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Tuesday, May 22, 2012

Attorney General Kelly announces arrests in “Operation False Comfort;” Four charged in statewide senior financial fraud scheme

HARRISBURG — Agents from the Attorney General’s Insurance Fraud Section and Elder Abuse Unit have filed criminal charges against four Philadelphia area men accused of operating an elaborate financial fraud scheme targeting hundreds of senior citizens across Pennsylvania.

Attorney General Linda Kelly identified the defendants as Bruce Howard Cherry, 52, of Philadelphia; Ross M. Rabelow, 52, of Southampton, Bucks County; Thomas J. Muldoon, 57, of Broomall, Delaware County; and Robert P. Lerner, 56, of Philadelphia.

Kelly said the four defendants are accused of conspiring to operate a financial fraud scheme specifically aimed at elderly victims who were deceived into spending thousands of dollars for “home care” or “home security” services that would supposedly assist seniors with their future care.

“This was a disturbing and despicable scheme designed to extract as much money as possible from unwitting seniors who believed they were protecting themselves against costly future home-care expenses,” Kelly said. “These con artists left a string of more than 200 victims, stretching from Philadelphia to Erie, and stole more than \$700,000 through the sale of contracts for bogus home care services or stolen insurance premiums.”

Kelly said that investigators have identified at least 218 victims located in 41 counties. Many were widowed; living alone and without any nearby family members and the average age of the victims is estimated at 83 years old.

The investigation, known as “Operation False Comfort,” involved the presentation of extensive evidence and testimony to a statewide investigating grand jury, which recommended the criminal charges that were announced today.

According to the grand jury, the scheme revolved around the sale of service contracts for businesses that supposedly provided specialty services for seniors:

- American Comfort Home Care Services – owned by Ross Rabelow, with Bruce Cherry serving as the primary salesman – which claimed to provide non-medical home care services for the elderly.
- Global Services for the Home – supposedly operated by Thomas Muldoon – which claimed to provide specialty services for seniors, including home safety equipment and/or serving as a “health advocate” to assist older residents in dealing with insurance companies.
- Bruce Cherry also identified himself as the proprietor of “Cherry Senior Solutions,” a business that supposedly provided expert counseling regarding long term health care and other insurance needs.

"In reality, these businesses were little more than names on pieces of paper, serving only as a mechanism to repeatedly approach seniors with sales presentations," Kelly said. "Victims were often encouraged to purchase multiple overlapping contracts or to pay for duplicate 'services' included in this scheme, and in some cases were advised to cancel legitimate insurance policies for long-term health care in favor of the bogus programs being pushed by the defendants."

Often working as a team, Cherry, Rabelow and Muldoon would allegedly approach victims unannounced, at their homes.

"Holding themselves out as experts in providing assistance to the elderly, the defendants aggressively promoted contracts for Rabelow's business, 'American Comfort,' which supposedly provided clients with non-medical in-home services like housekeeping, cooking, shopping, assistance while dressing and other similar services," Kelly said.

According to the grand jury, victims were typically encouraged to purchase 1000 hours of services, to be used within a one-year period of time, for a cost of \$1590.

"One of the key points that was stressed during these sales calls was that seniors could purchase these services for an extremely low hourly price – approximately \$1.59 per hour – which was far below what other in-home services would cost," Kelly said. "Victims were often approached on a repeated basis and persuaded to buy a confusing array of multiple or overlapping contracts, often with no clear way to determine how much service they were supposed to receive, and regardless of their need or their ability to use all of these so-called services."

Kelly said that seniors who did purchase contracts for American Comfort were further victimized if they ever attempted to use any of the services they had purchased.

"Despite contracts that clearly stated the services would be provided 'upon demand' and 'without condition', victims' requests for assistance were often ignored, delayed, discouraged or minimized in a concerted effort to avoid providing any service," Kelly said. "Only when faced with the most persistent seniors were any services provided, and the grand jury found no evidence that American Comfort ever provided any customer with all of the hours of service they had paid for."

The grand jury also determined that no plans were put in place by American Comfort and no resources were set aside to pay for the ever-increasing hours of service the company was supposed to provide to seniors.

"According to the grand jury, approximately 70% of all the checks written on the American Comfort account were payments made to Rabelow, Cherry and other salesmen," Kelly said. "Records indicate that only about 3% of the funds the company received from its victims were used to provide any services."

"Not satisfied with selling worthless American Comfort contracts to unsuspecting seniors, the defendants also pushed victims to purchase additional services from Muldoon's company, Global Service for the Home," Kelly said. "Under the guise that Muldoon was a 'home safety specialist,' victims were often charged thousands of dollars for cursory inspections or installation of inexpensive off-the-shelf items like smoke detectors, which the victims could have purchased themselves at a fraction of the cost."

According to the grand jury, Muldoon was introduced to many of the victims by Cherry, after they had already been approached by Cherry about purchasing American Comfort contracts. Working as a team, Muldoon and Cherry allegedly made repeated visits to victims' homes, encouraging them to purchase additional services, even though most victims received little or nothing in return.

Kelly explained that in one of the worst cases identified to-date, a 79-year old retired school teacher from Central Pennsylvania, who was widowed and living alone, was approached nearly 40 times over a two-year period between January 2009 and April 2011.

"Over that two year period, the defendants allegedly stole more than \$57,000 from this woman, who believed that she was taking steps to protect her health and safety," Kelly said.

According to the grand jury, the victim was convinced to purchase six different contracts with American Comfort, totaling \$11,660; two contracts with Global Services, at a cost of \$3,554; along with 16 different payments totaling \$41,921 to Thomas Muldoon – supposedly for services ranging from "health advocate" to "security services."

Kelly said that in another example, a 90-year old victim preparing for hip replacement surgery tried to arrange for the American Comfort home care services she had purchased. Repeated calls and phone messages before and after the surgery were ignored, forcing the woman to depend on friends – all in their 70's, 80's or 90's – for assistance, even though the victim had purchased two different contracts promising her a total of

1,600 hours of service.

According to the grand jury, Cherry, Muldoon and Rabelow visited the victim's home several days after the surgery and told her that according to the "fine print" on her contract the agreement was void because her friends provided care for her.

In another situation, involving an 82-year old woman from southeastern Pennsylvania, repeated calls from concerned family members who were trying to arrange for care were initially ignored. Later, Rabelow allegedly made an appointment to "evaluate" the victim, even though the American Comfort contract called for services to be provided upon request, with no contingencies.

Eventually, in the face of constant pressure from family members, Rabelow arranged for some care. Unbeknownst to the victim or her family, the caregiver was hired by Rabelow via an advertisement placed on Craigslist, following a brief interview conducted at a Dunkin' Donuts. No background check or detailed review of qualifications was ever conducted and the caregiver was expressly instructed to not provide more than 18 hours of service every two weeks.

Rabelow allegedly dismissed efforts to obtain additional services, despite continued pleas from family members and the recommendation of the caregiver who had been hired, who all agreed that the victim needed more care.

"Further compounding the harm done to these victims, Cherry, Muldoon and Robert Lerner allegedly convinced some seniors to write checks, payable directly to them or to Global Services, which were supposed to be forwarded to insurance companies for legitimate long-term health care policies," Kelly said. "Instead of paying those premiums, the defendants allegedly stole the money – giving victims the false belief that they had coverage or causing legitimate insurance policies to lapse because of non-payment."

According to the criminal complaint, Cherry, Muldoon and Lerner also stole blank checks from the home at of least one victim from suburban Philadelphia. Nine of those checks were later forged and cashed, with the payments going directly to those three men.

Kelly noted that some of the victims were retired school teachers who were told by Cherry that American Comfort was endorsed by the Pennsylvania State Education Association (PSEA), a statewide organization of education professionals. In reality, PSEA had not endorsed American Comfort and had no knowledge of the deceptive claims being made by Cherry and others during their sales calls.

The grand jury investigation has identified at least 218 victims. While most of the activity appears to be concentrated in southeastern and south central Pennsylvania, victims are located in 41 counties, including Adams (1), Allegheny (7), Beaver (1), Berks (15), Blair (1), Bradford (3), Bucks (10), Butler (5), Centre (1), Chester (8), Columbia (5), Crawford (1), Cumberland (5), Dauphin (2), Delaware (12), Erie (2), Fayette (10), Franklin (3), Greene (2), Indiana (2), Juniata (1), Lancaster (16), Lawrence (3), Lebanon (5), Lehigh (24), Luzerne (1), Lycoming (6), Mercer (4), Mifflin (4), Montgomery (15), Northampton (10), Northumberland (3), Perry (1), Snyder (4), Somerset (5), Union (1), Venango (1), Warren (1), Washington (2), Westmoreland (3) and York (7).

Victims have also been identified in three other states: New York (8), New Jersey (2) and Maryland (1).

Kelly emphasized that this remains an ongoing investigation. Individuals who believe they were victimized by this scheme or others with information related to the case are encouraged to contact the Attorney General's Insurance Fraud Section, Norristown Office, at 610-631-5164.

Bruce Howard Cherry, 52, 10166 Dedaker Drive, Philadelphia, is charged with one count of participating in a corrupt organization and 218 counts of dealing in proceeds of unlawful activity, all first-degree felonies which are each punishable by up to 20 years in prison and \$25,000 fines.

Additionally, Cherry is charged with 218 counts of theft by deception, 218 counts of insurance fraud, 218 counts of deceptive business practices, eight counts of theft by failure to make required disposition of funds and one count of criminal conspiracy, all third-degree felonies which are each punishable by up to seven years in prison and \$15,000 fines.

Ross M. Rabelow, 52, 549 Jason Drive, Southampton, Bucks County is charged with one count of participating in a corrupt organization and 218 counts of dealing in proceeds of unlawful activity, all first-degree felonies which are each punishable by up to 20 years in prison and \$25,000 fines.

Additionally, Rabelow is charged with 218 counts of theft by deception, 218 counts of insurance fraud, 218 counts of deceptive business practices, eight counts of theft by failure to make required disposition of funds and one count of criminal conspiracy, all third-degree felonies which are each punishable by up to seven

years in prison and \$15,000 fines.

Thomas J. Muldoon, 57, 46 James Road, Broomall, Delaware County is charged with one count of participating in a corrupt organization and 218 counts of dealing in proceeds of unlawful activity, all first-degree felonies which are each punishable by up to 20 years in prison and \$25,000 fines.

Additionally, Muldoon is charged with 218 counts of theft by deception, 218 counts of insurance fraud, 218 counts of deceptive business practices, eight counts of theft by failure to make required disposition of funds and one count of criminal conspiracy, all third-degree felonies which are each punishable by up to seven years in prison and \$15,000 fines.

Robert P. Lerner, 56, 920 Emerson St., Philadelphia is charged with three counts of dealing in proceeds of unlawful activity, all first-degree felonies which are each punishable by up to 20 years in prison and \$25,000 fines.

Additionally, Lerner is charged with three counts of theft by deception, three counts of insurance fraud, two counts of theft by failure to make required disposition of funds, one count of criminal conspiracy, one count of forgery and one count of theft by receiving stolen property, all third-degree felonies which are each punishable by up to seven years in prison and \$15,000 fines.

Criminal charges were filed on Monday, May 21st, before Hatboro, Montgomery County, Magisterial District Judge Paul N. Leo.

The defendant will be prosecuted in Montgomery County by Senior Deputy Attorney General M. Eric Schoenberg of the Attorney General's Insurance Fraud Section and Elder Abuse Unit.

Attorney General Kelly thanked the Pennsylvania Insurance Department for their cooperation and assistance with this investigation.

(A person charged with a crime is presumed innocent until proven guilty)

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Editors' Note:

Photos of the defendants are attached below.

[Click here to view the grand jury presentment for Operation False Comfort.](#)

If you have trouble viewing these items contact the Attorney General's Press Office at 717-787-5211.



Bruce **CHERRY**

OPERATION FALSE COMFORT

Cherry, Rabelow, and Muldoon are charged with:



Ross **RABELOW**



Tom **MULDOON**

- Criminal Conspiracy
- Corrupt Organization
- Theft by Deception
- Theft, Failure to Make Required Disposition
- Unfair Business Practices
- Insurance Fraud
- Dealing in Proceeds of Unlawful Activity



Robert **LERNER**

Lerner is charged with:

- Criminal Conspiracy
- Theft by Deception
- Theft, Failure to Make Req'd Disposition
- Insurance Fraud
- Dealing in Proceeds of Unlawful Activity
- Forgery
- Theft by Receiving Stolen Property



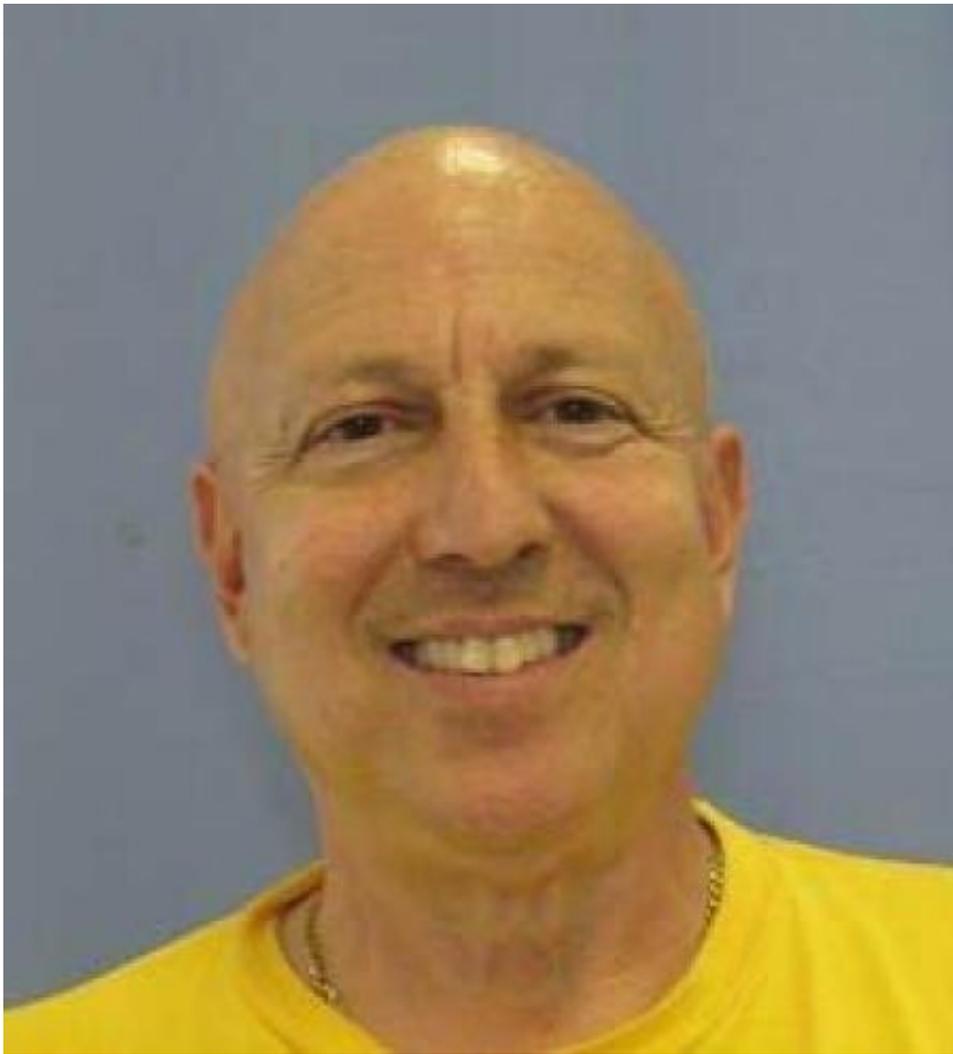
Bruce Cherry



Ross Rabelow



Thomas Muldoon



Robert Lerner

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