

Wells Fargo, Acordia Sued for Fraud

The attorneys general of New York, Illinois and Connecticut have filed suit against insurance brokerage firm Acordia, Inc. and its parent company, Wells Fargo Bank, N.A., on charges of steering their customers to insurance companies that paid for the business with undisclosed kickbacks.

According to the lawsuit, the practice of steering business represented a significant conflict of interest, placing Acordia's own financial interests ahead of the well being of its clients. On its website, Acordia describes itself as doing "what is ethical and what is right for the customer" and claims that it makes "insurance placements in the best interest of our customers." However, the lawsuit details how Acordia allegedly conspired with several insurance companies, known as Acordia's "Millennium Partners," to steer customers to them in exchange for secret payments. Acordia's top management, including its then-CEO, Robert Nevins, is alleged to have actively participated in the Millennium Partners scheme. When insurance companies refused to make the improper payments, according to the lawsuit, Acordia's management allegedly punished them by steering customers away from them and towards insurers who did pay kickbacks. As Acordia's then-Chief Marketing Officer, Charles Ruoff told Acordia staff in 1999: "At this time we are concentrating on the plans and initiatives put forward by our 'priority' [insurance companies] to the exclusivity [sic] of all other [insurance companies]." Wells Fargo participated directly in Acordia's fraud, the suit charges. In one scheme, Wells Fargo agreed to "funnel" its own retail banking clients to Acordia for advice about insurance coverage. Wells Fargo did so with the understanding that Acordia, in turn, would steer this additional business to The Hartford, an insurance company that paid Acordia for such steering. The lawsuit, filed in State Supreme Court in Manhattan, seeks restitution for the companies' customers, disgorgement of illegal profits, and penalties.

Referred from: (<http://www.consumeraffairs.com>)