

# Arkansas Insurance Department

Mike Beebe  
Governor



Julie Benafield Bowman  
Commissioner

## NEWS RELEASE

### FOR IMMEDIATE RELEASE

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### **Arkansas to Receive a Portion of \$72 Million from Seized Martin Frankel Assets**

LITTLE ROCK, ARKANSAS (January 8, 2008) —State Insurance Commissioner Julie Benafield Bowman today announced that Arkansas will receive part of the \$72 million in funds and assets of Martin Frankel which the Internal Revenue Service (IRS) and the Federal Bureau of Investigation (FBI) seized as the result of Frankel's criminal activities. Frankel fled the United States in 1999 after defrauding seven insurance companies in five different states, including Arkansas, of more than \$200 million. Following his arrest in Germany, Frankel was returned to the United States where he later pleaded guilty to insurance fraud, racketeering, and money laundering. He was sentenced to nearly seventeen years in federal prison.

The receivers for the various affected insurance companies pursued Frankel's assets which included two Connecticut homes, automobiles, and diamond jewelry. These assets were sold and the resulting funds placed in forfeiture accounts which also included monies seized from foreign and domestic bank accounts set up by Frankel. A District of Connecticut Federal Court recently ruled that all funds and assets in these forfeiture accounts are the property of the receivers/liquidators of the insolvent insurance companies and has ordered them to be turned over to the various state receivers. Arkansas's share, \$1.3 million, will go to creditors of Old Southwest Life Insurance Company, the largest of which is the Arkansas Life and Health

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Insurance Guaranty Association which oversaw the transfer of the policies and annuities of Old Southwest Life to a solvent insurance company.

“I am so pleased to see this resolution in the Frankel case,” said Commissioner Bowman. “The staff of the Arkansas Insurance Department has worked with federal authorities for a number of years to reach this result.”

The receipt of the federal forfeiture funds brings the total recovery by the various state receivers to approximately \$126 million.

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