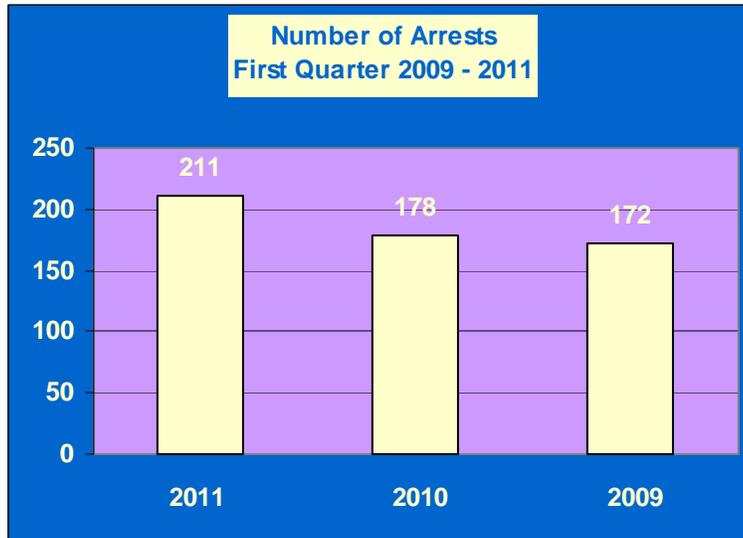


## Arrests/Convictions/Fraud Reports

### First Quarter 2009 – 2011

- The Frauds Bureau recorded 211 arrests during the first quarter of 2011, versus 178 for the same period in 2010 and 172 in 2009.



The following are among the noteworthy cases closed in the January-March 2011 period:

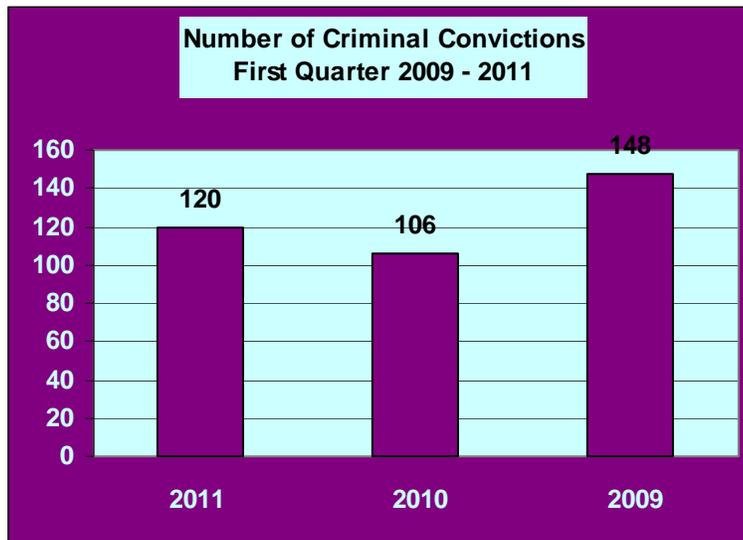
- In a case involving an owner give-up, a Saratoga County man reported to the Colonie Police Department that his 2009 Jeep had been stolen from a local Chevy dealership on 11/22/10. He subsequently filed a \$22,000 claim with Travelers Insurance Company for the loss. Investigators discovered that the defendant had removed the car from the lot himself in an effort to avoid paying a \$3,709 repair bill. He then parked the car at the Albany International Airport and filed the claim. The Jeep was recovered and the defendant provided a written confession to the faked theft. He was arrested on 1/12/11 and charged with insurance fraud in the 3<sup>rd</sup> degree, grand larceny in the 3<sup>rd</sup> degree, falsely reporting an incident in the 3<sup>rd</sup> degree and making a punishable false written statement. The investigation that led to his arrest was conducted jointly by the Frauds Bureau and the Colonie Police Department.
- The vice president and an office manager/bookkeeper of a roofing company, Defendants #1 and #2 in this case, were arrested on 1/10/10 and charged with insurance fraud in the 3<sup>rd</sup> and 5<sup>th</sup> degrees, respectively. An investigation by the Frauds Bureau and the State Police found evidence that from March 2010 to the time of their arrests, they engaged in a scam that defrauded a number of insurance companies.

They allegedly contacted homeowners in several upstate communities asking if they wanted their roofs inspected for wind and/or hail damage. They told the homeowners that the company would complete the work for whatever the insurance settlement was, if the home required a new roof. Defendant #2 would then contact the insurer purporting to be the homeowner and set a date and time for an insurance company inspection. Prior to the inspection, Defendant #1 would cause or enhance damage by removing roof shingles so the insurer would approve the cost of a new roof. Defendant #2 gave a written confession stating that she had misrepresented herself as the homeowners when she contacted the insurers.

- An investigation by the Frauds Bureau, the U.S. Postal Inspection Service and the Internal Revenue Service Criminal Investigation Division led to the 2/23/11 arrest of eight persons, most of whom were licensed insurance agents affiliated with the same agency. They were charged with recruiting elderly clients in a scam that involved stranger owned life insurance (STOLI). The agents submitted applications for life insurance policies on these elderly clients containing inflated net worth information and then insured their lives for millions of dollars with various insurance companies. They subsequently sold or attempted to sell the policies after the two-year contestability period had expired. The premiums were paid by the insurance agents, who used the commissions to continue to finance the scam, or by third-party investors. Some of the insureds were paid a specific amount of money, e.g., \$500 a month, for their cooperation. Others were promised a piece of the profits when their policies were sold. The former wife of one of the agents was charged with extortion for threatening to go to the police unless she was paid to keep quiet. She was paid \$10,000. This investigation is ongoing.
- A 16-month undercover investigation led to the takedown of an auto theft ring based in Queens accused of stealing 17 cars over the past year and reselling them on Craigslist, as well as to family members and friends. The crew stole the cars, changed the vehicle identification numbers (VINs) and registered them with “washed” titles. Ten suspects were arrested on 2/9/11, six of whom were charged with enterprise corruption under New York State’s Organized Crime Control Act. If convicted, these six suspects face up to 25 years in prison. The investigation used court-authorized wiretaps and surveillance, as well as undercover work. During the execution of a search warrant at the home of the alleged ringleader, investigators recovered 100 VIN plates and federal stickers, eight cell phones, numerous keys and a key making kit and titles. In addition, evidence indicating that this defendant was bleaching \$1 bills and using his printer to make counterfeit \$100 bills was also found. A second search warrant executed at the home of two co-defendants yielded a .22 caliber semi-automatic and numerous rounds of ammunition for a variety of firearms including an AK-47 and a .9mm. Numerous stickers, VIN plates, titles and keys were also recovered. The investigation was conducted by the Queens DA’s Office and the NYPD’s Auto Crime Division, with the assistance of the Frauds Bureau and the National Insurance Crime Bureau.

- Ghulum Mustafa, an Orleans County pediatrician, pleaded guilty to grand larceny on 3/14/11 for defrauding Medicaid and Excellus Health Plan. He received free vaccines that were supposed to be dispensed to Medicaid patients. However, he used the vaccines for non-Medicaid patients and billed their private insurer, Excellus. He will make restitution of \$179,000, which is the amount of the larceny (\$13,200 to Excellus and \$121,800 to Medicaid) plus interest. The investigation was conducted by the Western New York Health Care Task Force of which the Frauds Bureau is a member.
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- The number of criminal convictions obtained by prosecutors in Frauds Bureau cases totaled 120 during January-March 2011 compared with 106 for the same period in the prior year.



- A total of 6,182 reports of suspected fraud were received by the Frauds Bureau during the first quarter of 2011, up from 6,136 in the same period in 2010.

