



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Insurance Division

News Release

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Honolulu Insurance Agent Sentenced to 10 Years in Prison for Theft

HONOLULU – Hawai'i Circuit Court Judge Karen Ahn today sentenced an O'ahu insurance agent to 10 years in prison for stealing more than \$360,000 from the life insurance accounts of two customers.

Insurance agent Kathleen Kau informed Transamerica Life Insurance Co. (TLI) that her clients had lost their home in a fire and that mail should be redirected to a P.O. Box she set up, the Hawai'i Insurance Division's Fraud Branch investigators found. Kau had TLI send a checkbook to the P.O. Box, which she used to withdraw money from the victims' accounts. Some of the checks totaled more than \$40,000.

The theft began in March 1998 and continued through June 2003. The Insurance Division's Fraud Branch began investigating the case in 2010 after the victims questioned the performance of their accounts and spoke with Kau and TLI.

"Mrs. Kau was in a position of trust and in cold calculation took money out of what were the retirement investments of two individuals," Special Deputy Attorney General Ryan Shinsato of the Hawai'i Insurance Fraud Branch said. "She only stopped because there was no money left in the victims' accounts."

"White-collar crimes such as this can leave widespread damage beyond the money taken," Hawai'i Insurance Commissioner Gordon Ito said. "The Insurance Division will aggressively protect Hawai'i residents against these insidious crimes."

The victims said they had been clients of Kau for over 30 years.

Judge Ahn sentenced Kau to 10 years in prison on one count of first-degree theft and five years for each of six counts of second-degree forgery, to run concurrently. The first-degree theft is a class-B felony. The second-degree forgery counts are class-C felonies.

Kau was taken directly into custody.

The judge ordered a restitution hearing be held on Sept. 7, 2012, to deal with how much Kau must pay back.

Fortunately in this case, the victims were able to recover the money they invested.

Insurance fraud affects everyone by inflating the cost of insurance. Reporting suspicious fraudulent activity may help in lowering premiums in Hawai'i. For more information on insurance fraud call the Insurance Fraud Hotline at 587-7416.

The Hawai'i Insurance Division oversees the state's insurance industry; issues licenses; examines the fiscal condition of Hawai'i-based companies; reviews rate and policy filings; and investigates insurance related complaints and fraud.

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