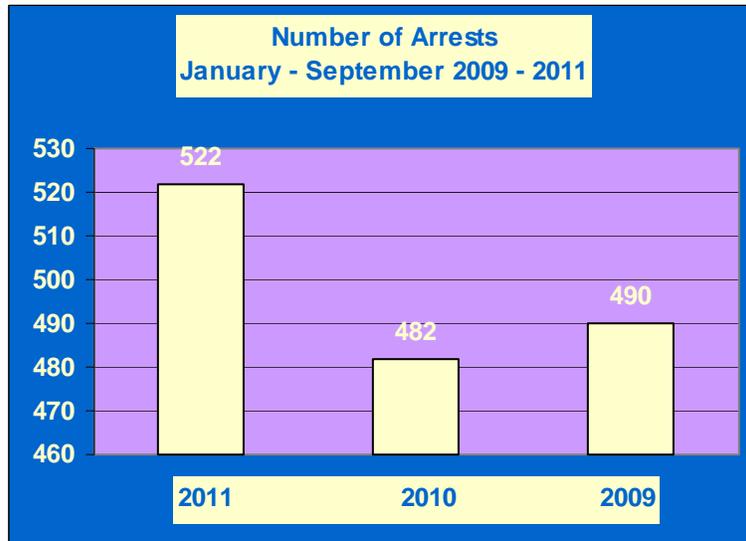


## Arrests/Convictions/IFBs

January – September 2009 – 2011

- Insurance Frauds Bureau investigations resulted in 522 arrests for the first three quarters of 2011, compared with 482 for the corresponding period in 2010 and 490 in 2009.



Among the noteworthy cases closed in the January-September 2011 period are the following:

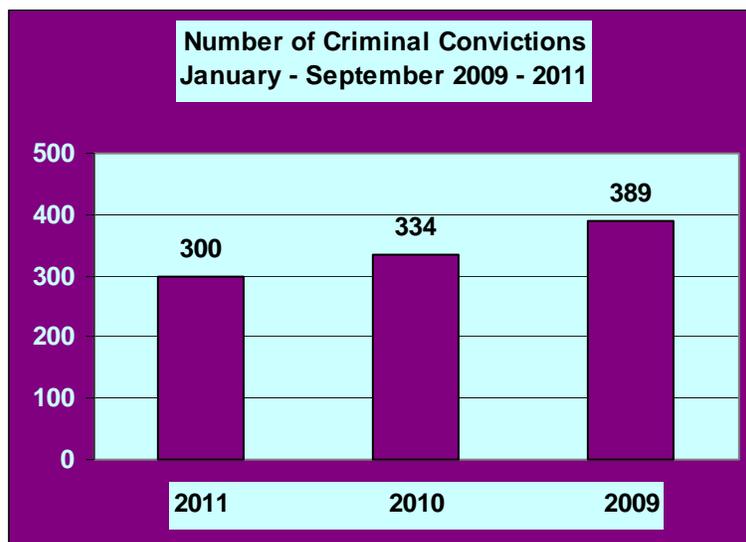
- A 16-month undercover investigation led to the takedown of an auto-theft ring based in Queens accused of stealing 17 cars over the past year and reselling them on craigslist, as well as to family members and friends. The crew stole the cars, changed the vehicle identification numbers (VINs) and registered 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 Insurance Frauds Bureau and the National Insurance Crime Bureau.

- In a twisted tale of homeowners insurance fraud, an upstate man filed a claim with Nationwide Insurance Company after his home was destroyed by fire and he was reimbursed \$300,000 for the loss. He subsequently was contacted by a Nationwide claims representative who informed him that he believed he could get the homeowner an additional settlement with the help of a lawyer friend. The deal was that the unnamed lawyer would get half of whatever additional compensation the homeowner received. The homeowner agreed although he later said that he doubted there would be any additional money. About ten days later, the claims rep informed him that the attorney had been able to arrange an additional settlement of \$89,822 and produced the check from Nationwide. As a claims rep, the defendant was authorized to settle claims and write settlement checks on behalf of the company. The claims rep told the homeowner that the attorney in question wanted his name kept out of the transaction. So the homeowner was asked to write a personal check payable to the claims rep for \$44,911 – half the amount of the additional settlement. The claims rep advised the homeowner to deny any knowledge of this transaction if Nationwide were to ask. A red flag went up and the homeowner reported his suspicions to Nationwide. The claims rep was fired after Nationwide learned that he had cashed the homeowner's check and deposited the money into his personal account. He was arrested on 4/13/11 following an investigation by the Insurance Frauds Bureau and Nationwide.
- On 3/30/11, agents from the FBI and the IRS contacted the Insurance Frauds Bureau for assistance in a case involving health care fraud. An investigation revealed that a Rochester attorney was receiving large quantities of prescription pain killers from a local doctor, though his medical records did not support the necessity for those medications. Over a five-year period, Excellus Health Plan paid out \$398,793 for the illegally obtained medications. Following a sealed federal grand jury indictment, a warrant was issued and the attorney was arrested on 5/11/11.
- On 2/25/11, an upstate chiropractor accompanied his patient to an independent medical examination conducted to determine whether the patient was eligible for surgery. When the exam was completed, the chiropractor, posing as an Insurance Frauds Bureau investigator, displayed the business card of an authentic Insurance Frauds Bureau investigator and threatened the examining chiropractor with arrest if he did not authorize the surgery. During an investigation by the Insurance Frauds Bureau, the chiropractor admitted that he had misrepresented himself and gave a signed confession. He was arrested on 6/15/11.
- The suspect in this case was charged with arson for allegedly intentionally setting a fire at his business, an Albany pub, in April 2011. An investigation by the Insurance Frauds Bureau, the Albany Police Department and the New York State Office of Fire Prevention and Control revealed that the pub owner and another person were seen removing multiple items from the property the night before the fire. On the night of the fire, the owner was the only person in the pub, which had closed for business just prior to the fire. He reported that a grease fire started in the kitchen. However, the investigation showed multiple points of origin in the kitchen area where accelerants

were detected and the fire was deemed incendiary. The pub was insured for \$900,000 through Alterra Insurance Company.

- As a result of a warrant issued by the Rockland County DA's Office, the suspect in this case was arrested for claiming that he had not received a \$10,455 workers' compensation settlement check issued by CNA Insurance Company. The insurer issued a second check for the same amount. The suspect intentionally cashed the original check at a check-cashing facility knowing there was a stop payment on it and cashed the replacement check at his bank. Because of the stop payment, CNA did not cover the original check, leaving the check-cashing facility on the hook for the money. When interviewed during an investigation by the Insurance Frauds Bureau and CNA's SIU, the suspect admitted to cashing both checks, stating that he felt he deserved them.
- In a continuing investigation by the Insurance Frauds Bureau and the U.S. Department of Health and Human Services Office of the Inspector General, a fourth suspect was charged with health care fraud. Three suspects had previously been arrested in connection with a scheme to steal blank prescription pads, write prescriptions for controlled substances and have them filled. Further evidence indicated that this fourth suspect had allegedly stolen prescription pads from medical facilities, sold some of the pads and filled prescriptions for controlled substances with the remaining pads. He then sold the medications he illegally obtained. A search warrant was executed at his Bronx residence on 9/21/11 and he was arrested.

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- The number of criminal convictions obtained by prosecutors in Insurance Frauds Bureau cases during the first nine months of 2011 totaled 300, versus 334 during the same period a year earlier and 389 in 2009.



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- The Insurance Frauds Bureau received 17,811 reports of suspected fraud during the first three quarters of 2011, down from 18,504 received in the January-September 2010 period.

