

UNITED STATES DISTRICT COURT  
DISTRICT OF CONNECTICUT

Grand Jury N-15-1

FILED

|                          |   |                                     |
|--------------------------|---|-------------------------------------|
| UNITED STATES OF AMERICA | : | CRIMINAL NO 3:14CR227(AWT)          |
|                          | : |                                     |
|                          | : | VIOLATIONS:                         |
| v.                       | : | 18 U.S.C. Section 1341 (Mail Fraud) |
|                          | : | 18 U.S.C. Section 1343 (Wire Fraud) |
| EARL O'GARRO, JR.        | : |                                     |

SUPERSEDING INDICTMENT

The Grand Jury charges:

GENERAL ALLEGATIONS

Unless otherwise indicated, at all times relevant to this Superseding Indictment:

The Defendant and Relevant Entities

1. The defendant, EARL O'GARRO, JR., was the President, Chief Executive Officer, and an owner of Hybrid Insurance Agency, LLC. O'GARRO was licensed by the State of Connecticut Department of Insurance to do business as a State of Connecticut Property and Casualty Insurance Producer and a State of Connecticut Surplus Insurance Lines Broker. O'GARRO was a resident of Connecticut.

2. Hybrid Insurance Agency, LLC, d/b/a Hybrid Insurance Group ("Hybrid"), was a registered business entity with the Connecticut Secretary of State with offices located at 30 Lewis Street, Hartford, Connecticut. Hybrid was a

wholesale insurance brokerage agency specializing in placing excess and surplus line insurance products. As a wholesale broker, Hybrid was supposed to act as a middleman between retail agents and insurance companies (also called carriers) operating in specialty markets, with little or no direct contact between Hybrid and insured entities. Under the policies that Hybrid brokered, insured entities thus were supposed to send premium payments to their retail agents to pass along to Hybrid for remittal to the insurance carriers.

3. The State of Connecticut Department of Economic and Community Development (“DECD”) was an agency within the Executive Department of the State of Connecticut. DECD offered various assistance programs to Connecticut-based businesses, including the Small Business Assistance revolving loan program.

4. The City of Hartford (the “City”) was the municipal government of Hartford, Connecticut.

5. Capital Premium Financing, Inc. (“Capital Premium Financing”) was a specialty lender that provided financing and administered the payment of premiums on behalf of insured entities.

6. Starr Indemnity & Liability Company, Inc. (“Starr Indemnity”) was an insurance company offering excess and surplus line insurance products.

7. National Casualty Company (“National Casualty”) was an insurance company offering excess and surplus line insurance products.

8. AmTrust E&S Insurance Services, Inc. (“AmTrust”) was an insurance underwriter that was affiliated with and wrote policies on behalf of Associated

Industries Insurance Company, Inc. (“AIIC”), which was an insurance company offering excess and surplus line insurance products.

9. Great American Insurance Company (“GAIC”) was an insurance company offering excess and surplus line insurance products.

#### The Scheme to Defraud

10. From in or about April 2013 through in or about October 2013, in the District of Connecticut and elsewhere, O’GARRO devised and intended to devise and participated in a scheme and artifice to defraud the State of Connecticut (through DECD), Capital Premium Financing, Starr Indemnity, National Casualty, AmTrust and AIIC, GAIC, and others with whom O’GARRO and Hybrid did business, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises.

#### The Purpose of the Scheme to Defraud

11. The purpose of the scheme was for O’GARRO to enrich himself and to support Hybrid’s business operations by means of materially false and fraudulent pretenses, representations, and promises.

#### The Execution of the Scheme

12. The manner and means by which O’GARRO sought to and did execute the scheme to defraud included, among other things, the following:

COUNT ONE  
(Wire Fraud)

13. Paragraphs 1-12 of this Superseding Indictment are realleged and incorporated as though set forth fully herein.

14. It was part of the scheme to defraud that, beginning in or about April 2013, O'GARRO falsely represented to Capital Premium Financing that AmTrust and AIIC had issued insurance policies for four corporate entities, that these entities were using Capital Premium Financing's services to finance their premium payments, and that Hybrid had brokered the contracts and was entitled to collect the premiums on behalf of AmTrust and AIIC.

15. Three of the four entities, Blaque Rock Capital LLP d/b/a Us Restaurant ("Blaque Rock"); Marlbro's Restaurant Group LLP d/b/a Us Restaurant ("Marlbro"); and Epplyed Staffing Solutions LLC, were registered with the Connecticut Secretary of State and were owned or operated by O'GARRO. The fourth entity, D&D Moving Company, was not registered with the Connecticut Secretary of State and was utilized by O'GARRO as a front in name only.

16. In fact, and as O'GARRO well knew, AmTrust and AIIC had not issued policies for any of these entities. Nevertheless, in reliance on O'GARRO's misrepresentations, Capital Premium Financing released premium payments to Hybrid on the purported Blaque Rock and Marlbro policies in the total amount of \$849,282.55, which O'GARRO then converted to his own use.

17. It was further part of the scheme to defraud that O'GARRO created an e-mail address and Internet domain name similar to that of AmTrust, in order to assume a false identity as an AmTrust underwriter, so that he could falsely verify to Capital Premium Financing the existence of the above policies.

18. On or about July 10, 2013, O'GARRO, for the purpose of executing the above-described scheme and artifice to defraud, sent an interstate wire communication, to wit, an e-mail, from Connecticut to Capital Premium Financing in Utah, in which O'GARRO falsely represented himself to be an underwriter from AmTrust and provided fake policy numbers and effective dates for the four policies purportedly issued by AmTrust and AIIC.

All in violation of Title 18, United States Code, Section 1343.

COUNT TWO  
(Wire Fraud)

19. Paragraphs 1-12 of this Superseding Indictment are realleged and incorporated as though set forth fully herein.

20. It was further part of the scheme to defraud that, in or about July 2013, O'GARRO converted to his own use premiums paid by numerous insured entities (through their retail agents) to Hybrid that were intended for remittal to insurance carriers.

21. These converted funds included \$71,519.15 in premiums O'GARRO withheld from GAIC, and \$299,972 in premiums O'GARRO withheld from AmTrust and AIIC on actual insurance policies (separate and apart from the premiums paid

by Capital Premium Financing on the phony AmTrust and AIIC policies described in Paragraphs 14-16 above).

22. The converted funds also included money intended to pay insurance premiums for the City of Hartford. On July 18, 2013, O'GARRO directed the City to transfer \$868,244 from the City to Hybrid (bypassing the City's retail agent). Of that sum, \$441,900 consisted of a premium payment owed by the City to Starr Indemnity and \$228,097 consisted of a premium payment owed by the City to National Casualty, pursuant to insurance contracts brokered by Hybrid between the City and those carriers.

23. In response to O'GARRO's direction, the City electronically transferred \$868,244 to Hybrid. However, O'GARRO did not remit any of the premium payments to Starr Indemnity or National Casualty, and instead converted the money to his own use. Moreover, on or about September 6, 2013, O'GARRO falsely advised the City that the premium payments had been remitted to Starr Indemnity and National Casualty.

24. On or about July 18, 2013, O'GARRO, for the purpose of executing the above-described scheme and artifice to defraud, caused the City of Hartford to initiate an interstate wire, to wit, the above-referenced money transfer of \$868,244 from Virginia to Hybrid in Connecticut, which O'GARRO failed to remit to the appropriate insurance carriers and instead converted to his own use.

All in violation of Title 18, United States Code, Section 1343.

COUNT THREE  
(Mail Fraud)

25. Paragraphs 1-12 of this Superseding Indictment are realleged and incorporated as though set forth fully herein.

26. It was further part of the scheme to defraud that, in or about July 2013, O'GARRO on behalf of Hybrid submitted a false application to DECD for funding under the Small Business Assistance revolving loan program. The purpose of the application was to secure a \$500,000 loan to be disbursed in two tranches of \$250,000. Among other things, the application required O'GARRO to provide truthful information concerning Hybrid's financial condition, including liabilities, cash on hand, the purpose of the requested funding, capital costs, and collateral.

27. It was further part of the scheme to defraud that, in order to increase the likelihood that his application would be approved, O'GARRO provided false and misleading information to DECD concerning Hybrid's financial condition. In particular, O'GARRO understated Hybrid's liabilities, including by failing to disclose the premiums he stole from Capital Premium Financing and various insurance companies (as described in Paragraphs 14-24 above). Based in part on O'GARRO's false statements, DECD approved Hybrid's Small Business Assistance loan application.

28. On August 9, 2013, DECD and Hybrid entered into an "Assistance Agreement By and Between the State of Connecticut Acting by the Department of Economic and Community Development and Hybrid Insurance Agency, LLC."

O'GARRO signed the agreement and, in so doing, certified the following, which he knew to be false:

[A]ll financial statements, including, without limitation, balance sheets and profit and loss statements, delivered to the [DECD] Commissioner are correct and complete, and fairly present the financial position and results of operations of the Applicant at the times of and for the periods reflected by such financial statements. The financial statements and all other written statements furnished by the Applicant in connection with the Funding do not contain any untrue statement of material fact and do not omit any material fact whose omission would make the statements contained therein or herein misleading.

29. On or about August 28, 2013, in the district of Connecticut and elsewhere, O'GARRO, for the purpose of executing and attempting to execute the above-described scheme and artifice to defraud, knowingly caused to be delivered through the United States mail a check to Hybrid from the Office of the Comptroller of the State of Connecticut in the amount of \$250,000, representing the first tranche of the Small Business Assistance loan from the DECD.

