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Former People's Trust CEO spent thousands in company funds on travel and massages, audit finds

By [Ron Hurtibise](#) [Contact Reporter](#)

Charges with no clear business purpose or adequate documentation totaled \$708,925, according to an audit report into spending by former People's Trust CEO Mike Gold. (Ron Hurtibise/Sun Sentinel)

Mike Gold, co-founder and former CEO of People's Trust Insurance, routinely used the company's credit cards to pay for tens of thousands of dollars in personal expenses, [according to an audit](#) ordered by state insurance regulators.

Expenses charged to the company's American Express accounts between its 2008 founding and Gold's death in 2014 included: trips by Gold and his wife, Eileen Gold, to Las Vegas, Los Angeles, Spain and Israel; \$50,000 to [Royal Caribbean Cruise Line](#); a \$1,596 airline ticket to Las Vegas by someone identified as "Brooke Gold;" a \$1,821 bill for King David Hotel in Jerusalem; \$19,224 for medical and dental visits; and \$15,346 for 60 visits classified as "massage therapy," including 57 visits to Massage Envy in [Boca Raton](#).

Following a review of the audit report submitted by the company in late June, the state Office of Insurance Regulation [wrote a letter](#) to People's Trust saying the audit did not identify violations of insurance laws, rules or regulations.

The report did, however, "highlight the need for improvements in the areas of corporate governance and oversight, internal controls, and corporate processes and procedures." As a result, the state gave the company 60 days to submit plans to document executive compensation arrangements and written standards for proper use of corporate credit cards.

Those changes are being implemented, People's Trust spokeswoman Amy Rosen said Monday by email.

The company [initially blocked public release](#) of the audit, designating it as a "trade secret" as allowed under state law, but afterward decided not to protect the designation, which would have required a circuit court filing, a state spokeswoman said.

The audit stemmed from [accusations by the company's current CEO](#), George Schaeffer, that his former partner, Mike Gold, misused company funds and committed crimes prior to his death. In December, Schaeffer gave Eileen Gold a letter asking her to release him from his obligation to pay a final \$9 million out of \$30 million that Schaeffer had agreed in June 2014 to pay for the Golds' half of People's Trust.

The company was not worth \$88 million as reported by a valuation team after Mike Gold's death because it was mismanaged by the former CEO, Schaeffer alleged.

If Eileen Gold refused, the letter said, Schaeffer would publicly share “embarrassing” information about Mike Gold. The letter accused Mike Gold of criminal misuse of corporate funds and using company cash to spend “almost every day of the week at a casino and at a massage parlor.”

Eileen Gold did not release Schaeffer from his obligation to pay the remaining \$9 million. She and Schaeffer sued each other over the money in Palm Beach County Circuit Court after Schaeffer missed a scheduled \$1 million payment, and Eileen Gold included Schaeffer's letter as an exhibit in the case. Schaeffer has not denied writing nor sending the letter.



The audit identified \$708,925 in charges on American Express cards “where the business purpose was not clearly evident or adequate written documentation of such was not available. Auditors noted that while Mike Gold was named as the responsible party for the cards, some were issued to senior management members, and Mike Gold's corporate card was used to charge airline tickets and other travel accommodations for company employees and other representatives.

Rosen, People's Trust spokeswoman, said the audit “appears to corroborate comments made by George Schaeffer.”



But Eileen Gold’s attorney, Etan Mark of Miami-based Mark Migdal & Hayden, said in an email that the audit report confirms that Mike Gold committed no crime. “Rather, as expected, accusing Mr. Gold of a crime was a ruse for Mr. Schaeffer to try to avoid his contractual obligations to Mr. Gold’s widow and has no basis in reality.”

Mark contended that the “vast majority” of charges [in the audit report](#) “appear on their face to be business expenses.”

He added, “It is not a crime to see a masseuse once a week for two years to treat chronic back pain.”

Among the listed charges are \$18,000 in three \$6,000 increments to Intuit, maker of tax preparation software; \$66,667 to the West Palm Beach CBS-TV affiliate for an unspecified purpose; \$5,000 each in “contributions” to the Florida Republican Party and Rick Perry’s 2012 presidential campaign; and \$1,000 to Mitt Romney’s presidential campaign.

Nearly half of the total — \$339,968 — went to a direct mail marketing company in 2008 and 2009, and \$59,391 were spent with an internet marketing company in 2008.

On a single day, Aug. 14, 2013, Royal Caribbean Cruise Line received three payments totaling \$50,000 for a purpose identified solely as “cruise.”

Additionally, 14 expenses totaling \$798 were identified as “drugstore” and 16 totaling \$576 were labeled as “grocery.” A charge for \$80.14 was incurred at Goofy’s Candy Co. at Disney World; two charges totaling \$484 were made at a Toys “R” Us store in Boca Raton; and \$660 was charged at a Louis Vuitton store for “luggage/leather goods.”

Five charges totaling \$2,066 were made at three clothing stores — Macy’s, Men’s Wearhouse and Rochester Big & Tall.

Meanwhile, Paul Handerhan, vice president for public policy at the Fort Lauderdale-based Florida Association for Insurance Reform, said that “based on the audit report’s findings, it

would appear that Mr. Gold did utilize his corporate credit card for a number of personal expenditures.”

If the company included them as business expenses when seeking state approval for insurance rates, “policyholders would have borne those expenditures by way of higher-than-necessary insurance premiums,” Handerhan said.

Rosen said expenses incurred by Mike Gold had no effect on rates charged to the company’s customers because they were paid by an affiliate, People’s Trust Managing General Agency, which provides services to the People’s Trust Insurance Co. under contract.

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