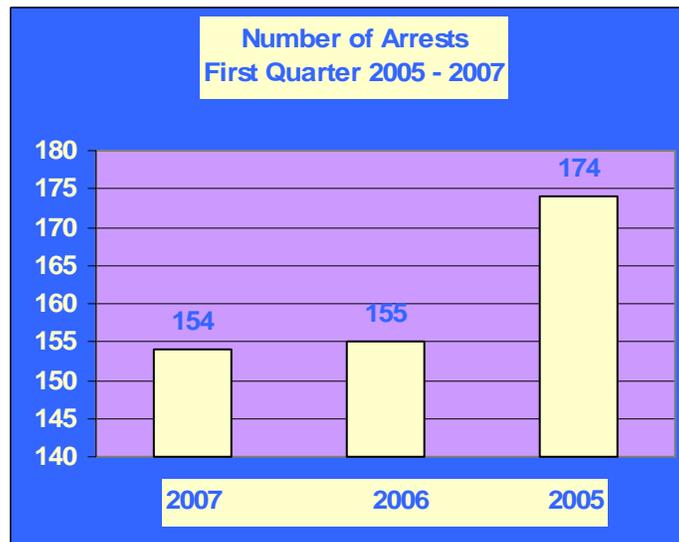


Arrests/Convictions/Fraud Reports

First Quarter 2005 – 2007

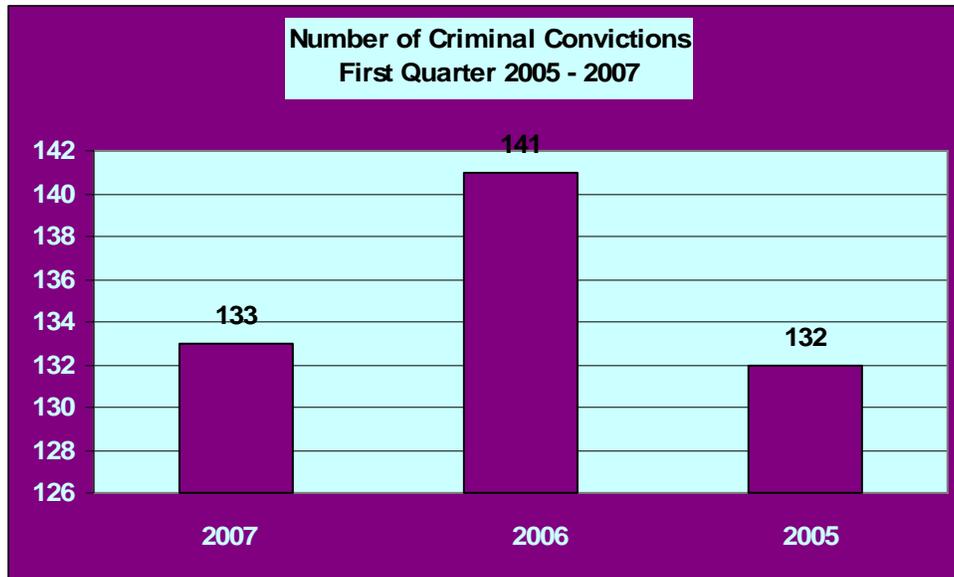
- The Frauds Bureau posted 154 arrests during the January-March 2007 period, as opposed to 155 for the same period in 2006.



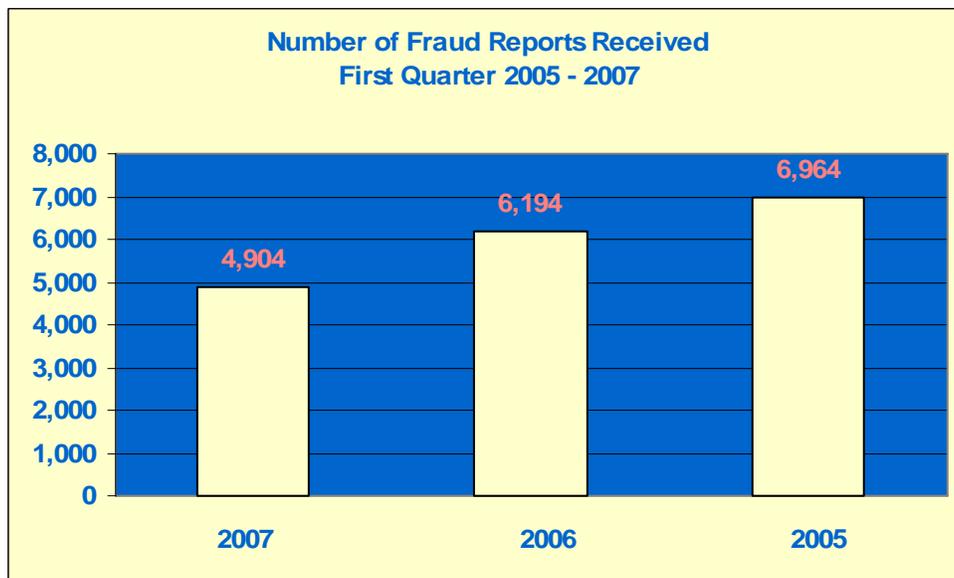
A number of multi-agency investigations that resulted in many arrests, as well as many cases closed with a single arrest, all contributed to the first quarter total. The following were among them:

- A seven-month joint investigation by the Frauds Bureau, the Queens DA's Office, the State Insurance Fund and the Workers' Compensation Board Inspector General's Office resulted in the arrest of ten suspects in a workers' compensation fraud scheme totaling more than \$110,000. Most of the defendants were accused of collecting workers' compensation benefits while they were employed. In one instance, a former employee of the New York City Housing Authority began collecting benefits after he sustained a work-related injury in 1983. However, he failed to inform the Workers' Compensation Board that he took a job in the construction industry in 2003. During 2003 and 2004, he collected \$19,365 to which he was not entitled. Another suspect in this case, an independent contractor, submitted a fraudulent Certificate of Insurance in order to obtain work installing floors. The Certificate falsely stated that he had workers' compensation insurance to cover his employees when, in fact, no such coverage existed.

- An investigation by the Frauds Bureau and the Depew Police Department led to the arrest of this suspect who had reported to GEICO Insurance Company that his 1995 Harley Davidson motorcycle had been stolen from his home some time between 12/1/06 and 12/2/06. GEICO paid out \$2,740 for the loss. However, the motorcycle was recovered in a damaged condition by the Buffalo Police Department on 12/2/06. Further investigation by the Frauds Bureau and GEICO revealed that the defendant had been involved in an accident in Buffalo on 12/2 and was taken to a local hospital for treatment. He informed both the ambulance attendants and hospital personnel that he had had a few beers and fell off the motorcycle.
 - A Sullivan County resident reported to Progressive Insurance Company that his 2004 Chevrolet Blazer had been stolen and he subsequently filed a \$7,000 claim for the loss. The car was later found damaged in an isolated area of New Jersey. An investigation by the Frauds Bureau and the State Police turned up evidence that the suspect intentionally damaged his car and falsely reported it stolen in order to collect an insurance settlement.
 - An investigation into Internet drug sales by the Albany County DA's Office, working with the Frauds Bureau, the New York State Health Department and drug enforcement officials, the Florida Attorney General's Office, the U.S. Justice Department and the IRS, led to the arrest of four suspects with ties to a pharmacy in Orlando, FL, that did an estimated \$6 million in business in New York State last year. Arrested during a raid on the pharmacy were the husband and wife who co-owned the business, the husband's pharmacist brother, and the company's marketing director. The pharmacy allegedly filled prescriptions for steroids and human growth hormones via the Internet in order to exploit federal and state prescription drug laws. New York has some of the strictest drug laws in the country. The prescriptions were submitted by doctors both licensed and unlicensed who did not even know their "patients." More suspects, including doctors, pharmacies and business owners, are expected to be arrested in this ongoing investigation.
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- The number of criminal convictions obtained by prosecutors in Frauds Bureau cases totaled 133 for the first quarter of 2007, versus 141 for the first quarter of 2006 and 132 in 2005.



- The Frauds Bureau received 4,904 reports of suspected fraud during the first three months of 2007, down more than 20% from the same period in the prior year. The Bureau has asked the industry to report not only clear incidents of insurance fraud but even those incidents with just the suspicion of fraud. Yet in the past three years, we have seen a decrease in the number of fraud reports submitted by the industry, a trend directly related to the combined efforts of the Frauds Bureau and prosecutors. Aggressive enforcement of the law leads to a reduction in crime.



The Frauds Bureau's new Web-based reporting system has now been implemented. The Web site is currently under construction. As of 4/2/07, insurers have been instructed to check back in a few days for instructions on how to access this innovative, user-friendly system.