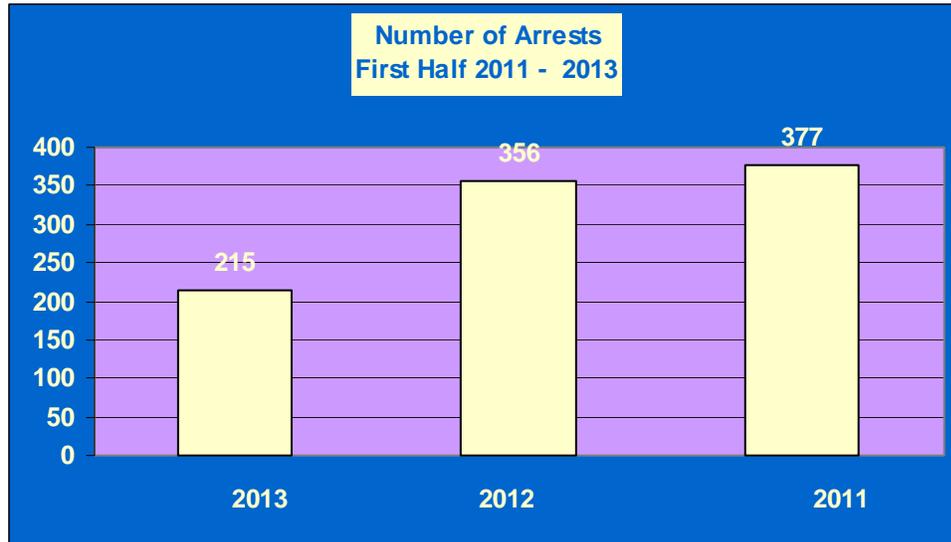


## Arrests/Convictions/IFBs

### First Half 2011 – 2013

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- The Insurance Frauds Bureau posted 215 arrests during the first half of 2013.



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The following case summaries are among those that resulted in arrests during the January-June 2013 period:

- An investigation conducted jointly by the Attorney General's Office, the NYPD's Fraudulent Accident Investigation Squad and the Department of Financial Services' Insurance Frauds Bureau led to the 1/24/13 arrest of 16 defendants for their participation in a staged-accident scheme in order to collect the insurance payouts. Most of the defendants allegedly agreed to participate in the accidents in exchange for money up front and the promise of settlement money from bodily injury lawsuits after they were treated for nonexistent injuries at a Brooklyn medical clinic. They filed \$331,993 in claims that contained false information about the accidents and their purported injuries. Only two of the defendants were subsequently awarded lawsuit settlements totaling \$13,500. They were charged with insurance fraud, grand larceny, falsifying business records and conspiracy to commit those crimes.
- Based on information developed from sources in the High Intensity Drug Trafficking Area (HIDTA) Program that a certain woman was believed to be conducting a scheme to defraud financial institutions, the Insurance Frauds Bureau initiated an investigation. The Bureau uncovered evidence that the woman was actually a victim of a scheme orchestrated by a Queens man who used his knowledge of computers, the Internet and financial institution procedures to carry out an elaborate plot that resulted

in substantial losses to four banks. The investigation revealed that the suspect opened accounts at the banks in the names of individuals and corporations whose identities he had stolen. He then wrote worthless checks to other accounts under his control and successfully withdrew the funds prior to discovery of the fraud. Many of the victims whose identities he stole were tenants in his mother's home. He used the names of these victims to open bank and credit card accounts and a mail drop in Manhattan that was used to receive documents from the financial institutions and give the appearance of legitimacy. In addition, the suspect obtained the account information of third-party victims and created checks that were deposited to accounts under his control. However, bank surveillance cameras that captured numerous ATM and teller withdrawals led investigators to the suspect and resulted in his arrest. He netted \$101,000 in this scheme which he used for personal gain. He was charged with grand larceny, criminal possession of stolen property, forgery, identity theft and scheme to defraud.

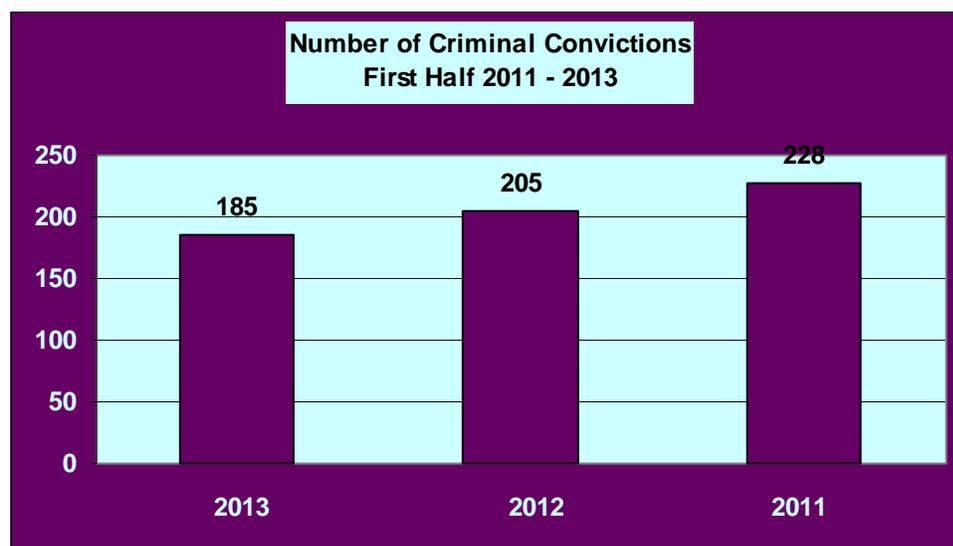
- An investigation by the Queens DA's Office, the NYPD's Fraudulent Accident Investigation Squad and the DFS Insurance Frauds Bureau resulted in the 2/5/13 indictment of nine suspects and a Queens medical clinic for allegedly participating in a no-fault scheme that defrauded insurance companies of more than \$150,000. Seven separate indictments charge that five of the suspects who had been in minor auto accidents received cash payments from two runners who coached them on how to fabricate and exaggerate their injuries and steered them to the clinic where they received unnecessary medical treatment. Also charged were the clinic's receptionist and its manager, who was accused of paying the runners for finding the patients. The investigation included physical surveillance, court-authorized electronic eavesdropping and intelligence information. Among the charges contained in the indictment were insurance fraud, grand larceny, attempted grand larceny and related crimes.
- A Nassau County woman filed a claim for damage caused by a fire at her home and Hartford Insurance Company issued a \$33,596 check for the loss. The check was issued in the name of the woman's former husband who was the policyholder. The defendant subsequently reported that she never received the check and Hartford issued a duplicate check. However, an investigation uncovered evidence indicating that in both instances, the defendant's son, who had the same name as the former husband, endorsed the checks with the knowledge and consent of his mother and deposited the funds into his personal account. The defendant then used a debit card to withdraw the funds. An investigation conducted by the Nassau County Police Department with the assistance of the Insurance Frauds Bureau led to her arrest on 3/6/13.
- Following an investigation by the Insurance Frauds Bureau, a Westchester County insurance agent was arrested on 4/2/13 for allegedly stealing \$62,000 in commissions from MVP Health Care of Schenectady. More than 400 individuals were improperly enrolled into small group and sole proprietor health plans insured by MVP and offered through the Otsego County Chamber of Commerce. The Chamber's health

plan policies were sold to downstate residents, offering them lower rates than they would have paid for coverage in the New York City area. Since individuals generally must either reside or work in the geographical area where the health plan is offered, a phony category of insurance that did not exist was created. The defendant is alleged to have conspired with a former president of the Chamber of Commerce who was arrested in November 2011 accused of creating the phony Chamber membership category so downstate residents could be enrolled. He was fired from his position with the Chamber after his arrest and is now awaiting court action on charges of insurance fraud, grand larceny and falsifying business records. The insurance policies of all 400 people were cancelled after their ineligibility was discovered. However, MVP paid out nearly \$1 million in health care costs for those fraudulently enrolled policyholders.

- An investigation by the Office of the U.S. Attorney for the Eastern District, the U.S. Postal Inspection Service, the NYPD and the Insurance Frauds Bureau led to the 5/8/13 arrest of eight suspects for their participation in a staged-accident scheme that defrauded multiple insurance companies. From March 2009 to July 2011, the defendants rented U-Haul vehicles and with one or more co-conspirators as passengers, they intentionally either struck or were struck by vehicles driven and occupied by other co-conspirators. These defendants then sought medical treatment for their purported injuries. They later filed more than \$2 million in claims with U-Haul's insurer, Republic Western Insurance Company, and numerous other insurers for which they received more than \$1 million in payments for treatment of nonexistent injuries. They were charged with mail fraud and conspiracy to commit mail fraud.
- The defendant in this case filed approximately 51 claims with Progressive Insurance Company for reimbursement for prescription drug refills under her no-fault insurance coverage. In support of her claims, she submitted receipts for payment she purportedly made for the refills. However, an investigation by the Insurance Frauds Bureau found evidence that only 16 of the claims were legitimate. The remaining 35 claims were for refills she never actually received and for which she fraudulently collected \$29,287 in no-fault benefits. She was arrested on 5/3/13 and charged with insurance fraud and falsifying business records.
- An investigation by the Insurance Frauds Bureau, the Otsego County Sheriff's Office and the Otsego County Office Emergency Services resulted in the arrest of three defendants charged with conspiracy to commit arson for profit. On 5/1/13, the Otsego County 911 center received a report of a possible structure fire in the hamlet of Hartwick. The Hartwick Fire Department responded to the scene and immediately called for assistance from several nearby fire departments. After several hours, the fire was brought under control with no damage to other residences in the area. The subsequent investigation revealed that the three defendants had acted in concert to burn down the unoccupied residence of one of them in order to collect a \$50,000 insurance payout. They face up to 15 years in prison if convicted on a charge of arson and an additional 15 years if they are found guilty of insurance fraud.

- On 1/23/13, an upstate man contacted Progressive Insurance Company to inquire about auto insurance coverage for his 2002 Mitsubishi. He reported that he had hit a guard rail and damaged the car. The insurer informed him that he did not have collision coverage and he terminated the call. About 30 minutes later, the defendant again called Progressive and added collision coverage to his policy. On 1/24/13, that he had been in an accident. He brought the car to a collision shop and on 2/5/13 was given an estimate of \$3,286.47 for repair of the damage. On 6/12/13, investigators interviewed the defendant who admitted that he had obtained collision coverage after the accident because he could not afford to repair the damage himself. An investigation by the Insurance Frauds Bureau and the Rochester Police Department led to his arrest on 6/27/13 on a charge of attempted grand larceny.
  - The owner and operator of two Queens pharmacies was arrested for his role in a scheme to bill Medicare, Medicaid and private insurers for fraudulent prescription drug. Insurance Frauds Bureau investigators working undercover dropped off prescriptions at one of the pharmacies. However, the defendant continued to bill the insurers for approximately 20 prescriptions that were not legitimate using the personal medical information of the undercover investigators. An arrest warrant was executed at the defendant's residence on 6/20/13 and he was charged with insurance fraud under Section 1347 of Title 18 of the U.S. Code. In addition, search warrants were executed at both of the defendant's businesses that same day. The amount of the fraud is estimated to be close to \$1 million. This arrest was the result of an investigation by the FBI New York Health Care Fraud Task Force, of which the Insurance Frauds Bureau is a member.
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- The number of criminal convictions obtained by prosecutors in Insurance Frauds Bureau cases stood at 185 for the first six months of 2013.



- The Insurance Frauds Bureau received 11,531 reports of suspected fraud during the first half of 2013.

