



**PA INSURANCE FRAUD
PREVENTION AUTHORITY**

KNOW THE RISKS. KNOW THE PENALTIES.

PENNSYLVANIA INSURANCE FRAUD STORIES

Third Quarter 2009

With the conclusion of Pennsylvania's third quarter fraud analysis, end-of-year projections anticipate a 23% increase in new complaints of insurance fraud in 2009 over 2008 – a jump of 53% over 2007. Is this the crest or just the first waves of a recession-driven insurance fraud Tsunami?

From this edition of Pennsylvania Fraud Stories, accounts of crime drawn from criminal complaints and arrests made in the third quarter of 2009, you decide!

For more information, please visit www.helpstopFRAUD.org

Pennsylvania Insurance Fraud Prevention Authority 11/13/2009

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PENNSYLVANIA FRAUD STORIES

Third Quarter 2009

Insurance Fraud Seen Increasing by 23% in 2009

The Pennsylvania Insurance Fraud Prevention Authority (IFPA) has several statutory obligations, the principal of which is assessing the scope and extent of the Commonwealth's insurance fraud problem. Historically, that picture is a snapshot of incoming insurance fraud complaints (termed "referrals") and then the nature of insurance fraud as shown by arrests. The closing of 2008 saw a 30% increase in referrals and a 33% increase in arrests over the previous year. Consumer research in December 2008 showed the need to increase both consumer knowledge of insurance fraud and consumers' view of insurance fraud as a serious crime with very real adverse consequences. This need gave rise to the IFPA's 2009 media campaign titled "Know the Risks. Know the Penalties." Details of research and the campaign's ads can be seen at www.helpstopfraud.org. As newly developed TV, radio and billboard ads reached Pennsylvanians from June – November 2009, the IFPA's law enforcement partners reported a continuing rise in referrals. Statistics for the first three quarters of 2009 foretell a 23% end-of-year referral increase over 2008 – a cumulative increase of some 53% over 2007's numbers. From the dates of offenses shown in this edition of *Pennsylvania Fraud Stories* and with increasing referrals, it appears that Pennsylvania may be experiencing the first waves of an insurance fraud Tsunami driven by financial hardship caused by the U.S. economy's present recession.

Through the end of October 2009, referrals reaching law enforcement agencies funded by the IFPA were 2,125, with projected end-of-year referrals numbering 2,833. In comparison, 2008 saw 2,305 referrals and 2007 had 1,776 referrals. End-of-year projections show fraud investigators in the insurance industry as increasingly vigilant with referrals coming from the insurance industry in 2009 increased by 34% over 2008. Referrals transferred by other law enforcement agencies to IFPA funded fraud units are also expected to be increased by 53% over 2008.

What are the areas of insurance seen most affected by insurance fraud? End-of-year projections in comparison to 2008 anticipate a 30% increase in referrals involving auto insurance fraud, a 48% jump in healthcare insurance fraud, and a 6% jump in homeowners' insurance fraud. Fewer referrals in 2009 than in 2008 are expected in workers' compensation (-6%), life insurance (-11%) and commercial liability insurance (-22%).

What results have been reported by IFPA funded law enforcement agencies thus far in 2009? Through October 2009, 313 arrests have been made for insurance related crimes with 247 cases closed through prosecutions yielding 211 convictions, 107 people granted Accelerated Rehabilitative Disposition (ARD), 250 people receiving probation, and 36 individuals imprisoned. From criminal proceedings, defendants were ordered to pay a total of \$189,529 in fines and civil penalties, and pay \$2,802,919 in restitution.

Third Quarter 2009 Arrests

In publishing *Pennsylvania Fraud Stories* we seek to educate Pennsylvanians as to how insurance fraud occurs. By increasing consumer knowledge of insurance fraud and their perception that it is a serious crime, one with serious consequences, we hope to deter people confronted with the opportunity to commit fraud from making a wrong decision, a poor choice that only makes matters worse, leading down the road to arrest and the prospect of a felony criminal record that lasts a lifetime.

For the third quarter of 2009, crimes involving auto insurance yielded 69% of arrests, workers' compensation insurance 10%, healthcare insurance 9% and homeowners' insurance 7% of arrests. Life disability insurance fraud accounted for 4% and commercial liability insurance 2% of arrests. Inside of arrests involving auto insurance during the third quarter of 2009, the top four acts of fraud for which people were arrested:

- Falsely claiming injury from a motor vehicle accident – 28% of auto insurance fraud arrests.
- Driving without insurance or driving without adequate coverage, having an accident, purchasing insurance or adding coverage, and then falsely claiming that the accident happened after the policy was purchased or coverage added – 14%.
- Falsely claiming the theft of a motor vehicle – 9%.
- Non-resident rate evasion – 7%.

The following accounts of arrests were drawn from review of criminal complaints filed by Pennsylvania law enforcement agencies and from monthly newsletters published by Pennsylvania Attorney General Tom Corbett's Insurance Fraud Section. Questions on arrests are to be addressed to the law enforcement agency shown filing charges or making the arrest. Contact information for the law enforcement agencies can be found at www.helpstopfraud.org.

Commercial Insurance

On September 8, 2009, insurance fraud detectives of the Cumberland County District Attorney's Office filed a Criminal Complaint charging Mamoudou Sadaou, a 42-year-old Harrisburg, PA man, with Insurance Fraud and Attempted Theft by Deception. The complaint states that on March 18, 2009 Sadaou, owner of Mamoudou Auto Sales, reported a claim on his Garage Policy with **Erie Insurance Company** stating that a 1997 Toyota Camry that he'd purchased and was driving to Lancaster caught fire. Erie claim adjusters asked Sadaou for the vehicle's title, the bill of sale, and the towing bill for the burned Toyota. Erie SIU were notified when Sadaou gave adjusters questionable documentation. The towing bill was not from the company that had towed the 1997 Toyota and an unsigned odometer certification document was presented as the bill of sale. Sadaou withdrew the towing bill and promised to send a bill of sale. The complaint states that on **March 30, 2009** Sadaou gave a bill of sale to Erie claim representatives, showing the vehicle purchase price as \$4,500 and the seller as a Harrisburg, PA man although the vehicle had been sold to Sadaou by a Red Lion woman for \$1,180.

On September 22, 2009, Michael Gori, a 53-year-old Donora, PA man, was arrested by OAG special agents in Washington County. According to the Criminal Complaint, in **January 2008** Gori obtained a commercial auto policy from the **Progressive Insurance Company** to cover a total of sixteen vehicles that were associated with businesses that he operated. Gori told Progressive that he operated a retail and wholesale business that involved a lot of deliveries. However, Gori allegedly failed to disclose that he was actually renting vehicles to others and one of the rented vehicles was subsequently involved in an accident. At that time, Gori allegedly told Progressive that the driver was one of his employees when, in reality, the driver was a renter. The Complaint stated that Progressive would not have insured Gori's risk if they had known about his rental business. Michael Gori has been charged with two counts of Insurance Fraud and one count of Theft by Deception.

Healthcare Insurance

Healthcare – Provider Fraud

On August 12, 2009, detectives of the Northeastern Regional Insurance Fraud Task Force filed a Criminal Complaint in Luzerne County charging Gary McGee, a 41-year-old Nanticoke, PA man and Pennsylvania licensed chiropractor, with Insurance Fraud. The complaint states that McGee defrauded **Blue Cross of Northeastern Pennsylvania** of \$83,980 by making 74 false insurance claims between **September 8, 2004 and April 16, 2007** for medical services that he had not received. The complaint states that McGee, who shared office space with another chiropractor, used his colleague's signature stamp and Provider Identification Number, without that individual's knowledge, to submit claim forms to Blue Cross that falsely showed McGee receiving medical treatment.

Healthcare – Subscriber Fraud

Eleanor Justice-Murphy, a 48-year-old woman, was arrested by OAG special agents on July 8, 2009, in Beaver County and charged with two counts of Insurance Fraud and one count of Theft by Deception. According to the Criminal Complaint, Justice-Murphy, a resident of West Virginia, was hired by the Aliquippa Hospital in **August of 2006**. When enrolling in the health benefits provided by the hospital, Justice-Murphy listed Michael LaSavage as her spouse. LaSavage became ill after his enrollment in the benefits program and subsequently died from cancer in May of 2008. The **Coventry Insurance Company** paid \$105,465.59 in health benefits on behalf of Michael LaSavage. It is alleged that Justice-Murphy misrepresented Michael LaSavage as her husband so that LaSavage would have health insurance. Justice-Murphy was reportedly married to another man.

On September 14, 2009, Lorrie Benson a 35-year-old woman was arrested by OAG special agents in Blair County. According to the Criminal Complaint, Benson called in unauthorized prescriptions to various pharmacies for Vicodin and Percocet while employed as a medical assistant on various dates between **July 2008 and April 2009**. Benson allegedly utilized the doctor's DEA number without his knowledge or authorization. The Complaint further stated that after calling in the unauthorized prescriptions, Benson would go to the various pharmacies' drive thru and utilize her **Highmark Insurance** card to pay for the prescriptions. In addition, Benson allegedly took patient co-payments for herself and failed to deposit them in the doctor's account. Lorrie Benson has been charged with one count of Insurance Fraud, Drug Act Violations, Forgery and Theft by Failure to Make Required Disposition of Funds Received.

On July 24, 2009, detectives of the Allegheny County Police Department's Insurance Fraud Unit filed a Criminal Complaint charging Lovette C. Ewing, a 34-year-old Wilkinsburg, PA woman, with three counts of Insurance Fraud and controlled substance violations. The complaint states that in **April 2009** Ewing, who had formerly been employed in a doctor's office, called in fake prescriptions for herself for Hydrocodone to pharmacies using her **Gateway Health Insurance** to pay for the prescriptions. Her former employer had not prescribed Hydrocodone to Ewing nor authorized the prescriptions.

On September 1, 2009, detectives of the Allegheny County Police Department's Insurance Fraud Unit filed a Criminal Complaint charging Danielle Jubeck, a 27-year-old Pittsburgh, PA woman, with eight counts of Insurance Fraud, Forgery and Prohibited Acts. The complaint states that Jubeck in **March 2009** altered prescriptions written by her physician adding the drugs Xanax, Soma and Darvocet to the forms and then used her **UPMC** health insurance to pay for the forged prescriptions as she had them filled at local pharmacies.

On August 17, 2009, Gina Wright, a 26-year-old Pittsburgh woman, was arrested in Allegheny County by OAG special agents. According to the Criminal Complaint, in **October 2008** Wright obtained dental services from Drs. Myles and Dattilo which were billed to and paid by the **United Concordia Insurance Company**. Shortly thereafter, Wright also had a tooth surgically extracted at the Allegheny General Hospital which was paid through the Gateway Insurance Company. It is alleged that Wright assumed the identity of her roommate through her dental and medical insurance identification cards to obtain the dental/medical services. Gina Wright has been charged with one count of Medicaid Fraud, one count of Forgery, one count of Identity Theft and one count of Theft by Deception.

On August 31, 2009, Diane Stanesic, a 56-year-old West Mifflin, PA woman, was arrested by OAG special agents in Allegheny County. According to the Criminal Complaint, in **July 2007** Stanesic submitted several fraudulent cancer claims for her husband and herself under a cancer policy she had with **AFLAC**. The cancer claims were not questioned as Stanesic used the appropriate terminology to make the document appear to be legitimate. The Complaint further stated that Stanesic's husband had no knowledge that she submitted cancer claims to AFLAC. It is alleged that Stanesic and her husband were never diagnosed or treated by a physician for cancer and that Stanesic submitted the claims to fund her gambling debts. Diane Stanesic has been charged with one count of Insurance Fraud, one count of Theft by Deception, one count of Forgery and one count of Tampering with Records or Identification.

On September 3, 2009, detectives of the Allegheny County District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging 53-year-old David Danylo of Pittsburgh, PA with Insurance Fraud and Forgery. The complaint states that after a failed marriage and separation the man was ordered to pay his ex's support and medical insurance costs of \$825 per month. It is alleged that in **March 2009** the man gave his employer and **Highmark Insurance** an enrollment application to have his wife removed from his health insurance, forging a court document to make it appear that a divorce had been finalized.

Homeowners Insurance

On March 19, 2009, Pennsylvania State Police filed a Criminal Complaint in Pike County charging Betty Ann Longyhore, a 56-year-old Hawley, PA woman, with Arson - Danger of Death or Bodily Injury, Arson of an Inhabited Building or Structure, Recklessly Endangering Another Person, and Insurance Fraud. The complaint stated that Longyhore on **March 28, 2008 and again on April 5, 2008** intentionally set fire to her mobile home while her husband was asleep inside the home in each case awakening her husband after the fire was set. Longyhore admitted setting the fires, the first time dousing flames when she became scared and the second time letting the fire burn, as the trailer park was closing and the mobile home could not be sold or moved. Longyhore in filing a claim on her insurance with **Nationwide Insurance Company** concealed that she had intentionally set the fires. On August 27, 2009 Longyhore entered guilty pleas to Arson - risking death or bodily injuries to others and Insurance Fraud. Longyhore was sentenced to four to eight years confinement on the Arson charge and six to twelve months confinement on the Insurance Fraud charge, was fined \$1,000 and ordered to pay \$1,094.50 in court costs and fees.

On September 29, 2009, detectives of the Delaware County District Attorney's Office filed a Criminal Complaint in Delaware County charging Jerome, M. Irving, a 47-year-old Thorton, PA man, with Insurance Fraud, Theft by Deception, Theft by Unlawful Taking and Receiving Stolen Property. The complaint states that Irving in **December 2004** made a homeowners insurance claim with **Allstate Insurance Company** saying that tools and other property valued in excess of \$14,000 had been stolen from his garage. Allstate issued an initial \$4,642.43 claim payment to Irving in January 2005 upon his providing purchase receipts for the stolen property and his statement that he owned the property. Allstate's claim investigation subsequently determined that a number of the tools, valued at \$1,989.93, had been loaned to Irving by an associate and the loss of those tools was not covered by Irving's homeowners' insurance policy. Allstate denied Irving's claim and unsuccessfully sought Irving's return of \$4,642.43.

Life Insurance - Disability

On September 30, 2009, Linda Gerstberger, a 40-year-old Pittsburgh, PA woman, was arrested by OAG special agents in Allegheny County. According to the Criminal Complaint, Gerstberger beginning in **March 2008** submitted four separate claims to the **Combined Insurance Company of America** seeking medical and disability benefits for which she claimed she was accidentally injured. Gerstberger was paid benefits on her first two claims. The Complaint further stated that Gerstberger then sought total benefits of \$4,484.00 on two additional claims; however, these benefits were not paid. With the exception of the fourth claim, Gerstberger submitted documentation purportedly issued by her doctor verifying the treatment, the nature of her injury, and how the injury occurred. It is alleged that neither the doctor nor his staff completed the documentation. Linda Gerstberger has been charged with one count of Insurance Fraud, Theft by Deception, Criminal Attempt/Theft and two counts of Forgery.

On August 11, 2009, Phillip Harris, a 37-year-old Pottstown, PA man was arrested by OAG special agents in Montgomery County. According to the Criminal Complaint, Harris claimed total disability from injuries suffered in a fall and received benefits from both the **AFLAC Insurance Company** and the **American Fidelity Insurance Company** from December 30, 2007 through October 10, 2008. Harris claimed his injuries prevented him from working as a service technician at a Volvo dealership. The Complaint further stated that from April 7, 2008 through July 18, 2008, Harris worked as a service technician at a Mercedes

dealership. Shortly thereafter, Harris opened his own repair shop, specializing in the repair of Volvos and Mercedes Benz. Additionally, on several occasions after April 7, 2008, Harris allegedly submitted continuation of benefits forms to both AFLAC and American Fidelity indicating that he was still disabled and/or had not been employed since the date of injury. It is alleged that from **April 7, 2008 through October 8, 2008**, American Fidelity paid out \$21,466.67 and AFLAC paid out \$11,716.59, for a total of \$33,183.26 in benefits to which he was not entitled. Phillip Harris has been charged with two counts of Insurance Fraud and two counts of Theft by Deception.

On September 16, 2009, Dean Wonsick, a 49-year-old Lemoyne, PA man, was arrested by OAG special agents in Cumberland County. According to the Criminal Complaint, Wonsick worked for the Flagger Force, a Harrisburg-based construction traffic control company between **April 2007 and May 2008**, while receiving long term disability benefits through the **UNUM Insurance Company**. Wonsick allegedly failed to inform the UNUM Insurance Company that he had taken the job with Flagger Force and collected nearly \$16,000 in disability benefits. Dean Wonsick has been charged with one count of Insurance Fraud and Theft by Deception.

On September 29, 2009, Sandra Bulischeck, a 59-year-old Finleyville, PA woman, was arrested by OAG special agents in Washington County. According to the Criminal Complaint, Bulischeck, while employed at the Community College of Allegheny County, received long term disability benefits from the **Standard Insurance Company** in the amount of \$28,861. Bulischeck endorsed each check which contained a certification acknowledging that the check represented insurance benefits to which she was entitled and that she made no false statements or claims or concealed any material fact. The Complaint further stated that Standard sent correspondence to Bulischeck at the same address to which the checks were sent; attempting to obtain a health status, but the correspondence went unanswered. Bulischeck allegedly returned to full time employment at her previous occupation at the Community College of Allegheny County on **March 31, 2008**, and did not notify the Standard. After March 31, 2008, Bulischeck received disability benefits of \$15,190.50. Sandra Bulischeck has been charged with one count of Insurance Fraud and Theft by Deception.

Motor Vehicle Insurance

Motor Vehicle Insurance - Arson

On January 22, 2009, Pennsylvania State Police filed a Criminal Complaint in Luzerne County charging Heidi Scotto Diluzio, a 36-year-old West Pittston, PA woman, with Criminal Mischief/Intentionally, Recklessly or Negligently Damaging Property, Arson risking Death or Bodily Injury, Arson to Collect Insurance, and Reckless Burning Places or Property. It was alleged that Scotto Diluzio on **January 6, 2009** intentionally set fire to her 2007 Hummer. Scotto Diluzio told police that after lighting a cigarette she had thrown a match out her window and that it had set fire to cans of gasoline that were in the rear seat of the vehicle. On January 6, 2009 Scotto Diluzio called her insurance agent to report the fire. On January 13, 2009, she admitted to State Police that her husband was making her sell the Hummer, financed through a local credit union, and she loved the Hummer and did not want to sell it. She had set the Hummer on fire to damage it a little so that her husband couldn't sell it. She said she hadn't realized how much damage would be done. On May 27, 2009 Scotto Diluzio entered a guilty plea to Criminal Mischief/Intentional, Reckless or Negligently Damaging Property and was sentenced to a maximum of 24-months probation and to pay restitution of \$23,405.42 and court costs and fees of \$1,767.50.

Motor Vehicle Insurance – Attorney Fraud

On July 29, 2009, detectives of the Philadelphia District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging William Prokoff, a 79-year-old Philadelphia attorney, with 23 counts each of Theft by Unlawful Taking, Theft by Deception, Theft by Failure to Make Required Disposition of Funds, and Deceptive Business Practices. The complaint states that Prokoff settled personal injury claims on behalf of clients involved in motor vehicle accidents from **2001 - 2008**, receiving \$402,313 in claim settlements from several insurance companies. Detectives alleged that, after deducting Prokoff's fees and advances given clients, their investigation found that Prokoff deposited into his accounts and failed to distribute \$166,034.94 to 23 clients.

Motor Vehicle Insurance – Bogus Injury Claims

On July 1, 2009, detectives of the Philadelphia District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging Delilah McSeed, a 39-year-old Philadelphia woman, with Criminal Conspiracy, Theft by Deception, Insurance Fraud and False Reports. From a series of investigations where detectives found bogus Philadelphia police accident reports used as support for staged motor vehicle accidents, typically involving two vehicles each with a driver and two passengers all whom feigned injury and filed bogus insurance claims, detectives allege that McSeed defrauded **State Farm Insurance Company** of \$23,500 in medical expenses and a claim settlement of \$10,000 by falsely claiming to have been injured on **November 8, 2005** while riding as a passenger in a 1990 Buick that hit a 2000 Ford in Philadelphia.

On July 2, 2009, detectives of the Northeastern Regional Insurance Fraud Task Force filed a Criminal Complaint in Luzerne County charging Matthew J. Smallcomb, a 28-year-old Wilkes Barre, PA man, with Insurance Fraud and Attempted Theft by Deception. The complaint states that Smallcomb on **December 15, 2008** filed a claim with **Progressive Insurance Company** stating that he was injured while driving his 2002 Volkswagen Jetta. Smallcomb reported that he'd injured his hand when he swerved to avoid hitting another vehicle and his hand struck his car's rearview mirror. Smallcomb sought payment of his \$603.27 emergency room bill. Smallcomb subsequently admitted to Progressive's claim investigators that he hurt his hand on November 27, 2008 when he'd intentionally punched his car's rearview mirror while arguing with a girlfriend.

On July 1, 2009, detectives of the Philadelphia District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging Tracey M. Glass, a 40-year-old Philadelphia woman, with Criminal Conspiracy, Theft by Deception, Insurance Fraud and False Reports. From a series of investigations where detectives found bogus Philadelphia police accident reports used as support for staged motor vehicle accidents, typically involving two vehicles each with a driver and two passengers all whom feigned injury and filed bogus insurance claims, detectives allege that Glass defrauded **Progressive Insurance Company** of \$4,000 in medical expenses and a settlement of \$4,000 by falsely claiming to have been injured on **May 4, 2006** while a passenger in a 1998 Ford hit by a 1998 Ford in Philadelphia.

On July 1, 2009, detectives of the Philadelphia District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging Fanny Early, a 48-year-old Philadelphia woman, with Criminal Conspiracy, Theft by Deception, Insurance Fraud and False Reports. From a series of investigations where detectives found bogus Philadelphia police accident reports used as support for staged motor vehicle accidents, typically involving two vehicles each with a driver and two passengers all whom feigned injury and filed bogus insurance claims, detectives allege that Early defrauded **American Independent Insurance Company** of

\$5,000 in medical expenses and a settlement of \$4,000 by falsely claiming that she had been injured while a passenger in a 2000 Chevrolet that hit a 1999 Oldsmobile on **October 24, 2004** in Philadelphia.

On July 1, 2009, detectives of the Philadelphia District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging Terrence B. Bryan, a 47-year-old Philadelphia man, with Criminal Conspiracy, Theft by Deception, Insurance Fraud and False Reports. From a series of investigations where detectives found bogus Philadelphia police accident reports used as support for staged motor vehicle accidents, typically involving two vehicles each with a driver and two passengers all whom feigned injury and filed bogus insurance claims, detectives allege that Bryan defrauded **American Independent Insurance Company** of \$6,000 by falsely claiming to have been injured on **April 19, 2005** while a passenger in a 2000 Dodge hit by a 1997 Oldsmobile. Bryan admitted to detectives that there had been no accident and that while he had no injuries he had undergone medical treatment to support his claim.

On July 1, 2009, detectives of the Philadelphia District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging Frederick Thomas, a 26-year-old Lancaster, PA man, with Criminal Conspiracy, Theft by Deception, Insurance Fraud and False Reports. From a series of investigations where detectives found bogus Philadelphia police accident reports used as support for staged motor vehicle accidents, typically involving two vehicles each with a driver and two passengers all whom feigned injury and filed bogus insurance claims, detectives allege that Thomas defrauded **Allstate Insurance Company** of \$7,500 by falsely claiming that he'd been injured in an **August 21, 2004** motor vehicle accident and that he'd also filed a false claim of injury with Metropolitan Property & Casualty Insurance Company in a staged **December 8, 2004** accident.

On July 1, 2009, detectives of the Philadelphia District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging Tyrone Leonard, a 39-year-old Philadelphia man, with Criminal Conspiracy, Theft by Deception, Insurance Fraud and False Reports. From a series of investigations where detectives found bogus Philadelphia police accident reports used as support for staged motor vehicle accidents, typically involving two vehicles each with a driver and two passengers all whom feigned injury and filed bogus insurance claims, detectives allege that Leonard defrauded **American Independent Insurance Company** of \$7,500 by falsely claiming to have been injured in an **October 22, 2004** motor vehicle accident.

On July 1, 2009, detectives of the Philadelphia District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging Markese L. Smith, a 31-year-old Philadelphia man, with Criminal Conspiracy, Theft by Deception, Insurance Fraud and False Reports. From a series of investigations where detectives found bogus Philadelphia police accident reports used as support for staged motor vehicle accidents, typically involving two vehicles each with a driver and two passengers all whom feigned injury and filed bogus insurance claims, detectives allege that Smith defrauded **Liberty Mutual Insurance Company** of a claim settlement of \$4,000 by falsely claiming to have been injured in an **August 31, 2004** motor vehicle accident.

On July 1, 2009, detectives of the Philadelphia District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging Sean R. Williams, a 41-year-old Philadelphia man, with Criminal Conspiracy, Theft by Deception, Insurance Fraud and False Reports. From a series of investigations where detectives found bogus Philadelphia police accident reports used as support for staged motor vehicle accidents, typically involving two vehicles each with a driver and two passengers all whom feigned injury and filed bogus insurance claims, detectives allege that Williams defrauded **American Independent Insurance Company**

of \$5,000 in medical expenses and a claim settlement of \$5,250 by feigning injury in an **October 13, 2004** motor vehicle accident.

On August 28, 2009, Sidy Samassa, a 39-year-old Philadelphia, PA man, was arrested by OAG special agents in Montgomery County by OAG special agents. According to the Criminal Complaint, Samassa was part of the All-Care investigation. This proactive investigation revealed a four-tier ring. The top tier included Dr. Walinsky and Eileen Means, who orchestrated the insurance scam together. The next level involved therapists who submitted insurance bills for services never provided. The third level involved runners who were paid referral fees for bringing individuals or "patients" for treatment at All-Care for injuries that they sustained in staged accidents. The last level involved the individuals or patients who were paid to come in for treatment as the result of the staged accidents. It is alleged that Samassa was a patient in the fourth level of the scam. Charges were filed in **2004** and a warrant was issued for his arrest. Sidy Samassa was finally located and arrested. He has been charged with two counts of Corrupt Organizations, three counts of Insurance Fraud and one count of Criminal Conspiracy/Theft by Deception.

On August 25 and 31, 2009, 49-year-old Kenneth Thompson and 49-year-old Gregory Charlton both of Chester, PA were arrested by OAG special agents in Delaware County. According to the Criminal Complaint, Charlton's girlfriend, Shelay McBride, filed an insurance claim alleging that she was injured as a passenger in a **May 2007** two vehicle auto accident. Charlton and Thompson were passengers in the vehicle at the time of the accident. It is alleged that McBride was not in the vehicle. The Complaint further stated that Charlton and Thompson misrepresented to the **Lincoln General Insurance Company** and the **Hartford Insurance Company** that McBride was in the vehicle at the time of the collision. Kenneth Thompson and Gregory Charlton have been charged with four counts of Insurance Fraud and two counts of Conspiracy/Theft by Deception. A warrant has been issued for McBride's arrest.

On August 20, 2009, Dana Detwiler, a 45-year-old Altoona, PA woman, was arrested by OAG special agents in Blair County. According to the Criminal Complaint, Detwiler in **May 2008** submitted an application for first party benefits to the **Donegal Insurance Company** claiming that she was injured while driving her Ford Escort. It is alleged that Detwiler's Escort was involved in an accident while being driven by her boyfriend and that Detwiler was not in the car at the time of the accident. Dana Detwiler has been charged with one count of Insurance Fraud and one count of Theft by Deception.

On July 1, 2009, detectives of the Philadelphia District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging Shawn Butler, a 35-year-old Philadelphia man, with Criminal Conspiracy, Theft by Deception, Insurance Fraud and False Reports. From a series of investigations where detectives found bogus Philadelphia police accident reports used as support for staged motor vehicle accidents, typically involving two vehicles each with a driver and two passengers all whom feigned injury and filed bogus insurance claims, detectives allege that Butler defrauded **Cambridge Insurance Company** of \$7,500 by feigning injury in an **August 24, 2005** motor vehicle accident.

On July 1, 2009, detectives of the Allegheny County Police Department's Insurance Fraud Unit filed a Criminal Complaint charging Shamika Darby, a 25-year-old Pittsburgh woman, with Insurance Fraud. The complaint states that Darby and a sister were passengers in her mother's car, insured by **State Farm Insurance Company**, when it was hit on **February 26, 2009** by a vehicle insured by **Progressive Insurance Company**. She and her sister received medical treatment for injuries received in the crash. It is alleged that Darby initially told Progressive claim investigators that she lived with her mother. After learning that her mother's auto insurance policy had a limited tort option that limited Darby's receipt of money for

alleged pain and suffering, Darby claimed that she was living in her boyfriend's apartment at the time of the accident. Darby's change of story came after her sister, who did not reside in the mother's home, received a \$1,000 claim settlement from Progressive. Detectives confirmed that Darby had been living in her boyfriend's apartment prior to but not at the time of the accident.

Motor Vehicle Insurance – Bogus Auto Thefts

On March 4, 2009, detectives of the Delaware County District Attorney's Office arrested Larry Lamar McIntosh, a 31-year-old Philadelphia, PA man, charging him with Insurance Fraud, Attempted Theft by Deception, Unsworn Falsification to Authorities and False Reports to Law Enforcement. The Criminal Complaint states that on the morning of **August 27, 2008** McIntosh reported to Yeadon Borough Police that his 2001 Chrysler parked in front of his Yeadon, PA home had been stolen. He also reported the theft to his auto insurer, **Progressive Insurance Company**. He told Progressive SIU that he parked the vehicle at his home on the evening of August 26, 2008 but then evaded SIU attempts for further interviews. SIU found that McIntosh actually lived in Philadelphia, owning properties in the area where the burned Chrysler had been recovered. The resident at the Yeadon, PA address claimed by McIntosh told police he did not know McIntosh, but recalled that mail addressed to McIntosh had been delivered to his home and had been returned to the post office. Detectives learned that the burned vehicle had already been found on August 26th by Philadelphia Police, and that Philadelphia Fire Marshals ruled the fire arson. Confronted by detectives, McIntosh discontinued the interview after saying "I have some problems."

On September 14, 2009, detectives of the Allegheny County Police Department's Insurance Fraud Unit filed a Criminal Complaint charging Harry Schmidt, a 57-year-old McKeesport, PA man, with Insurance Fraud. Schmidt reported to **Erie Insurance Company** in **May 2008** that he had returned from Florida to find that his Ford F150 truck had been stolen. Erie Insurance paid \$28,601.10 to settle the theft claim. The truck was recovered by North Braddock police in October 2008. While it did not appear that anyone had forced entry into the truck, there was some minor damage seen on the truck's steering column. Investigators' suspicions were aroused when forensic examination of the truck's keys and starting system showed that one of two sets of keys in Schmidt's possession would have been needed to start and drive the truck from his home.

On August 24, 2009, detectives of the Lehigh County Auto Theft Task Force filed a Criminal Complaint in Lehigh County charging Jorge Ramos, a 36-year-old Bethlehem, PA man, with Criminal Conspiracy to Commit Insurance Fraud. The complaint states that on **July 1, 2009** Ramos assisted Heriberto Montes, the owner of a 2001 Jeep Grand Cherokee, in Montes' filing of a false claim of auto theft with his insurer, **Liberty Mutual Insurance Company**, to conceal an earlier accident. It is alleged that Ramos was paid by Montes to dispose of the Jeep.

On September 14, 2009, detectives of the Allegheny County District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging Dominique Glass, a 22-year-old Pittsburgh, PA woman, with Insurance Fraud and Forgery. The complaint states that on **June 11, 2009** Glass' 2009 Pontiac was found burning by Pittsburgh police and Glass told police that her Pontiac had been stolen. The complaint states that Glass filed an auto theft claim with **Progressive Insurance Company** using a forged auto repair shop invoice to make it appear that the vehicle had been repaired prior to the alleged theft. Glass was alleged to be in financial difficulty and facing eviction at the time of the reported theft.

On August 26, 2009, detectives of the Philadelphia District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging Alexander Ryabkov, a 25-year-old Philadelphia man, with Criminal Conspiracy, Theft by Deception, Insurance Fraud and False Reports. The complaint states that Ryabkov insured a 2007 Cadillac with **Progressive Insurance Company** on June 12, 2008 and then registered the vehicle with the Pennsylvania Department of Transportation. On **July 19, 2008**, Ryabkov reported to Philadelphia police and filed an insurance claim with Progressive stating that his Cadillac had been stolen. Interviewed by Philadelphia Major Crimes Auto Theft detectives on July 25, 2008, Ryabkov admitted that he had never seen or had possession of the Cadillac and had insured and registered the vehicle in Pennsylvania so that he could report it stolen and make a false insurance claim. Detectives found that the Cadillac had been in an accident in Florida on March 15, 2008 and declared a total loss by GMAC Insurance Company who had paid the vehicle's lien holder \$35,719.92. The Cadillac was then sold at auction as salvage to a Philadelphia automotive firm for \$8,800 which used the Florida title to title the vehicle in Pennsylvania. While Ryabkov admitted he had not seen or had possession of the Cadillac, he admitted insuring and registering the vehicle in Pennsylvania, saying that he had paid \$28,500 for the vehicle.

On July 1, 2009, Pittsburgh Police Department detectives filed a Criminal Complaint charging Jamal Yemani, a 54-year-old New Kensington, PA man, with Insurance Fraud, False Reports to Law Enforcement and Accidents Involving Damage to Unattended Vehicles or Property. The complaint states that Yemani was identified as the driver of a red Mercedes that crashed into a Pittsburgh man's parked car June 9, 2009, with the driver fleeing the scene on foot. It is alleged that Yemani, on **June 12, 2009**, falsely reported to police and his auto insurer, **Allstate Insurance Company**, that his Mercedes had been stolen.

Motor Vehicle Insurance – Phantom Vehicle Hit & Run

On July 2, 2009, detectives of the Philadelphia District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging David C. Jackson, a 23-year-old Philadelphia man, with Insurance Fraud, Unsworn Falsification and False Reports. The complaint states that Jackson, while driving his mother's 1996 Toyota Avalon on **January 18, 2009**, struck several parked vehicles in the Northview Road area of Philadelphia and then fled the scene. It is alleged that Jackson concealed from his mother that he had hit other vehicles and instead told her that he had been victim of a hit and run driver. In statements to police and in a claim to **Progressive Insurance Company**, Jackson and his mother falsely reported that she had been driving her 1996 Toyota when it was struck by a hit and run driver.

On July 16, 2009, detectives of the Philadelphia District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging Johnny Mitchell, a 51-year-old Philadelphia woman, with Insurance Fraud, Theft by Deception and Accidents Involving Death or Personal Injury. The complaint states that on July 7, 2008, Mitchell, driving his Acura, struck and injured a woman as she was exiting her car and then fled the scene. It is alleged that Mitchell filed a claim with auto insurer, **Nationwide Insurance Company**, on **July 10, 2008** falsely stating that his Acura had been hit and damaged by an unknown vehicle while parked outside of a Home Depot store. Nationwide paid Mitchell \$4,279.01 for repairs to the Acura. Confronted by detectives, Mitchell admitted that he had fled the scene of the accident as he was scared and had lied to Nationwide's claim representatives to have his car repaired.

Motor Vehicle Insurance – Pre-existing Damage

On September 2, 2009, Mark Powell, a 39-year-old Warminster, PA man, was arrested by OAG special agents in Bucks County. According to the Criminal Complaint, Powell made five auto claims with the **Liberty Mutual Insurance Company** in which he reported damage to his car from four separate incidents occurring in **August, September, October and November of 2008**. Liberty's appraiser examined his car days after the November incident and concluded that the damage was not new. Liberty Mutual paid Powell for his August, September and October claims, but denied his November claim. The Complaint further stated that the photographs of Powell's car taken in connection with each claim revealed that the damage from each alleged incident was the same and that Powell admitted to investigators that the September, October and November incidents did not occur. Mark Powell has been charged with four counts of Insurance Fraud, three counts of Theft by Deception and one count of Criminal Attempt/Theft.

On September 28, 2009, detectives of the Allegheny County Police Department's Insurance Fraud Unit filed a Criminal Complaint charging Karen Williamson, a 53-year-old Oakdale, PA woman, with Insurance Fraud. The complaint states that Williamson filed a claim with her auto insurer, **Erie Insurance**, after being involved in a three car accident on **July 2, 2009** with her 2006 Volkswagen Jetta. Williamson's vehicle had been struck from behind and pushed into the vehicle in front of her. Williamson claimed damage had been done to both front and rear bumpers, passenger side front fender and both passenger doors of the Jetta. Williamson told claim investigators that the Jetta had not been in any prior accidents and that all damage came from the July 2009 accident. Investigators discovered that Williamson had been involved in a previous accident with the Jetta in 2008, receiving \$1,439.04 from **Travelers Insurance Company** for damage done to the right side of the Jetta. Photographs showed the same right side damage to the Jetta in claim photographs taken after the 2008 and 2009 accidents. Williamson then admitted that the right side damage from 2008 had not been repaired.

On July 27, 2009, insurance fraud detectives of the Lancaster Bureau of Police filed a Criminal Complaint charging Adam Zerbe, a 23-year-old Lancaster, PA man, with Insurance Fraud. The complaint states that at 10:39 am on **December 6, 2008** Zerbe contacted his auto insurer, **Progressive Insurance Company**, and lowered his collision and comprehensive deductible from \$1,000 to \$500, and then at 4:42 PM that day reported a claim saying that he'd hit a deer at 4:30 PM damaging his vehicle. On December 8, 2008, Zerbe admitted to Progressive SIU that he'd hit the deer at 9:30 am, then changed his policy deductible and lied about the time of the accident to avoid paying his policy's \$1,000 deductible.

Motor Vehicle Insurance – Concealed Driver

On September 8, 2009, insurance fraud detectives of the Cumberland County District Attorney's Office filed Criminal Complaints charging 30-year-old Timothy Myers and 30-year-old Dianne Dosch, both of New Oxford, PA, with Insurance Fraud and Attempted Theft by Deception. The complaint states that Myers, on January 24, 2009, crashed his truck at 2:07 AM. Myers told police that he had been driving and lost control of the truck on a curve, and was the only occupant of the truck. Myers was cited for Driving Under the Influence. The next morning, Myers reported his accident to **Erie Insurance Company**, but in making his claim said that his girlfriend had been driving at the time of accident. On **February 4, 2009**, both Myers and his girlfriend gave Erie Insurance representatives recorded interviews stating that the girlfriend was the driver of the truck and that Myers had been a passenger, asleep when the accident happened. The complaint alleges that Myers and Dosch gave false and misleading information to Erie Insurance to obtain a benefit or coverage to which Myers was not entitled.

Motor Vehicle Insurance – Excluded Driver

On August 31, 2009, Wilkes Barre, PA residents, 49-year-old Ann and 47-year-old Walter Williams, were arrested by OAG special agents in Lackawanna County. According to the Criminal Complaint, Ann Williams obtained an automobile insurance policy from the **Progressive Insurance Company** for her 1988 Chevy truck. The policy specifically named Walter Williams, her husband, as an excluded driver under the policy as a result of a DUI conviction. The Complaint further stated that in **February of 2009**, the truck was involved in a two-vehicle accident in the parking lot of a Turkey Hill convenience store in Wilkes-Barre. Ann Williams provided a statement to Progressive and represented that she was the driver of the vehicle at the time of the accident. The Complaint also stated that the driver of the second vehicle relayed that Walter Williams had instructed her in the parking lot that if she wanted to avoid being tied up in court, she should tell Progressive that Ann was driving and not him. The driver refused to do so and told Progressive that Walter was driving. Ann and Walter Williams have been charged with two counts of Insurance Fraud and one count of Conspiracy.

On August 14, 2009, detectives of the Allegheny County Police Department's Insurance Fraud Unit filed a Criminal Complaint charging Christopher A. Long, a 38-year-old Pittsburgh resident, with Insurance Fraud and Driving with a Suspended or Revoked License. On October 8, 2008, Long, driving his 1997 Ford Explorer, was involved in an accident with a 2006 Buick, but in exchanging information with the other driver admitted to the other driver that he was driving on a suspended license. He asked the other driver to not report the accident to their insurance companies saying he would pay for repairs to the 2006 Buick. When payment for the repairs was not made by Long, the other driver filed a claim with his auto insurer, **Central Mutual Insurance Company**, and then a claim with Long's auto insurer, **Progressive Insurance Company**. It is alleged that in **November 2008** Long, whose Progressive policy listed him as an "excluded driver" due to his license suspension, lied to Progressive claim investigators by stating that his girlfriend was driving at the time of the accident.

Motor Vehicle Insurance – Loss before Purchase of Insurance

On July 23, 2009, Matthew Bennett, a 38-year-old Johnstown, PA man, was arrested by OAG special agents in Cambria County. According to the Criminal Complaint, Bennett called the **Allstate Insurance Company** on **September 13, 2008** at approximately 4:56 PM and added collision coverage to his policy on his Neon. Six days later, Bennett contacted Allstate and reported that his Neon was involved in an accident on the 14th of September. It is alleged that the accident occurred on September 13th at approximately 3:00 AM prior to Bennett adding the collision coverage to his policy. Matthew Bennett has been charged with one count of Insurance Fraud and one count of Criminal Attempt/Theft by Deception.

On July 7, 2009 detectives of the Allegheny County Police Department's Insurance Fraud Unit filed a Criminal Complaint charging Peter D. Gearhart, a 44-year-old New Kensington, PA man, with Insurance Fraud. It is alleged that Gearhart, whose 1978 Chevrolet van on **August 29, 2009** came out of gear and drifted into and damaged a 2008 Chevy Silverado in his employer's parking lot, lied to **Progressive** claim investigators by saying that the accident happened after he'd added his van to his Progressive auto insurance policy. It is alleged that police were notified of the accident at 9:39 AM and Gearhart had called Progressive to add the van to his policy at 9:46 AM.

On September 22, 2009, Victoria Silvis, a 38-year-old Titusville, PA woman, was arrested by OAG special agents in Crawford County. According to the Criminal Complaint, Silvis added collision and comprehensive coverage to her existing automobile policy with the **Unitrin Insurance Company** following a hailstorm that occurred on **July 26, 2008**. Thereafter, Silvis filed a claim for damages caused to her vehicle by the hailstorm by allegedly misrepresenting the date of the storm's occurrence in an attempt to bring it within the newly obtained coverage period. Victoria Silvis has been charged with one count of Insurance Fraud and Criminal Attempt/Theft.

On September 16, 2009, detectives of the Allegheny County Police Department's Insurance Fraud Unit filed a Criminal Complaint charging Benjamin Giles, a 25-year-old Pittsburgh, PA man, with Insurance Fraud. The complaint states that Giles, after he'd had an accident with his 1997 Chevrolet Blazer – hitting another driver's Jeep Liberty at 8:15 AM on **April 24, 2009**, added collision coverage to his **Progressive** auto insurance at 8:26 AM that same day. The other driver filed a claim with Progressive for damage to her Jeep, and when interviewed by claim investigators, Giles falsely stated that the accident happened at 9:00 AM after he'd increased his insurance.

On July 8, 2009, detectives of the Lehigh County Auto Theft Task Force filed a Criminal Complaint in Lehigh County charging Olubunmi Oshodi, a 27-year-old Nazareth, PA woman, with Insurance Fraud. The complaint states that Oshodi called **Progressive Insurance Company** to purchase auto insurance at 4:02 PM on **April 16, 2009** insuring her 2006 Infiniti, and then reported to Progressive that she'd been involved in a motor vehicle accident at 6:00 PM on April 16th. **Nationwide Insurance Company** investigators found that the multi-vehicle accident had actually happened at 2:26 PM on April 16th and that Oshodi had shown police an expired Nationwide insurance identification card. Oshodi had been cited by police for driving without required financial responsibility and on June 12, 2009, had entered a guilty plea to that charge. Oshodi's earlier policy had cancelled on August 22, 2008 as Oshodi had not made premium payments.

On September 1, 2009, detectives of the Allegheny County Police Department's Insurance Fraud Unit filed a Criminal Complaint charging Osama Fathi Badah, a 23-year-old Pittsburgh, PA man, with insurance fraud. The complaint states that Badah, after having his 2000 Ford Mustang damaged in an accident on **January 25, 2009**, added collision coverage to his **GEICO** auto insurance policy and then filed a claim stating that the accident happened on February 15, 2009. GEICO paid \$5,755.36 to settle the claim before it learned of the earlier accident. Confronted by GEICO SIU, Badah withdrew his claim and returned the \$5,755.36 to GEICO.

On July 30, 2009, Samuel Rush, a 40-year-old Everett PA man, was arrested by OAG special agents in Bedford County. According to the Criminal Complaint, Rush's wife was involved in an automobile accident. At the time of the accident, the vehicle only had liability coverage through the **GEICO Insurance Company**. Following the accident, in **January 2009**, Rush called GEICO and added full coverage to the vehicle. Rush subsequently filed a claim for damage to the vehicle. It is alleged that Rush misrepresented the date and time of the accident in an attempt to bring it within the newly obtained coverage period. Samuel Rush has been charged with one count of Insurance Fraud and one count of Criminal Attempt/Theft by Deception.

On July 1, 2009, Pittsburgh Police Department detectives filed a Criminal Complaint charging Apryl Newby, a 30-year-old McKeesport, PA woman, and Kevin Barber, a 35-year-old Pittsburgh, PA man, with Insurance Fraud. The complaint states that Barber's 2003 Chevy Suburban hit a roadway wall on February 19, 2009 and was abandoned. The vehicle was towed and impounded by police. On February 20, 2009, Newby added the vehicle to her **GEICO** auto insurance policy listing Barber as the vehicle's owner and principal driver. On **February 23, 2009**, Barber reported to police that his vehicle had been stolen and Newby filed an auto theft claim with GEICO.

On August 14, 2009, Charles Thierry, a 41-year-old Levittown, PA man, was arrested by OAG special agents in Bucks County. According to the Criminal Complaint, Thierry was in an automobile accident on September 18, 2007 with his Pontiac Grand Am. Thierry did not have insurance on that vehicle. On February 22, 2008, Thierry added the Grand Am to his insurance policy through the **Unitrin Auto Insurance Company**. On **May 6, 2008**, Thierry contacted Unitrin and filed an insurance claim alleging that the vehicle was involved in an accident on May 3, 2008. The Complaint further stated that the Grand Am was inoperable following the September accident and remained at the auto repair shop lot until it was towed to the Thierry residence due to lack of insurance. It is alleged that the car remained at the residence until the claim was made in May. Charles Thierry has been charged with one count of Insurance Fraud and one count of Theft by Deception.

On July 31, 2009, Lori Banks, a 41-year-old Pittsburgh woman, was arrested by OAG special agents in Allegheny County. According to the Criminal Complaint, Banks obtained automobile insurance on February 25, 2008 with the **Infinity Insurance Company** for three vehicles including her Jeep. During the application process, Banks stated that none of her vehicles had any unrepaired damage. However, according to the Criminal Complaint, the Jeep was involved in an accident on February 16, 2008 while being operated by Banks' boyfriend. The vehicle could not be driven and was towed to a repair shop where it remained until it was towed from the repair shop at the request of Infinity Insurance. Nonetheless, on **May 12, 2008**, Banks allegedly called in a claim to Infinity reporting the vehicle was involved in an accident on that date. Lori Banks has been charged with three counts of Insurance Fraud and one count of Criminal Attempt/Theft by Deception.

On July 1, 2009, detectives of the Allegheny County Police Department's Insurance Fraud Unit filed a Criminal Complaint charging Michelle Lovelady, a 37-year-old Buena Vista, PA woman, with Insurance Fraud. The complaint states that on January 6, 2009, after her car slid on a patch of ice, Lovelady exchanged information with the driver of a truck whose rear bumper her car had slid into and damaged. Her car had heavy front-end damage, while the truck had little damage to its bumper. Both vehicles were drivable and no police report was filed. On January 8th, Lovelady purchased a **Progressive** auto insurance policy telling Progressive representatives that her **Safe Auto** insurance policy had just lapsed. On **January 16, 2009**, she filed a claim with Progressive saying that her car was damaged in an accident the previous day. Progressive claim investigators found that Lovelady's Safe Auto insurance had lapsed for non-payment in September 2008, and Lovelady admitted to SIU that her accident had really happened before she purchased a policy with Progressive.

On September 1, 2009, detectives of the Allegheny County Police Department's Insurance Fraud Unit filed a Criminal Complaint charging Patricia A. Smith, a 56-year-old Verona, PA woman, with Insurance Fraud. The complaint states that Smith purchased a **GEICO** auto insurance policy for her 2007 Chevrolet Lumina at 6:57 PM on May 12, 2009. On **May 13, 2009**, Smith reported to GEICO that her son, the previous day, had backed the Chevrolet into a neighbor's parked car after her purchase of GEICO insurance. In a recorded statement to GEICO, the neighbor recalled that the accident happened between 5:20 and 5:30 PM. Smith is alleged to have made a false claim by stating to GEICO claim representatives that the accident happened after she purchased the policy.

On September 10, 2009, Bernard Holmes a 46-year-old Reading, PA man, was arrested by OAG special agents in Montgomery County. According to the Criminal Complaint, Holmes filed an auto accident claim for \$10,086.91 with the **Allstate Insurance Company** for an accident which involved his SUV and three other vehicles. Holmes allegedly misrepresented the date of the accident to be **August 27, 2008**, when the accident actually occurred in July, prior to the policy inception date. Bernard Holmes has been charged with one count of Insurance Fraud and Criminal Attempt/Theft.

Motor Vehicle Insurance – DMV Fraud

On July 27, 2009, detectives of the Philadelphia District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging Dimitrios S. Grammenos, a 51-year-old Philadelphia man, with Forgery, Theft by Unlawful Taking, Theft by Deception, Receiving Stolen Property, Identity Theft, Tampering with Records and Securing Execution of Documents. The complaint states that in **May 2008**, Grammenos, owner of International Auto Body, forged a customer's signature to an application for title and obtained a duplicate title from **PennDOT** for a customer's 2002 Nissan Sentra, and then sold the Nissan for \$5,000. The Nissan had been taken to the shop for repairs after an accident and Grammenos had given the owner a repair estimate of \$4,281. The customer, whose attorney was negotiating settlement of an insurance claim for the damaged Nissan, refused to authorize repairs and had refused Grammenos' demand for the vehicle's title.

On July 23, 2009, officers of the Erie Bureau of Police filed a Criminal Complaint charging David C. Campbell, a 49-year-old Erie, PA man, with Forgery. The complaint states that Campbell altered a **State Farm Insurance Company** insurance identification card to falsely show that a 1991 Pontiac was covered by motor vehicle liability insurance and in **May 2009** gave the altered card to a **PennDOT** Inspection Station mechanic.

On August 5, 2009, detectives of the Delaware County DA's Office filed a Criminal Complaint in Delaware County charging Naomi Jones, a 25-year-old Chester, PA woman, with Insurance Fraud and Forgery. In **August 2005**, Brookhaven Police stopped a 1994 Oldsmobile registered in Pennsylvania by Jones and were shown a March 3, 2005 **Pennsylvania Assigned Risk Plan** application, produced by the **Auto Mall Insurance Store**, as proof of insurance. It is alleged that the March 3, 2005 application was a forgery and that Jones had also used a forged Pennsylvania Assigned Risk Plan application, dated January 24, 2005, to obtain a motor vehicle title and registration from **PennDOT** for the 1994 Oldsmobile.

On August 18, 2009, detectives of the Delaware County DA's Office filed a Criminal Complaint in Delaware County charging Evelena Jackson, a 57-year-old Chester, PA woman, with Insurance Fraud and Forgery. The complaint states that in **January 2005** Jackson's 1988 Jeep, driven by another person, was involved in a traffic accident in Chester, PA with a vehicle insured by **State Farm Insurance Company**. The Jeep's driver showed Chester Police a **Pennsylvania Assigned Risk Plan** application, dated December 13, 2004, from the **Auto Mall Insurance Store, Inc.** of Philadelphia, as proof of auto insurance on the Pennsylvania registered Jeep. It is alleged that Jackson did not purchase auto insurance through the Auto Mall Insurance Store and used a forged Pennsylvania Assigned Risk Plan application as proof of insurance to obtain a Pennsylvania title and registration from **PennDOT** for the 1988 Jeep.

On August 25, 2009, Elizabeth Dally, a 49-year-old Pittsburgh, PA woman, was arrested by OAG special agents in Allegheny County. According to the Criminal Complaint, Dally's insurance policy with the **Nationwide Insurance Company** lapsed in August 2007. Dally allegedly created insurance cards listing Nationwide as the insurance carrier for her automobile coverage and then called Nationwide to confirm that the policy numbers she listed on the cards were valid. The Complaint further stated that in **January 2009**, Dally's son was involved in a motor vehicle accident and provided the fraudulent cards created by Dally as proof of insurance to the other drivers. The other drivers subsequently filed claims with Nationwide which were denied after it was revealed that the policy information provided belonged to a non-associated party. It is alleged that Dally created the insurance cards and that her son had no knowledge that the cards were invalid. Elizabeth Dally has been charged with one count of Insurance Fraud, one count of Criminal Attempt/Theft by Deception and one count of Tampering with Records or Identification.

On July 20, 2009, detectives of the Philadelphia District Attorney's Insurance Fraud Unit filed a Criminal Complaint charging Rafael A.B. Thomas, a 24-year-old Philadelphia man, with Insurance Fraud and Tampering with Records. It is alleged that Thomas, on **August 6, 2005**, registered a 1992 Plymouth Voyager with the Pennsylvania Department of Transportation by using a bogus **Keystone Insurance Company** insurance identification card as proof of insurance. The uninsured 1992 Plymouth Voyager, on November 13, 2005, was involved in an accident with another vehicle in New Jersey injuring the other vehicle's driver.

Motor Vehicle Insurance – Non-Resident Rate Evasion

On August 11, 2009, detectives of the Delaware County DA's Office filed a Criminal Complaint in Delaware County charging Harold W. Moye, a 26-year-old Pottstown resident, with Insurance Fraud and Theft by Deception. In **December 2008**, Moye purchased an auto insurance policy insuring his Pennsylvania registered 2006 Kia at a **Nationwide Insurance** office in Wayne, PA. It was alleged that Moye, then a West Virginia resident, falsified his application for insurance by saying that he resided in Pottstown, PA. Nationwide SIU, in investigating Moye's claim from a January 2009 accident in Fairlea, WV, learned that Moye had moved from his Pottstown residence in November 2008. The complaint states that Moye's lie resulted in his obtaining auto insurance at a yearly cost of \$1,300 less than Nationwide would have charged had he disclosed his true residence and vehicle garaging location.

On September 28, 2009, detectives of the Lehigh County Auto Theft Task Force filed a Criminal Complaint in Lehigh County charging Jose Lopez, a 44-year-old resident of New York City, NY, with Insurance Fraud. The complaint states that Lopez, on **September 29, 2008**, applied for a Pennsylvania auto insurance policy with **Infinity Insurance Company** at the **A North Star Insurance Agency in Allentown, PA**, falsely giving an

Allentown, PA address as his residence and vehicle garaging location. After Lopez was involved in an accident in New York City on December 27, 2008, Infinity investigators found that Lopez worked and resided in New York, paid New York State income taxes, his children attended New York Schools, and that he received medical treatment in New York City for injuries received in his accident. Lopez admitted to investigators that he lived and worked in New York City during the week, but claimed he resided in Pennsylvania on weekends. The Allentown address used by Lopez was that of his mother-in-law, who confirmed to detectives that her son-in-law resided in New York. On the application for auto insurance Lopez had responded "No" to a question that specifically asked "Do you or any other members of your household commute or travel to New York/New Jersey more than three times a month?"

On September 30, 2009, detectives of the Lehigh County Auto Theft Task Force filed a Criminal Complaint in Lehigh County charging Norma Fernandez, a 25-year-old Brooklyn, NY woman, with Insurance Fraud. The complaint states that on **September 17, 2008**, Fernandez applied through **A North Star Insurance Agency** and the **Pennsylvania Assigned Risk Plan** for a Pennsylvania policy of auto insurance insuring her Pennsylvania registered 2000 Toyota Corolla. On the application, Fernandez gave an Allentown, PA address as her residence and vehicle garaging location, but paid her initial policy premium with a check drawn on a New York bank showing a Brooklyn, NY address for Fernandez. The policy was assigned to Nationwide Insurance Company. Investigators of the Assigned Risk Plan found that Fernandez actually resided and worked in Brooklyn, NY. Contacted by detectives, Fernandez admitted that she resided in Brooklyn, NY and not in Allentown, PA as she had stated on her application.

On September 21, 2009, detectives of the Lehigh County Auto Theft Task Force filed a Criminal Complaint in Lehigh County charging Michael Salloum, a 44-year-old Somerset, NJ man, with Insurance Fraud. The complaint states that Salloum falsely gave an Allentown, PA address as his residence and vehicle garaging location when applying for a Pennsylvania policy of auto insurance at the **Brosky Insurance Agency** in Catasauqua, PA on **March 9, 2005**. The policy was issued by **Erie Insurance Company** and renewed over several years at the same Allentown address, the latest policy renewal being March 10, 2009. On June 13, 2009, Salloum reported that his car had caught fire and burned in Somerset, NJ. Erie investigators were alerted when it was seen that Salloum used a New Jersey auto repair shop during the claim. Subsequently it was found that Salloum had been using checks drawn on a New Jersey bank account to pay his policy premiums, owned a home in New Jersey and had his children attending school in New Jersey. Salloum told Erie investigators that the Allentown address on his insurance application and policy was that of his father. Salloum admitted to detectives that he had been living in New Jersey for the past eight years, having moved there in 2002. Salloum maintained that he had not been aware that he needed to list his actual residence on his insurance and stated he would immediately change his insurance and vehicle registration to New Jersey.

On September 14, 2009, detectives of the Lehigh County Auto Theft Task Force filed a Criminal Complaint in Lehigh County charging Luis A. Aguilar, a 39-year-old Patterson, NJ man, with Insurance Fraud. The complaint states that Aguilar, on **May 27, 2009**, applied for a Pennsylvania policy of auto insurance at **A North Star Insurance Agency** in Allentown through the Pennsylvania Assigned Risk Plan. On the application Aguilar listed an Allentown, PA address as his residence and vehicle garaging location, resulting in a policy being issued by **Erie Insurance Company**. Erie insurance investigators determined that Aguilar was residing in New Jersey. Detectives going to the Allentown address used by Aguilar on July 10, 2009 found it to be that of Aguilar's father who told detectives that his son had moved to New Jersey three to four months earlier.

Producer Fraud

On August 4, 2009, Brian Johnson, a 61-year-old Norristown, PA man, was arrested by OAG special agents in Montgomery County. According to the Criminal Complaint, Johnson, a licensed insurance agent, is the sole owner/officer of the Valley Forge Insurance Group located in Norristown. **Between 2006 and 2008**, Johnson collected premiums in excess of \$50,000 from fourteen clients for payment of long-term care insurance. The Complaint further stated that Johnson did not forward the money to the intended insurance companies, the **United Security Assurance Company** and the **Penn Treaty Network America Insurance Company**. This resulted in the individuals, who had paid for insurance, never having policies issued or having previously issued policies cancelled by the insurance companies for failure to pay the premiums. It is alleged that instead of using the money as payment for long-term care insurance, Johnson deposited the money in the account of Valley Forge Insurance Group. Brian Johnson has been charged with one count of Insurance Fraud, fourteen counts each of Theft by Failure to Make Required Disposition of Funds, Theft by Deception and Misapplication of Entrusted Property.

Nicholas S. Vukich, a 74-year-old Lynchburg, PA man, was arrested by OAG special agents on August 25, 2009 in Mercer County and charged with four counts of Theft by Deception and eight counts of Forgery. According to the Criminal Complaint, Vukich was an insurance agent licensed in the state of Ohio. Working with a Pennsylvania agent, Vukich helped to orchestrate the sale of four life insurance policies with death benefits totaling \$2 million to Douglas McAdams and Daniel Singer. The policies were issued by two insurance companies, the **Jefferson National Life Insurance Company** and the **Security Life of Denver Insurance Company**. McAdams and Singer were co-owners of a trucking company which was the named beneficiary of the policies. The Complaint stated that between 1996 and 2006, Vukich was responsible for the management of these policies. Vukich allegedly changed the mailing address for the policies to his own business address and then submitted multiple forged requests and applications for loans against the policies to the insurers. **Between 1996 and 2000**, Vukich allegedly converted the loan proceeds to his own use in approximately 37 different instances and obtained \$285,870.90 through these loans. Vukich allegedly forwarded approximately 35 forged financial statements to McAdams and Singer to conceal the theft.

Workers' Compensation Insurance

Workers' Compensation – Employer Failure to Procure Insurance

On August 5, 2009, William McCandless, a 79-year-old Connellsville, PA man, and McCandless Insurance Real Estate, Inc. were arrested by OAG special agents in Fayette County. According to the Criminal Complaint, McCandless is the incorporator and president of defendant, McCandless Insurance Real Estate, Inc. (MIRE), a small Fayette County insurance agency. Since **August 2006**, MIRE paid wages to a handful of employees, but allegedly failed to provide workers' compensation insurance for those employees. William McCandless and McCandless Insurance Real Estate, Inc. have been charged with 1054 counts of Failure to Insure.

On July 10, 2009, detectives of the Allegheny County District Attorney's Insurance Fraud Unit filed Criminal Complaints charging 41-year-old Christine Falvo and 48-year-old Christopher Warman, owners of a Pittsburgh candy making business, Fudgie Wudgie Fudge Company, with 251 counts of Employer Failure to Procure Workers' Compensation Insurance. It was alleged that an employee whose arm was broken in

three places on her first day at work in a **November 2005** workplace accident, was faced with over \$11,000 in unpaid medical bills and wage loss as the business did not carry workers' compensation insurance. She turned to Pennsylvania's workers' compensation system for relief and after several hearings the owners were ordered to pay. When payment was not made as ordered, a 50% penalty was imposed by a WC judge and the owners made a partial payment of \$10,000. Detectives found the business to have been uninsured from January 1 through March 31, 2005 and July 1 through December 8, 2005.

On August 18, 2009, detectives of the Northeastern Regional Insurance Fraud Task Force filed a Criminal Complaint in Lackawanna County charging Ilona Woodward, a 53-year-old Scranton, PA woman, with three counts of Failure to Carry Workers' Compensation Insurance. The complaint states that Woodward, doing business as Ilona's Cleaning Service and One Job at a Time during the period January 1, 2005 and March 31, 2007, failed to provide workers' compensation insurance for employees of her cleaning businesses. A Workers' Compensation Judge on October 29, 2008 ordered Woodward and Ilona's Cleaning Service to pay \$29,538.87 to an employee injured on the job on **May 20, 2007** during the time that the business was without workers' compensation insurance. It is alleged that Woodward failed to pay the judgment and Pennsylvania's Uninsured Employers Guaranty Fund then made payment to the workers' estate as the worker had died of unrelated causes.

On September 18, 2009, detectives of the Northeastern Regional Insurance Fraud Task Force filed a Criminal Complaint in Monroe County charging Mary Catherine Reiman, a 52-year-old Mount Pocono, PA woman, with Failure to Carry Workers' Compensation Insurance. The complaint states that Reiman, doing business as Amber Steak House, failed to carry workers' compensation insurance during the period December 3, 2006 through June 30, 2008. An employee, who'd suffered a work related injury on **December 30, 2007**, incurred unpaid medical bills totaling \$4,845.82. Reiman had not complied with a Workers' Compensation Judge's November 18, 2008 order to make payment.

Workers' Compensation – Claimant Fraud

On July 28, 2009, Atiq Rehman, a 42-year-old Barby, PA man, was arrested by OAG special agents in Delaware County. According to the Criminal Complaint, Rehman began collecting workers' compensation benefits shortly after he was injured on August 13, 2007. During **October and December of 2007**, Rehman submitted two sets of Labor & Industry forms to the **Continental Indemnity Insurance Company** stating that he was not employed and had not experienced any change in his physical condition since the injury. It is alleged that Rehman worked for two different plumbing contractors at the same time he was being paid workers' compensation disability lost wage benefits. Atiq Rehman has been charged with two counts of Workers' Compensation Insurance Fraud and one count of Theft by Deception.

On August 26, 2009, Donna Sweeney, a 35-year-old Philadelphia, PA woman, was arrested by OAG special agents in Delaware County. According to the Criminal Complaint, Sweeney was working at Alliance Imaging, Inc. when she was injured in August 2007. Alliance Imaging maintained workers' compensation insurance with the **Travelers Insurance Company**. Sweeney filed a workers' compensation claim and subsequently began collecting workers' compensation benefits. Sweeney submitted forms to Travelers' on numerous occasions in both **2007 and 2008** representing that she was not employed while receiving workers' compensation benefits. It is alleged that Sweeney was working at a beauty parlor while receiving workers' compensation benefits and that she lied on the forms to the insurance company. Donna

Sweeney has been charged with three counts of Workers' Compensation Insurance Fraud and one count of Theft by Deception.

On September 1, 2009, Patty Huemme-Gruenemeier, a 40-year-old Hazleton, PA woman, was arrested by OAG special agents in Luzerne County. According to the Criminal Complaint, Huemme-Gruenemeier was receiving total disability benefits from **American Casualty Company of Reading, PA** since November 13, 2002 as a result of a work-related injury which occurred in NC. In 2003, Huemme-Gruenemeier moved to PA and continued to receive total disability benefits. Huemme-Gruenemeier sent NC official disability forms from PA reporting that she was not working or employed. The Complaint further stated that Huemme-Gruenemeier worked for a restaurant and Wal-Mart from **November 1, 2006 to September 19, 2008**, and received approximately \$21,307.92 in workers' compensation benefits. Huemme-Gruenemeier also allegedly filed for unemployment compensation benefits on **June 11, 2008**, completed a form stating that she was not receiving workers' compensation benefits and, as a result, received approximately \$4,880 in unemployment compensation benefits. Patty Huemme-Gruenemeier has been charged with one count of Workers' Compensation Insurance Fraud and two counts of Theft by Deception.

Report Insurance Fraud! To see a listing of law enforcement agencies funded by the IFPA, go to www.helpstopfraud.org. To report anonymously, call our tip line at 1-888-565-4372.

Questions on this report may be addressed to the Pennsylvania Insurance Fraud Prevention Authority at 6 Kacey Court, Suite 101, Mechanicsburg, PA 17055, via email to ifpapr@helpstopfraud.org or by calling 717-975-9074.



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