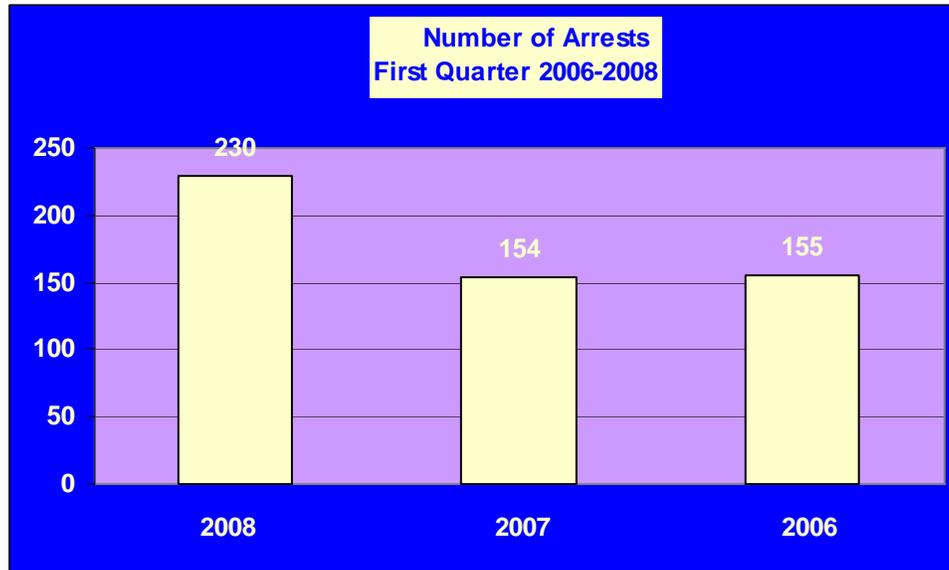


Arrests/Convictions/Fraud Reports

First Quarter 2006 – 2008

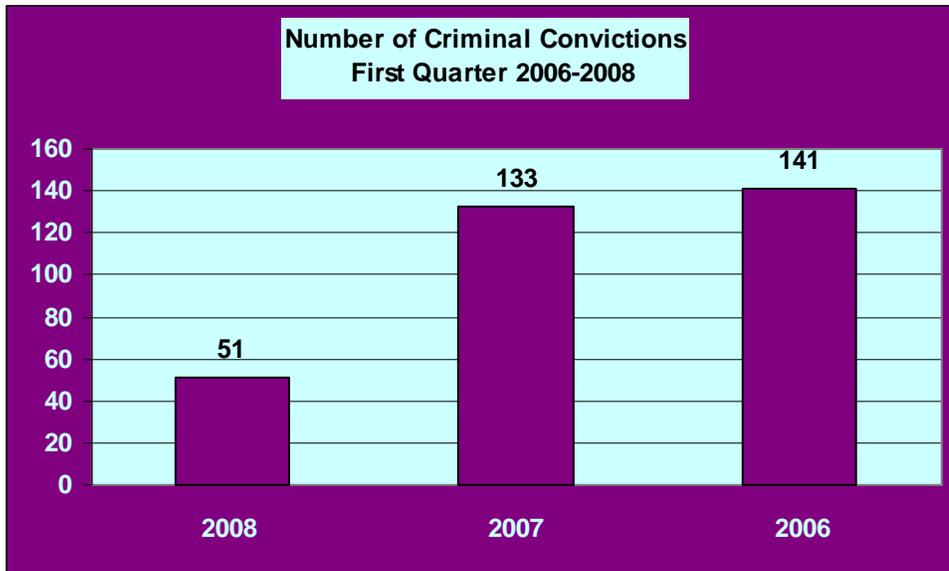
- The Frauds Bureau posted 230 arrests during the first quarter of 2008, compared with 154 in 2007 and 155 the year before.



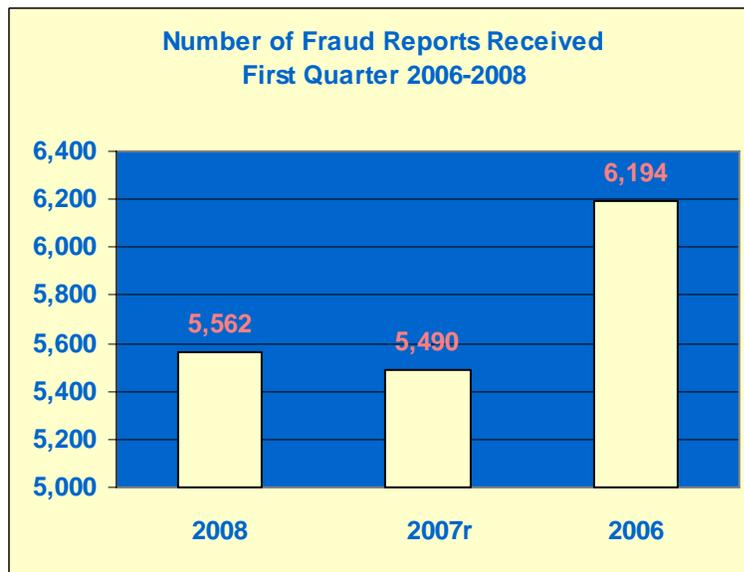
Investigations closed during the January-March 2008 period, including several in which the Frauds Bureau collaborated with law enforcement agencies on the state and local levels, led to the first quarter arrest total.

- A 16-month undercover investigation, dubbed “Operation Disappearing Act,” ended with charges brought against 61 suspects in at least four states – New York, New Jersey, Maryland and Pennsylvania – and the seizure of 70 vehicles worth \$1.7 million. Among the 61 suspects charged were a New York City police officer, a director of security at a city hospital and an employee of the Homeland Security Department. Owners paid a middleman to take their cars to a garage in Queens where they purportedly were stripped for parts. Neither the car owners nor the middlemen were aware that the garage was run by NYPD detectives working undercover. The middlemen returned the keys to the owners who then reported their cars stolen and filed fraudulent claims for the insurance payout. Ten of the suspects were not in custody as of 1/16/08 when the charges were brought. However, six were subsequently arrested and 15 additional vehicles were recovered. The investigation was conducted jointly by the Frauds Bureau, the NYPD’s Auto Crime Division and the Queens DA’s Office.

- A New York State Correction Officer submitted a doctor's report to his employer stating that he was medically excused from work from 2/16/07 to 3/5/07 due to a work-related injury he had previously sustained. However, an investigation conducted by the Frauds Bureau and the State Insurance Fund turned up evidence that the document submitted by the suspect was fraudulent. The doctor in question never examined the suspect nor did he provide a medical report excusing the suspect from his job. The suspect was arrested on 1/21/08 and charged with offering a false instrument for filing and insurance fraud.
 - An investigation by the Frauds Bureau and the Ulster County Sheriff's Department led to the arrest of a junkyard dealer for allegedly insuring and registering cars for illegal immigrants. He was accused of making use of used cars with high mileage that he fraudulently insured, registered and then sold to unlicensed drivers who were undocumented immigrants. The investigation began when the Sheriff's Department noticed an unusually high number of traffic stops and accidents involving cars registered to the suspect's junkyard. Over a four-year period, the suspect allegedly insured and registered about 40 cars through American Transit Insurance Company at a premium loss to the insurer of nearly \$523,000. According to New York State Law, only U.S. citizens or legal residents may apply for a driver's license and applicants must have a valid Social Security card. The investigation revealed that none of these customers had valid cards.
 - Eleven persons, including three doctors, a chiropractor and two acupuncturists, and ten corporations were charged in an 84-count indictment with operating a medical mill that cheated insurers of more than \$6.2 million over a five-year period. Two other suspects who allegedly assisted in the criminal affairs of the enterprise were charged in separate indictments. The enterprise used "runners" to stage accidents and bring "patients" to the clinic where medical providers prescribed unnecessary treatments and durable medical equipment, falsified medical records and submitted fraudulent claims to insurers. Four management and realty companies and six professional corporations were used to conceal parts of the operation and to launder the proceeds. The Frauds Bureau, the Manhattan DA's Office, the NYPD's Fraudulent Accident Investigation Squad, GEICO and MetLife Insurance Companies and the National Insurance Crime Bureau pooled resources in the investigation that led to the take-down. The DA's Office has also begun a civil forfeiture action against the 11 individuals and ten corporations to recover the more than \$6.2 million stolen from insurers while the medical mill was in operation.
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- The number of criminal convictions obtained by prosecutors in Frauds Bureau cases totaled 51 for the first three months of 2008, versus 133 for the same period in 2007.



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- The Frauds Bureau received 5,562 reports of suspected fraud during the first quarter of 2008, up slightly from the 5,490 received during the same period in 2007.



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