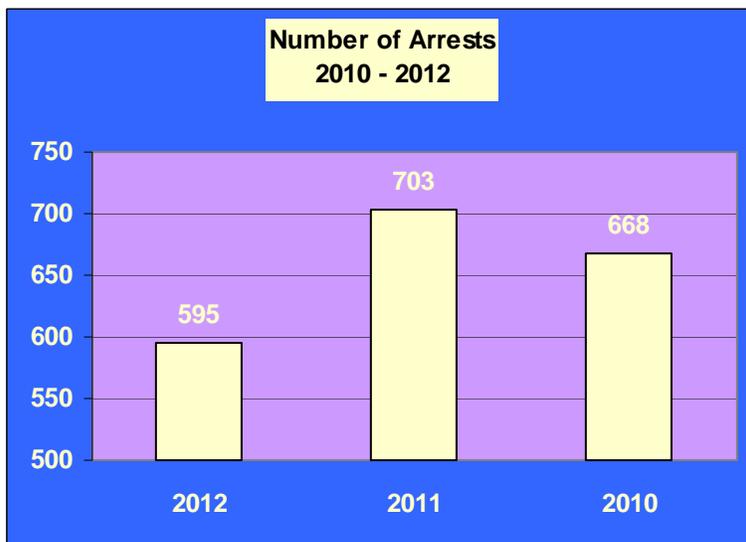


Arrest, Convictions and Fraud Reports

Year-End – 2012

- Investigations conducted by Insurance Frauds Bureau staff resulted in 595 arrests during 2012.



Among the many investigations brought to successful conclusion during the past year are the following:

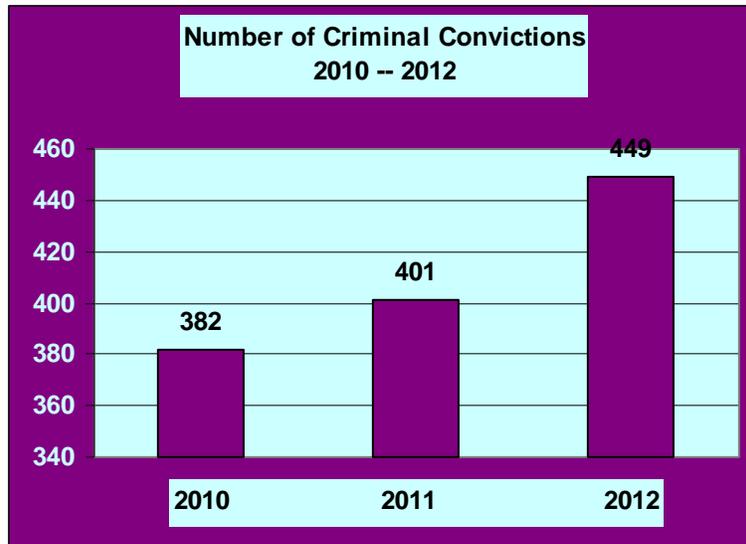
- In a follow-up to a November 2011 workers' compensation fraud sweep in ten upstate counties, two suspects were arrested on 3/15/12, bringing the total number of arrests in this case to 21. The two most recent suspects were charged with offering a false instrument for filing for allegedly submitting false reports regarding an incident involving a co-worker arrested in the November sweep. The previously arrested suspect, a teacher aide, claimed she broke her ankle on the job when the accident actually occurred at her home. The Incident Report stating that the injury happened at work was completed and signed by the suspects arrested on 3/15/12. The arrests were the result of an investigation by the Insurance Frauds Bureau and the Workers' Compensation Board's Office of the Fraud Inspector General with the assistance of the State Insurance Fund.
- An investigation by the Insurance Frauds Bureau and the U.S. Attorney's Office resulted in the 4/11/12 arrest of the defendant in this case for allegedly submitting 14 forged Variable Annuity Surrender Request forms in the name of his deceased grandmother in order to withdraw \$37,175 from her annuity account. He had the

money electronically transferred to his Internet bank account where he could easily make withdrawals. When interviewed during the investigation, the defendant admitted the fraud, stating that he did it in order to pay for his drug habit.

- An investigation by the Drug Enforcement Administration Tactical Diversion Task Force led to the arrest on 5/22/12 of 14 defendants charged with participating in the distribution of illegally diverted prescription drugs oxycodone and oxymorphone. From April 2011 through at least May 2012, they worked together to sell tens of thousands of pills on the streets of Upper Manhattan. During the execution of search warrants at five locations in the Bronx and Upper Manhattan, approximately 9,000 of the prescription pills, \$24,000 in cash and hundreds of bottles of HIV medications were recovered. Of the 14 defendants, 13 are currently in custody and one remains at large. This ongoing investigation was conducted by the Downstate Office of the Task Force and is being handled jointly by Task Force members including the DEA, the U.S. Attorney for the Southern District, the NYPD and the Insurance Frauds Bureau.
- An investigation by the Insurance Frauds Bureau led to the arrest of a saleswoman for Oxford Health Care for her participation in a scheme to fraudulently obtain sales commissions. Investigators learned that during 2008 and 2009, the defendant filed claims for sales commissions by falsely stating that she had sold certain Oxford products when, in fact, those products had been sold by one of her co-workers. She was able to carry out the scheme by gaining access to a restricted Oxford database that provided detailed information about each salesperson's monthly sales. She used this information to file the false claims and over the two-year period collected \$24,053 in commissions to which she was not entitled.
- A retired optician and the manager of a vehicle repair shop were accused of participating in a scheme to collect an insurance payout based on a fraudulent claim. The retired optician submitted a \$15,000 claim for damage to his tractor to New York Central Mutual Insurance Company, providing three written statements reporting that the tractor was damaged while on his trailer. If that were the case, the cost of repairing the damage would be covered by his insurer. The repair shop manager supported the claim in a written statement, reporting that he had found the tractor on the trailer and that the optician himself had brought it into his shop for repair. However, the two men were arrested on 9/10/12 when investigators learned that the tractor was actually damaged when the owner was digging with a back hoe on his property. The repair shop owner was present when that damage occurred and it was he who transported the damaged tractor to his shop on the shop's truck. Both suspects were charged with insurance fraud and falsifying business records.
- On 10/4/12, the FBI New York Health Care Fraud Task Force, of which the Insurance Frauds Bureau is a member, was part of a takedown conducted by a nationwide strike force that resulted in charges against 92 suspects in schemes to defraud the Medicare and Medicaid programs of \$432 million in fraudulent claims. Of those arrested, 15 were suspects in three New York Task Force cases. In one New York case, nine people, including the manager and medical director of a medical facility in Brooklyn,

were charged with conspiring to defraud the Medicare and Medicaid programs of more than \$13 million by submitting fraudulent claims for physical therapy that was not provided or was medically unnecessary. In another case, four licensed chiropractors allegedly failed to provide chiropractic services to patients residing in assistant living facilities, yet billed Medicare for \$6.4 million. In the third case, the office manager of a Queens medical clinic and the owner of an ambulette service received \$3 million from Medicare after claiming to provide physical therapy and diagnostic tests to patients who were paid cash kickbacks to use these two defendants' medical and ambulette services.

- Manhattan podiatrist Alan Shulman was sentenced on 11/19/12 to one year in prison and was ordered to pay an unspecified amount in restitution to CIGNA Insurance Company. From 2008 to 2010, he filed hundreds of claims for treatments that never occurred. He used the patient information of at least five persons to submit claims to CIGNA. In two instances, he accepted payment for claims he filed on behalf of patients, one of whom was in Europe and the other at Disney World when the treatments purportedly occurred. In another instance he contacted a CIGNA member and asked her to report that she had received treatment when she had not. CIGNA paid out a total of \$100,671 on the fraudulent claims. He was arrested on 2/4/11 and pleaded guilty to grand larceny on 8/10/12. The investigation was conducted by the Insurance Frauds Bureau.
 - An investigation by the Insurance Frauds Bureau and the State Insurance Fund resulted in the 12/27/12 arrest of an upstate man accused of claimant fraud. He filed documents with the State Fund stating that he was not working. However, investigators found evidence indicating that between June 2009 and November 2010, he was employed collecting and scrapping metal. As a result of the fraud, he collected \$21,198 in workers' compensation benefits to which he was not entitled.
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- By year-end 2012, prosecutors had obtained 382 convictions in cases involving the Insurance Frauds Bureau.



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- The Insurance Frauds Bureau received 24,038 reports of suspected fraud during 2012, an increase of about 3% from the prior year.

