

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

UNITED STATES OF AMERICA

v.

WILLIAM COLTON COILE

Case No. 3:07-cr 146 - J-32 HTS
Ct. 1: 18 U.S.C. § 371
Forfeiture: 18 U.S.C. § 981(a)(1)(C) &
28 U.S.C. § 2461(c)

INFORMATION

The United States Attorney charges:

COUNT ONE
(Conspiracy)

A. INTRODUCTION

At all times material herein, unless otherwise specified:

The Defendant

1. WILLIAM COLTON COILE is a resident of Alabama, has been a licensed insurance agent in the State of Alabama since 1981, and is the owner and operator of Coile & Associates, Inc., Fairhope, Alabama (Coile & Associates).

Entities Used in the Fraudulent Scheme

2. Regency Insurance of the West Indies, Ltd., a/k/a Regency Limited, a/k/a Regency, (Regency) was the name of an offshore foreign corporation, incorporated in the West Indies, which ceased operation in March 1997. Subsequently,

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co-conspirators used Regency's corporate identity to sell illegal and fraudulent workers' compensation insurance (WCI). Regency's stated address was a Post Office box in Mission Viejo, California. Regency did not have a certificate of authority to write WCI in the State of Florida; has never been permitted, admitted, or authorized to write WCI in any state in the United States; and was not authorized to transact business in the West Indies.

3. Coile & Associates is a corporation located in Fairhope, Alabama, which was owned and operated by Defendant WILLIAM COLTON COILE. Defendant COILE used Coile & Associates to provide illegal and fraudulent Regency insurance to at least four Professional Employer Organizations (PEOs).

4. FC Management was a business located in Orange, California, owned and operated by a co-conspirator and used to solicit business and collect monies in connection with illegal and fraudulent WCI purportedly provided by Regency.

5. EOS Company (EOS) was a business located in Tempe, Arizona, owned and operated by a co-conspirator and used to collect monies in connection with illegal and fraudulent WCI purportedly provided by Regency and to administer WCI claims.

6. Coverlink LLC (Coverlink) was a corporation registered with the State of Florida, which opened a bank account at Bank of America, Tempe, Arizona. This account was used by the conspirators to collect monies in connection with illegal and fraudulent WCI purportedly provided by Regency.

7. Pyramid Employer Services, Inc. (Pyramid) was a PEO owned by a co-conspirator and located in Pinellas Park, Florida, which provided WCI to client companies in states including Florida and Illinois. Pyramid defrauded its client

companies by misleading the client companies into paying premiums for allegedly lawful and legitimate WCI. In fact, Pyramid did not secure real and lawful WCI for its client companies but, instead, provided illegal and fraudulent WCI using the name Regency.

Background

At all times material to the information:

9. WCI was designed to pay various medical expenses, lost wages, and other benefits for employees injured on the job and their dependents or survivors. WCI is a form of state-mandated no-fault liability insurance where employers are liable for losses that an employee suffers from occupational injury or illness, in the scope and course of employment, regardless of who is at fault. Employees are not required to prove employer negligence to collect benefits. Employees pay no part of the cost of WCI.

10. In the State of Florida, an insurance carrier may not write WCI without a permit, referred to as a certificate of authority, from the Florida Department of Insurance ("DOI"). Carriers "permitted" to do business in the state obtain certificates of authority ("COA"s), and are referred to as "authorized" or "admitted" carriers (authorized carriers).

11. In the State of Florida, in order to obtain a permit or COA from the DOI, a carrier must show that it is financially solvent and that it has the necessary capital and reserves to pay WCI claims. Further, all authorized WCI carriers in the State of Florida are required to make payments into a reserve fund (Florida Workers' Compensation

Guarantee Fund), which monies are used to pay WCI claims should a WCI carrier become insolvent. The State of Florida and other states require such COAs, in part, in order to protect employers and employees by ensuring that carriers that write WCI are able to pay WCI claims.

12 The DOI maintains a current list of WCI carriers authorized to do business in the State of Florida. The list can be obtained through the DOI in Tallahassee, Florida, or at the DOI's internet website.

13. In the State of Florida, except for limited circumstances which are not applicable here, all employers must secure WCI with an authorized carrier for their employees.

14. Other states in which the conspirators operated their fraudulent scheme required similar authorization for WCI carriers to write insurance in their states.

15. Companies or businesses may contract with licensed employee leasing companies, commonly referred to as PEOs, to handle various employment functions, including payroll, taxes, and acquisition and management of health insurance and WCI for their employees. PEOs technically "hire" the employees of their client companies or businesses ("client companies") and "lease" the employees back to the client companies.

16. In the State of Florida and other states in which the conspirators operated, state statutes require that, when a client company contracts with a PEO to perform its employment functions and to provide WCI to its employees, the PEO's must secure WCI with an authorized carrier for the employees of the client company. PEOs

purchase WCI for their client companies by contracting with WCI carriers and obtaining group coverage. The PEO collects WCI funds from its client companies and forwards premium payments to WCI carriers or the carriers' designees.

17. To establish documentary proof that a client company has WCI in place for its employees, a WCI carrier or its authorized representatives produces and provides to the client company a single page document commonly known as a Certificate of Insurance (COI). When properly prepared, a COI identifies the name of the insurance company, the type of coverage, the effective dates of coverage, and the policy number.

18. PEOs may contract with Third Party Administrators ("TPA"s) to perform administrative and clerical functions, including the adjudication of WCI claims related to the servicing of the PEO's client companies and their WCI.

B. CHARGE

From in or about May, 2001, through in or about June, 2002, in Pinellas Park, in the Middle District of Florida; in Illinois; and elsewhere,

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defendant herein, did knowingly and willfully combine, conspire, confederate and agree together and with others, to commit offenses against the United States, to wit: To transmit or cause to be transmitted by wire in interstate commerce some communication, for the purpose of executing a scheme to defraud or for obtaining money or property by means of false pretenses, representations, or promises, in violation of Title 18 U.S.C. Section 1343.

C. MANNER AND MEANS

1. It was part of the conspiracy that WILLIAM COLTON COILE introduced Regency WCI to at least four of his client PEOs, including Pyramid, and brokered contracts between Regency and these client PEOs, including Pyramid.

2. It was further part of the conspiracy that the contracts referred to in paragraph 1 were contracts to provide Regency WCI to his client PEOs, including Pyramid, and to the PEOs client companies.

3. It was further part of the conspiracy that, when WILLIAM COLTON COILE brokered the contracts referred to in paragraphs 1 and 2, he knew that Regency was not permitted, authorized, or admitted to write or provide WCI in the State of Florida, the State of Illinois, or any other state, and that, therefore, it was illegal to contract with Regency to provide WCI to the PEOs' client companies.

4. It was further part of the conspiracy that, because Regency was a non-admitted entity, WILLIAM COLTON COILE and his co-conspirators had no assurance regarding Regency's financial solvency or Regency's ability to pay WCI claims, and he had no assurance that Regency was making payments into state guarantee funds, including the State of Florida's Workers' Compensation Guarantee Fund.

5. It was further part of the conspiracy that conspirators would defraud the client companies of the PEOs, including the client companies of Pyramid, and cause the client companies to pay premiums for what the client companies believed to be legal and legitimate WCI policies.

6. It was further part of the conspiracy that conspirators working for Pyramid intentionally failed to disclose to Pyramid's client companies the fact that Regency was not permitted, authorized, or admitted to provide WCI.

7. It was further part of the conspiracy that Pyramid would collect premium payments from client companies for the illegal and fraudulent WCI.

8. It was further part of the conspiracy that the conspirators would cause premium payments for illegal and fraudulent WCI to be wire transferred across state lines into conspirators' bank accounts.

9. It was further part of the conspiracy that conspirators would cause the creation of false and fraudulent COIs in order to mislead client companies of the PEOs, including Pyramid, and their employees into believing that they were covered by legal and legitimate WCI.

10. It was further part of the conspiracy that conspirators would send and cause to be sent false and fraudulent COIs to client companies nationwide, including Pyramid, by way of facsimile, the United States Postal Service, and interstate carriers, in order to mislead the client companies and their employees into believing that they were covered by legal and legitimate WCI.

12. It was further part of the conspiracy that conspirators would take any and all actions necessary to hide and conceal the existence of the conspiracy.

D. OVERT ACTS

In furtherance of the conspiracy and to effect the objects thereof, the following overt acts, among others, were committed in the Middle District of Florida, and elsewhere:

1. On June 1, 2001, conspirators caused the wiring of \$450,000.00 from Coile & Associates' account no. 72328590 at Compass Bank, Fairhope, Alabama, (Coile & Associates account) to an FC Management account at Western Corporate Federal Credit Union, San Diego, California.

2. On June 21, 2001, WILLIAM COLTON COILE, using Coile & Associates, held a conference during which WILLIAM COLTON COILE and his co-conspirators presented the "Regency program" to PEO owners.

3. On August 20, 2001, conspirators caused the wiring of \$32,712.36 from Coile & Associates' account to account no. 004672004773, in the name of Coverlink, LLC Coile & Associates, at Bank of America, in Tempe, Arizona (Coverlink account).

4. On or about August 27, 2001, conspirators caused the wiring of \$14,380.10 from Coile & Associates' account to the Coverlink account.

5. On September 20, 2001, conspirators caused the wiring of \$41,243.66 from Coile & Associates' account to the Coverlink account.

6. On January 2, 2002, conspirators caused the wiring of \$5,473.85 from Coile & Associates' account to the Coverlink account.

7. On March 18, 2002, a co-conspirator sent by wire an e-mail to Coile & Associates, which stated that the co-conspirator could not find the Regency entity that the conspirators had been "dealing with" and that he could not confirm that Regency was "able to function" legitimately in any state in the United States.

All in violation of Title 18, United States Code, Section 371.

FORFEITURES

1. The allegations contained in Count One of this Information are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to the provisions of Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. From his engagement in the violations alleged in Count One of this Information, punishable by imprisonment for more than one year, the defendant

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shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), all of his interest in any property constituting or derived from proceeds obtained directly or indirectly as a result of the said violation(s), including but not limited to a sum of money equal to \$874,315.00 in United States currency, representing the amount of proceeds obtained as a result of the offense, 18 U.S.C. §§ 371 and 1343.

3. If any of the property described in paragraph 2 above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), including but not limited to the following:

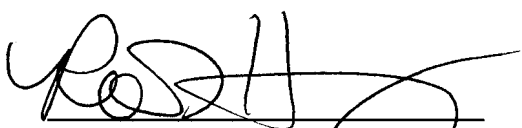
- a. 2000 Jaguar S-Type, VIN SAJDA01C8YFL68248;
- b. 2002 Chevrolet Avalanche, VIN 3GNEK13TX2G283900, AL tag 7J72K;
- c. 2000 26' Proline boat, HIN PLCSM008K900, Reg # AL 160AT;
- d. Approximately \$5,600.00 in United States currency;
- e. A ladies' emerald solitaire;
- f. Three firearms; and
- g. A Man's Rolex GMT Master Watch.

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