

## ***Insurance Times:*** Fraud Report

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by Mark Hollmer

The first week of February saw the conclusion of a few noteworthy insurance fraud cases in the metro-Boston area. A Hyde Park man pleaded guilty to workers compensation fraud and was ordered to serve four year's probation and pay \$12,000 in restitution to an insurer. He was charged with claiming disability benefits for work-related injuries even though he was still working for two bus companies.

A Roslindale man was ordered to pay \$1,200 in restitution to Amica Insurance as well as \$500 in fines. He had faced one count each of larceny over \$250 and motor vehicle insurance claim fraud, but a judge continued the case without a finding for two years. The man was also placed on probation. He was charged with submitting a false car repair order after reporting it was damaged by a hit and run accident. Investigators discovered he never had the damages repaired, and that the damages themselves came from him backing into an object.

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Meanwhile, a Brockton, Mass. woman received probation in another motor vehicle insurance fraud case. She had faced two counts of motor vehicle insurance fraud and one count each of larceny over \$250 and attempted larceny. But a judge continued the case without a finding for six months and ordered probation, plus payment of \$100 in court costs. In addition, the woman was ordered to pay \$1,092 in restitution to Commerce Insurance. She was charged with trying repeatedly to collect benefits for the same damage to her tire in three separate claims filed with Commerce.

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Insurance fraud-fighting efforts in New York broke records in 2001, with arrests jumping 10 percent compared to 2000. The 2001 arrest number is also more than 380 percent higher than 1994, Insurance Superintendent Gregory Serio said in a written statement.

"The results speak for themselves, ... and ... are evidence that...the Department is effectively combating fraud," he said, citing 554 arrests in 2001, versus 503 insurance fraud arrests in 2000.

Serio credited the state's fraud bureau, now 20 years old, with growing "into one of the premier agencies in the country dedicated to the investigation of insurance fraud."

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An ex- New York Police Department administrative aide recently admitted she used a police computer to run a massive insurance scam. Belinda Lovander pleaded guilty to enterprise-corruption charges and could be sentenced to between 2 to 6 years in jail, the New York Insurance Department said. Lovander was one of 112 people charged in December as part of a massive undercover automobile insurance fraud investigation in the New York City area.

In addition to Lovander, three medical doctors, two medical clinics, two chiropractors, two lawyers, one physical therapist and an acupuncturist are among those charged, according to the state's Insurance Department.

In all, 112 people and four corporations face charges relating to the undercover investigation. Seven people and one corporation are charged under the state's Organized Crime Control Act.

The "record-setting number of arrests sends a clear message that you won't make money by defrauding the insurance system here in New York," Insurance Superintendent Gregory Serio said in a written statement. "We will win our fight against insurance fraud."

The 14-month investigation, known as "Operation Whiplash," uncovered an organized network of people and corporations who allegedly defrauded insurance companies by filing bogus accident reports and fake physical injury claims.

Police and say the fraud ring was responsible for 22 separate bogus automobile accident reports, \$900,000 in illegal medical billings and more than \$3 in possibility from fake insurance claims.

Police also allege that the ring paid off a New York Police Department administrative aide to falsely generate the fake accident reports. In addition, the ring paid off individuals known as "runners" to bring people to medical mills for treatment who falsely claimed they were injured in auto accidents.

Police and prosecutors used "intensive surveillance, electronic eavesdropping, search warrants, detailed document

gathering and analysis and use of undercover officers” to conduct their investigation, the Insurance Department said. Insurance Companies police said may have been defrauded by the ring include Liberty Mutual, the Robert Plan Corporation, Allstate, Geico, Nationwide Casualty, State Farm, Progressive, Eveready Insurance, Kemper Insurance, Infinity Insurance and Cambridge Integrated Services Group.

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A Portland, Maine man admitted he accepted \$70,000 in workers compensation back-injury payments even though he was able to start taking small carpentry jobs. Royce Gould, 49, pleaded guilty to tax evasion and mail fraud in the matter at U.S. District Court recently. Gould was covered by Maine Employers’ Mutual Insurance Company, which publicized the guilty plea in a recent press release.

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A Boston man was arraigned in municipal court and charged with collecting \$250 in disability benefits each week for about several months even though he was working. Jesse Maxwell, 39, was working for Bay State Paper Co. when he claimed he hurt his lower back after trying to lift a drainage grate. Maxwell received full benefits for six months – through April 26 – and claimed he hadn’t worked since his injury. But he’s charged, following an investigation, with allegedly working during much of the time he received benefits at the Naval Reserve Center in Quincy. The AIG Group’s fraud unit and the Massachusetts Insurance Fraud bureau investigated the case.

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The Connecticut Insurance Department revoked the licenses of a local insurance agency and its principal because former employees may have been operating an unlicensed agency at another location. A to Z Auto Insurance at 459 and 463 A Franklin Ave., and 1905 State St., Hamden had its license revoked, as did agency principal Daniel G. Parady, Sr., according to the Connecticut Insurance Department. The Hartford and Hamden police departments and the Insurance Department Market Conduct Division are investigating whether former employees of the agency were running an unlicensed insurance agency at 479 Franklin Ave. in Hartford. “Numerous complaints have been made to the ... Insurance Department by individuals who made payments to these insurance agencies, yet policies were never issued,” Insurance Commissioner Susan Cogswell said. “We are concerned that there are uninsured motorists out there who may be unaware that they have no coverage.”

Consumers who did business with the agencies in question should call the Connecticut Consumer Affairs Division at 1-800-203-3447.