"/> 423 Withdrawal 28 USC 157</p> <p><b>PROPERTY RIGHTS</b></p> <p><input type="checkbox"/> 820 Copyrights</p> <p><input type="checkbox"/> 830 Patent</p> <p><input type="checkbox"/> 840 Trademark</p> <p><b>SOCIAL SECURITY</b></p> <p><input type="checkbox"/> 861 HIA (1395ff)</p> <p><input type="checkbox"/> 862 Black Lung (923)</p> <p><input type="checkbox"/> 863 DIWC/DIWW (405(g))</p> <p><input type="checkbox"/> 864 SSID Title XVI</p> <p><input type="checkbox"/> 865 RSI (405(g))</p> <p><b>FEDERAL TAX SUITS</b></p> <p><input type="checkbox"/> 70 Taxes (U.S. Plaintiff or Defendant)</p> <p><input type="checkbox"/> 871 IRS—Third Party 26 USC 7609</p>	<p><b>OTHER STATUTES</b></p> <p><input type="checkbox"/> 400 State Reapportionment</p> <p><input type="checkbox"/> 410 Antitrust</p> <p><input type="checkbox"/> 430 Banks and Banking</p> <p><input type="checkbox"/> 450 Commerce</p> <p><input type="checkbox"/> 460 Deportation</p> <p><input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations</p> <p><input type="checkbox"/> 480 Consumer Credit</p> <p><input type="checkbox"/> 490 Cable/Sat TV</p> <p><input type="checkbox"/> 810 Selective Service</p> <p><input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange</p> <p><input type="checkbox"/> 875 Customer Challenge 12 USC 3410</p> <p><input type="checkbox"/> 890 Other Statutory Actions</p> <p><input type="checkbox"/> 891 Agricultural Acts</p> <p><input type="checkbox"/> 894 Energy Allocation Act</p> <p><input type="checkbox"/> 892 Economic Stabilization Act</p> <p><input type="checkbox"/> 893 Environmental Matters</p> <p><input type="checkbox"/> 894 Energy Allocation Act</p> <p><input type="checkbox"/> 895 Freedom of Information Act</p> <p><input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice</p> <p><input type="checkbox"/> 950 Constitutionality of State Statutes</p>
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FILED BY  
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FEB 15 2008

**V. ORIGIN** (Place an "X" in One Box Only)

1 Original Proceeding  2 Removed from State Court  3 Re-filed (see VI below)  4 Reinstated or Reopened  5 Transferred from another district (specify)  6 Multidistrict Litigation  7 Appeal to District Judge from Magistrate Judgment

**VI. RELATED/RE-FILED CASE(S).** (See instructions second page):

a) Re-filed Case  YES  NO      b) Related Cases  YES  NO

JUDGE Federico Moreno      DOCKET NUMBER 04-60573-CIV

**VII. CAUSE OF ACTION**

Cite the U.S. Civil Statute under which you are filing and Write a Brief Statement of Cause (Do not cite jurisdictional statutes unless diversity):

U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5. Violations of the federal securities laws.

LENGTH OF TRIAL via 5 days estimated (for both sides to try entire case)

**VIII. REQUESTED IN COMPLAINT:**

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23      DEMAND \$ \_\_\_\_\_

CHECK YES only if demanded in complaint:  
JURY DEMAND:  Yes  No

ABOVE INFORMATION IS TRUE & CORRECT TO THE BEST OF MY KNOWLEDGE

SIGNATURE OF ATTORNEY OF RECORD: *[Signature]*      DATE: 2/15/08

FOR OFFICE USE ONLY

AMOUNT \_\_\_\_\_ RECEIPT # \_\_\_\_\_ IFP \_\_\_\_\_