

www.newsobserver.com/article247607660.html

Feds charge New York investor with defrauding Durham's NC Mutual of \$34 million

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5-7 minutes



Aerial shot of the Tower at Mutual Plaza, formerly known as the N.C. Mutual Life Insurance Co. tower, in downtown Durham on West Chapel Hill Street. Courtesy of Turnbridge Equities

The U.S. Department of Justice has [accused a New York-based investment manager](#) of defrauding NC Mutual, a life insurance company that was once a pillar of Durham's Black Wall Street.

The Justice Department [said Thursday](#) it had charged Bradley Reifler, of Milbrook, New York, with four counts of wire fraud and one count of perjury in connection with a scheme that swindled NC Mutual out of more than \$34 million.

The financial loss eventually led to the insurance company being [taken over by the N.C. Department of Insurance](#).

Reifler, CEO and founder of Forefront Capital Holdings, was arrested Thursday, DOJ said.

According to the DOJ indictment, Reifler was an investment adviser for more than \$34 million of NC Mutual's assets.

In that role, Reifler invested the money in high-risk, "junk" and self-dealing investments and diverted some of it for his personal use.

DOJ also alleges that after a 2016 audit of its assets, NC Mutual raised concerns about Reifler's actions. He then concealed the fraud by falsifying documentation, and subsequently lied in court during a civil suit that was brought forward by NC Mutual.

As a result of Reifler's scheme, the Justice Department said, NC Mutual has only been able to recoup a portion of the \$34 million it lost, which resulted in the company being unable to pay some of its claims.

Last year, NC Mutual was placed into rehabilitation by the N.C. Department of Insurance, in part because of its financial losses related to the fraudulent scheme, [The News & Observer reported](#).

The Department of Insurance removed the company's executives from day-to-day operations and is now making decisions for the company. The department has said that the company will remain under its stewardship until its assets are recovered and it is in better financial health.

In a statement, the department said it was pleased with Reifler's indictment.

"Insurance Commissioner Mike Causey and the Department are hopeful this action by U.S. DOJ will result in a resolution favorable to the policyholders who have suffered because of Mr. Reifler's actions," N.C. DOI spokesman Barry Smith said in an email.

The future of the company is still up in the air, but the Department of Insurance has entered into 17 nondisclosure agreements with parties interested in investing in NC Mutual, according to a [quarterly report](#) it files about its stewardship of the company.

Founded in 1898 by [John Merrick](#), NC Mutual became one of the largest Black-owned businesses in the U.S. by serving African-Americans who were discriminated against by white financial institutions. Together with businesses like M&F Bank, the company formed Black Wall Street in Durham, making the city one of the nation's hubs of the Black middle class during the mid-20th century.

Henry McKoy, director of entrepreneurship at N.C. Central University, told The N&O last year that NC Mutual was a crucial part of Black middle class success in Durham, noting that its financial arm reinvested in the Black community, spurring other entrepreneurs and businesses to grow.

But NC Mutual has struggled in the past few decades, as its customer base got older and fewer young people purchased its policies.

In 2000, McKoy said, NC Mutual had \$77.3 million in revenue and 258 employees. It was the largest Black-owned insurance company in the country.

But it has lost money for several years and now has only a few dozen employees, [The Herald-Sun has reported](#), and many of its Black-owned competitors have gone out of business.

The case against Reifler is being prosecuted by attorneys with the Justice Department's Fraud Section and Assistant U.S. Attorney Meredith Ruggles of the Middle District of North Carolina.

This story was produced with financial support from a coalition of partners led by Innovate Raleigh as part of an independent journalism fellowship program. The N&O maintains full editorial control of the work. [Learn more](#); go to bit.ly/newsinnovate



Black Wall Street thrived on Parrish Street in downtown Durham, NC in the early 20th century. The historic North Carolina Mutual Life Insurance building was the center of it. While the building remains mostly the same, the downtown landscape around it has