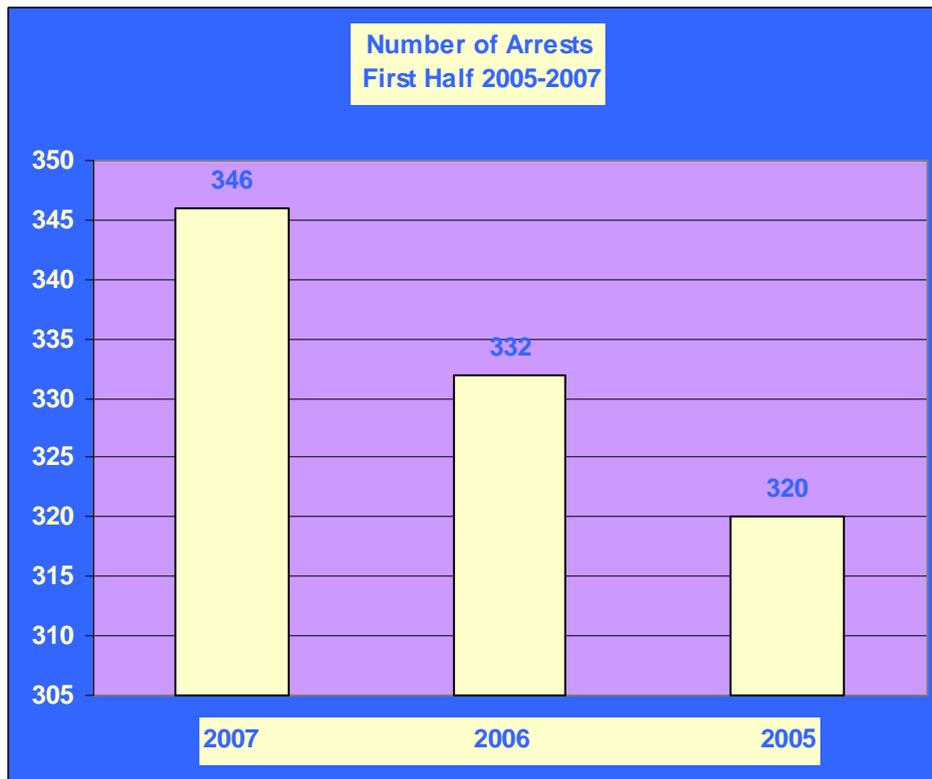


Arrests and Convictions

First Half 2005 – 2007

- The Frauds Bureau posted 346 arrests in the first half of 2007 versus 332 for the same period a year ago and 320 in 2005.

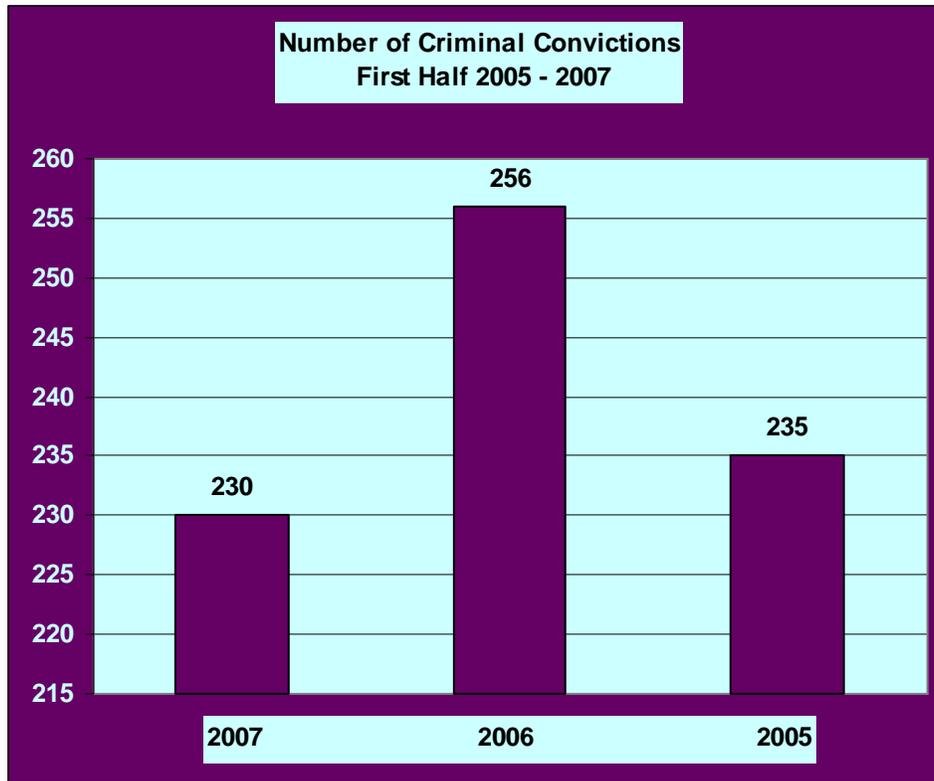


A number of major investigations were brought to successful conclusions during the January – June 2007 period. Moreover, day-to-day investigation conducted by Frauds Bureau investigators added many arrests to the half-year total.

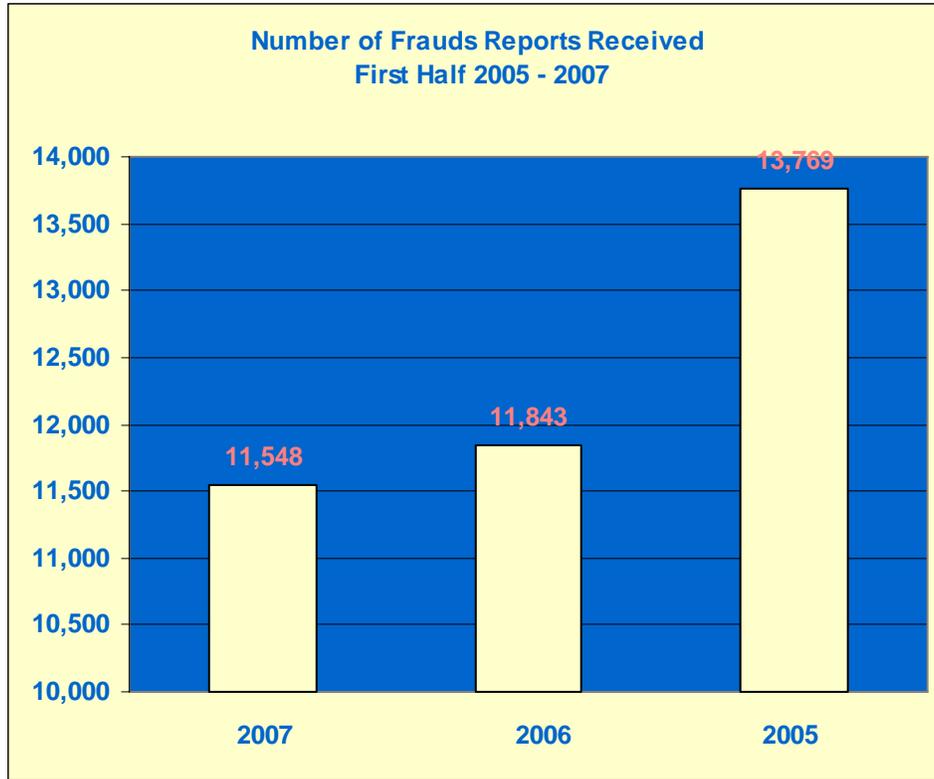
- A physician at a Queens medical clinic was accused of falsely billing a number of no-fault insurers in the amount of \$21,000 for costly tests that were never provided to seven auto accident victims. Among those insurers were GMAC, Kemper Auto and Home, Allstate and GEICO. The Frauds Bureau, the Queens DA's Office, the NYPD's Fraudulent Accident Investigation Squad and the National Insurance Crime Bureau pooled resources in the investigation. The matter will also be referred to the Department of Health's Office of Professional Medical Conduct for review. A second

physician who also practiced at the same Queens medical facility was previously arrested on similar charges.

- 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.
 - When the brother of a home health care worker was shot and seriously wounded in June 2001, her co-worker, who was also an agent for Combined Life Insurance Company of New York, persuaded her to take out an accident and disability policy and name herself as beneficiary. The insurance agent backdated the application to a date prior to the shooting and the policy was issued. The home health care worker filed a claim with Combined Life and was paid a settlement of \$15,500. Cooperation among investigators from the Frauds Bureau, the State Police and Combined Life led to their arrests. On 3/16/07, the agent was sentenced to a three-year conditional discharge and ordered to pay \$15,500 in restitution. Her co-worker received a sentence of five years' probation and restitution already paid.
-
- The number of criminal convictions obtained by prosecutors in Frauds Bureau cases stood at 230 for the first six months of 2007 compared with 256 for the first half of 2006.



-
- The Frauds Bureau received 11,548 reports of suspected fraud during the January – June 2007 period. 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, down by more than 19% between the first half of 2004 and the first half of this year. This decrease reflects a trend directly related to the combined efforts of Frauds Bureau investigators and prosecutors across the State.



The Frauds Bureau implemented a system of Web-based fraud reporting and insurers now report suspected fraud electronically directly via the Web site. Under the system, known as the Frauds Case Management System (FCMS), virtually all of the Bureau's principal tasks, including case management and statistical tracking, are Web-based