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Illinois Insurance Salesman Sentenced for Defrauding Alaska Postal Workers

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Saying that he “was not candid” and that his “motive was personal gain,” Judge Ralph Beistline sentenced an Illinois insurance salesman to two years in federal prison on Monday.

After pleading “Guilty to ten counts of mail and wire fraud on Monday, 52-year-old Russell Armstrong of Lake Bluff, Illinois was sentenced to 24 month in prison for misleading federal employees into thinking he was a financial advisor associated with the federal government, who was sent to help them understand their federal benefits, U.S. Attorney Karen Loeffler announced on Monday.

Instead, the court says, Armstrong was an Illinois insurance salesman who sold the 22 postal employees life insurance by falsely telling them it was an investment account. In addition, Armstrong forged signatures and omitted medical information on life insurance applications the Justice Department recounts. “He also set up payroll allotments to insurance companies without the employees’ knowledge,” Loeffler added.

Loeffler said in a press release, that “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.”

During sentencing, Judge Beistline said that Armstrong was not candid with his victims, who were vulnerable and nearing retirement, and not candid with investigators in the case. He added that the 24 month sentence was “meant to deter others who would deceive people that were relying on them for expert advice.”

“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.”

The investigation into this case was undertaken by 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.

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