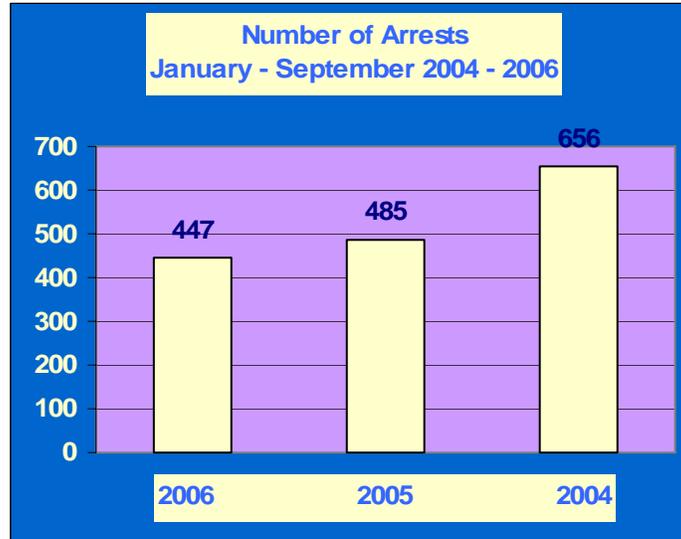


## Arrests and Convictions

### January – September 2004 – 2006

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- Frauds Bureau investigators posted 447 arrests for the first three-quarters of 2006 versus 485 for the same period in 2005.



Several major investigations contributed to the nine-month total, including the following:

A 20-month investigation conducted jointly by the Frauds Bureau, the AG's Auto Insurance Fraud Unit and the NYPD's Fraudulent Accident Investigation Squad resulted in three separate indictments charging 17 people and three corporations with participation in an elaborate no-fault insurance fraud scheme. The first indictment charged three defendants, including a doctor and a medical clinic owner, for operation and control of a medical clinic in Brooklyn. The "owner on paper" was the doctor, whose specialty was physical rehabilitation. The real owner, a woman who lacks a health provider license, made the decisions about what medical services were to be provided to the patients. The clinic acquired patients using a network of "steerers" who were paid to refer patients. The steerers solicited patients by staging auto accidents and by offering the clinic's services to legitimate auto accident victims. They allegedly staged the accidents by recruiting people to pose as injured pedestrians or bicyclists, or to pose as witnesses. The AG has also brought a civil case against these defendants seeking forfeiture of more than \$3.9 million in the illegally gained proceeds of the scheme and has obtained a court order freezing the assets of the doctor, the clinic's owner and three corporate defendants. In the other two indictments, 14 people were accused of staging accidents throughout New York City and seeking treatment of nonexistent injuries. Two Brooklyn-based management companies, both owned by the woman who secretly owned the clinic, were allegedly used to launder

the funds of the enterprise. Also assisting in the investigation was the National Insurance Crime Bureau, and Allstate, American Home, AIG, American Select, GEICO, Liberty Mutual, MetLife Auto and Home, OneBeacon, Progressive Casualty, State Farm and York Claims of AIU Insurance Companies, as well as The Robert Plan Corporation.

A Long Island neurologist was the latest suspect to be arrested in the ongoing investigation into the operations of a medical mill in Tuckahoe, NY. Of the 37 individuals who have been charged thus far, 29, including physicians and runners, have been convicted, 7 others await trial and a warrant was issued for another. An investigation by the Frauds Bureau, the State Police, the New Jersey Attorney General's Office, the NYPD, the Yonkers and Westchester County Police Departments, the National Insurance Crime Bureau and numerous insurers led to the arrests. These defendants routinely filed claims for expensive treatments that were never provided and billed for medical services on behalf of patients who had not even been in an accident. The scheme defrauded insurers of more than \$12 million in fraudulent claims.

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- The number of criminal convictions obtained by prosecutors in Frauds Bureau cases totaled 382 for the January to September 2006 period, compared with 342 for the first nine months in 2005 and 280 in 2004.



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- The Frauds Bureau received 17,108 reports of suspected fraud in the first nine months of 2006, down from 20,186 in the same period in 2005, a drop of more than 15% over the year. There has been a steady decline in the number of fraud reports submitted by the industry over the past four years, a trend related to the combined efforts of Frauds

Bureau investigators and diligent prosecutors. Aggressive enforcement of the law leads to a reduction in crime.

