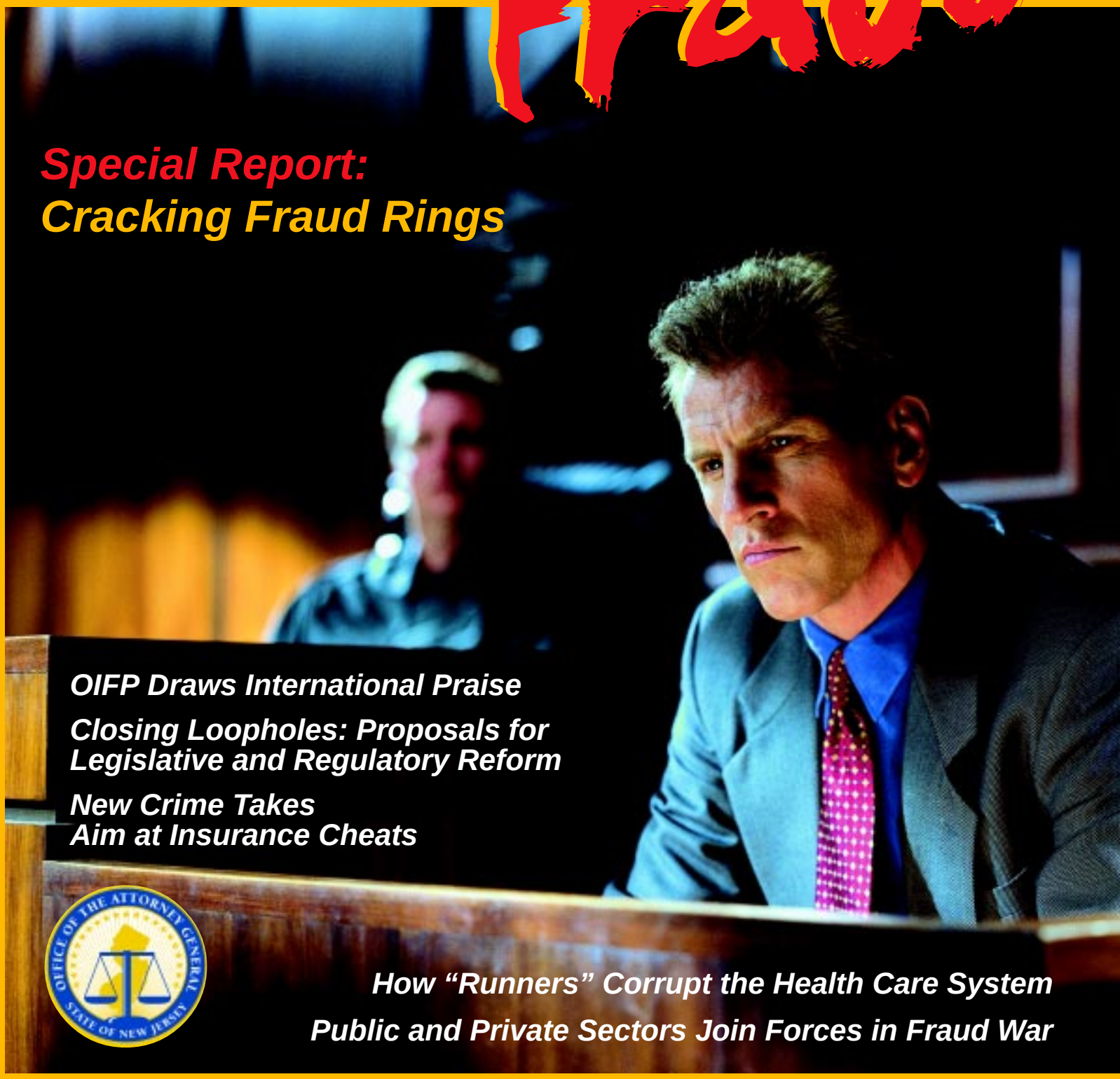
NEW JERSEY

INSURANCE Fraud



Special Report: Cracking Fraud Rings

OIFP Draws International Praise

Closing Loopholes: Proposals for Legislative and Regulatory Reform

New Crime Takes Aim at Insurance Cheats

How "Runners" Corrupt the Health Care System

Public and Private Sectors Join Forces in Fraud War

2003 Annual Report of the New Jersey Office of the Insurance Fraud Prosecutor

Inside Front Cover

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Annual Report of
The New Jersey Office of the Insurance Fraud Prosecutor

for Calendar Year 2003

Submitted
March 1, 2004
(Pursuant to *N.J.S.A.* 17:33A-24d)

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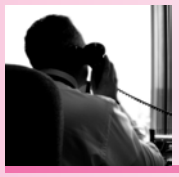

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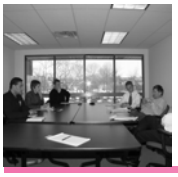

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A Message

From The Insurance Fraud Prosecutor

Greta Gooden Brown

Sowing and Reaping in the War on Insurance Fraud

I am proud to present the fifth Annual Report of the Office of the Insurance Fraud Prosecutor (OIFP) to the Governor and Legislature of the State of New Jersey as required by N.J.S.A. 17:33A-24d. I am pleased to report that, in 2003, we met our goals and exceeded our expectations. In 2003, OIFP prosecuted more criminal cases than any other year in OIFP's history. In addition, we continued to sow the seeds for successful investigations and prosecutions long into the future.

Over the past year, New Jersey attained record highs, both in the number of those charged with, and those convicted of, committing insurance fraud. In 2003, OIFP, together with OIFP funded County Prosecutors' Insurance Fraud Units, filed criminal insurance fraud related charges against 730 individuals. We obtained convictions against 379 defendants, 109 of whom were sentenced to a total of 194 years in prison. OIFP cases, alone, accounted for over 70% of the prison time meted out to convicted insurance fraud felons.

On the civil side, OIFP's record in 2003 was equally impressive. As reported in December of 2003 by the Coalition Against Insurance Fraud in its most recent national insurance fraud survey, the New Jersey Office of the Insurance Fraud Prosecutor led the nation in the number of civil sanctions imposed, accounting for 86% of all civil actions taken in the nation. Moreover, in 2003, all of New Jersey's enforcement efforts resulted in insurance cheats being ordered to pay over $16.5 million constituting restitution, criminal fines and civil penalties.

While OIFP was conceived, in part, to address New Jersey's burgeoning auto insurance rates, the savings to New Jersey's insurance consumer resulting from OIFP's successful prosecutions cannot be precisely quantified. It is undeniable, however, that by identifying, prosecuting and punishing insurance cheats, OIFP prevents losses of millions of dollars each year. Indeed, some of the successful prosecutions highlighted in this Report, particularly with respect to staged accident rings, have resulted in savings of millions of dollars that would have otherwise been drained from New Jersey's insurance system through the submission of fraudulent bodily injury claims alone. Further, OIFP undoubtedly deters countless other potential fraudsters from committing insurance fraud by publicizing its successful prosecutions.

The fruits of OIFP's labor increasingly drew the attention of others in 2003, both here and abroad. OIFP's accomplishments were the feature story of the December 2003 edition of *Fraud International Magazine*. In addition, in 2003, OIFP was selected as a national finalist for the prestigious International Association of Chiefs of Police (IACP) and ChoicePoint Award. The Award recognizes exceptional innovation and excellence in criminal investigations.

While we are proud of the official record of our achievements in 2003, we are equally proud of the tireless efforts of our staff who toil daily behind the scenes to lay the groundwork for our present and future successes. Their mandate, which they fulfill with uncompromising efficacy, is to be productive while maintaining the high quality evidenced in our investigations, prosecutions and programs that have become our trademark.

OIFP's remarkable progress in its brief five year history may be attributed to several factors. The seeds of OIFP's success were initially sown by the New Jersey Legislature when it created OIFP through the enactment of the Automobile

continued on next page

Insurance Cost Reduction Act of 1998 (AICRA). AICRA designated OIFP as New Jersey's lead agency in the war on insurance fraud and provided it with the resources to wage an unrelenting war.

In 2003, Governor James E. McGreevey signed into law landmark legislation which created the specific crime of insurance fraud and established a reward program for members of the public to provide information leading to the identification, prosecution and conviction of insurance cheats. With this single act, Governor McGreevey has sown the seeds for OIFP's continued success by increasing the penalties for committing insurance fraud in New Jersey, solidifying New Jersey's position as a national leader in combating fraud and enlarging OIFP's arsenal of weapons in the war against insurance fraud.

OIFP's success may also be attributed to the contributions of our partners and allies in other law enforcement and public agencies as well as the insurance industry. The outstanding contributions of our partners in the law enforcement community and the insurance industry, in particular, enable us to bring to fruition OIFP's statutory mission of providing for "a more effective investigation and prosecution of fraud" in New Jersey than existed in the past. Achieving this mission inures to the benefit of New Jersey's insurance buying public who are the ultimate victims of insurance fraud.

Finally, OIFP's success would not have been possible without the support and leadership of Attorney General Peter C. Harvey and Assistant Attorney General Vaughn L. McKoy, Director of the Division of Criminal Justice. Attorney General Harvey and Director McKoy are the principal facilitators who enable OIFP to achieve the results for which it was created.

We in OIFP recognize and welcome the challenges that lay before us in the months and years ahead. We will continue in the coming year to conduct thorough investigations, to develop solid cases, to prosecute aggressively and to sow the seeds for future investigations and prosecutions. We will continue to develop effective anti-fraud programs and initiatives. We will continue to seek new and better ways to accomplish our mission, be it the planning of successful sting operations, the tackling of organized insurance fraud rings, or the application of high tech data mining tools to identify new fraudulent patterns or trends. We will continue to spread the word to those who would dare to commit insurance fraud in the State of New Jersey, that they, too, shall reap what they sow.

Respectfully submitted,

Greta Gooden Brown
New Jersey Insurance Fraud Prosecutor

OIFP Targets Fraud Rings

Vehicles recovered by OIFP State Investigators in undercover sting "Operation Give and Go."

OIFP Targets Fraud Rings

OIFP Criminal Prosecutions at All-Time High

by Michael A. Monahan

It came in to the Newark Police dispatcher as a frantic 911 call. The caller said he had just been the victim of a carjacking at the intersection of William and Halsey Streets by a man armed with a gun. Units from the Newark Police Department were immediately dispatched to the scene, given the very serious nature of the call. When the police arrived at the scene moments later, the victim excitedly described in detail the armed and dangerous carjacker, how he stuck the gun in the victim's face, how he took his car.

A witness also volunteered that he had seen the whole thing, confirming the car owner's story. Despite a diligent search, the Newark police could not find the owner's car or the carjacker. Later, the owner, a computer programmer for a major corporation, filed a theft claim with his insurance carrier for the total theft loss and the carrier paid over $16,000 on the claim.

Only, there was no carjacking, and the owner was no victim at all. He was a thief, who faked the entire carjacking scenario with a friend in order to file a fraudulent insurance claim. How did the authorities know? Because the car had been in the possession of State Investigators from the Office of the Insurance Fraud Prosecutor (OIFP) for six full days at the time the owner reported the carjacking, having been purchased from a street-level middleman during *Operation Give and Go*, a pro-active undercover initiative by OIFP to confront the growing problem of owner "give-ups" and stolen automobiles in northern New Jersey.

To conduct the investigation, undercover OIFP investigators gained access to middlemen who traffic in owner "give-ups," where the owner literally "gives-up" the vehicle to someone else with the understanding the vehicle will "disappear," allowing the owner to file a false theft claim and fraudulently collect insurance benefits for the alleged

OIFP Targets Fraud Rings

State Investigators Marc Cofone and Jose Vendas examine a seized vehicle.

What Is Being Done About Insurance Fraud?

The New Jersey Office of the Insurance Fraud Prosecutor (OIFP) leads New Jersey's fight against insurance fraud. Created by the New Jersey Legislature on May 19, 1998, pursuant to the provisions of the Automobile Insurance Cost Reduction Act (AICRA), OIFP was established as a law enforcement agency within the Division of Criminal Justice in the Department of Law and Public Safety to administer a comprehensive and well integrated program to investigate and prosecute insurance fraud as effectively and efficiently as possible. Accordingly, OIFP was vested under AICRA with authority and responsibility for investigating all types of insurance fraud and for conducting and coordinating criminal, civil and administrative investigations and prosecutions of insurance and Medicaid fraud throughout New Jersey. To provide for the most effective and well integrated statewide strategy possible to combat insurance fraud, OIFP's authority under AICRA includes responsibility for the oversight of all anti-insurance fraud efforts of law enforcement and other public agencies and departments in New Jersey, as well as appropriate coordination with private industry. Where fraud has occurred, OIFP pursues criminal prosecutions and civil sanctions, including prison sentences, monetary penalties and, in the case of professionals, permanent license revocations. In addition to traditional law enforcement functions, OIFP offers a comprehensive roster of programs to inform the public, train law enforcement officers and marshal resources of the public and private sectors to eradicate fraud.

loss. To lend an air of legitimacy to the operation, OIFP rented a garage in Jersey City, completely outfitted with tools and auto parts, where the middlemen could bring the cars to the undercover OIFP investigators. Unbeknownst to would-be insurance cheats, however, the garage was also fully equipped with concealed audio and video recorders to memorialize all activity at the shop. As a result of this initiative, OIFP State Investigators conducting *Operation Give and Go* recovered 46 automobiles and SUVs, with a total value of approximately $1 million, and 28 middlemen and "give-up" owners, including the owner and friend who faked the carjacking, were indicted for their roles in the conspiracy and thefts.

Operation Give and Go is but one example of many exciting and successful investigations conducted by OIFP-Criminal in 2003. Whether cracking a staged motor vehicle theft or accident or arson-for-hire ring, or exposing an unscrupulous health care provider billing an insurance carrier for services never rendered, or arresting a dishonest insurance broker stealing premium monies, the successes of the investigations in OIFP-Criminal were many and varied. In *State v. Iris Salkauski*, for instance, 49 defendants were indicted for staging car accidents in Camden County and filing fraudulent Personal Injury Protection (PIP) claims totaling $567,940 for fictitious injuries. Undercover law enforcement officers ultimately infiltrated the ring by posing as participants in one of the staged accidents.

The leader of that staged accident ring, Iris Salkauski, attempted to thwart law enforcement's efforts to bring her to justice by fleeing New Jersey after she was indicted. As a result, Salkauski was placed on New Jersey's Ten Most Wanted List and was tracked down to a house in Florida where officers found her cowering in a bedroom

What Is Auto Insurance Fraud?

Auto insurance fraud occurs when a person deceives an insurance provider to collect money to which he is not entitled or to avoid paying the appropriate amount of premiums. Providing false or misleading information in support of a claim, on an insurance application, or in an application for an endorsement or policy renewal constitutes an act of insurance fraud. Submitting any type of false or altered receipts, bills, repair estimates or any inaccurate documents to support a loss, expense or injury is insurance fraud. Buying or selling a fake automobile insurance identification insurance card is another form of insurance fraud.

The most common kinds of auto insurance fraud in New Jersey include:

– Fake or exaggerated injury claims
– Phony auto theft claims
– Staged accidents
– False billing by medical providers
– Lying on an application for insurance
– Using a fake automobile insurance identification card

In New Jersey insurance fraud is a serious crime punishable by significant criminal and civil penalties including jail time.

Here is What You Can Do

Be aware. If a car suddenly pulls in front of you, forcing you to follow too closely, someone may be setting you up for a staged accident. If you are involved in an accident, call the police. Record the license plate, driver's license number, insurance information and identities of all involved, including passengers and witnesses. Beware of unsolicited offers from one or more strangers who may contact you after an accident recommending a medical provider or an attorney. This unsolicited help could be the work of a fraud ring. If you think you are a victim of fraud, immediately contact your insurance company and the New Jersey Office of the Insurance Fraud Prosecutor.

OIFP Targets Fraud Rings

Attorney General Peter C. Harvey announces that Iris Salkauski, indicted leader of a "staged accident" insurance fraud ring, is one of the Division of Criminal Justice's "Most Wanted" fugitives. The "Apprehended" designation in the Salkauski "Wanted Poster" tells the rest of the story. Within weeks of her indictment, Salkauski was apprehended, hiding in a closet inside a Florida residence. Salkauski's arrest was secured through the efforts of the New Jersey/New York Fugitive Task Force, an unprecedented law enforcement initiative, spearheaded by the New Jersey Division of Criminal Justice, which combines the resources, intelligence gathering capabilities, investigative information and expertise of 50 law enforcement agencies and more than 150 federal, state, county and local law enforcement officers.

closet. Upon her return to New Jersey, this time with an OIFP-Criminal escort, she pled guilty and was sentenced on November 14, 2003, to five years in State prison for her crimes. Most of the other defendants in the case have also pled guilty and have been sentenced to terms of imprisonment or probation.

OIFP-Criminal investigations also targeted arson-for-hire rings in 2003 with great success. By way of example, in *State v. Rossi*, OIFP investigators cracked an arson-for-hire ring in Mercer County responsible for at least six arson fires which were set in residences or businesses for the purpose of collecting insurance money. Marc Rossi, the ringleader and owner of an insurance claims adjusting service, pled guilty to conspiracy to commit arson, theft by deception and other charges. In pleading guilty, Rossi admitted to either planning or participating in setting the fires which resulted in various insurance carriers paying out over $530,000 in property damage claims. Under the terms of his plea agreement, Rossi faces ten years in prison and must make full restitution to the insurance carriers for his role in the scheme. All of the other participants in the arson-for-hire conspiracy have also pled guilty, including three who were sentenced to State prison and three more who were sentenced to probation.

In 2003, OIFP-Criminal investigations also targeted dishonest health care providers. In *State v. Tsilionis*, for example, OIFP-Criminal indicted George and Lisa Tsilionis, husband and wife chiropractors, charging them with conspiracy, health care claims fraud and money laundering for orchestrating an alleged insurance fraud scheme which billed dozens of insurance carriers more than $1.2 million for phony chiropractic "treatments" or other services that were never provided. To perpetrate the fraud, OIFP-Criminal alleged that, over a three year

What Is Health Insurance Fraud?

Health insurance fraud occurs when a person deceives a health coverage provider in order to collect money to which he is not entitled, to avoid paying the appropriate amount of premiums or to obtain coverage for which he is not eligible. Providing false or misleading information about being an employee or a member of a union or other group to pay lower premiums, concealing a pre– existing medical condition at the time of application or submitting any type of false medical bill, receipt, diagnosis, treatment or service to a health insurance provider is health insurance fraud.

The most common kinds of health insurance fraud in New Jersey include:

Provider Fraud

– Billing for services not provided

– Billing for more expensive services than were provided (known as "Upcoding")

– Billing for separate procedures which must be billed collectively (known as "Unbundling")

– Providing treatments or services which were not medically necessary

– Billing an insurer for services which the patient believes are free or complimentary

– Billing for services rendered beyond the scope of a provider's license

Patient Fraud

– Submitting claims for services or treatments not provided

– Submitting altered or forged receipts for reimbursement

– Having a medical provider misrepresent diagnosis or treatment to pay for something which is not covered

– Lying about residency to obtain or to keep New Jersey health insurance

Business Fraud

– Creating a fake group or organization to obtain less expensive group coverage

– Adding family members or other individuals who are not employees or members of a group to a group policy

What Does It Cost?

Health Insurance Fraud costs Americans $54* billion a year and accounts for up to 10% of the annual expenditure on health care in the U.S. Studies also show that for every 1% rise in insurance premiums approximately 400,000* more people nationwide will not be able to afford health insurance.

* National Health Care Anti-Fraud Association

Here's What You Can Do

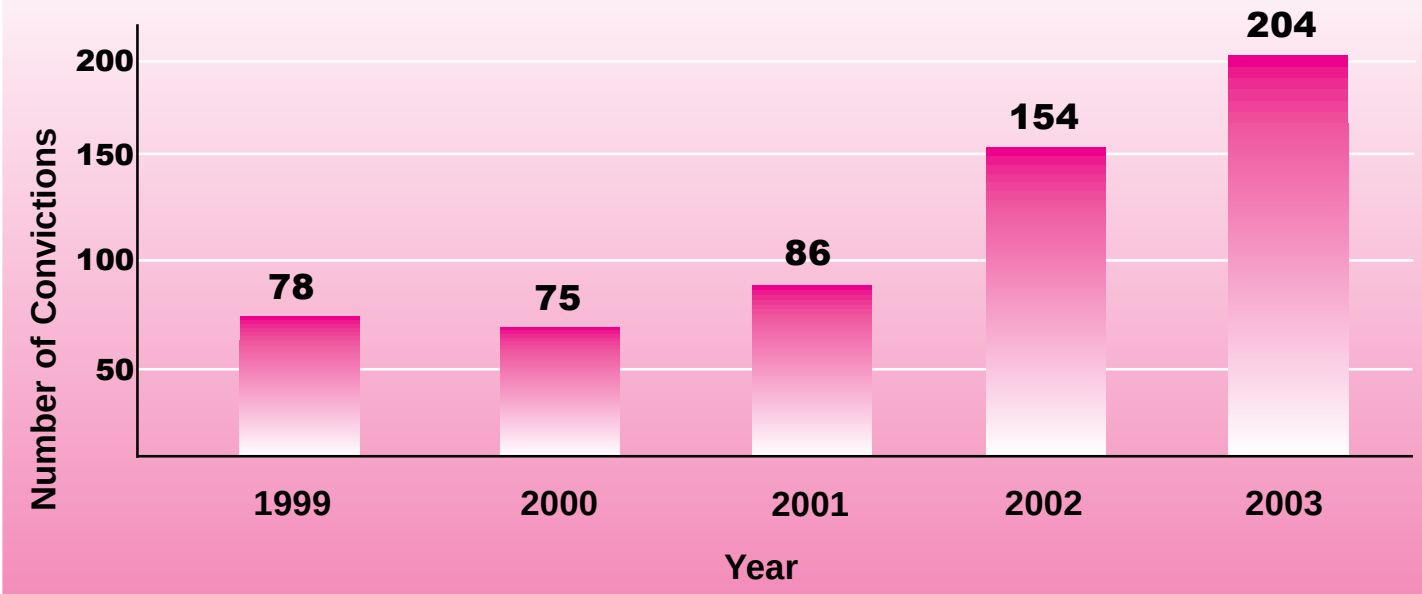
Always review the Explanations of Benefits you receive from your health coverage carrier. The EOB reflects bills submitted by your medical provider for services and treatments which you have received and states what was paid to the provider. Always verify that the charges accurately reflect the correct treatments, services, dates and medical equipment provided. If something doesn't seem right or you have any questions, call your health coverage provider.

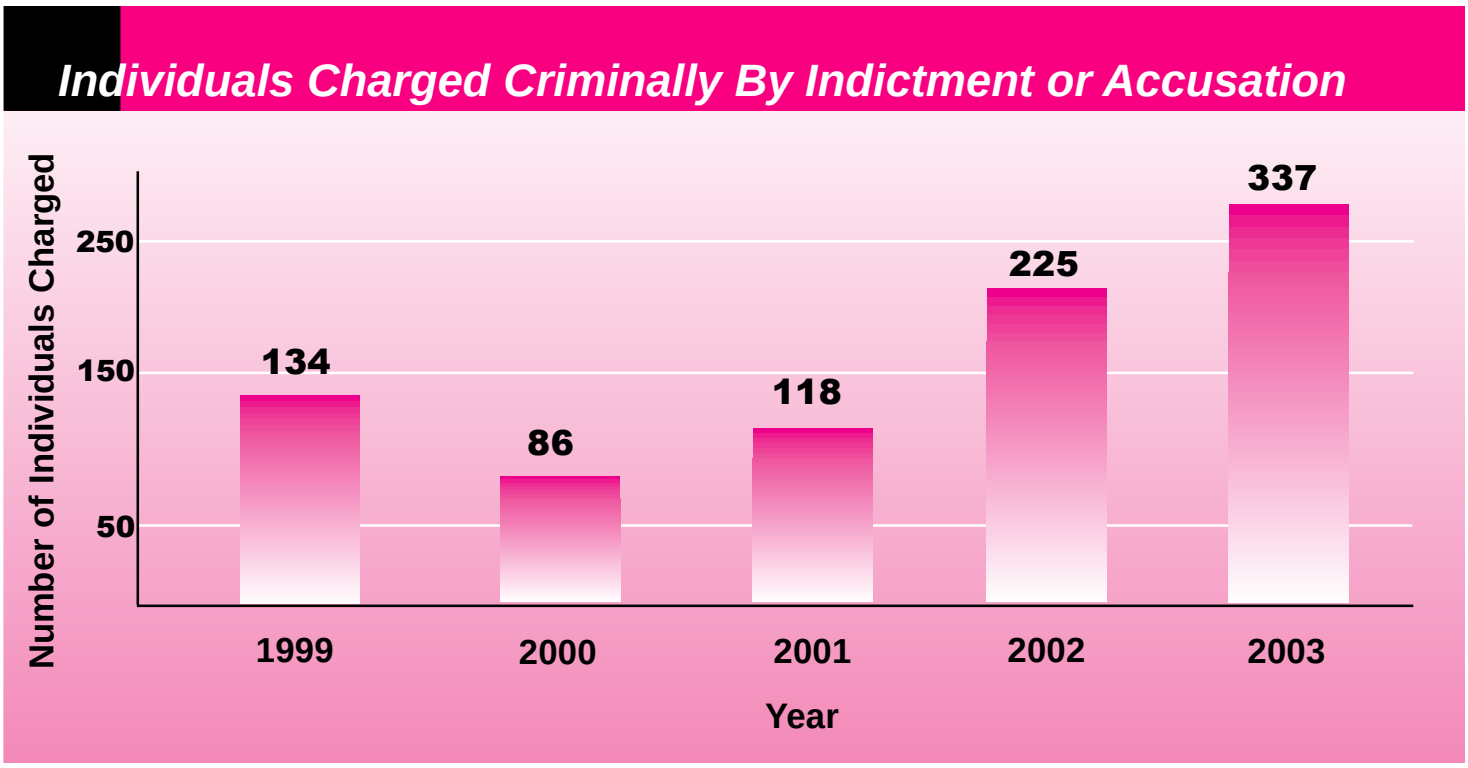
period, the chiropractors regularly submitted insurance claims supported by falsified chiropractic treatment records and diagnostic testing results, resulting in the carriers paying over $430,000 for non-existent treatments and services. The case is pending trial.

Dishonest insurance brokers also kept OIFP-Criminal busy in 2003. In *State v. Robert Massa*, the defendant, an insurance agent, was sentenced to a five year jail term for his role in a complex scheme to fraudulently obtain insurance premium finance monies in excess of $5 million from various finance companies. In *State v. Douglas Ross*, the defendant stole over $140,000 of his clients' insurance premiums. Ross pled guilty and was sentenced to probation but also served 396 days in jail for his crimes. In *State v. Odell Coleman*, the defendant was sentenced to four years in State prison for stealing more than $100,000 in insurance premium money from an elderly client. In *State v. Robinson Barleycorn*, the defendant pled guilty to the theft of more than $300,000 in insurance premiums from his client, a tugboat company. Barleycorn was sentenced to probation but also served ten months in jail for the theft. In *State v. Harry DelBosco*, the defendant pled guilty to the theft of $887,000 of his clients' insurance premiums and was sentenced to five years in State prison.

All in all, the types of cases investigated by OIFP-Criminal are limited only by the imaginations of the criminals involved. The case of *State v. Daouda Traore* is another good example of the lengths to which a thief will go to steal insurance proceeds. In that case, the defendant filed claims for death benefits of more than $400,000 under several life insurance policies claiming the deaths of his wife and son in a car accident in Africa. To support his claim,

Criminal Convictions





Traore submitted hospital records, death certificates and police reports. However, an investigation revealed the documents were fictitious, and so, too, were his wife and son. When confronted, Traore admitted he created his "wife" and "son" out of whole cloth for the sole purpose of fraudulently obtaining life insurance benefits. Following an investigation by OIFP-Criminal, Traore pled guilty to theft by deception and was sentenced to a term of probation.

These are but a few of the hundreds of successful insurance cases brought by OIFP against insurance cheats in 2003. These and many other cases brought by OIFP in 2003 are discussed at greater length in the Insurance Fraud Case Highlights Section of this Report.

Overall, 2003 was an unequivocal success for OIFP-Criminal, with increases over previous years across the board, from the number of indictments returned, to the number of defendants charged and convicted, to the amount of restitution recovered for the victims of insurance fraud and related crimes. This trend is expected to continue, leading to similarly stellar results, based on the tireless efforts of OIFP-Criminal investigators and attorneys, and the ofttimes seemingly endless parade of greedy and corrupt defendants which OIFP doggedly pursues.

Michael A. Monahan *is a Deputy Attorney General in the Office of the Insurance Fraud Prosecutor where he has served as the Assistant Section Chief of the Auto Fraud Section since 1999. He previously served as an Assistant Prosecutor with the Union County Prosecutor's Office for seven years.*

OIFP Prosecutions Prove Corrupting Influence of "Runners" on Health Care System

OIFP's Prosecutions Prove Corrupting Influence of "Runners" on Health Care System

by John J. Smith, Jr.

Since your automobile accident last month, you have been treating with a medical provider around the corner from your home. While you are waiting to be taken back to a treatment room, the provider's phone rings and you overhear an exchange between the provider and a woman on the other end of a speaker phone:

Woman:
We're playing phone tag.

Doctor:
Listen, why don't you send that patient in and I'll talk to you later in person.

Woman:
Okay, my love.

Doctor:
I'll definitely be in.

Woman:
I'm sending two in, ok?

Doctor:
Oh, you're a sweetheart.

Woman:
Ok.

Doctor:
Thank you very much for thinking about us.

As your treatment concludes and you leave the provider's office, a woman, whom you assume to be another patient, is entering the office. You go about your business for the rest of the day, and don't give a second thought to either the odd snippet of conversation you overheard or to the person who entered the provider's office as you departed.

Unbeknownst to you, however, the woman who entered the provider's office as you left, is the same person whose voice was on the other end of

the speaker phone as you awaited treatment. Now, in your absence, their conversation continues:

Woman:
How you doing, sweetheart?

Doctor:
I thought you lost me and didn't love me anymore.

Woman:
How are things? Good?

Doctor:
How you doing? You look good. Thank you for referring those patients in. I appreciate that. Were they both in the same accident or separate ones?

Woman:
No, same one.

Doctor:
We can send them to an attorney, alright?..Just give me a couple of weeks and I will...

Woman:
Even with the attorney?

Doctor:
Even with the attorney. It's different, it's different, it's different with all the pre-cert [Pre-Certifications]...So I owe you two and?

Woman:
No, you said to me three, you were going [to] give me one and two later.

Doctor:
It's two fifty, that's all I have in my pocket right now.

Woman:
You owe me!

Doctor:
I owe you fifty...

Woman:
Ok, you owe me fifty and three fifty for each of the guys...

Doctor:
Three fifty each?

Woman:
Yep.

Doctor:
First of all V. is not coming in.

Woman:
M. said Friday was the last day he came in.

Doctor:
Yeah, he came. He says there's nothing wrong. We can't, we can't do it. We'll end up in jail if we do. The new days with insurance companies, tells us, they say, what's wrong with the patient. The patient says there is nothing wrong with them. We don't, we can't, we can't do that.

Woman:
And he's saying there is nothing wrong with him?

Doctor:
Yeah, he hasn't been in here since. He came in four times; he came in ten times and he has not been here since, since last month. I can't, I'm gonna lose money on that. There's no way he makes three fifty on that. The other one looks good, coming in frequently, but he's on vacation in Puerto Rico.

Woman:
Let me ask you something, suppose I talk to V.?

Doctor:
It's not gonna work, you see, it's the new stuff, the new stuff. It's not like usual.

Woman:
No, I know. I know.

Doctor:
Before you just walk in, write your name, and get out. Now it's all pre-certification. The insurance companies investigate everything. They spend a lot of money, the doctors examine every patient...But, you know, I tell the doctor whatever the patient says that's it. I try not to treat the patient anymore if he says there's nothing wrong with him. You know why?

Woman:
I know, my doctor used to tell me, "Hey, he said nothing hurts." I said, "I'll take care of him."

Doctor:
I don't want my name on the front page of *The Star Ledger* and that's what's gonna happen now. They call it fraud. Fraud is very serious and you know what, when the f___ing police come through the f___ing door, he'll be talking like a parrot about you and me.

Woman:
Who?

Doctor:
If somebody, if the police come through the door and they say, "Listen you're coming in here and saying there's nothing wrong with you, why you treating?"

Woman:
There's no way of getting?

Doctor:
There's no f___ing way! And I don't want it. I don't want them in my door. I can't treat someone if there is nothing wrong with them.

Woman:
Que stupido, uh! How the hell does he expect to get a lawsuit? Stupid.

Doctor:
But listen, I can't give you three fifty for every f___ing patient, you know that?...When he comes back the next time, the insurance companies, we try to get them in two times a week, actually, yeah, the insurance company will treat him one more time and that's it. As per...they tell us how to treat them and we can't. We have to pretend everybody is an investigator that walks through the door.

Woman:
Oh, yeah, definitely.

Doctor:
...Before, before I made money. Now we're just trying to make things work; we're just trying to pay bills. It's different, it's different.

Woman:
Ok...

Doctor:
And I have other doctors too, that we have...

Woman:
If V. come in, just discharge him, if he comes in the next time.

Doctor:
J.'s good, we keep going with J. J.'s good...

Woman:
Ok.

Doctor:
Yeah, we got to do it...cause we're gonna be in business here and we're gonna be talking ten years time, you and me, you know that?

Woman:
I hope so.

Doctor:
Yeah, you got any more juicy stuff for me?

Woman:
No, I was gonna say, why don't you stop the guy that you saw had an accident today. Can you do that?

Doctor:
He spun off the road. I was doing 70 miles an hour, spun off, you know, they got a big divider like this, but it's all woods.

Woman:
Where were you?

Doctor:
I was on 78 coming eastbound, way out. There were cops everywhere.

Woman:
Oh no, no, no. You can't.

Doctor:
Yeah, if it was local, I'd get out of the car, sure.

Woman:
(Laughing)

Doctor:
Are you kidding me, it's an opportunity, soliciting business, but you know it's not really bad. No, I don't think it is, is it? That's probably legal?

Woman:
Yeah, I know. They always used to do that, that's the way they have these people out there. They have them standing in front of the house, "Hey, you injured? I got a doctor for you." (Laughing)

Doctor:
I know.

Woman:
Well, let me see what comes up.

Doctor:
The secret is to stay on top of it before you can say, "I gave you a name." Now you have to stay on top of these son of bitches, "that's my job right now, I'm here, they treat the patients, do the paperwork, I'm making sure they do everything per..."

Woman:
By the book.

Doctor:
By the book, 'cause if they don't...they come in once in a while, insurance companies will not pay. I could treat them forever, we're not getting paid ...You got more for me?

Woman:
Yeah, this is the situation...This is the car number one and happens to be the same last name of the other driver. It may seem they're all the same family, but they're not family, Ok?

Doctor:
That could be suspicious! ... They could investigate this! ... I'll tell you what, I'll take it only if an attorney will take it ... That's two and a half, that's for...

Woman:
Two and a half? It was three and a half. What's up?

Doctor:
No, it's two and a half.

Woman:
No, no, no. This is what you did to me last time.

Doctor:
For K.H., alright, I'll give you three.

Woman:
That's what you did to me last time.

You knocked me down.

Doctor:
No, I give everybody the same price ... Tomorrow I got lunch with this girl, she's an attorney, and I'll send her that patient. She's a good attorney, she fights like a dog.

By now, it is obvious that the woman whom you assumed to be a patient did not come to the provider's office simply because her back was aching. Rather, she is working for your medical provider. She is what is known in law enforcement and insurance circles as a "runner." In return for an illegal kickback or "referral fee," she procures people who are injured, or purportedly injured, in an accident, as patients for medical providers or as clients for lawyers who represent injury claimants.

While you mistakenly assumed the woman to be a patient of your medical provider, the medical provider was also mistaken. The woman he believed was a "runner," was actually cooperating with the Office of the Insurance Fraud Prosecutor (OIFP) in an undercover insurance fraud investigation. And the conversations to which you have just been privy were taken directly from a transcription of those conversations, which were secretly recorded by OIFP investigators.

It may surprise you to learn that the medical provider in this case considers patient "J" to be a good patient, not because he is responding well to therapy, but because he keeps returning for treatments. It may surprise you to hear your medical provider say he "tries" not to treat patients anymore if they say they are not really injured and do not really need to be treated. Perhaps hearing a medical provider say this causes you to wonder whether some patients might even lie about their injuries?

Perhaps you wonder whether "runners," medical providers, and lawyers ever pretend not to know a patient or client may be lying about his injuries, or about continuing to need medical care, so they can submit insurance claims? Perhaps it surprises you to hear the medical provider in this case say he would not take a case unless an attorney also took it? Can it possibly be that the provider believes the lawyer is more capable of diagnosing a patient's injuries than the provider himself?

It may come as a surprise to you that the medical provider and the "runner" discuss how much money the provider is willing to pay to "buy" a patient. It may surprise you to learn that the provider is worried about being investigated for fraud. And it may surprise you to learn that the provider and the "runner" discuss lawsuits, attorneys, the number of times a patient can be treated, and whether an insurance company will pay for those treatments.

It may also surprise you to learn that the medical provider considers the payments he gives to the "runner," whether $200, $250, $300, $350, or more, to be part of his overhead, his cost of "doing business." Might this medical provider be thinking about his increasing overhead costs when deciding whether you should receive additional treatment or medical supplies, or when he is preparing bills to submit to your insurance company for payment?

When they study "tort" law, the law that governs automobile accident injuries and other types of negligent or intentional wrongs, law students are taught that, "for every injury there is a remedy," a right to a lawsuit. Similarly, there are some in New Jersey who believe that "runners" perform a valuable public service by simply advising people of their "rights." There are those who believe that "runners" do little more than advise people of their right to receive treatment paid by insurance proceeds and to file a lawsuit for "pain and suffering" following an auto-

mobile accident. However, OIFP's experience investigating and prosecuting "runners" suggests otherwise. OIFP's experience suggests that "runners" do far more than merely advise people of their "rights."

In New Jersey, "runners" commonly commit serious crimes. Among the crimes which "runners" in New Jersey commit are:

– paying bribes to police officers to write phony police reports;

– paying bribes to police officers to expedite police reports so the "runners" can quickly "recruit" people to become clients, patients, and insurance claimants;

– falsely adding people's names to police reports and other records to reflect that they were involved in an automobile accident when, in fact, they were not;

– paying people to purposely cause, or become involved in real or fictitious auto accidents so they can treat and then submit phony insurance claims;

– intentionally causing real automobile accidents so as to ensure a steady stream of clients, patients, and insurance claimants;

– staging fictitious automobile accidents by reporting them to police as if they actually occurred, and by placing broken automobile parts on the street to make it appear as if an accident occurred;

– pressuring medical providers and lawyers by promising that, for a fee, they can produce a steady stream of clients, patients, and insurance claimants; and

– enticing people, who otherwise are not inclined to treat for minor injuries, to lie about their injuries, to treat for them, to consult with lawyers, to submit insurance Personal Injury Protection (PIP) claims, and to file lawsuits.

In perhaps one of the most shocking prosecutions involving "running" to date, a young man, who was not even a licensed chiropractor, owned, operated and controlled a string of New Jersey chiropractic clinics and employed the chiropractors who worked in the clinics. He allegedly also employed "runners" whom he paid to stage fictitious accidents, as well as real accidents, by actually crashing cars into innocent, unsuspecting drivers. His "runners" also recruited persons, including children, to be occupants of those cars, in order to produce a steady stream of patients for his chiropractic clinics. Automobile insurance companies were billed millions of dollars in claims through this illicit enterprise. As a result of OIFP's investigation, however, he was eventually charged with a number of crimes, including racketeering and is awaiting trial.

It may also come as something of a surprise to learn that "runners" in New Jersey come from all walks of life. They are police officers and dispatchers, doctors and their office managers, private investigators, disbarred lawyers, ambulance drivers and other providers of medical transportation, and owners of medical supply businesses. Then, there are the others, those who engage in no other known occupation, trade, or profession other than that of being a "runner." Many "runners" manage to develop significant "tax free" income by simply ensuring that attorneys and doctors have an endless stream of clients and patients covered by automobile insurance. Many "runners" even go so far as to obtain automobile insurance for those they recruit as patients and clients.

Other states have attempted to pass legislation outlawing "running," albeit unsuccessfully. In Pennsylvania, lawyers were prohibited from paying referral fees for clients, but the Pennsylvania Supreme Court ruled that, because only the Pennsylvania Supreme Court has the legal authority to regulate the conduct of attorneys in the Commonwealth of Pennsylvania, the

Pennsylvania Legislature could not constitutionally pass a statute prohibiting lawyers from engaging in conduct which was tantamount to "running."

In Florida, a "runners" statute outlawing such conduct was declared unconstitutional because the statute did not require proof that the fraudulent claims were submitted in connection with the conduct constituting "running." Other states have attempted to regulate "running" by prohibiting the contacting of a prospective client, patient, or insurance claimant within a certain specified time period after the occurrence of an accident.

On July 12, 1999, the New Jersey Legislature addressed the serious problem of "running" and the adverse impact it has on the State's insureds and insurers by passing the "Criminal Use of Runners" statute. In New Jersey, it is now a crime for a person, for a pecuniary benefit, to procure or attempt to procure, a client, patient, or customer at the direction of, request of, or in cooperation with an attorney, health care professional, owner or operator of a health care practice or facility, if the purpose is to seek to obtain benefits under a contract of insurance or to assert a claim against an insured or an insurance carrier for providing professional services to the client, patient, or customer. The statute does, however, provide exceptions for authorized public advertising and for referrals otherwise authorized by law.

In contrast to the manner in which Florida attempted to prohibit the scourge of "running," the New Jersey Legislature unequivocally declared that the crime of "running" is complete, in and of itself, when there is proof beyond a reasonable doubt that a person knowingly acts as a "runner," or uses, solicits, directs, hires or employs another to act as a "runner." In New Jersey, additional proof of fraud, theft, forgery or similar criminal conduct, or of a violation of a professional code of ethics is not required to prove the crime of criminal use of "runners."

Though the Legislature did not specifically so state when it passed the "Criminal Use of Runners" statute, the policy reasons underlying the "runners" statute are evident. Billions of dollars are spent each year on health care, including both general health insurance and the Personal Injury Protection (PIP) insurance coverage provided by automobile insurance policies to cover the costs of treatment for those injured in automobile accidents. It has been estimated that at least ten percent of these costs can be attributed to fraud. Many of those in the insurance industry who are familiar with the problem believe that the amount attributable to fraud is far greater.

That the criminal use of "runners" by medical providers and other professionals leads to insurance fraud is undeniable. More often than not, in its various manifestations, it results in overutilization of insurance benefits, including the ordering of unnecessary di-

On July 12, 1999, the New Jersey Legislature addressed the serious problem of "running" and the adverse impact it has on the State's insureds and insurers by passing the "Criminal Use of Runners" statute.

agnostic tests and courses of treatment of questionable medical validity, billing for professional medical services not rendered, and billing for more expensive professional medical services than those actually rendered, to mention but a few.

Among the more egregious types of fraud engendered by the use of "runners" are the staging of car accidents to create and maintain a ready pool of persons to become clients, patients, customers, and insurance claimants; the fabrication of "paper automobile accidents" by falsifying police accident reports; and the payment of bribes to police officers, police dispatchers, and other public officials to procure automobile accident reports as quickly as possible to recruit those listed in the reports as clients, patients, customers, and insurance claimants.

The integrity of the insurance delivery system requires that the professional judgments of doctors and lawyers remain trustworthy and impervious to corrupting outside influences. The offering of a pecuniary benefit to a "runner," however, or the receiving of a pecuniary benefit by a "runner" to solicit prospective clients, patients, customers, or insurance claimants, adds "overhead" costs and provides a financial incentive in connection with a health insurance and personal injury insurance transaction that corrupts the professional judgment of providers.

The financial incentives paid to, or received by, "runners" often ultimately induce people who are not injured, or who are only slightly injured, to seek costly medical treatment when they would not have otherwise been inclined to do so. These corrupting financial incentives also frequently induce "runners" to engage in fraudulent conduct such as paying bribes, paying people to participate in staged or fictitious accidents, and, in some cases, causing automobile accidents by dangerous and reckless driving that endangers innocent and unsuspecting motorists.

While many licensed providers, including attorneys, are subject to a code of ethics which limits or restricts professional relationships with "runners," other professional providers are not subject to any professional code of ethics that would prohibit, limit, or otherwise restrict them from working with "runners." Indeed, "runners" are often not licensed professionals, themselves, and, thus, are not subject to any code of professional ethics.

By enacting legislation criminalizing the use of "runners," the New Jersey Legislature has enabled a more effective prosecution of criminally culpable persons who act as "runners," and of medical providers or others who use "runners" in connection with their professional practices. Greatly empowered by the law against using "runners," in 2003, OIFP returned indictments charging numerous persons with "running," as well as with the related criminal conduct which is so frequently tied to "running," such as the staging of automobile accidents and the filing of fraudulent PIP claims. Perhaps most importantly, in 2003, OIFP obtained convictions and prison sentences for persons who engaged in "running" and related criminal activities. These cases and others are detailed in the Insurance Fraud Case Highlights Section of this Report.

John J. Smith, Jr. *is the First Assistant Insurance Fraud Prosecutor and assists the Insurance Fraud Prosecutor with all facets of the Office's operations including its investigations, criminal prosecutions and civil litigation. He is a 19 year veteran prosecutor with the Division of Criminal Justice.*

Pharmacy Scams Busted by OIFP's Medicaid Fraud Section

by John Krayniak

The Medicaid Fraud Section of the Office of the Insurance Fraud Prosecutor (OIFP) counted numerous crooked pharmacists among those it successfully investigated and prosecuted in 2003. It also successfully targeted a variety of other scams perpetrated by dishonest providers of medical goods and services to bilk our State's Medicaid Program of hundreds of millions of dollars. Because losses to the Program resulting from such scams are ultimately paid by taxpayer dollars, these fraud artists "pick our pockets" every time they succeed in obtaining reimbursement for a phony bill.

The New Jersey Medicaid Program contracts with five Managed Care Organizations (MCOs) to provide Medicaid benefits to beneficiaries living in certain geographical areas and is required to provide the same level of service of care, including pharmaceutical products, that the Medicaid fee-for-service program provides. The State pays the MCOs a negotiated amount for each beneficiary each month called a "capitation rate." The MCOs provide most pharmaceutical products as part of the capitation rate. However, expensive drugs are excluded, or carved out, of the capitation rate and the State pays the MCO the equivalent of the fee-for-service costs.

OIFP's Medicaid Fraud Section has responsibility for investigating and prosecuting all types of fraud against the Medicaid Program. Of the many types of fraud that people try to commit against New Jersey's Medicaid Program, frauds involving prescription drugs are among the most common and costly. Pharmaceutical costs to the New Jersey Medicaid Program exceeded $738,000,000 in 2002. While Congress hotly debated extending prescription drug benefits to Medicare beneficiaries over the past year, the Medicaid Fraud Section of OIFP was actively engaged in combating all man-

ners of fraud involving pharmaceutical products. In 2003, the Medicaid Fraud Section routinely encountered pharmacists who scheme to steal from the Medicaid Program in a variety of ways.

Some of the scams crooked pharmacists, in particular, have attempted, include billing for "refills" of prescriptions which patients have not refilled, billing Medicaid for phony, fictitious or forged prescriptions never ordered by any physician, billing Medicaid for the full cost of prescription drugs purchased by pharmacists on the "black market" for far less than their fair market value, billing for unfilled or abandoned prescriptions, and billing for extemely costly prescription medicines which are not medically warranted.

The Medicaid Fraud Section's enforcement efforts in 2003 included actions against pharmaceutical manufacturers, retail pharmacies and registered pharmacists and individuals who used Medicaid cards to pay for expensive medications on forged prescriptions. These efforts resulted in the recovery of $6,017,371, the conviction of seven individuals, including three registered pharmacists, and the imposition of sentences which included two commitments to State prison. Two of the three registered pharmacists who were convicted also lost their pharmacist licenses for a minimum period of one year at the time of sentencing and each was referred to the Board of Pharmacy for further licensing action.

In one of the most significant criminal court decisions of 2003, New Jersey's Appellate Court upheld the conviction and jail sentence of Mohammad Saleem Malik, the mastermind of a Medicaid kickback scheme. Ruling in favor of the State, the Court held that New Jersey's corporate misconduct statute, N.J.S.A. 2C:21-9c, applied to Malik's misdeeds when he used Venditti Laboratory, a corporation, to pay co-conspirators more than $300,000 in kickbacks to secure lab billings from the Medicaid Program worth more than $1,000,000. Malik had been sentenced to five years in State prison for the scam.

Springfield Pharmacy was used by its owner to bilk the Medicaid Program through false prescription billings.

The following cases illustrate some of the Medicaid Fraud Section's enforcement efforts in 2003 addressing frauds by pharmacists, or involving overbilling for prescription drugs:

Steven Aberbach, a registered pharmacist and owner of the Springfield Pharmacy in Union County, pled guilty in December to committing health care claims fraud by billing Medicaid for prescriptions he did not dispense to Medicaid beneficiaries. Aberbach also executed a Consent Order pursuant to which he agreed to pay $100,000 in restitution and a $100,000 false claims penalty to the Medicaid Program. He also surrendered his license as a Registered Pharmacist and was debarred as a Medicaid provider for 12 years. He was scheduled for sentencing early in 2004.

Kwadwo Osei Agyemang, a registered pharmacist, was sentenced to two years probation and ordered to pay $27,000 in restitution and an additional $27,000 in penalties to the Medicaid Program. Agyemang was also debarred from the Medicaid Program for a minimum period of five years. Agyemang was the owner and registered pharmacist in charge of Victory Pharmacy in Newark, New Jersey. He admitted that he billed the Medicaid Program for prescription drugs that were not dispensed.

Registered pharmacist, **Jennifer Kim**, the owner of Medicine Shop Pharmacy located in North Arlington, pled guilty to one count of Medicaid fraud. She admitted that she defrauded the Medicaid Program of over $16,000 by billing for prescriptions that were never filled and never dispensed to Medicaid beneficiaries. She was sentenced to a term of probation and ordered to make restitu-

tion to the Medicaid Program. Her license as a registered pharmacist was also suspended.

Adebowale Oyenusi, a registered pharmacist who was the president and sole owner of Quickscript Pharmacy in East Orange, was found guilty of theft by deception and Medicaid fraud by an Essex County jury. The evidence presented at trial showed he defrauded the Medicaid Program of more than $167,000 by submitting claims to the Medicaid Program for prescriptions he knew were forged. The corporate defendant, Quickscript Pharmacy, was also found guilty of theft by deception and Medicaid fraud. Sentencing is pending for both defendants.

Matthew Faenza, a registered pharmacist and the owner of McDermott's Pharmacy in Paterson, was sentenced to four years in State prison. This followed his guilty plea to an Accusation which charged him with one count of health care claims fraud. He admitted billing the Medicaid Program for dispensing an expensive anti-AIDS medication, Serostim, to Medicaid beneficiaries when, in fact, he did not dispense the medications. At the time of sentencing, Faenza paid $450,000 in restitution to the Medicaid Program.

Michael Pacheco, a pharmacy technician and employee of McDermott's Pharmacy, was sentenced to two years probation following his guilty plea to an accusation charging him with Medicaid fraud. He admitted he assisted his employer, Matthew Faenza, in submitting claims for prescriptions that were not dispensed.

The State Grand Jury returned an indictment charging **Shahid Khawaja**, **Dr. Axat Jani**, **Milton Barasch**, a registered pharmacist, and **Azam Khan** with conspiracy and theft by deception for their submission of more than $293,815 in false claims to the Medicaid Program. All of the defendants have pled guilty with the exception of Khawaja, who is pending trial.

Pharmacy shelves labeled as evidence by OIFP State Investigators in a criminal investigation.

Milton Barasch, a registered pharmacist, pled guilty to one count of an indictment which charged him with health care claims fraud. He admitted that while employed as a pharmacist at S. Brothers Pharmacy in Newark, New Jersey, he facilitated others in submitting claims to the Medicaid Program that were based on forged prescriptions. His sentencing is pending.

Azam Khan, an employee of S. Brothers Pharmacy in Newark, New Jersey, pled guilty to one count of an indictment which charged him with health care claims fraud. He admitted that he participated in a scheme to submit claims to the Medicaid Program that were based on forged prescriptions. His sentence is pending. Both he and

Milton Barasch admitted that they billed the Medicaid Program for more than $293,815 for medications that were not dispensed.

Dr. **Axat Jani** pled guilty to one count of an indictment charging him with health care claims fraud. He had been charged along with Milton Barasch, Azam Khan and Shahid Khawaja, the owner of S. Brothers Pharmacy. At his guilty plea hearing, Jani admitted that he wrote false prescriptions in the names of Medicaid beneficiaries who had visited his clinic in Newark. He sold those prescriptions and the Medicaid beneficiaries' identification numbers to Khawaja and Barasch. His sentencing is pending.

A registered pharmacist, **Kenneth Horowitz**, pled guilty to an accusation which charged him with Medicaid fraud. He admitted that he and another registered pharmacist, Nino Paradiso, the owner of Singac Pharmacy and Surgical Supply, submitted more than $35,000 in false claims to the Medicaid Program. His sentencing is pending.

The State Grand Jury returned an indictment charging **Nino Paradiso**, a registered pharmacist and the owner of Singac Pharmacy and Surgical Supply, with health care claims fraud and Medicaid fraud. It was alleged that Paradiso and his co-conspirator, Horowitz, submitted 103 false claims to the Medicaid Program and received $35,000 they were not entitled to. Paradiso and Singac Pharmacy's trials are pending.

A corporate defendant, **RX Pharmacy**, Inc., formerly located in Jersey City, pled guilty to a one count Accusation which charged the corporation with Medicaid fraud. At the guilty plea hearing, a corporate representative admitted that false claims totaling more than $18,506 were submitted through RX to the Medicaid Program.

The State Grand Jury returned an indictment which charged **Michael Stavitski**, a registered pharmacist, with submitting more than $1.3 million in false claims to the Medicaid Program. The State Grand Jury also charged four corporate defendants, pharmacies that Stavitski owned. They are Belmar Hometown Pharmacy in Belmar, Wall Pharmacy in Wall Township, Avon Pharmacy in Avon by the Sea, and Spring Lake Heights Pharmacy in Spring Lake Heights. Stavitski and the other defendants pled guilty to second degree health care claims fraud.

Howard Williams III of Jersey City was sentenced to four years in State prison and ordered to pay $75,388 in restitution to the Medicaid Program. He admitted that he submitted forged prescriptions to several Hudson County pharmacies using other persons' Medicaid cards and received expensive medications which he sold on the street.

Other examples of remedial actions undertaken by OIFP's Medicaid Fraud Section in 2003 included cases where:

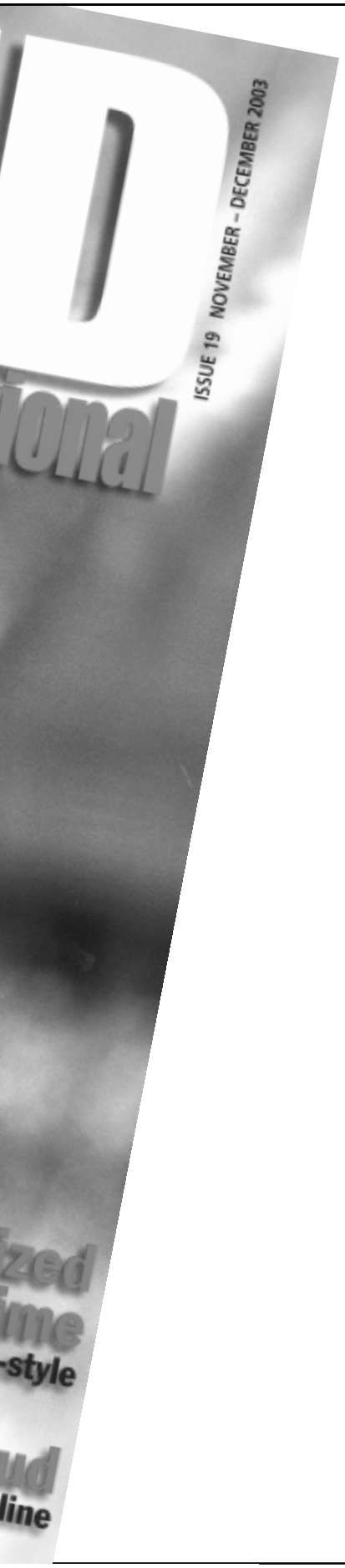
The Medicaid Fraud Section participated in a multi-state and federal settlement with Pfizer, Inc. Our State received $1.2 million dollars based on a violation of the "best price" requirement of the federal Medicaid drug rebate statute. Pfizer's liability was based on its acquisition of Warner-Lambert, the developer of Lipitor. The violations occurred prior to Pfizer's purchase of Warner-Lambert.

The Medicaid Fraud Section participated in a national settlement with Lifescan, Inc. Lifescan manufactures and sells blood glucose monitors and test strips. Food and Drug Administration statutes were violated by Lifescan through the marketing of an adulterated and misbranded medical device. Our State recovered $293,282.40 in restitution and false claims penalties.

Additional case summaries involving criminal prosections and civil lawsuits undertaken by the Medicaid Fraud Section in 2003 are set forth in the Case Highlights Section of this report.

John Krayniak *is a 16 year veteran of the Division of Criminal Justice and has been the Supervising Deputy Attorney General of OIFP's Medicaid Fraud Section for ten years. He previously served for eight years as a Deputy District Attorney in the Los Angeles County District Attorney's Office.*

OIFP Draws International Acclaim



OIFP Draws International Acclaim

by Stephen D. Moore

New Jersey's Office of the Insurance Fraud Prosecutor (OIFP) has, since its birth as a fraud fighting agency in 1998, emerged as an international leader in the war on insurance fraud. From its founding by the New Jersey Legislature only five years ago to serve as the State's designated leader in fighting insurance fraud, OIFP has rapidly evolved from a fledgling agency faced with the daunting challenge of addressing New Jersey's insurance fraud problems to a highly specialized law enforcement agency, recognized and emulated as a model for fighting insurance fraud, not only in the United States but throughout the world. As a result, OIFP has been solicited for guidance and input from other fraud fighting agencies, both here and abroad, and has been highly praised for its innovative efforts in New Jersey to combat insurance fraud at every level and on every front.

In recognition of OIFP's successes and its role as a national leader in America's war on insurance fraud, OIFP's Insurance Fraud Prosecutor was invited to deliver a keynote address to the Asia-Pacific Fraud Conference in Australia in September of 2003, where she also led a workshop addressing health care fraud and conferred with international insurance industry officials regarding OIFP's programs and initiatives. Following her appearance in Australia, the Insurance Fraud Prosecutor and OIFP were the featured cover story of the Fraud International magazine, which reaches readers throughout the United States, Europe, Asia, the Middle East and Australia.

Upon her return from Australia, during the first week of October, the Insurance Fraud Prosecutor headed New Jersey's Sixth Annual Insurance Fraud Summit of insurance industry, law enforcement and government executives, where OIFP's record of success in 2003 was similarly recognized

by fraud fighting officials from such national organizations in the United States as the Coalition Against Insurance Fraud (CAIF) and the National Health Care Anti-Fraud Association (NHCAA). NHCAA's Executive Director, in particular, praised OIFP as a "shining example of what can be done, not only at the state level, but at the national level, to combat insurance fraud." He also described OIFP as a "genuine national leader" in our country's war on insurance fraud and explained that "any experienced, objective person in the industry will tell you that this is where they do it best." The Coalition's Executive Director also praised OIFP's record of success, explaining that OIFP "has shown the way" and serves as a "national model for fighting insurance fraud," citing OIFP's fraud fighting statistics from its biennial statistical reports as leading the nation. At the Summit, the Alliance of American Insurers also recognized the "leadership role" assumed by OIFP in its efforts to fight insurance fraud and described New Jersey as "a national leader in fighting insurance fraud."

Later in October, OIFP was named as a national finalist by the International Association of Chiefs of Police (IACP) in presenting its Excellence in Criminal Investigations Award, which it offered jointly with ChoicePoint for the first time in 2003. The Award recognizes quality achievements in the management and conduct of criminal investigations and promotes the sharing of information on successful programs.

Division of Criminal Justice Chief Investigator Anne Kriegner and New Jersey Insurance Fraud Prosecutor Greta Gooden Brown attended the International Association of Chiefs of Police awards breakfast where OIFP was named a national finalist for the Excellence in Criminal Investigations Award.

The Award is presented to the law enforcement agency, unit, task force or inter-agency task force which most demonstrates exceptional innovation and excellence in criminal investigations. IACP is among the largest and most prestigious law enforcement associations in the United States, representing the management of law enforcement, and boasts more than 17,000 members, including the leadership of most local, county, state and federal law enforcement agencies. The Award's corporate sponsor, ChoicePoint, has a long record of supporting law enforcement through the provision of investigative information from its comprehensive databases.

Other speaking engagements in 2003 similarly reflect the magnitude of OIFP's influence in the American fraud fighting community. The Insurance Fraud Prosecutor delivered the keynote address at the May, 2003 meeting of the Delaware Valley Chapter of the International Association of Special Investigation Units. In November of 2003, OIFP was tapped to address the Insurance Fraud Executive Council in Charleston, South Carolina, an honor bestowed by invitation only. Among the many other speaking engagements of the Insurance Fraud Prosecutor in 2003 were appearances before the Insurance Council of New Jersey, the New Jersey Special Investigators Association, the New Jersey Judicial College and the New Jersey State Bar Association.

OIFP's Executive Staff was also tapped during 2003. In March of 2003, OIFP's Medicaid Fraud Section Chief was invited to participate in the Third National Forum on Fraud and Abuse in the Sales and Marketing of Drugs and Medical Devices sponsored by the American Conference Institute.

Not surprisingly, as in years past, OIFP's leadership in the fight against insurance fraud has also been evidenced in its ability to assist other fraud fighting programs. OIFP's guidance and counsel have been sought by other law enforcement agencies, both here and abroad, from Hawaii to New York, from Australia to Columbia, and from points in between.

OIFP Special Assistant/Industry Liaison John Butchko receives the 2003 Outstanding Service Award from the Delaware Valley Chapter of the International Association of Special Investigative Units. l. to r. Cathy Gicker, Vice President IASIU, Tom Donahue, President Delaware Valley Chapter IASIU, John Butchko, OIFP, Greta Gooden Brown, New Jersey Insurance Fraud Prosecutor.

In 2003, the national and international media continued to herald OIFP's successes as a model for emulation by others fighting insurance fraud, including coverage in the *Fraud International* magazine, the Coalition Against Insurance Fraud's *Fraud Focus*, Mealey's *Litigation Report-Insurance Fraud*, and other periodicals of regional and national stature. OIFP's efforts to fight insurance fraud have also been cited as an example of effective fraud fighting by at least one leading college textbook, *Criminology*.

In recent years, OIFP's many programs have also drawn recognition

OIFP Draws International Acclaim

from others in the fraud fighting community. OIFP's Medicaid Fraud Section has been nationally recognized by the federal government as one of the nation's most effective Medicaid Fraud Control Units. OIFP's media campaign has been commended for its excellence in addressing insurance fraud, and OIFP's series of roll call training videos are continuously requested by law enforcement officials from throughout the United States.

Individual efforts of those within OIFP were also formally acknowledged in 2003. OIFP's Deputy Chief of Criminal Investigations was cited by the Western New Jersey Chapter of the American Society for Industrial Security in May of 2003 for his exemplary dedication to fraud investigations and the fostering of a spirit of cooperation between law enforcement and the business community in New Jersey. OIFP's Insurance Industry Liaison was awarded the Outstanding Service Award by the Delaware Valley Chapter of the International Association of Special Investigation Units in June of 2003 for his dedication to the fight against insurance fraud in New Jersey, his sponsorship of joint training programs and ongoing working groups with the insurance industry, and his continuing efforts to foster an effective and mutually beneficial working relationship between law enforcement agencies fighting insurance fraud in New Jersey and the insurance industry. In October, 2003, he was also recognized by the New Jersey Special Investigators Association and awarded its 2003 Annual President's Award. In addition, in 2003, the Society of Investigators of Greater Newark (SIGN) selected an OIFP State Supervising Investigator to serve as its President.

The achievements underlying OIFP's unprecedented recognition by the national and international fraud fighting community in 2003 were, perhaps, best described by the National Special Investigations Manager of a major U.S. insurance carrier, when he praised OIFP as "the most sophisticated prosecutorial agency in the country" in the realm of insurance fraud.

Stephen D. Moore *is a Supervising Deputy Attorney General with the Office of the Insurance Fraud Prosecutor, where he supervises its Liaison Section and serves as Editor of its Annual Report. Prior to joining OIFP in 1999, he served seven years as the County Prosecutor in Cape May County.*

Insurance Reforms Toughen Fraud Penalties and Give OIFP New Tools

Insurance Reforms Toughen Fraud Penalties and Give OIFP New Tools

by Norma R. Evans

To send a clear and unequivocal message to the public that, if you commit insurance fraud in New Jersey you will be dealt with harshly, the New Jersey Governor and Legislature enacted a package of anti-fraud reforms in 2003 which address the need to enhance the State's ability to detect insurance fraud and severely punish those who commit insurance fraud.

By making "Insurance Fraud" a specific crime, New Jersey will be able to deal an even heavier blow to cheats who perpetrate insurance scams throughout the State. As a result of the new law, the Office of the Insurance Fraud Prosecutor (OIFP) has been empowered with provisions which allow for the imposition of far more stringent penalties to be levied against those who are convicted of committing fraud as it relates to virtually every aspect of insurance coverage.

Perhaps the most notable aspect of this reform is that the new crime of "Insurance Fraud" is now embedded in the New Jersey Criminal Code. Much like its counterpart, the "Health Care Claims Fraud" statute enacted in 1998, the crime of Insurance Fraud allows prosecutors to more aggressively confront specific conduct relating to insurance transactions.

By virtue of the enactment of the Health Care Claims Fraud statute, prosecutors were able to focus specifically on health care providers and others who sought to benefit from a seemingly endless variety of schemes to submit fraudulent claims for payment to insurance carriers and similar entities. That statute specifically delineated different penalties for health care providers and others who bilked our system of health care insurance. Although the Health Care Claims Fraud Act enabled prosecutors to severely punish both provider and non-provider offenders, it made the punishment for providers such as doctors and chiropractors even more se-

Insurance Reforms Toughen Fraud Penalties and Give OIFP New Tools

New Jersey Governor James E. McGreevey signs one of the toughest insurance fraud laws in the nation.

vere, citing the need to maintain the public's trust as essential to the preservation of the integrity of the "safety net" provided by health insurance.

Likewise, recognizing a strong need to directly and comprehensively criminalize all types of schemes to commit insurance fraud, New Jersey created a new crime of "Insurance Fraud" to toughen and streamline the investigation and prosecution of all persons or entities that knowingly commit, or assist or conspire with others to commit fraud against insurance companies and other entities providing insurance-like benefits. More broad in its coverage than that of the prior health care fraud legislation, the new crime of "Insurance Fraud" makes it illegal to make false representations with respect to any claim, application, payment or document used in any insurance or premium finance transaction, not merely those relating to claims for health care benefits.

Prior to the enactment of this legislative package, prosecutors were severely hamstrung in their ability to build major cases against those engaged in committing most types of insurance fraud. Unless the illicit conduct fell within the scope of crimes defined as "Health Care Claims Fraud," prosecutors were often left with no alternative but to prosecute the fraud as a theft by deception, which would require the building of a case based upon dozens, if not hundreds of fraudulent transac-

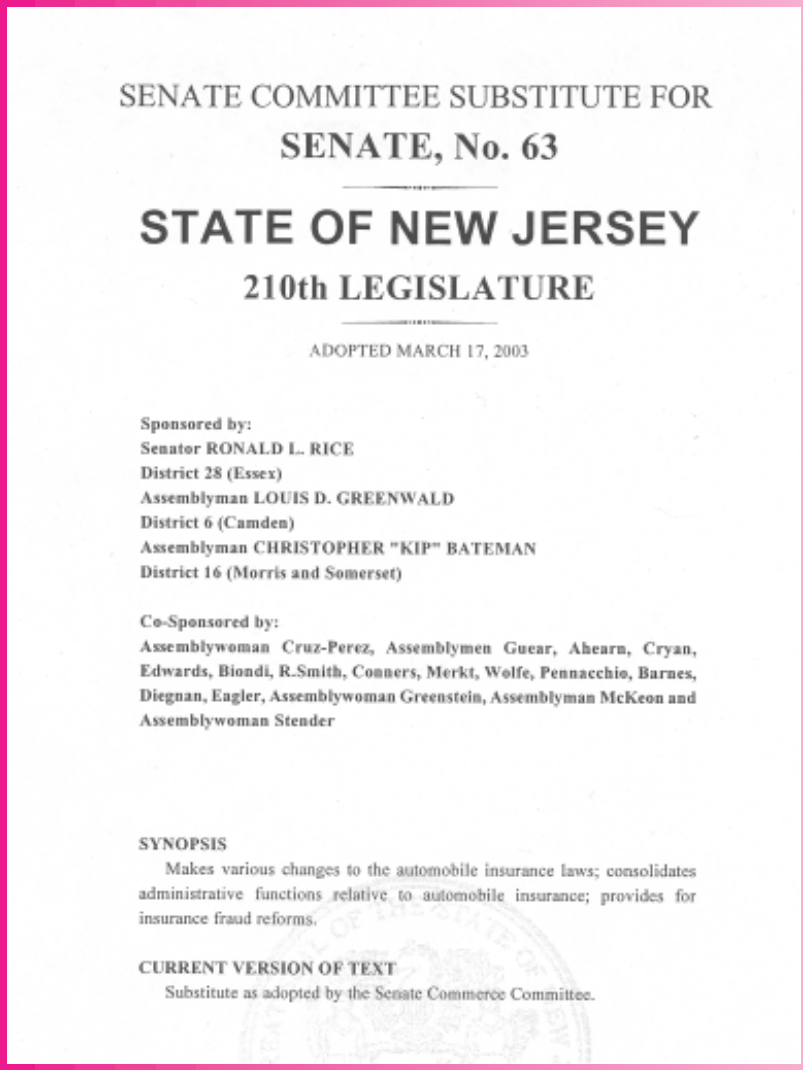
tions, to establish an aggregate theft in excess of $75,000, before a sentence requiring incarceration could be imposed. Preparing such a complex case would often consume years of investigative work, allowing perpetrators to continue to fleece insurance carriers while investigations continued on track.

Now, by creating the crime of "Insurance Fraud," the Legislature has given prosecutors a tremendous advantage in fighting the war against insurance cheats. A wrongdoer need only commit five acts of fraud with an aggregate theft amount of $1,000 to be subject to a sentence of five to ten years in the New Jersey State prison system. The five acts, as required under the statute, can be found in a single document, as each and every misrepresentation is considered an additional, separate and distinct offense for purposes of the crime of "Insurance Fraud." Previously, a conviction for such conduct would have likely resulted in either probation or admission into the Pre-Trial Intervention Program (PTI), with virtually no prospect for incarceration. The potential for such significant penalties under the new law will undoubtedly have a strong deterrent effect.

The new insurance fraud law also, for the first time, expressly criminalizes misrepresentations made in applications submitted to obtain various types of insurance. Such conduct, known as "application fraud" or "premium fraud," can now potentially result in a prison sentence as well.

In addition to the imposition of severe criminal penalties, individuals who hold licenses or certificates are now required to forfeit that license or certificate and to be permanently barred from the practice of their profession or occupation upon a second degree conviction of Insurance or Health Care Claims Fraud. This new law has, indeed, elevated the stakes for those licensed professionals who are driven by greed to cheat the system.

The new law also offers added incentives to encourage members of the public to participate in the fight against fraud by establishing, within OIFP, the "Insurance Fraud Detection Program." Significant financial incentives have been provided to encourage the public to come forward and report insurance fraud. By calling OIFP's 24 hour toll-free hotline or visiting OIFP's Web site at



SENATE COMMITTEE SUBSTITUTE FOR

SENATE, No. 63

STATE OF NEW JERSEY

210th LEGISLATURE

ADOPTED MARCH 17, 2003

Sponsored by:
Senator RONALD L. RICE
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Assemblyman LOUIS D. GREENWALD
District 6 (Camden)
Assemblyman CHRISTOPHER "KIP" BATEMAN
District 16 (Morris and Somerset)

Co-Sponsored by:
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SYNOPSIS

Makes various changes to the automobile insurance laws; consolidates administrative functions relative to automobile insurance; provides for insurance fraud reforms.

CURRENT VERSION OF TEXT

Substitute as adopted by the Senate Commerce Committee.

www.njInsuranceFraud.org, a person who provides information in accordance with certain guidelines, can now receive as much as $25,000 when that person has a reasonable suspicion or knowledge that someone is committing insurance fraud. Consequently, everyone can play a role in insuring that law-abiding citizens do not pay, through their insurance rates, to support the ill-gotten gains of insurance cheats.

The insurance fraud reform package also includes provisions which are designed to discourage the use of counterfeit insurance identification cards and give teeth to the requirement that motorists possess a valid motor vehicle insurance identification card. To curtail the widespread possession and use of fraudulent insurance identification cards, the legislature specifically mandated that the Commissioner of the Department of Banking and Insurance promulgate rules and regulations addressing the issuance, design and content of insurance identification cards. The regulations under this provision of the statute will require that insurance identification cards are designed so that counterfeit or fraudulent cards are readily detectable.

Further, under this legislation, the failure to possess a valid insurance identification card will now result in even harsher penalties than before. Not only will such a violation result in the issuance of a summons, but now, under certain circumstances, a failure to have one's vehicle properly insured may result in its impoundment, and even forfeiture to the State.

New Jersey is, indeed, serious about its war on fraud. While speaking at the Sixth Annual New Jersey Insurance Fraud Summit in October 2003, Governor James E. McGreevey stated that, "If you engage in insurance fraud, the State will take aggressive measures." By signing one of the toughest laws against insurance fraud in the nation, the Governor has underscored the leading role assumed by OIFP as a model for the nation in the aggressive pursuit of insurance fraud and the punishment of those who commit it.

Norma R. Evans *has been with New Jersey's Division of Criminal Justice for five years and currently serves as a Supervising Deputy Attorney General in charge of OIFP's Health and Life Section. Prior to her appointment with the Division, she was an Assistant Prosecutor with the Camden County Prosecutor's Office for seven years.*

OIFP Civil Enforcement Actions Pack a One – Two Punch in the Fight on Fraud

OIFP Civil Enforcement Actions Pack a One – Two Punch in the Fight on Fraud

by Melaine Campbell

Terry McSweeney may have thought he found a "slick" way to boost profits at his chiropractic practice in Newark, New Jersey when he used a "runner" to find patients to increase his business. McSweeney's problem was that he was paying a person who was actually working in an undercover capacity for New Jersey's Office of the Insurance Fraud Prosecutor (OIFP). In New Jersey, it is a serious crime for licensed medical providers, such as doctors and chiropractors, to pay "runners" to obtain patients for their professional practices in order to obtain insurance benefits or to assert insurance claims.

McSweeney was indicted for the crime of "criminal use of runners" and pled guilty. He ultimately entered New Jersey's Pre-Trial Intervention (PTI) Program on the criminal charges. But his troubles were not over. In a one-two punch in New Jersey's fight against insurance fraud, McSweeney was hit with an additional penalty--a $15,000 civil insurance fraud fine. His activities were also referred to the Board of Chiropractic Examiners, which licenses chiropractors, for appropriate licensing action.

L. C. Thomas was a licensed insurance agent, formerly doing business in Teaneck, New Jersey, who fraudulently obtained more than $1.2 million in life insurance policies. Thomas admitted that he assisted William Conyers, a licensed funeral director who owned and operated the Conyers Funeral Home in Hackensack, and Conyers' wife, Mollie, vice-president of Conyers Funeral Home, in falsifying several life insurance applications submitted to carriers for life insurance policies. They concealed the fact that the insured persons had pre-existing medical conditions such as the AIDS virus and falsified the applications by naming persons as beneficiaries who had no insurable interest in the lives of the insured persons.

OIFP Civil Enforcement Actions Pack a One – Two Punch in the Fight on Fraud

L. C. Thomas was convicted of attempted theft by deception and sentenced to probation. Both Conyerses were also convicted of various offenses following a 17-day jury trial. William Conyers was sentenced to 11 years in State prison and Mollie Conyers was sentenced to two years probation conditioned upon serving 364 days in the county jail. Then, the civil penalty portion of New Jersey's anti-fraud insurance statute kicked in and L. C. Thomas was also fined $5,000.

Civil Actions Complement the Criminal Prosecutions

The investigation of cases of suspected insurance fraud by OIFP-Civil provides law enforcement with an invaluable weapon in the battle against insurance fraud. Actions by OIFP-Civil can stand alone or can complement the prosecution of a criminal case. In fact, most cases which result in a successful criminal prosecution also result in the imposition of civil penalties under the Insurance Fraud Prevention Act (Fraud Act). Since the imposition of a civil fine under the Fraud Act requires the lesser "preponderance of the evidence" burden of proof for civil cases, civil enforcement actions can be successfully pursued in cases where criminal prosecutions are not appropriate. Furthermore, the Statute of Limitations for civil insurance fraud actions is ten years, substantially longer than the five year time limit within which most criminal prosecutions can be brought. Consequently, the majority of OIFP's insurance fraud investigations are conducted by the civil side of the Office.

During 2003, OIFP successfully brought numerous civil actions in conjunction with criminal cases prosecuted by OIFP or by County Prosecutors' Offices. OIFP's Operation "Give & Go" targeted automobile "give-ups" and auto thefts involving 46 vehicles valued at over $1 million. By the end of 2003, 38 New Jersey residents were indicted for "giving-up," or for their involvement in the theft of late model luxury automobiles in order to fraudulently collect insurance monies. In addition to criminal prosecution, all the defendants face substantial civil fines.

The Fraud Act provides for fines of up to $5,000 for a first violation, $10,000 for a second violation, and $15,000 for third and subsequent violations. Each misrepresentation or fraudulent omission in a claim or application constitutes a separate violation of the Act, triggering liability for the specified fines. In addition to the imposition of civil fines, where appropriate, OIFP-Civil also seeks to recover restitution and attorneys' fees from the violator.

Civil Actions at Nationwide High Levels in 2003

Issuance of Civil Consent Orders are authorized under the Fraud Act after an investigation reveals a violation of the Act. A Civil Consent Order represents a preliminary settlement offer to the violator providing the violator with the earliest opportunity to voluntarily agree to the terms of the order, the findings of the investigation, and the imposition of an agreed upon civil fine. Otherwise, the case is referred to civil attorneys in the Division of Law for litigation.

OIFP-Civil imposed 4,362 Insurance Fraud Sanctions in 2003. This statistic supports the 2003 Coalition Against Insurance Fraud report which noted that New Jersey led all other states in the number of civil actions taken against people trying to cheat the system. Greater emphasis on better civil investigations has yielded a significant increase in the per case resolution obtained by civil attorneys in OIFP's litigated cases. In 2002, the average case resolution was $5,600. By contrast, the

average case in 2003 was $9,400. The total number of judgments for 2003 was 397, as compared to 356 in 2002.

In 2003, OIFP-Civil referred 318 cases to the Division of Law for the filing of civil enforcement actions stemming from the refusal of insurance fraud violators to either voluntarily execute consent orders or to make payments on outstanding consent orders. There were 345 civil actions resolved by the Division of Law in 2003, resulting in the imposition of $3,133,869 in penalties, fees and restitution.

Specialization in the Fight Against Insurance Fraud

OIFP-Civil is divided into squads and teams which investigate allegations of insurance fraud arising out of property and casualty, health and life, and automobile insurance coverages. When fully staffed, 54 investigators are assigned to auto insurance fraud, 34 to property and casualty insurance fraud, and 43 to health and life insurance fraud investigations. In addition, 12 Criminal and Civil Investigators are assigned to supervisory positions in OIFP-Civil, while another six Civil Investigators perform various professional support functions in OIFP-Civil, such as maintaining required databases, production of OIFP training videos and other publications, and performing similar tasks requiring a high level of expertise. The following describes each of the teams and highlights typical cases brought by the teams throughout the year.

Jersey's insurance fraud prosecutions tops in U.S.

By William Young

When it comes to insurance fraud, New Jersey is tops in the nation. Prosecuting it, that is.

The Washington, D.C.-based Coalition Against Insurance Fraud released a study of the 43 state insurance fraud bureaus in the nation and found the New Jersey Office of Insurance Fraud Prosecutor led all others in the number of civil actions it took against people trying to cheat the system.

It has only been five years since the insurance fraud office was created, so its ascension to No. 1 is somewhat remarkable.

"This report establishes unequivocally that our Office of Insurance Fraud Prosecutor leads the nation when it comes to fighting this costly crime of insurance fraud," said Gov. James E. McGreevey. "Insurance fraud costs the average New Jersey household $200-$300 a year in added premiums."

The office opened 4,986 new cases in 2002, more than double the number of second-ranked California. Additionally, the office took 2,590 civil actions against fraud perpetrators last year.

Fraud Prosecutor Greta Gooden Brown noted that nationwide, insurance fraud is an $80 billion industry.

"For years, law enforcement paid little attention to insurance fraud, because they viewed it as a minor, non-violent crime," she said.

The fraud office said this year's statistics should mirror last year's in terms of total cases filed and civil actions, and that as of the end of November, 318 people had been charged with some criminal charge related to insurance fraud, up from 302 in 2002.

Reporter William Young can be reached at wyoung@njlnews.com.

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Auto Fraud Teams

During 2003, a significant number of investigations successfully targeted vehicle owners and lessees seeking to dispose of their vehicles in order to collect insurance proceeds and escape their expensive lease or loan payments. These cases are commonly known as owner "give-ups."

John P. Fagan, a former West Orange police officer, filed a false police report with the Wayne Police. He also filed an Affidavit of Theft with his insurance company containing false and misleading information. Although Fagan claimed that his vehicle had been stolen, Fagan voluntarily relinquished the car to other persons as part of a scheme to obtain payment from the insurer. Fagan pled guilty to

criminal charges and executed consent orders totaling $8,000 for his part in this "owner give-up" scheme.

Other types of automobile insurance fraud, such as phony and exaggerated claims for property damage, phony claims associated with staged accidents, and fraudulent claims by "jump-ins" who falsely claim to have been injured as passengers in an automobile accident when they were not involved at all, are also investigated.

Several individuals entered into Consent Orders during 2003 resulting from their involvement in a staged accident scheme. As a result of this scheme, 28 persons were indicted on charges that they "set-up" more than 90 "staged" automobile accidents which resulted in 24 insurance companies paying more than $2 million in fraudulent automobile accident and personal injury claims. In addition to criminal penalties upon conviction, these individuals will face substantial civil penalties.

In addition to the civil component of criminal investigations, the Civil Auto Fraud Teams investigate cases where civil fines have traditionally been levied. These cases typically involve "rate evasion," where an insured misrepresents the garaging location of an insured vehicle in order to obtain a lower premium rate or "application fraud," where the insured lies on an insurance application such as misrepresenting the individuals residing in the household who are of driving age, or the actual use of the vehicle, or fraudulently registering commercial vehicles as personal vehicles in order to obtain the lower insurance rates which reflect the lower risks associated with non-commercial vehicle use. Insureds who are caught committing rate evasion or application fraud typically are fined an amount which is far greater than the savings they would have enjoyed by misrepresenting the use or drivers of their vehicles to their insurance companies.

Health and Life Teams

Civil Investigators conduct investigations of a variety of schemes perpetrated by both medical providers and patients to bilk insurance companies. Frauds perpetrated by providers include billing for services not rendered, misrepresenting the nature of services rendered in order to charge a higher fee, and "unbundling" or billing for multiple services when billing for only a single procedure is appropriate. Other fraud perpetrated by providers may involve billing for services rendered beyond the scope of a provider's license.

OIFP-Civil imposed a $100,000 civil fine against Yong Jin Kim who practiced acupuncture without a license. Kim forged the signature of his father, Ki Min Kim, a licensed acupuncturist who had died, in order to renew his father's license to practice acupuncture. Kim submitted claims to insurance carriers using the name and license number of his deceased father. Kim was charged by the Ocean County Prosecutor's Office with health care claims fraud and pled guilty.

In addition to Yong Jin Kim, another provider, Thomas Boselli, was fined $100,000. Boselli had been practicing chiropractic medicine for 16 years without a license. An investigation determined that Boselli submitted 1,870 claims for 56 patients since 1995 totaling more than $125,000, of which he was paid in excess of $54,000. Boselli fraudulently signed all the claim forms as a licensed chiropractor.

Other OIFP-Civil cases involve insurance fraud committed by patients or purported patients. These cases include patients submitting fabricated bills for treatments that were never provided or subjects submitting bills for reimbursement of fraudulent prescriptions.

Patricia and Paul Sullivan were fined $25,000 for three schemes designed to defraud Metlife Insurance

Company and Blue Cross/Blue Shield out of $48,380. The schemes included altering co-pays on prescription receipts, seeking reimbursement for costs not actually incurred, and seeking reimbursement for the full costs of drugs when the drugs were never actually dispensed. The Sullivans were also prosecuted criminally.

Cassandra Hankins and Jay Earl Hankins defrauded MetLife Insurance Company. Cassandra misrepresented herself as Jay's ex-wife, using the ex-wife's insurance card to obtain an abortion and dental work. Cassandra and Jay Hankins were each fined civilly in the amount of $5,000.

John Currie repeatedly misrepresented his inability to work, receiving $38,169 in disability benefits to which he was not entitled. Surveillance and employment verification by Unum Provident SIU revealed that Currie was employed full time while claiming to be disabled. Currie reimbursed Unum for the claim and paid a $10,000 fine levied by OIFP-Civil.

Property and Casualty Teams

Cases investigated by the Property and Casualty Teams arise out of different types of insurance policies, including homeowners and commercial insurance policies. Fraudulent claims under these policies often involve the exaggeration or fabrication of claimed losses due to theft, burglary or casualty, or the making of multiple claims for a single loss. The Teams also investigate instances of suspected insurance agent fraud which typically involve the embezzlement of clients' premiums or the purposeful misrepresentation of information on insurance applications in order to obtain lower rates on behalf of a client.

John P. Miller and Louise Miller filed a fraudulent homeowners claim in relation to a fire loss of their residence. The investigation revealed that Louise Miller conspired with her brother-in-law, David Clark, in the arson of the home, for the purpose of collecting insurance benefits. John Miller became aware of the arson after the incident, but failed to notify Ohio Casualty that the fire had been set intentionally. The Millers were civilly fined $6,500 and prosecuted criminally, Louise for committing arson to collect insurance, and John for hindering apprehension.

Fireman's Fund Insurance Company referred an allegation that Solomon "Sammy" P. Bouzaglou falsely claimed that his inventory was accidently damaged by a faulty sprinkler head, when, in fact, he had conspired with others to purposefully destroy the inventory and collect the insurance proceeds. Bouzaglou and co-conspirator, Joseph Benlolo, were each fined $5,000 by OIFP-Civil in addition to facing criminal prosecution by OIFP-Criminal.

OIFP *Civil 2003 Initiatives*

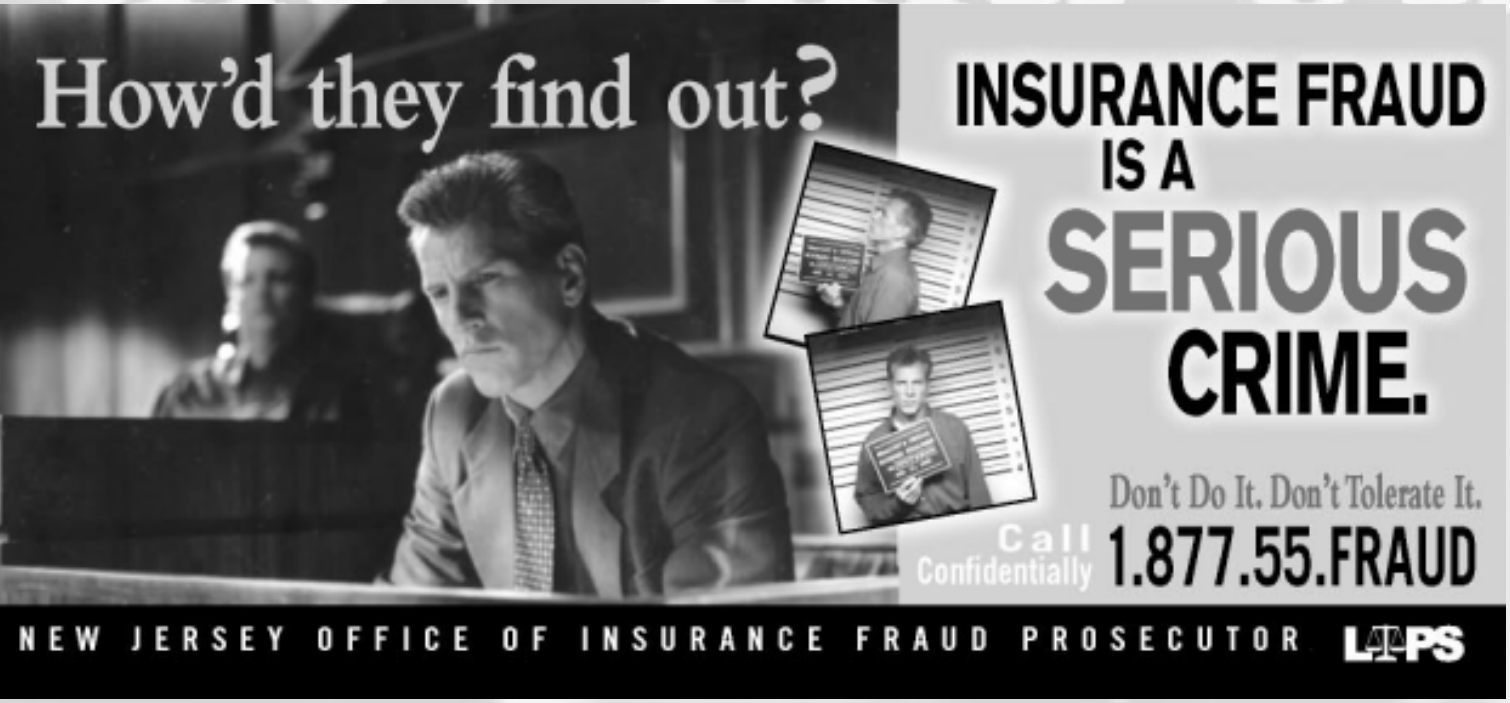
In addition to investigating and developing cases referred to OIFP by insurance carriers or citizens, OIFP-Civil Investigators continued working in 2003 on proactive initiatives to ferret out insurance fraud in its many forms.

Contractors who thought they could beat the system by paying cheaper rates for private passenger auto insurance on their commercial vehicles were in for a rude awakening in 2003. Civil Investigators targeted this fraud scheme, successfully bringing actions against numerous contractors.

OIFP-Civil continued working with the Philadelphia Fire Marshal's Office and other law enforcement agencies to investigate auto "give-ups" which have been found burned in Philadelphia. These cases involve New Jersey vehicle owners and lessees who "give-up" their cars to co-conspirators who, for a fee, dispose of the cars by burning them in Philadelphia. The owners or lessees then file false insurance claims for theft. To date, OIFP-Civil has imposed several civil penalties in New Jersey resulting from this initiative.

Throughout 2003, Civil Investigators continued to develop significant cases, analyze trends, and explore new and creative ways to combat the endemic problem of insurance fraud in New Jersey.

Melaine Campbell *is a Supervising Deputy Attorney General and serves as a Special Assistant to the Insurance Fraud Prosecutor. She has been a prosecuting attorney for over 23 years, serving terms as an Assistant Prosecutor in Hunterdon County and Acting County Prosecutor in Somerset County.*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LAPS

OIFP Public Awareness and Insurance Fraud Training Programs Spread the Word on Insurance Fraud

by John Butchko

From its inception in 1998, the New Jersey Office of the Insurance Fraud Prosecutor (OIFP) has dedicated itself to educating and informing friend and foe, alike, that insurance fraud is a serious crime that will not be tolerated in New Jersey. Or, as stated in OIFP's award winning public awareness campaign, "New Jersey is Fed Up," OIFP's multi-channeled, multi-media approach to public outreach and training efforts has been a major contributing factor to OIFP's success as an international leader in the war on fraud in 2003. By developing specialized fraud awareness and training programs for the insurance industry, County Prosecutors and local law enforcement, as well as by pursuing a statewide fraud awareness program for the general public, OIFP continues to effectively spread the word regarding the significant impact of insurance fraud on the residents of New Jersey, as well as how we can each do our part in stamping it out.

Industry Awareness Efforts

OIFP's multi-channeled approach to education and training in the field of insurance fraud has spawned frequent opportunities for sharing New Jersey's "zero tolerance" approach to the investigation and prosecution of insurance fraud with insurance industry professionals, not only locally and nationally, but throughout the world. In September of 2003, New Jersey Insurance Fraud Prosecutor Greta Gooden Brown was invited to be the guest keynote speaker at the annual Asia Pacific Fraud Conference in Australia, where she was joined by members of the Federal Bureau of Investigation, the Coalition Against Insurance Fraud, Europe Pol, and the Australian Health Insurance and Crime Commissions to provide information on effective insurance fraud detection and prosecution strategies to professionals from countries around the Pacific Rim. Prosecutor Brown and

OIFP were subsequently featured on the cover of *Fraud International* magazine's November-December issue, which cited OIFP's successes as a model for similar fraud fighting agencies.

In 2003, OIFP also hosted, and provided assistance to, a representative of the Columbian Institute for Fraud Prevention and Detection, who visited the United States for guidance and advice in establishing a similar agency in the country of Columbia to fight insurance fraud. Representatives of OIFP were also requested to share their insurance fraud fighting expertise as keynote speakers and lecturers at many other insurance fraud workshops and conferences, including the Insurance Fraud Managers' Council, the Delaware Valley Chapter of the International Association of Special Investigative Units, the New Jersey Special Investigators Association, the Insurance Council of New Jersey, the Greater Philadelphia Claims Association, the Health Insurance Finance Managers Association and the Charter Property/Casualty Underwriters of Central Jersey.

With the support and commitment of the New Jersey insurance industry, in 2003, OIFP established the OIFP/Industry Joint Training Program, where insurance fraud detection and prosecution techniques can be shared among New Jersey insurance professionals. Through the Program, OIFP has provided lectures, hands-on training, and other informational presentations to nearly two thousand insurance company employees in 2003, including insurance industry producers, underwriters, claims adjusters, SIU investigators and defense attorneys. By reaching out to every segment of the insurance community, OIFP and its industry partners remind us all to maintain our collective vigilance in detecting, reporting and prosecuting insurance fraud. These opportunities have proven to be highly beneficial in fostering the spirit of cooperation and collaboration necessary to successfully investigate and prosecute insurance fraud.

OIFP's Liaison Section, working with the Division of Criminal Justice's Media Center, has also implemented a mechanism, relying upon "broadcast" e-mails, to provide insurance industry representatives with all OIFP press releases virtually immediately upon their dissemination to the news media. This new program to promptly inform the insurance industry of individuals who have been criminally charged by OIFP, or who have been convicted or sentenced for insurance fraud in the courts, provides claims representatives and industry fraud investigators with timely and invaluable information which enables them, in many cases, to expeditiously assess potential claims exposure stemming from possible or proven insurance fraud.

Law Enforcement Training Programs

As in past years, OIFP in 2003 again provided in-service training for Assistant Prosecutors and investigative personnel from the 19 County Prosecutors' Offices receiving insurance fraud grants from OIFP. This annual training is designed to update County Prosecutor staff assigned to handle insurance fraud cases on current and emerging insurance fraud issues, as well as to offer them legal and investigative training in insurance fraud in order to better enable them to investigate and prosecute insurance fraud in their respective counties. With the assistance of OIFP's County Prosecutor Liaison, who served as organizer and moderator, County Prosecutor personnel participated in the 2003 13th Annual New Jersey Special Investigators Association (NJSIA) Con-

ference. Many of those in attendance benefited by participating as panel members or otherwise contributing to a workshop in the form of a "County Investigators Roundtable Discussion," which presented a wide variety of the most successful pro-active insurance fraud programs being implemented by County Prosecutors' Offices from around the State.

The Insurance Fraud Prosecutor and County Prosecutor Liaison, on several occasions throughout the year, also made presentations directly to the State's 21 County Prosecutors, explaining in detail the operations of OIFP, its program of insurance fraud grants available to their respective offices and the Attorney General's recently promulgated Guidelines for the Investigation and Prosecution of Insurance Fraud. The County Prosecutor Liaison and grant experts from the Division of Criminal Justice also conducted meetings directly with representatives of County Prosecutors' Offices to review and explain the program requirements of the County Prosecutor Insurance Fraud Reimbursement Program, now entering its sixth year of providing financial assistance to County Prosecutors who wish to establish or augment insurance fraud units within their offices.

Through its Law Enforcement Liaison, OIFP's law enforcement outreach efforts continued to provide insurance fraud identification training to local police officers. Recognizing that the patrol officer on the street often represents the first line of defense against insurance scams such as "staged" accidents, fraudulent auto thefts, and false or inflated burglary loss claims, OIFP conducts a comprehensive program of specialized training to both rookie and veteran police officers. For experienced officers, training is offered on varying topics depending on the needs and interests of the particular officers receiving the training. For police recruits, introductory insurance fraud training is provided at county police training academies that addresses the detection and investigation of insurance frauds ranging from phony insurance identification cards to staged auto accidents and thefts. In 2003, OIFP conducted training for over 415 police officers over the course of 16 separate sessions. The OIFP's Liaison Section also staffed exhibit booths at the New Jersey Police Expo held in conjunction with the annual New Jersey Chiefs of Police Convention in Atlantic City in June 2003, and the annual NJSIA Conference, also held in Atlantic City later in the year. Information and other resource materials, including brochures, manuals and OIFP produced Insur-

Joy Champion, Special Agent of the National Insurance Crime Bureau, addresses members of the OIFP Civil Investigator Academy.

OIFP Civil Supervisor Michele Margiotta hands out literature at the 13th Annual New Jersey Special Investigators Association Training Conference.

ance Fraud Roll Call Training Videos, were made available to attendees at both events.

In addition to its roster of training opportunities provided to other law enforcement agencies, at least once a year, OIFP conducts a Basic Course for Civil Investigators spanning several weeks, as well as providing other in-service training opportunities for in-house State Investigators and Deputy Attorneys General who investigate and prosecute OIFP's criminal cases.

Statewide Public Anti-Fraud Awareness Campaign

With the conclusion of the third and final phase of OIFP's first, highly acclaimed public awareness campaign, which featured television and radio commercials, billboards, newspaper advertisements and posters on New Jersey Transit trains and buses, OIFP continued its public awareness program in 2003 through additional, alternative channels, including the distribution of anti-insurance fraud posters and literature which were originally produced as part of its first media campaign. In 2003, OIFP began developing a new media campaign which is ex-

pected to build on the success of its first effort. Accordingly, it is anticipated that OIFP will launch a new public awareness message in 2004, which will amplify and expand upon the message of the prior campaign, that insurance fraud is a serious crime that can put you "behind bars."

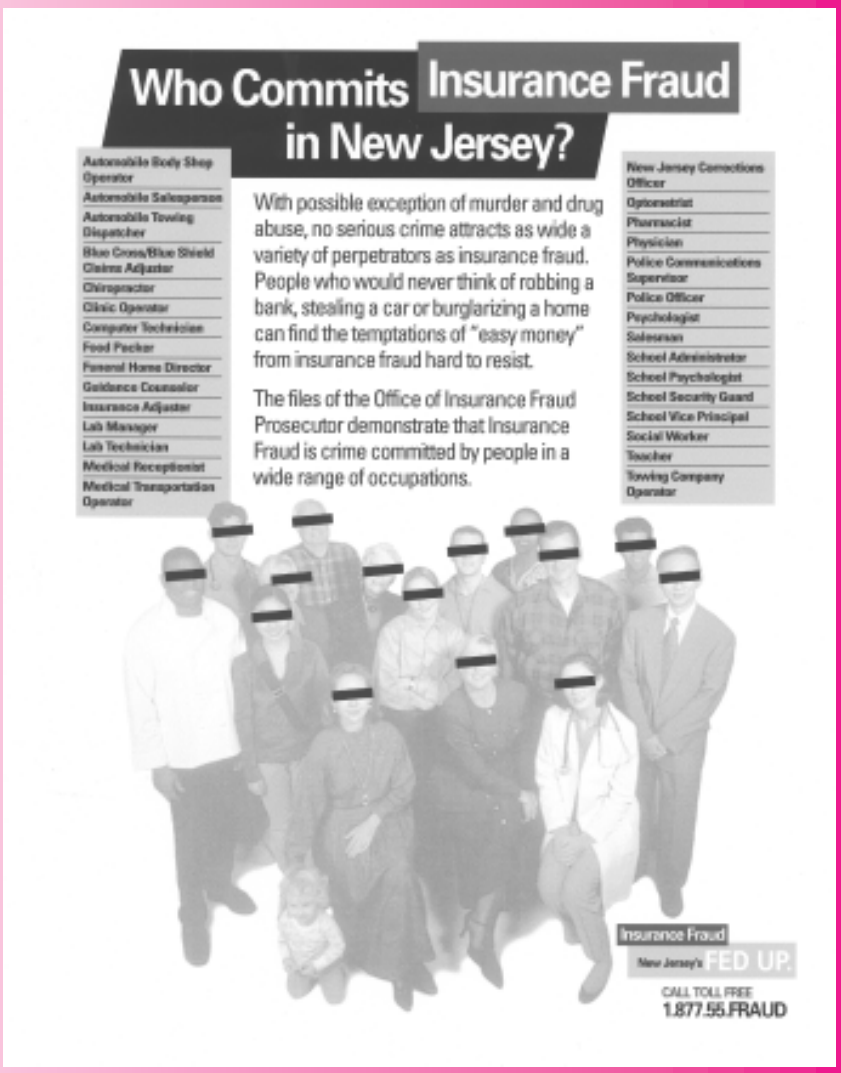
OIFP Online

OIFP also maintains an informative Web site, ***www.njInsuranceFraud.org***, where, in addition to explaining OIFP's mission and offering general information regarding insurance fraud, OIFP posts its Annual Reports to the Governor and Legislature as well as OIFP press releases reporting significant events in the progress of OIFP's cases, such as the indictment, conviction and sentencing of individuals who have committed insurance fraud in New Jersey. The Web site explains the most commonly committed types of insurance fraud and offers the public several means of reporting cases of suspected insurance fraud to OIFP, including an online reporting form and the listing of both an e-mail address and hotline phone number staffed by OIFP employees. The Web site also enables visitors to view OIFP's media campaign television ads, and posts information and forms for the insurance industry regarding their requirements for reporting fraud to OIFP. By the end of 2003, OIFP, working with the Media Center of the Division of Criminal Justice, was nearing completion of a major expansion of the Web site, which will offer additional online resources for law enforcement officials engaged in the investigation of insurance fraud. This expansion is expected to go online early in 2004.

Annual New Jersey Insurance Fraud Summit

OIFP's public awareness efforts culminate annually in the holding of an insurance fraud summit, which has evolved over the last several years to become one of the most important meetings of insurance fraud officials in the world. The Summit is hosted by OIFP, co-sponsored by the New Jersey Special Investigators Association (NJSIA) and the Insurance Council of New Jersey (ICNJ) and attended by officials such as New Jersey Governor James E. McGreevey, Attorney General Peter C. Harvey, Director of the Division of Criminal Justice Vaughn L. McKoy and Insurance Fraud Prosecutor Greta Gooden Brown, as well as by insurance industry and law enforce-

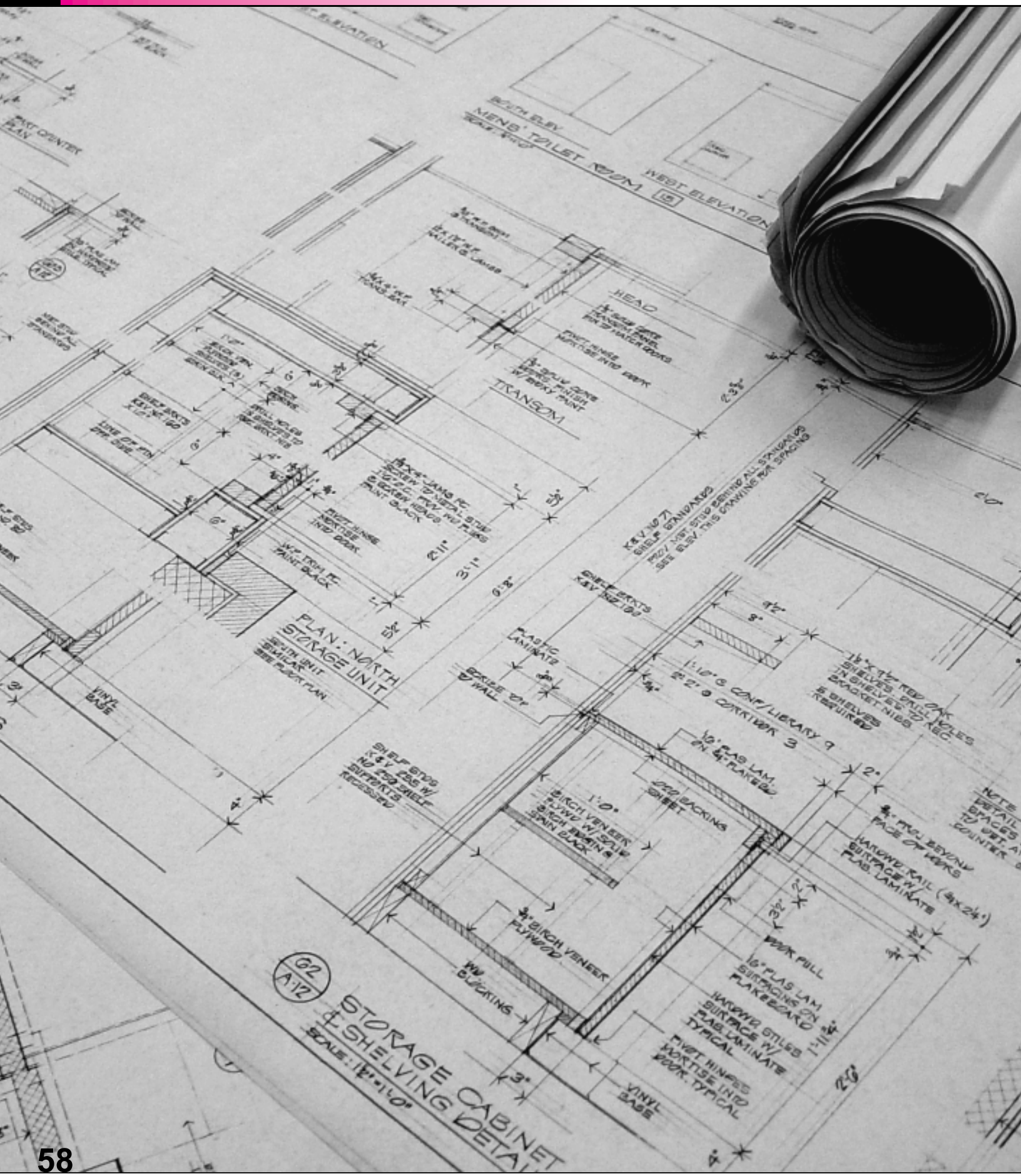
www.njInsuranceFraud.org



ment executives. The Summit serves as a vehicle to emphasize the importance of the public/private partnership between government and industry officials in New Jersey's war against insurance fraud. At this year's Sixth Annual Summit, the First Annual Insurance Fraud Prosecutor's "Excellence in Investigation Award" was presented to Prudential Property & Casualty as the Special Investigative Unit which most exemplified excellence in the quality of their referrals to OIFP, as well as in their cooperation and coordination with OIFP, and the outcome of their investigations. The Summit included breakout sessions for insurance industry executives, SIU representatives and members of the law enforcement community, where current issues of particular interest to each group were explored in depth. Summit keynote speakers,
including Dennis Jay, Executive Director of the Coalition Against Insurance Fraud, and William J. Mahon, President and CEO of the National Health Care Anti-Fraud Association, used the occasion to offer a national perspective on New Jersey's noteworthy insurance fraud accomplishments in 2002 and 2003.

John Butchko *is a 25 year veteran of State government and currently serves as a Special Assistant in the Office of the Insurance Fraud Prosecutor where he acts as the Liaison to the insurance industry, the New Jersey Department of Banking and Insurance, and the New Jersey Motor Vehicle Commission. Prior to joining OIFP in 1998, he served as the Chief Investigator and Deputy Director of the Division of Insurance Fraud Prevention in the New Jersey Department of Banking and Insurance.*

OIFP's Office Structure, Organization and Operations



OIFP's Office Structure, Organization and Operations

A Blueprint for Fighting Insurance Fraud

by Scott Patterson
and Stephanie Stenzel

When it was created on May 19, 1998, by the New Jersey Legislature pursuant to the provisions of the Automobile Insurance Cost Reduction Act (AICRA), the Office of the Insurance Fraud Prosecutor (OIFP) was established as New Jersey's designated lead agency to implement a comprehensive program to investigate and prosecute insurance fraud as effectively and efficiently as possible. Accordingly, OIFP was vested under AICRA with authority and responsibility for investigating all types of insurance fraud, and for conducting and coordinating criminal, civil, and administrative investigations and prosecutions of insurance and Medicaid fraud throughout New Jersey. In order to provide for the most effective and well integrated statewide strategy possible to combat insurance fraud, OIFP was also empowered under AICRA to oversee and coordinate the anti-insurance fraud efforts of law enforcement, and other public agencies and departments in New Jersey, with private industry.

OIFP was established as a law enforcement agency within the Division of Criminal Justice in the Department of Law and Public Safety, under the authority of the New Jersey Attorney General, with a primary mission to criminally prosecute insurance fraud. However, in order to unify both civil and criminal authority for investigating and prosecuting insurance fraud in one agency, AICRA also required that certain civil enforcement functions previously within the purview of the Division of Insurance Fraud Prevention in the Department of Banking and Insurance be transferred to OIFP pursuant to a plan of reorganization, which became effective on August 24, 1998. Among other things, the reorganization plan transferred the entire civil investigative staff of the Division of Insurance Fraud Prevention to OIFP, thereby eradicating the former fragmented approach to

combating insurance fraud in the State of New Jersey and consolidating both criminal and civil enforcement authority in one agency, OIFP, and under one agency head, the Insurance Fraud Prosecutor. In addition to the traditional functions of investigation and prosecution as a law enforcement agency, OIFP administers a wide range of programs designed to inform the public, train law enforcement and engage both the public and private sectors in OIFP's efforts to eradicate insurance fraud.

OIFP is managed and directed by the New Jersey Insurance Fraud Prosecutor, a gubernatorial appointee, and comprises both a criminal and civil bureau. Each bureau, in turn, is comprised of several specialized sections. In order to achieve the increased efficiencies resulting from greater specialization, OIFP undertook a major structural reorganization in 2002 and 2003, which culminated in the creation of separate investigative sections within both the criminal and civil sides of OIFP. OIFP-Criminal now includes specialized insurance fraud sections focusing on auto fraud, health and life fraud, and property and casualty fraud, as well as a Medicaid Fraud Section. OIFP-Civil is comprised of similarly specialized teams of Civil Investigators who investigate cases of possible violations of the New Jersey Insurance Fraud Prevention Act (Fraud Act) and pursue restitution and the imposition of civil fines in appropriate cases. OIFP-Civil frequently imposes fines or obtains restitution in cases where OIFP would otherwise be unable to pursue a successful criminal prosecution because of the heightened burden of proof required in criminal cases.

At the heart of OIFP's success in combating insurance fraud is a carefully crafted blueprint for receiving, screening, assigning and tracking nearly 10,000 new cases each year. All referrals to OIFP, whether from insurance companies, the OIFP hotline or web site, citizen complaint letters or walk-ins, administrative agencies or other law enforcement agencies, are received by OIFP's Case Screening, Litigation and Analytical Support Section (CLASS). CLASS, formerly designated within OIFP as the Analytical Case Tracking and Information Unit (ACIU), services both the criminal and civil sides of OIFP. The unit is headed by a Supervising Deputy Attorney General (SDAG) and a Supervising State Investigator (SSI), and is staffed with Civil Investigators, Analysts, Technical Assistants and clerical/administrative support personnel.

The CLASS unit is more than simply a depository for all insurance fraud referrals, however. In anatomical terms, it represents the central nervous system of the OIFP organizational structure. Its primary function is to intake and input all referrals, compare them to existing databases, and then direct the referrals to the appropriate specialized units within OIFP for investigation whenever it appears that a viable insurance fraud prosecution, either civil or criminal, or both, can be developed. In those situations where the incoming referral does not involve a violation of the Fraud Act or a possible criminal violation, the CLASS unit insures that referrals are made to appropriate outside entities or agencies, such as the Department of Banking and Insurance or a professional licensing board.

Because of the lucrative nature of committing insurance fraud and the ease with which it can often be committed, the CLASS unit receives a voluminous number of referrals each year. Upon receipt of each referral by CLASS, documentation relating to the referral is promptly date stamped. Subjects of the referrals are then searched in existing databases and entered into

Law Manager, OIFP's case tracking database. Case numbers are subsequently assigned. The information received in the referral is screened by Civil Investigators who determine whether there is sufficient evidence to initiate a civil and/or criminal investigation. If a referral appears to involve a criminal violation, it is reviewed by the SDAG who decides whether to accept or decline it for criminal investigation. The screening process usually includes obtaining additional background information on subjects from queries of various governmental and public records databases. All cases are then assigned for investigation, referred to other agencies, or closed and referenced for possible later review, should the subject of the referral again come to the attention of OIFP authorities.

Cases that warrant investigation are coded by type of insurance fraud, such as auto, life or disability, and assigned to one of OIFP's three regional offices. After cases have been assigned, Analysts and Technical Assistants in CLASS continue to support civil and criminal investigators by providing additional database support, as needed, and in-depth analyses of evidence developed in designated cases. Many of OIFP's larger and more complex investigations often require CLASS unit Analysts and Technical Assistants to assist in the investigations, and, on a case by case basis, use a variety of cutting edge software applications to analyze complex relationships among individuals, businesses, and their financial dealings. Depending upon the requirements of the investigation, various types of analyses are performed, including association, event flow, insurance claim, commodity flow, financial transaction, times series, telephone record, and statistical analyses. Among the records that may be subject to OIFP's various analytical tools are insurance billings, financial records, corporate filings, investigative reports, surveillance reports, telephone tolls, electronic surveillance transcripts or tapes, interviews, testimony and public databases. Typically, the products generated by an OIFP Analyst include reports, tables, graphs, charts, flow diagrams and free form charts, many of which are later used as Grand Jury or trial exhibits.

OIFP's success is attributable, in great part, to the ability of its several information management systems to track and manage cases. These systems contain information for tracking and managing cases referred to, and from, OIFP, as well as information which can be tapped for investigative research to identify possible patterns and trends in insurance fraud. The Law

Manager Database Integrated Computerized Case Tracking System, which captures data in incoming referrals to OIFP and monitors the progress of investigations stemming from those referrals, was significantly enhanced in 2003 to incorporate information on criminal, as well as civil, investigations.

Always in the forefront of fighting fraud, OIFP partnered in 2003 with Insurance Claims Services, Inc., while addressing AICRA's mandate for the development and maintenance of an All Claims Database. The All Claims Database will enable OIFP to access claims related to auto accidents and related property damage for all New Jersey insurance carriers writing premiums in excess of $2 million per year, and who are required by law to submit claims to the organization. Most insurers in New Jersey write enough auto insurance business in New Jersey to meet the threshold for submitting their data, making the database a substantial and relatively comprehensive investigative resource.

Access to the All Claims Database and the ability to review nearly all claims submitted in New Jersey will now provide OIFP with a bird's eye view of automobile accident claim activity that would not otherwise be accessible to individual carriers. Analysis of the claims data will also enable OIFP trained personnel to detect new and emerging trends and patterns of insurance fraud. Link analysis tools integrated with the All Claims Database will allow investigators and analysts to associate claimants, automobiles, providers, and attorneys in such a way that staged auto accidents and orchestrated "ring" activities can be detected. These software applications will prove beneficial not only to the State Investigators who use them in developing their investigations, but also to prosecutors, judges and jurors when the investigations are complete and matters proceed to trial.

OIFP is mindful that insurance cheats continually refine current fraud schemes and seek ways to devise new ones. History has demonstrated that, to be effective in combating fraud, OIFP must continue its leadership role in pursuing insurance "fraudsters" with the most effective investigative and legal "ammunition" possible. Using current and innovative analytical software and employing the most highly trained personnel is essential to this task. The goal of deterring, if not eradicating, insurance fraud in New Jersey is an enormous one. Carefully contemplated and crafted legislation enacted by our elected representatives, which provides our prosecutors and investigators with the most effective tools to investigate and prosecute insurance fraud, together with OIFP's commitment to "stay ahead of the curve" in the areas of personnel, training and technological advances, will only continue to ensure that OIFP's vision of defeating insurance fraud on every front becomes a reality.

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Cooperation, Coordination and Communication Key to OIFP Success

Sheila Breeding of Allstate New Jersey joins Attorney General Peter C. Harvey, Division of Criminal Justice Director Vaughn McKoy and Insurance Fraud Prosecutor Greta Gooden Brown in announcing the State indictment against staged accident ringleader Iris Salkauski.

Cooperation, Coordination, and Communication Key to OIFP Success

by Stephen D. Moore

While the Office of the Insurance Fraud Prosecutor's record of successful investigations and prosecutions may have established it as the nation's most emulated model for fighting insurance fraud, it has been through a winning combination of communication, cooperation and coordination that the Office has been recognized within New Jersey as the leader in New Jersey's war on insurance fraud.

When the New Jersey Legislature established the Office of the Insurance Fraud Prosecutor (OIFP), it did more than merely create another government agency to fight insurance fraud. It endowed that agency with the mandate and the tools to ensure that, from that time forth, insurance fraud cases would not "fall between the cracks" of the disparate New Jersey bureaucracies having responsibility for addressing different aspects of insurance fraud. As expressly recognized by the Legislature in the Preamble to the law which gave birth to OIFP, the Automobile Insurance Cost Reduction Act of 1998 (AICRA), "...while the pursuit of those who defraud the automobile insurance system has heretofore been addressed by the State through various agencies, it has been without sufficient coordination to aggressively combat fraud, leading to the conclusion that greater consolidation of agencies which were created to combat fraud is necessary to accomplish this purpose...."

Whereas the consolidation contemplated by the Legislature was largely realized by transferring civil insurance fraud investigatory responsibilities from the Department of Banking and Insurance to a fledgling OIFP within the Department of Law and Public Safety's Division of Criminal Justice, a law enforcement agency, lawmakers also ensured that OIFP would have a statutory mechanism to fulfill the

Cooperation, Coordination and Communication Key to OIFP Success

Selective Insurance Assistant Vice President Joanne Roberts lectures investigators on fraud prevention and awareness.

Legislature's expectation that OIFP would lead New Jersey's fight against insurance fraud by coordinating the anti-fraud efforts of others in both the public and private sectors.

As envisioned by the Legislature, coordination would be achieved by having OIFP establish a comprehensive system for making and receiving insurance fraud referrals and equally comprehensive databases for documenting, tracking, evaluating and analyzing those referrals. Coordination would be further enhanced by requiring OIFP to meet regularly with insurance industry representatives, County Prosecutors, and other units of state and local government which investigate fraud.

Liaison Section

Perhaps most significantly, the Legislature required in AICRA that OIFP establish an institutional mechanism to implement these measures by specifically designating a section of the Office "to be responsible for establishing a liaison and continuing communication between the office and the Department of Health and Senior Services, the Department of Human Services, any professional board in the Division of Consumer Affairs in the Department of Law and Public Safety, the Department of Banking and Insurance, the Division of State Police, every county prosecutor's office, such local government units as may be necessary or practicable and insurers." OIFP, in turn, established the OIFP Liaison Section, whose primary responsibility is to ensure the ongoing statewide coordination of the activities of virtually every public and private entity in New Jersey involved in any aspect of addressing New Jersey's pandemic of insurance fraud.

To ensure that the coordination efforts of its Liaison Section adequately embrace the overlapping responsibilities and activities of public agencies which investigate or otherwise encounter insurance fraud, particularly those in the law enforcement community, as well as those in various areas of the insurance industry, OIFP assigned veteran staffers to act, respectively as its County Prosecutor, Law Enforcement, Insurance Industry and Professional Boards Liaisons. Each of these Liaisons has been specifically tasked with coordinating OIFP's corresponding investigations and prosecutions with the activities of those agencies or entities within their respective spheres of responsibility.

County Prosecutor Liaison

As the title suggests, the County Prosecutor Liaison is responsible, among other things, for coordinating investigations and prosecutions emanating from the State's 21 County Prosecutors' Offices with those undertaken by OIFP. In order to avoid the possibility of OIFP and a County Prosecutor's Office working on the same case unbeknownst to each other, OIFP's County Prosecutor Liaison established, as contemplated by AICRA, a comprehensive system of referrals and statistical reporting to monitor county investigations and, when appropriate, take measures to ensure that the activities of their respective agencies complement, rather than conflict with, one another.

The protocol established by the County Prosecutor Liaison requires that County Prosecutors provide OIFP with "Cumulative Monthly Reports" which set forth the names, addresses and other identifiers of all subjects under investigation in their offices for suspected insurance fraud. County Prosecutors update their reports on a monthly basis, including information concerning the type of suspected insurance fraud and the current status of any investigative or prosecutorial efforts undertaken in their offices with respect to the reported matters. This information is added to, and integrated into, OIFP's own databases.

By reviewing and tracking every insurance fraud matter opened by a County Prosecutor's Office in the State, the County Prosecutor Liaison is able to identify cases which may already be the subject of an investigation by OIFP, and which would result in a duplicative, if not a dangerous, use of precious law enforcement resources. Whenever more than one law enforcement agency is investigating the same matter or individual, there exists the potential that one or more of the investigative activities of the involved agencies might adversely impact upon the activities of the other, such as the case where one agency prematurely arrests a "target" who is being wiretapped, or unwittingly arrests an informant or undercover agent working for another agency. Identifying such cases early in the process, at the very least, prevents the agencies involved from unnecessarily expending resources to undertake identical investigative measures. Conversely, identifying cases which have caught the attention of more than one law enforcement agency may facilitate the sharing of critical investigative information among those agencies.

The information reported monthly by County Prosecutors' Offices also enables OIFP to open corresponding

OIFP State Investigators participate in auto arson forensic training provided by Allstate as part of the new OIFP/Industry Joint Training Program.

Cooperation, Coordination and Communication Key to OIFP Success

civil investigations in cases where the law provides authority for the imposition of a civil fine. Inasmuch as prosecutors are sometimes unable to successfully prosecute the subject of insurance fraud investigations because they are unable to establish proof of the suspected crimes "beyond a reasonable doubt," OIFP is often able to impose a civil fine on the very same subjects reported by the counties in their monthly reports, because the imposition of a civil penalty requires the lesser burden of proof by a "preponderance of the evidence."

Accordingly, every case reported by a County Prosecutor's Office is promptly reviewed upon receipt by OIFP to determine whether it is appropriate to assign for investigation by OIFP Civil Investigators. Where it appears that the matter falls within the purview of the Insurance Fraud Prevention Act (Fraud Act), which permits the imposition of civil insurance fraud penalties, the matter is promptly assigned to a Civil Investigator, who contacts an Assistant Prosecutor or Investigator in the reporting County Prosecutor's Office to identify an appropriate point of contact and open a channel of continuing communication to coordinate the investigative and prosecutorial activities of the reporting county with those of the OIFP Civil Investigator. This process often enables OIFP to obtain a voluntary Consent Order, requiring a subject to pay a civil fine, within the context of a negotiated guilty plea. Such reporting by County Prosecutors in 2003 enabled OIFP to open 797 civil cases for investigation. Many of the most substantial fines imposed by OIFP in 2003 resulted directly from cases reported by County Prosecutors' Offices.

In order to assist in particular investigations and, when necessary, provide technical assistance, the County Prosecutor Liaison is frequently in contact with Investigators, Detectives and Assistant Prosecutors in the County Prosecutors' Offices. The County Prosecutor Liaison also meets regularly with representatives of County Prosecutors' Offices at quarterly regional law enforcement coordination meetings hosted by OIFP at its three regional offices, where OIFP provides guest speakers and opportunities for networking and sharing information as to pending insurance fraud investigations within their respective offices. The County Prosecutor Liaison also conducts annual insurance fraud training at OIFP's central offices in Lawrenceville, New Jersey, and is responsible for administering the County Prosecutor Insurance Fraud Reimbursement Program, which provides funding that enables County Prosecutors to establish or augment Insurance Fraud Units within their offices. In its fourth full year of operation in 2003, the Reimbursement Program provided over $3 million in funding to County Prosecutors.

Law Enforcement Liaison

In recognition of the fact that virtually every law enforcement agency in New Jersey is apt to encounter insurance fraud at one time or another, OIFP has also assigned a Law Enforcement Liaison to work with law enforcement agencies other than those agencies assigned to the County Prosecutor Liaison. The Law Enforcement Liaison's primary responsibility is to ensure the appropriate coordination of OIFP's investigations and prosecutions with those of other law enforcement agencies, both within and without New Jersey. Those law enforcement agencies range from local and county police departments, to County Sheriffs' Departments, to the New Jersey State Police, and their counterparts in adjoining states, as well as federal law enforcement agencies having a presence in

New Jersey, such as the Federal Bureau of Investigation.

The Law Enforcement Liaison's responsibilities also include the administration of OIFP's protocols for issuing documentation used in undercover investigations, such as fictitious insurance cards and pretext insurance policies, which contribute to the aura of authenticity necessary to the success of undercover sting operations. His responsibilities also extend to the distribution of training and other informational materials to local police departments. For example, whenever OIFP produces a roll call training video, OIFP distributes those videos, through the Law Enforcement Liaison, to every law enforcement agency in New Jersey, including county and municipal police departments. In 2003, in addition to OIFP's initial distribution of roll call training videos to New Jersey law enforcement agencies, the OIFP Law Enforcement Liaison distributed another 44 training videos to requesting law enforcement agencies, including many from outside of New Jersey. The Law Enforcement Liaison was also responsible for the distribution of over 1,000 copies of OIFP's Uninsured Motorist Identification Directory (UMID), which is produced by OIFP to provide law enforcement agencies with a comprehensive directory of insurance company insurance verification hotline telephone numbers. The UMID is now commonly used by patrol officers throughout New Jersey to verify the legitimacy of insurance cards presented to them by motorists.

In his role as OIFP's representative to the law enforcement community, the Law Enforcement Liaison is also responsible for scheduling and hosting OIFP's regional law enforcement coordination meetings which, in 2003, featured guest speakers with expertise in such areas as identity theft, health care fraud and ethnic insurance fraud rings. The Law Enforcement Liaison also regularly attends meetings of numerous law enforcement and related organizations and associations, such as the Anti-Fraud Association of the Northeast, the New Jersey Special Investigators Association, the Delaware Valley Chapter of the International Association of Special Investigation Units, the National Insurance Crime Bureau (NICB), the Mid-Atlantic States Insurance Fraud Association (MASIFA) and the Northeast Chapter of the International Association of Vehicle Theft Investigators. He is also responsible for supervising OIFP's informational display booths at such events as the annual NJSIA Conference and the Police Expo held in conjunction with the annual convention of the New Jersey Chiefs of Police Association.

Because insurance fraud is, by its

Members of the OIFP executive staff (l. to r.) Stephen Moore, John J. Smith, Jr. and Melaine Campbell discuss an investigative plan during a strategy session.

Cooperation, Coordination and Communication Key to OIFP Success

Director of Division of Criminal Justice Vaughn L. McKoy gives keynote address at the New Jersey Special Investigators Association Seminar.

very nature, a crime of relative subtlety and complexity, it is essential that any program to combat insurance fraud offers training which is tailored to the needs and expertise of those who are most likely to encounter such fraud in any of its many forms. As law enforcement's front line in the war on insurance fraud, local police officers frequently encounter situations in which insurance fraud in one form or another may be lurking, yet traditional law enforcement training has rarely provided those officers with the tools to effectively detect or investigate such fraud. OIFP, however, has stepped in to fill that void and, through its Law Enforcement Liaison, offers a comprehensive roster of training opportunities for law enforcement officers at every level of experience, including basic and in-service training in such areas as identifying and charging offenses involving counterfeit insurance cards, falsely reported auto thefts and "staged" accidents.

OIFP's Law Enforcement Liaison also routinely fields requests for assistance from other law enforcement agencies, and works diligently to ensure that such assistance is forthcoming. In 2002 and 2003, the Law Enforcement Liaison worked closely with the Insurance Council of New Jersey (ICNJ) to assist insurance company investigators in obtaining accident reports from local police departments. Police departments in New Jersey have historically been reluctant to release accident reports to persons other than those involved in the reported accidents because the reports have often been used by "runners" to recruit patients for medical and chiropractic "treatment mills." Pursuant to AICRA, however, insurance company investigators are entitled to receive information from such reports within 24 hours after the occurrence of an accident in which their company has an interest. In those cases where the request of an insurance company investigator for an accident report is met with resistance by a local police department, OIFP's Law Enforcement Liaison works as an intermediary with local police departments to ensure that the reports are provided as required by law.

Insurance Industry Liaison

Because the overwhelming majority of OIFP's insurance fraud cases result from referrals made by the insurance industry, effective coordination and open channels of communication are essential to the success of both OIFP and insurance industry fraud investigations. Consequently, AICRA specifically provided that OIFP should formally establish a liaison to ensure continuing communications with insurers. OIFP's Insurance Industry Liaison is assigned a variety of responsibilities to ensure that the respective efforts of OIFP and insurance industry investigators complement and assist one another in the investigation of suspected insurance fraud. Among other things, the Insurance Industry Liaison ensures that appropriate standards for referrals from insurance companies are established, maintained and communicated to insurance industry investigators. Perhaps more importantly, the Insurance Industry Liaison maintains a close working relationship with officials from all sectors of the insurance industry, including both executive and staff level personnel, to ensure that issues are identified and addressed both promptly and effectively.

As OIFP's primary point of contact with the insurance industry, the Insurance Industry Liaison also provides guidance, advice and technical assistance to the insurance industry with respect to a wide spectrum of issues and concerns, such as the sharing of investigative information, compliance with

statutory reporting requirements, and the formulation of solutions to problems confronted by the insurance industry when dealing with insureds who commit insurance fraud. The Insurance Industry Liaison and his assistant provided assistance or guidance to industry personnel on 917 occasions in 2003.

The Insurance Industry Liaison also hosts the OIFP/Insurance Industry Working Group Meetings which regularly meet to discuss, and seek solutions to, issues and problems of the most concern to those in the insurance industry. Many proposals conceived in these meetings have been refined and incorporated as recommendations for legislative or regulatory reform by OIFP in its Annual Report to the Governor and Legislature. Different working groups have been established by the Insurance Industry Liaison to address the concerns of those in the insurance industry working, respectively, in the areas of property and casualty insurance, as well as those working in the areas of life and health insurance. The Insurance Industry Liaison has also been an important member of OIFP's working group created to implement AICRA's requirement that OIFP establish a database incorporating all paid claims in New Jersey involving automobile insurance. It is anticipated that regulations reflecting the deliberations of this working group will be adopted in 2004.

OIFP is also represented by the Insurance Industry Liaison in meetings with insurance companies and insurance industry trade associations, which provide a continuing opportunity for the candid exchange of information and ideas on matters of mutual interest. Among the meetings attended by the Insurance Industry Liaison in 2003 were gatherings of the Anti-Fraud Association of the Northeast, the NICB, the Insurance Council of New Jersey, the New Jersey Special Investigators Association, the New Jersey Vehicle Theft Investigators Association and the Delaware Valley and national meetings of the International Association of Special Investigative Units. In 2003, the Insurance Industry Liaison also provided training to nearly 2,000 employees of the insurance industry concerning the structure and operations of OIFP and insurance industry fraud reporting requirements.

OIFP's Insurance Industry Liaison also works closely, on behalf of OIFP, with the New Jersey Department of Banking and Insurance. In this regard, the Liaison's responsibilities include the coordination and tracking of OIFP cases which involve professionals licensed by the Department of Banking and Insurance, including licensed insurance producers, public adjusters and real estate agents. In 2003, the Insurance Industry Liaison tracked 67 such cases.

The program established by the Insurance Industry Liaison in 2002 to distribute OIFP's press releases to approximately 125 insurance industry officials grew substantially in 2003, as the list of those wishing to receive the press releases continues to expand. As noted elsewhere in this Report, the Insurance Industry Liaison also continued to play a significant role in OIFP's public awareness programs, distributing thousands of fraud awareness posters and brochures, and again playing an important part in planning and conducting both the Annual Conference of the New Jersey Special Investigators Association and the annual New Jersey Insurance Fraud Summit.

Cooperation, Coordination and Communication Key to OIFP Success

Professional Boards Liaison

Because many types of insurance fraud are committed by individuals who are licensed to provide medical and other health related services, OIFP has also designated an individual within its Liaison Section to act as its "Professional Boards Liaison." Among those licensed individuals who sometimes succumb to the temptation to commit insurance fraud are physicians, chiropractors, pharmacists, physical therapists, dentists and others in the allied medical professions. Effective coordination between OIFP and professional licensing authorities is essential to ensure that complaints received by OIFP involving licensed professionals are brought to the attention of the appropriate licensing authorities, and that those authorities are provided with such information as may be necessary to enable those authorities to take appropriate action against licensees who have committed, or are suspected of committing, insurance fraud. Coordination by the Professional Boards Liaison also ensures that, whenever a complaint to one of the licensing authorities involves possible insurance fraud, the matter is brought to the attention of OIFP investigators in order to determine whether a civil or criminal investigation by OIFP is warranted. In the absence of such coordination, matters under review by the professional licensing boards might otherwise escape the scrutiny of law enforcement authorities or, conversely, matters under investigation by OIFP or County Prosecutors' Offices might otherwise avoid review by the professional licensing boards.

OIFP's Professional Boards Liaison has established, and maintains, a comprehensive database of professional licensees who have been the subject of complaints to either OIFP, a County Prosecutor's Office or one of the State's professional licensing boards. The database includes information concerning the nature and source of the complaint or referral, as well as the status of any proceedings brought by the Enforcement Bureau of the Division of Consumer Affairs, the enforcement arm of the licensing authorities. It also includes information as to the status of any investigation or prosecution of a listed licensee by OIFP or a County Prosecutor's Office. The Professional Boards Liaison has also established a protocol providing for the prompt notification to the professional licensing boards whenever OIFP undertakes investigation of a licensee under a board's jurisdiction, as well as a reciprocal requirement providing that professional licensing boards advise OIFP whenever they receive a complaint against one of their licensees involving insurance fraud.

The Professional Boards Liaison conducts bi-monthly meetings with key members of the Division of Consumer Affairs Enforcement Bureau and OIFP supervisory investigative and prosecutorial personnel to review and discuss the status of any proceedings, whether planned or pending, against any licensee in the database, whether those proceedings are administrative, criminal or civil in nature. By sharing information in this manner, the Professional Boards Liaison is able to ensure that actions taken by one agency do not, in any way, negatively impact upon the proceedings of any other agency concerned with the licensee under scrutiny. The exchange of information at these meetings also enhances the ability of each agency to more effectively conduct its own investigations, and to determine whether further proceedings may be warranted with respect to a particular licensee.

This group, designated as the Liaison and Continuing Communications Group, monitored some 626 active insur-

ance fraud related cases in 2003. Since its inception late in 1998, the Group has reviewed and disposed of 693 cases through civil or criminal dispositions by OIFP, licensing sanctions by a professional licensing board or by administrative closure. Of those under review in 2003, ten licensed professionals were indicted, 15 pled guilty or were found guilty after trial, and nine received sentences ranging from one year of probation with restitution and fines, to jail terms of up to three years. This collaboration between OIFP and the professional licensing boards has also facilitated the imposition of various disciplinary actions by professional and occupational boards within the Division of Consumer Affairs involving 26 licensed professionals in 2003.

Like his counterparts in OIFP's Liaison Section, the Professional Boards Liaison communicates daily with professionals in such other agencies as the Board of Medical Examiners and the Chiropractic, Dentistry, Pharmacy, and Nursing Boards, providing them with technical assistance and advice as needed. Within OIFP, the Professional Boards Liaison also works closely with the Case Screening Litigation and Analytical Support Section (CLASS) to make sure that referrals to OIFP involving professional licensees are entered into the database which he maintains, and to make sure that those matters are properly assigned and coordinated among investigators and attorneys in OIFP's criminal and civil sections.

Though the Legislature's statutory mandate may have required a mechanism within OIFP to oversee and coordinate insurance fraud efforts throughout the State, those within OIFP's Liaison Section have personally adopted as their credo, "Leadership through Communication, Cooperation and Coordination."

OIFP Funds County Prosecutors' Insurance Fraud Fighting Efforts

First Assistant Insurance Fraud Prosecutor John J. Smith, Jr. (c.right) suggests investigative strategy at a meeting with Union County Prosecutor's Office staff.

OIFP Funds County Prosecutors' Insurance Fraud Fighting Efforts

by Stephen D. Moore

Aided by funding provided by the Office of the Insurance Fraud Prosecutor (OIFP), New Jersey's County Prosecutors continued in 2003 to expand their efforts in the State's war on insurance fraud through the undertaking of criminal investigations and prosecutions at the county level. From an Essex County initiative targeting owners who burn their cars in order to file phony insurance claims to a unique Salem County ride along program aimed at drivers who use fraudulent insurance identification cards, County Prosecutors have used OIFP funding to launch or toughen programs to catch and punish insurance cheats.

Pursuant to the Automobile Insurance Cost Reduction Act of 1998 (AICRA), the Attorney General is authorized to reimburse County Prosecutors for their efforts to combat insurance fraud. Since its inception in 1999, the New Jersey County Prosecutor Insurance Fraud Reimbursement Program, administered by OIFP on behalf of the Attorney General, has funded fraud fighting personnel and equipment in 20 of the State's 21 County Prosecutors' Offices.

The funding of County Prosecutors' Offices to enhance their ability to investigate and prosecute insurance fraud is an integral part of New Jersey's broad-based war on insurance fraud because County Prosecutors are often able to detect, investigate and prosecute insurance scams which might otherwise "fly below the radar screen" of a statewide criminal justice agency. Through their close working relationship with local law enforcement agencies, their cultivation of local informants, their ability to tap local law enforcement resources and their unique familiarity with local crime demographics, County Prosecutors are often able to identify and develop promising leads which culminate in successful criminal prosecutions.

OIFP Funds County Prosecutors' Insurance Fraud Fighting Efforts

With OIFP's financial backing, County Prosecutors continued in 2003 to implement new and innovative initiatives carefully tailored to investigate and prosecute insurance cheats within their jurisdictions. In Essex County, New Jersey's most urban county, the Essex County Prosecutor used OIFP funding to inaugurate an Essex County Vehicle Fire Initiative at the end of 2002. The Initiative hit its stride in 2003 as it implemented protocols for processing, reviewing and screening all vehicles burned in the county. The Initiative operates as a separate program within the Essex County Arson Task Force. Personnel assigned to the Initiative work closely with insurance company investigators and local police department detectives to ensure that every motor vehicle fire in the county is investigated by qualified personnel as expeditiously and efficiently as possible. In 2003, the Essex County Vehicle Fire Initiative opened well over 300 cases involving over $3 million in potential insurance claims. All of these cases were also reported by the Essex County Prosecutor's Office to OIFP on monthly reporting forms, which enabled OIFP to open civil insurance fraud investigations to complement any criminal prosecutions ultimately undertaken by the Essex County Prosecutor's Office. Without funding from OIFP, local law enforcement authorities would have lacked sufficient resources to adequately investigate most of these cases.

At the other end of New Jersey, in Salem County, OIFP funding enabled the Salem County Prosecutor's Office to implement a new Insurance Fraud Ride Along Program. Under this Program, the county's OIFP funded insurance fraud Investigator rides along with municipal police officers in patrol cars which have been specifically assigned to make motor vehicle stops to perform document checks, which include verifying the authenticity of motor vehicle insurance identification cards produced by the vehicles' drivers. In order to verify whether a card is fictitious, or whether the underlying insurance was canceled for non-payment of premium, the Program relies, in large part, upon the Uninsured Motorist Identification Directory (UMID) issued by OIFP to all County Prosecutors' Offices and all local police departments. The UMID, a directory of insurance company "hotline" numbers, was specifically compiled, published and distributed to law enforcement agencies throughout New Jersey by OIFP in order to provide them with an efficient and effective tool to directly contact insurance companies to verify insurance coverage. Salem's Ride Along Program resulted in the charging of numerous drivers with the crime of displaying a fictitious insur-

ance identification card, and has sent a message to drivers in Salem County that using a counterfeit insurance card in lieu of properly insuring one's vehicle is a crime in New Jersey.

In 2003, the OIFP funded insurance fraud unit in the Morris County Prosecutor's Office was empowered by the Morris County Prosecutor's issuance of a county-wide directive to all police departments in Morris County. The Directive required all police departments to complete and submit specific reports to the Morris County Prosecutor's Office in every case where a motor vehicle is reported stolen, in every case where a motor vehicle that had previously been reported stolen is recovered, and in every case where a person presents a police officer with a fictitious or fraudulent insurance identification card. The Directive is intended to ensure that every possible insurance fraud case involving a motor vehicle theft or counterfeit insurance card is brought to the attention of detectives and prosecutors who are experienced in investigating and prosecuting cases of insurance fraud. The Directive serves as a model of what can be accomplished when a County Prosecutor takes bold steps to ferret out insurance fraud.

After a brief hiatus, in 2003, the Union County Prosecutor's Office rejoined the County Prosecutor Insurance Fraud Reimbursement Program with a renewed vigor and the assignment of highly experienced investigators and prosecutors to its Insurance Fraud Unit. With funding provided through OIFP, the Union County Prosecutor's Office restructured its insurance fraud investigative unit and developed a close working relationship with the highly successful Essex/Union Auto Theft Task Force, a relationship that promises to yield the Unit significant insurance fraud leads.

Funding provided by OIFP to these County Prosecutors' Offices and others throughout the State, totaled over $3 million in 2003 and supported or contributed to the salaries of 40 detectives and investigators, nine assistant prosecutors and six technical and administrative support staff assigned to investigate and prosecute insurance fraud. Pursuant to the requirements of AICRA and the County Prosecutor Insurance Fraud Reimbursement Program, county insurance fraud units work closely and coordinate their activities with OIFP on an ongoing basis. All County Prosecutors' Offices submit periodic reports to OIFP, which include names, addresses and other pertinent identifying information regarding any subjects under investigation for

OIFP Funds State Police Fraud Unit to Fight Insurance Fraud

As part of its multi-faceted program to combat insurance fraud, the New Jersey Office of the Insurance Fraud Prosecutor (OIFP) also provides funding which pays the salaries of the eight New Jersey State Troopers assigned to the Insurance Fraud Unit of the New Jersey State Police (NJSP). Established with the assistance of OIFP in 1999, the Unit targets motorists on roadways within the jurisdiction of the State Police who violate New Jersey's insurance laws. Since it began operation, the NJSP Insurance Fraud Unit has opened more than 800 insurance fraud related investigations, and filed over 900 charges against more than 850 individuals. Most of the efforts of the Unit have focused on the widespread use of counterfeit or "fictitious" automobile insurance identification cards by motorists attempting to circumvent New Jersey's system of mandatory automobile insurance.

In 2003, the NJSP Insurance Fraud Unit reported that it initiated approximately 166 insurance fraud investigations, effected 172 arrests and filed 135 insurance fraud related charges. The Unit has also conducted, or participated in, the training of hundreds of law enforcement officers at the municipal and State levels with respect to identifying, investigating and charging offenses involving the use of counterfeit insurance cards.

OIFP Funds County Prosecutors' Insurance Fraud Fighting Efforts

insurance fraud within their offices. The status of all matters under investigation are updated in monthly reports which provide OIFP with information which is added to its own database of cases to ensure that its own investigations do not duplicate or overlap those undertaken by the counties.

The information reported by county insurance fraud units funded by OIFP enables OIFP, in most cases, to open corresponding civil cases whenever it appears that OIFP may have authority to impose a civil fine pursuant to the provisions of the Insurance Fraud Prevention Act. In 2003, the reporting of subjects under investigation by County Prosecutors' Offices resulted in OIFP opening nearly 800 (797) civil investigations, most of which would not have come to OIFP's attention but for the reports submitted by the counties. Many of the substantial civil cases opened by OIFP-Civil have resulted from these county referrals. The civil investigations conducted by OIFP as a result of these county referrals benefit from the assistance and cooperation provided by County Prosecutors' Offices investigators and assistant prosecutors funded by OIFP.

County Prosecutors' Insurance Fraud Units charged a total of 393 defendants in 2003 and obtained 175 convictions by guilty plea or trial, which resulted in jail terms of more than 61 years in the aggregate. Some of their most notable cases are summarized in this Report.

OIFP Deputy Attorney General Frank Holstein addresses the Honorable Frederick De Vesa in Middlesex County Superior Court.

Insurance Fraud Case Highlights

The law provides for a number of means by which the Office of the Insurance Fraud Prosecutor (OIFP), and those law enforcement agencies working in conjunction with OIFP, can take action against insurance fraud violators. The most formidable of those actions are those involving criminal prosecutions. Criminal prosecutions may result in penalties ranging from the imposition of State prison or county jail sentences to probationary or diversionary dispositions. These sentences are also usually accompanied by the imposition of criminal fines and/or the payment of restitution. Summaries of some of the most significant criminal cases brought by OIFP and County Prosecutors in 2003 are set forth in this section of the Report.

Those who defraud the Medicaid Program are subject to the same criminal sanctions as those who defraud private insurance carriers. In addition to the imposition of criminal penalties, however, other sanctions may be imposed upon Medicaid defendants, such as debarment from participation in the Medicaid Program as a Medicaid provider. Where a criminal prosecution is not viable, Medicaid providers may also be sued under civil federal or State false claims statutes. Oftentimes, these cases result in settlements involving restitution and the imposition of civil fines. Highlights of such cases are included herein.

The Insurance Fraud Prevention Act (Fraud Act), N.J.S.A.17:33A-1, et seq., specifically provides OIFP with authority to impose civil fines on insurance fraud violators in addition to or as an alternative to criminal prosecution. Summaries of cases in which OIFP entered into Consent Orders providing for the voluntary payment of such fines, as well as cases in which OIFP's civil attorneys pursued such violators through civil litigation are also included.

When persons who are licensed by

the State commit insurance fraud, action may be taken by the appropriate licensing board against the person's license. Such actions may include the suspension or revocation of the license, or provide for a voluntary surrender of the license. Summaries of cases in which licensing authorities and OIFP coordinate their efforts in order to effect a licensing sanction are also included in this Report.

The following tables summarize OIFP's 2003 statistics in criminal and civil actions. Also included is a table of licensing actions taken by the licensing authorities against professional licensees who committed insurance fraud.

As reflected in the criminal table, in 2003, OIFP opened 474 new criminal investigations and filed criminal charges by Accusation or indictment against 337 defendants. OIFP prosecutions during the year resulted in the conviction of 204 defendants. Of the 224 defendants sentenced in 2003, 46 received jail terms totaling 117 years. Further, a total of over $8 million in restitution was ordered, including restitution imposed in civil actions.

As indicated in the civil table, OIFP opened 10,100 new civil insurance fraud cases in 2003 and assigned

OIFP Criminal Investigations and Prosecution Statistics

January 1, 2003 - December 31, 2003

New Cases Opened	474
Indictments/Accusations Filed	215
Number of Defendants Charged	337
Number of Defendants Convicted	204
Number of Defendants Sentenced	224
Number of Defendants Sentenced to State Prison	26
Total Number of Years	106
Number of Defendants Sentenced to County Jail	20
Total Number of Years	11
Total Criminal Fines Imposed	$24,350
Total Criminal Penalties Imposed	$34,805
Total Civil Penalties/Fines Imposed in Medicaid Cases	$2,813,927
Total Restitution Imposed	$8,028,595[1]

1. This total includes restitution imposed in all OIFP criminal and civil actions.

OIFP Civil Investigations and Litigation Statistics[2]

January 1, 2003 - December 31, 2003

Civil Investigations	Number	Dollar Amount
New Cases Opened	10,100	-
Number Forwarded for Investigation	5,776	-
No Investigation Warranted	4,324	-
Sanctions Imposed		
Insurance Fraud Letters of Admonition	2,251	-
Administrative Consent Orders Issued	563	$3,312,750
Administrative Consent Orders Executed	359	$1,251,613
Settlements Entered	168	$519,024
Judgments Entered	397	$3,094,195
Complaints Filed	284	-
Collections (Department of Banking and Insurance)[3]		
Number of OIFP Accounts Paid in Full	562	-
Total Amount Received	-	$1,846,821

2. These statistics comprehensively reflect the number of discrete actions undertaken by the Office of the Insurance Fraud Prosecutor in pursuing civil sanctions against insurance fraud violators. It should be noted that, in some instances, more than one action was taken against a single violator or for a single violation.

3. These figures were reported by the Department of Banking and Insurance which is responsible for the Collections function.

5,776 for further investigation. OIFP issued 563 Administrative Consent Orders totaling $3,312,750 during 2003. OIFP obtained 359 Executed Consent Orders totaling $1,251,613 in which subjects voluntarily admitted committing insurance fraud and agreed to pay the civil fine imposed. In addition, OIFP effected 168 settlements totaling $519,024 and obtained 397 judgments totaling $3,094,195. Further, OIFP civil attorneys filed 284 lawsuits against Fraud Act violators in 2003.

Auto Insurance Fraud

Altering of Vehicle Identification

State v. Rafael "Bugzy" Ramos, Ceaser Labrego, et al.

Investigators from the Office of the Insurance Fraud Prosecutor (OIFP) arrested Rafael "Bugzy" Ramos and Ceaser Labrego for engaging in a scheme to sell re-tagged vehicles, including high end luxury vehicles, in some cases using fraudulently generated automobile documentation. A re-tagged vehicle is one in which the Vehicle Identification Number (VIN) has been altered to conceal the identity of the rightful owner. Further investigation resulted in a State Grand Jury indictment variously charging Rafael "Bugzy" Ramos, Ceaser Labrego, Neil Arruda, Hernando Cardoso, Richard Pina, Manuel Pinto, and Denise Braga Simao with conspiracy, alterations of motor vehicle trademarks and identification numbers, receiving stolen property, tampering with public records or information, attempted theft and theft by deception. In a separate indictment, Michael Garafalo was charged with receiving stolen property.

On October 9, 2003, Pina pled guilty to theft by deception and was admitted into the Pre-Trial Intervention (PTI) Program conditioned upon performing 50 hours of community service. On October 9, 2003, Garafalo pled guilty to receiving stolen property and, on the same date, was admitted into the PTI Program conditioned upon performing 50 hours of community service. On December 15, 2003, Labrego pled guilty to alterations of motor vehicle trademarks and identification numbers. He is scheduled to be sentenced early in 2004. The remaining defendants are pending trial.

Criminal Use of "Runners"

State v. Ian Haynes

On April 15, 2003, an Accusation was filed charging Ian Haynes, an East Orange police officer, with bribery and corrupt influence for accepting money from a "runner" for East Orange Police Department accident reports. A "runner" is a person paid by a licensed medical service provider to procure patients for a medical practice so that insurance claims can be submitted for providing treatment. On May 31, 2003, Haynes was admitted into the PTI Program conditioned upon completing 50 hours of community service.

State v. Cyrano Green

On March 24, 2003, Cyrano Green was sentenced to three years in State prison after a jury found him guilty of conspiracy, official bribery, and gifts to public servants. Green, acting as a "runner," conspired with an undercover Newark police officer to provide Green with Newark Police Department automobile accident reports in order to solicit the persons named in those reports to become insurance claimants.

State v. Rajauhn Sharrieff, Shirley Jenkins, Abdul Jenkins and Bernard Zeigler

On March 31, 2003, a State Grand Jury returned an indictment charging Rajauhn Sharrieff, Shirley Jenkins, and Abdul Jenkins with conspiracy, several counts of bribery in official matters, and health care claims fraud. In a separate but related indictment, Bernard Zeigler was charged with conspiracy, health care claims fraud, and theft by deception.

The first indictment alleged that, between February of 1999 and October of 1999, Sharrieff, Shirley Jenkins, and Abdul Jenkins conspired to pay bribes to an East Orange police officer who was working in an undercover capacity for OIFP. The undercover investigation focused on allegations that persons were acting as "runners" on behalf of various medical service providers to obtain automobile accident police reports so that the persons identified in those police reports could be solicited to become patients of the medical service providers and file automobile PIP insurance claims. The indictment also alleged that the defendants agreed to pay the undercover East Orange police officer several hundred dollars for a genuine East Orange police automobile accident report, so that the "runners" could coax the persons identified in those reports to submit PIP claims. It also specifically alleged that Sharrieff solicited the undercover police officer to create a fictitious automobile accident police report in which several people were falsely represented to have been involved in a hit and run automobile accident that purportedly occurred on March 11, 1999, in East Orange. The accident purportedly involved four persons who were passengers in Sharrieff's car, though Sharrieff was not reported as the driver of the car at that time. As a result of the phony accident described in the fictitious police report, Colonial Penn Insurance Company paid approximately $1,563 for alleged property damage to an automobile. The State also alleged that Zeigler settled a phony bodily injury claim, based in part on the phony accident report, for approximately $15,000 with Colonial Penn.

Zeigler pled guilty to conspiracy, health care claims fraud, and theft by deception and was sentenced on September 8, 2003, to two years probation conditioned upon paying $36,563 in restitution to Colonial Penn Insurance Company and payment of a $3,000 civil insurance fraud fine. Shirley and Abdul Jenkins pled guilty to conspiracy, bribery in official matters, and health care claims fraud. On October 3, 2003, Shirley Jenkins was sentenced to two years probation conditioned on serving 90 days in county jail. On the same date, Abdul Jenkins was sentenced to 364 days in county jail as a condition of three years probation. The case as to Sharrieff is pending trial. Sharrieff was also named in a separate indictment as part of the Allied Trauma investigation.

State v. Dr. Angel Lobo and Mercy Lobo

A State Grand Jury charged Angel Lobo, M.D., and Mercy Lobo with conspiracy, health care claims fraud, theft by deception, criminal use of "runners," and falsification of medical records. Dr. Angel Lobo, a licensed medical service provider, and his office manager, Mercy Lobo (no relation), operated the medical practice known as Pain Management Clinic located in Paterson. The indictment alleged that Dr. Lobo and Mercy Lobo paid persons to act as "runners" to procure patients for the medical practice so that PIP insurance claims for medical services rendered could be submitted to Parkway Insurance Company and AIG Claims Services, Inc. It also alleged that Dr. Lobo and Mercy Lobo prepared false patient records to reflect that certain health care services were rendered when those services were not, in fact, rendered, so that phony bills could be submitted to the insurance carriers. All of the claims which formed the basis of the health care claims fraud charges were for services rendered to OIFP investigators working undercover as patients treating at the Pain Management Clinic. Parkway Insurance paid PIP claims totaling approximately $6,481, while AIG Claims Services, Inc., paid PIP claims in the approximate amount of $2,150. On September 11, 2003, Angel Lobo pled guilty to health care claims fraud and is scheduled to be sentenced early in 2004. On October 30, 2003, Mercy Lobo pled guilty to health care claims fraud and is also scheduled to be sentenced early in 2004.

State v. Terry McSweeney

A State Grand Jury returned an indictment charging Terry McSweeney, a licensed chiropractor, with criminal use of "runners" for paying a person, who was working in an undercover capacity for the State, to procure patients for his health care/chiropractic practice so that PIP claims could be submitted to the Liberty Mutual Insurance Company and the Parkway Insurance Company. On May 6, 2003, Dr. McSweeney pled guilty to the charges in the indictment and was admitted into the PTI Program conditioned upon paying a $15,000 civil insurance fraud fine and completing 50 hours of community service. The matter was also referred to the Chiropractic Licensing Board for appropriate licensing action.

State v. Michael Baer

A State Grand Jury indicted Dr. Michael Baer for health care claims fraud, criminal use of "runners," and theft by deception. According to the indictment, Dr. Baer, a chiropractor who owned and operated his own chiropractic practice, allegedly submitted false PIP insurance claims on behalf of patients who were undercover investigators, to Hanover Insurance Company and Parkway Insurance Company totaling nearly $20,153. The indictment also alleged that Dr. Baer knowingly used, solicited, or employed "runners" to procure patients for his chiropractic practice. On June 17, 2003, Baer pled guilty to health care claims fraud and criminal use of "runners." He is scheduled to be sentenced early in 2004. The matter was also referred to the Chiropractic Licensing Board for appropriate licensing action.

State v. Mohsen Mosslehi

A State Grand Jury returned an indictment charging Dr. Mohsen Mosslehi with health care claims fraud, criminal use of "runners," and theft by deception. According to the indictment, Dr. Mosslehi, a chiropractor who owned and operated his own chiropractic practice, allegedly submitted false PIP insurance claims to Colonial Penn Insurance Company and Parkway Insurance Company totaling approximately $4,363 on behalf of patients who were actually undercover investigators. The indictment also alleged that Dr. Mosslehi knowingly employed "runners" to procure patients for his chiropractic practice. On October 2, 2003, following a 14 day jury trial in Essex County, Mosslehi was acquitted of the charges. The matter, however, was also referred to the Chiropractic Licensing Board for appropriate licensing action.

State v. Michael Gardiner and Kim Robinson

A State Grand Jury indicted Michael A. Gardiner, a licensed chiropractor, charging him with conspiracy, health care claims fraud, theft by deception, and criminal use of a "runner," and his office assistant, Kim Robinson, charging her with conspiracy and health care claims fraud. The indictment alleged that, between April and July of 2000, Gardiner paid a person he believed to be a "runner," but who was actually an undercover investigator for OIFP, to provide Gardiner with patients for his chiropractic practice so that he could generate PIP insurance claims. The indictment also alleged that the undercover investigator, posing as a "runner," brought two persons to Gardiner's chiropractic office, both of whom Gardiner believed to be patients, but who were actually undercover Newark police officers. According to the indictment, Gardiner submitted fictitious PIP insurance claims to the GSA Insurance Company, falsely claiming that he had provided health care services. The indictment also alleged that Kim Robinson knowingly prepared the fraudulent PIP bills for submission to GSA Insurance Company. The fraudulent billing submitted by Gardiner and Robinson totaled approximately $4,980.

On March 14, 2003, Robinson pled guilty to theft by deception. On May 27, 2003, she was sentenced to three years probation conditioned upon completing 190 days of community service, and ordered to pay a $500 criminal fine and a $1,000 civil insurance fraud fine. On July 14, 2003, Gardiner pled guilty to health care claims fraud and criminal use of "runners." On October 17, 2003, he was sentenced to three years in State prison.

State v. Lt. Jerome F. Bollettieri, Sgt. Thomas G. DiPatri (ret.), Sgt. Philip N. Ferrari (ret.) and Charles Warrington, II

In 2002, a State Grand Jury returned an indictment charging former Camden Police Department Lt. Jerome F. Bollettieri and Sgt. Thomas G. DiPatri (ret.) with conspiracy, official misconduct, bribery, and criminal use of "runners." At the time of the conduct alleged in the indictment, Bollettieri was the officer in charge of the Camden Police Department's Traffic Records Bureau. According to the indictment, DiPatri, a retired Camden police officer, illegally obtained police accident reports from Bollettieri by paying him bribes. The indictment also alleged that DiPatri obtained the police accident reports to identify persons who were in automobile accidents in order to solicit prospective patients for treatment at American Spinal Care, Inc., (ASC), a Collingswood chiropractic facility which submitted PIP automobile insurance claims to insurance companies. On August 8, 2003, following a six day bench trial, Thomas DiPatri was found guilty of all the charges. On October 3, 2003, DiPatri was sentenced to three years in State prison. The case as to Bollettieri is pending trial.

Fraudulent PIP Insurance Claims Involving Health Care Providers

State v. Franca DiLisio, et al.

On July 30, 2003, a State Grand Jury returned two indictments charging a licensed chiropractic physician and seven other persons variously with health care claims fraud, criminal use of "runners," theft and attempted theft by deception. One defendant was also charged with misconduct by a corporate official. All of the charges relate to allegations that the defendants staged accidents for the purpose of submitting phony PIP insurance claims to five insurance carriers, or that automobile insurance companies were billed for chiropractic treatments that were never rendered.

The first indictment alleged that, between May 1, 1998 and October 4, 2000, Franca DiLisio, a licensed chiropractor, arranged staged accidents with the assistance of Gerard Blanc and Rolando Pierre, who acted as a "runner." It also alleged that the accidents were staged so DiLisio could treat the occupants of the vehicles in the staged accidents for injuries they purportedly sustained, and then bill insurance carriers for PIP insurance claims even though the patients were not injured. The first indictment further alleged that, between May 1, 1998 and October 4, 2000, DiLisio and the other defendants submitted a dozen false claims to Allstate Insurance Company, Selective Insurance Company, G.U.F.A.C. Insurance Company, and Colonial Penn Insurance Company for purported chiropractic treatments on 302 separate dates for patients who had not appeared for those treatments. Those claims totaled approximately $36,380, of which $3,435 had been paid by insurance carriers.

The second indictment charged Marie Amay, Imaguerite Francois, Mimose Pierre, Joane Amay, and Murielle Francois with health care claims fraud and attempted theft by deception for acting as passengers in staged accidents and generating phony medical treatment claims. DiLisio allegedly submitted 16 PIP insurance claims for these defendants to Allstate Insurance Company, Selective Insurance Company, Colonial Penn Insurance Company, Crawford Insurance Company, and Ohio Casualty totaling $65,153. None of the 16 PIP claims were paid. Some of these cases are also pending in civil court and/or arbitration. The criminal cases of all eight defendants are awaiting trial.

Ex-Camden police sergeant is sentenced for bribery

State v.
Lisa Tsilionis, George Tsilionis, Carl Love, Jr., Rajauhn Sharrieff and Rudolf Hora

On December 11, 2003, a State Grand Jury returned an indictment charging Lisa Tsilionis and her former husband, George Tsilionis, who were both chiropractors and the owners and operators of Allied Trauma and Health Care Center, Inc., with conspiracy, health care claims fraud, theft by deception, money laundering, and misconduct by a corporate official. The indictment also charged Carl Love, Jr., and Rajauhn Sharrieff, who operated Essex Shuttle, Inc., a transportation company which purportedly transported patients to and from medical appointments, with conspiracy, health care claims fraud, theft by deception, and misconduct by a corporate official. Another defendant, Rudolf Hora, was charged with conspiracy. Love was also separately charged with unlawful possession of a weapon.

According to the indictment, between July of 1996 and March of 1999, Lisa and George Tsilionis, in their capacities as owners and operators of Allied Trauma, Inc., fraudulently billed numerous insurance companies for chiropractic services and electro- diagnostic tests known as Somatosensory Evoked Potentials (SSEP) that they had not provided. The State also alleged that the Tsilionises, through Allied Trauma, fraudulently billed approximately 30 different insurance carriers over $1.2 million of which approximately $435,000 was paid. The indictment further alleged that, between June of 1998 and December of 1998, Love and Sharrieff created a patient transportation business called Essex Shuttle, to disguise illegal patient referral fees (known as "runners' fees") that Lisa and George Tsilionis paid to Love, Sharrieff, and Hora as purported transportation costs.

The indictment also alleged that Love and Sharrieff, through Essex Shuttle, fraudulently billed various insurance carriers approximately $5,400 for transportation services that were not rendered. The indictment alleged that Love, who was the president and owner/operator of Essex Shuttle, Inc., as well as another patient transportation corporation operating out of East Orange, used his corporations to solicit patients for Allied Trauma, acting, in essence, as a "runner." The indictment alleged that, while both of these businesses were purportedly incorporated to transport PIP claimants to and from treating medical service providers, Love actually used his corporations to solicit patients for Allied Trauma so that automobile insurance PIP claims could be submitted to insurance companies. Most of Allied Trauma's patients were automobile accident insurance claimants who sought treatment at Allied Trauma Chiropractic under their automobile insurance PIP coverage. The indictment alleged that Love accepted payments from the Tsilionises in return for directing patients to Allied Trauma for treatment so that false PIP claims could be submitted to various automobile insurance companies for diagnostic tests and other chiropractic treatments and services that were not actually rendered to the patients. Love Courier, Essex Shuttle, and Allied Trauma all ceased operations following the commencement of the State's investigation in approximately March of 1999.

As part of the joint investigation conducted by OIFP and the Division

of Criminal Justice's Civil Forfeiture Unit, bank accounts for Love Courier, Inc., and Essex Shuttle totaling approximately $2,800 were frozen subject to possible forfeiture. Additionally, a lien was filed on Love's residence in West Orange, and he subsequently filed for bankruptcy. The State also seized and forfeited the Tsilionis home in Bergenfield and approximately $895,000 in bank accounts they controlled. All defendants are awaiting criminal trials.

Fraudulent Automobile Theft Claims

State v. Geuris Valdez-Fernandez

On March 14, 2003, Geuris Valdez-Fernandez was entered into the PTI Program for 36 months conditioned upon paying restitution to Newark Insurance Company in the amount of $10,154 and a civil insurance fraud fine of $4,000. Valdez-Fernandez previously pled guilty to an Accusation charging him with conspiracy. Valdez-Fernandez admitted that, on October 17, 2001, he voluntarily gave his 1998 Toyota Camry to another individual for the purpose of disposing of the vehicle in order to have the insurance company pay off the outstanding loan obligation and to avoid continued automobile payments.

State v. Diane Hughes

On February 24, 2003, a Monmouth County Grand Jury returned an indictment charging Diane Hughes with theft by deception, tampering with public records, and falsifying records. The indictment alleged that, on May 7, 2001, Hughes reported to the Eatontown Police Department and her insurance company, State Farm, that her 2000 Mazda Millenia had been stolen from the Monmouth Mall when her car had actually already been located by New York City police. Hughes pled guilty to theft by deception and was admitted into the PTI Program on July 3, 2003, conditioned upon paying restitution in the amount of $20,938 and a $5,000 civil insurance fraud fine. She was also ordered to perform 75 hours of community service.

State v. Diana Fonseca

On April 11, 2003, Diana Fonseca was sentenced to three years probation conditioned upon paying restitution in the amount of $13,527 to Liberty Mutual, a $5,000 civil insurance fraud fine, and completing 100 hours of community service. Fonseca pled guilty to an Accusation charging her with theft by deception. Fonseca admitted that, on July 27, 2001, she falsely reported her vehicle stolen in order to submit a fraudulent stolen vehicle claim to Liberty Mutual Insurance Company. Liberty Mutual paid the claim totaling $13,130 to Fonseca and the lien holder. She also admitted that she arranged to have another person dispose of her vehicle so that she could submit the fraudulent insurance claim.

Operation "Give and Go"

On June 18, 2003, OIFP obtained 22 criminal indictments against 38 persons on charges that they planned or participated in owner-involved automobile thefts, otherwise known as automobile "give-ups," in order to collect more than $790,000 in bogus insurance claims. As a result of a complex undercover investigation probing phony "owner initiated" automobile "give-up" insurance claims, these individuals were charged variously with conspiracy, theft by deception, receiving stolen property, tampering with public records or information, false swearing, alterations of motor vehicle identification numbers, and simulating a motor vehicle insurance identification card.

OIFP initiated this undercover investigation in order to address the increasing problem of automobile theft and automobile insurance "give-ups" in North Jersey. OIFP investigators, working undercover, leased a garage on Tonnele Avenue in Jersey City and, in the guise of an auto repair facility, spread the word that anyone who owned or leased a car and wanted to get rid of it to avoid further car payments or lease payments, or because the car was damaged or needed expensive repairs, could "give it up" at the facility or to the facility operators. An automobile "give-up" is the term given by insurance fraud investigators to the voluntary transfer of an automobile by the owner to another person who then disposes of the vehicle, often for a cash payment, for the purpose of allowing the owner to file a false auto insurance theft claim with his automobile insurance carrier and collect

insurance money for the phony theft, or to have his car loan or car lease paid off by the insurance carrier.

In the course of the investigation, State Investigators recovered 46 cars and SUVs from several persons who acted as "middlemen" and received the "give-up" automobiles from their owners so that the cars could be falsely reported stolen. Undercover State Investigators also received some vehicles directly from the owners themselves. The total market value of all the vehicles recovered by OIFP investigators exceeded $1 million. More than 32 phony automobile insurance theft claims stemming from the sting were submitted to 21 insurance carriers, including First Trenton Indemnity, Ohio Casualty Insurance Company, Allstate Insurance Company, Metropolitan Property and Casualty, New Jersey Manufacturers Insurance Company, Progressive Insurance Company, Liberty Mutual Insurance Company, State Farm Insurance Company, Hanover Insurance Company, Prudential Insurance Company, USAA Insurance Company, State and Country Fire Insurance Company, AIG Insurance Company, Rutgers Casualty Insurance Company, Travelers Insurance Company, Selective Insurance Company, Erie Insurance Company, Penn National Insurance Company, Motors Insurance Company, Sompo Japan Insurance Company of America, and Universal Underwriters Insurance Company. Carriers paid approximately $791,094 for these phony auto insurance theft claims. Another $48,056 in insurance claims were not paid either because the insurance company was suspicious of the claim or because OIFP's investigation interrupted the claims process. Forty-six cars obtained by OIFP in the course of the investigation were returned to the insurance companies or to the legitimate holder of title to the car. Restitution for the amount of claims money paid may be sought from the defendants in court.

Two of the defendants identified during this undercover investigation, Ryan December and Jason December, had been previously arrested on January 12, 2003 by OIFP investigators. Ryan December was charged with conspiracy and receiving stolen property, and Jason December was charged with conspiracy. Arrest warrants were issued for nine of the 38 defendants, including Richard Ruiz, Carmen Marchitello, Anthony Marchitello, Gilberto Pascual, Rafael Padilla, Jason December, Juan Naut, Alex Carvalho, and Guillermo Guzman a/k/a "Junior." Nineteen of the defendants were issued summonses. Some of the defendants indicted as a result of this undercover operation were charged with "re-tagging" three vehicles. A "re-tagged" vehicle is a car whose VIN has been altered in order to conceal the true identity of the car and its owner, as well as the fact that it has been "given- up," all to facilitate fraudulent auto theft insurance claims. Two of the defendants who were allegedly involved in automobile re-tagging conduct, Rafael "Bugzy" Ramos and Ceaser Labrego, were previously arrested in August of 2002 by OIFP investigators and charged with conspiracy to commit altering motor vehicle trademarks and conspiracy to commit possession of altered property.

Also, as part of this investigation, three of the defendants charged with receiving stolen property and simulating a motor vehicle insurance identification card, pled guilty. On September 2, 2003, Joaquin Martinez pled guilty to receiving stolen property, namely, a stolen Cadillac Escalade. On November 7, 2003, he was admitted into the PTI Program conditioned upon performing 60 hours of community service. On November 17, 2003, Gilberto Pasqual pled guilty to receiving stolen property. He is scheduled to be sentenced early in 2004. Edward G. Whyte pled guilty to receiving stolen property on September 29, 2003. On November 14, 2003, he was admitted into the PTI Program conditioned upon performing 60 hours of community service.

Whyte was charged with possessing a stolen 2003 Mercedes Benz on December 20, 2002 that was stolen from a Mercedes Benz dealership located in Plumstead, Pennsylvania, by means of a "key swap." A "key swap" theft occurs when a person, posing as a customer, enters an automobile dealership and takes a test drive. During the test drive, the genuine ignition key is "swapped" for a fake key, and later the car is stolen by using the genuine ignition key. Of the nine persons for whom arrest warrants were issued, six were arrested by OIFP investigators on June 24, 2003. The six persons arrested were Richard Ruiz, Carmen Marchitello, Anthony Marchitello, Jason December, Guillermo Guzman, and Juan Naut. While conducting these arrests, OIFP investigators also arrested Luis Flores, a fugitive from the Essex County Sheriff's Office who was being sought on unrelated charges. On December 5, 2003, Guillermo Guzman pled guilty to the attempted theft by deception count of the indictment and is scheduled to be sentenced early in 2004. Guzman also pled guilty on December 5, 2003, to an unrelated Accusation which

charged him with attempted theft by deception. Guzman admitted that on August 4, 2001, he reported his 1984 Oldsmobile Cutlass stolen in Secaucus. He submitted a theft claim to Prudential Insurance Company supported by various fraudulent invoices indicating that he had a $1,000 stereo system and $850 worth of rims and tires recently installed in the car. Guzman admitted that the invoices were phony and the stereo system, rims and tires had not actually been installed. Guzman will also be sentenced for this matter early in 2004.

Cars cleaned, stolen, paid off while you wait

State lawmen's sting took in $1 million in luxury vehicles for owners low on cash

State v. Robert Lowery, Carlos Gonzalez and Antonio Tomassini

On August 1, 2003, a Middlesex County Grand Jury returned separate indictments against three defendants involved in an automobile "give-up" scheme. The first indictment charged Robert Lowery with conspiracy, attempted theft by deception, and tampering with public records or information. The second indictment charged Carlos Gonzalez with conspiracy and attempted theft by deception, and the third indictment charged Antonio Tomassini with conspiracy and attempted theft by deception. The indictments alleged that on January 4, 2000, Lowery conspired with Tomassini and Gonzalez to dispose of Lowery's 1988 Chevrolet Corvette, valued at approximately $8,000, so that Lowery could file a fraudulent stolen vehicle claim with his insurance company. It is alleged that Gonzalez removed the vehicle from Lowery's place of business using a flatbed tow truck and gave the keys to the Corvette to Tomassini, who subsequently returned the keys to Lowery.

According to the indictments, on January 17, 2000, Lowery filed a false stolen vehicle report with the Perth Amboy Police Department. It is further alleged that on January 19, 2000, Lowery submitted a fraudulent stolen vehicle insurance claim with CNA Insurance Company. On October 16, 2003, Gonzalez was admitted into the PTI Program conditioned upon paying standard fines in the amount of $125. The case as to the remaining defendants is pending trial.

"Give and Go" Guilty Pleas

Defendant	Charges	Plea Date	Sentence Date	Sentence
Thomas Wasso	Conspiracy - 3rd Degree Theft by Deception - 3rd Degree	8/22/03	11/14/03	(3rd Degree Conspiracy) 2 years probation; $30,220.45 restitution
Luis Trabal	Conspiracy - 3rd Degree Theft by Deception - 3rd Degree Tampering with Public Records or Information - 3rd Degree	9/22/03	11/14/03	(3rd Degree Theft by Deception) 2 years probation; $33,723.80 restitution
Nidia Munoz	Conspiracy - 3rd Degree Theft by Deception - 3rd Degree Tampering with Public Records or Information - 3rd Degree	9/30/03	11/21/03	(3rd Degree Tampering with Public Records or Information) 3 years probation; $19,526 restitution
Carlos M. Grullon	Conspiracy - 3rd Degree Theft by Deception - 3rd Degree Tampering with Public Records or Information - 3rd Degree	10/24/03	12/12/03	(3rd Degree Theft by Deception) Sentenced to 4 years probation; $16,520 restitution; $5,000 civil fine; 200 hours community service
Aldemar Palacios	Conspiracy - 3rd Degree Theft by Deception - 3rd Degree Tampering with Public Records or Information - 3rd Degree	10/24/03	12/12/03	(3rd Degree Theft by Deception) 3 years probation; $3,000 civil fine; 150 hours community service
Ysrael Tavarez	Conspiracy - 3rd Degree Attempted Theft by Deception - 3rd Degree Tampering with Public Records or Information - 3rd Degree	10/17/03	12/12/03	(3rd Degree Attempted Theft by Deception Admitted into PTI; $5,000 civil fine; 50 hours community service
Luigi Andriano	Conspiracy - 3rd Degree Theft by Deception - 3rd Degree	10/17/03	12/8/03 (Postponed)	(3rd Degree Conspiracy) Pending sentencing
Renee Perez	Conspiracy - 3rd Degree Attempted Theft by Deception - 3rd Degree Tampering with Public Records or Information - 3rd Degree	10/24/03	1/13/04	(3rd Degree Attempted Theft by Deception) 1 year probation; $250 criminal fine

Defendant	Charges	Plea Date	Sentence Date	Sentence
Richard Pina	Theft by Deception - 3rd Degree Tampering with Public Records or Information - 3rd Degree	10/9/03	10/9/03	(3rd Degree Theft by Deception) Admitted into PTI; 50 hours community service
Michael Garafalo	Receiving Stolen Property - 3rd Degree	10/9/03	10/9/03	(Receiving Stolen Property - 3rd Degree) Admitted into PTI; 50 hours community service
Joaquin Martinez	Receiving Stolen Property - 3rd Degree Simulating a Motor Vehicle Insurance Identification Card - 4th Degree	9/2/03	11/7/03	(3rd Degree Receiving Stolen Property) Admitted into PTI; 60 hours community service
Edward G. Whyte	Receiving Stolen Property - 3rd Degree	9/29/03	11/14/03	(Receiving Stolen Property - 3rd Degree) Admitted into PTI; 60 hours community service
Gilberto Pasqual	Conspiracy - 3rd Degree Theft by Deception - 3rd Degree Receiving Stolen Property - 3rd Degree	11/17/03	1/16/04	(Receiving Stolen Property - 3rd Degree) 3 years State prison
Maria A. Mora	Conspiracy - 3rd Degree` Theft by Deception - 3rd Degree Tampering with Public Records or Information - 3rd Degree	11/20/03	1/23/04	(Theft by Deception - 3rd Degree) 5 years probation; $11,342.70 restitution
Gary Albanese	Conspiracy - 3rd Degree Theft by Deception - 3rd Degree	12/5/03	1/23/04	(Conspiracy - 3rd Degree) 2 years probation; $250 criminal fine; full restitution
Guillermo Guzman	Conspiracy - 3rd Degree Attempted Theft by Deception - 3rd Degree	12/5/03	1/23/04	(Attempted Theft by Deception - 3rd Degree) 2 years probation; $200 criminal fine

State v.
Omar K. Gordon

On August 5, 2003, a Hudson County Grand Jury charged Omar K. Gordon with attempted theft by deception, tampering with public records or information, and falsifying records. According to the indictment, on August 24, 2001, Omar Gordon reported to the Jersey City Police Department that his 1996 Nissan Maxima had been stolen from the Jersey City Pep Boys parking lot. The indictment also alleged that on September 24, 2001, Gordon submitted an Affidavit of Vehicle Theft to State Farm Insurance Company claiming that he last saw his vehicle on August 23, 2001, in the Pep Boys parking lot and reported it missing on August 24, 2001. The State intends to prove that, because New York City Police Department Detective Kenneth DeStefano recovered Gordon's vehicle in the Bronx, New York, on August 23, 2001, it could not have been in the Pep Boys parking lot as reported by Gordon. His case is pending trial.

State v.
Joseph Cirino, Jr.

On August 18, 2003, Joseph Cirino pled guilty to an Accusation charging him with arson of property for the purpose of collecting insurance proceeds. Cirino admitted that, on November 2, 2002, he met a person identified as Robert Halpin in the WalMart parking lot located in Berlin, New Jersey, and gave him his 2000 Honda Accord along with $500, in order for Halpin to take Cirino's car to an undisclosed location and set it on fire. Cirino planned to discontinue his lease payments and file a fraudulent insurance claim. Cirino admitted that he reported the vehicle stolen and submitted a fraudulent claim to his insurance carrier, Allstate Insurance Company. On October 31, 2003, Cirino was sentenced to two years probation and ordered to pay a $3,500 civil insurance fraud fine. On December 10, 2003, a State Grand Jury returned an indictment charging Halpin with conspiracy, arson for hire, aggravated arson, arson to collect insurance proceeds, and theft by deception. Halpin's case is pending trial.

State v.
Husam A. Hamdan

On September 15, 2003, Husam Hamdan pled guilty to an Accusation charging him with conspiracy. Hamdan admitted that on June 1, 2003, he offered to pay a co-conspirator to take Hamdan's 1994 Mazda 626 and dispose of it so that he could file a fraudulent stolen vehicle insurance claim with American International Insurance Company of New Jersey. Hamdan also admitted that after he turned over the vehicle to his co-conspirator, he filed a stolen vehicle report with the East Orange Police Department. On November 21, 2003, Hamdan was admitted into the PTI Program conditioned on performing 50 hours of community service.

State v.
Harold Davis

On March 24, 2003, Harold Davis pled guilty to an Accusation charging him with attempted theft by deception. Davis, an Atlantic City casino employee, admitted that, on September 27, 2001, he submitted a false automobile insurance claim to Rutgers Casualty, claiming that he had driven his car into New York City on September 11, 2001, and that it sustained damage from falling debris from the terrorist attacks on the World Trade Center Towers. The in-

vestigation revealed that Davis and his car were at his place of employment in Atlantic City on September 11, 2001, and, therefore, that his car could not have sustained damage in New York City as he claimed. Davis admitted that the damage to his vehicle was caused by highway debris. Davis was admitted into the PTI Program on May 1, 2003, conditioned upon performing 75 hours of community service and paying a $2,500 civil penalty.

State v. Donald Bracco

Donald Bracco pled guilty to an Accusation charging him with tampering with public records or information. Bracco admitted that, on November 30, 2001, he submitted a false report with the Old Bridge Police Department claiming that his 2001 Ford Explorer, which he was leasing from Ford Motor Credit, had been stolen. Bracco knew that the vehicle had not been stolen, but, in fact, had been abandoned in Marlboro, where it had been recovered by the Marlboro Police Department. On March 24, 2003, Bracco was sentenced to three years in State prison, ordered to pay restitution in the amount of $584, and agreed to pay a $5,000 civil insurance fraud fine.

State v. Ernest Davis

On February 20, 2003, Ernest Davis pled guilty to an Accusation charging him with attempted theft by deception. Davis admitted that, on December 5, 2001, he filed a false automobile theft claim with his insurance company, Liberty Mutual, claiming that his 1998 Toyota Avalon had been stolen on November 26, 2001, when Trenton police found Davis' Toyota in flames on Broad Street in Trenton. It was determined that there was no evidence that the vehicle had been stolen and that the fire was the result of arson. Because of the suspicious nature of Davis' theft claim, Liberty Mutual denied the claim and referred it to OIFP. Davis was sentenced to two years probation conditioned upon paying a $3,000 civil insurance fraud fine.

State v. Anna M. White

A Cumberland County Grand Jury returned an indictment charging Anna M. White with falsifying records. According to the indictment, on June 2, 2001, White submitted a falsified Affidavit of Theft for her 1992 Dodge Caravan to Ohio Casualty Insurance Company in conjunction with a fraudulent insurance claim. White had, in fact, loaned her van to another person who was then involved in an accident. White wanted the insurance carrier to believe her car was damaged after it was purportedly stolen. On February 3, 2003, White pled guilty to falsifying records. On April 25, 2003, she was admitted into the PTI Program conditioned upon performing 30 hours of community service.

State v. Trisha Townsend

Trisha Townsend was charged by a Mercer County Grand Jury with attempted theft by deception. According to the indictment, on May 26, 2001, Townsend falsely reported to the Trenton Police Department that her 1994 Dodge Intrepid had been stolen and filed a fraudulent auto theft claim with her insurance company, New Jersey Manufacturers Insurance Company, four days later. On January 27, 2003, Townsend was admitted into the PTI Program conditioned upon payment of a $5,000 civil insurance fraud fine.

State v. Vincent Torrone

On March 18, 2003, a Bergen County Grand Jury returned an indictment charging Vincent Torrone with attempted theft by deception. According to the indictment, on February 1, 2001, Torrone, owner of the Import Specialist, a Paramus auto repair shop, reported to the Paramus Police Department that his 1992 Mercury Grand Marquis had been stolen the day before from his place of business. On the same date, Torrone allegedly submitted a vehicle theft claim to the Motor Club of America (MCA) in the approximate amount of $4,325. MCA denied the claim and referred the matter to OIFP for investigation. The State intends to prove that the 1992 Mercury Grand Marquis which Torrone allegedly reported stolen on February 1, 2001, was actually recovered by the New York Police Department on January 28, 2001, in New York City, thus casting doubt on the veracity of Torrone's report. Torrone's case is scheduled for trial early in 2004.

State v. Angel Rodrigo

On February 28, 2003, Angel Rodrigo pled guilty to an Accusation charging him with falsifying or tampering with records. Rodrigo admitted that on September 11, 2001, he fraudulently submitted an Affidavit of Vehicle Theft claim to New Jersey Citizens United Reciprocal Exchange, claiming that his 2000 Mercedes-Benz C280 had been stolen on September 2, 2001. The investigation revealed that the vehicle had been recovered by the Hillside Township Police Department on August 28, 2001, four days prior to the time Rodrigo reported last seeing the Mercedes Benz. On May 16, 2003, Rodrigo was sentenced to three years probation conditioned upon completing 100 hours of community service and paying restitution in the amount of $2,279 as well as a $2,500 civil insurance fraud fine.

State v. Wendy Montalvo

On April 1, 2003, Wendy Montalvo pled guilty to an Accusation charging her with tampering with public records or information. Montalvo admitted that, on May 3, 2002, she falsely reported to the Kearny Police Department that her 2001 Honda Civic had been stolen in order to submit a fraudulent stolen vehicle theft claim to Liberty Mutual Insurance Company. On May 14, 2003, Montalvo was admitted into the PTI Program conditioned upon completing 25 hours of community service and paying a $5,000 civil insurance fraud fine.

State v. Michael Scarpa

On May 13, 2003, a Hudson County Grand Jury returned an indictment charging Michael Scarpa with attempted theft by deception, tampering with public records or information, and falsifying records. According to the indictment, on December 22, 2001, Scarpa reported to the Jersey City Police Department that his 1992 Chevrolet Suburban had been stolen from the Hudson Mall in Jersey City. On December 26, 2001, Scarpa submitted a stolen automobile claim with State Farm Insurance Company for $11,103, the value of the insured car at the time of the claim. State Farm denied the claim and referred the matter to OIFP for investigation. The OIFP investigation revealed that, unbeknownst to Scarpa, on December 18, 2001, four days prior to Scarpa's stolen vehicle report to the Jersey City Police Department, his 1992 Chevrolet Suburban had been "tagged" in the Bronx, New York, as a "derelict" vehicle and, on December 19, 2001, the Suburban was removed and crushed by the New York City Sanitation Department. Scarpa pled guilty to attempted theft by deception and, on November 7, 2003, he was sentenced to one year probation with the conditions that he pay a $5,000 civil insurance fraud fine and perform 100 hours of community service.

State v.

Jorge L. Velazquez

On June 19, 2003 Jorge Velazquez pled guilty to an Accusation charging him with tampering with public records or information. Velazquez admitted that, on December 25, 2002, he falsely reported to the Elizabeth Police Department that his 1999 Ford Contour had been stolen so that he could submit a false auto insurance theft claim. He admitted that he had actually been involved in a hit-and-run accident in Linden involving a parked car, fled the scene and abandoned the car in another location. He filed a vehicle theft insurance claim with Prudential Insurance Company, but subsequently withdrew the insurance claim. On August 15, 2003, Velazquez was admitted into the PTI Program conditioned upon performing 60 hours of community service and paying a $5,000 civil insurance fraud fine.

State v. Mariusz Kwiatkowski

On June 30, 2003, Mariusz Kwiatkowski pled guilty to an Accusation charging him with tampering with public records or information. Kwiatkowski admitted that, on January 11, 2003, he lost control of his 2003 Nissan, hitting a parked car. Following the accident, Kwiatkowski fled the scene. Kwiatkowski falsely reported to the Lawrence Police Department that his Nissan had been stolen and filed a fraudulent automobile theft claim with Liberty Mutual Insurance Company to cover the damage done to the car in the accident. On September 17, 2003, Kwiatkowski was admitted into the PTI Program conditioned upon performing 75 hours of community service and paying a $5,000 civil insurance fraud fine.

State v. Julio Arenas

On May 13, 2003, a complaint summons was issued to Julio Arenas charging him with attempted theft by deception. The complaint alleged that in December of 2001, Arenas falsely reported his 1998 Cadillac Catera stolen to the Newark Police Department and subsequently filed a phony vehicle theft insurance claim with Liberty Mutual. Arenas subsequently admitted that the Cadillac had not been stolen, but that he had voluntarily destroyed the vehicle by setting it on fire, as part of a scheme to steal insurance money from Liberty Mutual and avoid further expensive car payments. Liberty Mutual denied the claim. On June 24, 2003, Arenas pled guilty to an Accusation charging him with the crime. He was admitted into the PTI Program on August 15, 2003, conditioned upon performing 50 hours of community service.

State v. Robert E. Smith

A Burlington County Grand Jury returned an indictment charging Robert E. Smith with theft by deception, unsworn falsification to authorities, and falsifying or tampering with records. According to the indictment, sometime between October 14, 1999 and November 22, 1999, Smith reported to the Moorestown Police Department that his former wife's 1994 Saab 900 had been stolen from the Moorestown Mall parking lot on October 14, 1999. The indictment further alleged that, on October 26, 1999, Smith signed and submitted an affidavit of theft to Allstate Insurance Company falsely stating that the vehicle had been stolen from the Moorestown Mall, causing Allstate to pay approximately $12,000 on the theft claim. However, OIFP's investigation revealed that two weeks prior to the purported October 14, 1999 theft date, the car had been involved in a police chase and abandoned in the City of Camden. The investigation further revealed that the Camden Police Department impounded the car and that it was towed to a garage in Pennsauken where it remained until June 18, 2001. On July 24, 2003, Smith pled guilty to theft by deception and was sentenced to two years probation, conditioned on serving 64 days in county jail, and payment of $9,000 in restitution to the Allstate Insurance Company. He was also ordered to pay a $5,000 civil insurance fraud fine.

State v. James Good

On October 30, 2003, James Good was charged by an Essex County Grand Jury with falsifying records. According to the indictment, on January 10, 2002, Good filed a stolen vehicle claim with his insurance carrier, Liberty Mutual Insurance Company, stating that his 1989 Subaru had been stolen, even though he knew that the vehicle had not been stolen and that he was not entitled to the insurance money. The State intends to prove that, on October 12, 2001, Good's 1989 Subaru was involved in an automobile accident in Newark in which the driver and a passenger fled the scene. It is alleged that Good submitted the false claim with Liberty Mutual in order to cover up for the person driving the car because she had wrongfully left the scene of the accident. His case is pending trial.

State v.

Jorge A. Salamanca

On October 28, 2003, Jorge Salamanca pled guilty to an Accusation charging him with tampering with public records or information. Salamanca admitted that, on June 11, 2002, he falsely reported to the Elizabeth Police Department that his 1996 Acura had been stolen. He also admitted that he filed a fraudulent stolen car insurance claim with Allstate Insurance. He represented to Allstate that he last saw his vehicle at 5:30 p.m. on June 9, 2002, in Elizabeth, New Jersey. However, the vehicle was found at 1:30 a.m. on June 10, 2002, in Miami, Florida, which would have made it impossible for him to have seen his car at the time and date in Elizabeth that he claimed. Allstate denied the claim and referred the matter to OIFP. Salamanca is scheduled to be sentenced early in 2004.

State v. Lojza Gruevski

On October 17, 2003, Lojza Gruevski pled guilty to an Accusation charging her with attempted theft by deception. Gruevski admitted that, on May 4, 2001, she falsely reported to Allstate Insurance Company that her 1995 Nissan Pathfinder had been stolen the previous day in New York City, in order to conceal the fact that her uninsured son had been driving the car and was involved in an automobile accident in New York City. Allstate denied the claim and referred the matter to OIFP for investigation. Gruevski was admitted into the PTI Program conditioned on performing 25 hours of community service.

State v. Martino A. Cartier

On October 14, 2003, Martino Cartier pled guilty to an Accusation charging him with theft by deception. Cartier admitted that, in September of 2001, he brought his 2000 Chrysler Sebring to a body shop in Philadelphia for repairs. When Cartier was unable to pay the remaining mechanic's lien on the vehicle, he conspired with the body shop repair man to abandon the car at Penn Station in Philadelphia. Cartier then falsely reported his car stolen to Allstate Insurance Company, which paid the lien holder $19,370. On December 1, 2003, Cartier was admitted into the PTI Program conditioned on paying restitution in the amount of $19,327.

State v. Modesta Vendittoli

On December 9, 2003, a State Grand Jury returned an indictment charging Modesta Vendittoli with attempted theft by deception and tampering. According to the indictment, on January 28, 2002, Vendittoli reported to the Secaucus Police Department that her 1999 Acura had been stolen from the Harmon Meadow Plaza parking lot in Secaucus while she was inside shopping. Allegedly, Vendittoli also reported the purported theft to her insurance carrier, First Trenton Indemnity Insurance Company. The State intends to prove that Vendittoli's Acura had, in fact, been impounded by the Jersey City Police Department on January 19, 2002, nine days prior to the reported theft in Secaucus. Vendittoli's case is pending trial.

Other Fraudulent Automobile Related Insurance Claims

State v. Narenda Solanki

Narenda Solanki pled guilty in 2002 to an Accusation charging him with falsifying records. Solanki admitted that, on May 29, 1998, he falsely reported to the North Brunswick Police Department that his car had been burglarized and that approximately $8,000 in cash and gift items were stolen from the vehicle. Solanki also admitted that he made a theft claim to State Farm Insurance Company in the amount of $8,000 and, in order to support his claim, submitted phony receipts that were provided to him by Timetron Watch Company located in Edison. On March 28, 2003, Solanki was admitted into the PTI Program and ordered to pay a $5,000 civil insurance fraud fine. The investigation is continuing and further civil or criminal insurance fraud penalties against other persons who may have assisted Solanki are pending.

State v. Alloy Johnson

On January 2, 2003, a Middlesex County Grand Jury handed up an indictment charging Alloy Johnson with theft by deception and forgery. According to the indictment, on January 15, 2000, Johnson, without authorization, cashed and kept for himself the proceeds of a New Jersey Manufacturers Insurance Company settlement check in the amount of $2,173 by forging the endorsement signature of Sean Caposella, Vice-President of Jefferson Loan Company. The settlement check was issued by New Jersey Manufacturers and made payable to Johnson and Jefferson Loan Company as a result of a vehicle theft claim submitted by Johnson in November 1999, in which he claimed his 1990 Acura had been stolen. Johnson was supposed to endorse the check over to Jefferson Loan Company to pay the balance of the loan that Johnson owed on the Acura. Instead, Johnson cashed the check and kept the money for his own use. On June 17, 2003, Johnson pled guilty to uttering a forged document and on September 4, 2003, he was sentenced to three years probation conditioned upon paying restitution to the Jefferson Loan Company in the amount of $2,173.

State v. Daniel Pascuite

On March 12, 2003, Daniel Pascuite pled guilty to an Accusation charging him with attempted theft by deception. Pascuite admitted that, on December 16, 2000, he falsely reported to Clarendon National Insurance Company that the rims and tires from his 1999 Chevrolet Corvette had been stolen. He also admitted that, on May 10, 2001, he submitted altered receipts to the insurance company in order to steal claim money to which he was not entitled. On July 16, 2003, Pasciute was admitted into the PTI Program with the condition that he perform 50 hours of community service.

State v. Peter Mangiola

On February 10, 2003, Peter Mangiola pled guilty to an Accusation charging him with attempted theft by deception. Mangiola admitted that, on October 17, 1996, he fraudulently reported to General Accident Insurance Company that several items, including a Nikon camera and a pair of Ray Ban sunglasses, had been stolen from his automobile. Mangiola submitted two fraudulent credit card receipts as proof of the value of the camera and sunglasses and General Accident paid his claim in the amount of $1,277. Mangiola also admitted that, on May 5, 1999, he submitted the same two fraudulent receipts to Hanover Insurance Company, reporting that the same items, along with clothing and computer equipment valued at $5,921, were stolen from his car. Hanover

denied the claim and referred the case to OIFP. On May 2, 2003, Mangiola was sentenced to two years probation conditioned upon paying $1,278 in restitution to the insurance company. He was also ordered to pay a $10,000 civil insurance fraud fine.

State v. Zurab Tandilashvili

On November 21, 2003, Zurab Tandilashvili pled guilty to an Accusation charging him with forgery. Tandilashvili admitted that, on November 1, 2001, he submitted false garage rental and car rental receipts totaling $3,450 in support of an automobile insurance liability claim to Allstate Insurance Company. The insurance claim related to an automobile accident which occurred on August 14, 2001, in New York City in which Tandilashvili's vehicle was struck by an Allstate insured vehicle. On November 21, 2003, Tandilashvili was admitted into the PTI Program conditioned upon performing 50 hours of community service and paying a civil insurance fraud fine in the amount of $5,000.

State v. Pretam R. Parsam

On April 17, 2003, Pretam Parsam pled guilty to an Accusation charging him with attempted theft by deception. Parsam admitted that, on June 24, 2002, he falsely reported the attempted theft of his 1993 Honda Accord to the Morris Township Police Department. Parsam also admitted that, on July 17, 2002, he falsely reported to the Morris Township Police Department that a Sony television-stereo combo valued at $1,244 had been stolen at the time of the attempted theft of his automobile. Parsam presented a phony store receipt to a Morris Township police officer in support of his claim that the television was stolen. Parsam subsequently submitted an insurance claim to Liberty Mutual Insurance Company with the intent to defraud the insurance company into replacing the television and repairing damage to his vehicle allegedly sustained in the attempted theft. On May 30, 2003, Parsam was admitted into the PTI Program conditioned upon completing 50 hours of community service and paying a $1,500 civil insurance fraud fine.

State v. Michael Marchevsky

On October 22, 2003, Michael Marchevsky was admitted into the PTI Program conditioned upon performing 100 hours of community service and paying a $2,500 civil insurance fraud fine after he pled guilty to an Accusation charging him with attempted theft by deception. In July of 2002, Marchevsky's 2000 Ford F150 pick-up truck was burglarized and a window shattered. Marchevsky claimed that several items valued at over $4,000, including speakers and a laptop computer, had been stolen from his truck. Marchevsky subsequently filed a loss of property insurance claim with Selective Insurance Company of America in the approximate amount of $4,980. Marchevsky admitted that he submitted a phony receipt from AVIV Electronics in support of his claim and that, in fact, he had not suffered the loss as claimed.

Personal Injury Claims Adjuster Fraud

State v. Joseph DeGregorio

A State Grand Jury returned an indictment in 2001 charging Joseph DeGregorio with theft by unlawful taking. The indictment alleged that DeGregorio, who worked as an adjuster/paralegal for personal injury lawyers, misappropriated approximately $87,000 in insurance claim settlement checks from various claimants who were clients of the law firm that employed him. The settlement checks were deposited into DeGregorio's bank account which was in the name of JRD Adjusting, a corporation he created. Following indictment, DeGregorio fled to Florida where investigators from OIFP arrested him. DeGregorio pled guilty to theft by deception and, on September 19, 2003, he was sentenced to four years in State prison and ordered to pay restitution in the amount of $102,000.

Receiving Stolen Property

State v. Thomas Robinson, David Levine and Robert VonSee

On April 1, 2003, Thomas Robinson was charged by a Passaic County Grand Jury with conspiracy and receiving stolen property. Also named in a separate but related indictment were David Levine and Robert VonSee, who were charged with conspiracy and theft by deception. The indictment against Robinson alleged that, between June of 1997 and January of 1999, Robinson provided stolen cars to Frank Thomas Holgate who owned and operated Best Buys Auto Parts and Cars in Cedar Grove. Some of the stolen cars were dismantled and the parts sold. False insurance claims were submitted with respect to some of the stolen cars. Among the stolen vehicles supplied by Robinson were a 1992 Ford valued at approximately $10,000, a 1995 Dodge valued at approximately $14,425, a 1995 Honda valued at approximately $13,775, a 1990 Mazda valued at approximately $6,500, a 1990 Toyota valued at approximately $9,725, a 1991 Toyota valued at approximately $7,825, a 1994 Toyota valued at $15,750, a 1995 Toyota valued at approximately $22,725, and a 1997 Volkswagen valued at approximately $18,000. Holgate pled guilty to receiving stolen property and, on October 31, 2003, was sentenced to four years probation conditioned upon serving 275 days in county jail. Holgate's restitution will be determined by the Court.

Robinson pled guilty to conspiracy and receiving stolen property and on October 31, 2003, was sentenced to five years probation conditioned upon serving 364 days in county jail. Robinson was also ordered to pay $24,000 in restitution.

The indictment charging Levine and VonSee alleged that, between August 11, 1998 and October 14, 1998, VonSee "gave up" his 1990 Mercedes Benz to Levine who then provided the vehicle to Holgate. Levine assisted VonSee in falsely reporting his 1990 Mercedes stolen. Levine also allegedly falsely reported the Mercedes stolen to the Wayne Police Department. VonSee filed a fraudulent auto theft insurance claim with First Trenton Indemnity Insurance Company which paid $31,518. On May 19, 2003, VonSee pled guilty to the charges and was admitted into the PTI Program conditioned upon completing 75 hours of community service and paying $27,669 in restitution to First Trenton Indemnity. On June 9, 2003, Levine pled guilty to conspiracy and was admitted into the PTI Program conditioned upon completing 75 hours of community service.

State v. Artan Rosania

On January 31, 2003, Artan Rosania was sentenced to three years in State prison following his guilty plea to receiving stolen property. The charges related to the fact that Rosania, as a salesman for Newton Motor Sports, sold car keys for luxury automobiles to undercover State Investigators so the cars could be stolen. OIFP investigators along with Organized Crime and Racketeering Bureau investigators in the Division of Criminal Justice investigated the case.

State v.

Andrzej Domanski

On June 12, 2003, Andrzej Domanski pled guilty to an Accusation charging him with receiving stolen property. Domanski admitted that, on February 20, 2003, he took possession of a 2001 BMW X5 automobile for compensation, knowing the car had been falsely reported stolen in East Orange two days earlier. On July 18, 2003, Domanski was sentenced to two years probation, receiving credit for two days served in county jail.

State v.
M. M.

On October 2, 2003, OIFP investigators executed a search warrant and arrested a suspect known in the investigation as M.M. Numerous cars and car parts were seized during the search, suggestive of the operation of a "chop shop" and probable automobile insurance fraud. M.M. was charged with receiving stolen property, dealing in stolen property, and certain alterations of motor vehicle identification numbers. Bail was set at $50,000 with a 10% cash option. The identity of M.M. has not been released to preserve the integrity of OIFP's ongoing investigation.

Staged and Fictitious Accidents

State v.
Anhuar Bandy,
Alejandro Ventura, Elvin Castillo,
Raynaldo Cuevas, Cesar Caba,
Victor Almonte, et al.

The prosecution of this large-scale staged accident ring advanced significantly in 2003. Twenty-eight persons were named in ten separate State Grand Jury indictments in 2002 charging them variously with racketeering, conspiracy, health care claims fraud, attempted theft and theft by deception, use of a 17 year old or younger to commit a criminal offense, and possession of a weapon without a permit. All of the charges relate to allegations that the defendants participated in phony automobile accidents in and around Union County to submit false insurance claims.

The main indictment in this case charged racketeering and related crimes, alleging that Anhuar Bandy, who owned, controlled, or operated as the chief corporate officer of six North Jersey chiropractic clinics, and Alejandro Ventura, Elvin Castillo, Raynaldo Cuevas, Cesar Caba and Victor Almonte, all of whom were associated with Anhuar Bandy or the clinics, allegedly fabricated eight phony automobile accidents. It also alleged that, as a result of these eight phony automobile accidents, claimants submitted PIP insurance claims in excess of $331,000 to several insurance companies. Additionally, the indictment alleged that insurance claims in excess of $2 million were also submitted in conjunction with more than 90 other phony accidents. According to the indictment, the accidents were constructed by obtaining cars, soliciting drivers and passengers, faking acci-

dents, and then sending the occupants of the cars to treat at chiropractic clinics in order to submit the fraudulent insurance PIP claims. As part of the conspiracy to construct phony accidents, the State alleged that Ventura, Castillo, Cuevas, Caba, and Almonte acted as "runners" and recruited persons to participate in the phony automobile accidents. The State also alleged that the persons who participated in the phony accidents became patients at several of the Bandy owned, controlled, or operated chiropractic clinics, as well as at other medical service provider offices, even though they were not hurt in the phony accidents. The indictment also alleged that the "runners" were sometimes known as "constructors" because they allegedly constructed these automobile accidents. The other indictments charged the remaining 22 defendants for their participation in the eight phony accidents as passengers, drivers and/or claimants. These 22 defendants were named based on their participation as passengers, vehicle operators, and insurance claimants treating at various chiropractic clinics in order to submit insurance claims as part of the conspiracies involving these phony automobile accidents. The State further alleged that most of the claim money was paid to Bandy owned, operated, or controlled chiropractic clinics. The victimized insurance companies included Allstate Insurance Company, Kemper Insurance Company, MDA/Newark Insurance Company, Prudential Insurance Company, Republic Western Insurance Company (U-Haul of Arizona), Selective Insurance Company, Sentry Insurance Company, State Farm Insurance Company, Bayside Casualty, Clarendon National, Continental Insurance, Farm Family Insurance Company, Liberty Mutual Insurance Company, Maryland Insurance Company, the Moxon Company, National Continental Progressive, National General Insurance Company, N.J. Cure, Ohio Casualty Insurance Company, Parkway Insurance, Progressive Casualty, Red Oak Insurance Company, United States Automobile Association (USAA), and New Jersey Manufacturers Insurance Company.

During calendar year 2003, three of the six indicted racketeers pled guilty to conspiracy to commit racketeering and face prison sentences. Another defendant also pled guilty to health care claims fraud and faces a prison sentence. To date, approximately 24 of the 28 indicted defendants charged with participating in the ring have pled guilty.

State v.
Dannie Campbell, et al.

On March 19, 2003, a State Grand Jury returned three indictments charging Dannie Campbell and ten other defendants with conspiracy, health care claims fraud, and attempted theft by deception. According to the indictments, between July of 1997 and March of 1999, Dannie Campbell masterminded two fictitious automobile accidents involving other co-conspirators in order to have the co-conspirators treat for injuries purportedly sustained in the phony accidents and submit Personal Injury Protection (PIP) insurance claims to an insurance company. The State alleges that the first phony automobile accident planned by Campbell took place on July 24, 1997, in Hillside, involving co-defendants George Holly, Jr., Shaheen Johnson, Nathaniel Jones, and Rashonda Harris, all of whom claimed to have sustained injuries requiring medical treatment. PIP insurance claims of approximately $47,700 were submitted to Keystone Insurance Company/AAA Mid-Atlantic Insurance Company under Holly's automobile insurance policy for this purported accident. The State further alleges that the second phony accident planned by Campbell took place on September 16, 1998 in Newark involving co-defendants Robert Paul Mitchner
a/k/a "Shaboor," Chad Watson, Ramil Robinson, Duane Smith, Monesha Gray, and Deborah Mathis and that they also submitted phony PIP insurance claims to Keystone Insurance Company/AAA Mid-Atlantic Insurance Company totaling approximately $42,950. In both cases, Keystone Insurance Company/AAA Mid-Atlantic Insurance Company became suspicious of the claims, denied payment, and referred the matters to OIFP. On October 24, 2003, Campbell failed to appear in Court and a bench warrant was issued for his arrest. The cases as to the other defendants are pending trial.

State v.
Ali Harvey, Roy Bailey

and Irene Smith

An Essex County Grand Jury handed up an indictment in 2002 charging Roy Bailey and Irene Smith with conspiracy to commit theft by deception and attempted theft by deception. According to the indictment, on February 11, 1997, Ali Harvey, Bailey, and Smith reported to the Newark Police Department that they were passengers in an automobile which was struck by another vehicle that had run a stop sign and fled. The indictment alleged the accident never occurred and that they treated at an East Orange chiropractic clinic for injuries they falsely claimed to have sustained in the phony accident so that bodily injury and PIP claims could be submitted to State Farm Insurance Company. State Farm denied the claims and referred the case to OIFP for investigation. Harvey pled guilty to an Accusation charging him with conspiracy. He was admitted into the PTI Program and ordered to complete 50 hours of community service. On November 22, 2002, Bailey was arrested pursuant to a bench warrant issued for unrelated charges and arraigned in Essex County Superior Court. He later failed to appear for a court hearing and a second bench warrant was issued for his arrest. Smith pled guilty to the charges in the indictment and was sentenced on March 7, 2003, to two years probation conditioned upon completing 100 hours of community service.

State v.
Rene Obredor

On March 7, 2003, Rene Obredor was sentenced to one year probation conditioned upon completing 50 hours of community service and paying a $750 criminal fine. Obredor had pled guilty to an Accusation charging him with attempted theft by deception, admitting that he caused a purported Glenwood Police Department automobile accident report to be falsified so as to reflect that, on or about February 11, 1999, he was injured in an automobile accident. Obredor also admitted that he used the false police accident report to support an automobile insurance PIP claim which was submitted to First Trenton Indemnity Insurance Company and New Jersey Manufacturers Insurance Company, along with several other falsified claim documents. At his guilty plea hearing, Obredor admitted that he sought medical treatments for purported injuries arising from the accident, even though he was not really injured in an automobile accident as he had claimed to the insurance companies. The insurance companies denied fraudulent PIP claims of approximately $5,000 and referred the case for investigation.

State v.
Yvonne Blakney, et al.

Loreen Blakney falsely reported to the Camden Police Department on August 9, 1997, that her vehicle was struck by an unidentified hit-and-run driver while she was driving. She also claimed that Lareen Blakney-Reed, Loreen's twin sister; Yvonne Blakney, Lareen's daughter; and Danielle Miller, a friend, were passengers in the vehicle. Following the falsely reported accident, they received treatment from medical service providers, causing General Accident Insurance Company to pay PIP medical payments totaling over $47,000. All four defendants pled guilty to charges arising out of this illicit scheme. In November of 2002, Lareen Blakney-Reed was sentenced to 18 months probation and ordered to pay $12,041 in restitution, while Danielle Miller was sentenced to one year probation and ordered to pay $9,143 in restitution. On December 13, 2002, Loreen Blakney was sentenced to three years probation and ordered to pay $15,916 in restitution. On January 31, 2003, Yvonne Blakney was sentenced to two years probation conditioned on paying $10,634 in restitution to General Accident Insurance Company and serving 100 hours of community service.

State v.
Robin Ellison, et al.

A Burlington County Grand Jury returned an indictment in 2002 charging Robin Ellison, Denise Gaines, Patricia Oglesby, and Deborah Thomas with conspiracy, health care claims fraud, and theft by deception. According to the indictment, on April 10, 1998, Gaines, Oglesby and Thomas were passengers in a vehicle being driven by Ellison in Philadelphia, Pennsylvania, when they conspired to falsely claim that an automobile accident had occurred. Ellison reported the collision to the Philadelphia Police Department and all four defendants told the responding officer that they were injured in the phony accident. Ellison also reported to State Farm Insurance Company that her vehicle was involved in a motor vehicle accident.

The indictment alleged that all four defendants subsequently submitted fraudulent PIP claims to State Farm for reimbursement for health care services for injuries they claimed to have sustained. Oglesby, Gaines, and Thomas pled guilty to

one count each of theft by deception. On January 10, 2003, Oglesby was sentenced to five years probation conditioned upon serving 180 days in county jail, payment of $2,011 in restitution to State Farm and payment of a $2,500 civil insurance fraud fine. Gaines was also sentenced on January 10, 2003 to three years probation conditioned upon serving 180 days in county jail, payment of $7,560 in restitution to State Farm, and payment of a $2,500 civil insurance fraud fine. On January 17, 2003, Thomas was sentenced to five years probation conditioned upon serving 180 days in county jail, paying restitution in the amount of $7,560 to State Farm, and paying a $2,500 civil insurance fraud fine. Ellison pled guilty to conspiracy and health care claims fraud and on January 17, 2003, she was sentenced to three years in State prison, payment of $16,741 in restitution to State Farm, and a $5,000 civil insurance fraud fine. On August 4, 2003, Pauline Whitfield pled guilty to an Accusation charging her with health care claims fraud and impersonation, admitting that she also fraudulently claimed to have been injured in the same automobile accident as the other four defendants. In particular, she admitted that she had misrepresented herself to be Paulette Jones to the investigating officer and to State Farm Insurance Company for the purpose of submitting fraudulent health insurance claims in the amount of $16,908, of which State Farm paid approximately $5,900. On December 19, 2003, Whitfield was sentenced to five years probation conditioned upon serving 364 days in county jail, ordered to pay $5,913 in restitution to State Farm, and to pay a $5,000 civil insurance fraud fine.

State v. John Groff, et al.

A State Grand Jury returned an indictment charging John Groff, Luis Ruiz and 27 others with conspiracy and attempted theft by deception in July of 2001. Groff and Ruiz, who essentially acted as "runners," conspired

with 27 other defendants to stage a total of seven automobile accidents in and around Camden County. As a result of these phony accidents, phony PIP claims totaling nearly $97,000 were submitted to five insurance carriers, including Allstate Insurance Company, State Farm Insurance Company, Liberty Mutual Insurance Company, Prudential Insurance Company, and Material Damage Adjustment Corporation. False police reports were made to six police departments, including Pennsauken, Voorhees, Cherry Hill, Bellmawr, Camden, and Gloucester Township. Due to the suspicious nature of the claims, the carriers refused payment and referred the case to OIFP for further investigation. Ruiz pled guilty to conspiracy to commit theft by deception in January of 2002 and was sentenced to three years in State prison with one year of parole ineligibility. He was also ordered to pay a $20,000 civil insurance fraud fine. Groff pled guilty to attempted theft by deception, admitting that he conspired with the 28 other defendants to "stage"

the phony accidents. On September 19, 2003, he was sentenced to seven years in State prison with three and a half years of parole ineligibility. The other defendants were admitted into the PTI Program conditioned upon paying a $1,000 civil insurance fraud fine and continued cooperation with the State.

State v.
Neil Arruda
and Simone Fernandes

On August 29, 2003, a State Grand Jury returned two separate indictments against Neil Arruda and his girlfriend, Simone Fernandes, arising out of an OIFP investigation of M&A Auto Body. The first indictment charged Arruda with conspiracy, theft by deception, and false incrimination. Fernandes was charged in the second indictment with conspiracy, theft by deception, and hindering apprehension or prosecution. The indictments alleged that, between March of 1998 and February of 2000, Arruda orchestrated five staged accidents with the help of nine co-conspirators, including Fernandes, which generated over $80,000 in fraudulent automobile insurance claims submitted to various insurance companies. On November 21, 2003, Fernandes pled guilty to theft by deception. She is scheduled to be sentenced in early 2004. Seven of the co-conspirators had been previously charged by OIFP in three separate indictments returned, respectively, by the Essex County Grand Jury on May 9, 2003, and by the Union County Grand Jury on April 9, 2003. An eighth co-conspirator had been previously charged by a State Grand Jury.

State v.
Rui Salgado, Anthony Padovano,
Ricardo Ventura
and Joseph Caponegro

In another case stemming from the M&A Auto Body investigation, a Union County Grand Jury returned an indictment charging Rui Salgado, Anthony Padovano, Ricardo Ventura, and Joseph Caponegro with conspiracy and theft by deception. According to the indictment, on October 22, 1999, Padovano intentionally drove his 1998 Toyota into a 1998 Ducati motorcycle and a 1999 Kawasaki Ninja motorcycle, both of which were parked without riders in front of Caponegro's house. The State alleged that Padovano falsely reported to the Union Township Police Department that the collision was an accident so that he could submit false insurance claims. The indictment also alleged that Padovano, Caponegro, Salgado, and Ventura conspired to stage the purported accident and shared in the proceeds of the insurance claims monies paid by Rider Insurance Company, Elco Administrative Services, and Prudential Insurance Company in the amount of $13,334. Ventura pled guilty to theft by deception and, on October 3, 2003, was sentenced to three years probation conditioned upon serving 180 days in county jail and ordered to pay a $500 criminal fine. Padovano and

Caponegro were acquitted by a jury following a trial in Union County. On October 14, 2003, Salgado pled guilty to an amended charge of hindering apprehension or prosecution and was sentenced to one year probation conditioned upon paying a $750 criminal fine.

State v. Antonio Oliviera, Francisco da Cruz, Maria Antunes and Nelson Soares

As part of the M&A Auto Body investigation, Antonio Oliviera, Francisco da Cruz, and Maria Antunes were variously charged in two separate Essex County indictments with conspiracy, theft by deception, and unsworn falsification to authorities. The first of the two indictments alleged that, between March 11, 1998 and October 26, 1998, Oliviera and da Cruz conspired to obtain a 1999 Isuzu Rodeo from a body shop in Newark, and intentionally drove it into a 1993 Nissan in Newark so that property damage insurance claims could be submitted to Liberty Mutual Insurance Company. In total, approximately $18,263 in property damage was paid on this alleged fraudulent insurance claim. The second indictment alleged that, between October 6, 1998 and January 19, 1999, Oliviera and Antunes staged an accident involving a 1994 Honda Civic. The indictment further alleged that Antunes reported the accident to the Newark Police Department and submitted a false automobile accident report to Liberty Mutual Insurance Company claiming property damage in the amount of $8,195. Oliviera pled guilty to theft by deception, and on December 12, 2003, was sentenced to two years probation and ordered to pay a criminal fine of $1,000. Pursuant to the plea agreement, as to Oliviera, the second indictment was dismissed at sentencing. Antunes pled guilty to unsworn falsification to authorities, and on December 12, 2003, was sentenced to two years probation and payment of a $500 criminal fine. On October 20, 2003, da Cruz pled guilty to the amended charge of making a false report to law enforcement authorities and was sentenced to probation and payment of a $500 fine.

A State Grand Jury returned another indictment, also stemming from the M&A investigation, charging Nelson Soares with conspiracy, theft by deception, and hindering apprehension. This indictment alleged that, on August 21, 1998, Soares and several others rented a U-Haul truck to purposely cause an accident to generate a phony insurance claim. According to the indictments, Soares then drove the U-Haul truck into a 1994 BMW and allegedly falsely reported to the Newark Police Department that an automobile accident had occurred. Soares is currently a fugitive and his case is pending trial.

State v. Eric Boyer, et al.

On May 19, 2003, 22 individuals were named in four State Grand Jury indictments charging conspiracy, health care claims fraud, and attempted theft by deception. The indictments alleged that one of the conspirators, Eric Boyer, masterminded three staged accidents involving 21 other co-conspirators which resulted in the submission of multiple phony PIP insurance claims to several insurance companies. The indictments alleged that, between October of 1998 and October of 1999, Boyer planned and orchestrated the three fictitious automobile accidents with 21 other defendants who posed as passengers in the accidents. According to the indictments, these three fictitious accidents resulted in the submission of over $204,378 in fraudulent PIP insurance claims to Progressive Insurance Company, State Farm Insurance Company, and Alamo-National Union Fire Insurance Company. One of the indictments alleged that Boyer orchestrated a staged accident which purportedly occurred on October 5, 1998, in East Orange. The indictment alleged that Boyer recruited Shaquan McLaurin, Kirk McNeil, Alnicsa Franklin, Otis Christopher, Rodney Mayes, and Raynelle Hamilton to claim that, on October 5, 1998, they were passengers in a van driven by Boyer and that they were supposedly injured in an accident which, in fact, never occurred. The indictment alleged that these defendants were treated for their purported injuries and approximately $66,052 in PIP insurance claims were submitted to Progressive as a result. Progressive denied the claims.

According to another one of the indictments, Boyer orchestrated a staged accident on November 1, 1998, in West Orange in which a van allegedly driven by Tamika

Sutton collided with a vehicle driven by Valentino White. It is alleged that the passengers in the van were Sakinah Hill, Shinaka Hill, Louis McKenzie, Kevin Douglas, and Emilio Mayes, and the passengers in White's vehicle were Vanessa Miller, Raphael McCray, and another person who was not identified in the indictment. It is also alleged that the occupants of both vehicles were treated for purported injuries sustained in the staged accident and subsequently submitted PIP insurance claims to Progressive and State Farm. The PIP insurance claims submitted to both carriers totaled approximately $62,865, of which the carriers paid $5,389.

Another one of the indictments alleged that Boyer arranged a staged accident which occurred on December 1, 1998, in Irvington. According to the indictment, Boyer arranged for Tamika Sutton to report that she had been driving a rented van which had been struck by a hit and run vehicle. It is alleged that passengers in the van driven by Sutton were Sheri Brown, Robert Henderson, Ona Jones, Ali Sawab, Shonique Carney, and Sareesah Houston. As was alleged in all of the other phony accidents, the indictment alleged that all of the occupants in the rented van claimed they sustained injuries, were treated for the purported injuries, and submitted PIP insurance claims totaling $75,460 to Alamo-National Union Fire Insurance Company.

On September 15, 2003, McNeil pled guilty to attempted theft by deception and is scheduled to be sentenced early in 2004. On November 10, 2003, McKenzie pled guilty to attempted theft by deception and is also scheduled to be sentenced early in 2004. All remaining defendants are pending trial.

State v. Iris Salkauski, et al.

On January 13, 2003, a State Grand Jury returned ten separate indictments charging 48 persons with conspiracy, theft by deception, and attempted theft by deception for their alleged participation in a staged accident ring. The indictments alleged that the 48 defendants planned or participated in at least ten "staged" automobile accidents over a two and one half year period from December 9, 1996 through May 27, 1998, in the Camden County area. As a result of the "staged" accident scheme, Allstate Insurance Company received PIP claims totaling $567,940.

The OIFP investigation determined that the defendants would allegedly "stage" fake automobile accidents by purposely crashing cars into one another or into fixed objects. The motor vehicle accidents would be reported to area police departments, principally the Camden and Pennsauken Police Departments, after which the "victims" would seek and obtain treatment for purported injuries sustained as a result of the "staged" accidents. Ultimately, fraudulent PIP claims were filed with Allstate Insurance Company for payment or reimbursement of medical expenses and "pain and suffering" costs. At least one "staged" accident involved undercover law enforcement officers posing as participants in the illegal scheme.

The principal indictment identified Iris Salkauski as the alleged leader of the conspiracy and the coordinator of each of the ten "staged"

accidents. It alleged that Salkauski orchestrated the "staged" accidents, recruited the participants for each of the "staged" accidents, paid them for their participation in the "staged" accidents, and directed them to obtain medical care and legal services. Salkauski remained a fugitive from the time of the indictment until her arrest on March 5, 2003, when she was found cowering in a bedroom closet inside a residence in Kissimmee, Florida. Salkauski was lodged in the Osceola County Jail without bail until her extradition to New Jersey.

Hector Bonilla, one of the participants, pled guilty to conspiracy and, on June 20, 2003, was sentenced to four years in State prison to run concurrent with a county jail sentence stemming from an unrelated matter. Restitution and civil insurance fraud fines were also imposed. David Gonzalez, another participant, pled guilty to conspiracy and, on September 19, 2003 was sentenced to three years probation conditioned upon performing 150 hours of community service and paying a $1,500 civil insurance fraud fine. Ileana Gonzalez, another participant, pled guilty to conspiracy and, on September 19, 2003 was sentenced to two years probation conditioned upon performing 100 hours of community service. Miguel Roman and Elba Soto, two other participants, pled guilty to conspiracy. On November 14, 2003, Roman was sentenced to three years probation conditioned upon performing 150 hours of community service and ordered to pay a $1,500 civil insurance fraud fine. On November 14, 2003, Soto was sentenced to two years probation conditioned upon paying a $1,500 civil insurance fraud fine. Salkauski pled guilty to conspiracy and on November 14, 2003, was sentenced to five years in State prison and ordered to pay a civil insurance fraud fine in the amount of $235,000. Several other defendants pled guilty and received probationary dispositions while the remaining defendants are pending trial.

Fictitious Insurance Identification Cards and Motor Vehicle Documents (Uninsured Motorists)

State v. Jenette Thomas-Malik, et al.

An Essex County Grand Jury returned indictments against Jenette Thomas-Malik and Yolanda Daniels a/k/a Yolanda Adams, charging them variously with conspiracy, theft by deception, simulating a motor vehicle insurance identification card, forgery, and possession of a controlled dangerous substance (CDS). The indictment alleged that Thomas-Malik, Daniels, and another conspirator, Regina Bryan, fraudulently sold fictitious "insurance" in the form of phony insurance identification cards and phony insurance policy "declaration pages" to individuals, including two undercover State Investigators for $600. Kareem Young, a co-conspirator of Thomas-Malik, Daniels, and Bryan, pled guilty to an Accusation charging him with conspiracy and theft by deception for his role in the conspiracy. Young was sentenced to 27 days in jail as a condition of three years probation, and ordered to seek, obtain, and maintain employment. Regina Bryan pled guilty to an Accusation charging her with conspiracy to commit theft by deception and was sentenced to one year probation conditioned upon maintaining employment and continuing to attend drug rehabilitation. Thomas-Malik pled guilty to conspiracy, simulating a motor vehicle insurance card, and possession of CDS. On February 14, 2003, Thomas-Malik was sentenced to 364 days in county jail as a condition of three years probation.

State v. Brett Denby

On January 8, 2003, a Cumberland County Grand Jury returned an indictment charging Brett Denby with simulating a motor vehicle insurance identification card. The indictment alleged that, on June 7, 2002, Denby produced a counterfeit motor vehicle insurance identification card, purportedly issued by Merchants Mutual Insurance Company, to a person conducting a routine inspection of Denby's car at the Millville motor vehicle inspection facility. The indictment also alleged that, on June 23, 2002, Denby displayed a purported Merchants Mutual counterfeit motor vehicle insurance identification card to a New Jersey State Trooper during a traffic stop. Denby's case is pending trial.

State v. John Galiazzi

On January 31, 2003, John Galiazzi was sentenced to three years probation and ordered to serve 120 days of community service after he pled guilty to an Accusation charging him with simulating a motor vehicle insurance identification card. Galiazzi admitted that he produced and sold phony motor vehicle insurance identification cards purportedly issued by Selective In-

surance Company of America and the Barclay Insurance Company. He also admitted presenting a fictitious motor vehicle insurance identification card to law enforcement authorities during a traffic stop.

State v. T.R.

As part of OIFP's investigation into the sale of fake motor vehicle documents, including fraudulently issued drivers' licenses, T.R. pled guilty on May 5, 2003, to a one count Essex County indictment which charged her with receiving stolen property. She admitted receiving a stolen 2000 Audi automobile. On the same date, she was admitted into the PTI Program conditioned upon completing 50 hours of community service.

State v. Larry L. Casey

On February 21, 2003, Larry L. Casey pled guilty to an Accusation charging him with simulating a motor vehicle insurance identification card. Casey admitted that, on May 4, 2002, he presented an altered automobile insurance identification card, purportedly issued by Prudential Insurance Company, to a Motor Vehicle Commission (MVC) inspector while having his car inspected at the Baker's Basin inspection facility. The Motor Vehicle Commission employee reported the matter to the State Police, who investigated the case and referred it to OIFP for prosecution. On June 6, 1975, Casey had previously been convicted of murder and served 24 years in State prison. He is currently incarcerated at Bayside State Prison as the result of parole violations. On February 21, 2003, Casey was sentenced to six months in State prison to run concurrently with his parole violation prison sentence.

State v. Lamont Hines

On January 27, 2003, Lamont Hines pled guilty to an Accusation charging him with conspiracy to sell simulated motor vehicle insurance identification cards. Hines admitted that following his earlier arrest on unrelated charges during a motor vehicle stop in South Plainfield, he had in his possession 13 blank State Farm Insurance Company automobile insurance identification cards. Hines also admitted that he and another unidentified person were selling the blank identification cards out of Hines's car. Hines was sentenced on the same date to five years in State prison with 20 months parole ineligibility.

State v. Sonia Negron

On February 20, 2003, a Camden County Grand Jury returned an indictment charging Sonia Negron with simulating a motor vehicle insurance identification card. According to the indictment, on July 30, 2002, she presented a phony automobile insurance identification card purportedly issued by Progressive Northern Insurance Company to a New Jersey State Trooper, knowing that the card

was a counterfeit and that she had no automobile insurance. On December 9, 2003, Negron was admitted into the PTI Program conditioned upon performing 50 hours of community service.

State v. Gerry Frederique

On April 14, 2003, Gerry Frederique was admitted into the PTI Program conditioned upon completing 50 hours of community service and participating in drug and alcohol testing as directed by Probation. Frederique was charged by an Essex County Grand Jury with simulating a motor vehicle insurance identification card. The indictment alleged that on August 2, 2001, Frederique presented a phony motor vehicle insurance identification card to an Irvington police officer, knowing that the insurance identification card, purportedly issued by the Colonial Penn Insurance Company, was a fake. Frederique allegedly presented the card to the Irvington police officer when the police officer questioned him about an illegally parked 1999 Honda Accord.

State v. Regina Lasane

Regina Lasane was charged by an Essex County Grand Jury with simulating a motor vehicle insurance identification card. Lasane presented a phony motor vehicle insurance identification card to an Irvington police officer, knowing that the insurance identification card, purportedly issued by the Allstate Insurance Company, was counterfeit. Lasane was trying to retrieve her impounded 1989 Honda from the Irvington Police Department impound yard when she was asked for proof of insurance and presented the fictitious identification card. On March 10, 2003, Lasane pled guilty and, on April 14, 2003, she was admitted into the PTI Program conditioned upon completing 50 hours of community service.

State v. Zoila M. Collao-Villegas

A Union County Grand Jury returned an indictment charging Zoila M. Collao-Villegas with simulating a motor vehicle insurance identification card. According to the indictment, while having her vehicle inspected at the Plainfield Motor Vehicle Commission inspection facility, Collao-Villegas presented a phony insurance identification card, purportedly issued by Allstate Insurance Company, to the motor vehicle inspector. On November 7, 2003, Collao-Villegas was admitted into the PTI Program conditioned upon performing 60 hours of community service.

State v. Luis A. Membreno-Dominque

A Somerset County Grand Jury returned an indictment charging Luis A. Membreno-Dominque with simulating a motor vehicle insurance identification card. According to the indictment, while attempting to get his vehicle released from the Franklin Township Police Department impound lot, Membreno-Dominque presented a phony automobile insurance identification card to a Franklin Township police officer. On August 5, 2003, Membreno-Dominque was admitted into the PTI Program conditioned upon performing 50 hours of community service.

State v. Jamel Laboo

A Hudson County Grand Jury returned an indictment charging Jamel Laboo with simulating a motor vehicle insurance identification card. According to the indictment, while having his vehicle inspected at the Jersey City Motor Vehicle Commission inspection station, Laboo presented a phony insurance identification card, purportedly issued by Allstate Insurance Company, to the motor vehicle inspector. On July 29, 2003, Laboo was admitted into the PTI Program conditioned upon performing 25 hours of community service.

State v. Jorge E. Nieto

On April 8, 2003, Jorge Nieto pled guilty to an Accusation charging him with simulating a motor vehicle insurance identification card. Nieto admitted that he presented a phony automobile insurance identification card, purportedly issued by Bayside Casualty Insurance Company, to a Newark Motor Vehicle Commission inspector while having his vehicle inspected. Nieto was admitted into the PTI Program conditioned upon completing 50 hours of community service and paying a $500 criminal fine.

State v. Janie A. Jenkins-Morrison

A Mercer County Grand Jury returned an indictment charging Janie Jenkins-Morrison with simulating a motor vehicle insurance identification card. According to the indictment, on May 22, 2002, Jenkins-Morrison created two phony motor vehicle insurance identification cards, purportedly issued by A Classic Plan, Inc., and bearing the name of an acquaintance, Eudean McMillan. One phony motor vehicle insurance identification card purported to provide insurance coverage for a 1985 Cadillac and the other for a 1987 Lynx. On July 28, 2003, Jenkins-Morrison pled guilty to simulating a motor vehicle insurance identification card and was admitted into the PTI Program conditioned upon performing 25 hours of community service.

State v. Montez Hopson and Tracey Casimire

An Essex County Grand Jury returned an indictment charging Montez Hopson and Tracey Casimire with conspiracy and simulating a motor vehicle insurance identification card. According to the indictment, on July 11, 2001, following his involvement in a motor vehicle accident, Hopson was arrested for operating an uninsured motor vehicle while his driver's license was under suspension. At the time of his arrest, approximately 17 blank Liberty Mutual Insurance Company insurance identification cards were in his possession. Also according to the indictment, Hopson's girlfriend, Tracey Casimire, in her capacity as an employee of Liberty Mutual Insurance Company, gave him the blank insurance identification cards for the purpose of selling them. Hopson and Casimire each subsequently pled guilty to conspiracy. On September 12, 2003, Hopson was sentenced to two years probation conditioned upon serving 364 days in county jail and ordered to pay a $750 criminal fine and to perform 75 hours of community service. Casimire was sentenced on the same date to one year probation and ordered to pay a $500 criminal fine and to perform 75 hours of community service.

State v. Keisha Lashaye-Dashawna Brown

On April 7, 2003, Keisha Lashaye-Dashawna Brown pled guilty to an Accusation charging her with simulating a motor vehicle insurance identification card. Brown admitted that, while having her automobile inspected at the Millville Motor Vehicle Commission inspection station, she presented a phony automobile insurance identification card, purportedly issued by Newark Insurance Company, to the motor vehicle inspector. In May of 2003, Brown was admitted into the PTI Program conditioned upon performing 20 hours of community service.

State v. Wanda Bryan

Wanda Bryan was charged by a Mercer County Grand Jury with simulating a motor vehicle insurance identification card. According to the indictment, during a traffic stop in Hamilton Township, Bryan presented a phony insurance identification card, purportedly issued by State Farm Indemnity Company, to a Hamilton Township police officer. Bryan was admitted into the PTI Program on June 3, 2003.

State v. Yvette R. Williams

On September 24, 2003, a Cumberland County Grand Jury charged Yvette R. Williams with simulating a motor vehicle insurance identification card. According to the indictment, Williams presented a phony motor vehicle insurance identification card, purportedly issued by Liberty Mutual Insurance Company, to a Millville Motor Vehicle Commission inspector, while having her vehicle inspected at the Millville inspection station. On October 15, 2003, Williams failed to appear at her pre-arraignment interview. A bench warrant was issued for her arrest. Williams' case is pending trial.

State v. Jimmy Gurzkovic

An Essex County Grand Jury returned an indictment charging Jimmy Gurzkovic with simulating a motor vehicle insurance identification card. According to the indictment, between May 16 and May 21, 2001, Gurzkovic, who owned and operated F&G Auto Repair, sold two phony, blank automobile insurance identification cards to an undercover State Investigator. On April 8, 2003, Gurzkovic pled guilty to the indict-

ment. On July 18, 2003, Gurzkovic was sentenced to two years probation conditioned upon paying a $500 criminal fine and continued cooperation with the investigation.

State v. Emiled R. Herrera

On July 2, 2003, a Union County Grand Jury returned an indictment charging Emiled Herrera with simulating a motor vehicle insurance identification card. According to the indictment, while having his 1995 Toyota pick-up truck inspected at a Plainfield Motor Vehicle Commission facility, Herrera presented a phony automobile insurance identification card, purportedly issued by New Jersey Manufacturers Insurance Company, to the motor vehicle inspector. Herrera's case is pending trial.

State v. Tonya Shariff a/k/a Sharif Bayyinah

On May 16, 2003, Tonya Shariff a/k/a Shariff Bayyinah pled guilty to an Accusation charging her with simulating a motor vehicle insurance identification card. Shariff admitted that she presented a phony automobile insurance identification card, purportedly issued by Security Insurance Company, to a Jersey City Motor Vehicle Commission inspector while having her vehicle inspected. Shariff was sentenced to 18 months probation and ordered to complete her college courses.

State v. Lunic Adisson

On June 27, 2003, an Essex County Grand Jury returned an indictment charging Lunic Adisson with two counts of simulating a motor vehicle insurance identification card. According to the indictment, Adisson presented the fictitious insurance identification card to an Irvington police officer to regain possession of her car, which had been impounded by the Irvington Police Department. On July 29, 2003, Adisson was again indicted for her role in a health care claims fraud scam involving Dr. LeClerc Adisson. Lunic Adisson's cases are pending trial.

48 charged with staging car crashes

State v.
Paul J. Frye

On July 29, 2003, Paul J. Frye pled guilty to an Accusation charging him with simulating a motor vehicle insurance identification card. Frye admitted that he presented a phony automobile insurance identification card, purportedly issued by IFA Insurance Company, to a Motor Vehicle Commission inspector at the Millville inspection station, while having his vehicle inspected. On the same date, Frye was admitted into the PTI Program conditioned upon performing 50 hours of community service.

State v.
Samuel Rodriguez

On July 29, 2003, a Cumberland County Grand Jury returned an indictment charging Samuel Rodriguez with simulating a motor vehicle insurance identification card. According to the indictment, Rodriguez presented a phony automobile insurance identification card, purportedly issued by Allstate Insurance Company, to a Motor Vehicle Commission inspector at the Millville inspection station, while having his vehicle inspected. This case is pending trial.

State v.
Nimer Elsamna

On August 20, 2003, an Essex County Grand Jury returned an indictment charging Nimer Elsamna with forgery. According to the indictment, Elsamna sold a fictitious Motor Vehicle Commission temporary registration tag to an undercover OIFP investigator. This case is pending trial.

State v.
Juan G. Rivera

On August 8, 2003, Juan G. Rivera pled guilty to an Accusation charging him with simulating a motor vehicle insurance identification card. Rivera admitted that he presented a phony insurance identification card, purportedly issued by Palisades Safety & Insurance Association, to an inspector at the Deptford Motor Vehicle Commission inspection facility. On August 19, 2003, Rivera was admitted into the PTI Program, with the requirement that he provide proof of valid automobile insurance.

State v.
Joel Jean-Pierre

On August 21, 2003, Joel Jean-Pierre pled guilty to an Accusation charging him with forgery. Jean-Pierre admitted that he altered a cancellation letter from his automobile insurance carrier, NJ Cure Insurance Company, to falsely reflect that he had valid automobile insurance coverage, and submitted the letter to the New Jersey Motor Vehicle Commission in order to show proof of coverage. On the same date, Jean-Pierre was admitted into the PTI Program conditioned upon performing 25 hours of community service.

State v.
Tyshon Phipps

On November 19, 2003, an Essex County Grand Jury returned an indictment charging Tyshon Phipps with simulating a motor vehicle insurance identification card. According to the indictment, on April

30, 2003, during the course of a traffic stop in Essex Fells, Phipps presented the police officer with a fraudulent automobile insurance identification card, purportedly issued by Progressive Insurance Company. This case is pending trial.

State v.
Jose Ramon Bouson

On October 3, 2003, Jose Ramon Bouson pled guilty to an Accusation charging him with simulating a motor vehicle insurance identification card. Bouson admitted that, on March 23, 2001, while on probation for an unrelated conviction, he manufactured and sold a counterfeit motor vehicle insurance identification card to a person acting in an undercover capacity for OIFP. Bouson awaits sentencing.

State v.
Waddell A. Tidwell

On October 3, 2003, Waddell Tidwell pled guilty to an Accusation charging him with simulating a motor vehicle insurance identification card. Tidwell admitted that he sold fictitious insurance identification cards to an undercover New Jersey State Trooper on three occasions. Tidwell awaits sentencing.

State v.
James Cacciavillano

On October 16, 2003, James Cacciavillano pled guilty to an Accusation charging him with simulating a motor vehicle insurance identification card. Cacciavillano admitted that, on October 10, 2002, he presented a phony insurance identification card, purportedly issued by Penn National Insurance Company, to an inspector at the Deptford Motor Vehicle Commission inspection facility. On December 5, 2003, Cacciavillano was admitted into the PTI Program.

State v.
Alfred J. Whittaker

On November 13, 2003, Alfred Whittaker pled guilty to an Accusation charging him with simulating a motor vehicle insurance identification card. Whittaker admitted that on February 25, 2003, following a motor vehicle accident in Lawrence Township, he presented a false automobile insurance identification card to a Lawrence Township police officer. On November 13, 2003, Whittaker was admitted into the PTI Program conditioned upon performing 50 hours of community service.

State v.
Marcy L. Moss

On November 18, 2003, Marcy Moss pled guilty to an Accusation charging her with simulating a motor vehicle insurance identification card. Moss admitted that on June 24, 2003, she produced and sold to an undercover New Jersey State Trooper, a false motor vehicle insurance identification card, purportedly issued by Liberty Mutual Insurance Company, which purportedly reflected insurance coverage for a 1984 Pontiac in the name of David Reed. Moss admitted that she knew the insurance identification card was counterfeit. Moss awaits sentencing.

State v.
Clarence E. Shambry, Sr.

On November 13, 2003, a Camden County Grand Jury returned an indictment charging Clarence E. Shambry, Sr., with simulating a motor vehicle insurance identification card. The indictment alleged that, on June 5, 2002, Shambry sold a fictitious motor vehicle insurance identification card, purportedly issued by Allstate Insurance Company, to a New Jersey State Trooper working in an undercover capacity, knowing that the insurance identification card was counterfeit. Shambry's case is pending trial.

State v.
John Solomon Riley

On November 10, 2003, John Solomon Riley pled guilty to an Accusation charging him with tampering with public records or information. Riley admitted that, on May 11, 2003, during a traffic stop in Morris County, he presented a fraudulent driver's license in the name of Matthew Mercer to a Harding Township police officer, knowing that the driver's license was a fake. On December 22, 2003, Riley was sentenced to 18 months probation conditioned upon serving 30 days in county jail.

State v. Jorge Luis Velasquez

On December 12, 2003, Jorge Luis Velasquez pled guilty to an Accusation charging him with simulating a motor vehicle insurance identification card. Velasquez admitted that on June 5, 2002, during a traffic stop in South Plainfield, he presented the police officer with a fraudulent motor vehicle insurance identification card, purportedly issued by the Liberty Mutual Insurance Company, knowing that the insurance identification card was counterfeit. Velasquez awaits sentencing.

State v. Boyd Robinson

A State Grand Jury returned an indictment charging Boyd Robinson with simulating a motor vehicle insurance identification card, sale of a simulated document, and forgery. According to the indictment, between July of 2001 and August of 2001, Robinson sold a fictitious automobile insurance identification card, purportedly issued by State Farm Indemnity Company, a fictitious New Jersey driver's license, and three fictitious motor vehicle inspection stickers to an undercover OIFP investigator. OIFP's investigation into this matter began when it was contacted by the Irvington Police Department which had arrested a woman known as Snow Gossette a/k/a Tykema Lewis, who had presented a fictitious automobile insurance identification card to an Irvington police officer in order to get her impounded vehicle released. She identified Robinson as the person who sold her the fictitious identification card. On October 17, 2003, Robinson pled guilty to sale of a simulated document. He is pending sentencing.

State v. JoAnn Guzzi

On August 21, 2003, JoAnn Guzzi pled guilty to an Accusation charging her with official misconduct. Guzzi admitted that, while an employee of the Motor Vehicle Commission, on August 22, 2001, she manufactured a duplicate automobile title application form in the name of Dian Douglas and signed Douglas' name on the application without Douglas' knowledge or authorization. Guzzi admitted that she sold the duplicate title to Ismael Ramos for approximately $80 knowing that Ramos was not entitled to the duplicate automobile title. Guzzi was terminated from her employment with the Motor Vehicle Commission on June 25, 2003. The investigation is continuing and further charges are possible. On September 26, 2003, Guzzi was sentenced to three years probation.

State v. Gina Guzzi

On September 15, 2003, Gina Guzzi pled guilty to an Accusation charging her with falsifying records. Guzzi, who was an employee of the Vineland Motor Vehicle Commission office, admitted that on September 27, 2000, she falsified and provided to another woman a duplicate automobile driver's license in the name of a third woman by filling in the driver's license application form as if she (Guzzi) was the third woman, without the third woman's knowledge or permission. Guzzi admitted that she provided the fraudulent driver's license knowing that it was false. On October 24, 2003, Guzzi was sentenced to three years probation and was permanently barred from public employment in New Jersey.

Health, Life, and Disability Insurance Fraud

Health Care Provider Fraud

State v. Thomas Boselli

Thomas Boselli pled guilty to an Accusation charging him with falsifying records. Boselli admitted that, on January 24, 2001, he submitted a claim form to Horizon Blue Cross/Blue Shield for providing chiropractic services as if he held a valid chiropractic physician's license when, in fact, he did not. On January 3, 2003, Boselli was sentenced to two years probation conditioned upon paying a $100,000 civil insurance fraud fine and completing 100 hours of community service.

State v. Martin Weinstein

Dr. Martin Weinstein was indicted by a State Grand Jury and charged with health care claims fraud, theft by deception and forgery. The indictment alleged that, between July of 1997 and January of 1999, Weinstein, a licensed podiatrist, fraudulently billed Horizon Blue Cross/Blue Shield approximately $285,000 for podiatric services he never rendered and for which he was paid more than $200,000. Weinstein allegedly submitted the fraudulent claims by means of electronic billing from his office to Horizon Blue Cross/Blue Shield and diverted the insurance claim checks issued to the patients to a Post Office box that he rented. It is alleged that Weinstein would forge the patients' names on the back of the checks and deposit them into his own account to steal the money. Weinstein failed to appear in court and a bench warrant was issued for his arrest on February 25, 2003.

State v. Arthur Dinkel

Arthur Dinkel, a former psychologist who owned and operated two Paramus psychotherapy clinics, pled guilty to an Accusation charging him with theft by deception. Dinkel admitted that, between January of 1998 and March of 1999, he submitted fraudulent billings to various insurance carriers. Dinkel's fraudulent billings took the form of overbilling for psychological services rendered, falsely billing the health insurance policies of certain patients for psychological services rendered to others who were not covered, and billing for services purportedly performed by a staff medical doctor on dates prior to the medical doctor's employment and after his termination. In total, Dinkel was paid $45,281 by the various insurance companies for these fraudulent billings. On April 4, 2003, Dinkel was sentenced to two years probation conditioned upon paying full restitution.

State v. Roland Evans

On March 11, 2003, Dr. Roland Evans pled guilty to an Accusation charging him with health care claims fraud. Evans admitted that, between January of 1996 and May of 2000, he submitted fraudulent bills to Aetna Life Insurance Company and Guardian/PHS Health Plans for chiropractic services he never rendered. Evans fraudulently billed Aetna and Guardian a total of $12,313, for which he was paid $6,302. On June 6, 2003, Evans was sentenced to three years probation conditioned upon paying restitution in the amount of $6,302 and ordered to pay a civil insurance fraud fine of $20,000.

State v. Lev Natovich, Boris Natovich and Joseph Matriss

On July 10, 2003, Lev Natovich was charged by a State Grand Jury with health care claims fraud, conspiracy to commit health care claims fraud, conspiracy to commit theft by deception, unlawful practice of dentistry, theft by deception, and conspiracy to commit unlawful practice of dentistry. Also named in the indictment was Boris Natovich, Lev Natovich's father and the owner of United Dental Center. Boris Natovich was charged with one count of conspiracy to commit unlawful practice of dentistry. The final defendant named in the indictment was Dr. Joseph P. Matriss, a dentist licensed to practice dentistry in New Jersey, who performed dental services at United Dental Center. Matriss was charged with health care claims fraud, conspiracy to commit health care claims fraud, conspiracy to commit theft by deception, and theft by deception.

The indictment alleged that, between September of 1999 and March of 2002, Boris Natovich and Matriss assisted Lev Natovich and another person who was previously charged, Vadim Lioubomoudrov, in providing dental treatment to patients of United Dental Center, including children, even though neither Lev Natovich nor Lioubomoudrov were licensed to practice dentistry in New Jersey. It is also alleged that United Dental Center submitted fraudulent bills for dental services to Local 338 Fund, a labor union, and to Delta Dental Insurance for dental treatments performed by persons who were not li-

censed dentists. The indictment further alleged that the fraudulent bills were submitted to the insurance carriers claiming that Matriss, who was licensed, was the treating dentist, even though he had not treated some of the patients. This case is pending trial.

State v. Vadim Lioubomoudrov

As part of the United Dental Center investigation, on March 31, 2003, Vadim Lioubomoudrov, a native of Russia, pled guilty to an Accusation charging him with the unlawful practice of dentistry. Lioubomoudrov admitted that, between November of 1997 and December of 1999, he provided dental treatment to patients at the United Dental Center located in Wallington, even though he did not possess a license to practice dentistry in New Jersey. On May 9, 2003, Lioubomoudrov was admitted into the PTI Program conditioned upon continued cooperation with OIFP's investigation into the United Dental Center.

State v. Jerome Cochran

Jerome Cochran was among approximately 200 defendants who were indicted or charged by way of Accusation in a complex public corruption health insurance fraud case involving a licensed psychologist, Carl Lichtman. Lichtman conspired with employees of several New Jersey school districts, including Cochran, and submitted false health insurance claims to more than 36 insurance carriers and health care plans in order to steal millions of dollars of health care insurance money. Lichtman was previously sentenced to State prison for his role in the conspiracy. On March 14, 2003, Jerome Cochran voluntarily surrendered to Bergen County authorities pursuant to a bench warrant that had been issued for his arrest on these charges. On the same date, he pled guilty to theft by deception and was later sentenced to two years probation and ordered to pay restitution to the State Health Benefits Program in the amount of $2,306, and a $2,500 civil insurance fraud fine.

State v. Barry Vogel

On June 12, 2003, a State Grand Jury returned an indictment charging Barry M. Vogel, a former licensed neurologist, with health care claims fraud and theft by deception. According to the indictment, between July of 1997 and May of 1999, Vogel submitted fraudulent bills totaling more than $54,000 to Prudential Property and Casualty Insurance Company of New Jersey, for diagnostic services he failed to render or failed to render properly. It is alleged that Vogel submitted fraudulent health insurance claims for electrodiagnostic tests, known as nerve conduction velocity (NCV) tests, performed on patients who had allegedly been injured in automobile accidents. It is also alleged that he fraudulently submitted the same diagnostic test results for multiple patients. Vogel's case is pending trial.

State v. LeClerc Adisson and Lunic Adisson

On July 29, 2003, a State Grand Jury returned an indictment against Dr. LeClerc Adisson, a licensed medical doctor, and his niece, Lunic Adisson, charging them with health care claims fraud, theft by deception, misconduct by a corporate official, and falsifying records. According to the indictment, between April of 1997 and December of 2000, LeClerc Adisson concealed the fact that he owned and had a "beneficial interest" in two corporations, Dantor Medical Supply and Clara Medical Services. It is further alleged that, with the assistance of his niece, Lunic Adisson, LeClerc Adisson, submitted bills to various insurance companies for medical supplies and related services purchased from Dantor and Clara Medical, knowing the insurance companies would not pay the bills if they had known he owned Dantor and Clara Medical. The indictment alleged that, in some instances, the bills were fraudulent because they were inflated or they were for equipment that was never provided to patients. In total, it is alleged that LeClerc and Lunic Adisson fraudulently billed insurance carriers approximately $48,273, of which the Adissons were paid approximately $26,028.

Lunic Adisson was also named in an unrelated indictment charging that, on December 13, 2002, in Irvington, she was in possession of a fictitious insurance identification card. It is alleged in that indictment that she presented the fictitious insurance identification card to an Irvington police officer to regain possession of her car which had been impounded by the Irvington Police Department. Both cases are pending trial.

State v. Alan Ottenstein

On July 16, 2003, OIFP investigators executed a search warrant at the medical offices of Dr. Alan Ottenstein located in Lawrenceville and Hamilton Township, and a records storage facility located in Mount Holly. During the course of executing the search warrant, several weapons, including a gun, ammunition, a "stun gun" and other weapons, as well as marijuana were found and seized. Ottenstein was charged with possession of marijuana with intent to distribute, possession with intent to distribute within 1,000 feet of a school, as well as with possession of prohibited weapons and devices (explosives), possession of prohibited weapons and devices (stun gun), possession of prohibited weapons and devices (ammunition), and unlawful possession of weapons (Oleoresin Capsicum). On July 23, 2003, Ottenstein was arrested on the above referenced charges and bail was set in the amount of $50,000. The Ottenstein case is pending grand jury presentation.

State v. Richard Finder

On November 10, 2003, Richard Finder, a former licensed chiropractor, pled guilty to an Accusation charging him with health care claims fraud. Finder, who had operated the Family Chiropractic Clinic located in Fort Lee, admitted that, from January through August of 2000, he submitted over $1,260 in fraudulent bills to the Cigna Insurance Company for chiropractic treatments that he never rendered. Finder awaits sentencing.

State v. Alphonso Smith and Daniel Catanzaro

On December 17, 2003, a State Grand Jury returned an indictment charging Dr. Alphonso Smith and Dr. Daniel Catanzaro with health care claims fraud, attempted theft by deception, and theft by deception. The indictment alleged that Smith, a licensed medical doctor, and Catanzaro, a licensed chiropractor, operated a medical practice in Wayne known as Quality Care Physicians. It is alleged that, between July of 1997 and March of 1999, the doctors submitted bills in the amount of $36,000 for anesthesia administered by needle injection when, in fact, electrical stimulation therapy, which did not involve injected anesthesia, were the medical service(s) actually rendered to the patients. The indictment alleged that the false claims were submitted to several insurance companies for both health and automobile insurance, including Oxford Health Care, New Jersey Manufacturers Insurance Company, United Health Care and Allstate Insurance Company. This case is pending trial.

False Health Care Claims

State v. Andrea Wahlig

Andrea Wahlig was arrested by OIFP investigators pursuant to a complaint and summons charging her with health care claims fraud for submitting claims for prescription reimbursements to which she was not entitled. Wahlig subsequently pled guilty to an Accusation charging her with health care claims fraud. At the guilty plea hearing, Wahlig stated that she had been injured at work and had received workers' compensation benefits from New Jersey

Manufacturers Insurance Company, which benefits paid for her medical treatment and prescription medications. Wahlig was also covered under her husband's prescription plan, which required a co-pay of $5 per filled prescription. Wahlig admitted that, between 1997 and 2000, she submitted false insurance claims to New Jersey Manufacturers for full reimbursement of her prescription medications, when, in fact, her husband's prescription plan had paid for the prescriptions, less the $5 co-pay. Because she failed to disclose her husband's prescription coverage, New Jersey Manufacturers paid Wahlig a total of $11,771 representing the full cost of 18 prescription transactions, when Wahlig should have only been reimbursed for her co-payments for the prescriptions. On January 10, 2003, Wahlig was sentenced to five years probation conditioned upon paying $11,681 in restitution to New Jersey Manufacturers Insurance Company and ordered to pay a $5,000 civil insurance fraud fine.

State v. Brian Butler

A State Grand Jury returned an indictment charging Brian Butler with health care claims fraud and theft by deception. According to the indictment, Butler falsely claimed to have slipped and fallen while a passenger on a Coach USA/O.N.E. bus operating in Elizabeth and fraudulently submitted an insurance claim to Aetna/U.S. HealthCare for injuries purportedly sustained in the bus accident. Aetna paid the claim money directly to Butler's medical service providers. The indictment also alleged that Butler fraudulently submitted an insurance claim to ACE Property and Casualty Company, the insurance carrier for Coach USA/O.N.E., for personal injuries and was paid approximately $3,000 for this claim. Butler pled guilty to theft by deception and, on January 17, 2003, he was sentenced to three years probation conditioned upon paying $3,740 in restitution to Sedwick Claims Services and Aetna/US HealthCare.

State v. Donald Robison

On February 13, 2003, a Passaic County Grand Jury returned an indictment charging Donald Robison with health care claims fraud and theft by deception. According to the indictment, Robison submitted three fraudulent health insurance claims to AARP Health Care Options for treatment he had not received at three Northern New Jersey hospitals. The indictment also alleged that Robison knew that the claims were fraudulent when he submitted them. Robison allegedly received a total of $2,880 as a result of these fraudulent submissions. On March 13, 2003, Robison failed to appear to answer the charges and a bench warrant was issued for his arrest. Robison's case is pending trial.

State v. Patricia and Paul Sullivan

A State Grand Jury charged Patricia and Paul Sullivan in connection with the submission of fraudulent health care claims in two separate indictments. The first indictment alleged that, between July 27, 2000 and November 2, 2000, Patricia Sullivan submitted fraudulent claims to MetLife Auto and Home Insurance Company in order to seek reimbursement for prescriptions purportedly paid for by her, when, in fact, she was not entitled to reimbursement for the cost of the prescriptions. The indictment also alleged that

Patricia Sullivan altered and/or falsified prescription medication records in support of the fraudulent claims. She was charged in this indictment with health care claims fraud, theft by deception, and destruction, falsification or alteration of records relating to medical care.

In a second, separate indictment, Patricia was charged, along with her husband Paul Sullivan, with conspiracy, health care claims fraud, attempted theft by deception, and destruction, falsification or alteration of records relating to medical care. The second indictment alleged that, between December 17, 2001 and March 5, 2002, Patricia Sullivan, in concert with her husband, Paul Sullivan, conspired to defraud Blue Cross/Blue Shield by submitting fraudulent insurance claims totaling over $75,000 for reimbursement for prescriptions they falsely claimed to have purchased from Marquet Pharmacy. According to the indictment, they falsified medical records and submitted them to Blue Cross/Blue Shield in support of their phony claim.

Subsequently, Patricia Sullivan pled guilty to health care claims fraud, theft by deception, and attempted theft by deception and Paul Sullivan pled guilty to conspiracy. On May 30, 2003, Patricia Sullivan was sentenced to four years in State prison and ordered to pay restitution in the amount of $18,578 to Blue Cross/Blue Shield and $14,258 to MetLife, as well as a $25,000 civil insurance fraud fine. On the same date, Paul Sullivan was entered into the PTI Program conditioned upon paying restitution to Blue Cross/Blue Shield in the amount of $18,578 and a $25,000 civil insurance fraud fine.

State v. Robert J. Berman

On May 20, 2003, Robert J. Berman pled guilty to an Accusation charging him with theft by deception. Berman admitted that, between November 1, 1999 and December 29, 2000, he submitted approximately 56 health care reimbursement claims to Aetna Insurance Company. Of the $8,222 in claims submitted, Aetna paid Berman $3,082. Some of the claims were false, including claims for services purportedly rendered to his daughter who was not entitled to health care coverage. Additionally, Berman inflated the amount of certain claims in order to steal money from Aetna Insurance. On July 24, 2003, Berman was sentenced to five years probation conditioned upon paying $3,082 in restitution and a $2,500 civil insurance fraud fine.

State v. Ruth Schwartz

A State Grand Jury returned an indictment charging Ruth Schwartz with health care claims fraud and theft by deception. According to the indictment, Schwartz submitted a number of legitimate prescriptions to several pharmacies, but intentionally did not pick them up or pay for them. Schwartz submitted the prescriptions because she knew she would receive payment for the prescription drugs from Horizon Blue Cross/Blue Shield, administrator of her husband's prescription plan through his employment as a union electrician, even if she never picked them up. Schwartz was "reimbursed" $19,569 by Horizon for the prescriptions. Schwartz pled guilty to theft by deception and, on November 11, 2003, was sentenced to three years probation, and payment of restitution in the amount of $19,569 and a $5,000 civil insurance fraud fine.

State v. James Clark

On July 16, 2003, a State Grand Jury returned an indictment charging James Clark with two counts of theft by deception and one count of health care claims fraud. Clark was the president of Home Health Care Center, Inc., (HHC), located in Hoboken, as well as the Director of the now defunct Medical Care Management, Inc., d/b/a Mile Square Medical Group, formerly located in Weehawken. HHC is a business that delivers prescription medications from pharmacies to persons' homes and is not licensed to dispense or otherwise sell prescription medications. Mile Square Medical Group was a medical facility staffed by various physicians. Clark, himself, was neither a medical service provider nor a licensed pharmacist.

According to the indictment, between December 1, 1996 and September 11, 1998, Clark misrepresented to Horizon Blue Cross/Blue Shield, third party claims administrator for the New Jersey State Health Benefits Program, that HHC was licensed to supply, dispense, and sell prescription medications which were delivered to patients of Mile Square Medical Group. According to the indictment, Clark misrepresented to Horizon that HHC was, therefore, entitled to payment or reimbursement from the State Health Benefits Plan for the cost of the medications. The indictment further alleged that, for many prescriptions HHC sold, it grossly inflated the cost over the usual and customary price for claims which it submitted to the State Health Benefits Program. The indictment also alleged that Clark submitted fraudulent health care reimbursement claims to Horizon Blue Cross/Blue Shield and the State Health

Benefits Program for prescription medications that were neither dispensed nor delivered.

The State intends to prove that Clark submitted as many as approximately 400 fraudulent insurance claims for various medications, approximately 330 of which may have been for medications that were never dispensed and never delivered to the patients. The total amount of fraudulent billings allegedly submitted by Clark to Horizon Blue Cross/Blue Shield and the State Health Benefits Program was in excess of $365,000, of which Horizon paid more than $343,000. The fraudulent prescription scheme allegedly involved at least eight different patients. Clark's case is pending trial.

Mt. Holly woman faces insurance fraud charge

State v. Florence Acquaire

On October 30, 2003, a State Grand Jury returned an indictment charging Florence Acquaire with two counts of health care claims fraud, two counts of attempted theft by deception, and two counts of theft by deception. According to the indictment, between July of 1998 and April of 2001, Acquaire rendered services as an electrologist, a person who removes unwanted hair, and submitted numerous fraudulent health insurance claims to two insurance companies. It is alleged that Acquaire, using the business name "High Mountain Medical Center," submitted fraudulent claims to United Health Group Insurance Company and Aetna Insurance Company totaling $908,843. The claims were alleged to be fraudulent because Acquaire billed hair removal by means of electrolysis as though it was a reimbursable medical surgical procedure known as a debridement which can only be done by, or under the supervision of, a properly licensed medical provider. Acquaire was not a licensed medical service provider, was allegedly not qualified to perform medical or surgical procedures, and would not have been authorized to bill the insurance companies for such procedures. Acquaire's case is pending trial.

State v. Christine Schmidt and Peter Schmidt

Christine Schmidt pled guilty to an Accusation charging her with forgery. Schmidt admitted she had knowledge of pharmacy procedures and submitted nine forged prescriptions to the De Rosa Pharmacy and the Rossmore Pharmacy, both in Newark. On August 11, 2003, she was sentenced to three years probation. Peter Schmidt, Christine Schmidt's former husband, was arrested by OIFP investigators and charged with theft by deception and forgery for forging blank prescription forms in the name of Dr. Ormond Wilkie and submitting phony prescription reimbursement claims of over $3,600 to Aetna Insurance. Pe-

ter Schmidt pled guilty to theft by deception and forgery and, on May 30, 2003, was sentenced to three years probation and payment of restitution of $3,642 to Aetna Insurance Company.

Fraudulent Disability Claims

State v. Dr. Ngan Hirai

A State Grand Jury returned an indictment charging Ngan Hirai, a dentist licensed to practice in New Jersey, with theft by deception for filing a fraudulent disability claim. According to the indictment, Hirai continued to practice dentistry while she falsely claimed to be disabled and collected total disability insurance payments of $155,399 pursuant to a disability insurance policy issued through General American Insurance Company. The insurance company terminated her benefits after determining that she had been practicing dentistry despite the purported disability. On February 10, 2003, Hirai was admitted into the PTI Program conditioned upon performing 50 hours of community service.

State v. Surrinder Aggarwal

On January 31, 2003, Surrinder Aggarwal pled guilty to an Accusation charging him with theft by deception and falsifying or tampering with records. Aggarwal admitted that, between March 1, 1991 and May 31, 2001, he fraudulently received disability insurance benefits totaling more than $1 million under both Social Security and a private disability insurance policy underwritten by Northwestern Mutual. A joint investigation by OIFP and the Division of Criminal Justice's Social Security and Financial Crimes Units revealed that Aggarwal's purported disabilities were fraudulent and, during the time of the purported disability, Aggarwal had been involved as an owner/operator of numerous businesses in the New Jersey/New York area. On October 24, 2003, Aggarwal was sentenced to four years in State prison, ordered to pay restitution in the amount of $1,150,717 and pay a $15,000 civil insurance fraud fine.

State v. Michael Cicconetti

On February 24, 2003, Michael Cicconetti pled guilty to an Accusation charging him with theft by deception. In 1999, during the course of his employment at International-Matex Tank Terminals located in Bayonne, Cicconetti suffered a work related injury to his shoulder, proceeded with a course of therapy, and collected disability insurance benefits. Cicconetti admitted that, between June 3, 1999 and September 7, 1999, while collecting approximately $4,216 in disability insurance benefits from his employer and Liberty Mutual Insurance Company, he was able to work and did actually work at a hardware store, despite misrepresenting that his injury prevented him from working. Cicconetti was sentenced on May 21, 2003, to two years probation conditioned upon paying restitution in the amount of $4,216 and a civil insurance fraud fine of $2,500.

State v. W. Lance Kollmer

On March 26, 2003, a State Grand Jury returned an indictment charging W. Lance Kollmer, a board-certified plastic surgeon, with theft by deception. According to the indictment, Dr. Kollmer submitted a waiver of life insurance premiums claim to UnumProvident, falsely claiming that he was totally disabled from the practice of plastic surgery and was, therefore, entitled to have his life insurance premiums waived. By doing so, Kollmer allegedly stole life insurance premium coverage worth $9,000. This case is pending trial. Kollmer also faces charges under a prior indictment which charged him with the theft of more than $300,000 of insurance monies from Sentry Insurance Company and American General Insurance Company for allegedly falsely claiming that he was totally disabled from practicing as a plastic surgeon when, in fact, he performed dozens of surgical procedures during the period of his claimed disability.

State v. Barbara D. Dickens

On May 8, 2003, a State Grand Jury returned an indictment charging Barbara D. Dickens with theft by deception and falsifying records. According to the indictment, between April of 1997 and January of 1999, Dickens represented to CIGNA Insurance Company that she was totally disabled and, as a result, unable to maintain employment. Pursuant to a long-term disability insurance policy, CIGNA paid Dickens a total of $25,305 in disability insurance benefits. The indictment alleged that during the period in question, Dickens was, in fact, continuously employed and, therefore, ineligible to receive disability insurance benefits. Dickens' case is pending trial.

State v. Gerard M. Zaccardi

A State Grand Jury returned an indictment charging Gerard M. Zaccardi with theft by deception and falsifying records. The indictment alleged that Zaccardi fraudulently applied for disability insurance benefits with the Social Security Administration (SSA) following a "slip and fall" at his place of employment, after termination of temporary benefits payments from workers' compensation. On the SSA application, Zaccardi claimed an inability to return to work and function normally at home due to his purported disability. After conducting an investigation which included surveillance, authorities determined that during this time period, Zaccardi was employed at an auto body shop and did not appear to be disabled. Zaccardi pled guilty to both counts of the indictment and, on September 19, 2003, was sentenced to five years probation and ordered to pay restitution in the amount of $49,287.

State v. Jose Susana-Rosario

On October 1, 2003, a State Grand Jury charged Jose Susana-Rosario with theft by deception. According to the indictment, between December of 2002 and February of 2003, Susana-Rosario fraudulently received over $5,000 in workers' compensation benefits from American Home Assurance Company (AIG). It is alleged that Susana-Rosario reported that he injured his back while performing his duties as an employee at Eastern Seaboard Packaging in Edison when, in fact, he sustained the injuries at home. Susana-Rosario's case is pending trial.

State v. Campbell Halleran

On December 2, 2003, a State Grand Jury returned an indictment charging Campbell Halleran with attempted theft by deception, health care claims fraud, and falsifying records. According to the indictment, on July 18, 2002, Halleran, who was employed by Dick's Sporting Goods, Inc., in Moorestown, submitted a fraudulent workers' compensation claim to his employer. Halleran allegedly claimed that he had injured his back the day before while moving store inventory from the loading dock to the interior of the store. The State intends to prove that, in fact, another employee of Dick's, had moved the inventory, and that Halleran had not injured himself as he had claimed. The workers' compensation claim had been submitted to the Chubb Group of Insurance Companies which denied the claim and referred the matter to OIFP for further investigation. Halleran's case is pending trial.

State v. Suzanne Shenk

On October 23, 2003, a Passaic County Grand Jury returned an indictment charging Suzanne Shenk with theft by deception, forgery, and falsifying documents. According to the indictment, between February 1, 2002 and May 14, 2002, Shenk wrongfully collected disability insurance payments from Aetna Insurance Company by concealing the fact that she was not disabled and was working at a physician's office. The indictment also alleged that Shenk forged a letter and falsified another letter in support of her disability claims to Aetna Insurance. Shenk's case is pending trial.

State v.
Albert H. Beebe

Albert H. Beebe was charged by a State Grand Jury indictment with theft by deception and falsifying records. The indictment alleged that, between December 11, 1997 and May 24, 1999, Beebe committed theft in connection with his receipt of insurance disability benefits when he knowingly failed to notify Hartford Insurance Company that he had also begun to receive Social Security benefits. According to Beebe's Hartford disability insurance policy, his insurance disability benefits had to be "coordinated" with any disability benefits he also received from Social Security. Beebe's Hartford insurance disability benefits were to be reduced if he also received disability benefits from the Social Security Administration. The indictment also alleged that in support of Beebe's thefts, Beebe allegedly falsely answered "no" to questions on a Hartford questionnaire which asked whether he was receiving, or expected to receive, Social Security benefits. Beebe is alleged to have wrongfully received over $29,000 in disability benefits. On January 24, 2003, Beebe was admitted into the PTI Program conditioned on paying restitution of approximately $29,000.

Health Insurance Underwriting/Application Fraud

State v.
Fred D'Avanzo
and Ralph D'Avanzo

On January 10, 2003, Fred and Ralph D'Avanzo were each sentenced to three years probation conditioned upon completing 200 hours of community service, paying $10,765 in restitution to Horizon Blue Cross/Blue Shield, and a $1,500 civil insurance fraud fine. Fred D'Avanzo had previously pled guilty to an Accusation charging him with theft by deception and falsifying or tampering with records while his brother, Ralph D'Avanzo, had pled guilty to a separate Accusation charging him with theft by deception. Fred D'Avanzo was the president of Coverall Staff Services, Inc., a temporary employment agency located in Linden. He admitted that, in October of 1995, he obtained health insurance by means of a Small Group Health Benefits Policy insurance contract with Horizon Blue Cross/Blue Shield of New Jersey. The health insurance policy required that employees eligible for group health care benefits be permanent, full-time employees who work a minimum of 25 hours per week for Coverall. Between September of 1997 and October of 2000, Fred D'Avanzo wrongfully obtained health insurance for his brother, Ralph, and two other persons under that policy by signing a New Jersey Small Employer Certification falsely claiming that his brother, Ralph, and the two other persons were full-time employees of Coverall and worked 40 hours or more per week when, in fact, they were not full-time employees. Ralph D'Avanzo admitted that he was wrongfully enrolled in Coverall's group health insurance policy, that he was not a full-time employee of Coverall, and was, in fact, residing in Florida. Ralph also admitted submitting $104,750 in insurance claims to Blue Cross/Blue Shield, of which Blue Cross/Blue Shield paid $53,178.

State v.
Barry W. Kallenberg

On December 19, 2003, Barry Kallenberg pled guilty to an Accusation which charged him with theft by deception. Kallenberg admitted that he created a fictitious business, purportedly a real estate management business, in order to purchase group health insurance. On or about February 21, 1999, Kallenberg applied to Horizon Blue Cross/Blue Shield of New Jersey for a small employer health benefits policy in order to obtain health coverage at a lower premium employee group rate for five people who were not entitled to the coverage because they were not bona fide employees of a bona fide business. The investigation revealed that, between January of 1996 and January of 1999, health insurance claims were submitted to Horizon Blue Cross/Blue Shield on behalf of the purported employees totaling $111,500. Kallenberg is awaiting sentencing.

Phony "Slip and Fall" Claims

State v.
Bruce Robert Tarlowe

Following a 12 day jury trial, Bruce Robert Tarlowe, a licensed insurance agent, was convicted of health care claims fraud and attempted theft by deception for planning and staging a phony "slip and fall" accident. The Union County jury found Tarlowe guilty of falsely claiming that, on April 12, 1998, he "slipped and fell" on a piece of lettuce on the floor of the produce aisle while shopping at the A&P Supermarket in Union Township. Unaware that the phony "slip and fall" at the supermarket was recorded on videotape by a store camera, Tarlowe had further claimed that he sustained serious and permanent injuries and was unable to work as a result of these injuries. The jury also found that, between April 12, 1998 and March 10, 1999, Tarlowe submitted 20 fraudulent health insurance claims to the United States Life Insurance Company for medical bills totaling $5,730. As a result of these submissions, the United States Life Insurance Company paid out a total of $3,002 to the medical service providers. Tarlowe had also filed a civil suit against A&P in August of 1998 which was dismissed by stipulation of the parties in January of 1999. On February 14, 2003, Tarlowe was sentenced to three years in State prison and payment of restitution in the amount of $2,724 and a $1,000 criminal fine.

Health Insurance Claims Involving Identity Fraud

State v.
Mynerva Jean

On June 4, 2003, Mynerva Jean pled guilty to an Accusation charging her with theft by deception. Jean admitted that she took the health insurance benefits card issued to her sister, Wendy Jean, and sought treatment from a doctor. Mynerva Jean admitted that she fraudulently used the card to obtain health insurance coverage in her sister's name on three separate dates between December 24, 2001, and January 15, 2002. The treating medical service provider submitted claims to State Farm Insurance Company in the amount of $1,415 and State Farm paid $877 for the treatments rendered to Mynerva Jean while she was impersonating her sister. State Farm began the investigation when Wendy Jean was questioned about some of the medical services provided and she advised State Farm that she never received those medical services. Mynerva Jean was admitted into the PTI Program on July 24, 2003, conditioned upon performing 60 hours of community service and paying a $4,000 civil insurance fraud fine.

State v.
Norma Rivera
and Veronica Pantoja

On January 30, 2003, Norma Rivera and her daughter, Veronica Pantoja, pled guilty to separate Accusations charging them with theft by deception. Rivera and Pantoja admitted that, between November of 1999 and September of 2000, Pantoja assumed Rivera's identity in order to obtain medical insurance to

cover dermatology treatments. Norma Rivera, who was covered under the State Health Benefits Plan through her husband, obtained a referral for dermatology treatments from her primary care physician and gave it to Pantoja, who assumed her mother's identity to obtain insurance coverage for the dermatology treatments. Aetna and Blue Cross/Blue Shield paid out over $800 for office visits and prescriptions. After their pleas, Rivera and Pantoja were admitted into the PTI Program conditioned upon paying restitution in the amount of $962 to the State Health Benefits Plan and serving 50 hours of community service.

State v. Lenann L. Hill

On January 16, 2003, Lenann L. Hill pled guilty to an Accusation charging her with identity theft. Hill admitted that, on October 4, 1999, she went to the emergency room at Wayne General Hospital and identified herself as the wife of Clark Miller. At that time, Miller was employed by the County of Passaic and, as a county employee, he and his wife were entitled to health care coverage under an insurance policy issued by Passaic County and administered by Insurance Design Administrators. Hill, who had no insurance of her own, also admitted that, on October 5, 1999, using the name of Miller's wife, she had a surgical procedure done at Wayne General Hospital. The total cost of services paid out by Insurance Design Administrators for Hill's medical treatment was $2,430. On the day of her guilty plea, Hill was admitted into the PTI Program conditioned upon paying restitution in the amount of $2,430 to Passaic County.

State v. Michael Daye and Darryl Walker

On April 2, 2003, a Hudson County Grand Jury returned an indictment charging Michael Daye and Darryl Walker with theft by deception. According to the indictment, between June of 1999 and October of 1999, Daye assumed Walker's identity in order to obtain medical treatments at the Khaleidoscope Health Care/Parkside Medical Center under Walker's Horizon Blue Cross/Blue Shield insurance coverage. Khaleidoscope submitted bills to Horizon Blue Cross/Blue Shield for Daye's treatment in the amount of $2,153, of which Horizon paid $1,564. Daye pled guilty to theft by deception and, on October 9, 2003, Daye was sentenced to two years probation, ordered to pay $1,564 in restitution, and a $1,000 civil insurance fraud fine. The indictment as to Walker was dismissed on October 10, 2003. Walker was assessed a civil insurance fraud penalty of $1,000.

Insurance Related Tax Fraud

State v. Dr. Samuel Evenstein

Dr. Samuel Evenstein pled guilty to an Accusation charging him with three counts of failing to pay New Jersey gross income tax with intent to evade payment. A joint investigation between OIFP and the New Jersey Division of Taxation determined that Evenstein failed to report over $500,000 in income in 1999 and owed over $50,000 in New Jersey State income taxes with respect to the unreported income. On January 24, 2003, Evenstein was admitted into the PTI Program conditioned upon paying restitution in the amount of $71,748.

Life Insurance Fraud

State v. Daouda Traore

On October 31, 2003, Daouda Traore was sentenced to two years probation with 38 days jail credit and ordered to perform 75 hours of community service after previously pleading guilty to theft by deception in conjunction with a scam to file phony life insurance claims. At his plea hearing, Traore admitted that, between December 15, 2000 and December 5, 2001, he purchased or increased the benefits for two life insurance policies, one from AIG Life Insurance Company and one from United Omaha Life Insurance Company. Specifically, he admitted that, on December 15, 2000, he amended his life insurance policy with AIG Life Insurance Company to include an additional death benefit of $125,000 for a woman, Salimata Traore, who he falsely claimed was his wife. He

also amended his AIG Life Insurance Company policy to include additional death benefits of $50,000 for a boy, Abdoulaye Traore, who he claimed was his son. Additionally, Traore admitted that, on December 26, 2000, he purchased another accidental death life insurance policy from United of Omaha Life Insurance Company in the amount of $200,000 on the life of Salimata Traore, and in the amount of $20,000 on the life of Abdoulaye Traore. Finally, Traore admitted that, on December 27, 2000, he purchased yet another $12,000 life insurance policy for his purported son, Abdoulaye Traore. Traore admitted that both his purported wife and his purported son were fictitious persons, that he submitted false claims to the insurance companies that they had died accidental deaths, and that the claims were submitted so that he could bilk the insurance companies. Traore admitted, in particular, that on January 4, 2001, he submitted a phony claim with AIG claiming that both his purported wife and his purported son were killed in an automobile accident in Africa. In support of the claim, Traore also submitted phony hospital records, death certificate forms, and police reports substantiating the automobile accident and the deaths of his purported wife and son. The total amount of fictitious claims submitted by Traore was $407,000. Both insurance companies denied the claims.

State v. Mr. N.A. and Mrs. N.A.

On February 7, 2003, OIFP Investigators arrested Mrs. N.A. and charged her with attempted theft by deception. The investigation revealed that, between November of 1998 and June of 2002, Mrs. N.A. and her husband, Mr. N.A., whose full names are withheld for investigative reasons, falsely applied for 11 life insurance policies in the total approximate amount of $5 million. Among the insurance companies victimized by this scheme were Valley Forge Life Insurance Company (CNA), Provident Mutual Insurance Company, First Colony Insurance, Banner Insurance, North American Casualty, Great American Insurance, and Equitable Insurance. The investigation further revealed that Mr. and Mrs. N.A. submitted death claims to the insurance companies falsely claiming Mr. N.A. died in Damascus, Syria. They also submitted a false death certificate in support of the claims. When Mrs. N.A. was arrested, her husband, Mr. N.A., remained a fugitive and was believed to be in Syria. On July 7, 2003, Mr. N.A. was arrested by OIFP investigators on an outstanding warrant.
On August 12, 2003, Mr. and Mrs. N.A. pled guilty, respectively, to two separate Accusations. The first Accusation charged Mrs. N.A. with falsifying records. Mr. N.A. was charged in the second Accusation with attempted theft by deception. On October 24, 2003, Mr. N.A. was sentenced to five years probation and ordered to pay a $5,000 civil insurance fraud fine. On the same date, Mrs. N.A. was sentenced to five years probation and also ordered to pay a $5,000 civil insurance fraud fine. She was also assessed a $1,000 insurance surcharge.

State v.
Patricia West

Patricia West was charged in a State Grand Jury indictment with two counts each of theft by deception and uttering a forged instrument. The indictment alleged that, in June of 1998, Patricia West fraudulently represented herself to be Christine Franklin, the beneficiary of a life insurance policy on the life of Christine Franklin's daughter, Desiree Franklin, who had died in a motor vehicle accident on November 3, 1996. West allegedly filed a fraudulent life insurance claim with the State of New Jersey Group Life Insurance Plan administered by Prudential Life Insurance Company, which issued a death benefits check in the name of Christine Franklin in the amount of $49,263. West allegedly endorsed the check by forging Franklin's name and deposited the check into her own personal bank account.

The indictment also charged that West fraudulently represented herself to be Christine Franklin to the State of New Jersey Division of Pensions and Benefits in order to collect death claim benefits based on Desiree Franklin's prior public employment. Prior to her death, Desiree Franklin had been employed by Rutgers University and was entitled to various State benefits, including survivor benefits for a designated beneficiary. According to the indictment, West forged Christine Franklin's name on the death benefits check issued to Franklin in the amount of $1,285 and deposited the money in her personal bank account. On August 11, 2003, West was admitted into the PTI Program conditioned upon paying $49,263 in restitution to Prudential Life and performing 50 hours of community service.

Insurance Professional Fraud

Insurance Agent Fraud

State v.
Robert Massa, Massa and Miller Agency, Inc., and the Associated Programs Agency, Inc.

Robert Massa, a former Ocean County insurance agent, pled guilty to an Accusation which charged him with conspiracy and theft by deception. Massa was the former owner and operator of two defunct insurance agencies known as the Massa and Miller Agency, Inc., and the Associated Programs Agency, Inc., both located in Lakewood. Both agencies also pled guilty to conspiracy and theft by deception in separate Accusations. Massa admitted that he conspired to fraudulently obtain and cash checks totaling approximately $5.6 million from National Premium Plan, A1 Credit Corporation, and Agency Services, Inc., insurance premium finance companies which lend small businesses money to pay insurance premiums for business coverage. On January 17, 2003, Massa was sentenced to five years in State prison. In addition, Massa and his corporations, Massa and Miller Agency, Inc., and Associated Programs, Agency, Inc., were ordered to pay $844,000 in restitution. The corporations were each sentenced to five years probation. Michael Miller and an attorney, Stanley Gulkin, were previously sentenced to State prison in connection with the scam.

State v.
Douglas Ross

On January 24, 2003, Douglas Ross, a licensed insurance agent and the owner and operator of Douglas W. Ross Associates, was indicted by a State Grand Jury and charged with theft by failure to make required disposition of property received and simulating a motor vehicle insurance identification card. Douglas W. Ross Associates is a commercial insurance brokerage company which obtains insurance coverage for its small business clients by borrowing the funds from premium financing companies and then forwarding them to insurance carriers for payment of the small businesses' insurance premiums. According to the indictment, between February of 2001 and August of 2002, Ross fraudulently obtained over $121,000 in loans from AMGRO Premium Financing Company allegedly to finance several insurance policies. The indictment alleged that Ross obtained the loans by providing false documentation representing non-existent policies.

The indictment further alleged that Ross collected insurance premium payments from five commercial clients but failed to remit the premiums to the insurance carriers, and allegedly diverted the premium payments to his own personal use. Ross pled guilty to the charges in the indictment and, on September 22, 2003, he was sentenced to five years probation and ordered to pay $85,288 in restitution.

State v.
Harry DelBosco

On November 14, 2003, Harry DelBosco, a licensed insurance agent and former president of an insurance agency known as Garden State Brokers, Inc., was sentenced to five years in State prison and payment of $887,000 in restitution after pleading guilty to an Accusation charging him with theft by failure to make required disposition of property received. Garden State Brokers, Inc., formerly doing business in East Hanover, was an insurance agency that also brokered insurance premium financing loans for small businesses, mainly in the trucking industry. Following an extensive OIFP investigation, DelBosco admitted that he stole at least $887,000 entrusted to him by several premium finance companies, including AFCO Credit Corp., First Insurance Funding Corporation and AMGRO Premium Financing, Inc. The funds had been given to DelBosco to be used for the financing of insurance premiums on behalf of numerous commercial insureds. Instead, DelBosco misappropriated and converted the funds to his own use.

State v.
Robinson D. Barleycorn

Robinson Barleycorn was charged in a State Grand Jury indictment with one count of theft by failure to make required disposition of property received. The indictment alleged that, between June 1, 1994 and September 15, 1997, Barleycorn, while acting as an insurance agent for Capacity Marine Insurance Agency, received $321,000 in insurance premium payments from a Connecticut tugboat operator to purchase marine insurance for the corporation's tugboat operation, but used the money to pay his own personal expenses instead of forwarding it to the insurance carrier. Barleycorn was arrested in Louisiana in August of 2002 and extradited to New Jersey the following month to answer the charges in the indictment. Barleycorn pled guilty and, on April 25, 2003, was sentenced to five years probation with credit for 249 days served in county jail and payment of $1,000 in restitution.

State v.
Odell Coleman

On August 15, 2003, Odell Coleman was sentenced to four years in State prison and ordered to pay $101,657 in restitution to Allianz Life Insurance Company. Coleman, a Philadelphia resident who was an insurance agent licensed in New Jersey, had previously pled guilty to an Accusation charging him with theft by failure to make required disposition of property received and theft by deception. Coleman admitted that in his capacity as an insurance agent for Allianz Life Insurance Company of North America and LifeUSA Insurance Company, he convinced a Moorestown woman to purchase an annuity worth $100,000. Coleman admitted that on August 16, 1999, he accepted a check from the woman in the amount of $100,000. Instead of submitting the money to Allianz and LifeUSA for the annuity, Coleman deposited the check into his own bank account for his personal use.

State v. Farid S. Elgebaly

On May 27, 2003, Farid S. Elgebaly pled guilty to all counts of an indictment charging him with theft by deception, misapplication of entrusted property, and simulating a motor vehicle insurance identification card, and to an Accusation charging him with tampering with witnesses and informants. A bench warrant for Elgebaly's arrest was issued after he failed to appear for sentencing. Elgebaly, a former licensed insurance producer who transacted business on behalf of the New Jersey Personal Automobile Insurance Plan (PAIP), had accepted money from various individuals for automobile insurance premiums but failed to remit the money to PAIP or secure automobile insurance for the individuals who paid the premium money. Elgebaly also distributed fraudulent insurance identification cards to some of his clients. Elgebaly's insurance producer's license was revoked in February of 2001.

State v. Stanley Span and Paul Kaplan

On July 17, 2003, Stanley Span and Paul Kaplan were named in a State Grand Jury indictment. Span was charged with conspiracy, theft by deception, theft by failure to make required disposition of property received, and simulating a motor vehicle insurance identification card, while Kaplan was charged in the same indictment with conspiracy, theft by deception, theft by failure to make required disposition of property received, and issuing bad checks. Both defendants are licensed insurance agents and were officers of the now defunct Span Associates Insurance Agency located in Springfield. According to the indictment, between January of 2000 and December of 2001, Span and Kaplan stole approximately $20,000 by selling fictitious insurance policies to insurance purchasers, collecting insurance premium monies from the purchasers, and failing to remit the monies to the insurance companies.

The indictment also alleged that, between February of 2002 and May of 2002, Span distributed phony automobile insurance identification cards purportedly issued by the New Jersey Personal Automobile Insurance Plan (NJPAIP). It further alleged that, in November of 2000, Kaplan cashed a $4,000 check drawn on a closed account, knowing that the bank would not honor the check. Span pled guilty to theft by deception and, on October 24, 2003, he was sentenced to three years probation and ordered to pay restitution in the amount of $6,740. The case as to Kaplan is pending trial.

State v. Joseph Binczak

A State Grand Jury indicted Joseph Binczak, an insurance agent licensed in New Jersey, for theft by deception and falsifying records. According to the indictment, Binczak was employed by the Ukranian National Association (UNA) as an insurance sales manager responsible for maintaining life insurance annuity accounts for members of UNA. The indictment alleged that, without authorization, Binczak withdrew over $600,000 from the annuity accounts of seven members of UNA and converted the proceeds to his own use. Binczak also allegedly falsified a letter dated September 14, 2000, authorizing him to withdraw $30,000 from an insured's annuity account held at UNA, and another document authorizing him to withdraw $45,000 from another insured's annuity account held at UNA. On September 2, 2003, Binczak pled guilty to theft by deception and is pending sentencing.

State v. Vito Grupposo

On May 30, 2002, armed with an arrest warrant for Vito Grupposo and a search warrant to search his business premises located in Parsippany, Cedar Knolls and Washington, New Jersey, OIFP investigators seized the books and records of Grupposo's insurance agency and insurance premium finance businesses. Grupposo, a licensed insurance agent, was arrested and charged with three counts of theft by failure to make required disposition of insurance premiums obtained from several of his insurance customers. Grupposo is alleged to have wrongfully engaged in insurance premium financing transactions and to have embezzled insurance premiums entrusted to him by insureds. Grupposo appeared before Judge Bozonelis and bail was set in the amount of $100,000. The case is pending grand jury presentation.

Insurance Carrier Employee Fraud

State v. Carl Prata, et al.

On August 25, 2003, Carl Prata was sentenced to five years in State prison and ordered to pay $45,000 in restitution to Allmerica Insurance Company and $5,000 in restitution to St. Paul Insurance Company after pleading guilty to conspiracy and theft by deception. Prata, formerly employed as an insurance claims adjuster with the St. Paul Insurance Company and the Allmerica Insurance Company, had been indicted by a State Grand Jury and charged with conspiracy and theft by deception for allegedly issuing approximately 45 fraudulent bodily injury automobile insurance settlement checks totaling some $533,000 to conspirators who were not entitled to them. Prata would access his company's claims computer and issue insurance claims settlement checks for injuries purportedly sustained by people who had not actually been in automobile accidents. He would then accept part of the stolen money as a kickback. In the course of the investigation which spanned several years, a number of co-conspirators have pled guilty to, and been sentenced for, participating in the scheme with Prata. Of the approximately 43 co-conspirators charged in the Prata scheme, eight persons were sentenced to jail, and the sentences of the others defendants included probation or admission to the PTI Program contingent upon paying restitution and civil insurance fraud penalties.

Insurance worker charged with fraud

State v. Mustafa Azme

On July 14, 2003, Prata co-conspirator, Mustafa Azme, was sentenced to five years in State prison. Azme had previously pled guilty to an Accusation charging him with conspiracy and theft by deception. Azme admitted that, between January of 1998 and November of 2000, he conspired with others to defraud the Allmerica Insurance Company and the St. Paul Insurance Company by claiming to have sustained bodily injuries in automobile accidents and fraudulently accepting insurance claim checks from the insurance companies for the claims. Azme accepted one settlement check in the amount of $12,500 from Allmerica and two settlement checks from the St. Paul Insurance Company in the amounts of $10,000 and $38,000. As part of the conspiracy, Azme recruited nine persons to receive fraudulent insurance claims checks. The nine persons recruited by Azme were issued nine insurance settlement checks totaling $113,500. Of the nine persons recruited by Azme, six have pled guilty to charges of conspiracy and/or theft by deception, while charges against the remaining three persons are pending. Azme also paid restitution of $51,750 prior to his sentencing.

State v. H.K.

On January 31, 2003, H.K., another Prata co-conspirator, whose full name has been withheld for investigative reasons, was sentenced to five years probation conditioned upon 178 days in county jail, and payment of restitution in the amount of $54,000 and a $10,000 civil insurance fraud fine. H.K. had pled guilty to an Accusation charging him with conspiracy, theft by deception, and terroristic threats for his role in accepting six of the phony settlement checks in the amount of $54,000.

State v. Carol Cappuccio

On September 19, 2003, another Prata co-defendant, Carol Cappuccio, was sentenced to five years probation conditioned upon serving 90 days in county jail, and ordered to pay $16,000 in restitution as well as an $8,000 civil insurance fraud fine. Cappuccio had previously pled guilty to an indictment charging her with conspiracy and theft by deception. Cappuccio was recruited by Mustafa Azme and accepted a fraudulently obtained settlement check issued by Allmerica Insurance Company in the amount of $16,000 for a purported accident in which she was not involved. Cappuccio deposited the settlement check into her bank account and kept $4,000 after giving $12,000 to Azme. Cappuccio also recruited three other persons to participate in the conspiracy. Those three received settlement checks totaling $23,500 and have also pled guilty to theft by deception for their roles in the conspiracy.

State v. Le T. Harlin

On May 2, 2003, Le T. Harlin, a claims specialist in the Mount Laurel office of Ohio Casualty Insurance Company, was sentenced to four years in State prison and ordered to pay restitution to Ohio Casualty in the amount of $101,869. Harlin had pled guilty and admitted that, between July 17, 2000 and March 27, 2002, he stole numerous checks from third parties which were payable to Ohio Casualty, forged endorsements on the checks using an Ohio Casualty rubber stamp, and deposited the checks into his Commerce Bank account.

State v. Linda Clements-Wright, Neville L. Holder, Lisa Givens, George Givens, Bruce Alston, Neville Louis Holder, Marsha Alston Walker and Michael McCormick

On May 22, 2003, Linda Clements-Wright, an Allstate Insurance Company Insurance Claims Process Specialist working out of Allstate Market Claims offices in Mount Laurel and Moorestown, was charged by a State Grand Jury with conspiracy, theft by unlawful taking, and money laundering. According to the indictment, between April of 1995 and September of 1998, Clements-Wright, in her capacity as a Claims Processing Specialist for Allstate Insurance Company, issued approximately 150 Allstate insurance claim checks totaling approximately $594,369 to 11 persons she was acquainted with, but who were not entitled to the insurance claim money. It is alleged that Clements-Wright conspired with her acquaintances to cash the checks, keep 10% of the proceeds, and return the balance of the proceeds to her. Clements-Wright's case is pending trial.

As part of the investigation of Linda Clements-Wright, on March 26, 2003, Neville, L. Holder, Lisa Givens, Lisa's husband George Givens, and Bruce Alston pled guilty to separate Accusations charging them with conspiracy. On March 28, 2003, Neville L. Holder's son, Neville Louis Holder, and Michael McCormick also pled guilty to separate Accusations which also charged conspiracy. Each defendant admitted that between July of 1995 and June of 1998, they accepted auto insurance related claim checks in various amounts from Clements-Wright, knowing that they were not entitled to the money. On May 19, 2003, Neville L. Holder and Neville Louis Holder were admitted into the PTI Program. Neville L. Holder was ordered to pay restitution in the amount of $1,646, and Neville Louis Holder in the amount of $6,354. On September 12, 2003, McCormick was sentenced to two years probation and ordered to pay $11,342 in restitution. On October 24, 2003, Alston was sentenced to three years probation conditioned upon the payment of $8,825 in restitution. On October 31, 2003, Lisa Givens was sentenced to three years probation conditioned on paying $11,298 in restitution and also paying a $15,000 civil insurance fraud fine. On October 31, 2003, George Givens was also sentenced to three years probation conditioned upon paying restitution in the amount of $14,674 and a $15,000 civil insurance fraud fine.

State v. Tara Mack

On May 13, 2003, Tara Mack, a financial support technician for Prudential Insurance, pled guilty to an Accusation charging her with theft. Mack admitted that, between February of 2001 and April of 2001, during the course of her employment as a financial support technician for Prudential Insurance Company, she stole seven checks from Prudential totaling approximately $14,135, and diverted them to a business account controlled by another person. On July 1, 2003, Mack was sentenced to 18 months probation conditioned upon completing 75 hours of community service.

Man pleads guilty to six fires in insurance fraud

State v. Jemal Williams

On November 21, 2003, Jemal Williams was sentenced to three years probation and payment of $3,982 in restitution for fraudulently issuing insurance claims checks while working as a claims representative for Great West Life and Annuity Insurance Company. Williams admitted at his prior guilty plea hearing that he had issued six fraudulent checks totaling $7,415 to Letticia Waymer. Waymer pled guilty to the conspiracy in 2002, explaining that, after keeping $800 for herself, she turned over the balance of the proceeds to Williams. She was admitted into the PTI Program subject to making restitution, maintaining gainful employment, and cooperating in OIFP's prosecution of Williams.

Public Insurance Adjuster Fraud

State v. Marc Rossi, Otis Boone, Michael Winberg and Marc Graziano

On November 10, 2003, Marc Rossi, the alleged leader of an "arson for hire" ring, pled guilty to charges of arson, conspiracy to commit arson, bribery, theft, and theft by deception. In pleading guilty to the charges, Rossi admitted that he conspired with other co-conspirators to damage or set fire to various properties so that he could solicit the victims as clients for his public adjusting business, Rossi Adjustment Services. In particular, Rossi admitted his role in six arsons involving two commercial properties and four residential properties. Rossi is pending sentencing.

Rossi's other co-conspirators have previously pled guilty. On December 12, 2003, Otis Boone, an employee of Rossi Adjustment Services, was sentenced to four years in State prison for participating in the setting of the arson fires as part of the Rossi conspiracy. On October 31, 2003, Michael Winberg, also a licensed public adjuster, was sentenced for aggravated arson to five

years in State prison, payment of $102,000 in restitution and a $5,000 civil insurance fraud fine. On March 21, 2003, Marc Graziano, former owner of Graziano Florist, was sentenced for theft by deception and conspiracy to five years probation and payment of $26,468 in restitution and a $2,500 civil insurance fraud fine.

State v. William Kiernan, Jr.

Related to the Rossi investigation and the Jeffrey Nemes investigation (set forth elsewhere in this Report), on December 17, 2003, William Kiernan, Jr., Chief of Hamilton Township Enterprise Fire Company, pled guilty to an Accusation charging obstructing the administration of law. Kiernan admitted providing false statements to law enforcement authorities during the course of an investigation into allegations that Rossi and Nemes were paying bribes and soliciting fire chiefs to allow fires to burn longer and do more damage so that the amount of insurance claims would be higher, thus allowing both Nemes and Rossi to reap greater financial benefits. Nemes would benefit because his home repair contracting business, Nemes Enterprises, would potentially receive larger contracts, and Rossi's public adjusting insurance business would be awarded larger fees based on higher insurance claims. Kiernan's sentencing is scheduled for early 2004.

State v. Oscar Medina

On March 6, 2003, OIFP investigators arrested Oscar Medina, an insurance claims adjuster employed at Liberty Mutual Insurance Company, and charged him with theft by deception. Medina allegedly contacted insurance claimants involved in automobile accidents and advised them that they would be able to obtain a larger claim settlement by paying him a fee rather than hiring an attorney. The arrest warrant alleged that Medina stole $5,500 by falsely creating the impression that, as a Liberty Mutual Group Claims Adjuster, he was entitled to 15% of the claimants' bodily injury insurance settlement money. This case is pending grand jury presentation.

State v. William R. Taintor, III

William R. Taintor, III, a licensed public insurance adjuster, was charged in two separate State Grand Jury indictments. The first indictment charged Taintor with theft by failure to make required disposition of property and alleged that, in September of 2001, Taintor received an insurance claim settlement check in the amount of $3,743 on behalf of an insured and kept the proceeds for himself. The second indictment charged Taintor with attempted theft by deception and forgery. According to that indictment, Taintor submitted a forged invoice to Omaha Property and Casualty Insurance Company bearing the purported signature of another insured that Taintor represented in order to inflate a property damage claim. The allegedly phony invoice, dated October 10, 1995, purported that T&K Kitchens had previously repaired damage to the property located in Avalon. However, allegedly, the previous damage had not been repaired by T&K Kitchens and the invoice did not accurately reflect the repairs done. It was further alleged that Taintor submitted the forged invoice to obtain a larger commission in his capacity as the public insurance adjuster representing the insured in settling the insurance claim. On June 5, 2003, Taintor was admitted into the PTI Program conditioned upon completing 100 hours of community service and paying restitution to his client, Curtis Boykins, in the amount of $3,743.

Insurance Premium Fraud

State v. Philip A. McKeaney

On November 17, 2003, Philip McKeaney pled guilty to theft by failure to make required disposition of property received and to a related but separate charge of misapplication of entrusted property. A State Grand Jury had previously charged McKeaney, the operator of Haddon National Companies, Inc., (HNC), with financial facilitation of criminal activity (money laundering), theft by failure to make required disposition of property received, and theft by deception. HNC was a corporation that served as a third party health insurance administrator. Third party health insurance administrators receive money to pay claims from employers, corporations, and sometimes government entities which self-fund and self-insure the health insurance plans that provide health benefits to their employees. HNC, as a third party administrator, was under contract to receive money from its self-insured clients for health insurance benefits, deposit that money, and pay the health insurance claims of its clients as they were submitted.

HNC would earn a fee for health insurance claims paid. In some cases, HNC also received money from its clients to purchase special re-insurance policies to provide health insurance coverage.

According to the indictment, McKeaney stole in excess of $1 million from nine clients, which should have been used to pay health insurance claims or purchase re-insurance policies. Some of the stolen money was used to pay McKeaney's personal debts and expenses, and some of it was transferred to another business, Cambria Corporation, in which McKeaney had an interest. The indictment also specifically alleged that McKeaney committed the crime of money laundering by transferring approximately $494,188 from his company, HNC, which money should have been used to pay health care claims or procure health insurance policies for clients, to Cambria Corporation, a business in which McKeaney had an interest. McKeaney is scheduled to be sentenced in 2004.

State v. Nunzio Tartaglio

On August 27, 2003, Nunzio Tartaglio pled guilty to an Accusation charging him with theft by failure to make required disposition of property received and was admitted into the PTI Program conditioned upon paying $9,000 in restitution. Tartaglia, a former insurance agent for the Nettis Insurance Agency, admitted that he collected life insurance premium payments from insurance purchasers and failed to remit the premium payments to the insurance carriers. He also admitted that automatic policy loans were initiated on the policies without the owners' knowledge or consent so he could steal the loan proceeds.

Contractor's Fraud

State v. Jeffrey Nemes

On February 19, 2003, following a five week jury trial in Mercer County Superior Court, Jeffrey Nemes was found guilty of theft by failure to make required disposition of property. While employed as a Hamilton Township police officer, Nemes, owner of Nemes Enterprises, Inc., a home repair contracting business, took insurance claims money totaling approximately $122,000 from both commercial and residential property owners purportedly to make repairs on their properties through his home repair contracting business but failed to complete the repairs to the properties or return the money. On May 30, 2003, Nemes was sentenced to seven years in State prison and ordered to pay a total of $130,833 in restitution. Nemes' conviction is presently on appeal.

More recently, on December 18, 2003, a State Grand Jury returned another indictment against Nemes charging him with bribery in official and political matters. This indictment charged Nemes with offering two bribes to local fire chiefs allegedly to enhance property damage in the course of extinguishing fires. The first bribe allegedly occurred on April 22, 1998, when Nemes is alleged to

have offered cash to the Fire Chief of the Rusling Hose Fire Company. The second bribe is alleged to have occurred following a conspiracy in which Nemes and Marc Rossi, the former owner of Rossi Adjustment Services, a public insurance claims adjusting business, agreed to offer a bribe to Fire Chief William Kiernan, Jr., of the Enterprise Fire Company located in Hamilton Township, New Jersey. The State intends to prove at trial that cash bribes were offered to the Chiefs so that they would allow additional damage to be done to buildings by permitting fires to burn longer while supposedly working to extinguish those fires. Nemes is pending trial with respect to the charges under this latter indictment.

Insurance Inspection Fraud

State v. Waleed Itani

Waleed Itani pled guilty to an Accusation charging him with commercial bribery. In February 2000, Itani was employed at George's Shell, a service station in Hackensack, which was also an authorized CARCO insurance inspection facility. CARCO is an independent vendor for the automobile insurance industry which contracts with service stations to inspect used automobiles to assess their condition for the purpose of calculating insurance coverage and premiums. Itani admitted that as an agent of CARCO, he accepted $200 to falsify a CARCO inspection report to indicate that a 1995 Toyota Corolla contained a stereo AM/FM radio with tape deck, compact disc player, and alarm system. On February 28, 2003, Itani was admitted into the PTI Program conditioned upon paying $200 in restitution to the State of New Jersey.

Property Related Insurance Fraud

False Homeowners Insurance Claims

State v. Tracy D. Childress

Tracy D. Childress, a Newark police officer, was charged by an Essex County Grand Jury in 2002 with attempted theft by deception relating to a false insurance claim for a laptop computer allegedly stolen from his home. According to the indictment, Childress submitted a false receipt to his insurance company, purporting to substantiate the purchase of a computer costing in excess of $7,282. Childress allegedly submitted the receipt to Cigna Insurance Company as support for a homeowner's insurance claim in which he claimed that a burglary occurred at his residence and that some of his personal property was stolen, including the computer. On March 3, 2003, Childress was admitted into the PTI Program conditioned upon completing 50 hours of community service.

State v. Robert Stevens

On March 14, 2003, Robert Stevens was sentenced for forgery to two years probation conditioned upon paying a $1,000 civil insurance fraud fine and a $350 criminal fine. Stevens admitted that he submitted a forged receipt from Eagle Golf Works in the amount of $1,004 to AAA Mid-Atlantic Insurance Company, in support of a homeowner's insurance claim following a burglary at his home on December 10, 2001.

State v. Steven Budge, John Budge and Frank Land

On February 26, 2003, a State Grand Jury returned an indictment charging Steven Budge, a Public Insurance Claims Adjuster; his brother, John Budge; and their uncle, Frank Land, with attempted theft by deception. According to the indictment, on or about December 12, 2000, a house owned by Frank Land was damaged as a result of winds that caused a large tree limb to fall on the roof. It is alleged in the indictment that Steven Budge, John Budge, and Frank Land inflicted additional damage to the roof in order to inflate the homeowner's insurance claim to Liberty Mutual Insurance Company. The State intends to prove that Steven Budge submitted an appraisal to repair the roof to Liberty Mutual which was inflated by approximately $60,000. Liberty Mutual, suspecting fraud, denied the claim, and referred the case to OIFP for further investigation. The cases are pending trial.

State v. Lisa Mulrooney

On May 22, 2003, Lisa Mulrooney pled guilty to an Accusation charging her with attempted theft by deception. Mulrooney admitted that on October 1, 2001, she altered a $126 invoice issued by Aqua Pure, Inc., a company which delivered water to Mulrooney's residence, to read $3,316. She submitted the altered invoice to State Farm in support of a property damage claim after fuel oil leaked from an underground tank on her property and contaminated her water supply. On August 22, 2003, Mulrooney was admitted into the PTI Program with the

conditions that she perform 60 hours of community service and pay a $5,000 civil insurance fraud fine.

State v. David Rozjabek

On December 4, 2003, a Middlesex County Grand Jury returned an indictment against David Rozjabek, charging him with attempted theft by deception. According to the indictment, on May 24, 2002, an automobile accident occurred near Rozjabek's home which caused minor damage to his landscaping. The indictment alleged that Rozjabek submitted a property damage insurance claim to his homeowner's insurance carrier, Allstate Insurance Company, using a phony invoice in the amount of $1,250 in support of his claim. According to the indictment, the actual damage to Rozjabek's property was estimated at $125. Rozabek's case is pending in trial.

State v. Carmina Vicidomini

Carmina Vicidomini pled guilty to an Accusation charging her with attempted theft by deception and, on September 12, 2003, was admitted into the PTI Program conditioned upon paying a $2,000 civil insurance fraud fine and performing 50 hours of community service. Vicidomini admitted that, on July 17, 2002, she filed a fraudulent property loss claim with her homeowner's insurance, Selective Insurance Company, claiming that jewelry valued at $4,980 had been lost. The investigation revealed that, in July of 2000, Vicidomini had filed an insurance claim for the loss of the same jewelry under her automobile policy but it was not covered.

Fraudulent Property Claims

State v. Solomon Bouzaglou, Joseph Benlolo and Effy Harari

On March 12, 2003, Solomon Bouzaglou and Joseph Benlolo pled guilty to separate Accusations charging each of them with conspiracy and attempted theft by deception. Bouzaglou and Benlolo admitted that, between September of 1997 and May of 1998, they conspired with others, including a public insurance adjuster, to intentionally cause water damage to costume jewelry stored in a warehouse located in Irvington, which was insured by Fireman's Fund Insurance Company for $1 million. The defendants admitted that they submitted an insurance claim to Fireman's Fund for approximately $973,638, knowing that the jewelry had intentionally been damaged. Fireman's Fund, suspecting the claim was fraudulent, denied the claim and referred the matter to OIFP for further investigation. Sentencing is scheduled for early 2004.

As part of the OIFP investigation into the Bouzaglou and Benlolo false claims, Effy Harari pled guilty to an Accusation charging him with conspiracy. Harari admitted that he gave Benlolo $12,000 to finance the scheme. Harari was, in turn, promised a portion of the insurance proceeds. On October 10, 2003, Harari was admitted into the PTI Program conditioned upon performing 50 hours of community service. He was also ordered to pay a $5,000 civil insurance fraud fine.

State v. Mitchell Markowitz, Sol Zaltz, Yehudah Berger, Sam Nisser and David Nisser

On June 20, 2003, as part of the Bouzaglou and Benlolo investigation, Mitchell Markowitz, Sol Zaltz, Yehudah Berger, Sam Nisser, and David Nisser were charged in a State Grand Jury indictment with conspiracy and attempted theft by deception. According to the indictment, between January of 1998 and January of 1999, the defendants conspired to purchase 20,000 pieces of inexpensive costume jewelry, produce phony receipts, store the jewelry in a warehouse, and purposely damage the jewelry in order to collect on the insurance policy. The Irvington warehouse was insured by Fireman's Fund Insurance Company for $1 million. According to the indictment, Markowitz, a licensed public insurance adjuster, submitted an inflated insurance claim in the amount of $973,638 to Fireman's Fund. The cases as to these five defendants are pending trial.

State v. R. K.

On July 17, 2003, R.K., whose full name must be withheld for investigative reasons, was admitted into the PTI Program after being charged by way of an Accusation on April 30, 2003, with theft by deception, attempted theft by deception, and forgery. The Accusation charged that, between March of 1993 and May of 2001, R.K. submitted phony insurance claims for lost luggage and their contents under various travel/baggage insurance policies following numerous international flights. Three travel insurance companies, World Access Service Corporation/Access America, Travel Insured International, Inc., and Travel Guard International, paid R.K. a total of $15,636 before suspecting that the claims were fraudulent. R.K. also admitted that she used the letterhead and signature of an Alitalia Airlines employee to create a letter which falsely indicated that Alitalia was unable to locate R.K.'s missing luggage and would forward a settlement check to R.K. for the maximum amount of the airline's liability. As part of her participation in the PTI Program, R.K. was required to cooperate with the State in other investigations, pay a $5,000 civil insurance fraud fine, and pay $10,447 in restitution to World Access Service Corp., $2,170 in restitution to Travel Insured International, as well as $3,019 in restitution to Travel Guard International.

State v. Daniel Chace

On September 2, 2003, Daniel Chace was admitted into the PTI Program conditioned on performing 30 hours of community service after pleading guilty to attempted theft. Chace, who was an operations engineer at the World Trade Center, admitted that, in April of 2002, he submitted a fraudulent property loss claim to Ohio Casualty Insurance Group for the loss of what he claimed were his personal hand tools, power tools, and clothing due to the terrorist attacks at the World Trade Center on September 11, 2001. Chace claimed the value of the property loss at $5,824. The tools and uniforms, however, were not Chace's personal property but were, in fact, supplied by his employer. Consequently, he was not, entitled to file the claim.

State v. Eric Rosenblatt

On October 1, 2003, Eric Rosenblatt was sentenced to five years probation conditioned on paying a $5,000 civil insurance fraud fine and performing 30 days of community service after pleading guilty to theft by deception. In May of 2001, Rosenblatt had submitted a claim to Jewelers Mutual Insurance alleging that he lost a one-carat diamond ring valued at approximately $5,700. An investigation by Jewelers Mutual revealed that previously, in November of 2000, Rosenblatt had reported the same diamond ring lost to State Farm Insurance Company, which had paid him $4,664. Rosenblatt failed to disclose the prior State Farm claim on the Jewelers Mutual application for insurance. Jewelers Mutual denied Rosenblatt's May 2001 claim and referred the matter to OIFP for investigation.

Phony Certificates/Letters of Insurance

State v. William Burgermaster

William Burgermaster pled guilty to an Accusation charging him with forgery. He admitted that, as an employee of Shading Systems, Inc., during a routine insurance audit of workers' compensation insurance coverage, he provided the auditors with a forged Certificate of Liability. The certificate was purportedly issued by the Waldorf Insurance Agency and purported to reflect proof of workers' compensation insurance, when, in fact, Shading Systems, Inc.'s Certificate of Liability Insurance had been canceled due to non-payment. Under State

law, workers' compensation insurance is mandatory. On May 14, 2003, Burgermaster was admitted into the PTI Program conditioned upon completing 50 hours of community service.

State v. Mark DiTaranto

On September 26, 2003, Mark DiTaranto was sentenced to three years probation and ordered to perform 50 hours of community service after pleading guilty to forgery by uttering. DiTaranto had presented a forged Certificate of Liability Insurance, purportedly issued by the General Agents Insurance Company, to a homeowner in order to perform construction work at the homeowner's residence.

State v. Douglas Pelikan

Douglas Pelikan pled guilty to an Accusation which charged him with forgery. He admitted that, in June of 2002, he presented a fraudulent Certificate of Liability Insurance, purportedly issued by Nottingham Insurance and Financial Service, to a client who had hired Pelikan for a construction project. Contractors are often required to present Certificates of Insurance substantiating liability and workers' compensation insurance, among others, before beginning construction work. Pelikan admitted that he altered the Certificate of Liability to reflect current coverage because his liability insurance policy with Nottingham had previously been canceled. On October 31, 2003, Pelikan was admitted into the PTI Program.

State v. William Mulholland

William Mulholland, the operator of a small independent trucking company known as Bilco Transport, pled guilty to an Accusation which charged him with forgery. Mulholland admitted that, on March 4, 2002, in order to enter into a business agreement with Furniture King Stores, he produced a forged letter purportedly from State Farm Insurance Company, stating that Bilco Transport maintained a general liability insurance policy with State Farm, that Furniture King Stores was added to the policy as an additional insured, and that Furniture King Stores was covered for losses of up to $500,000. Mulholland's company, Bilco Transport, did not, in fact, maintain a general liability insurance policy with State Farm. On May 5, 2003, Mulholland was admitted into the PTI Program conditioned upon completing 75 hours of community service.

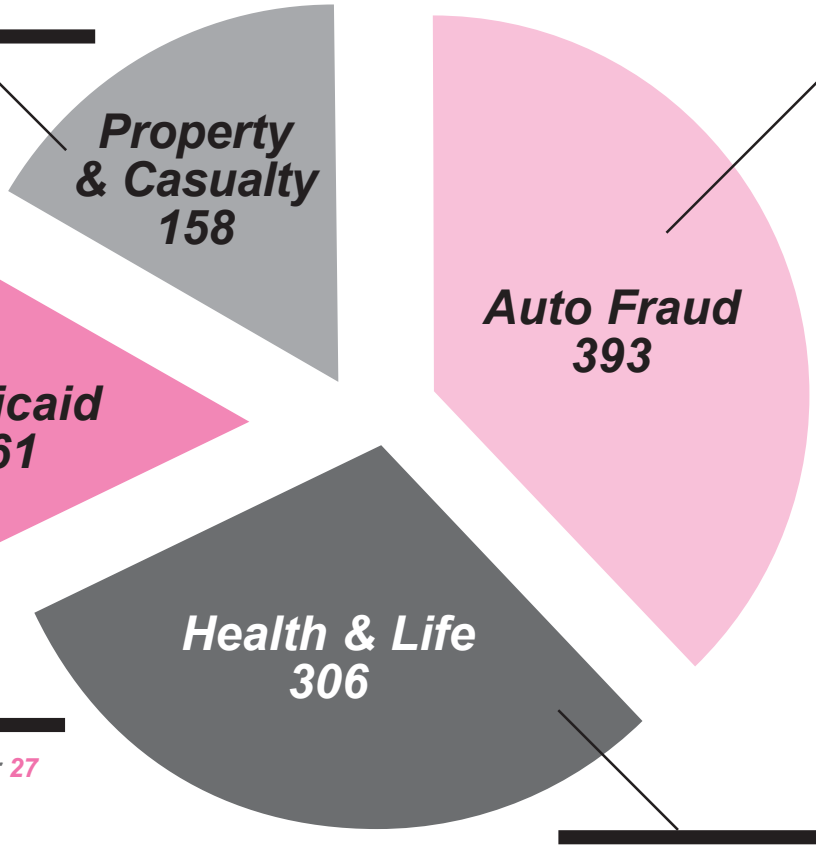
State v. Anthony Spano

On June 13, 2003, Anthony Spano was sentenced to two years probation conditioned upon paying $307 in restitution and $5,000 in civil insurance fraud fines after pleading guilty to committing theft by deception. Spano admitted that, between July 13, 1999 and March 1, 2000, while working as a massage therapist at the Circle of Health Clinic, Inc., in Hillsdale, he fraudulently submitted insurance claims to Chubb Insurance for approximately 29 massage therapy sessions in excess of $5,000.

Criminal Cases Investigated in 2003 by Fraud or Provider Type

- Staged Thefts/Give Up Schemes 118
- Fraudulent Insurance Cards 76
- Other 54
- Health Care/PIP/BI 38
- False Claims 34
- Staged Accidents 30
- Fraudulent Drivers Licenses 26
- False Documents 17

- Miscellaneous 55
- False Documents 32
- Agent Fraud 25
- Property 13
- False Claims 12
- Premium Theft 11
- Homeowners Insurance 10



- Medical Support Other 27
- Pharmacy 24
- Transportation 21
- Facility Other 20
- Practitioners 18
- Program Other 15
- Clinic 9
- Facility/Institution 8
- Patient Abuse 7
- Laboratory 6
- Home Health 6

- Health Care Claims Fraud 131
- Disability Insurance/ Workers Compensation 62
- Other 59
- False Claims 15
- Misappropriation/Embezzlement 13
- Application Fraud 10
- Life Insurance 9
- Premium Fraud 7

State v.
Azam Khan, et al.

Azam Khan, owner of S Brothers Pharmacy, pled guilty on August 9, 2002, to health care claims fraud, admitting that his pharmacy defrauded the Medicaid Program of more than $290,000 for medications that were never dispensed or dispensed to persons using another person's Medicaid recipient number. In some instances, phony bills were submitted to Medicaid for medications prescribed for Medicaid recipients who had died years earlier. Khan is scheduled to be sentenced in early 2004. Milton Barasch, the Pharmacist-in-charge of S Brothers Pharmacy, also pled guilty to health care claims fraud on May 19, 2003 and is scheduled to be sentenced in early 2004. Co-defendant Dr. Axat Jani, also charged in the S Brothers Pharmacy scheme, pled guilty on January 7, 2003 to health care claims fraud. Jani admitted that he had written phony prescriptions in the names of Medicaid recipients who had visited his clinic located in Newark. He further admitted that he had provided the prescriptions, along with the Medicaid beneficiary numbers, to co-defendants Shahid Khawaja and Milton Barasch for a fee. Jani is scheduled to be sentenced in early 2004. The case against Shahid Khawaja is pending trial. These matters will be referred to the Professional Licensing Boards for Medicine and Pharmacy for appropriate action with respect to the professional licenses held by the defendants.

State v.
Seymour H. Blau

Seymour H. Blau, a former licensed podiatrist, pled guilty on October 15, 2002, to Medicaid fraud and was sentenced on July 15, 2003 to one year probation conditioned upon paying $5,819 in restitution to the Medicaid Program. Between September 1998 and April 2001, Blau wrote and submitted approximately 150 prescriptions for both legend drugs and controlled dangerous substances (CDS) in the names of four former patients of his who were enrolled in the Medicaid Program. The former patients never received the drugs. Blau personally obtained the drugs from the pharmacies. The fraudulently prescribed drugs, totaling over $6,000, were billed to the Medicaid Program.

State v.
Bennie M. Martin
and Recovery Services, Inc.

Bennie M. Martin, a licensed professional substance abuse counselor and Recovery Services, Inc., a Medicaid provider authorized to provide drug and alcohol counseling services, were indicted on January 13, 2003 by a State Grand Jury. The indictment charged Martin with health care claims fraud, Medicaid fraud and corporate misconduct. According to the indictment, between February 2001 and September 2002, Martin fraudulently obtained the names and Medicaid recipient numbers of Medicaid recipients who were not counseled at Recovery Services, Inc. Using the recipients' names and numbers, Martin allegedly billed the Medicaid Program falsely

claiming that he had provided the counseling services to those Medicaid recipients. Allegedly, Martin and Recovery Services, Inc. fraudulently submitted claims to Medicaid totaling over $504,000 for counseling sessions that never took place. The case is pending trial.

State v. Cristino Morales and Maria Carmen Cruz

A State Grand Jury returned an indictment charging Cristino Morales and Maria Carmen Cruz with health care claims fraud and Medicaid Fraud. According to the indictment, between May 1999 and October 1999, Morales and Cruz, the owner/operators of the New Hopes of New Jersey Clinic in Camden, billed Medicaid more than $13,000 for mental health counseling and psychological services which were not rendered or not rendered as billed. Cruz pled guilty to Medicaid fraud and on December 5, 2003, was sentenced to three years probation conditioned upon performing 150 hours of community service. She was also debarred from participating in the Medicaid Program for a period of five years. Morales pled guilty to health care claims fraud and is scheduled to be sentenced in early 2004.

State v. Patrick Traynor

As part of the OIFP Medicaid Fraud Section's investigation into the New Hopes of New Jersey Clinic, Patrick Traynor, Program Director of New Hopes of New Jersey, pled guilty to an Accusation charging him with Medicaid fraud. Traynor admitted that between March 1999 and June 1999, at the direction of the owners of New Hopes, he prepared patient progress notes for counseling sessions which never occurred. As a result, New Hopes submitted fraudulent bills to the Medicaid Program for non-existent counseling sessions. On December 5, 2003, Traynor was sentenced to three years probation conditioned upon performing 150 hours of community service. He was also debarred from participating in the Medicaid Program for a period of five years.

State v. Akbar Oliver, et al.

A State Grand Jury returned indictments charging Ifeanyi Akemelu, Kattia Bermudez, Rayonne Clark, Victor Cordero, Lenora Grant, Iris Sabree and Akbar Oliver variously with multiple counts of Medicaid fraud. The indictments alleged that the seven defendants, who were employees of Maximus, Inc., a company contracted by the State to assist with the task of enrolling eligible persons into the New Jersey Family Care Program, fraudulently obtained benefits from the New Jersey Family Care Program. The Program provides health insurance benefits to the "working poor," people who work and earn too much money for Medicaid coverage, but not enough money for privately purchased health insurance. According to the indictments, the defendants obtained benefits by providing false information about income or dependents on their applications for the Program. The indictments also alleged that Akemelu and Oliver assisted others in preparing false applications for the Program. Rayonne Clark pled guilty to Medicaid fraud and on February 21, 2003, Clark was sentenced to two years probation conditioned upon completing 100 hours community service and paying a $250 fine. The cases against the six remaining defendants resulted in Pre-Trial Intervention (PTI) or other probationary dispositions.

State v. Paul Steffens

Paul Steffens pled guilty to Medicaid fraud and, on February 21, 2003, he was sentenced to three years probation. Steffens was also barred from participating as a provider in the Medicaid Program. Steffens and the corporate entity known as Hudson Behavioral Treatment Center had been charged by a State Grand Jury with theft by deception, misconduct by a corporate official and Medicaid fraud. The indictment alleged that as the Executive Director of Hudson Behavioral Treatment Center, an outpatient drug and alcohol treatment center managed by Facilities Management Associates Inc. (FMA), Steffens submitted claims to the Medicaid Program for group therapy services that were not provided.

State v. Howard Williams, III

On December 23, 2002, Howard Williams, III pled guilty to an Accusation charging him with health care claims fraud. Williams admitted that between March 2000 and February 2002, he obtained and filled phony prescriptions for non-narcotic drugs, including Diflucan, Viracept and Epivir, fraudulently using the names of Medicaid recipients. The investigation revealed that the Medicaid Program was billed approximately $75,388 for the phony prescriptions filled by Williams. When Williams was arrested by officers of the West New York Police Department, he was found to have in his possession a small amount of heroin, as well as Diflucan, Viracept, and Epivir. On October 24, 2003, Williams was sentenced to four years State prison and ordered to pay restitution to the Medicaid Program in the amount of $75,388.

State v. Nino Paradiso, Singac Pharmacy, et al.

On June 13, 2003, a State Grand Jury returned an indictment charging Nino Paradiso, a licensed pharmacist, and corporate defendant, Singac Pharmacy, which Paradiso owned and operated, with health care claims fraud and Medicaid fraud. Paradiso was also charged with misconduct by a corporate official. According to the indictment, between February 2001 and August 2001, Paradiso, through Singac Pharmacy, and Kenneth Horwitz, another licensed pharmacist, submitted approximately103 fictitious prescription drug claims to the Medicaid Program for eight Medicaid recipients. Horwitz was employed as a licensed pharmacist at the Medical Treatment Center located at 935 Allwood Road in Clifton. The indictment further alleged that the fictitious claims were submitted based upon prescriptions that Horwitz admitted he forged. The eight Medicaid recipients were unaware of the fictitious prescriptions and fraudulent claims. Although no medicines were dispensed, Medicaid was billed approximately $35,012. Paradiso and Singac Pharmacy are pending trial.

State v. Kenneth Horwitz

On April 10, 2003, Kenneth Horwitz pled guilty to an Accusation which charged him with Medicaid fraud. Horwitz admitted that between February 2001 and August 2001, he and a co-conspirator, Nino Paradiso, submitted approximately 103 fictitious prescription drug claims to the Medicaid Program for eight Medicaid recipients. The fictitious claims were submitted based upon prescriptions that Horwitz admitted he forged. The eight Medicaid recipients were unaware of the fictitious prescriptions and fraudulent claims. Although no medicines

were dispensed to them, Medicaid was billed approximately $35,012. Horwitz is awaiting sentencing.

State v. Manuprasad Parikh

On November 12, 2003, Manuprasad Parikh, the owner of Irving Pharmacy, pled guilty to an Accusation charging him with Medicaid fraud. Parikh, through Irving Pharmacy, fraudulently billed the Medicaid Program for expensive prescriptions, namely, Serostim, used in HIV treatment. The prescription drugs, valued at approximately $180,000, were never dispensed to Medicaid recipients. The matter was referred to the Board of Pharmacy for appropriate action with respect to Parikh's license. Parikh is scheduled for sentencing in early 2004.

State v. Eliezer Martinez, et al.

A State Grand Jury returned an indictment charging Eliezer Martinez, Olga Marquez, Sandy Silva, Olga Bonett, Juanita Melendez, Jose Jimenez, Bartolo Moreno and Luz Senquiz with health care claims fraud and Medicaid fraud. Martinez owned and operated Hispanic Counseling and Family Services of New Jersey, Inc., a drug and alcohol counseling center. According to the indictment, Martinez, Marquez, Silva, Bonett, Melendez, Jimenez, Moreno and Senquiz, all counselors at the center, submitted fraudulent health care claims to the Medicaid Program seeking reimbursement for medical services provided to Medicaid recipients, when, in fact, the health care services had not been provided. Jimenez, Bonett, Senquiz and Melendez pled guilty to health care claims fraud and are awaiting sentencing. On July 25, 2003, Marquez was accepted into the Camden County Pre-Trial Intervention (PTI) Program conditioned upon completion of 50 hours of community service and cooperation with the State in the continuing investigation of this matter.

State v. Harvey Lee Bellamy and Bernice Bellamy

A State Grand Jury returned an indictment charging Harvey Lee Bellamy and Bernice Bellamy with health care claims fraud and Medicaid fraud. Harvey Lee Bellamy was the corporate president of H&B Medical Transportation Services, Inc., (H&B), a mobility assistance patient transportation service which provides transportation to Medicaid patients to and from their medical treatment appointments. Bernice Bellamy, his wife, was in charge of the billing for H&B. According to the indictment, Harvey and Bernice Bellamy, through H&B, a licensed Medicaid provider, fraudulently billed the Medicaid Program for the use of extra crew members who purportedly provided assistance to Medicaid recipients during the vehicle transports. At trial, the State intends to prove that the extra crew members were not provided during the transports and the Bellamys fraudulently billed Medicaid for transportation services rendered to approximately 14 Medicaid patients in the approximate amount of $22,860. On February 3, 2003, a bench warrant for Harvey Bellamy was issued as a result of his non-appearance at a scheduled status conference.

State v. Michael Stavitski, et al.

On November, 10, 2003, Michael Stavitski, Wall Pharmacy, Avon Pharmacy and Belmar Pharmacy pled guilty to health care claims fraud. Stavitski's sentencing is scheduled in early 2004. A State Grand Jury indictment had charged Stavitski, a licensed pharmacist and the operator of four pharmacy corporations located in Monmouth

County, with health care claims fraud, corporate misconduct and Medicaid fraud. Three of the four pharmacy corporations were also charged with health care claims fraud and Medicaid fraud. The pharmacies charged were Jr. Mick, Inc. d/b/a Belmar Hometown Pharmacy, 911 Main Street, Belmar, New Jersey; Stavco, Inc., d/b/a Avon Pharmacy, 300 Main Street, Avon, New Jersey; and Winky, Inc., d/b/a Wall Pharmacy, 2510 Belmar Blvd., Wall, New Jersey. These pharmacies operated as retail walk-in pharmacies and also filled prescriptions for residents of approximately 30 nursing home and assisted living facilities, as well as provided services to Medicaid and private insurance recipients. According to the indictment, between May 1996 and February 2002, Stavitski and the three pharmacies submitted numerous claims for payment which reflected that medications or refills of medications were provided to Medicaid and privately insured patients when, in fact, such medications were never provided. Additionally, in many instances, Stavitski allegedly billed for providing medications that were never prescribed by physicians.

State v. John and Kathleen Bukowiec

John and Kathleen Bukowiec were indicted by a State Grand Jury for Medicaid fraud and filing a fraudulent New Jersey income tax form. The indictment alleged that between February 2000 and May 2002, John and Kathleen Bukowiec, husband and wife, falsely under-reported their income on applications for Medicaid benefits and misrepresented their earnings on State income tax returns. Additionally, John Bukowiec allegedly applied for and received unemployment benefits while employed.

According to the indictment, John Bukowiec was employed by Michael Stavitski, a pharmacist separately indicted by the State Grand Jury along with Belmar Hometown Pharmacy, Avon Pharmacy and Wall Pharmacy. It was alleged that Bukowiec was being paid “off the books” by Stavitski and that income was not reported by Bukowiec to the New Jersey Medicaid program or on his taxes. On June 30, 2003, the Bukowiecs were admitted into the PTI Program conditioned upon John paying $7,181 restitution, Kathleen paying $5,195 restitution, and both performing 75 hours of community service.

State v. Stephen Poggioli

As part of the OIFP’s investigation into the Stavitski matter, Stephen Poggioli pled guilty to an Accusation charging him with Medicaid fraud. Poggioli admitted that between May 1999 and February 2002, he provided kickbacks in the form of cash and over-the-counter medicine to approximately 15 nursing home and assisted living facilities. These kickbacks were provided in exchange for the facilities’ agreement to exclusively use pharmacies owned by Michael Stavitski to provide medications for the facilities’ Medicaid patients. On October 24, 2003, Poggioli was sentenced to three years probation.

State v. Rx2000 Pharmacy

On May 7, 2003, Rx2000 Pharmacy, a Medicaid provider, pled guilty to an Accusation charging Medicaid fraud. Rx 2000 Pharmacy admitted that between January 1999 and July 1999, it submitted bills totaling approximately $18,506 to the Medicaid Program for prescription drugs which the pharmacy never provided to Medicaid recipients. The pharmacy was ordered to pay $22,289 in restitution to the Medicaid Program and to pay a $1,000 fine.

State v. I&I Invalid Coach, Imad Elbashir, and Imadelin A. Khair

On May 22, 2003, Imad Elbashir, Imadelin Khair and a corporate defendant, I&I Invalid Coach, pled guilty to health care claims fraud. The defendants had been charged with conspiracy, health care claims fraud, theft by deception, Medicaid fraud and corporate misconduct. I&I, an invalid coach provider owned by defendants, Imad Elbashir and Imadelin Khair, provided non-emergency medical transportation to Medicaid recipients. I&I inflated mileage, submitted false claims to the Medicaid Program and received $90,000 more than it was entitled to for services rendered. In addition, the defendants paid cash kickbacks to several Medicaid recipients in exchange for their continued patronage. On September 12, 2003, Khair was sentenced to three years State prison. Khair and the corporation were ordered to pay $103,235 restitution and the corporation was dissolved and ordered to refrain from doing business in the State of New Jersey. Elbashir is scheduled for sentencing in early 2004.

State v. Matthew Faenza

On June 4, 2003, Matthew Faenza pled guilty to an Accusation which charged him with health care claims fraud. Faenza, a licensed pharmacist who owned and operated McDermott Pharmacy located at 433 Union Avenue, Paterson, admitted billing the Medicaid Program for dispensing drugs to Medicaid patients when, in fact, no drugs were dispensed. The drug most commonly involved in the phony Medicaid transactions was Serostim, an expensive drug used to treat persons infected with HIV. On October 17, 2003, Faenza was sentenced to three years State prison. He was also ordered to pay $450,000 restitution to the Medicaid Program, and a $15,000 criminal fine. The Judge also ordered Faenza's pharmacy license suspended for one year and barred him from participating in the Medicaid Program for a period of five years.

State v. Michael Pacheco

As part of the investigation into the McDermott Pharmacy matter, on July 18, 2003, Michael Pacheco pled guilty to an Accusation charging him with Medicaid fraud. Pacheco admitted that between January 1998 and July 1999, as an employee of McDermott Pharmacy, he assisted Matthew Faenza, a licensed pharmacist who owned and operated the pharmacy, with billing the Medicaid Program for dispensing drugs to Medicaid patients when, in fact, no drugs were dispensed. The drug most commonly involved in the phony Medicaid transactions was Serostim, an expensive drug used to treat persons infected with HIV. Pacheco also admitted that, at Faenza's direction, he paid "runners" for prescriptions when Faenza was not at the pharmacy. Faenza then billed Medicaid for those prescriptions. On September 19, 2003, Pacheco was sentenced to three years probation. He has also been suspended from participating in the Medicaid Program for five years.

State v. Kwadwo Oei Agyemang and Victory Pharmacy, Inc.

A State Grand Jury returned an indictment charging Kwadwo Oei Agyemang, a pharmacist licensed in New Jersey, with health care claims fraud, Medicaid fraud and corporate misconduct. Victory Pharmacy, a corporation owned and operated by

Agyemang, was also charged in the indictment with health care claims fraud and Medicaid fraud. The indictment alleged that between November 2001 and June 2002, Agyemang, through Victory Pharmacy, Inc., submitted in excess of $27,000 in fraudulent bills to the Medicaid Program for legend drugs which were never dispensed. The false claims were allegedly submitted on behalf of investigators from OIFP who were working undercover and who were posing as Medicaid recipients. Agyemang pled guilty to health care claims fraud and on September 19, 2003, he was sentenced to two years probation conditioned upon paying $54,000 in restitution and penalties.

State v. Angela Fusco

Angela Fusco pled guilty to an Accusation charging her with one count of Medicaid fraud. Fusco admitted that between February 2002 and November 2002, she used her Medicaid Managed Care Organization cards to pay for controlled dangerous substances (CDS) for which she did not have valid prescriptions. On September 15, 2003, Fusco was sentenced to three years probation conditioned upon paying restitution in the amount of $502.

State v. Surbhi Tarkas and Progressive Health Care of Hudson County, Inc.

On September 19, 2003, a State Grand Jury returned an indictment charging Surbhi Tarkas and Progressive Health Care of Hudson County, Inc., with theft by failure to make required disposition. According to the indictment, between June 2000 and January 2001, Tarkas, in her capacity as the owner/operator of Meadowview Nursing Center, which was owned by Progressive Health Care of Hudson County, Inc., diverted over $100,000 from the trust account of nursing home residents and used it to pay corporate expenses. Meadowview Nursing Center was a Medicaid provider of long term care services to Medicaid recipients. Meadowview received payments from the Medicaid Program and Social Security on behalf of the nursing home residents. The nursing home, in turn, was required by law to place $35 to $40 of these payments into a Personal Needs Account (PNA) each month for each resident's personal use. The indictment alleged that Tarkas diverted over $100,000 from the PNA accounts and used it to pay the expenses of the nursing home which was experiencing financial difficulties.

The case against Tarkas and Progressive is pending trial.

State v. Jennifer Kim

Jennifer Kim, the owner/pharmacist of the now defunct Medicine Shoppe pharmacy located in Arlington, New Jersey, pled guilty to an Accusation which charged her with third degree Medicaid fraud. Kim admitted that between March and August 2001, she submitted bills to the Medicaid Program for prescription medicines for Medicaid patients that pertained to conditions and illnesses that the patients did not suffer and for prescriptions not prescribed by physicians. As much as $16,000 may have been billed to the Medicaid Program in this manner, and the total fraud to the Medicaid Program may have been as high as $35,000. On December 5, 2003, Kim was sentenced to one year of probation. As a condition of probation, she was ordered to pay a $1,000 criminal fine. She is suspended from participating in the Medicaid Program for five years and her pharmacist's license was suspended for one year.

State v.
Douglas Tyer

On December 10, 2003, Douglas Tyer pled guilty to two separate Accusations. The first Accusation charged him with Medicaid fraud and the second with receiving stolen property. Tyer admitted that he obtained stolen Medicaid recipient cards which entitled him to medical benefits, including prescription drugs, paid for by the Medicaid Program. He also admitted that he obtained stolen written prescriptions, purportedly issued by doctors for various narcotic medicines, so that he could obtain narcotic drugs for personal use not related to medical treatment. Tyer was previously arrested and convicted for similar conduct. Tyer is scheduled to be sentenced in early 2004.

State v.
Steven Aberbach

On December 19, 2003, Steven Aberbach pled guilty to an Accusation charging him with health care claims fraud. Aberbach, a licensed pharmacist and owner/pharmacist of Springfield Pharmacy located at 234 Mountain Avenue in Springfield, admitted that between August 2001 and June 2003, he filled legitimate prescriptions for medicines on doctors' orders for a Medicaid patient, then added several false prescriptions for the same patient so that he could fraudulently bill the Medicaid Program. Aberbach is scheduled to be sentenced in early 2004.

Medicaid Section Chief John Krayniak meets with members of his staff to review an investigation.

Pfizer, Inc.

The New Jersey Medicaid Program and the National Association of Medicaid Fraud Control Units reached a settlement agreement with Pfizer, Inc., maker of Lipitor, an anti-cholesterol medication. Pfizer violated the federal Medicaid drug rebate statute by failing to accurately report statutorily mandated "best price" information on the drug.

As part of the settlement, New Jersey recovered $1,250,626 in restitution, penalties and interest.

Lifescan, Inc.

The New Jersey Medicaid Program and the National Association of Medicaid Fraud Control Units reached a settlement agreement with Lifescan, Inc. Lifescan manufactures and sells blood glucose monitors and test strips. Lifescan violated Food and Drug Administration (FDA) statutes by marketing an adulterated and misbranded medical device, the Sure Step blood glucose monitor system. The State of New Jersey recovered $293,282 in restitution and penalties as a result of this settlement agreement.

Abbott Laboratories, Inc.

A settlement agreement was reached between Abbott Laboratories, the New Jersey Medicaid Program and the National Association of Medicaid Fraud Control Units. Abbott paid kickbacks, which are unlawful under the Medicaid fraud statute, to durable medical equipment suppliers and nursing homes in exchange for the suppliers and homes ordering Abbott products. Abbott supplied enteral feeding products which were billed to the Medicaid Program. The State of New Jersey recovered $936,206 in restitution and penalties as a result of this settlement agreement.

GlaxoSmithKline, Inc.

The New Jersey Medicaid Program and the National Association of Medicaid Fraud Control Units reached a settlement agreement with GlaxoSmithKline, Inc., maker of Flonase, a nasal spray, and Paxil, an anti-depressant medication.

GlaxoSmithKline violated the federal Medicaid drug rebate statute by failing to accurately report statutorily mandated "best price" information on the drugs. This action decreased the rebate amount owed to the State. As part of the settlement, New Jersey recovered $2,376,534 in restitution and penalties.

Atlantic County Prosecutor's Office

State v. Robert Stanton

After pleading guilty on June 28, 2002, to charges of theft by deception, conspiracy and falsification of records, Robert Stanton was sentenced to two years probation and ordered to make restitution to the First Trenton Indemnity Insurance Company. Stanton had falsely reported his car stolen on May 19, 1999, and filed a fraudulent insurance claim with First Trenton. The fraud was discovered after the allegedly stolen vehicle was involved in an automobile accident in Philadelphia, Pennsylvania. First Trenton's examination of the vehicle revealed that both the ignition key and the remote were with the vehicle at the time of the accident and that there had been no damage to the steering column or forced entry to the vehicle. Stanton admitted that he had given the vehicle to a female named "Dasia" so that she could dispose of it for him. Dasia was later identified as Linda Hick-Jones who, after being charged in June of 2001, failed to appear in court and became a fugitive from justice. She was finally arrested on May 22, 2003 and pled guilty to conspiracy on July 28, 2003.

State v. Charles Snively

On March 7, 2003, Charles Snively was sentenced to three years of probation and payment of restitution to the Prudential Insurance Company after pleading guilty to burning his car to collect on his insurance policy. Snively had reported his car stolen in November of 2002 and filed a claim with Prudential. Investigation triggered by a tip from a concerned citizen revealed that Snively had conspired with four others, Steven Berenato, Lauren Hyson, Phillip Ford and William O'Mally, to commit the fraud. Snively's car was ultimately found burned and dumped in sand pits located in Hammonton, New Jersey. His co-conspirators also pled guilty to charges of conspiracy to commit arson and received sentences ranging from two to five years of probation.

State v. Richard White

On September 26, 2003, Richard White was charged with theft by deception for allegedly failing to report income to the New Jersey State Pharmaceutical Assistance to the Aged and Disabled (PAAD) Program. According to PAAD, White allegedly received over $45,000 in benefits to which he was not entitled because he failed to report income from a tenant of a rental property he owned.

State v. Frank Martini

On August 11, 2003, Frank Martini was charged with attempted theft for allegedly falsely reporting that he had been robbed at the Tropicana Hotel and Casino on July 7, 2003. After conducting an initial investigation of Martini's claim, the Tropicana referred the matter to the County Prosecutor's Office.

Bergen County Prosecutor's Office

State v. Michael Hlavaty

On September 29, 2003, Michael Hlavaty pled guilty to attempted theft by deception for falsely reporting that his 1994 Acura Integra had been stolen from the Loews Movie Theater in Ridgefield Park, New Jersey. The charges emanated from a cooperative investigation between Ridgefield Park Police Department and the Bergen County Prosecutor's Insurance Fraud Squad. Hlavaty is awaiting sentencing.

State v. Daniel Henriques, Helder Bronco, and Tomasco Piccirillo

On April 28, 2003, Daniel Henriques and Helder Bronco pled guilty to theft by deception for defrauding G.E. Auto Insurance of $70,000. Tomasco Piccirillo had reported that his 2001 Mercedes Benz SL500 was stolen from Fairview, New Jersey, when, in actuality, Henriques and Bronco had taken the vehicle with Piccirillo's knowledge. This joint investigation between the Bergen County Sheriff's Department and the Bergen County Prosecutor's Office ultimately resulted in the apprehension of both Bronco and Henriques for their roles in the purported motor vehicle theft. Piccirillo, who was also charged, did not plead guilty and is pending trial.

State v. Joann McGrady a/k/a Joanne Schmidt

On December 20, 2002, Joann McGrady, otherwise known as Joanne Schmidt, pled guilty to insurance fraud in a scheme to divert Medicare payments from Dr. Manoucher Katebian to her own bank account. On March 7, 2003, Joann McGrady was sentenced to serve five years in New Jersey State prison, where she currently resides.

Burlington County Prosecutor's Office

State v. Jerri L. Green

On August 11, 2003, Jerri L. Green pled guilty to health care claims fraud for using her Horizon/Mercy prescription card to fraudulently pay for prescription drugs for which she had submitted a phony script.

State v. Cheryl Anderson-Morris

On July 8, 2003, Cheryl Anderson-Morris was indicted for attempted theft by deception for allegedly filing a fraudulent insurance claim with New Jersey Manufacturers Insurance Company for the theft of her 1998 Oldsmobile Intrigue on January 4, 2003. Anderson-Morris reported to police that she had parked her car on January 3, 2003 and that the last time she saw the vehicle was the following day on January 4, 2003. The State intends to prove at trial that the vehicle was torched with an accelerant in Philadelphia on January 3, 2003, prior to the time that Anderson-Morris claims to have last seen her car.

State v.
Patrick Nelson
a/k/a Michael Nelson

On July 22, 2003, Patrick Nelson was sentenced to two years probation conditioned upon serving 180 days in the county jail for committing health care claims fraud and obtaining controlled dangerous substances by fraud. Nelson fraudulently obtained prescription drugs from pharmacies and paid for them by using other people's names and prescription cards.

Camden County Prosecutor's Office

State v.
Jeffrey Riendeau

On January 17, 2003, Jeffrey Riendeau of Blackwood, New Jersey, was sentenced on charges of attempted theft by deception for having his 2000 Toyota Tacoma burned in order to collect on his insurance policy. He was sentenced to five years probation conditioned upon serving 364 days in the county jail's work release program. Because he was caught before receiving payment on his claim to Allstate, Riendeau was not required to make restitution, but he was required to continue making his car payments to Toyota Financial. Both of his co-defendants were previously sentenced to serve three years in State prison.

State v.
Garlin Holmes
and Karen Holmes

On September 8, 2003, Garlin Holmes and his mother, Karen Holmes, pled guilty after being indicted in a scheme in which Garlin pretended to be someone else in order to obtain insurance coverage, and then used that identity to report a 2001 SUV as stolen. Both defendants testified in an Examination Under Oath (EUO), a proceeding sometimes required by insurance companies to obtain claimants' facts under oath. At the EUO, Garlin Holmes continued his impersonation. Despite his earlier insistence that he was someone other than himself, Garlin Holmes ultimately was sentenced to three years probation and 150 hours of community service on a conviction for conspiracy, while his mother, Karen Holmes, was admitted into the PTI Program. The insurer, First Trenton, had denied the claim after an investigation by its Special Investigation Unit (SIU).

State v.
Natalee Jackson
and Kenneth Jackson

On September 17, 2003, Natalee Jackson and her husband, Kenneth Jackson, entered guilty pleas in a case involving the theft of $320,000 in insurance proceeds from Mrs. Jackson's former employer, Pennsauken MRI. Natalee Jackson had been employed in the billing department of Pennsauken MRI from July of 2001 through February of 2003, when a local attorney notified Pennsauken MRI that a check written to the company for services rendered had been deposited into the wrong account. After a joint investigation by the Pennsauken Police Department and the Camden County Prosecutor's Insurance Fraud Unit, it was determined that additional insurance checks drafted to Pennsauken MRI, and totaling approximately $320,000, had been deposited by Mrs. Jackson into the business account of Family Auto & Truck Parts, Inc., a business run by Mrs. Jackson and her husband, Kenneth. Commerce Bank, which was required to reimburse Pennsauken MRI for most of the stolen funds, had sustained substantial losses as a result of the theft committed by the Jacksons. Natalee Jackson's plea

agreement includes a six year prison term. Her husband Kenneth, who also pled guilty in the theft scheme, admitted to taking $46,000 of the stolen funds for his own use, and is expected to receive a term of probation. Both Jacksons will also be required to make restitution to Pennsauken MRI and Commerce Bank.

State v. Thomas Bell

On September 24, 2003, Thomas Bell pled guilty to identity theft for obtaining treatment at various State and local medical facilities using the name and birthdate of an acquaintance so that Medicaid would pay for his treatment. The total theft exceeded $13,000. In accordance with his plea agreement, Bell has agreed to serve a term of 364 days in the county jail as a condition of probation and to make restitution to, and sign civil judgments in favor of, the two medical providers which were denied Medicaid reimbursement when Bell's scam was uncovered.

Cape May County Prosecutor's Office

State v. Michael Quinn

On April 8, 2003, Michael Quinn, president of Quinn–Woodbine, Inc., was indicted on two counts of theft by deception for allegedly taking deductions from employees each week for health insurance and using the funds to satisfy other obligations of his business, which left the employees without health insurance from August of 2000 to February of 2001.

State v. Ed Camp

On July 1, 2003, Ed Camp was indicted on charges of theft by deception and filing a false police report for allegedly damaging his own motorcycle in order to collect insurance proceeds under his policy. Before he was charged, he had collected over $5,800 from his insurance company.

State v. John McHugh

On October 19, 2002, John McHugh was charged with theft by deception and filing a false police report for falsely reporting his boat stolen in Cape May County while he stored it at the house of a friend in Pennsylvania. On May 8, 2003, he was sentenced to five years probation and required to make restitution in the amount of $23,695.

Essex County Prosecutor's Office

State v. Enma Lopez, Vincente Condor, Juan Mazorra, and Marco Sanchez

On October 28, 2003, an Essex County Grand Jury returned an indictment charging Enma Lopez, Vincente Condor, Juan Mazorra, and Marco Sanchez with arson for hire, aggravated arson, conspiracy, and attempted theft by deception. The charges stem from the June 14, 2003 arrest of Juan Mazorra and Marcos Sanchez as they allegedly attempted to burn a 1999 Toyota Corolla belonging to Enma Lopez in the City of Newark. At trial, the State intends to prove the involvement of Lopez in the scheme. Lopez is also alleged to have made a false claim against State Farm Insurance Company.

State v.
Santos Roman
and Syhan Roman

On June 6, 2003, Santos Roman was sentenced to a three year prison term for his role in burning a 2000 Toyota Camry leased by his co-defendant, Syhan Roman. Both were indicted on December 17, 2002 on charges of aggravated arson, conspiracy, and theft by deception from Liberty Mutual Insurance Company in connection with the burning of the car. Syhan Roman was admitted into PTI on May 5, 2003 in consideration for her cooperation in the investigation.

State v.
Raffaele Arcidiacono,
Ximena Arcidiacono,
Samuel Gonzalez
and Ronny Ortiz

On March 18, 2003, Raffaele Arcidiacono, Ximena Arcidiacono, Samuel Gonzalez, and Ronny Ortiz were indicted on charges of arson for hire, aggravated arson, conspiracy, and theft by deception from State Farm Insurance Company for torching a 2001 Chrysler LHS on September 9, 2002 in the City of East Orange. The vehicle was originally reported stolen out of Kearny, New Jersey. Samuel Gonzalez pled guilty and was sentenced on October 3, 2003 to serve three years in State prison. Raffaele Arcidiacono, Ximena Arcidiacono, and Ronny Ortiz were accepted into PTI for their cooperation in the case.

State v.
Sonia Lizardi

On April 15, 2003, Sonia Lizardi was indicted on charges of aggravated arson, conspiracy, and theft by deception. Lizardi allegedly falsely reported her 2000 Ford Focus stolen in Newark, New Jersey. The car was subsequently found burned. Lizardi, who made a claim with her carrier, State Farm Insurance Company, gave a statement implicating herself and a second individual. The State intends to prove that the fire was deliberately set to the interior of the car and to rely upon the cooperation of Lizardi to secure an indictment of the other individual.

Gloucester County Prosecutor's Office

State v.
Michael Ruggiero

On April 17, 2003, Michael Ruggiero was indicted for attempted theft by deception and perjury for allegedly falsely reporting his 1994 Cadillac as having been stolen from a shopping center parking lot in Washington Township, New Jersey. The investigation revealed that the vehicle had been set ablaze in Philadelphia an hour before Ruggiero claimed to have parked it in New Jersey, and that the GM Vehicle Anti-Theft System, including the ignition, had not been defeated. Ruggiero subsequently was accepted into the PTI Program and agreed to pay a civil fine.

State v.
Marcial Harrigan

On November 7, 2003, Marcial Harrigan was sentenced to a jail term of nine months for knowingly displaying a fraudulent insurance identification card to a police officer during a police stop on Valentine's Day.

Hudson County Prosecutor's Office

State v.
Oscar Acosta, Reynaldo Ayala, Victor Hernandez, Jose Acosta, Julio Madera and Angel Ciprian

On May 27, 2003, Oscar Acosta and Reynaldo Ayala pled guilty to conspiracy to commit health care claims fraud. Oscar Acosta is presently serving time for another crime and has not yet been sentenced. Reynaldo Ayala was sentenced to five years probation and ordered to pay restitution of $7,398. On September 5, 2003, Victor Hernandez pled guilty to health care claims fraud and was sentenced to five years probation and ordered to pay $11,452 in restitution. Finally, on September 11, 2003, Jose Acosta pled guilty to health care claims fraud and was sentenced to five years probation and ordered to pay $5,122 in restitution. Arrest warrants have been issued for two other defendants who fled to the Dominican Republic.

State v.
Kevin Dillon

Kevin Dillon pled guilty to forgery on June 11, 2003 and was sentenced to five years probation and ordered to pay restitution of $16,141 to the State of New Jersey. Dillon admitted that he stole blank prescription pads from a doctor's office and forged them to obtain medication through Medicaid for his own personal use over a two year period.

State v.
Eduard Draude, Jr. and Eduard Draude, Sr.

On April 22, 2003, Eduard Draude, Jr., pled guilty to theft by deception, and his father, Eduard Draude, Sr., pled guilty to conspiracy to commit theft for the fraudulent disposal of a 2001 Acura Integra. The vehicle was recovered completely stripped and destroyed several days before it was falsely reported stolen. Father and son were admitted into PTI on June 23, 2003 and ordered to reimburse $16,984 to the American Honda
Finance Company.

State v.
Jose Ramirez and Heriberto Eric Rodriguez

On May 14, 2003, Jose Ramirez pled guilty to attempted theft by deception, and on May 22, 2003, Heriberto Eric Rodriguez pled guilty to conspiracy to commit theft by deception. The alleged theft was reported when the vehicle was already in a police impound lot following the issuance of traffic summonses to a third party operator, who was unable to produce ownership or insurance documents when stopped by police. The attempted fraud was discovered by North Bergen police when they checked their databases for any recent police contact involving the vehicle after receiving the stolen vehicle report. The insurance claim was denied because the vehicle was "recovered." Both defendants were admitted into PTI on September 10, 2003. A third party is expected to be arrested shortly for his participation in the conspiracy.

State v.
Isaac Polan and Lidia Velez

On September 16, 2003, Isaac Polan and Lidia Velez pled guilty to Accusations charging theft by deception for fraudulently attempting to avoid monthly lease payments. Polan reported Velez' 2002 Toyota Avalon, which had been torched in New York City twelve hours before, as stolen from a K-Mart parking lot in North Bergen around noon the following day.

Defendants are scheduled to be sentenced shortly and to be ordered to pay restitution of $30,648 to the insurance company.

Mercer County Prosecutor's Office

State v. Anthony Klimeczak

On May 9, 2003, Anthony Klimeczak was indicted and charged with attempted theft by deception for allegedly submitting three suspicious insurance claims to the Harleysville Insurance Company totalling over $50,000. Klimeczak would allegedly rent vehicles from various rental agencies, exchange them for crack cocaine, report them as stolen, and file phony insurance claims. Harleysville referred the case to the Mercer County Prosecutor's Insurance Fraud Unit because of the number of similar claims it received from Klimeczak in so short a time. The Unit located an associate of Klimeczak who allegedly witnessed some of the transactions.

State v. Ibrahim Farraj

On June 23, 2003, Ibrahim Farraj was sentenced to two years probation, payment of $300 in restitution, and fifty hours of community service after pleading guilty to the sale of five fraudulent insurance identification cards to a confidential informant and an undercover Mercer County Prosecutor's Office Detective. The arrest of the defendant came after a six month investigation into simulated insurance cards displayed by various drivers to police officers in the Trenton area. When not making sandwiches at a deli owned by his family in Trenton, Farraj would type out insurance cards on a typewriter in the back of the deli and sell them to customers. As a first time offender, Farraj would have normally qualified for entry into the PTI Program but was excluded because of the ongoing nature of his offense.

Monmouth County Prosecutor's Office

State v. Stephen Penalver and Faith Penalver

On September 5, 2003, Stephen Penalver was sentenced to serve a total of 11 years in State prison following his conviction after a May trial for arson and theft in connection with setting his mother's home on fire to collect insurance proceeds. For her part in the scheme, Penalver's mother, Faith Penalver, was sentenced to serve four years in State prison on arson and theft charges.

Morris County Prosecutor's Office

State v. Paul Wichman, M.D.

On October 24, 2003, Paul Wichman, M.D., an internist, was sentenced to serve a 45 day jail sentence in the Sheriff's Labor Assistance Program (SLAP), payment of a $5,000 fine, reimbursement of $600 in restitution to Aetna Insurance Company, and a six-month suspension of driving privileges. Wichman pled guilty to obtaining hydrocodone syrup, a Schedule III controlled dangerous substance, for his personal use by using someone else's name.

State v.
Muhammet Erdoganoglu

On September 12, 2003, Muhammet Erdoganoglu, a Turkish alien illegally in the United States, was sentenced on a charge of theft by deception to 30 days in jail and eighteen months probation for purchasing the identity of another person to fraudulently obtain a New Jersey driver's license and automobile insurance in the other person's name. The prosecution was the product of an investigation by the Allstate Insurance Company.

State v.
Wanda Reeves
and Clifton Baskerville

On September 23, 2003, Wanda Reeves and her boyfriend, Clifton Baskerville, were indicted for forgery, conspiracy and the theft of over $118,000, for their respective roles in a scheme in which Reeves, a former employee of an insurance brokerage, allegedly had settlement checks mailed to herself and Baskerville from claims she fabricated.

State v.
Linda Toth

On November 14, 2003, Linda Toth, a former employee of a medical group, was sentenced on two counts of embezzling for funneling over $18,000 in insurance payments, issued to the medical group, into her own account. Toth's sentence requires her to serve 45 days in the Sheriff's Labor Assistance Program (SLAP), two years probation and make full restitution.

State v.
Katherine Kelly

On September 10, 2003, Katherine Kelly was indicted for the crime of "Insurance Fraud" under the statute enacted in June of 2003, as well as on charges of theft, for allegedly fraudulently filing for, and obtaining, unemployment insurance benefits. Kelly had also previously been indicted for the theft of Randolph Township school funds.

State v.
Suzanne Elsmore

On February 4, 2003, Suzanne Elsmore was indicted for theft and health care claims fraud. The indictment alleges that Elsmore fraudulently obtained Medicaid benefits in excess of $3,000.

Ocean County Prosecutor's Office

State v.
Yong Jin Kim

On October 3, 2003, Yong Jin Kim was sentenced to serve a term of 364 days in the Ocean County Jail and agreed to pay a civil fine in the amount of $100,000 after pleading guilty to health care claims fraud for running an illegal acupuncture practice for several years in Toms River, New Jersey, without holding the requisite license and despite the issuance of a civil injunction barring him from conducting such a practice without a license. Kim's continuing practice of acupuncture was investigated by undercover investigators from the Ocean County Prosecutor's Office and OIFP. His conviction for health care claims fraud was based upon his billing of various insurance companies for services which, without an acupuncture license, he was not permitted to provide or bill.

State v.
Michelle Zalta, et al.

The intentional arson of a leased 1998 Honda on April 8, 2002 in South Toms River resulted in the indictment of nine individuals for their alleged participation in a scheme to destroy the

car and file an insurance claim so that the lessee, Michelle Zalta, could avoid penalty payments for excess mileage under the expiring lease. The fraud scheme was doomed from the start, however, when the car was discovered on fire in the South Toms River area at the same time that Zalta was falsely reporting to police in Eatontown that her car had just been stolen from the Eatontown Mall. Zalta eventually confessed to her involvement in the scheme as did the other participants. Zalta was sentenced to serve a term of probation and make full restitution, while others in the scheme received sentences ranging from probation and entry into the PTI Program to the imposition of substantial jail terms.

State v. Rick Demartini

On August 14, 2003, a 1967 Cessna 182 was stolen from the Lakewood Municipal Airport. After a multiagency investigation involving the Ocean County Prosecutor's Office, the Lakewood Police Department, the Federal Aviation Administration, the Federal Bureau of Investigation, the Royal Canadian Mounted Police, and several out-of-state police departments, tracked the plane through Ontario, Canada, the plane was recovered on September 12, 2003 at the Springfield Municipal Airport in Minnesota. Rick Demartini was charged in Minnesota with theft and receiving stolen property, and is also likely to face theft charges in New Jersey, as well as insurance fraud charges in Minnesota where Demartini allegedly lied about his ownership of the plane on an insurance application.

Passaic County Prosecutor's Office

State v. Charles Nisivoccia, D.C., and Craig Klein, D.C.

On May 1, 2003, chiropractors, Charles Nisivoccia and Craig Klein, partners in a Clifton Chiropractic Office, pled guilty to using a "runner" and entered the county's PTI Program. The guilty pleas resulted from a six month investigation in 2001 when, over a four month period, the chiropractors paid a confidential informant $900 for each of five patients who were referred to their office. Nisivoccia and Klein also agreed to each pay a civil fine of $25,000.

State v. Timothy Seiger

On August 11, 2003, Timothy Seiger pled guilty to an Accusation charging him with theft by deception. On March 3, 2003, Seiger reported his 1999 Ford Mustang stolen to the Totowa police. Seiger told the Totowa police that he had driven his car to work at 6:15 in the morning and discovered it missing after work at approximately 4:30 p.m. The Paterson Fire Department, however, had recovered the vehicle the day before, on Sunday, after the car had been involved in a fire. In his plea, Seiger admitted that the car had not been stolen. Seiger was admitted into the PTI Program and agreed to pay $11,695 to the Onyx Acceptance Corporation.

State v.
Diana Heinzelman

On March 11, 2003, Diana Heinzelman was indicted on charges of theft by deception and false swearing. On June 18, 2002, Heinzelman reported her leased 1999 Toyota Rav4 stolen to the Paterson police. The vehicle was recovered eight days later in New York City. Investigation of Heinzelman's insurance claim revealed that Heinzelman lied about the mileage on the vehicle and failed to report prior damage to the vehicle. On May 5, 2003, Heinzelman pled guilty to theft by deception, entered the PTI Program and agreed to pay $6,620 in restitution to Toyota Motor Credit.

State v.
Rafael Perez, Luz Vargas and Vinicio Vargas

On June 3, 2003, Rafael Perez, Luz Vargas, and Vinicio Vargas were indicted on charges of health care claims fraud and theft by deception stemming from a car accident that occurred in Passaic on June 23, 2001. The accident involved two vehicles, including one which was parked and unoccupied. Before the police responded, the Vargases and Perez "jumped" into the parked vehicle claiming they were injured in the accident, and subsequently sought treatment for their "injuries." On September 8, 2003, Luz and Vinicio Vargas pled guilty to the health care claims fraud and theft by deception charges. Both were accepted into PTI. A bench warrant was issued for Rafael Perez.

Salem County Prosecutor's Office

State v.
Rachel Cantie

On October 1, 2003, Rachel Cantie was charged with forgery, fraud and the falsification of records for allegedly stealing the identity of another woman by fraudulently obtaining the other woman's name, Social Security number, date of birth and birth certificate without the other woman's knowledge or consent. Cantie perfected the identity theft by allegedly using the stolen information to obtain a New Jersey driver's license with her own photo at the local office of the Division of Motor Vehicles in Bridgeton, Cumberland County. Cantie then allegedly used the stolen identity to open a bank account in the victim's name in a neighboring county in March of 2002. Further investigation revealed that Cantie had also apparently opened numerous other bank accounts throughout New Jersey and Delaware in the victim's name. As a consequence, the victim's credit was destroyed and she was unable to obtain an apartment, employment, automobile insurance or cell phone service. Cantie is now a fugitive from justice.

State v.
Russell Daniel, Andrea Richardson, Elnora Townsend, Martha Brown, et al.

In the summer of 2002, the Salem County Prosecutor's Office and the Carney's Point Police Department conducted a joint investigation resulting in the charging of eleven individuals in conjunction with alleged schemes to produce, sell or possess fraudulent or fictitious insurance identification cards. As a result, Andrea Richardson was sentenced to 23 days in county jail and two years probation; and Russell Daniel pled guilty and is awaiting sentencing. Two other individuals, Elnora Townsend and Martha Brown, were admitted into PTI. Two others, Mary Daniel and Dawud Rakeem, have been scheduled for status conferences.

Somerset County Prosecutor's Office

State v.
Richard Chang

In September of 2003, Richard Chang, a collections coordinator in the finance department of the corporate owner of Arbor Glen Retirement Community, was sentenced to serve five years in State prison and to pay $142,000 in restitution on charges of theft by deception for stealing 40 checks totaling $206,000 paid by the residents of the community and their insurance companies.

Sussex County Prosecutor's Office

State v.
Brian Bailey

On March 28, 2003, Brian Bailey was sentenced to 270 days in the Sussex County Jail, in addition to a two year loss of his New Jersey driver's license for forgery, impersonation and tampering with public records. Bailey stole the identity of a dead man and obtained a fraudulent New Jersey driver's license and commercial insurance from Harleysville Insurance Company. In the short term, Bailey was able to save $1,500 in premiums by using the fraudulent identity.

State v.
Julius Accardi

On May 5, 2003, Julius Accardi pled guilty to theft by deception and was admitted into PTI for filing an inflated burglary claim with Homeowners Insurance Company in the amount of $2,309. Accardi also provided the insurance carrier with restitution and a letter of apology.

State v.
Anthony DeFelice

On June 6, 2003, Anthony DeFelice was indicted for theft by deception and forgery. DeFelice received a check in the amount of $1,805 from Penn National Insurance Company to make repairs to the vehicle he leased from GMAC but allegedly forged the signature of GMAC and cashed the check instead.

State v.
Jessica Caiola

On July 14, 2003, Jessica Caiola was enrolled in PTI on charges of theft by deception, theft of services and issuing a bad check. Caiola allegedly contacted her former employer's insurance company and added her personal vehicle to the fleet insurance policy. She agreed to pay restitution and serve 120 hours of community service.

State v.
Maynor Rosario
and Lynn Rosario

On September 23, 2003, Maynor Rosario pled guilty to conspiracy and theft by deception for the reported theft of his wife's 2000 Jeep Cherokee from the Rockaway Mall. He and his wife allegedly conspired with two other individuals to cover up the insurance fraud. His wife, Lynn Rosario, was enrolled in PTI on the charges and both agreed to make restitution in the amount of $948 to New Jersey Manufacturers Insurance Company, which had repaired the vehicle and placed it in its fleet of vehicles.

Union County Prosecutor's Office

State v.
Cheri Jolley

On October 2, 2003, a search warrant was executed at United Risk Management Insurance Agency in Elizabeth, and its office manager, Cheri Jolley, was charged with theft by failure to make required disposition of property received. Jolley allegedly took over $45,000 from at least eight different businesses seeking insurance coverage for their fleet vehicles, provided them with temporary insurance cards, but failed to ever place the coverage with an insurance carrier.

State v.
David and Wayne Pohida

On October 21, 2003, David and Wayne Pohida were each charged with 17 counts of showing or displaying a simulated motor vehicle insurance identification card. The Pohidas allegedly presented the cards to the Linden City Clerk as proof of insurance for 17 taxi cabs owned by Tri-County Transportation t/a Linden Yellow Cab, which had previously been impounded by police because they had no insurance coverage.

State v.
Roy Marroquin
and Manuel Ramirez

On September 19, 2003, Roy Marroquin of Plainfield was sentenced to 180 days in the Union County Jail on charges of second degree arson for participating in the burning of an employee's 2002 Ford Mustang. Marroquin was also placed on three years probation and ordered to pay his pro-rata share of $13,350 in restitution to State Farm Insurance Company. Co-defendant and owner of the car, Manuel Ramirez, did not appear at sentencing and a bench warrant was issued for his arrest.

Members of an OIFP Civil Auto Insurance Fraud Squad discuss an investigation.

Auto Fraud

Criminal Use of "Runners"

In the Matter of Terry McSweeney

On October 24, 2003, Terry McSweeney executed a Consent Order requiring him to pay $15,000. McSweeney, a Newark-based chiropractor, also pled guilty to using "runners" to obtain patients to file insurance claims. McSweeney admitted at his guilty plea hearing that, between November 22, 2000 and February 14, 2001, he paid a person, who was working in an undercover capacity for the State of New Jersey, to procure patients for his Newark health care/chiropractic practice so that claims could be submitted under insurance policies issued by the Liberty Mutual Insurance Company and the Parkway Insurance Company. McSweeney was admitted into the Pre-Trial Intervention Program (PTI).

In the Matter of Vincent Maione

On June 9, 2003, Vincent Maione executed a Consent Order in the amount of $5,000 for his part in a "runners" scheme. Maione bribed Jersey City Police Department employees to provide him with accident reports to enable "runners" to solicit accident victims for treatment at the Downtown Chiropractic Facility. Maione and others participating in the scheme were prosecuted by the Hudson County Prosecutor's Office.

Fraudulent Automobile "Give-Up" Claims

In the Matter of John B. Fagan

On January 14, 2003, John P. Fagan executed two Consent Orders totaling $8,000 for his part in an "owner give-up" scheme. Fagan, who was a police officer in the West Orange Police Department at the time of the offense, filed a false police report dated June 24, 1999, with the Wayne Police Department. Fagan also filed an Affidavit of Theft with his insurance company, New Jersey Manufacturers, containing false and misleading information. Although Fagan claimed that his vehicle had been stolen, Fagan voluntarily relinquished the car to other persons as part of a scheme to obtain payment from the insurer. Fagan pled guilty to criminal charges stemming from OIFP's undercover investigation.

In the Matter of Johnny Christian

On January 24, 2003, Johnny Christian executed a Consent Order requiring him to pay $5,000 for falsely reporting his vehicle stolen. Christian reported his 2000 Nissan Pathfinder stolen to the New York City Police 68th Precinct on June 27, 2001. Christian reported that his vehicle was parked at 368 74th Street when it was stolen. The New York City Bureau of Fire Investigation, however, had recovered the vehicle burned on June 24, 2001. Christian knowingly submitted his false and misleading statement on an Affidavit of Theft to Allstate Insurance Company.

Staged Accidents

In the Matter of Widania A. Montenez

On June 19, 2003, Widania A. Montenez executed a $5,000 Consent Order for participating in a staged accident scheme. As a result of this scheme, 28 persons were indicted on charges that they "set-up" more than 90 "staged" automobile accidents which resulted in 24 insurance companies paying more than $2 million in fraudulent automobile accident and personal injury claims. Montenez pled guilty to theft by deception and is awaiting sentencing.

In the Matter of Humberto Diaz

On May 31, 2003, Humberto Diaz executed a Consent Order for $5,000 resulting from his involvement in the staged accident scheme described in the Widania Montenez case. Diaz submitted false personal injury claims to Allstate Insurance Company. Diaz pled guilty to theft by deception and was sentenced to one year probation, payment of $5,859 in restitution and a $200 fine.

In the Matter of Emily Nieves

On November 7, 2003, Emily Nieves executed a Consent Order requiring her to pay $5,000 stemming from her involvement in the staged accident scheme described in the Widania Montenez case. Nieves submitted a fraudulent personal injury claim. She was admitted into PTI.

Licensed Insurance Provider Fraud

In the Matter of Ronald Vaughn

On April 22, 2003, Ronald Vaughn, a licensed insurance producer, executed a $5,000 Consent Order. Vaughn prepared forged documents which he presented to Conseco Life Insurance Company in order to obtain an insurance policy for an individual. Vaughn forged the individual's signature on five documents which made the policy effective without the insured having been notified about the adjusted premium.

Fraudulent Claim Checks

In the Matter of Christopher Nangano

On January 10, 2003, Christopher Nangano executed a Consent Order in which he agreed to pay $14,500. Nangano was involved in a large-scale, multiple defendant conspiracy to defraud two insurance companies out of more than $600,000. The mastermind of the scheme, Carl Prata, of West Orange, New Jersey, was sentenced to five years in State prison for his role in devising and

implementing the scheme. Prata concocted a scheme to access and manipulate insurance company computer systems to process and issue fraudulent claim checks to persons who were not entitled to them. The OIFP investigation determined that, over a three year period from 1998 to 2000, Prata created fraudulent computer files listing 45 individuals as having been involved in automobile accidents. As a result, the carriers' computer systems processed and issued more than 50 fraudulent auto insurance claim checks. Nangano received three fraudulent checks from Allmerica Insurance Company and Saint Paul Insurance. Nangano also solicited four others to receive fraudulent checks.

In the Matter of Timothy Hanjian

On March 25, 2003, Timothy Hanjian executed a Consent Order for $10,000. Hanjian was involved in the Carl Prata scheme to receive fraudulent checks described in the Christopher Nangano case. Hanjian received a check from the Allmerica Insurance Company and solicited five others to receive fraudulent checks as well.

In the Matter of Glenn Sisti

On January 10, 2003, Glenn Sisti executed a Consent Order requiring him to pay $9,500 for his participation in the Carl Prata scheme described in the Christopher Nangano case. Sisti received a fraudulent check from the Allmerica Insurance Company.

Health, Life, and Disability Fraud

Provider Fraud

In the Matter of Thomas S. Boselli

On January 16, 2003, Thomas S. Boselli executed a Consent Order in which he is required to pay $100,000. Boselli had been practicing chiropractic medicine for 16 years without a license. Between 1995 and 2001, he submitted 1,870 claims for 56 patients totaling more than $125,000. Boselli was paid by the carriers in excess of $54,000. Boselli fraudulently signed all the claim forms as a licensed chiropractor.

In the Matter of Yong Jin Kim

On August 12, 2003, Yong Jin Kim executed a Consent Order requiring him to pay $100,000 for practicing acupuncture without a license. On July 14, 1997, Kim forged the signature of his father, Ki Min Kim, who had died in October of 1995, in order to renew his father's license to practice acupuncture. Kim submitted claims to insurance carriers using the name and license number of his deceased father. Kim was prosecuted for health care claims fraud by the Ocean County Prosecutor's Office.

In the Matter of Robert Napoliello, D.M.D.

On April 8, 2003, Dr. Robert Napoliello executed a $5,000 Consent Order for billing for services not rendered. Napoliello, a dentist, initiated but did not complete the work on a patient. Napoliello entered into a $1,500 Administrative Consent Order with the Dental Board and paid $1,500 in restitution to HCA Insurance Company.

In the Matter of Myrna L. Soriano

On September 26, 2003, Dr. Myrna Soriano executed a Consent Order for $14,000 for submitting claims for treatment she rendered to her own son. Soriano altered the claims documents, replacing her name with the name of another physician. Soriano also entered into a $10,000 administrative Consent Order with the Enforcement Bureau of the New Jersey Division of Consumer Affairs for her actions.

In the Matter of Anthony Spano

On July 7, 2003, Anthony Spano, a physical therapist for Circle of Health Clinic located in Hillside, New Jersey, executed a Consent Order for $5,000 for knowingly submitting fraudulent health care claims bearing dates between August 31, 1999, and March 1, 2000, to Chubb & Son. The claims contained false and misleading information, specifically billing for ten dates of service, when, in fact, the services were never rendered.

False Health Care Claims

In the Matter of Patricia and Paul Sullivan

On June 9, 2003, Paul and Patricia Sullivan executed a Consent Order to pay $25,000 stemming from their participation in three schemes to defraud both MetLife Insurance Company and Blue Cross/Blue Shield out of $48,380. The three schemes included altering co-pays on prescription receipts, seeking reimbursement for full costs when costs were not actually incurred, and seeking reimbursement for full costs of drugs when the drugs were never actually dispensed.

Civil Investigators with the OIFP Property and Casualty Squad conduct a case review meeting.

In the Matter of Monica L. Cooper

On March 26, 2003, Monica L. Cooper executed a $5,000 Consent Order for forging prescriptions for the controlled substances, Oxycontin and Percocet, and presenting them to CVS Pharmacy. CVS unwittingly submitted the forged prescriptions for reimbursement to Oxford Health Plans under Cooper's prescription drug benefits. Cooper had previously been convicted of obtaining a controlled dangerous substance by fraud.

In the Matter of Cassandra Hankins and Jay Earl Hankins

On June 9, 2003, Cassandra and Jay Earl Hankins executed Consent Orders in the amount of $5,000 each for filing false insurance claims. Jay Earl Hankins took his ex-wife Paulette's insurance card and gave it to his fiancee, Cassandra Hankins, who presented herself as Paulette Hankins, in order to obtain an abortion and dental work. Four phony claims were submitted to MetLife Insurance Company totaling $1,596.

Fraudulent Disability Claims

In the Matter of John W. Currie

On June 19, 2003, John W. Currie executed a Consent Order to pay $10,000 for repeatedly misrepresenting his inability to work. As a result of the misrepresentations, Currie received $38,169 in disability benefits to which he was not entitled. Surveillance and employment verification by Unum Provident revealed that Currie was, in fact, employed full time. Currie's claim was closed and Currie reimbursed the carrier for the full amount of benefits he wrongfully obtained.

Life Insurance Fraud

In the Matter of Peter Pascarella, Jr.

On February 4, 2003, Peter Pascarella, Jr., executed a $12,500 Consent Order. Pascarella, who was the owner of Associated Consulting Group, filed several fictitious life insurance applications with the Equitable Life Insurance Company.

In the Matter of L.C. Thomas

On February 4, 2003, L.C. Thomas executed a $5,000 Consent Order for his role in fraudulently obtaining more than $1.2 million in life insurance policies and attempting to collect the benefits.

Thomas, a New Jersey licensed insurance agent formerly doing business in Teaneck, admitted that he assisted William Conyers, a licensed funeral director who owned and operated the Conyers Funeral Home in Hackensack, and Conyers' wife, Mollie, vice-president of Conyers Funeral Home, in falsifying several life insurance applications submitted to the American National Insurance Company and the Lincoln Benefit Life Insurance Company to obtain life insurance policies. By concealing the fact that the insured persons had pre-existing medical conditions such as the AIDS virus, Thomas and the Conyerses intentionally deceived the insurance companies into issuing life insurance policies that the companies would not ordinarily have issued given the medical conditions of the persons whose lives were insured. In addition, Thomas and the Conyerses falsified the life insurance applications by naming persons, including members of the Conyers family, as beneficiaries when they had no insurable interest in the lives of the insured persons.

L.C. Thomas was convicted of attempted theft by deception and was sentenced to probation with 500 hours of community service. The Conyerses were convicted of various offenses following a jury trial in Bergen County. William Conyers was sentenced to 11 years in State prison and fined $10,000. Mollie Conyers was sentenced to two years probation conditioned upon serving 364 days in the county jail. William Conyers was referred to the licensing board for appropriate licensing sanctions.

Property and Casualty Fraud

False Homeowners Claims

In the Matter of Peter Mangiola

On July 23, 2003, Peter Mangiola executed a Consent Order requiring him to pay $10,000 for submitting false receipts in two homeowners claims. Mangiola submitted two false receipts from Bertolino's Pharmacy as part of his claims. On the first claim submitted to General Accident Insurance Company, Mangiola was paid $9,769. On his second claim to Hanover Insurance Company, Mangiola attempted to receive $12,358.

False Commercial Claims

In the Matter of Julio N. Funicello

On February 4, 2003, Julio N. Funicello executed a Consent Order for $7,500 for knowingly conspiring with Jonathan Doscher to deliberately submit false statements to the Ramsey Police Department concerning the purported theft of $13,000 cash from his place of business on April 10, 2001. Subsequently, a claim was presented to Selective Way Insurance, in an attempt to collect monies for this purported theft.

In the Matter of Vincent Zappulla

On May 21, 2003, Vincent Zappulla executed a Consent Order for $5,000 for knowingly providing false and misleading information to State Farm Insurance Company. Zappulla directed a contractor to draft a letter to State Farm stating that the total cost of restoration to a business, Laundry Time Incorporated, as a result of fire damage was $52,385. The cost of the restoration was actually substantially less.

Division of Law Deputy Attorneys General discuss trial strategy for an OIFP case.

State v. Winnie Cook

The State's motion for Summary Judgment against Winnie Cook was granted on June 20, 2003 in the sum of $61,300. Cook had totaled her automobile in October of 1998, but was not insured at the time. Subsequently, in December of 1998, she applied for automobile insurance without having notified the insurance carrier that her vehicle had previously been destroyed in an accident. In January, 1999, Cook filed a fraudulent automobile theft claim with her insurance company. The Judgment against Cook was based upon the multiple false statements Cook made in support of her fraudulent claim.

State v. David Wiseman

The State was awarded Summary Judgment on December 2, 2003 against David Wiseman for two violations of the Fraud Act stemming from a stolen jewelry claim against his homeowners insurance policy. Wiseman had falsely reported that he was with his fiancée in Minnesota when the jewelry was stolen and denied to his insurance carrier that his fiancée had also filed a claim against, and had received payment from, her own renter's insurance policy for the jewelry. Wiseman had previously entered into a Consent Order with OIFP in connection with a separate health insurance matter. The court awarded the State a $25,000 civil penalty and $23,899 in fees and costs.

State v. Lee Lilly

The State's motion for Summary Judgment against Lee Lilly for making multiple false statements related to his fraudulent automobile theft claim was granted on September 12, 2003. The court's award included the requirement that Lilly pay the State $15,000 in civil penalties and $3,288 in fees and costs.

In the Matter of Myrna Soriano, M.D.

Myrna Soriano, M.D., entered into a Consent Order on September 26, 2003 with the State in which she agreed to pay a $14,000 civil penalty. Soriano also agreed to pay $10,000 and costs to the New Jersey Board of Medical Examiners in this matter. Soriano treated her hemophiliac son and submitted claims to her health insurance carrier, which claims falsely represented that other doctors had rendered the services to her child. Soriano concealed her own involvement in the treatment of her son because she knew that the insurance carrier would not reimburse her for services she provided to an immediate family member. Soriano also paid $3,865 in restitution to the insurance carrier.

Medical

In the Matter of Ervin Lepko, M.D.

On March 7, 2003, the New Jersey Medical Board suspended the medical license of Ervin Lepko, M.D. for one year based upon his plea of guilty to committing health care fraud.

In the Matter of Kenneth Zahl, M.D.

On April 11, 2003, the New Jersey Medical Board revoked the medical license of Kenneth Zahl, M.D. for fraudulent billing and collecting disability insurance benefits while still working. The action has been stayed pending appeal.

In the Matter of Alan Ottenstein, M.D.

On August 13, 2003, the New Jersey Medical Board temporarily suspended the medical license of Alan Ottenstein, M.D. in part for alleged possession of explosives, a stun gun, loaded hand guns and more than a pound of marijuana in his office.

In the Matter of Irvin Gerson, M.D.

On September 19, 2003, the New Jersey Medical Board permitted the permanent retirement of the medical license of Irvin Gerson, M.D. for billing insurance companies for neurodiagnostic tests performed by unlicensed individuals.

In the Matter of Chidi Anukwuem, M.D.

On September 22, 2003, the New Jersey Medical Board suspended the license of Chidi Anukwuem, M.D. for six months based upon his excessive prescribing of Serostim and Medicaid billings of over $2 million. The suspension has been stayed.

In the Matter of Sanford Weinger, D.P.M.

On October 16, 2003, the New Jersey Medical Board indefinitely suspended the podiatric license of Sanford Weinger, D.P.M. for billing insurance companies for eight years during which he did not possess a current podiatric license.

In the Matter of Jonathan Siegel, D.P.M.

On December 2, 2003, the New Jersey Medical Board revoked the podiatric license of Jonathan Siegel, D.P.M. *nunc pro tunc* to February 24, 1999, after being convicted of committing insurance fraud.

Chiropractic

In the Matter of Daniel Catanzaro, D.C.

On January 30, 2003, the New Jersey Chiropractic Board suspended the license of Daniel Catanzaro, D.C. for five years, with the first three years active, for fraudulent insurance billing.

In the Matter of Nicholas Rosania, D.C.

On June 19, 2003, the New Jersey Chiropractic Board suspended the license of Nicholas Rosania, D.C. for five years based upon his criminal convictions for conspiracy, official misconduct and bribery in an insurance fraud scheme.

In the Matter of Samuel Evenstein, D.C.

On September 18, 2003, the New Jersey Chiropractic Board suspended the license of Samuel Evenstein, D.C. for three years, with the first six months active, based upon his conviction for failing to pay New Jersey gross income tax for three years.

In the Matter of Roland Evans, D.C.

On September 18, 2003, the New Jersey Chiropractic Board suspended the license of Roland Evans, D.C. for two years, with the first year active, for his criminal conviction of health care claims fraud.

In the Matter of Glen Poller, D.C.

On October 1, 2003, the New Jersey Chiropractic Board suspended the license of Glen Poller, D.C. for two years based upon a criminal conviction for violating the State's statute which proscribes the hiring of "runners" to obtain patients. The suspension was stayed.

2003 Statistics

	Suspension	Revocation	Voluntary Surrender	Reprimand	*Total*
Accountancy	1	0	0	0	*1*
Chiropractic	6	0	0	1	*7*
Dental	2	1	0	0	*3*
Medical	4	4	1	2	*11*
Nursing	0	0	0	1	*1*
Pharmacy	1	2	0	0	*3*
Total	*14*	*7*	*1*	*4*	*26*

Dental

In the Matter of John McIntyre, D.D.S.

On February 19, 2003, the New Jersey Dental Board accepted the surrender, with prejudice, of the license of John McIntyre, D.D.S. for his continued practice of dentistry and billing for services rendered during a period of suspension.

In the Matter of Ralph Sharow, D.M.D.

On February 19, 2003, the New Jersey Dental Board revoked the license of Ralph Sharow, D.M.D. upon his guilty plea to committing health care fraud and income tax evasion.

In the Matter of Michael Tsimis

On September 12, 2003, the New Jersey Dental Board suspended the license of Michael Tsimis, D.M.D. for two years, with the suspension stayed, for double billing insurance carriers for the same services on the same dates.

Nursing

In the Matter of Diane Supino, R.N.

On March 28, 2003, the New Jersey Board of Nursing reprimanded Diane Supino, R.N. for her having knowingly provided false and misleading information in support of the staged theft of her vehicle.

Pharmacy

In the Matter of Manuprasad Parikh, R.P.

On December 1, 2003, the New Jersey Board of Pharmacy accepted the surrender of the license of Manuprasad Parikh, R.P. to be deemed a revocation, based on his criminal conviction for Medicaid fraud.

Loss of New Jersey License:

A Major Penalty

About 600,000 New Jerseyans hold licenses to practice their profession in the state. Their activities are regulated by 38 boards. The Office of Insurance Fraud Prosecutor reports all persons in the 80 professions and occupations requiring a license suspected of committing insurance fraud to the appropriate board. The boards have some discretion in deciding whether to revoke their licenses, but their standards of proof are also lower than those required in a criminal court of law.

In short, anyone who commits Insurance Fraud in New Jersey faces the possibility of losing the right to practice their profession — in addition to any criminal and civil penalties that may be assessed. Moreover, this penalty may be assessed even if the fraud does not involve the profession itself.

Insurance Fraud
New Jersey's FED UP.

CALL TOLL FREE 1.877.55.FRAUD

- Audiologists
- Speech-language pathologists
- Chiropractors
- Dentists
- Dental Assistants (registered and limited registered)
- Dental Hygienists
- Dental Teachers
- Interns and Residents studying dentistry
- Marriage and Family Therapists
- Alcohol and Drug Counselors
- Medical doctors
- Doctors of Osteopathy
- Podiatrists
- Bio-analytical Laboratory Directors
- Acupuncturists
- Athletic Trainers
- Nurse Midwives
- Hearing Aid Dispensers
- Physicians Assistants
- Practical Nurses
- Registered Nurses
- Nurse Anesthetists
- Nurse Practitioners Homemaker—Home Health Aides
- Occupational Therapists
- Ophthalmic Dispensers
- Ophthalmic Technicians
- Ophthalmic Dispenser and Technician Apprentices
- Optometrists
- Orthotists
- Prosthetists
- Pharmacists
- Physical Therapists
- Physical Therapist Assistants
- Psychologists
- Respiratory Therapists
- Certified Social Workers
- Licensed Social Workers
- Licensed Clinical Social Workers
- Veterinarians
- Accountants
- Certified Public Accountants
- Municipal Accountants
- Public Accountants
- School Accountants
- Architects
- Landscape Architects
- Cemetary Operators and Salespersons (non-religious)
- Cosmetologists
- Barbers
- Beauticians
- Manicurists
- Beauty School Teachers and Students
- Electrical Contractors
- Fire and Burglar Alarm Installers
- Master Plumbers
- Funeral Directors
- Funeral Director Trainees
- Professional Engineers
- Engineers in Training
- Land Surveyors
- Land Surveyors in Training
- Home Inspectors
- Professional Planners
- Planners in Training
- Home Movers
- Warehousemen
- Licensed Real Estate Appraisers
- Residential Appraisers
- Certified General Appraisers
- Apprentice Appraisers
- Certified Shorthand Reporters

Closing The Loopholes On Fraud

OIFP's Recommendations For Legislative and Regulatory Reform

Pursuant to N.J.S.A. 17:33A-24, the Office of the Insurance Fraud Prosecutor (OIFP) is required to evaluate and formulate proposals for legislative, administrative and judicial initiatives to strengthen insurance fraud enforcement. OIFP staff are vigilant throughout the year in identifying possible vulnerabilities and weaknesses in New Jersey's insurance system, and in finding ways to address them. Many of the recommendations made by OIFP in prior Annual Reports have become law by the adoption of regulations, or the enactment of legislation, responsive to these recommendations. OIFP's recommendations for 2004 are as follows:

Regulation of Public Adjusters

Statement of the Problem:
Insureds who are fire victims are often overwhelmed by solicitation from multiple public adjusters who arrive at their homes within hours of this catastrophic event, sometimes before the fire is even fully extinguished. Because most of these insureds have never before been the victim of a fire, they are often unaware of their rights under their homeowners or renters insurance policy. Consequently, insureds whose homes have burned have often fallen prey to overzealous public insurance adjusters who, for a fee based upon the percentage of recovery, represent insureds with respect to their claims under their insurance policies. Many public adjusters charge exorbitant rates of up to 40 percent of the insured's recovery. Because of the aggressive tactics employed by many public adjusters, which includes contacting victims when they are most vulnerable in the immediate hours following their loss, many victims recover far less under their insurance policies than they should because they have entered into contracts with public adjusters be-

fore they have had an opportunity to confer with others and to consider all of their options. Although public adjusters are currently prohibited under N.J.S.A. 17:22B-13 from contacting an insured between the hours of 6:00 p.m. and 8:00 a.m. within the first 24 hours after the occurrence of a loss, experience has demonstrated that this limitation should be toughened.

Proposed Solution:
In order to protect vulnerable insureds from the aggressive tactics of some overzealous public adjusters, it is suggested that N.J.S.A.17:22B-13 be amended to provide that public adjusters be precluded from contacting insureds within 48 hours after they sustain a loss compensable under an insurance policy.

Regulation of Towing Companies

Statement of the Problem:
Some unscrupulous towing companies artificially inflate fees for the towing and storing of automobiles which have been involved in accidents or which have been towed and stored after retrieval as abandoned or stolen property. In the absence of a local municipal ordinance, or a contractual fee schedule entered into between a towing operator and a municipality, insurance companies, municipalities and car owners may be charged excessive sums of money for the services provided by some towing operators. The problem is exacerbated when a towing company, which maintains a storage yard, fails to take adequate steps to ascertain and/or notify the owner of the vehicle of the storage charges which are being incurred, or, in some cases, that it is even storing the vehicle. Such a scenario may occur in a case where the towing operator has been requested by a municipality to remove a vehicle which appears to be abandoned, but, is, in fact, the subject of a theft. The "Fair Automobile Insurance Reform Act of 1990" had previously authorized the Commissioner of the Department of Banking and Insurance to establish a towing and storage fee schedule to address the problem of fraud and related abuses by towing operators, particularly as it related to those costs incurred in the context of a covered loss. That fee schedule, however, was not supported by sufficient penalties to prevent the charging of unnecessary or exorbitant fees by towing operators, and permitted towing operators to bill for other services not encompassed within the fee schedule.

The Act was repealed in 1997 in conjunction with legislation that provided municipalities with greater authority to regulate towing and storage bills. Under N.J.S.A. 40:48-2.54, municipalities which require the towing and storage of motor vehicles without the consent of their owners are required to adopt a "model schedule" of towing and related storage fees based upon the "usual, customary and reasonable" prevailing rates. Under N.J.S.A. 40:48-2.49, other municipalities may adopt such a schedule. Nonetheless, insurers and owners are sometimes billed exorbitant "administrative" and other fees, not addressed within such schedules. Such fees are even imposed in connection with obtaining access to inspect a vehicle which is being stored.

Proposed Solution:
In order to prevent unscrupulous towing companies from charging excessive and exorbitant fees in connection with a covered loss, it is recommended that legislation be enacted similar to the repealed Act, authorizing the Commissioner of the Department of Banking and Insurance or other appropriate agency head

to promulgate a schedule of appropriate towing and storage fees applicable to automobiles which have been damaged in accidents, or which have been recovered after being stolen. Such legislation should provide greater detail with respect to the types of charges which towing operators may charge, not only to municipalities, but also to insurers and owners, as well as stronger penalties for those towing operators who violate the fee schedule. It should also require the towing or storage yard owner to promptly take reasonable measures to identify and notify the owner and insurer of the vehicle of its location and any towing and storage fees that have accrued, or are accruing. The legislation should not, however, repeal or otherwise limit the current law which provides municipalities with authority to regulate towing and storage fees as they relate to costs incurred by those municipalities which have chosen to enact ordinances providing for such regulation.

Unauthorized Practice of Chiropractic or Psychotherapy

Statement of the Problem:
It is a crime in New Jersey for a person, who is not properly licensed, to practice or purport to practice medicine, podiatry, surgery, dentistry, or law. N.J.S.A. 2C:21-20; N.J.S.A. 2C:21-30; N.J.S.A. 2C:21-22; N.J.S.A. 2C:21-31. These provisions apply equally to persons who may have once been licensed to provide such services but whose license has been suspended, revoked or surrendered, as well as to persons who do not possess the requisite expertise or training while holding themselves out as licensed professionals. Investigative experience has shown that persons who provide such services without being properly licensed also frequently commit insurance fraud by submitting bills in connection with such services, particularly those practicing or purporting to practice in the medical or allied medical professions. There is, however, no corresponding criminal provision in the law addressing the unauthorized practice of chiropractic or psychotherapy, both of which practices also frequently give rise to the fraudulent billing of insurance companies.

Proposed Solution:
In order to achieve consistency and deterrence, it is recommended that legislation be enacted to criminalize the unlawful practice of chiropractic and psychotherapy in the same manner that statutes have been enacted which make it a crime of the third degree to engage in the unlawful practice of certain other professions, such as medicine, dentistry and law.

Unlawful Transaction of the Business of Insurance by Unlicensed Persons

Statement of the Problem:
Persons who are not licensed as either insurance agents or insurance brokers sometimes hold themselves out as licensed or otherwise authorized insurance agents or brokers in order to engage in the business of selling insurance. In some cases, the person has never been licensed nor received any training qualifying that person to provide guidance in obtaining appropriate insurance coverage, while, in other cases, the person has once held a license, but has lost it involuntarily through suspension or revocation. Such persons create a substantial risk of harm to those with whom they deal because they are unqualified to provide appropriate guidance and advice, because they may be unable to “place” the insurance they pur-

port to be selling, or because they may simply steal premium payments from prospective insureds without making any attempt to obtain the anticipated insurance coverage. In some cases, those holding themselves out as agents or brokers even resort to issuing counterfeit insurance cards and insurance policies to perfect their scams. While such conduct is currently banned pursuant to the provisions of N.J.S.A. 17:17-12, which defines such conduct as constituting a "misdemeanor," an outdated term for conduct which is now the equivalent of a fourth degree crime under New Jersey's criminal code, it is not part of New Jersey's criminal code nor consistent with the grading of similar crimes pertaining to various types of activity by unlicensed persons. Such crimes are currently crimes of the third degree under the penal code. Further, it is not sufficiently clear that such conduct is proscribed pursuant to the provisions of the Fraud Act, which allows for the imposition of civil fines for conduct which violates that Act.

Proposed Solution:
In order to achieve consistency and deterrence, it is suggested that legislation be enacted to make it a crime of the third degree under N.J.S.A. 2C:21-35 for any person to engage in the unlawful transaction of the business of insurance when not properly licensed to do so by the New Jersey Department of Banking and Insurance. As a corollary, the current provision banning such conduct under N.J.S.A. 17:17-12 should be repealed. It is further suggested that the Insurance Fraud Prevention Act be amended so as to include the defined conduct as a violation thereof, thereby also subjecting such a person to the imposition of substantial civil fines.

Transfers of Title to Stolen Vehicles

Statement of the Problem:
Whenever title to a vehicle is obtained through the Motor Vehicle Commission (MVC), there is no mechanism to determine whether the vehicle which is the subject of the title request is a vehicle which has been reported as stolen and entered into law enforcement's NCIC database. Without such a mechanism, it is sometimes possible for a person who has stolen a vehicle to obtain a facially valid title to that vehicle, despite the fact that the vehicle has been reported stolen to law enforcement authorities.

Proposed Solution:
In order to prevent the unwitting transfer of title to a stolen vehicle, it is recommended that at the time of issuance of a title to any vehicle, the Motor Vehicle Commission be provided with a means to determine if the vehicle has been reported as stolen to any law enforcement authorities, whether by providing limited access to the NCIC database, by extracting data from the NCIC database in such a manner as to make it readily accessible to MVC officials, or by such other means as may be practicable.

Revision of Statute Making It a Crime to Use "Runners"

Statement of the Problem:

Investigative experience has demonstrated that many fraudulent insurance claims, particularly those relating to automobiles, are driven by the conduct of "runners." "Runners" are persons who procure patients or clients for licensed medical and legal service providers in return for money so that those providers can seek benefits under an insurance contract. In New Jersey, the Legislature enacted the "Criminal Use of Runners" statute to proscribe such conduct. Experience has shown, however, that the use of the statute to combat insurance fraud would be enhanced if the underlying policy reasons supporting the statute were published as legislative findings and declarations.

Proposed Solution:

For the sake of expediency, it is recommended that the Legislature enact remedial legislation setting forth explicit legislative findings and declarations clearly enumerating the policy reasons that support the "Criminal Use of Runners" statute. Such legislative findings and declarations will underscore the rationale behind the enactment of the statute and its application to conduct defined therein, even in the absence of underlying insurance fraud.

Reverse Rate Evasion

Statement of the Problem:

In order to obtain lower insurance premiums, persons residing in New Jersey, in a practice commonly known as "reverse rate evasion," often obtain their automobile insurance in an adjacent state, despite the fact that their vehicles are principally garaged and used in New Jersey. While this form of "application fraud" or "premium fraud" is actually committed in the adjacent state when the insurance is applied for, and while the insurance companies which are victimized by this type of fraud may not transact business in New Jersey, New Jersey residents are put at risk because the out-of-state insurance policies may provide less coverage than that mandated in New Jersey, and because the out-of-state insurance policies may be voided when the insurance carriers discover the underlying application fraud. It is also inherently unfair and violative of good public policy to allow residents of New Jersey to fraudulently obtain out-of-state insurance coverage at lower rates than their law-abiding neighbors in New Jersey.

Proposed Solution:

In order to achieve equity and protect the law abiding citizens of New Jersey, legislation should be enacted to amend the Insurance Fraud Prevention Act to make the practice of "reverse rate evasion" a violation of the Act, thereby subjecting violators to the imposition of substantial civil fines.

Health Care Claim Form Revisions

Statement of the Problem:
Medical providers and those in the allied medical professions are often able to avoid civil or criminal responsibility for submitting fraudulent health care claims because of the vague and imprecise manner in which the claim forms are composed. Because claim forms are often prepared by employees of the provider, or by an independent business contracted by the provider, it is often difficult, if not impossible, to hold the provider responsible when the claim forms contain false, misleading or incomplete information. Further, the forms are frequently inadequate to elicit information as to the overall context of treatment within which the billed service was rendered, whether the billed service was properly coded and whether the billed service was rendered by, or under the supervision of, a duly licensed professional.

Proposed Solution:
In order to ensure greater accountability, health insurance claim forms, whether paper or electronic, should be designed so as to require the inclusion of information specifically identifying the type of procedures, medical services and medical supplies provided, as well as the amounts actually paid by the patient. Forms should also elicit information identifying any person in the provider's office providing the services billed, including the professional license number and taxpayer identification number (TIN) associated with the licensed medical provider and with any persons or entities identified as having provided any of the services set forth in the claim forms. The forms should also incorporate a certification specifically affixing personal legal responsibility for the accuracy of the claim with the professional licensee in whose name, or under whose supervision, the services were provided. The certification should specify that the responsible provider has reviewed the claim form and that it is accurate, complete and truthful with respect to all information contained therein.

Stricter Regulation of the Diagnostic Imaging Industry

Statement of the Problem:
Because of its relatively weak regulatory framework with respect to the regulation of diagnostic imaging facilities, New Jersey is a particularly inviting target for unscrupulous operators. Currently, any private citizen, regardless of experience in the medical or allied medical professions, may own a diagnostic imaging facility subject only to the condition that the facility is affiliated with a licensed medical provider. Although prospective owners are required to reveal any prior criminal convictions when making application to the Department of Health, the Department lacks the authority to conduct the necessary criminal background checks to verify the veracity of the information provided by the applicant. Further, a prior criminal conviction does not necessarily, in and of itself, disqualify a

person from owning a diagnostic imaging facility. Because diagnostic imaging is frequently prescribed for those claiming to have been injured in an automobile accident, diagnostic imaging facilities are often associated with treatment mills, and are often looked to as a source of reports to corroborate questionable or fabricated claims of injury.

Proposed Solution:

In order to better assess the qualifications of persons applying for ownership of diagnostic imaging facilities, it is recommended that legislation be enacted requiring criminal background checks of all such applicants, providing the resources to conduct such background checks, and prohibiting the granting of a license to any person who has been convicted of a crime which appears incompatible with the traits of trustworthiness, honesty and obedience to law and order.