

Agent charged in \$1.7-million investment scam

BY LISA QUEEN
Staff Writer

Although charged in July with defrauding clients of \$231,000, a former life insurance agent convinced two senior citizens to let him invest almost \$1.7 million on their behalf.

But York Regional Police Det. Fred Kerr said the money wasn't used to purchase mutual and segregated funds for the 79-year-old Beaverton man and 66-year-old widow from Victoria County.

According to Kerr, between January 1998 and this month, the man was convinced to invest about \$100,000 and the woman \$1.6 million in various investment funds held by Canada Life and Industrial Alliance Life.

But while the victims were given statements detailing their investment portfolios, the companies never received the money.

David Blow, 42, of Mount Albert, was charged Tuesday with two counts of fraud over \$5,000.

Kerr said the victims became suspicious after learning Blow had been charged with two counts of fraud and six of uttering forged documents in early July.

The earlier charges relate to a 68-year-old man and a 48-year-old woman who complained they were bilked of \$231,000 after life insurance policies were cashed in and money was not invested according to instructions.

Blow, who worked as a life insurance agent in Stouffville between January 1997 and April 2000, was convicted and pardoned of fraud more than a decade ago.

According to Brian Donlevy, a spokesperson for the Financial Services Commission, a regulatory body for the insurance industry, Blow voluntarily gave up his licence in the late 1980s after being convicted of an insurance-related fraud.

The commission agreed to reinstate his licence after Blow was pardoned by the National Parole Board, meaning he has no criminal record. He also made full restitution.

The licence was returned in 1998 on the condition he have a large insurance company sponsor him.

However, the insurance company pulled its sponsorship about three months later, leaving Blow without a licence to conduct business legally since the summer of 1998.

Police are searching for more victims, including parishioners of the Springvale Baptist Church in Stouffville, where Blow is a member of the congregation.

At the end of July, pastor Bob Flemming read a statement to his parishioners encouraging any possible victims to contact the police and their financial institutions. The letter was also sent to other churches in the community.

"Needless to say, the calls started flooding in. We're in excess of 30 (victims) — that we know about," Kerr said.

"This fraud is in excess of \$3 million. Some people have lost their life savings. There are numerous widows, elderly widows."

Also, a church in Beaverton invested funds from their building account with Blow, Kerr said.

The veteran detective described the frauds as elaborate, explaining that victims received forged financial statements

so there was no reason to doubt their investments.

If something suspicious arose, clients were told a mistake must have taken place. Another victim's money was then used to cover the client's loss.

"To keep it going for so many years, it was a case of robbing Peter to pay Paul," Kerr said.

Although he declined to provide details, Kerr said Blow, a

married father of a teenaged daughter, lived a lavish lifestyle. "He was living well."

Kerr wants to talk to clients of Blow, who operated Castleman Insurance, York-Durham Financial and Solutions Inc. on Main Street in Stouffville.

Kerr can be reached at the major fraud unit, (905) 830-0303, ext. 7114.

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