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Coroner says a partner in suspected 'viaticals' fraud hanged himself

By Dale Kasler - Bee Staff Writer

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One of the defendants in a \$25 million Northern California Ponzi scheme has committed suicide.

David Goldenberg, 49, of Bloomfield Hills, Mich., was found dead Sunday at his office building. Goldenberg hanged himself, according to the Oakland County (Mich.) medical examiner's office and Matthew Stegman, the federal prosecutor overseeing the Ponzi scheme case.

Goldenberg was one of eight people indicted on fraud charges in August by a federal grand jury in Sacramento, accused in connection with a scheme that defrauded 500 investors.

Prosecutors say Goldenberg and his business partner, Mark Eric Wolok of West Bloomfield, Mich., issued bonds that supposedly guaranteed the "viaticals" investments sold by Secure Investment Services of Redding.

Officials said the bonds were considered a key element in the scheme, providing a sense of security to investors, but turned out to be bogus. The investors, many of them in Northern California, stand to lose millions.

Goldenberg's death "doesn't affect the case other than, obviously, we can't prosecute Mr. Goldenberg," said Stegman, an assistant U.S. attorney in Sacramento. "The evidence against the remaining defendants stands."

David J. Cohen, Goldenberg's criminal defense attorney in San Francisco, said he wasn't aware his client had died. He noted that Goldenberg, like the other defendants, had pleaded not guilty to all charges.

Goldenberg was facing up to 25 years in prison if convicted on all charges.

Stegman said he was told by police that Goldenberg killed himself late Saturday or early Sunday. A story about Goldenberg and Wolok, detailing various lawsuits they've faced the past few years in connection with other viaticals frauds, appeared in Sunday's Bee.

Viaticals, also called life settlements, are shares in a life insurance policy purchased by someone else but sold to investors for cash. When the person dies, the investors collect the death benefit. The bonds sold by Goldenberg and Wolok's companies guaranteed that the Redding firm's investors would get paid on time even if the insurance policyholder survived beyond his or her life expectancy.

The operation unraveled when many of the policyholders didn't die on time and the bonds turned

out to be fake, officials said.

Officials said Goldenberg and Wolok were principals in International Fidelity & Surety Ltd., which had its office in Michigan but was supposedly incorporated in the tiny island nation of Vanuatu, in the South Pacific.

Another of their companies, United Fidelity Corp., was supposedly incorporated in the Cook Islands, also in the South Pacific.

The two men and their companies had been hit with lawsuits in other parts of the country during the past six years, claiming the bonds they issued failed to pay off as promised to viaticals investors. Wolok and Goldenberg were paid millions for their bonds, according to the lawsuits.

Last Thursday, Goldenberg's lawyer in Michigan filed papers in U.S. District Court in Detroit seeking to overturn a default judgment against Goldenberg and two others in connection with a claim for \$600,000. The judgment was entered in August, a few weeks before the indictment in Sacramento.

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