



NEWS RELEASE

**KAREN L. LOEFFLER
UNITED STATES ATTORNEY
DISTRICT OF ALASKA**

James M. Fitzgerald U.S. Courthouse & Federal Building
222 W. 7th Avenue • Room 253 • Anchorage, AK 99513-7567 • (907) 271-5071

**FOR IMMEDIATE RELEASE
Monday, April 27, 2015**

**Contact: Andrea Steward
Assistant U.S. Attorney
907-271-5071**

**ILLINOIS INSURANCE SALESMAN SENTENCED FOR FRAUDULENTLY
REPRESENTING HIMSELF AS A FINANCIAL ADVISOR TO VICTIMS IN ALASKA**

Anchorage, Alaska - U.S. Attorney Karen L. Loeffler announced today that an Illinois man pled guilty and was sentenced in federal court in Anchorage to ten counts of mail and wire fraud based on his scheme to defraud victims by submitting forged signatures and falsified medical information on insurance applications.

Russell Armstrong, 52, of Lake Bluff, Illinois, pled guilty and was sentenced today by Chief United States District Court Judge Ralph R. Beistline, to 24 months in prison. Any fine amount and restitution to victims will be determined at a hearing on July 9, 2015.

According to Assistant U.S. Attorney Aunnie Steward, Armstrong was an insurance salesman who misled federal postal employees into thinking he was a financial advisor associated with the federal government sent to help them understand their federal benefits. Armstrong sold postal employees life insurance falsely telling them that it was an investment account. Armstrong forged the employees' signatures, and he falsely omitted their medical information on the life insurance applications. He also set up payroll allotments to insurance companies without the employees' knowledge. Armstrong started his scheme targeting postal employees unfamiliar with their federal benefits in his home state of Illinois in 2011, and then traveled to Fairbanks and Anchorage in 2013 to carry out his scheme in Alaska. Armstrong attempted to obtain over \$90,000 in commissions by selling 22 victims in Alaska life insurance without their knowledge.

In imposing the sentence Judge Beistline noted that Mr. Armstrong was not candid with his victims or investigators looking into his crimes and that his motive was personal gain. Judge Beistline also noted that the victims in this case were all close to retirement and that everyone is vulnerable as they near retirement because they need to make financial decisions to safeguard their future and the future of those that depend on them. In imposing the sentence Judge Beistline said that it is important to ensure that the advice to people as they near retirement is true and accurate and that they are dealt with honestly. Judge Beistline indicated that the sentence is meant to deter others who would deceive people that were relying on them for expert advice.

United States Attorney Karen Loeffler said: "Targeting those seeking financial advice who are preparing for retirement is serious fraud. This conviction and sentence sends a message that this type of predatory fraud affecting the savings and future financial planning of federal employees who have worked for their well-earned retirement will not be tolerated."

“This case reflects our agency’s commitment to protecting the U.S. Postal Service and its employees, and enforcing the laws that defend the nation’s mail system from illegal use,” said Anthony Galetti, Inspector in Charge of the Seattle Division of the U.S. Postal Inspection Service.

Director Lori Wing-Heier of the State of Alaska Division of Insurance said: “This case demonstrates the Alaska Division of Insurance and its fraud investigation partners are dedicated to protecting Alaska consumers and investigating fraudulent activities by licensed insurance producers.”

Ms. Loeffler commends the United States Postal Inspection Service, with assistance from the State of Alaska Division of Insurance, and the State of Alaska Division of Banking and Securities for the investigation of this case.

###

usao/ak/15-050

Prepared by: Eileen Frost, 907-271-5071, USAAK.PressRelease@usdoj.gov