NEW JERSEY

INSURANCE Fraud

Special Report:

When Auto Theft Equals Insurance Fraud

New Jersey Legislature Gives OIFP High Marks

OIFP Takes on Pharmaceutical Giants

2007 Annual Report of the New Jersey Office of the Insurance Fraud Prosecutor

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Annual Report of

The New Jersey Office of the Insurance Fraud Prosecutor

for Calendar Year 2007

Submitted March 1, 2008 (Pursuant to N.J.S.A. 17:33A-24d)

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About the Cover

The cover of the 2007 Annual Report of the Office of the Insurance Fraud Prosecutor (OIFP) features a demonstration sponsored by Allstate New Jersey Insurance Company at the New Jersey Special Investigators Association fraud seminar at the Tropicana Casino and Resort in Atlantic City, New Jersey, in October 2006.

Allstate's demonstration showed just how quickly and easily a stolen vehicle can be dismantled at a "chop shop." In under 11 minutes, three auto body professionals using common hand-held tools completely stripped a 2003 Honda Pilot into individual parts. In a real "chop shop" the parts would then be sold on the black market.

The detection, investigation, and prosecution of auto theft is integral to comprehensive insurance fraud enforcement. From large scale auto theft rings to the individual who "gives up" his car in order to report it stolen and fraudulently collect insurance proceeds, auto theft significantly drives up insurance costs. New Jersey has long been notorious for its auto thefts, but, as OIFP, other law enforcement agencies throughout the State, and the insurance industry continue to vigorously confront this pervasive problem, those numbers are starting to decline.

John J. Smith's feature article, *Auto Theft's Impact on Insurance Fraud*, at page 29 of the 2007 Annual Report, takes a comprehensive look at auto theft's relation to insurance fraud. A description of auto theft cases investigated and prosecuted by OIFP can be found in the Criminal Case Notes included in the 2007 Annual Report.

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Office of the Insurance Fraud Prosecutor

A Message from the Insurance Fraud Prosecutor

OIFP Builds Momentum as a Premier Fraud Watchdog

I am pleased to present the Ninth Annual Report of the New Jersey Office of the Insurance Fraud Prosecutor (OIFP). In 2007, with a nine-year track record of success, OIFP has evolved into a powerful fraud watchdog and a mainstay in a comprehensive and effective fraud fighting strategy.

In 1998, when the New Jersey Legislature passed the Automobile Insurance Cost Reduction Act (AICRA) creating OIFP, P.L. 1998, c. 21, it recognized the simple truth that without addressing fraud avoidance measures in a constant and consistent manner, insurance premiums will continue to spiral out of control. Over the years, OIFP has proven to be the most effective fraud avoidance mechanism for New Jersey and has thereby earned its place as a fixture in the insurance fraud fighting landscape.

This year's Annual Report provides an accounting to the Governor and the Legislature of OIFP's operations and accomplishments during 2007, as required by N.J.S.A. 17:33A-24d. In addition, the Report contains articles of interest to members of the public and private sectors who are directly and indirectly impacted by OIFP's fraud fighting efforts.

Reflecting on OIFP's 2007 accomplishments cannot be fully appreciated, however, without a historical perspective. Over the past nine years, OIFP has consistently built momentum and shown the nation how to aggressively combat insurance fraud. Doing so has meant staying at least one step ahead of the criminals who are always devising ever more sophisticated schemes to defraud insurers. As the nature of insurance fraud has evolved, so has OIFP's investigative and prosecutorial savvy. As a result, we have met each new challenge with creative and innovative strategies and solutions. Consider, for example, the case of Dr. Juan Carlos Fischberg, a Board certified doctor, who operated an illegal PIP mill in New Jersey by falsifying patient records and test results in order to fraudulently bill 17 auto insurers millions of dollars. After OIFP indicted Fischberg and his wife, they promptly fled to South America.

Undeterred by the defendants' intercontinental flight, in 2007, OIFP prosecutors successfully froze defendants' seven-figure trust accounts in the State of Delaware by arguing that the trusts were funded with money stolen from the insurance companies in New Jersey. The legal maneuvers undertaken by OIFP were novel, complex, and ultimately successful in pressuring the defendants out of hiding. Fischberg reluctantly returned to New Jersey and pled guilty to Health Care Claims Fraud. He was sentenced to three years in State prison, fined $50,000, paid over $2.2 million in restitution to defrauded insurance carriers, and forfeited seized real estate and cash valued at over $500,000 to the State of New Jersey.

While Fischberg's three-year prison term may appear to some to be insufficient punishment for the crime, prior to OIFP's existence, the debate centered on whether insurance fraudsters should serve any prison time at all. Ten years ago, inadequate criminal statutes and limited resources permitted defendants, like Fischberg, to get away with insurance fraud with nothing more than the proverbial "slap on the wrist."

In response, the New Jersey Legislature heeded the outcry of the public, the insurance industry, and the law enforcement community by creating OIFP and enacting some of the toughest criminal insurance fraud statutes in the country. The Health Care Claims Fraud statute,

A Message from the Insurance Fraud Prosecutor

N.J.S.A. 21-4.3, enacted in 1997, and the Insurance Fraud statute, N.J.S.A. 2C:21-4.6, enacted in 2003, put teeth into insurance fraud prosecutions by elevating certain acts of insurance fraud to second-degree crimes punishable by prison terms of up to ten years and fines of up to $150,000. As a result, today, more times than not, the question is not whether an insurance fraudster should go to jail, but rather how long his prison sentence should be.

In 2007, OIFP recorded a 10% increase in criminal sentences over last year's figure and sent defendants to prison for a combined total of 147 years.

In fact, in 2007, OIFP recorded a 10% increase in criminal sentences over last year's figure and sent defendants to prison for a combined total of 147 years. OIFP won convictions of four former police officers, two of whom will serve a total of 12 years in State prison. Four licensed healthcare providers received State prison sentences totaling 12 years. A licensed insurance agent was sentenced to a five-year State prison term. An auto body shop owner and his accomplice were sent to State prison for a total of nine years. The sentences imposed on several members of vehicle theft rings totaled 77 years in State prison, over $1.8 million in restitution, and $9,500 in civil insurance fraud fines. The imposition of these prison terms, coupled with hefty monetary penalties and restitution orders, have reverberated throughout the State, creating a powerful and incalculable deterrent to would-be insurance fraud criminals who now see insurmountable evidence of the serious consequences of committing insurance fraud in New Jersey.

From licensed professionals to low-level car thieves, no one is exempt from OIFP's reach. In November 2007, OIFP indicted two Camden City police officers who owned a patient transport business on charges of Conspiracy, Official Misconduct, Insurance Fraud, and Tampering with Public Records. OIFP alleges that these defendants defrauded three major insurance companies by falsely representing to the carriers that the eleven vehicles used in their transportation business were used as personal, rather than commercial, vehicles. These alleged misrepresentations, made in auto insurance applications, renewals, and motor vehicle registrations, enabled the defendants to avoid premium payments to insurers totaling over $75,000.

The fact that these defendants are police officers sworn to uphold the law is a sobering reminder of OIFP's duty to serve and protect the public from the costly ramifications of insurance fraud regardless of the status of the wrongdoers or the complexity of the fraudulent schemes. To this end, OIFP aggressively pursues increasingly complex fraud schemes including organized vehicle theft rings because auto theft is inextricably intertwined with insurance fraud and drives up insurance rates for all New Jersey motorists.

OIFP aggressively pursues increasingly complex vehicle theft investigations and prosecutions, because auto theft is inextricably intertwined with insurance fraud and drives up insurance rates for all New Jersey motorists.

This year, over 20 defendants were sentenced for their roles in various large-scale and multi-state vehicle theft rings as OIFP continues to dismantle these criminal enterprises. In March 2007, following a joint investigation by OIFP and the New Jersey State Police, nine additional members of a South Jersey motorcycle theft ring, involving over 50 stolen motorcycles valued at over $250,000, were charged in two State Grand Jury Indictments with crimes including Conspiracy, Racketeering, Theft, and Weapons Possession.

Pharmacists, too, felt the heat of OIFP's sophisticated undercover investigations. In 2007, six individuals, including licensed pharmacists, were charged in three unrelated Indictments for defrauding the State Medicaid program by billing for prescriptions which were never filled and by improperly packaging stolen medication and loose pills for resale. In another pharmacy case, OIFP won guilty verdicts for Health Care Claims Fraud and Medicaid Fraud following a 14-day jury trial in which the State proved that a licensed pharmacist and his pharmacy submitted fraudulent prescription claims to the Medicaid program.

Equally important was OIFP's successful investigation and prosecution of a Plainsboro dentist who altered the dates on which he provided services to patients to avoid contractual date restrictions in the insurance policies. Had this defendant submitted bills for the actual dates of service, the patients would not have been covered by dental insurance on those dates, or would have already exceeded the caps of their dental insurance for a given year.

The dentist pled guilty to charges of Theft by Deception and Falsifying Records and was sentenced to three years' probation and ordered to pay a $75,000 civil insurance fraud fine. Although the dentist did not receive any jail time, this case is notable nonetheless, because it represents OIFP's first criminal conviction based solely on a licensed professional's violation of contract restrictions. This type of prosecution was unheard of just ten years ago.

This investigation and prosecution were also significant for another reason: it marked the first time OIFP provided a monetary award to a concerned citizen as a reward for reporting allegations of fraudulent activity. The citizen informant, who wished to remain anonymous, received a $3,750 reward from OIFP for reporting the dentists' fraudulent billing practices through OIFP's Hotline Referral program.

OIFP's statutory Reward Program, as well as other Statewide programs, such as the annual "Insurance Fraud Awareness Essay Contest for High School Seniors" sponsored by OIFP, the Insurance Council of New Jersey (ICNJ), and the New Jersey Special Investigators Association (NJSIA), educate the public about insurance fraud which, in turn, leads to intolerance of insurance fraud and referrals about fraudulent activity. In this way, ordinary citizens become contributing participants in the war against insurance fraud.

In all, OIFP charged a total of 218 defendants with insurance fraud related crimes this year and posted a 19% increase from last year in the number of defendants charged by Indictment. Further, OIFP issued 352 Administrative Consent Orders for violations of the civil insurance fraud statute, representing a 26% increase from last year, and recouped over $2.1 million in federal False Claims Act settlements for the New Jersey State Medicaid Program.

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But 2007 was not without its challenges. Car thieves now use internet auction sites, such as eBay, to sell stolen vehicles around the world. Identity theft has armed its way into fraudulent insurance policies. The advent of on-line insurance applications allows fraudsters to enter fictitious data, without the oversight of the insurance agent. The slumping housing market has brought out unscrupulous building contractors using phony certificates of liability insurance to dupe unsuspecting homeowners and builders. And the aging "baby boomer" population has created an ever-widening pool of victims vulnerable to insurance fraud and abuse in the home health care industry and long-term care facilities.

As the premier fraud watchdog, responsible for policing fraudulently sought and obtained insurance dollars and for championing insurance victims' rights, OIFP remains vigilant in detecting new trends in insurance fraud and staying at least one step ahead of the criminals. Of course, OIFP's successes are due in large measure to our long-standing partnerships with the insurance industry, State and federal government agencies, and the law enforcement community.

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To foster these working relationships, OIFP has, among other things, hosted the Annual New Jersey Insurance Fraud Summit for the past ten years. At this year's Summit, the New Jersey Senate and General Assembly presented OIFP with a ceremonial Joint Legislative Resolution commending the Office for its long record of success. This formal recognition is a testament to the important work accomplished over the past nine years.

Another shining example of OIFP's partnership with the insurance industry and law enforcement is this year's edition of the Uninsured Motorists Identification Director (UMID), which is published and distributed by OIFP to assist officers in the field in identifying counterfeit insurance identification cards. Incorporated into this year's edition of the UMID is a description of the anti-counterfeiting measures utilized by insurance carriers on their insurance identification cards. By providing law enforcement with this type of intelligence information, OIFP arms police officers with the weapon needed to tackle the pervasive problem of phony motor vehicle insurance identification cards.

As the nature of insurance fraud evolves, so must OIFP. We cannot be content to rest on our laurels or to conduct business as usual. As this past year's accomplishments demonstrate, OIFP is willing and able to meet any work challenge with flexibility, versatility and creativity. We will continue to work closely with the insurance industry, with law enforcement, with State and federal government agencies, and with concerned citizens in the war against insurance fraud. The people of New Jersey deserve no less.

Respectfully submitted,

Greta Gooden Brown

New Jersey Insurance Fraud Prosecutor

State of New Jersey

THE SENATE AND GENERAL ASSEMBLY
STATE HOUSE, TRENTON, N.J.

JOINT LEGISLATIVE RESOLUTION

By Senate President CODEY, Assembly Speaker ROBERTS, Assemblyman GREENWALD, Assemblywoman LAMPITT
And All Members of the Legislature

WHEREAS, The Senate and General Assembly of the State of New Jersey are pleased to honor and salute the New Jersey Office of the Insurance Fraud Prosecutor, a highly esteemed agency within the Garden State, upon the occasion of the Tenth Annual New Jer

WHEREAS, The Office of the Insurance Fraud Prosecutor has compiled an impressive record of service since it was created in Insurance Fraud Summit at the War Memorial in Trenton on October 4, 2007; and,

WHEREAS, The Office of the Insurance Fraud Prosecutor has compiled an impressive record of service since it was created in provide more effective investigation and prosecution of all types of insurance fraud, including criminal, civil, and adm investigations and prosecution of insurance and Medicaid fraud in New Jersey; and,

WHEREAS, The Office of the Insurance Fraud Prosecutor, which is part of the New Jersey Division of Criminal Justice in of Law and Public Safety, is also committed to the coordination of all anti-insurance fraud efforts of law enforcemen agencies and departments in New Jersey, as well as private industry; and,

WHEREAS, The Office of the Insurance Fraud Prosecutor has become a national leader in fighting insurance frau Coalition Against Insurance Fraud, a Washington D.C.-based public and policy and advocacy organizati ranks fourth in the number of fraud convictions, second in the amount of restitutions, and first in the nu forty-seven state fraud bureaus; and,

WHEREAS, The people of the State of New Jersey are genuinely indebted to dedicated and committed ag the Insurance Fraud Prosecutor, which are devoted to improving the quality of life in the Garden

WHEREAS, It is altogether fitting and proper for the New Jersey Legislature to note the Tenth Ann and to salute the Office of the Insurance Fraud Prosecutor as an important and praiseworth

Be It Resolved by the Senate and General Assembly of the State of New Jersey:

That this Legislature hereby honors and salutes the Office of the Insurance Fraud service of its leadership and staff, and extends sincere best wishes for continued success an

Be It Further Resolved, That a duly authenticated copy of this resolution, signed attested by the Senate Secretary and the Assembly Clerk, be transmitted to the New

Attest:

The Year in Review:

OIFP: Staying Ahead of Insurance Fraudsters[1]

by Lisa Sarnoff Gochman

Since its inception in 1998, the Office of the Insurance Fraud Prosecutor (OIFP) has established itself as the dominant force in the fight against all types of insurance fraud in New Jersey. In 2007, the New Jersey Senate and General Assembly honored OIFP with a ceremonial Joint Legislative Resolution recognizing OIFP's commitment "to the coordination of all anti-insurance fraud efforts of law enforcement and other public agencies and departments in New Jersey, as well as private industry" and devotion "to improving the quality of life in New Jersey." This past February, New Jersey Lawyer Magazine noted OIFP's "success and commitment to execute the Legislature's mandate to confront the problem of insurance fraud in New Jersey."[2]

In 2007, individual members of OIFP also received formal commendations for their extraordinary contributions to the insurance fraud fight. In March, Insurance Fraud Prosecutor Greta Gooden Brown received the Thurgood Marshall Award of Excellence. In October, the New Jersey Special Investigators Association (NJSIA) presented its "Investigation of the Year" award to the trial team of criminal and civil investigators, prosecuting attorneys, analysts, and support staff in the Dr. Juan Carlos Fischberg "PIP Mill" investigation. And in November, the Society of Investigators of Greater Newark (SIGN) presented its Law Enforcement Award to OIFP State Investigators Jarek Pyrzanowski and Jeffrey Lorman for their formulation of a highly effective, multi-jurisdictional investigation which dismantled a major auto theft ring, resulting in 31 criminal indictments and close to $2 million in restitution.

The New Jersey Insurance Fraud Prevention Act provides that persons who commit insurance fraud may be subject to criminal prosecution. N.J.S.A. 17:33A-1 et seq. In 2007, OIFP arrested 162 individuals, charged 218 defendants by Indictments and Accusations, won 149 convictions through trials and guilty pleas, and sent defendants to prison for 147 years.

The New Jersey Insurance Fraud Prevention Act further provides that persons who commit insurance fraud may be subject to the imposition of civil fines in addition to, or as an alternative to, criminal prosecution. N.J.S.A. 17:33A-1 et seq. In 2007, over 4,500 cases were referred to OIFP for investigation, and a total of $1.4 million in civil fines was imposed upon civil defendants. Civil insurance fraud cases continue to account for the largest number of cases investigated by OIFP each year.

1. This report constitutes the 9th Annual Report submitted by OIFP pursuant to N.J.S.A. 17:33A-24d, which requires OIFP to provide annually a report of activities conducted during the prior calendar year to the Governor and the Legislature.

2. Keith R. Roberts, *Insurance Fraud Litigation Reaches New Heights*, New Jersey Lawyer Magazine, Feb. 2007, at 26.

Lisa Sarnoff Gochman is a Deputy Attorney General in OIFP's Case Screening, Litigation, and Analytical Support Section. She has been with the Division of Criminal Justice since 1987. Prior to joining the Division, she served for three years as an Assistant District Attorney with the Bronx District Attorney's Office in New York City.

Understanding that the nature of insurance fraud is always evolving is key to OIFP's continued success. To that end, OIFP conducts year-round training for its criminal and civil investigators and prosecuting attorneys in emerging insurance fraud trends. OIFP also provides periodic training to the County Prosecutors' Offices, the law enforcement community and the insurance industry. This year's hot topics included "Staged Accidents," "Innovative Automobile Theft Schemes," "Medical Fraud," "Detecting Deceit," "Workers' Compensation Fraud," "Underwriting Fraud," "Mock Trial," "Sworn Statements," and "CPT Code Training" as well as other relevant and timely subject matters.

Community outreach also remains a critical component of OIFP's mission to fight fraud. This past year, OIFP staff members gave insurance fraud related presentations at the Warren County Law Enforcement Day, at the Bergen County Office of Multi-Cultural Educational Forum, and to the Korean-American Association of New Jersey. OIFP is clearly getting out its message that private citizens play a vital part in the insurance fraud fight.

several of this year's most successful investigations and prosecutions began with anonymous tips to the OIFP Hotline. And, in October 2007, OIFP presented its first cash reward under the statutory Insurance Fraud Detection Reward Program to a New Jersey woman who confidentially reported the fraudulent billing practices of a Plainsboro dentist.

OIFP's international reputation for excellence led to a meeting on November 13, 2007, in which OIFP's executive management staff met with representatives from South Korea who are responsible for the detection, investigation, and prosecution of insurance fraud in their country. Mr. Lee Kil Soo shared with OIFP the Korean Insurance Fraud Reporting System (IFRS) which can identify approximately 228 factors in an insurance fraud allegation indicating possible insurance fraud. Based on an allegation's "fraud score" as calculated by IFRS, the matter is assigned for further investigation and prosecution. In reciprocation, OIFP staff reviewed the statutory framework establishing OIFP, explained the roles of State and federal government in the detection, investigation, and prosecution of insurance fraud, including Medicaid fraud, in the United States, and discussed specific types of insurance fraud, such as the criminal use of "runners," fraudulent health care provider schemes, and shady auto repair shops.

Governor Jon S. Corzine and Attorney General Anne Milgram.

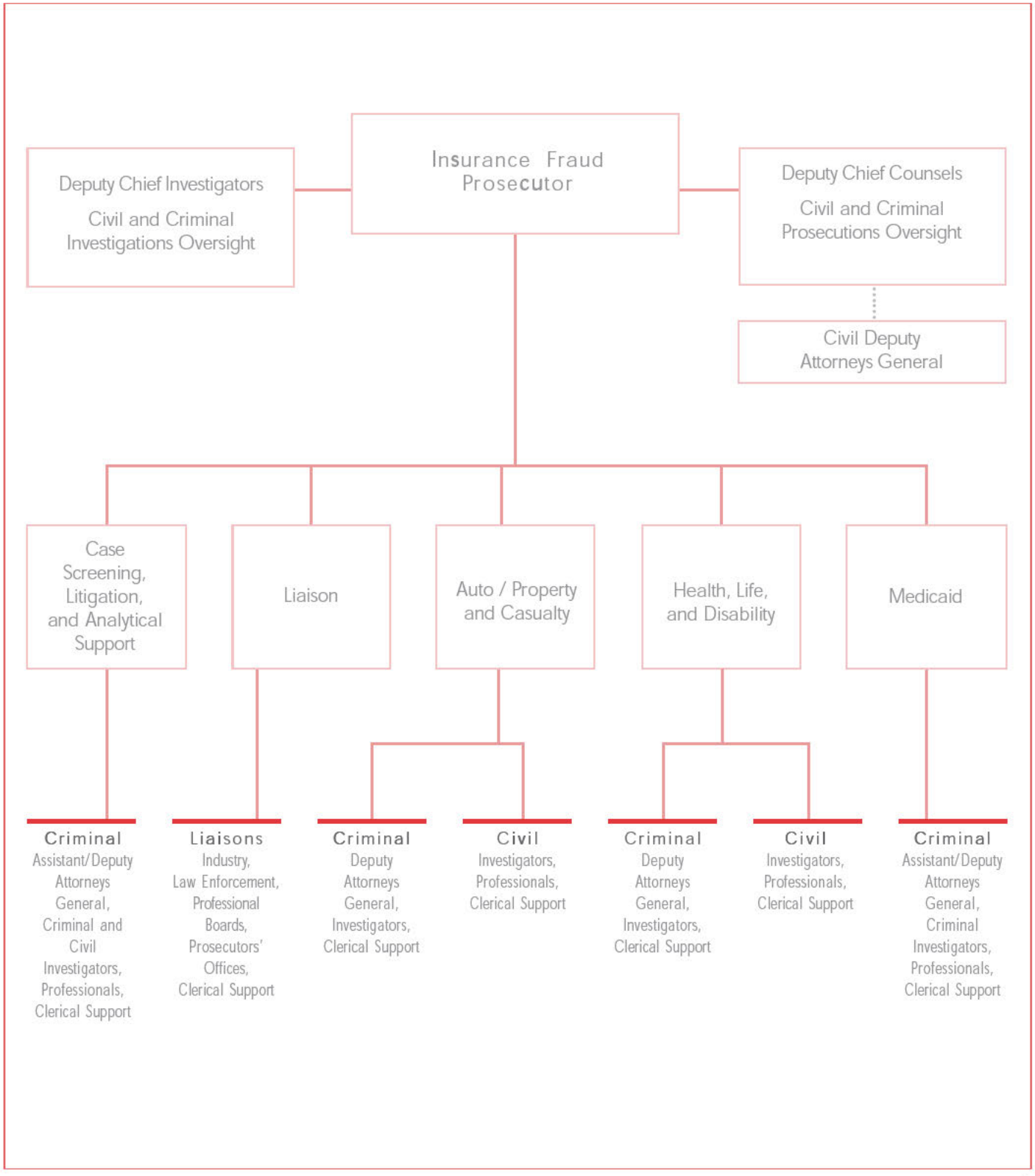
The Coalition Against Insurance Fraud, a Washington, D.C.-based public policy and advocacy group, recently ranked New Jersey fourth out of 47 state fraud bureaus in the number of fraud convictions obtained, second in the amount of restitutions recovered, and first in the number of civil sanctions imposed. These impressive rankings are due in large measure to OIFP's willingness and ability to respond to the constantly evolving nature of insurance fraud. As the "Year in Review" demonstrates, OIFP continues to be New Jersey's fraud watchdog by keeping at least one step ahead of insurance fraudsters.

Background

OIFP was created on May 19, 1998, pursuant to the provisions of the Automobile Insurance Cost Reduction Act (AICRA). P.L. 1998, c. 21. As set forth in the legislative statement attendant to the Act, OIFP was established to provide for "more effective investigation and prosecution" of insurance fraud than had previously existed. In its preamble to the Act, the Legislature recognized that, whether in the form of inappropriate medical treatments, inflated claims, staged accidents, or any other form, insurance fraud must be "uncovered and vigorously prosecuted."

Pursuant to AICRA, OIFP was established within the Division of Criminal Justice (DCJ) in the Department of Law and Public Safety (LP&S). OIFP is overseen and managed by the Insurance Fraud Prosecutor. The Insurance Fraud Prosecutor is appointed by the Governor, with the advice and consent of the Senate, and reports to the Attorney General.

As a law enforcement agency, OIFP's primary focus is criminal prosecution. AICRA also required, however, that to ensure the most effective coordination of public and private anti-fraud efforts, certain civil enforcement functions of the Division of Insurance Fraud Prevention,


Insurance Fraud Prosecutor
Deputy Chief Investigators
Civil and Criminal Investigations Oversight
Deputy Chief Counsels
Civil and Criminal Prosecutions Oversight
Civil Deputy Attorneys General
Case Screening, Litigation, and Analytical Support
Liaison
Auto / Property and Casualty
Health, Life, and Disability
Medicaid
Criminal
Assistant/Deputy Attorneys General, Criminal and Civil Investigators, Professionals, Clerical Support
Liaisons
Industry, Law Enforcement, Professional Boards, Prosecutors' Offices, Clerical Support
Criminal
Deputy Attorneys General, Investigators, Clerical Support
Civil
Investigators, Professionals, Clerical Support
Criminal
Deputy Attorneys General, Investigators, Clerical Support
Civil
Investigators, Professionals, Clerical Support
Criminal
Assistant/Deputy Attorneys General, Criminal Investigators, Professionals, Clerical Support

Department of Banking and Insurance (DOBI), would be transferred to OIFP pursuant to a plan of reorganization which became effective on August 24, 1998 (Reorganization Plan 0007-89).

As a result, under AICRA, OIFP is responsible for the investigation of all types of insurance fraud and is the focal point for criminal, civil, and administrative investigations and prosecutions of insurance and Medicaid fraud in New Jersey. OIFP is also responsible under AICRA for the coordination of all anti-insurance fraud efforts of law enforcement and other public agencies and departments in New Jersey, as well as private industry, to ensure the most effective and well integrated statewide strategy possible for combating insurance fraud.

OIFP-Criminal

Organizational and Operational Structure

OIFP-Criminal investigates and prosecutes all areas of insurance fraud, most of which involve health, life, disability, auto, homeowners' or commercial insurance coverages, including both claims and application underwriting fraud. State Investigators in the Division of Criminal Justice (DCJ), within the Department of Law & Public Safety (L&PS), who are assigned to OIFP are responsible for conducting OIFP's criminal investigations. OIFP's criminal cases are prosecuted by Deputy Attorneys General within DCJ, who are similarly assigned to OIFP. These State Investigators and Deputy Attorneys General are assigned to three specialized sections: Auto/Property and Casualty; Health, Life, and Disability; and Medicaid Fraud.

Deputy Attorneys General in each section are supervised by a Supervising Deputy Attorney General, while State Investigators in each section are supervised by a Supervising State Investigator. The Supervising Deputy Attorneys General report to the Insurance Fraud Prosecutor through their respective Deputy Chief Counsels. Supervising State Investigators report to the Deputy Chief Investigator in charge of criminal prosecutions, who in turn reports both to the Chief of Investigators for DCJ, as well as to the Insurance Fraud Prosecutor.

A team of analysts, technical assistants, paralegals, and other professional support staff provides support and assistance to the investigators and prosecuting attorneys in OIFP-Criminal. Support staff assist in organization and analysis of documents, records, and related data compiled in the course of conducting criminal investigations. They also perform case and financial analysis, legal research, case tracking, and other administrative functions. OIFP-Criminal operates utilizing a strike force model whereby the Deputy Attorneys General, State Investigators, and professional and clerical support staff work together to investigate and prosecute insurance fraud throughout the State.

(l to r) OIFP Liaison Section Chief John Butchko, DOL Section Chief Deputy Attorney General Jennifer Fradel, and Insurance Fraud Prosecutor Greta Gooden Brown participate in a panel discussion on Infoshare sponsored by High Point Insurance Company.

Auto/Property and Casualty Section

The Auto/Property and Casualty Section investigates and prosecutes a wide array of fraudulent insurance scams, from auto theft and "give up" schemes to insurance agent fraud.

Auto Theft and "Give Up" Schemes

A common type of automobile insurance fraud prosecuted by Deputy Attorneys General and Criminal Investigators assigned to the Auto/Property and Casualty Section in 2007 involved staged thefts of automobiles, commonly referred to as "give ups," or owner-initiated fraudulent auto theft claims. In these cases, the owner or lessee of a vehicle abandons the vehicle or turns it over (the "give up") to a person who agrees to dispose of the vehicle (the "middleman") on behalf of the owner or lessee. This past year, OIFP has re-doubled its efforts to investigate "give ups" by coordinating these investigations with the New Jersey Motor Vehicle Commission (MVC).

"Give ups" are most often perpetrated by two groups: the lessees who have exceeded the permitted mileage under a lease and are facing substantial lease end "penalty" payments to the vehicle leasing company, and the owners who want to hide the true fair market value of a worn or damaged car in order to recover from their insurance carriers the higher "book value" of a similar make and model in better condition. In either case, a middleman typically drives or tows the vehicle to a secluded location and attempts to destroy it completely, often by dousing the vehicle with an accelerant such

(l to r) Assistant Attorney General John Kennedy, Supervising State Investigator Joseph Abrams, Supervising Deputy Attorney General Scott Patterson, and Supervising State Investigator Barry Riley participate in a case review meeting.

as gasoline and burning it, to prevent its recovery and return to its owner.

Sometimes a vehicle's owner or lessee turns the vehicle over to a stolen car ring with established relationships with unscrupulous auto body repair shops, also known as "chop shops," which disassemble vehicles and sell the parts on the black market. In other instances, the vehicle is given a different vehicle identification number (VIN). This is known as "re-tagging" and prevents law enforcement from identifying the vehicle as stolen. Re-tagged vehicles can be sold to unsuspecting buyers both in and out of the United States. Some sales are made face-to-face; other sales are made through advertisements in trade newspapers or on Internet sites such as eBay. After a vehicle has been re-tagged, the owner or lessee typically files a fraudulent police report and insurance claim alleging the vehicle has been stolen in order to collect the insurance payout.

Staged Accidents, Fraudulent Personal Injury Protection (PIP) Claims, and Criminal Use of Runners

Staged accident rings, fraudulent PIP claims, and "runners" who commit insurance fraud were other hot areas for the Auto/Property and Casualty Section in 2007. Vehicle insurance policies in New Jersey provide medical benefits for persons injured in vehicular accidents as part of Personal Injury Protection (PIP) coverage. PIP insurance typically covers diagnostic testing and treatment for persons injured in automobile accidents. Because the extent of medical treatment is usually considered in evaluating the seriousness of a claimants' injuries, unscrupulous claimants have an incentive to seek more medical treatment than is necessary to enhance their prospects for an inflated monetary insurance settlement. Unscrupulous health and medical services providers have a similar incentive to provide unnecessary treatments.

Uninjured occupants of vehicles involved in collisions are sometimes contacted by "runners" and encouraged to pursue claims for purported "soft tissue" injuries, such as back sprains, more commonly known as "whiplash." Soft tissue injuries are frequently claimed because they often are not verifiable by common diagnostic tools and visualization techniques, such as x-rays and Magnetic Resonance Imaging (MRI).

"Runners" typically receive an illegal fee or commission for recruiting potential claimants and referring them to unscrupulous medical providers and attorneys who, in turn, benefit by providing unnecessary medical services or pursuing unwarranted legal claims for monetary damages. Some "runners" go so far as to plan and stage auto accidents to insure a steady flow of phony injury claimants. Under one common staged accident scenario, a conspirator drives past an unsuspecting motorist and stops abruptly, causing a rear-end collision in which the innocent driver appears to be at fault. Also common is the conspirator who encourages an unsuspecting motorist to proceed through a stop sign or out of a parking space, and quickly accelerates to cause a crash, again making it appear that the unsuspecting motorist is at fault.

Sometimes a "runner" or conspirator may claim to have been in an accident where there was no collision at all. To execute this scheme, a previously damaged vehicle is placed in a public location and the "runner" or conspirator reports that the vehicle and its occupants were the victims of a collision with a phantom "hit-and-run" vehicle. Persons who claim to be in auto accidents when they were not are commonly called "jump-in claimants."

Staged accident rings usually operate in heavily populated urban areas where law enforcement is already stretched thin in its fight against violent and drug-related street crime. Staged accident rings typically involve a combination of "players": claimants; "runners"; medical and chiropractic mills specializing in phony diagnostic testing and treatment; auto repair facilities; and investigators, office managers, paralegals, and attorneys who specialize in pursuing frivolous and fictitious claims.

Fictitious Insurance Identification Cards

This year, OIFP's Auto/Property and Casualty Section also prosecuted a large number of fictitious insurance identification card cases. Undoubtedly spawned by high auto insurance premiums, there is a considerable black market in New Jersey for counterfeit insurance identification cards. On the street, counterfeit insurance identification cards can sell for more than $200 each. Some drivers are willing to pay high prices for these phony cards to avoid purchasing more costly, legitimate automobile insurance policies.

Fraudulent Property Insurance Claims

The Auto/Property and Casualty Section also investigated and prosecuted fraudulent property insurance claims. These claims typically arise when homeowners and business owners falsely claim damage to their property or falsely claim a property loss in order to submit an insurance claim.

The recent slump in the housing market has brought an increase of referrals to OIFP of dishonest businessmen and contractors using fictitious certificates of liability insurance so that they may be awarded contracts to do repair work. These contractors often alter expired certificates, making it appear as though they are currently covered by liability insurance. Often the repair work

is not done to the satisfaction of the homeowner who is left with little recourse because the contractor was, in fact, uninsured.

Insurance Agent Fraud

The Auto/Property and Casualty Section also investigated and prosecuted licensed insurance agents who stole insurance premiums or engaged in a variety of fraudulent premium financing schemes. These latter cases are often complex, involve many insurance purchasing victims and/or insurance premium finance companies, and often result in theft of large sums of money.

Examples of the matters prosecuted by the Auto/Property and Casualty Section are reported in the OIFP Criminal Case Notes section of the 2007 Annual Report.

Health, Life, and Disability Section

As the cost of health care continues its upward spiral, it is the public, already weary of escalating health care costs, which unfortunately bears the financial burden of health care fraud through higher policy premiums, co-pays, and deductibles. Add to that the substantial costs of disability and life insurance fraud, and it is clear why the Health, Life, and Disability Section of OIFP continued its formidable mission in 2007 to combat insurance fraud within New Jersey.

Health Care Insurance Fraud

An act of health care claims fraud typically commences with a misrepresentation - a lie - about a claim for payment of the costs of a health care benefit provided pursuant to an insurance policy. One example of such fraud is the so-called "patient" who submits a bill for payment of services he or she never received. Another example is the health care services provider who files a claim for diagnostic testing never administered to the patient. Health care service providers are professionals licensed by the State of New Jersey, including physicians, dentists, pharmacists, chiropractors, physical therapists, nurses, and social workers. The Health, Life, and Disability Section investigates and prosecutes both "patients" and licensed professionals, whether they act alone or in conspiracy with others.

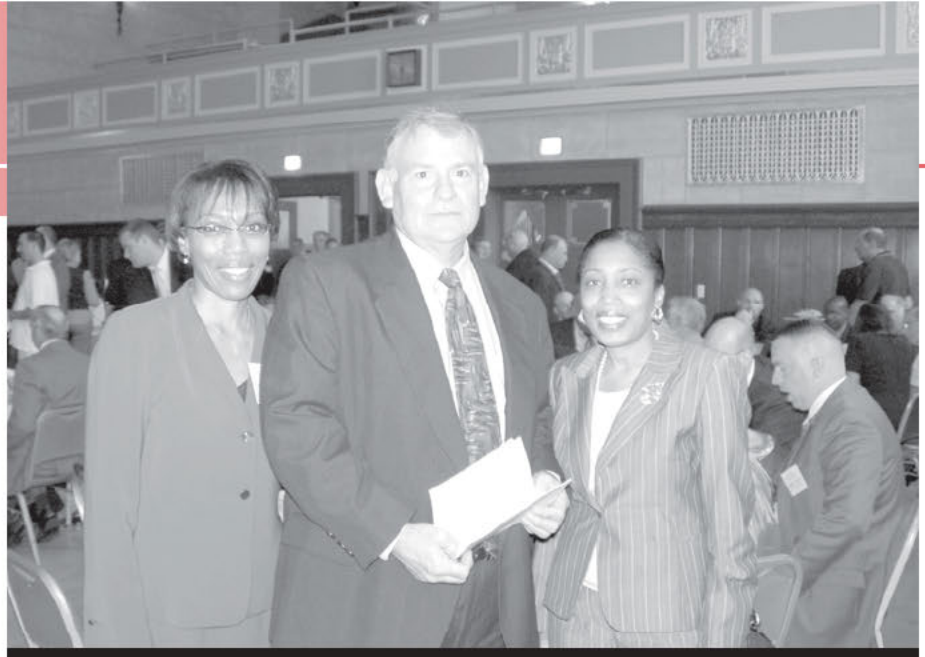
In addressing health care fraud, traditional crimes such as theft, conspiracy, and falsifying records may apply, but the premier charging weapon used by the Health, Life, and Disability Section is the Health Care Claims Fraud statute enacted by the New Jersey Legislature in 1997. N.J.S.A. 2C:21-4.3. A tremendous boon to health care fraud prosecutors, this statute criminalizes the mere submission of false claims by health care providers to insurance companies, regardless of the amount of payment sought or whether the claims were paid out by the insurer. For non-providers, the threshold level of payment sought from the insurance carrier to prove a second-degree criminal offense, whether attempted or actually received by the claimant, is only $1,000. Thus, the Health Care Claims Fraud statute presents a significant prosecutorial advantage over the far higher $75,000 threshold level of payment for both health care providers and non-providers required by traditional second-degree theft offenses. Penalties under the Health Care Claims Fraud statute apply to both health care providers and non-providers.

Life and Disability Insurance Fraud

This year, the Health, Life, and Disability Section also investigated and prosecuted false claims submitted for benefits under a life or disability policy or entitlement. Fraudulent life insurance benefits claims may involve the falsely represented death of a claimant, or the omission or falsification of critical risk assessment information in the application process. Disability fraud traditionally involves one of two scenarios: the claimant either asserts a non-existent disabling condition or knowingly fails to disclose income precluded by the disability policy.

Until 2003, the traditional criminal charges for acts of life or disability fraud were theft, conspiracy, and falsifying records. That year, the New Jersey Legislature enacted the Insurance Fraud statute, N.J.S.A. 2C:21-4.6, which, like its Health Care Claims Fraud counterpart, presents a significant advantage in combating fraudulent life and disability insurance claims. The Insurance Fraud statute criminalizes the mere submission

(l to r) Stephen R. Katzman, Esq., and Eric L. Harrison, Esq., from the law firm of Methfessel & Werbel, conduct a Mock Trial as part of OIFP's ongoing staff training.



(l to r) Assistant Attorney General Tracy Thompson, OIFP Senior Counsel Steve Cirillo, and OIFP Deputy Chief Counsel Norma Evans attend the 10th Annual Insurance Fraud Summit.

of a fraudulent claim for insurance benefits and provides that the crime is committed whether or not the proceeds are actually obtained by the claimant.

The Health, Life, and Disability Section of OIFP has successfully investigated and prosecuted many criminals under the Health Care Claims Fraud and Insurance Fraud statutes in 2007. Examples of the matters prosecuted by the Health, Life, and Disability Section are reported in the OIFP Criminal Case Notes section of the 2007 Annual Report.

Medicaid Fraud Section

In 2007, OIFP's Medicaid Fraud Section investigated and prosecuted all categories of Medicaid provider fraud, elder abuse and neglect, and fraud in the administration of the Medicaid program. Medicaid is a State and federally funded health insurance program that provides reimbursement for the health care expenses of the disabled, economically disadvantaged, and, more recently, those who work, but whose income and health benefits fall below certain levels. In New Jersey, the cost of the program is shared equally by the State and federal governments. The State's share of Medicaid expenditures represents approximately 15% of the State's annual budget.

The New Jersey Legislature has recognized that billions of dollars are spent each year on health care in New Jersey and approximately 10% of these costs can be attributed to fraud. Medicaid fraud is a serious problem with far ranging consequences, not only for taxpayers, but for those who depend on these programs for their health care. In order to preserve the financial integrity of the Medicaid health care system in New Jersey, the Attorney General deems it essential to maintain, within OIFP, a unit specially designated to investigate and prosecute Medicaid fraud cases.

Medicaid Funding

The Medicaid Fraud Section receives 75% of its operational funding from the federal government. Since the Medicaid Fraud Section typically recovers more money in restitution and penalties than the 25% State matched portion of its budget, the Medicaid Fraud Section provides an extremely cost effective means of combating fraud and abuse in the administration of the Medicaid program.

Changes to federal law authorize the Medicaid Fraud Section to also prosecute healthcare fraud in any federally funded healthcare program, including Medicare, when the case involves a connection to Medicaid fraud and the appropriate Inspector General of the federal agency involved consents. Moreover, changes in guidelines issued by the federal government encourage the Medicaid Fraud Section to negotiate civil settlements in appropriate cases, such as when there is sufficient evidence to make the determination that an overpayment has been made to a provider, but the evidence is insufficient to satisfy the higher burden of proof required at a criminal trial.

Medicaid Provider Fraud

This past year, the Medicaid Fraud Section investigated and prosecuted fraud committed by health care providers, including physicians, dentists, pharmacists, clinics, laboratories, mobility assisted vehicle services, nursing homes, durable medical equipment suppliers, and any other ancillary service providers who operate and administer services under the Medicaid program. Medicaid fraud occurs when a provider of Medicaid covered services fraudulently receives medical assistance payments to which he is either not entitled or in a greater amount than that to which he is entitled. In addition, the Medicaid Fraud Section investigates and prosecutes cases involving allegations of patient abuse and criminal neglect in health care and long-term care facilities, including nursing homes and related facilities.

Medicaid Prescription Fraud and Drug Diversion

The area of pharmaceutical medication is particularly vulnerable to Medicaid fraud. The high reimbursement rate of certain drugs, including cancer and AIDS/HIV medications, creates a motive for unscrupulous pharmacists to bill Medicaid for medication that is not actually dispensed. Assisting the pharmacies with this fraud are Medicaid beneficiaries or doctors, who supply the pharmacies with the prescription forms needed to submit fraudulent claims. In addition to defrauding the State, this crime also presents a health hazard to the public, because it creates an incentive for ill beneficiaries to sell, rather than take, their medication. It is not uncommon for a beneficiary to be offered hundreds of dollars by a pharmacy for a months' worth of antibiotic medication. For indigent individuals who have no source of income, this is an offer that may be difficult to refuse. Further, Medicaid fraud by pharmacies has created many smaller cottage industries of crime, including "runners" who solicit Medicaid beneficiaries, people who steal prescription pads, people who steal loose or discarded pills from hospitals, and people who offer kickbacks to beneficiaries to go to a particular pharmacy.

Medicaid Home Health Care Fraud

Another area of fraud that is growing in New Jersey and other states involves

home health care. The Medicaid program, as well as private insurance carriers, allows for reimbursement of claims for personal care provided by certified Personal Care Assistants (PCA), Homemaker-Home Health Aides (HHA), and Certified Nurse Aides (CNA) on an hourly basis. PCAs, HHAs, and CNAs are governed by the New Jersey Division of Consumer Affairs (DCA), which provides the educational and regulatory requirements for certification. Because the services of PCAs, HHAs, and CNAs are in a home setting, often with no witnesses other than the PCA/HHA/CNA and the patient, it is an area ripe for fraudulent activity. In 2007, the Medicaid Fraud Section indicted a company and several individuals for billing for services where the PCA/HHA/CNA did not provide services for the number of hours billed.

It is also not uncommon for a PCA/HHA/CNA to lack the certification necessary to perform the service, and yet bill Medicaid as though the PCA/HHA/CNA were certified. Another case prosecuted by the Medicaid Fraud Section in 2007 involved a CNA who lied about her identity to DCA to obtain her certification.

Medicaid Elder Abuse and Neglect Unit

The Medicaid Fraud Section also focuses on preventing financial harm and physical injury to the elderly and other Medicaid patients in institutions and hospitals, and prosecutes those who prey upon these vulnerable victims. OIFP, through its Elder Abuse and Neglect Unit in the Medicaid Fraud Section, investigates and prosecutes allegations of neglect and abuse of the elderly and disabled. With the rise of adult day care centers and intermediate to long-term care centers, the Section must also be vigilant in detecting fraud, including kickbacks and billing for services not rendered, in these settings.

Medicaid Financial Crimes

As criminals become more sophisticated in financial crimes, the Medicaid Fraud Section's prosecutions have become equally sophisticated. In 2007, the Medicaid Fraud Section indicted three individuals for first-degree racketeering and money laundering involving a scheme to defraud Medicaid by using a pharmacy as the hub of a stolen prescription medication operation.

Medicaid Civil Settlements

The Medicaid Fraud Section's ability to settle civil cases has proven to be very effective in protecting the Medicaid program from overpayments that would not otherwise be recovered. In addition, by collaborating with the Medicaid Fraud Control Units in 47 other states and the District of Columbia, as well as federal authorities, OIFP's Medicaid Fraud Section has aggressively pursued its settlement authority to recover monies from providers whose business is national in scope. Most of these cases, which have dramatically increased over the past several years, are initially filed under the federal False Claims Act. All monetary recoveries and penalties are generally allocated based upon a state's actual Medicaid damages. State and federal prosecutors work as a team on each case, negotiating the best possible settlement for their respective governmental entities. In addition to restitution and possible civil or administrative penalties, all settlements require a corporate integrity agreement and, where appropriate, criminal action against the offending parties. This year, the Medicaid Fraud Section recovered $2.1 million for New Jersey's Medicaid Program from federal False Claims Act settlements with three major corporations.

Examples of matters prosecuted by the Medicaid Fraud Section are reported in the OIFP Case Notes section of the 2007 Annual Report.

Matthew A. Werbel, Esq., of the law firm of Methfessel & Werbel, participates in a Mock Trial as part of OIFP's ongoing staff training.

OIFP-Civil

Organizational and Operational Structure

OIFP-Civil investigations are conducted by three bureaus located in the northern (Whippany), central (Lawrenceville), and southern (Cherry Hill) regions of the State. In 2007, 71 Civil Investigators were assigned throughout the State. A Managing Civil Investigator assumes the leadership role for each bureau. Each bureau is further divided into squads and each squad is headed by a Civil Squad Supervisor. The squads are further divided into two subject matter areas: health and life insurance and auto/property and casualty insurance. Overall, there are four Managing Civil Investigators and thirteen Civil Squad Supervisors.

(l to r) State Investigator Joseph Luccarelli, Assistant Attorney General John Kennedy, and Assistant Attorney General Louise Lester discuss the coordination of OIFP civil investigations with representatives of the County Prosecutors' Offices.

Each Managing Civil Investigator reports to the Deputy Chief Investigator who is responsible for and oversees all civil investigations.

At the conclusion of a civil investigation, if the assigned Civil Investigator determines that the fraud allegation is supported by the evidence, the investigator prepares and serves the subject with an administrative consent order for execution providing for an appropriate civil fine under authority of the Insurance Fraud Prevention Act. The proposed consent order includes a description of the violation, an admission of facts which establishes the fraud, and the amount of the fine. In addition, if the subject is a licensed person or entity for example, a physician, nurse, attorney, or auto body shop, the consent order also states that the subject's licensing authority will be notified that the subject entered into a consent order in an insurance fraud matter.

If a subject refuses to sign the proposed civil consent order, the case is referred to the Division of Law (DOL) for further action. Civil litigation by DOL's Insurance Fraud Deputy Attorneys General is typically pursued where evidence strongly indicates that the subject of the investigation has violated the Insurance Fraud Prevention Act and the subject has refused to execute a consent order or agreement requiring an admission and payment of an appropriate insurance fraud fine. Civil litigation is also pursued to enforce the provisions of a prior fraud settlement where the fine is delinquent. As with most litigation, a significant percentage of civil cases are settled before trial.

Regardless of how DOL Deputy Attorneys General resolve a matter, the resolution usually entails admissions which establish the fraud, fines, attorney fees, costs, and restitution. Matters are referred for licensing sanctions in appropriate cases. A fraud allegation involving automobile insurance which is adjudicated by court order may also require the suspension of driving privileges.

Civil Health and Life Unit

During 2007, OIFP-Civil noted the emergence of sophisticated types of fraudulent health schemes. Health care services in chiropractic and medical practices, as well as in nursing homes, were rendered by unlicensed individuals. Medical providers, attorneys, and medical billing companies used improper corporate structures and billing schemes. Medical management companies participated in an organized medical fraud ring. Civil health and life investigators participated in the execution of search warrants and otherwise assisted with criminal cases during investigations of these schemes.

Additionally, in 2007, investigators uncovered medical coding fraud and anesthesia abuse in which health care providers overcharge the time spent with each patient and misrepresent the levels of sedation provided during surgery. Also prevalent was the fraudulent billing for absent co-surgeons and surgical assistants, and inaccurate time reporting for operating room maintenance. These fraudulent billing schemes are often undertaken by health care providers connected with ambulatory surgical care facilities.

Another recent fraudulent billing trend involves chiropractic practices where unlicensed aides perform physical modalities that under New Jersey law can only be conducted by a licensed chiropractor. OIFP regularly detects fraudulent billing coding for traction, electromyography, and exercise therapy performed by unlicensed aides, both in individual and small group patient settings. OIFP investigators coordinate with the New Jersey professional licensing boards to impose sanctions against these fraudulent medical providers.

Along with the aging of the "baby-boomer" population is a dramatic increase in the number of applications for supplemental health insurance, in which insurance companies issue policies covering the cost of health care over and above that which is offered in existing retirement plans. Fraudulent applications hide critical and material facts, such as previously existing medical conditions, from the insurance companies, leading to an upward trend in the number of health insurance application fraud cases.

Civil Auto/Property and Casualty Unit

During 2007, the Auto/Property and Casualty Unit investigated staged accidents, automobile thefts, fraudulent insurance cards, automobile arson, agent fraud, phony property damage, and fraudulent commercial and homeowners' claims.

With advances in computer technology, insurance companies can now process insurance applications on-line. Unfortunately, the use of on-line applications has spawned new types of fraudulent insurance application schemes, including the inability to identify the applicant, identity theft, lack of signatures, misrepresentation of facts such as the status of bank accounts, the use of inaccurate and/or closed bank account numbers, and the absence of an agent to read, review, or witness the applications.

Once a policy is purchased electronically, temporary insurance cards are immediately issued, often resulting in fraudulent insurance coverage. OIFP-Civil is continually working with insurance companies and carriers by policing the Internet and adding new security systems to prevent the occurrence of on-line acts of fraud.

Identity theft is no longer associated only with credit card fraud, but has branched out into insurance fraud. In

this type of theft, the subject fraudulently obtains and utilizes another individual's personal data to acquire insurance coverage. This may involve acquisition of fraudulent drivers' licenses, the use of personal checks, and the theft of other related documentation needed to obtain fraudulent insurance coverage. Referrals related to identity theft cases involving insurance fraud are made to OIFP directly by insurance companies, victims, and other law enforcement agencies. While many of these referrals initially begin as civil insurance fraud investigations, they may also result in criminal prosecution. OIFP is committed to working with insurance companies to determine and define the indicators of identity theft to successfully prevent insurance fraud victimization.

In 2007, OIFP noted a slight decline in the number of referrals of auto theft cases. This decline may be due to the increased use of more complex and comprehensive anti-theft transponder systems. A transponder system is a computer-based, anti-theft system built into automobiles to deter auto thefts. Transponder systems are believed to be "undefeatable." Car thieves, however, boast of their ability to override transponder systems with computerized devices readily available to the public for purchase over the Internet. Some car thieves seek employment with automobile dealerships in an attempt to obtain computer-coded transponder keys to bypass sophisticated anti-theft devices.

Despite modern anti-theft technology, auto theft still is a significant concern in New Jersey. OIFP-Civil monitors the performance of transponder systems to determine if their use decreases auto theft, and provides law enforcement agencies with the most current training to confront new trends in auto thefts.

Case Screening, Litigation, and Analytical Support Section (CLASS)

Referrals

Most cases investigated by OIFP in 2007 were the result of referrals from the Special Investigation Units (SIU) of insurance companies which are required by law to refer matters of suspected insurance fraud to OIFP. N.J.S.A. 17:33A-9. OIFP's well publicized hotline and interactive Web site also generate a significant number of referrals to OIFP. OIFP's statutory reward program, which provides a monetary reward for information leading to the arrest, prosecution, and conviction of an insurance fraudster, gives private citizens a monetary incentive to report fraud. N.J.S.A. 2C:21-4.7 and N.J.A.C. 13:88-3. Other law enforcement, regulatory, and administrative agencies make a significant number of referrals to OIFP. All referrals to OIFP are screened and reviewed by the Case Screening, Litigation, and Analytical Support Section (CLASS).

(l to r) Civil Squad Supervisor Gregory Wallack and Managing Civil Investigator Michelle Apgar review an investigative report.

Coordination with County Prosecutors' Offices

The County Prosecutors' Offices report targets and defendants under investigation by their offices on a monthly basis. OIFP opens a substantial number of civil insurance fraud investigations based on these reports. CLASS assists in identifying potential civil cases from these reports, and assigns them for civil investigation. In order to ensure effective coordination between OIFP and County Prosecutors' Offices, OIFP has designated four Civil Investigators as the primary points of contact responsible for coordinating OIFP's actions with those of the County Prosecutors. Regardless of whether those subjects are ultimately prosecuted by the County Prosecutors' Offices, the subjects are investigated by OIFP-Civil whenever the allegations appear to constitute a civil violation of the Insurance Fraud Prevention Act.

Case Screening and Assignment

Upon receipt, all referrals of suspected insurance fraud are date stamped, classified by OIFP region and type of insurance fraud, and subjected to an initial screening by CLASS to determine whether a crime and/or potential civil violation has occurred. If the referral is deemed appropriate for a criminal investigation, the case is assigned to the appropriate section and becomes the responsibility of an OIFP Criminal Investigator and a Deputy Attorney General. If the referral is deemed appropriate for a civil investigation, the case is assigned

Deputy Chief Investigator Nancy Beiger discusses investigative strategies.

accordingly and, initially, becomes the responsibility of an OIFP Civil Investigator, with legal guidance provided by a Deputy Attorney General.

Of the referrals to OIFP in 2007, CLASS identified 2,700 as warranting further investigation following initial review and screening. Referrals not warranting assignment after initial screening are entered into OIFP's database for future reference should additional information come to light. Many referrals identified for investigative follow-up are assigned initially to OIFP-Civil. However, as noted, some referrals may be assigned directly for criminal investigation immediately following initial screening. Civil investigations are continually monitored and evaluated with respect to their potential for possible criminal prosecution. Many of the criminal prosecutions handled by OIFP-Criminal were, in fact, initiated as civil insurance fraud investigations. Most of the cases prosecuted criminally by OIFP have both civil and criminal components. This procedure ensures the most efficient allocation of OIFP resources and preserves the confidentiality of privileged law enforcement files.

OIFP Liaison and Coordination Functions

In crafting the Automobile Insurance Cost Reduction Act (AICRA), the Legislature recognized the critical importance of coordinating the diverse activities of the many public and private entities in New Jersey involved with combating insurance fraud. To address this need, AICRA required that OIFP designate a section of the office to assume responsibility for establishing a liaison and for maintaining open channels of communication between OIFP and other law enforcement and governmental agencies, as well as insurers. In so doing, AICRA effectively mandates the consolidation and coordination of a variety of fraud fighting functions under the umbrella of OIFP. AICRA further requires the use of resources among public agencies to achieve the most effective and integrated system to combat insurance fraud within the law enforcement community. To achieve these objectives, the Liaison Section of OIFP includes a County Prosecutor Liaison, a Law Enforcement Liaison, an Insurance Industry Liaison, and a Professional Boards Liaison.

County Prosecutors' Offices

As the local prosecuting authority in each county, County Prosecutors' Offices play a critical role in OIFP's comprehensive statewide strategy to combat insurance fraud. By virtue of their ability to work with local informants and their familiarity with local trends and demographics, County Prosecutors' Offices are particularly well suited to investigate and prosecute potential cases of insurance fraud that might otherwise remain undetected.

To support and encourage the efforts of County Prosecutors in the investigation and prosecution of insurance fraud, and to enhance their fraud fighting capabilities, AICRA ensures that they receive both technical and financial support. Technical support, including training and coordination, is provided through OIFP's County Prosecutor Liaison, while financial support is provided through a funding program administered by OIFP.

During 2007, the Attorney General, through OIFP, provided $3.1 million in funding to 17 of the 21 County Prosecutors' Offices. County Prosecutors have relied upon the funds to fund fraud fighting personnel, including Assistant Prosecutors and Investigators, and to purchase equipment for combating insurance fraud. OIFP also continued its training program for County Prosecutor investigative and prosecutorial personnel by conducting a full-day seminar at the Dempster Training Academy in Lawrenceville, New Jersey, on May 16, 2007. In addition, OIFP personnel conduct periodic site visits to County Prosecutors' Offices to review their fraud fighting programs and provide guidance and assistance in investigating and prosecuting insurance fraud cases, as well as identifying new initiatives.

OIFP liaison personnel are also responsible for the coordination of insurance fraud case referrals, investigations, and prosecutions between OIFP and County Prosecutors' Offices, as well as other law enforcement agencies. In order to coordinate investigations and prosecutions, avoid duplication of effort among law enforcement agencies, and ensure that OIFP identifies appropriate cases for the imposition of civil penalties, County Prosecutors' Offices provide OIFP with a monthly update as to the status of all insurance fraud related matters pending within each County Prosecutor's Office. Information provided by County Prosecutors' Offices is entered and maintained in OIFP's broader investigative and case tracking database.

Law Enforcement

AICRA recognized that coordination among law enforcement agencies at every level is crucial to ensuring the effectiveness of a broad-based program to reduce the incidence of insurance fraud. Aggressive enforcement requires the sharing of information and resources among law enforcement professionals, from the local police officer checking a driver's license, an insurance identification card, and a registration card, to State and federal investigators probing sophisticated insurance scams. OIFP's Law Enforce-

ment Liaison maintains open lines of communication with municipal, county, State, and federal law enforcement officials to meet these objectives.

One such method is the distribution of the Uninsured Motorists Identification Directory (UMID) which assists officers in the field in identifying counterfeit auto insurance identification cards. The Law Enforcement Liaison also maintains communication with organizations such as the New Jersey Special Investigators Association (NJSIA), the Special Investigators of Greater Newark (SIGN), the International Association of Special Investigation Units (IASIU), and the New Jersey Vehicle Theft Investigators (NJVTI), whose members include representatives from the law enforcement community and the private sector engaged in the investigation of insurance fraud.

The Law Enforcement Liaison also provides assistance to local law enforcement agencies in the identification, investigation, and charging of insurance fraud offenses by developing and coordinating insurance fraud training for the law enforcement community. Except in a handful of urban areas which have served as hubs for auto insurance fraud over the years, most local law enforcement agencies are not trained to deal with the challenges presented by the subtleties and complexities of insurance fraud. To address the need for insurance fraud training of the local law enforcement community and to enlist the participation of local law enforcement agencies in the battle against insurance fraud, the OIFP Law Enforcement Liaison coordinates periodic fraud training programs for law enforcement personnel throughout the State.

In 2007, the Law Enforcement Liaison coordinated three law enforcement meetings in both the northern and southern regions of the State with officials from the respective law enforcement community. Each meeting offered a host speaker who provided information on current trends in the insurance fraud arena.

In addition, during 2007, the Law Enforcement Liaison facilitated a hands-on training given by the New Jersey Vehicle Theft Investigators (NJVTI) to 20 OIFP investigators to assist them in their investigations of auto fraud. In October 2007, the Law Enforcement Liaison coordinated a "Methods of Instruction" class to qualify insurance fraud investigators to instruct at New Jersey police academies. A month later, the Law Enforcement Liaison coordinated the development and implementation of "Sworn Statement" training to all OIFP civil and criminal investigative staff.

Insurance Industry

Success in the battle against insurance fraud also hinges upon a cooperative and mutually supportive partnership between law enforcement and the private insurance industry. OIFP's Insurance Industry Liaison is primarily responsible for maintaining OIFP's close working relationship with private industry. In addition, the Insurance Industry Liaison is assigned to coordinate OIFP activities with the Department of Banking and Insurance (DOBI), the Motor Vehicle Commission (MVC), and various industry trade groups. The Insurance Industry Liaison's activities have been instrumental in ensuring the continuing progress of anti-fraud programs statewide.

As the primary point of contact, the Insurance Industry Liaison routinely provides advice, guidance, and technical assistance to members of the insurance industry. As a charter member of the New Jersey Special Investigators Association (NJSIA), the Insurance Industry Liaison has also been instrumental in organizing and promoting the two-day Annual NJSIA Conference, which has served over the years to offer invaluable training and networking opportunities for insurance fraud professionals from both the public and private sectors. The Annual NJSIA Conference is the most highly attended conference of its kind in the United States and provides some of the most valuable educational and training opportunities available today for insurance fraud professionals.

In an ongoing effort to keep pace with the quickly changing world of insurance fraud investigations, during

2007 Licensing Sanctions Imposed on Insurance Professionals by the Department of Banking and Insurance

	Suspension	Revocation	Surrender	Other	TOTAL
Public Adjusters	0	0	0	0	0
Real Estate Agents	0	0	0	0	0
Insurance Producers	0	6	0	0	6
TOTAL	0	6	0	0	6

2007, the Liaison Section coordinated in-service training workshops for OIFP's attorneys and investigative staff. Some training was designed to educate new personnel transferred to OIFP as a part of the Division of Criminal Justice's reorganization on the basics of insurance fraud investigations. Other workshops were developed for veteran staff to identify new and emerging insurance fraud schemes and trends. The training was provided by recognized experts from the industry's SIU community in the areas of auto, property, injury, disability and workers' compensation fraud. Training was also provided on the most current and effective use of new technologies available for insurance fraud investigations.

The OIFP Insurance Industry Liaison also played a prominent role in the planning and organization of the Annual Insurance Fraud Summit sponsored jointly by NJSIA and the Insurance Council of New Jersey (ICNJ). At the October 4, 2007, Summit, executives from the insurance industry and senior level staff from the Office of the Attorney General, DOBI, and OIFP presented over 250 attendees with information about OIFP's cases, programs, and initiatives, as well as new fraud trends and schemes.

In addition, during 2007, OIFP's Insurance Industry Liaison hosted or participated in numerous meetings with various industry and trade groups dedicated to combating insurance fraud. These meetings included ongoing working group meetings with industry professionals focusing on areas of shared concern, such as workers' compensation premium insurance fraud.

The Insurance Industry Liaison is also responsible for referring and tracking insurance fraud related matters involving businesses and individuals licensed by DOBI. The Insurance Industry Liaison serves as OIFP's primary contact person for DOBI. In this capacity, the Insurance Industry Liaison served as a key member in the periodic meetings of the DOBI/OIFP Interface Group. Those meetings were attended by representatives of DOBI's Enforcement Division, which oversees the tracking and coordination of case dispositions involving licensed producers, public adjusters, and real estate agents.

Professional and Occupational Boards

Committing civil or criminal insurance fraud can result in professional license suspension, revocation, or other disciplinary actions. Coordination is necessary to ensure that professional licensing boards within the Division of Consumer Affairs (DCA), in the Department of Law and Public Safety (L&PS), are alerted promptly when a licensee is the subject of an OIFP investigation. Responsibility for coordinating OIFP's activities with those of the professional and occupational boards is assigned to OIFP's Professional Boards Liaison who, prior to joining OIFP in 1998, served as an Executive Director of the New Jersey State Medical Board. Procedures implemented by the Professional Boards Liaison provide for prompt notification to the professional licensing

2007 Sanctions Imposed on Licensed Professionals by Professional Licensing Boards

	Suspension	Revocation	Voluntary Surrender	Reprimand	TOTAL
Audio & Speech Pathology	1	0	0	1	2
Chiropractic	6	1	0	1	8
Cosmetology	0	1	0	0	1
Dental	1	2	2	4	9
Medical	4	3	0	2	9
Nursing	1	1	0	4	6
Pharmacy	2	0	1	1	4
Social Work Examiners	0	1	0	0	1
TOTAL	15	9	3	13	40

boards by OIFP when licensees are the subject of OIFP investigations. These procedures also provide for reciprocal notification of OIFP by the professional licensing boards so that OIFP can initiate a civil or criminal investigation, as warranted.

The specific duties of the Professional Boards Liaison include the maintenance of a comprehensive database of insurance fraud complaints involving professional licensees, including information as to the nature of such allegations, the source of the referral, and the status of the matter within DCA's Enforcement Bureau and OIFP. To provide for the periodic review and discussion of licensees under suspicion for insurance fraud, the Professional Boards Liaison also established and chairs the Liaison and Continuing Communications Group. The group is comprised of intermediate and upper level OIFP supervisory investigative and legal staff and representatives of DCA's Enforcement Bureau. The group meets bi-monthly to track the status and progress of active cases of professional licensees under investigation by either agency. Maintaining the database and convening the monthly meetings facilitate the ongoing exchange of information necessary for the detection and investigation of insurance fraud committed by professional licensees.

During 2007, the Liaison and Continuing Communications Group continued to monitor 575 active insurance fraud related cases. Since its establishment in October 1998 through the end of 2007, the Group reviewed and resolved 1,371 cases through administrative closure, civil or criminal disposition by OIFP, or licensing sanctions by the appropriate professional board. Through this collaborative effort, professional and occupational boards within DCA took disciplinary action against 40 professionally licensed individuals in 2007.

OIFP'S Asset-Forfeiture Program

In 2007, OIFP implemented a civil asset-forfeiture program. Asset forfeiture is a civil remedy allowing the State to seize the proceeds and instrumentalities of criminal activity from the perpetrators of crimes. Any property with a direct connection to the crimes may be seized. Seized assets can be used to pay restitution to victims of the perpetrator's crimes.

Forfeiture law permits OIFP to seize assets early in a criminal investigation, often as early as when search warrants are executed. This allows seizure or restraint of stolen insurance proceeds or premiums and any property purchased with the stolen funds before insurance fraudsters have an opportunity to hide, spend, or otherwise prevent recovery of assets by OIFP. The same is true of property that is used in furtherance of the crimes alleged. Thus, bank accounts, investment accounts, real property, vehicles, and any other property with a nexus to the criminal activity may be seized by the State.

In 2007, during the first ten months of the program's operation, OIFP seized assets valued at more than $3.4 million:

- OIFP seized a parcel of real property valued at $1.25 million used by Robert Christopher Associates, Inc., doing business as Robert Christopher Collision, in furtherance of a scheme to bill for auto body repair work not performed and for work performed after the employees purposely caused greater damage to the vehicles left by their owners for repairs.
- OIFP seized more than $2.2 million in assets seized in a Medicaid fraud scheme involving individuals who operated pharmacies in northern New Jersey and fraudulently billed insurance carriers for AIDS/HIV and other expensive medications that were not dispensed to patients. These assets include 12 financial accounts containing more than $786,000; seven vehicles including a 2007 Mercedes-Benz and a 2007 Lexus; and four parcels of real property valued at well over $1.3 million.
- OIFP seized two vehicles used by an individual to print and distribute counterfeit motor vehicle identification cards.
- OIFP forfeited two vehicles seized earlier that had been used by a police officer and a retired police officer to transmit police accident reports and transfer cash payments as part of a "PIP Mill" conspiracy in which "runners" illegally solicited individuals listed in the police reports for treatment at a chiropractic office. This case was resolved by consent of the defendants, resulting in the successful forfeiture of the two cars used during the commission of the fraudulent activity

OIFP Criminal Investigations and Prosecutions Statistics
January 1, 2007 - December 31, 2007

New Cases Opened	458
Indictments/Accusations Filed	156
Number of Defendants Charged	218
Number of Defendants Convicted	149
Number of Defendants Sentenced	205
Number of Defendants Sentenced to State Prison Total Number of Years	25 143
Number of Defendants Sentenced to County Jail Total Number of Years	89 4
Total Criminal Fines Imposed	$51,750
Total Criminal Penalties Imposed	$32,945
Total Civil Penalties/Fines Imposed in Medicaid Cases	$2,575,983
Total Restitution Imposed	$7,082,036[1]

[1]This total includes restitution imposed in criminal and civil actions.

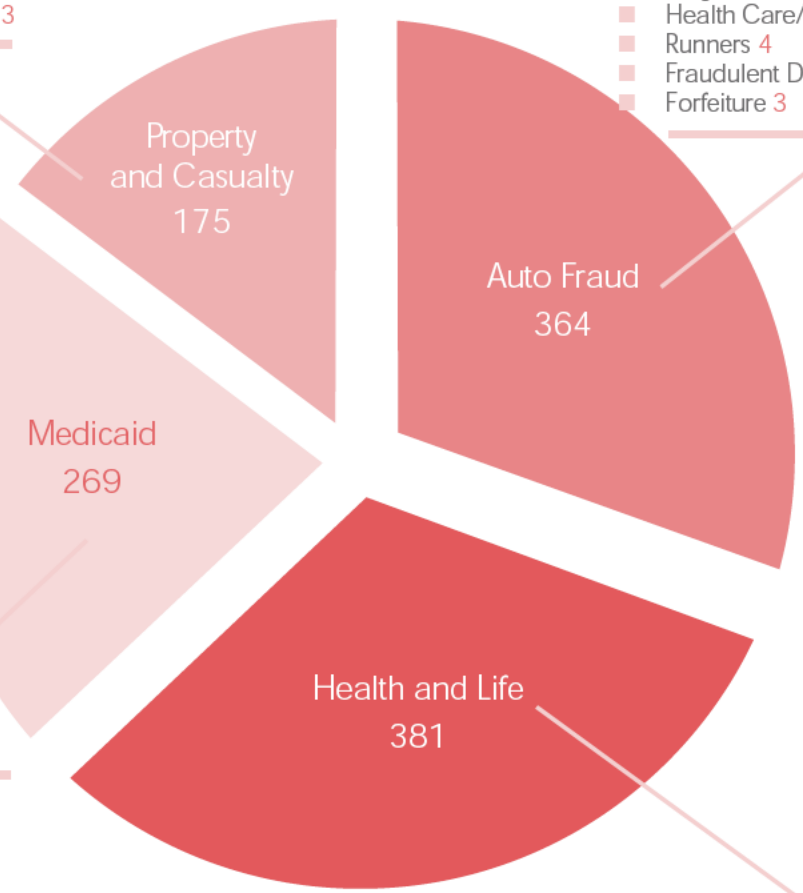
OIFP Civil Investigations and Litigation Statistics[2]
January 1, 2007 - December 31, 2007

Civil Investigations	Number	Dollar Amount
New Cases Opened	4,510	
Number Forwarded for Investigation	2,491	
No Investigation Warranted	2,019	
Sanctions Imposed		
Insurance Fraud Letters of Admonition	247	
Administrative Consent Orders Issued	352	$1,493,000
Administrative Consent Orders Executed	221	$918,500
Settlements Entered	46	$337,025
Judgments Entered	171	$1,170,206
Complaints Filed	68	
Collections (Department of Banking and Insurance)[3]		
Number of OIFP Accounts Paid in Full	304	
Total Amount Received		$1,603,644

[2]These statistics comprehensively reflect the number of discrete actions undertaken by OIFP in pursuing civil sanctions against insurance fraud violators. 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.

Criminal Cases Investigated in 2007 by Fraud or Provider Type



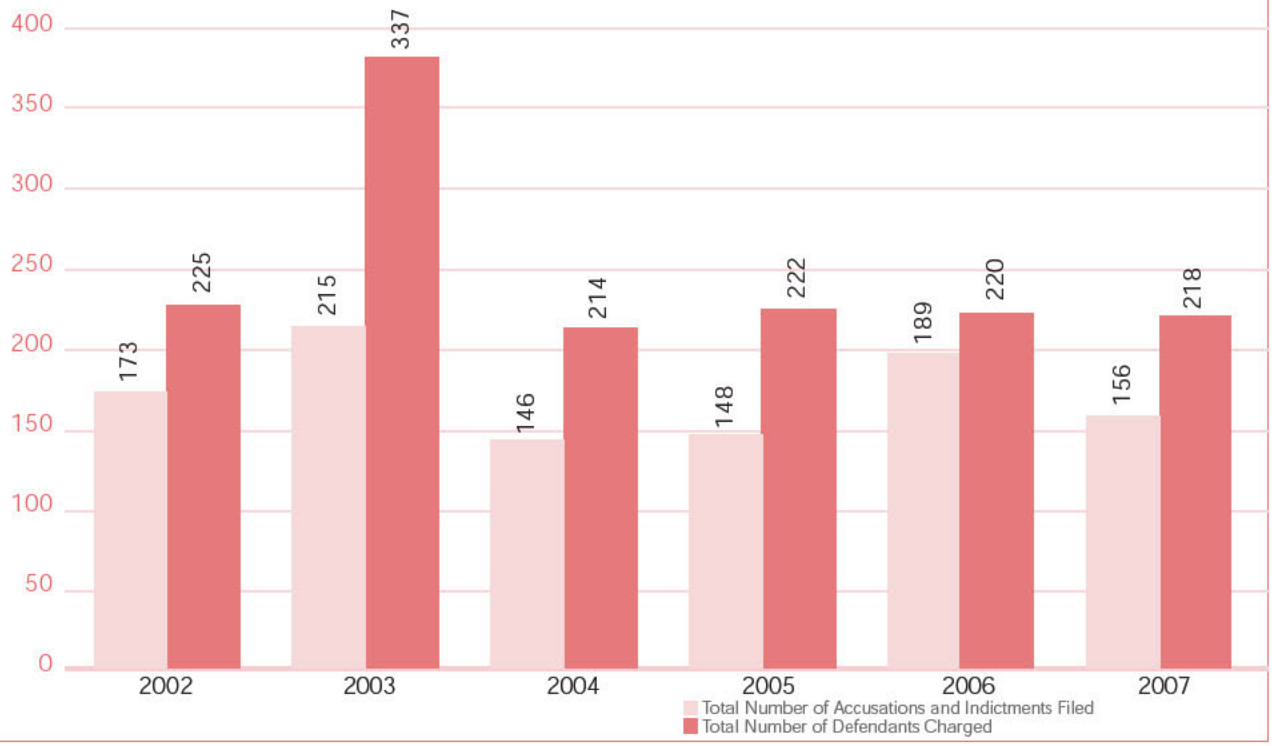
- False Documents 40
- Liability Insurance 27
- Miscellaneous 22
- False Claims 20
- Premium Fraud 20
- Agent Fraud 19
- Misappropriation/ Embezzlement/Theft 19
- Property 5
- Commerical Insurance 3

- Fraudulent Insurance Cards 73
- Staged Thefts/"Give Up" Schemes 68
- Miscellaneous 54
- False Claims 37
- Theft 33
- False Documents 28
- Arson 18
- Mismatched VINs 17
- Staged Accidents 15
- Health Care/PIP/BI 11
- Runners 4
- Fraudulent Drivers' Licenses 3
- Forfeiture 3

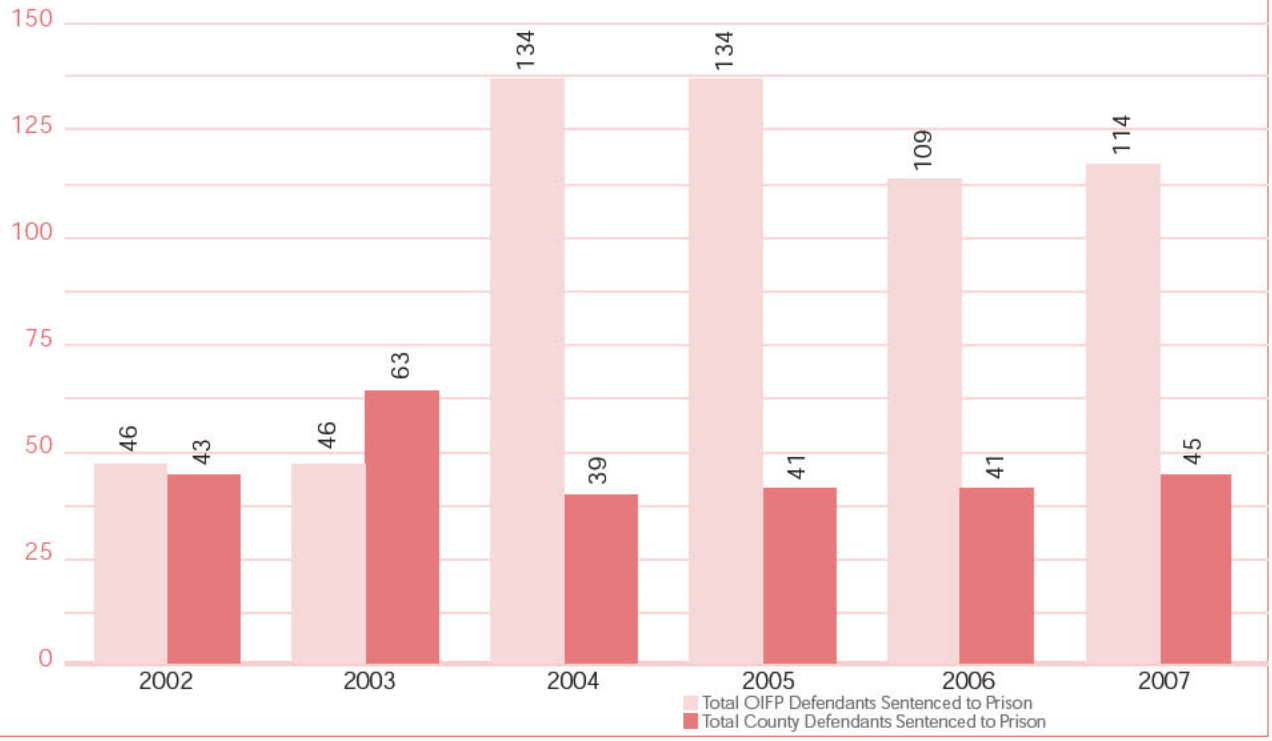
- Pharmacy 45
- Facility Other 30
- MD/DO 29
- Miscellaneous 27
- Pharmaceutical Manufacturer 25
- Patient Abuse 18
- Nursing Facility 17
- Patient Funds 14
- Program Other 12
- Medical Support Other 10
- Dental 9
- Transportation 9
- Home Health Agency 8
- Home Health Aide/Nurse 8
- Durable Medical Equipment 6
- Forfeiture 2

- False Documents 136
- Disability Insurance/ Workers' Compensation 86
- Health Care Claims Fraud 47
- Misappropriation/Embezzlement 29
- Miscellaneous 28
- Prescription Fraud 27
- Fraudulent Health Insurance 12
- Health Plan Administration 7
- Practicing Without a License 5
- Forfeiture 4

OIFP 2002-2007 Criminal Charges Summary



OIFP & County Prosecutors' Offices-Total Defendants Sentenced to Prison 2002-2007



New Jersey Observes Second Annual Insurance Fraud Awareness Month

In October 2007, OIFP, working in conjunction with the Insurance Council of New Jersey (ICNJ) and the New Jersey Special Investigators Association (NJSIA), celebrated the second annual "Insurance Fraud Awareness Month." Several anti-insurance fraud events traditionally sponsored by OIFP and various industry trade organizations during the month of October are now coordinated as a way to heighten public awareness of the impact of insurance fraud on New Jersey's residents and to spotlight New Jersey's nationally recognized anti-insurance fraud efforts. Some of the special events commemorating this year's Insurance Fraud Awareness Month included the Tenth Annual New Jersey Insurance Fraud Summit, the Second Annual Anti-Fraud Awareness Essay Contest for High School Seniors, the Seventeenth Annual New Jersey Special Investigators Training Seminar, OIFP and Industry Working Group meetings, the publication of the Fifth Edition of OIFP's Uninsured Motorists Identification Directory (UMID), and the presentation of OIFP's first cash reward to an insurance fraud tipster.

Tenth Annual New Jersey Insurance Fraud Summit

Since its creation in 1998, OIFP has hosted a statewide Insurance Fraud Summit during the month of October, jointly sponsored by ICNJ and NJSIA. For the tenth consecutive year, executive-level representatives from the State's insurance industry, government officials, and members of the law enforcement community committed to the detection, investigation, and prosecution of insurance fraud, gathered to collectively review this year's accomplishments, discuss programmatic and policy issues, and suggest legislative and regulatory changes to enhance New Jersey's ability to effectively curb insurance fraud.

Dennis Jay, Executive Director of the Coalition Against Insurance Fraud (CAIF), a Washington, D.C.-based public policy and advocacy group supporting anti-insurance fraud efforts nationally, provided the opening keynote address, which was followed by breakout sessions covering specific topics of interest for over 250 attendees. During the Summit, OIFP also recognized Special Investigation Units and individuals who have made significant contributions to anti-fraud efforts. The 2007 Prosecutor's Excellence in Investigation Award was presented to State Farm Indemnity Company. In addition, NJSIA received the 2007 OIFP Recognition Award.

OIFP Receives Legislative Honors at the Tenth Annual New Jersey Insurance Fraud Summit

Assemblyman Louis D. Greenwald addresses the attendees at the 10th Annual Insurance Fraud Summit.

On October 4, 2007, at the Tenth Annual New Jersey Insurance Fraud Summit, OIFP was honored by the New Jersey Senate and General Assembly with a ceremonial Joint Legislative Resolution. This Joint Legislative Resolution was sponsored by Senate President Richard J. Codey, Assembly Speaker Joseph J. Roberts, Jr., Assemblyman Louis D. Greenwald, Assemblywoman Pamela R. Lampitt, and all members of the Legislature and provides:

WHEREAS, The Senate and General Assembly of the State of New Jersey are pleased to honor and salute the New Jersey Office of the Insurance Fraud Prosecutor, a highly esteemed agency within the Garden State, upon the occasion of the Tenth Annual New Jersey Insurance Fraud Summit at the War Memorial in Trenton on October 4, 2007; and,

WHEREAS, The Office of the Insurance Fraud Prosecutor has compiled an impressive record of service since it was created in 1998 to provide more effective investigation and prosecution of all types of insurance fraud, including criminal, civil and administrative investigations and prosecution of insurance and Medicaid fraud in New Jersey; and,

WHEREAS, The Office of the Insurance Fraud Prosecutor, which is part of the New Jersey Division of Criminal Justice in the Department of Law and Public Safety, is also committed to the coordination of all anti-insurance fraud efforts of law enforcement and other public agencies and departments in New Jersey, as well as private industry; and,

WHEREAS, The Office of the Insurance Fraud Prosecutor has become a national leader in fighting insurance fraud, and, according to the Coalition Against Insurance Fraud, a Washington D.C.-based public policy and advocacy organization, New Jersey's O.I.F.P. ranks fourth in the number of fraud convictions, second in the amount of restitutions, and first in the number of civil sanctions out of forty-seven state fraud bureaus; and,

WHEREAS, The people of the State

First Assistant Attorney General John Vazquez addresses attendees at the 10th Annual Insurance Fraud Summit.

of New Jersey are genuinely indebted to dedicated and committed agencies, exemplified by the Office of the Insurance Fraud Prosecutor, which are devoted to improving the quality of life in the Garden State; and,

WHEREAS, It is altogether fitting and proper for the New Jersey Legislature to note the Tenth Annual New Jersey Insurance Fraud Summit, and to salute the Office of the Insurance Fraud Prosecutor as an important and praiseworthy agency; now, therefore,

Be It Resolved by the Senate and General Assembly of the State of New Jersey:

That this Legislature hereby honors and salutes the Office of the Insurance Fraud Prosecutor, commends the tireless and dedicated service of its leadership and staff, and extends sincere best wishes for continued success and vigor in the years ahead; and,

Be It Further Resolved, That a duly authenticated copy of this resolution, signed by the Senate President and the Assembly Speaker and attested by the Senate Secretary and the Assembly Clerk, be transmitted to the New Jersey Office of the Insurance Fraud Prosecutor.

Second Annual "Anti-Fraud Awareness Essay Contest for High School Seniors"

In a proactive effort to educate future insurance consumers about the significant burden insurance fraud places on our society, OIFP, ICNJ and NJSIA sponsored the Second Annual "Anti-Fraud Awareness Essay Contest for High School Seniors." In mid-August, notices were mailed to more than 480 public and private high schools throughout New Jersey, inviting seniors to compete for $2,250 in scholarship funds donated by ICNJ and NJSIA. Participants were required to write a short essay of 500 words or less on the topic "What is the Impact of Insurance Fraud on the Residents of New Jersey?".

OIFP received more than 80 essays from high school seniors throughout the State. Following pre-established criteria, including written expression, creativity and language mechanics, a panel of representatives from OIFP, ICNJ and NJSIA read and graded all submitted essays and identified fifteen finalists. Using the same criteria, New Jersey Insurance Fraud Prosecutor Greta Gooden Brown, NJSIA President Pete Vasquez, and ICNJ President Magdalena Padilla reviewed the finalists' essays and selected the contest winners. On October 30, 2007, an awards ceremony took place at the New Jersey State House recognizing the winners. Laura Cawley of Bridgewater Rartian High School was awarded first place and received a $1,000 scholarship. Chris Puks of Hamilton High School West was awarded second place and received a $750 scholarship. Anthony Weigand of Hamilton High School West was awarded third place and received a $500 scholarship. The winning essays are reproduced below:

1st Place

Laura Cawley

Bridgewater Raritan High School

What is the Impact of Insurance Fraud on the Residents of New Jersey?

Insurance protects us from unexpected losses that we would otherwise not be able to afford. Insurance helps us when help is most needed; from fires to floods, from car accidents to disability with insurance, help is on its way. The business model for insurance is relatively simple. Profit is equal to earned premium plus investment income minus the incurred loss and underwriting expense. When fraud enters the equation it artificially increases the incurred loss and that directly affects the customers' premiums. The cost of premiums affects our bank accounts and those of our neighbors and loved ones. The tentacles of insurance fraud reach deep into every New Jersey resident's lives.

The Insurance Information Institute estimates that fraud accounts for 10 percent of the property/casualty insurance industry's incurred losses and loss adjustment expenses. Fraud and the cost of fraud, reaches into our homes, our employers, touches our neighbors and loved ones. Shady car repairs, air bags "replaced" with other objects, car accidents that are set-ups can all put our lives and our safety at risk. Employers include the cost of insurances in their business models. When the cost of insurance increases that may be one less employee that they can hire or one less that they can retain. That employee may be you. Insurance increases have a direct affect on the cost of goods and services, on our taxes and government. It hits all of us in our bottom line.

Current news headlines that are particularly disturbing include: "Monmouth County Podiatrist Sentenced for Health Care Claims Fraud" and "Essex Chiropractor Pleads Guilty to Attempted Theft in Insurance Fraud Scheme." The very people who we trust with our health dishonored us financially by artificially increasing the risk factors and our premiums. Sometimes fraud is perpetrated not by the health care professional but by criminals that have learned how to abuse the system. Each and every New Jersey resident can help by insisting on a copy of the bill after doctors' visits and verifying the amount billed to your health insurance company. If you see something that is not right, speak up, call your insurance company. It may be an honest mistake but when it is not it affects all of us. It is up to

each and every one of us to keep insurance affordablefor New Jersey residents.

Insurancefraud is a crime, whether it is "padding" your claim, misrepresenting yourpayroll, lying about a "stolen" car. The bottom line is that fraud affects our premiums. High premiums prevent some NJ residents from obtaining insurance. Insurance is a way for all of us to band together to pay for the catastrophes of life. It is neighbor helping neighbor. It is your neighbor helping you keepyour family safe. Let us stand togetherand help each other keep premiumsdown.

Insurancefraud is a crime,
Reporting it is worth the time,
Let's takecontrolof our bottom line

2nd Place
Chris Purks
Hamilton High School West

What is the Impact of Insurance Fraud on the Residents of New Jersey?

Insurancefraud costs Americans about $80 billion a year. While New Jerseyis recognized as a model for combatingthese scams, insurance fraud still affects the residents of New Jersey. Thoughinsurance fraud negatively affects New Jersey, there are ways to combat it.

Insurancefraud involves claims that are filed with the intent to defraud an insuranceprovider. This is made in an effort to benefit oneself at the expense of others. There are two types of fraud: "hard fraud," and "soft fraud." Hard fraud is a deliberate attempt at faking an accident,or some other loss in order to illegallycollect money from insurance companies. Soft fraud is often called a "whitelie" in which people subtlety doctor something, such as the mileage drivenin a year. There are also those who sell fake insurance policies, or policies that are not needed, scamming many of their life savings. For example, a scam could involvethe elderly being fast-talked into buyingmaternity insurance.

Insurancefraud negatively affects the residentsof New Jersey. The costs of insurancefraud are ultimately paid largely by law-abiding citizens, who essentially have nothing to do with the illegal activity This is because insurance fraud leads to an increasein premiums, which leads to the increasedcost paid for by consumers. Everyyear, fraud adds $5.2 to $6.3 billion to auto insurance premiums. Another exampleis in health care expenditures, whereten percent of that cost is due to fraud. In addition to monetary damage, thereis an even greater consequence. For example,when automobile accidents or house fires are staged, lives could be lost. Manycan lose their jobs as well, as companiesare at times forced into bankruptcyby insurance fraud.

Thereare a variety of ways to fight againstinsurance fraud. First, you can be sure of always reporting insurance-related events honestly. This will help to lessen the burden incurred by other honest citizenswho typically are penalized for the insurancefraud of others. Second, if you suspect that someone is defrauding an insuranceprovider, you can do your part by reporting it. When you are reporting possible insurance fraud, it is possible to be done easily, safely, and anonymously by contactinga fraud bureau. There is the possibilitythat they are truly not partaking in insurance fraud. If this is the case, they willhave nothing to hide.

In conclusion, insurance fraud is illegal,and negatively impacts the residentsof New Jersey. Fakinginsurance claimshurts everyone's credibilitybecause it makes insurance providers more hesitantto pay customers after accidents. In some cases, not only monetary damages are incurred, but also the loss of life due to mistakes that happen during staged events. If more people were proactiveand not as tolerant of fraud, premiumscould be lowered, which would,in turn, help to put a stop to this apparent"low-risk, high reward" crime.

3rd Place
Anthony Weigand
Hamilton High School West

What is the Impact of Insurance Fraud on the Residents of New Jersey?

According to Merriam-Webster's OnlineDictionary, insurance is defined as, "a means of guaranteeing protection or safety." Fraud is defined as, "an act of deceivingor misrepresenting" Together, these two words form a duo that can be compared to some of the most notorious pairs in history. However, I would considerinsurance fraud as most resembling the peccant pair of Bonnie & Clyde. Auto, medical,property, Medicaid,and disabilityfraud costs Americans $120 billionannually. Insurance fraud in New

Dennis Jay, Executive Director of the Coalition Against Insurance Fraud, delivers the Keynote Address at the 10th Annual Insurance Fraud Summit.

Winners of the Second Annual Insurance Fraud Awareness Essay Contest for High School Seniors with Contest Sponsors: (l to r) Pete Vasquez, President, New Jersey Special Investigators Association; Magdalena Padilla, President, Insurance Council of New Jersey; Laura Cawley, Bridgewater Raritan High School, 1st Place; Anthony Weigand, Hamilton High School West, 3rd Place; Chris Purks, Hamilton High School West, 2nd Place; and Insurance Fraud Prosecutor Greta Gooden Brown.

Jersey consumes invaluable government resources such as time and money at the cost of taxpayer dollars.

However, New Jersey is not going to take these costly damages lying down. As Abraham Lincoln once said, "You can fool some people all of the time, and all of the people some of the time, but you can't fool all of the people all of the time." Therefore, New Jersey has instituted an Office of Insurance Fraud Prosecutor to eradicate the roots of insurance fraud and deter new cases. In 2000, the OIFP had 17 convictions which led to $1.1 million in restitution. In 2004, the OIFP had 134 convictions and $16 million in restitution. As a result, the Coalition against Insurance Fraud ranked the New Jersey Office of Insurance Fraud Prosecutor the top insurance fraud prosecuting office in the United States. The current trend to prosecute more high-level and complex cases will act as a deterrent to those contemplating insurance fraud.

New Jersey, along with Florida and New York, are the only three states in the country to have laws classifying insurance fraud as a crime, employing a fraud bureau, and exercising a mandatory insurance fraud plan. Additionally, they have a mandatory auto photo inspection, and statutes that implement immunity Initiatives like these are necessary to protect New Jersey consumers. If not, taxpayers will unfortunately have to continue to pay higher premiums and see their taxes siphoned away to fight insurance fraud.

To fight this insidious crime, consumers should research the varying schemes implemented by crooks to steal their money. In the event that a consumer believes they are a victim of insurance fraud, they should immediately report it. Consumers should contact their state's fraud bureau, the insurance company, or other appropriate organization.

Ultimately, insurance fraud can only be viewed as a negative for all parties involved. Consumers pay higher premiums, criminals are convicted and sent to jail, and government resources are diverted from other important projects for New Jerseyans and Americans alike. However, this surely does not mean insurance fraud can be left unchecked to roam freely like a junkyard dog. The New Jersey Office of Insurance Fraud Prosecutor needs to be applauded for its superior accomplishments and continued success. Some would ask, "What is the next step to continue the demise of the once-great giant that is insurance fraud?" I would offer that the Office of Insurance Fraud Prosecutor needs to maintain its successful strategies and consumers need to be ever aware of scams. Together, this will lead to a slaying of the insurance fraud giant.

17th Annual New Jersey Special Investigators Training Seminar

The New Jersey Special Investigators Association (NJSIA) is a nonprofit organization formed to unite insurance fraud investigators in the public and private sectors for their mutual benefit. NJSIA monitors trends affecting the industry and shares technical information with the insurance companies' Special Investigation Units (SIUs), law enforcement, and regulatory agencies. Through their educational arm, the NJSIA Educational Foundation, Inc., NJSIA has undertaken the mission of educating insurance fraud investigators and law enforcement personnel in fraud awareness, investigative techniques, fraud trends, and recent developments in the laws relating to insurance fraud.

In October 2007, the NJSIA Educational Foundation sponsored its annual one and one-half day fraud training seminar which was attended by more than 700 representatives of insurance companies, regulatory bodies, and law enforcement agencies from the northeastern United States. This training event is regarded as one of the premier insurance fraud training seminars in the country. OIFP supports NJSIA's mission and participates in its annual training seminar. This year's seminar featured special programs to further New Jersey's Second Annual Insurance Fraud Awareness Month. OIFP conducted workshops for some of the conference's 700-plus attendees. This training provides the insurance industry's special investigative community with the nine hours of State mandated training for SIU personnel.

During this seminar, NJSIA recognized OIFP's successful prosecution of Dr. Juan Carlos Fischberg by presenting the "Investigation of the Year" award to OIFP's Fischberg Prosecution Team. Fischberg, a board certified doctor, defrauded 17 insurance companies of millions of dollars by falsely stating that his patients were injured and suffered from medical conditions, primarily as a result of automobile accidents. Fischberg pled guilty to Health Care Claims Fraud and was sentenced to three years in State prison and ordered to pay over $2.2 million in restitution and a $50,000 civil insurance fraud fine. At the time of sentencing, Fischberg voluntarily surrendered his medical license.

OIFP Meets With Working Groups, Industry Representatives, and Industry Trade Groups

Other significant events undertaken as part of Insurance Fraud Awareness

OIFP Pays First Cash Reward to Insurance Fraud Tipster

In October 2007, OIFP granted its first cash reward under the statutory Insurance Fraud Detection Reward Program to a New Jersey woman who confidentially reported the fraudulent billing practices of a Plainsboro dentist. The presentation of the monetary reward to this concerned citizen was one of many events marking October as "Insurance Fraud Awareness Month."

The recipient of this reward, who asked to remain anonymous, called OIFP's toll-free hotline on December 14, 2004, to report that Gary Reba, D.M.D., a Plainsboro dentist, was engaging in insurance fraud by submitting false claims. A subsequent criminal investigation by OIFP revealed that Reba, in submitting claims, falsified the dates on which he provided services to patients. The investigation determined that had Reba billed for the dates he actually rendered the dental services, the patients would not have had dental insurance coverage or would have already exceeded the limits of their dental insurance for that given year. On April 27, 2007, Reba pleaded guilty to Theft by Deception and Falsifying Records. On June 22, 2007, the court sentenced Reba to three years' probation and ordered him to pay a $75,000 civil insurance fraud fine.

As the success of the Reba investigation and prosecution demonstrates, OIFP's Insurance Fraud Detection Reward Program provides a valuable incentive for members of the public to come forward and assist law enforcement. Recognizing the significant role the public plays in the detection of insurance fraud, the Insurance Fraud Detection Reward Program was established by the New Jersey Legislature on June 9, 2003. N.J.S.A. 2C:21-4.7. The reward program makes available payments of up to $25,000 to a person who provides a tip if there is no existing investigation concerning the reported information and the reported information leads to a criminal conviction for Health Care Claims Fraud, Insurance Fraud, or any other criminal offense involving or related to an insurance transaction.

Under the provisions of the Insurance Fraud Detection Reward Program, OIFP has promulgated regulations to administer the reward program. The regulations pursuant to N.J.A.C. 13:88-3 provide a mechanism for individuals to report suspected insurance fraud to OIFP and to apply for a reward under the Insurance Fraud Detection Reward Program. The implementation of this program in 2004 by OIFP makes New Jersey one of only a few states in the nation to offer such a reward.

Making a Confidential Referral to OIFP

To be eligible for the Insurance Fraud Detection Reward Program, individuals may confidentially report suspected fraud cases using one of the following methods:

- Call the OIFP toll-free hotline at 877-55-FRAUD (877-553-7283) during regular business hours (Monday through Friday 9:00 a.m. to 5:00 p.m.) and speak to a hotline operator;
- Call the OIFP toll-free hotline at 877-55-FRAUD (877-553-7283) after regular business hours and leave a detailed message, including a name and phone number at which the caller can be reached;
- Log onto OIFP's Web site at www.njinsurancefraud.org and submit an online report;
- Send an electronic mail message to OIFP at njinsurancefraud@njdcj.org; or
- Write directly to OIFP at the following address:

  Office of the Insurance Fraud Prosecutor
  P.O. Box 094
  Trenton, New Jersey 08625-0094
  Attention: CLASS

Reward Application Procedure

A person seeking a reward for information submitted to OIFP under this law must fully complete a reward application form provided by OIFP. The application form may be obtained by requesting one in writing from OIFP, requesting one by calling the OIFP toll-free hotline, or visiting the OIFP Web site and downloading the form. The application form must be completed in its entirety, signed, and notarized. The application form must be mailed to the Office of the Insurance Fraud Prosecutor, P.O. Box 094, Trenton, New Jersey 08625-0094. OIFP will acknowledge all applicants in writing of the receipt of an application.

An applicant may be required to submit to an OIFP interview regarding the provided information. An applicant may also be required to give a verbal statement under oath and sign a written memorialization of the statement. The applicant may also be called to testify before the Grand Jury, at trial, or other related hearings.

A person seeking a reward must either simultaneously file a reward application at the time of the fraud referral or file an application no later than 30 days from the date the person initially provided information to OIFP.

Criteria for Evaluating a Reward Application

OIFP may pay a reward following the conviction of a person or entity for Health Care Claims Fraud, Insurance Fraud, or any other criminal offense involving or related to an insurance transaction. A person who provides such information to OIFP and submits a timely reward application shall be eligible for a reward if the information:

- leads to the conviction of a specific individual(s) or entity(ies) for specified conduct occurring during a particular time period, as detailed in the reward program applications submitted by the informant pursuant to N.J.A.C. 13:88-3.5; or
- directly leads to the conviction of other individuals or other entities for specified conduct occurring during a particular time period as detailed in the reward program applications submitted by the informant pursuant to N.J.A.C. 13:88-3.5.

Representatives from State Farm Indemnity Company accept the 2007 Prosecutor's Excellence in Investigation Award at the 10th Annual Insurance Fraud Summit: (l to r) Insurance Fraud Prosecutor Greta Gooden Brown; Gary Wiland, State Farm Indemnity; OIFP Liaison Section Chief John Butchko; and Michael Knox, State Farm Indemnity.

Month included special meetings conducted with the insurance industry's SIU community and trade groups, as well as meetings of Working Groups that were established as a result of the first statewide Insurance Fraud Summit in 1998. Working Groups, comprised of key SIU executives and the OIFP Industry Liaison, meet regularly throughout the year to identify and articulate industry concerns with respect to insurance fraud in the areas of life and health, auto, property and casualty and workers' compensation. Working Groups provide progress reports at quarterly meetings with OIFP executive staff, Department of Banking and Insurance executive staff, and trade group members. As part of Insurance Fraud Awareness Month, results of the Working Groups' efforts were recognized at the Insurance Fraud Summit. Since 1998, Working Groups have formed the foundation for several key initiatives undertaken by OIFP, including specific recommendations incorporated in OIFP's prior Annual Reports. The recent formation of a Working Group focused on concerns of insurance producers represented one such initiative.

Publication of the Fifth Edition of OIFP's "Uninsured Motorists Identification Directory" (UMID)

During Insurance Fraud Awareness Month, OIFP disseminated the Fifth Edition of the Uninsured Motorists Identification Directory (UMID) to all local, county and State police agencies throughout New Jersey. The UMID is produced by OIFP to provide law enforcement officers with a hands-on tool designed to assist the officer on the scene. The UMID contains contact telephone numbers and other information of insurance carriers and self-insured entities for verification of automobile insurance coverage.

One of the types of insurance fraud most commonly encountered by law enforcement agencies is the presentation of a fictitious or counterfeit automobile insurance identification card to a police officer during a motor vehicle stop. By providing law enforcement with the direct contact telephone number of insurance carriers, where verification of insurance coverage can be obtained, the Directory enables the officer to quickly ascertain the validity of the presented insurance identification card in order to take the appropriate enforcement action.

Incorporated into this edition of the UMID was a description of the anti-counterfeiting measures utilized by insurance carriers on the insurance identification cards issued to policyholders. By providing law enforcement with these descriptions, the Directory serves as an invaluable source of intelligence information in conducting these investigations. Since this edition of the UMID contained this proprietary commercial information which is not subject to public access pursuant to N.J.S.A. 47:1A-1, et seq., or public disclosure pursuant to N.J.A.C. 11:3-6.4, the information contained in the Directory is highly confidential, **must be** safeguarded, and **cannot** be made available to the general public.

Pete Vasquez, President of the New Jersey Special Investigators Association, accepts the Annual OIFP Recognition Award: (l to r) Insurance Fraud Prosecutor Greta Gooden Brown, Pete Vasquez, and OIFP Liaison Section Chief John Butchko.

OIFP Funds County Prosecutors' Insurance Fraud Fighting Efforts

Aided by funding provided by OIFP, New Jersey's County Prosecutors continued in 2007 to do their part in the State's war on insurance fraud. By conducting criminal investigations and prosecutions at the county level, County Prosecutors have used OIFP funding to launch or augment 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 in combating 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 most 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 comprehensive 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 the broader statewide criminal justice system. Through 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.

With financial and technical support from OIFP, County Prosecutors continued in 2007 to implement new and innovative initiatives uniquely tailored to investigate and prosecute insurance cheats within their respective jurisdictions. These programs ran the gamut in terms of their focus and operational methods. The common element in all of these programs, however, is that without funding from OIFP, local law enforcement authorities would have lacked sufficient resources to adequately investigate and prosecute most of these cases.

Passaic County Prosecutor's Office Agent John Serafin and Detective Lisette Colon review ISO lookups, an integral part of Insurance Fraud investigations.

In 2007, OIFP reimbursed the costs incurred by the successful operations of the Essex/Union Auto Theft Task Force (ATTF). ATTF was created in 1991 to combat auto theft and related crimes in urban areas of Essex and Union Counties. During the early 1990s, the cities of Newark, Irvington, and Elizabeth, New Jersey, were listed by the National Insurance Crime Bureau (NICB) as having the highest per capita vehicle theft rate in the United States. Essex and Union Counties no longer bear that dubious distinction, thanks to the creation of ATTF by the Prosecutors of those counties. ATTF has become an international model for its innovative methods used to combat auto theft.

In addition to the Essex and Union County Prosecutors' Offices, ATTF is comprised of several municipal police departments, the Essex County Sheriff's Department, the Essex County Corrections Department, and the Air National Guard. Since its inception in 1991, ATTF has recovered over 6,400 stolen vehicles totaling more than $71.5 million in value. As the average vehicle value has increased, so has the recovered value. In 2007 alone, ATTF recovered 484 stolen vehicles, valued at over $6.1 million.

Another county operation meeting with great success in 2007 was the Essex County Vehicle Fire Initiative, which is also funded by OIFP. This year, the Essex County Vehicle Fire Initiative investigated close to 90 vehicle fires. Thirty-one of those fire investigations resulted in the return of Grand Jury Indictments, an increase of approximately 120% from 2006. The Vehicle Fire Initiative started 2007 with a backlog of 325 cases dating back to 2003; by the end of 2007, this backlog was reduced to approximately 46 cases either being actively investigated or pending Grand Jury presentment. Many high profile individuals, including police officers, corrections officers, a middle school principal, and an airman in the United States Air Force, were arrested as a result of the Vehicle Fire Initiative's investigations.

This year, the Insurance Fraud Units of Atlantic, Gloucester, and Salem Counties once again joined with local police departments in proactive "Ride Along" initiatives to conduct motor vehicle checkpoints specifically looking for counterfeit motor vehicle insurance identification cards. From its experience in the Ride Along program, the Salem County Prosecutor's Office has detected a trend in which drivers purchase automobile insurance policies and receive a valid insurance identification card, but then purposely fail to pay the monthly premiums so that the driver has in his possession an insurance identification card which appears to be valid but is not due to non-payment of the premiums. The Ride Along program has proven very beneficial in training all law enforcement in identifying auto insurance fraud related issues. Salem County's insurance fraud investigators have received very positive feedback from all of the law enforcement officers who assisted in the Ride Along programs.

In addition to successfully investigating and prosecuting cases, the Insurance Fraud Units of the County Prosecutors' Offices provide periodic training to local law enforcement agencies and instruction to recruits at police academies and candidates at fire academies on the detection of insurance fraud. The counties also work in tandem with other State, federal, and local government agencies to root out insurance fraud. In addition, all of the county Insurance Fraud Units continue to foster good working relationships with the private insurance industry's Special Investigation Units to maximize their crime fighting abilities.

Educating the community on insurance fraud related issues is a critical component of the County Prosecutors' battle against insurance fraud. In 2007, many of the Insurance Fraud Units went into their communities to raise awareness of the pervasive and costly problem of insurance fraud. Gloucester County's Insurance Fraud Unit participated in "National Night Out" activities in August 2007. For the sixth year, Sussex County's Insurance Fraud Unit distributed written materials to attendees at the Sussex County Farm and Horse Show/New Jersey State Fair. Sussex County's Insurance Fraud Unit also takes advantage of free advertising on local cable television stations and newspapers, and its community outreach programs have generated investigative leads through its Web site and tipster hotline.

Some County Prosecutors' Offices that participated in OIFP's County Prosecutor Insurance Fraud Reimbursement Program concentrated their enforcement efforts in all areas of insurance fraud rather than focusing on a particular program or initiative. Funding provided by OIFP to the County Prosecutors' Offices throughout the State totaled over $3.1 million in 2007 and supported or contributed to the salaries of 32 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 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 also 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 2007, the reporting of subjects under investigation by County Prosecutors' Offices resulted in OIFP opening 593 civil investigations, most of which would not have come to OIFP's attention but for the reports submitted by the counties. Many of the significant civil cases opened by OIFP-Civil have resulted from these county referrals.

County Prosecutors' Insurance Fraud Units contribute greatly to OIFP's overall success in its enforcement efforts. In 2007, these county units charged a total of 293 defendants and obtained 134 convictions by guilty plea or trial. These convictions resulted in aggregate jail terms of more than 116 years. Some of the most notable criminal cases handled by the County Prosecutors' Insurance Fraud Units in 2007 are reported in the Case Notes section of OIFP's 2007 Annual Report.

OIFP's Budget for Fiscal Year 2007

In accordance with N.J.S.A. 17:33A-30, most OIFP operations are funded through an assessment on the insurance industry. Although the Medicaid Fraud Section is a part of OIFP, monies derived from the assessment on the insurance industry do not fund the Medicaid Fraud Section. Rather, the Medicaid Fraud Section is funded by a federal grant that provides 75% federal funding and requires the State to provide a 25% State match from Direct State Services (DSS) funds.

OIFP operating costs consist of expenses incurred directly by OIFP staff, as well as expenses for services, facilities, and equipment shared jointly with the Division of Criminal Justice (DCJ) and the Department of Law and Public Safety (LP&S), and benefitting OIFP staff and OIFP operations. By sharing these common services with DCJ and LP&S OIFP is able to take advantage of economies of scale and thereby reduce its overall operating budget.

In order to ensure that there is transparency, accountability and fiscal integrity in all expenditures of industry monies, the Insurance Fraud Prosecutor has implemented a Cost Allocation Plan which precisely identifies all support services provided by DCJ to OIFP and documents a fair methodology for assessing costs associated with those expenses. A summary of the Cost Allocation Plan and quarterly expense reports are posted on OIFP's Web site so that the insurance industry, as well as the general public, has continuous access to OIFP's fiscal reports.

In accordance with the 2005 State Audit Report, it is appropriate for DCJ personnel who provide various support services to OIFP to be paid out of OIFP funds. See *State Auditor Report for the Department of Law and Public Safety, Division of Criminal Justice, Office of the Insurance Fraud Prosecutor*, issued July 15, 2005. Such services include administrative, legal, and investigative support. The Annual Cost Allocation Plan details the following four levels of support provided by DCJ to OIFP: Administrative Support, Professional Support, Intermittent Support, and Non-Salary Costs.

Administrative Support

Due to the nature of administrative work in such areas as Human Resources, Fiscal and Budget, Facilities, and IT Services, it is difficult to differentiate between those services provided to OIFP and those services provided to other sections within DCJ. The Cost Allocation Plan provides that administrative salary costs are to be allocated based on a ratio of the number of OIFP staff to the number of DCJ staff. At the beginning of each fiscal year (July 1), this percentage is determined and applied to the salaries and fringe benefits costs of those sections classified as providing administrative support to OIFP for that fiscal year.

For Fiscal Year 2007, which ended June 30, 2007, OIFP paid 30.27% of salaries and fringe benefits of DCJ staff from sections that provided administrative support to OIFP.

Professional Support

DCJ provides a number of services that are needed to allow the criminal component of OIFP to better investigate and prosecute insurance fraud. Evidence Storage, State Grand Jury, and Records and Identification Sections, among others, allow OIFP to use resources already in place rather than create its own separate resource providers. In order for OIFP to pay for its fair share of those shared criminal resources, at the beginning of each fiscal year, the Cost Allocation Plan details a formula to determine the percentage size of the criminal component of OIFP to that of DCJ. This percentage is then used for the upcoming fiscal year to pay the corresponding portion of staff salaries and fringe benefits costs for staff assigned to DCJ sections under this classification.

For Fiscal Year 2007, which ended June 30, 2007, OIFP paid 19.97% of salaries and fringe benefits of DCJ staff from sections that provided criminal support services to OIFP.

Intermittent Support

DCJ also provides a host of resources to OIFP on an as needed basis. Extra manpower for search warrants, forensic computer analysis, handwriting analysis, and the installation of electronic surveillance equipment are a few examples of investigative support provided by DCJ to OIFP. In addition, OIFP relies on designated DCJ legal staff to handle its appeals, ethics inquiries, and forfeiture actions, among other legal tasks. Since these resources are used intermittently, DCJ developed a division-wide timekeeping system to enable OIFP to precisely track the amount of time spent by DCJ employees on OIFP activities. At the end of each fiscal quarter, time spent by non-OIFP staff on OIFP matters is calculated and OIFP reimburses DCJ for those costs.

For Fiscal Year 2007, which ended June 30, 2007, OIFP paid 2.44% of salaries and fringe benefits of DCJ staff from sections that provided intermittent support to OIFP.

The timekeeping system also works in reverse, tracking the number of hours worked by OIFP staff on non-OIFP assignments. Given tight budget restrictions in the State and the increasing demands on statewide law enforcement, it is sometimes necessary for OIFP staff to provide support in implementing statewide DCJ initiatives. However, this does not mean that the insurance industry should pay for these non-insurance fraud related activities. The tracking system allows both OIFP and DCJ to determine the number of hours worked by the respective staff members and reconcile the manpower costs on a quarterly basis.

For Fiscal Year 2007, ending June 30, 2007, OIFP reimbursed DCJ and other agencies $47,187 in salaries and fringe benefits while DCJ and other agencies reimbursed OIFP $206,246 for salaries and fringe benefits for non-OIFP assignments.

Non-Salary Costs

In order for OIFP to accomplish its mission, it must have facilities and equipment available for its use. Items that are used solely by OIFP are purchase and maintained by OIFP Items, such as buildings, computer networks, and phone systems, that OIFP shares with other sections within DCJ are paid based on the percentage use of those resources by OIFP staff. The percentage size of OIFP as compared to DCJ is determined at the beginning of each fiscal year and that percentage is applied to those costs as they are incurred throughout the fiscal year.

For Fiscal Year 2007, which ended June 30, 2007, OIFP paid 71% of these non-salary expenses for the OIFP office at Princeton Pike, 55% for the Whippany office, and 48% for the Cherry Hill office

OIFP Expenditure Report for Fiscal Year 2007

Personnel (Salaries and Fringe Benefits)	**$22,070,593.41**
OIFP Staff Salaries and Fringe Benefits[1]	$19,998,619.83
DCJ Support Staff Salaries and Fringe Benefits[2]	$2,071,973.58
Outside and Professional Services	**$4,932,147.33**
County Prosecutors' Reimbursement Program[3]	$3,406,581.03
DOL Professional Support[4]	$1,228,624.00
Expert Witness and Other Professional Services	$266,051.85
Transcription and Other Expenses	$30,890.45
Training, Trial, and Investigative Travel Expenses[5]	**$13,140.04**
Vehicles and Vehicle Maintenance	**$1,190,412.95**
Maintenance, Fuel, and Oil for OIFP Undercover Vehicles	$81,262.21
Undercover Vehicle Lease and Maintenance	$47,680.02
Vehicle Replacement Purchase	$632,440.00
State's Central Motor Pool Vehicle Lease, Maintenance, and Fuel[6]	$429,030.72
Office Supplies, Services, Equipment, and Maintenance	**$914,188.38**
Household and Janitorial Supplies	$23,409.18
Maintenance of Equipment	$29,297.63
Office Equipment Purchases	$99,033.21
Other Supplies	$1,843.31
Printing and Office	$75,860.86
Postage	$27,908.75
Telephone	$215,829.96
Database Licensing Purchases and Maintenance	$123,429.84
State Mainframe Charges	$37,316.14
IT and Telephone Equipment Purchases and Maintenance	$280,259.50
Building Rent and Maintenance[7]	**$95,008.27**
Maintenance - Building	$0.00
Rent - Buildings	$0.00
Rent - Other	$95,008.27
Total OIFP Expenditures for Fiscal Year 2007	**$29,215,490.38**

[1]Includes attorney, investigator, professional, and clerical staff working directly for OIFP.
[2]Cost of shared administrative and criminal support provided by DCJ per the FY2007 Cost Allocation Plan.
[3]Funds provided to County Prosecutors' Offices as reimbursement for activities undertaken by those offices in connection with investigating and prosecuting insurance fraud. See N.J.S.A. 17:33A-28.
[4]Civil attorney staff and services provided by the Division of Law to litigate OIFP civil cases under the NJ Insurance Fraud Prevention Act. See N.J.S.A. 17:33A-1, et seq.
[5]Includes witness transportation to and from trial.
[6]Vehicle lease, fuel, and maintenance for vehicles used by OIFP investigators and prosecutors.
[7]Includes rental of undercover facilities, but does not include cost of building rent for OIFP's three regional offices which are billed separately by the Department of Treasury.

Fiscal Year = July 1 through June 30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Auto Theft's Impact on Insurance Fraud

John J. Smith is an Assistant Attorney General serving as Deputy Chief Insurance Fraud Prosecutor assisting the Insurance Fraud Prosecutor with all facets of the Office's operations, including its investigations, criminal prosecutions, and civil litigation. He has been with the Division of Criminal Justice for over 21 years.

by John J. Smith

The legislative intent of the Insurance Fraud Prevention Act (Act) is to "confront aggressively the problem of insurance fraud in New Jersey by facilitating the detection of insurance fraud[.]"[1] To that end, the Act establishes a comprehensive framework for detection, investigation, and prosecution of insurance fraud in New Jersey and sets forth with relative precision the statutory purpose and mission of the Office of the Insurance Fraud Prosecutor (OIFP), the law enforcement agency created by the Act and charged with the primary responsibility of enforcing the Act.[2]

Although the Act does not specifically direct OIFP to investigate and prosecute the crime of automobile theft, the Act does require that OIFP be furnished with information about stolen vehicles from insurers writing policies within New Jersey.[3] Undoubtedly, this statutory provision requiring OIFP to gather information about stolen vehicles is an acknowledgment by the Legislature that auto theft significantly drives up insurance rates, is an integral part of the larger problem of insurance fraud and, therefore, falls squarely within the ambit of the Act. This article demonstrates why auto theft is intertwined with insurance fraud and examines the reasons why aggressive investigation and prosecution of auto theft by OIFP is integral to comprehensive insurance fraud enforcement.

The Insurance Fraud Prevention Act generally provides that insurance companies must report suspicious claims to OIFP, including "information on stolen automobiles."[4] Other than this fleeting reference, the issue of automobile theft is not addressed elsewhere in the Act. The fact that the Act requires insurance carriers to provide OIFP with information about "stolen vehicles," however, suggests a statutory basis which inevitably leads to the conclusion that automobile theft is inextricably intertwined with fraudulent insurance claims, and, therefore, must be investigated and prosecuted by OIFP.

Auto theft is defined simply as the knowing unlawful taking of a vehicle belonging to another.[5] On its face, the crime of auto theft does not appear to implicate an act of insurance fraud. In reality, however, a reported auto theft oftentimes becomes the precursor to an act of insurance fraud. At the moment an automobile is reported stolen, insurance carriers and law enforcement, including OIFP, must make a critical threshold inquiry: whether the stolen car was a "legitimate auto theft," or an "insurance fraud auto theft." An "insurance fraud auto theft" is an owner-initiated phony auto theft claim, commonly known as an

1. N.J.S.A. 17:33A-2.
2. See N.J.S.A. 17:33A-1 to -30.
3. See N.J.S.A. 17:33A-22b.
4. N.J.S.A. 17:33A-22b.
5. See N.J.S.A. 2C:20-2.1.

automobile "give up."[6] This threshold inquiry into whether the theft was a "legitimate auto theft" or an "insurance fraud auto theft" specifically pertains to and fulfills OIFP's statutorily imposed obligation to detect insurance fraud.[7]

The terms "legitimate auto theft" and "insurance fraud auto theft" would appear to be oxymorons. To a seasoned insurance fraud investigator or prosecutor, however, determining whether a car thief took the vehicle without the owner's permission, as in a typical theft, or whether the owner made it appear to the police and the insurance company that the vehicle was stolen when, in fact, it had been "given up" by the owner in order to submit a phony automobile theft claim, is a quandary that, unlike an oxymoron, makes perfect sense.

New Jersey has long been identified as a State which experiences high rates of automobile theft.[8] In 2006, there were 24,746 motor vehicle thefts reported in New Jersey.[9] Since "insurance fraud auto theft" is a problem of unknown proportions, it is difficult to estimate how many auto thefts are actually "legitimate auto thefts" and how many are actually "insurance fraud auto thefts."[10] One investigator for the Arizona Department of Insurance estimates that between 10 and 20% of all reported auto thefts are, in some form, cases of insurance fraud.[11] The National Insurance Crime Bureau (NICB) estimates the number to be at least 10% but notes that this figure does not represent a verifiable statistic but rather an industry accepted "guesstimate."[12] Thus, by extrapolation, of 24,746 reported auto thefts in New Jersey in 2006, potentially 2,474 to 4,948 may well have been phony "give up" insurance claims.[13]

With the exception of those auto thefts for which there is conclusive proof - such as a confession - that a thief took the vehicle without the owner's permission, each reported stolen vehicle should be viewed as a possible "insurance fraud auto theft" perpetrated to defraud an insurance company by the insured either acting alone or in conspiracy with others. The only way to determine whether a reported stolen vehicle is a legitimate theft or an insurance fraud theft or "give up" is through a thorough insurance fraud investigation, thereby fulfilling the Act's requirement that OIFP detect and investigate insurance fraud.

In the first instance, a thorough insurance fraud investigation into a reported stolen vehicle involves the recovery of the stolen vehicle. Several methods are employed by State and municipal entities to recover vehicles reported as having been stolen. "Fly overs" allow New Jersey law enforcement to observe clear lakes and reservoirs to determine the number of vehicles submerged on the bottom of those bodies of water. Sting operations allow undercover OIFP investigators to infiltrate stolen car rings which purchase reported stolen vehicles and dismantle them in "chop shops" for parts sold on the black market. Alternatively, these rings may re-tag[14] and resell the stolen vehicles. In larger urban areas, stolen vehicles may be recovered through programs administered by the local government that tag, date, and eventually tow vehicles abandoned on city streets and vacant lots. As will be discussed later in this article, the date and time of the "tag" often becomes a critical piece of evidence in an insurance fraud investigation into a phony auto insurance theft daim or "give up."

Regardless of the method used to recover reported stolen vehicles, evidence as to whether the car was legitimately stolen or "given up" by the owner so that a phony auto insurance theft claim may be submitted cannot be obtained without a thorough investigation by a law enforcement agency, such as OIFP. OIFP investigations have identified a variety of persons, known as "middlemen," happy to accept automobile "give ups" from willing owners, or otherwise assist in submitting phony auto insurance theft claims. A "middleman" can be anybody: an automobile salesman eager to help a potential customer get rid of the car the potential customer currently possesses so that the salesman can sell or lease a new

6. In this context, "owner-initiated" applies equally to individuals who lease vehicles and submit phony auto theft claims to the insurance company, notwithstanding the fact that the lessor may be the party ultimately paid on the claim. Leased vehicles may also be the subjects of owner "give ups" when the vehicle is upside down in value. This generally occurs when the lessee has exceeded the mileage cap agreed to in the lease agreement and would incur a substantial monetary penalty at the conclusion of the lease.

7. See N.J.S.A. 17:33A-2.

8. *State of New Jersey 2006 Uniform Crime Report*, at 13.

9. Ibid.

10. As referred to herein, "insurance fraud auto thefts" do not include cases in which the insured owner is not involved in the actual theft of the vehicle but uses the opportunity of the "legitimate auto theft" to submit a fraudulent contents claim to the insurance company for items purportedly in the vehicle at the time of the theft. This type of insurance fraud, which involves exaggerating the value of a loss in an otherwise legitimate claim, is sometimes referred to as "soft fraud," as contrasted with "hard fraud," such as staged automobile accidents or phony automobile theft claims. In fact, the former category, "soft fraud," is estimated by certain carriers to occur in more than 15% of all claims. See Coalition Against Insurance Fraud, *Fraud is Rising, Insurers Say, and it's Uncle Bernie's Fault: Soft-core Scams a Major Source of Bad Claims and Money Loss* (Jan. 1, 2002) at www.insurancefraud.org/rc_research_set.html

11. Arizona Criminal Justice Commission: *Arizona Auto Theft Study 2004* at http://azcjc.gov/pubs/home/AutoTheftReport05262004.pdf

12. Ibid.

13. Based solely on OIFP's experience investigating the recovery of reported stolen vehicles, OIFP estimates that in approximately 40% of the cases investigated, the reportedly stolen vehicle was not a legitimate theft but actually a "give up" perpetrated by the vehicle's owner. It should be noted, however, that OIFP's experience with and exposure to "insurance fraud auto thefts" would, of necessity, be disproportionately high since the majority of OIFP's auto theft investigations are generated by referrals from insurance companies as well as OIFP's own proactive covert investigations. That being said, OIFP's 40% ratio would not necessarily constitute a statistically verifiable figure if applied to the entire universe of reported motor vehicle thefts.

car and earn a commission; car dealership mechanics and employees; tow truck drivers; auto body repair shop owners and employees; scrap and salvage yard owners; and locksmiths or purported locksmiths.

These middlemen encourage a willing owner to "give up" the automobile currently owned and report it stolen to the police and the insurance company so that a false insurance claim can be submitted, enabling the middleman to chop, re-tag, sell, or otherwise dispose of the car "given up," including shipping it overseas.[15] A middleman who cooperates with a law enforcement agency, such as OIFP, either voluntarily or because he is seeking a more lenient disposition of criminal charges, can be an invaluable source of information to determine whether automobiles were legitimately stolen or were "given up" by their owners. Law enforcement cannot identify a middleman willing to cooperate until a reported stolen car is recovered and then fully investigated as required by the Act.

Absent a cooperating conspirator, such as a middleman, there are three other strategic and tactical means for law enforcement to distinguish insurance fraud auto thefts or owner "give ups" from legitimate auto thefts in order to obtain evidence sufficient to prove fraud beyond a reasonable doubt in a criminal case. These investigative strategies involve obtaining evidence of incriminating "time lines," misrepresentations by the owner on insurance claims and police reports, or admissions or confessions by the owner or another.

In "give up" cases involving an incriminating "time line," often the date and time that the owner reports to the police and the insurance company that he last had possession of the vehicle is after the date and time that the vehicle was reportedly recovered by law enforcement in any of the recovery operations discussed earlier in this article. Comparing the purported date and time of the theft as claimed by the owner in insurance records and police reports with the actual date and time law enforcement took possession of the vehicle in any recovery operation often provides clear proof that the owner lied to the insurance company and to the police and was not the victim of a legitimate auto theft, but rather "gave up" his car so that a phony auto theft claim could be submitted. Over its nine-year history, OIFP has successfully prosecuted dozens of these types of cases.[16]

In "give up" cases involving misrepresentations and inconsistencies about the date and time the vehicle was last seen by the owner, a detailed review and analysis of the multiple statements made by the owner as part of the automobile theft claim submitted to the insurance carrier is required. Automobile theft claims typically consist of a recorded oral statement in which an owner initially reports that his car was stolen, a recorded follow-up question and answer statement, a report to a police department that the automobile was stolen, and an Affidavit of Vehicle Theft submitted to the insurance company. Careful review by investigators of all of the insurance claim files and documents, regardless of how voluminous they may be, often reveals clear and unequivocal lies and discrepancies about the date and time the car was supposedly last seen as well as other useful investigative information.[17]

Proving that a reported stolen car was not a legitimate theft but was, in fact, an owner-initiated "give up" sometimes can be achieved simply by pointing out to the owner who submitted the auto theft claim or his abettor the various misrepresentations, inconsistencies, and other information identified in the records by a well-prepared investigator. Pointing to circumstantial evidence such as the absence of any evidence that the car was broken into, the presence of a financial motive to get rid of the car, the absence of evidence that the car was properly maintained, or evidence that the car was recently damaged may be helpful in this regard. Confronted with indisputable facts of wrongdoing, owners will often admit to the falsity of the claim.[18]

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14. Re-tagging means replacing the legitimate vehicle identification number (VIN) with another VIN. VINs are unique to each car. The VIN is the primary method used to identify a vehicle. Once the vehicle is identified through its VIN, it may be determined whether the vehicle has been reported as stolen.

15. In cases where the vehicle is disposed of through a sale, the owner is actually paid twice, through the insurance settlement check and the proceeds of the sale.

16. OIFP Annual Reports highlight a wide variety of stolen automobile insurance fraud cases, including "time line 'give up'" cases. See *2007 Annual Report* Criminal Case Notes at 59 (auto theft and "give up" schemes); *2006 Annual Report*, Criminal Case Notes at 72-80 (auto "give ups"), at 75-78 (organized car theft rings); *2005 Annual Report*, Criminal Case Notes at 108 (receiving stolen property), at 113-114 (vehicle theft), at 126-127 (auto "give ups"); *2004 Annual Report*, Criminal Case Notes at 90 (altering of vehicle identification numbers), at 93-104 (auto "give ups" and theft claims). OIFP Annual Reports from previous years reflect similar auto theft and auto "give up" case descriptions.

17. The importance of a careful review of all claims records and documents by investigators to identify possible false statements submitted in support of auto theft claims cannot be overemphasized. A new and powerful prosecutorial tool — the Insurance Fraud statute, N.J.S.A. 2C:21-4.6 — requires that five false acts, generally defined as five false statements, be identified and proved to convert what under traditional theft laws would be a relatively minor third-degree crime with little risk of a prison sentence to a serious second-degree crime with a presumptive prison sentence. See State v. Randi Fleischman, 189 N.J. 539 (2007). The evidence identifying the five acts or false statements can be obtained only after a careful and sometimes tedious review of the claim file and documents during investigations.

18. Information to be elicited in connection with a typical auto insurance theft claim investigation may include: the initial report of the theft; the police report; any recorded questions and answers obtained by the insurance company; the Affidavit of Vehicle Theft; E-ZPass and toll records; information about the mechanical condition of the car; evidence or lack of evidence about the locking mechanisms; whether the car was leased; whether a "balloon payment" was due on the lease; other information about the financial condition of the owner; and whether the car had been for sale prior to the reported theft.

It is axiomatic that to aggressively root out insurance fraud as the Act requires, OIFP must actively detect, investigate, and prosecute auto theft.[19] Auto thefts have risen exponentially as the methods for stealing vehicles have evolved over the years. No longer is automobile theft limited to joyriding teenagers who "hot wire" a car, drive it for a while, and abandon it. Automobile theft now includes large, well-organized enterprises which steal cars despite the advent of sophisticated electronic anti-theft devices and locking mechanisms. Organized car theft rings stake out commuter parking lots, shopping malls, and parking garages to choose potential cars to steal, sometimes by means of a long-forgotten "valet car key" left in the owner's manual in the glove compartment. These rings also stake out auto dealerships and conspire with auto dealership employees to steal cars from the dealership lots and, if inventory controls are lax, avoid detection until long after the stolen cars are disposed of in some fashion.

Even technologically advanced ignition keys can sometimes be duplicated by highly sophisticated theft rings. Transponder keys which emit a radio signal can be defeated. New cars can be stolen from automobile dealers simply by taking a test drive and, when the salesman is not looking, swapping the key which starts the car with a look-alike key. If the salesman does not notice the swap, the thief can return to the dealership at another time and simply drive the car off the lot. Less creative means also continue to be utilized to steal cars on a large-scale basis.

Once a car is stolen, the vehicle identification number (VIN) can be altered by re-tagging the car so that it can be insured again as a car that has not been reported stolen, "given up" by the new owner so that the first "give up" insurance claim can be submitted to an insurance company, re-tagged again, reinsured again, and "given up" again, and so on, to perpetuate continuous auto insurance theft claims. Stolen cars can also be used in staged accident conspiracies where the primary purpose is to generate personal injury protection (PIP) claims so that insurance claims money can be stolen through a different scheme.

Whether a "legitimate auto theft" or an "insurance fraud auto theft," automobile theft adversely impacts insurance companies which, in turn, drives up the cost of insurance premiums. When the Legislature created OIFP in 1998 through the passage of the Automobile Insurance Cost Reduction Act (AICRA),[20] OIFP's priorities were clearly delineated in the legislative history: "The legislative findings and declarations underlying AICRA are unequivocal; cost containment, fraud avoidance and a fair rate of return to insurers."[21] Upon receipt of evidence of an auto theft, OIFP, as a prosecutorial agency, can and should prosecute both the automobile thieves who steal from unwilling, unsuspecting owners where no false insurance claim is involved, as well as owners who willingly "give up" their cars to others to file phony auto insurance theft claims. Investigating auto theft clearly fulfills the legislative intent of AICRA, regardless of whether the investigation reveals that the theft was legitimate or involved insurance fraud, since either outcome may result in an insurance payment that contravenes the legislative goals of cost containment and fraud avoidance.

Investigative and prosecutorial experience demonstrates that auto theft is so intertwined with auto insurance fraud that law enforcement agencies, including OIFP, must investigate the recovery of all reported stolen automobiles in order to be able to distinguish between owners who willingly "give up" their cars and the middlemen who assist them, and the automobile thieves who simply steal cars from unsuspecting owners. In enacting the statutory requirement that insurance companies report "information on stolen vehicles to OIFP," the Legislature clearly understood that lurking within each insurance company's "information on stolen vehicles" are scores of falsely reported auto thefts in which the insured owner willingly "gives up" his or her car to another person so that the car can be dismantled and sold for parts or re-tagged and resold, and so that a phony automobile theft insurance claim can be submitted to an auto insurance company. By aggressively detecting, investigating, and prosecuting auto theft, OIFP meets the Act's statutory requirement to aggressively confront insurance fraud statewide.

John J. Smith
Assistant Attorney General
Deputy Chief Counsel

19. Richard A. Spreng, *Survey of Auto Theft Experts: the Allocation of Auto Theft Prevention Funds*, at www.michigan.gov/documents/mspatpa_SurveyAutoExperts_8782_7.pdf (concluding that law enforcement dedicated to auto theft represents the best approach to combating and reducing auto theft).

20. P.L.1998, c.21, §§1 to 74.

21. Casinelli v. Manglapus, 181 N.J. 354, 360 (2004) (internal citations omitted); see N.J.S.A. 39:6A-1.1b (legislative findings and declarations).

OIFP Recoups $2.1 Million for State Medicaid Program

—OIFP Recoups— $2.1 Million for State Medicaid Program

John Krayniak, an Assistant Attorney General, is a 19-year veteran of the Division of Criminal Justice and was the Chief of OIFP's Medicaid Fraud Section for 13 years. He previously served for eight years as a Deputy District Attorney in the Los Angeles County District Attorney's Office.

by John Krayniak

OIFP's Medicaid Fraud Section is responsible for investigating and prosecuting fraud by health care providers participating in the State Medicaid health care program for the poor. Medicaid providers range from single practitioners to multi-national pharmaceutical corporations. In 2007, OIFP's successful participation in three major federal False Claims Act investigations against two pharmaceutical giants, Schering-Plough and Medicis Pharmaceutical Corp., and a national provider of neonatologists, Pediatrix Medical Group, Inc., resulted in large monetary settlements for the State of New Jersey. In total, $2.1 million was returned to the State's Medicaid program as a result of these efforts.

The federal False Claims Act, also known as the "Lincoln Law," was first enacted during the Civil War to address fraudulent activity in supplying goods to the Union Army. The law now applies to any federally funded contract or program and establishes civil liability for any person or entity who knowingly presents or causes to be presented a false or fraudulent claim to the United States government for payment. A person or entity found liable under the federal False Claims Act is subject to a civil monetary penalty of between $5,000 and $11,000 per illegal act, plus three times the amount of damages that the government sustained because of the illegal act. In 1986, the federal False Claims Act was expanded to include the Medicare and Medicaid programs.[2]

Qui Tam "Whistleblower" Actions

The lawsuits against Schering-Plough, Medicis, and Pediatrix each commenced with the filing of a federal false claims *qui tam* "whistleblower" action. *Qui tam* is short for "*qui tam pro domino rege quam pro se ipso in hac parte sequitur*," a Latin phrase meaning "he who pursues this action on our Lord the King's behalf as well as his own."[3] *Qui tam* "whistleblower" provisions encourage individuals to come forward and report misconduct involving false claims. Anyone may bring a *qui tam* action under the federal False Claims Act in the name of the United States in federal court. To encourage *qui tam* actions, a portion of the penalty assessed against the wrongdoer is paid to the informer, with the remainder going to the government[4]. *Qui tam* Medicaid cases often arise from complaints by company employees, sales executives, and pharmacists[5].

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1. 31 U.S.C. §§3729-3733.

2. www.medicaidforeducation.org/pdf/FalseClaimsAct.pdf

3. Rockwell International Corp. v. United States, 127 S.Ct. 1397, 1402 n2 (2007).

4. www.medicaidforeducation.org/pdf/FalseClaimsAct.pdf

5. Robert Cohen, *Drugmakers Accused of Huge Medicaid Fraud*, Star-Ledger, February 18, 2007, §3, at 3.

Off-Label Use Violations

The two pharmaceutical cases settled by OIFP in 2007, State v. Schering-Plough and State v. Medicis Pharmaceutical Corp., involved allegations of unlawful off-label marketing by drug manufacturers who marketed and sold their products to state Medicaid programs. Schering-Plough's sales force allegedly engaged in unlawful off-label marketing of Temodar, a drug used to treat brain cancer in adult patients, by improperly promoting Temodar for certain brain tumors and brain metastases, uses not approved by the federal Food and Drug Administration (FDA). Medicis allegedly engaged in unlawful off-label marketing of the drug Loprox, a topical medication used to treat certain fungal skin infections in adults, by promoting the sale and use of Loprox to pediatricians for diaper dermatitis and other skin disorders in children under the age of ten. The use of Loprox in this manner is not a "medically accepted indication" under federal law.

"Off-label" refers to the prescribing of an approved drug for any purpose, or in any manner, other than what is permitted on the drug's labeling. Off-label use includes treating a condition not indicated on the label, treating the indicated condition at a different dosage or frequency than that specified on the label, or treating a different patient population, for example, pediatric use of a drug such as Loprox which is FDA-approved for adult use only.

The Food, Drug and Cosmetics Act (FDCA)[6] prohibits the marketing of new pharmaceutical drugs in the United States unless the manufacturer can clearly convince the FDA that the drug is safe and effective for each of its intended uses.[7] The period between the filing of a new drug application to the final approval of the drug by the FDA is a multi-year process of studying and testing the drug and determining the label's content.

The FDA does not approve a drug for the general treatment of an illness. Instead, a drug is approved for treatment of a specific condition for which the drug has been tested in patients. The specific approved use is called the "indication" for which the drug may be prescribed. The FDA will specify a particular dosage determined to be safe and effective for each indication. A drug may be beneficial at one dose and harmful at another.

The indication and dosages approved by the FDA are delineated on the drug's label, which also must be approved by the FDA.[8] The drug's label is copied on a printed insert in the drug's packaging and serves as the notice to the physician and patient. The label contains warnings about side effects and instructs patients when to discontinue use and consult their physician. The label must conform to the indication and dosage that the FDA has approved.[9] A pharmaceutical manufacturer may market a drug only for the indication and dosages approved by the FDA.

The Food and Drug Administration Modernization Act of 1977 (FDAMA) provides guidance for a manufacturer wishing to market or promote drug uses not listed on the approved label. The manufacturer must resubmit the drug for additional clinical trials similar to those required for the initial approval.[10] Until subsequent approval of the new use has been granted by the FDA, the unapproved use is considered to be off-label. Under the federal Food and Drug laws, a manufacturer may not introduce a drug into interstate commerce with the intent that it may be used for an off-label purpose. Nor may a manufacturer "misbrand" a drug by using labels (which include all marketing and promotional materials relating to the drug) describing intended uses for the drug that have not been approved by the FDA.[11]

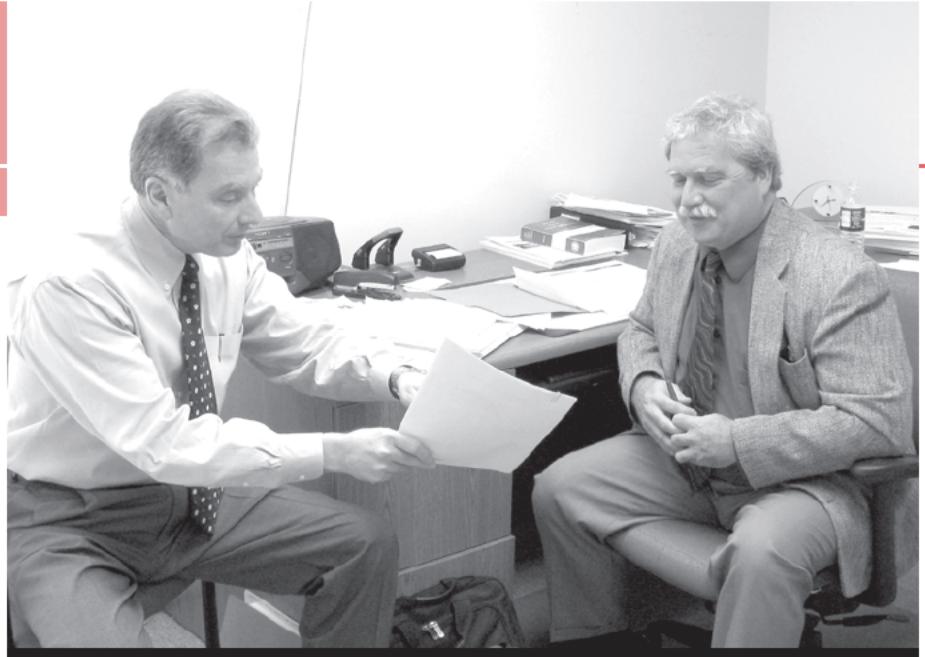
In addition to prohibiting manufacturers from directly marketing and promoting a product's off-label uses,[12] Congress and the FDA have also sought to prevent manufacturers from employing indirect methods to accomplish the same end. The federal government has attempted to regulate two of the most prevalent indirect promotional strategies employed by drug manufacturers: (1) manufacturer dissemination or influence of medical and scientific publications concerning the off-label uses of their products, and (2) manufacturer support for Continuing Medical Education (CME) programs that are nothing more than seminars to promote off-label use. Off-label promotion, in its various forms, is a major concern in federal False Claims Act cases.

Best Pricing Violations

Schering-Plough was also accused of overcharging Medicaid for some of its products. Schering-Plough allegedly concealed its "best price" for Medicaid rebates for the anti-allergy medication Claritin RediTabs through the provision of free goods or the employment of "nominal pricing." Schering-Plough also allegedly understated its "best price" for the potassium supplement K-Dur in another instance of the "lick and stick" relabeling scheme which previously resulted in national settlements with the pharmaceutical giants Bayer and Glaxo-SmithKline.

Federal law mandates that the Medicaid programs receive a manufacturer's "best" or lowest price on all drugs. Medicaid is one of the nation's largest purchasers of drugs, and drug

6. 21 U.S.C. §§301 et seq.
7. 21 U.S.C. §355(a),(d).
8. 21 U.S.C. §§352, 355(d).
9. 21 U.S.C. §355(d).
10. 21 U.S.C. §360aaa(b),(c).
11. 21 U.S.C. §352.
12. The FDA is responsible for ensuring that a drug is safe and effective for the specific approved indication, but it does not regulate the practice of medicine. Regulation of the practice of medicine is



(l to r) Assistant Attorney General John Krayniak and Deputy Attorney General William Hoyman, Medicaid Fraud Section.

manufacturers must provide Medicaid with the same discounts offered to large private managed-care health plans and hospital chains.[13] Since state and federal Medicaid programs collectively purchase billions of dollars of drugs each year, Congress intended Medicaid to reap the benefit of this immense purchasing power. "Best price" calculations are complex and are determined through multiple factors. All discounts from the list price given to a commercial customer must be included in the "best price" calculation. By concealing discounts provided to commercial accounts, the "best price" calculation is skewed upward, resulting in higher costs to the Medicaid program.

Illegal Kickbacks

Some pharmaceutical companies fraudulently increase their sales by paying illegal kickbacks to physicians and pharmacists. Kickbacks often include such inducements as monetary payments and travel expenses. The civil settlement in the State v. Schering-Plough case involved allegations that Schering-Plough paid kickbacks to physicians to prescribe Intron-A, a medication used to treat certain cancers and hepatitis, as well as two other hepatitis medications, Peg-Intron and Rebetron.

Fraudulent "Upcoding"

The third settled case, State v. Pediatrix Medical Group, Inc., involved allegations of "upcoding," which is the practice of fraudulently billing an insurance carrier or government payer for medical services designated under a billing code for a more complex and expensive procedure than the simpler, less costly procedure actually performed. Pediatrix is a national provider employing neonatologists who provide specialized treatment to premature infants in neonatal intensive care units. Many of the neonatologists are members of local medical practices. Pediatrix also provides administrative and billing support to the neonatologists. This settlement agreement resolved allegations that Pediatrix systematically classified infants as critically ill when, in fact, they were not.

Pediatrix accomplished this by instituting a system of central coding which eliminated the treating physician's role in the coding decisions. Coders in a central office were free to overrule the treating physician's coding decisions that had been made at the bedside based on the infant's actual condition and the physician's experience and judgment. The reimbursement rates for the critical care hospital codes are significantly higher than non-critical care hospital codes. This higher rate is intended to reflect the greater degree of complexity of medical issues and the time, skill, and judgment required to treat critically ill babies. These higher reimbursement rates created an incentive for Pediatrix to diagnose the infants' conditions as more severe than they really were.

New Jersey Settlements

In 2007, OIFP recouped over $2.1 million through the federal False Claims Act settlements with Schering-Plough, Medicis, and Pediatrix. Schering-Plough's total federal False Claims Act settlement was $255 million. New Jersey's Medicaid share, both federal and State, was over $3.5 million. The State's Medicaid share alone was close to $2 million.[14]

Medicis' total federal False Claims Act settlement was $9.8 million. New Jersey's Medicaid share, both federal and State, was $54,497. The State's Medicaid share alone was $31,448.

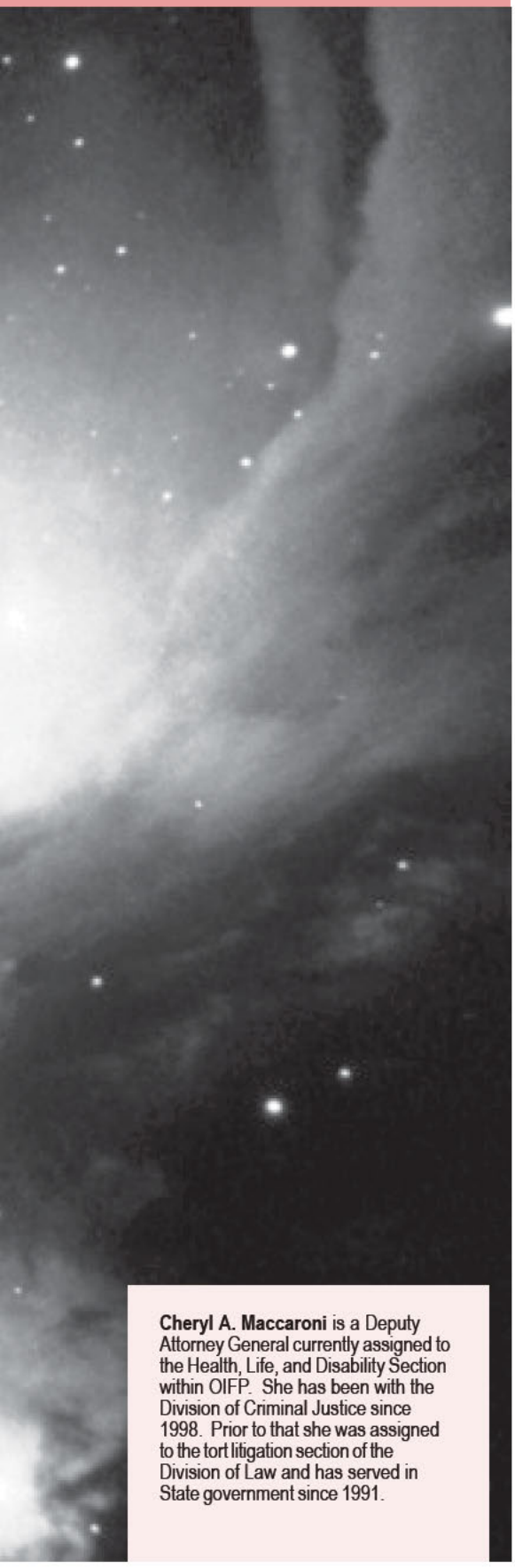
Pediatrix's total federal False Claims Act settlement was $25 million. Pediatrix had a limited presence in New Jersey, and New Jersey's Medicaid share, both federal and State, was $220,851. New Jersey's Medicaid share alone was $138,765.

The number and complexity of False Claims Act cases filed in federal court show no signs of abating. A bill sponsored by New Jersey State Senators John H. Adler and Joseph F. Vitale, S-360 (2006-2007), would establish the "New Jersey False Claims Act" to further protect against abuse and fraud within Medicaid, as well as other State claims programs, and would allow lawsuits to be filed in New Jersey State courts. Legal and investigative activity in this area will continue to consume government resources, but the substantial sums of money recouped by OIFP and returned to the New Jersey State Medicaid Program makes False Claims Act litigation a necessary and critical component of OIFP's ongoing fight against insurance fraud.

the responsibility of the individual states. After a drug is approved for a particular use, the FDA does not prohibit doctors from prescribing the drug for uses that are different than those approved by the FDA.

13. Robert Cohen, *Drugmakers Accused of Huge Medicaid Fraud*, Star-Ledger, February 18, 2007, §3, at 1.

14. The Medicaid program is funded jointly by the State and federal governments. Consequently, Medicaid recoveries are reimbursed to each government entity proportionally.



OIFP Blazes New Trails in Successfully Prosecuting Criminal Cases

by Cheryl A. Maccaroni

When Dr. Juan Carlos Fischberg and his wife, Gezel Villanueva, failed to appear for their arraignment on the insurance fraud charges brought against them, the Office of the Insurance Fraud Prosecutor (OIFP) pursued the course of action ordinarily followed by prosecutors in that situation: OIFP requested the issuance of bench warrants to facilitate their arrests. However, unwilling to rely solely on the traditional law enforcement approach to dealing with fugitives, OIFP scoured the arsenal of legal tools available to a prosecutor to develop an ingenious solution to flush these fugitives out of hiding and bring them to justice.

The solution was a rarely-used tool, N.J.S.A. 2C:20-21, a statutory mechanism to seek injunctive relief to stop the commission of a theft related offense or acts in furtherance of such an offense. This statute allows law enforcement and others to seek injunctive relief by bringing an action in the Superior Court of New Jersey to enjoin violations of Chapter 20 ("Theft and Related Offenses") of the New Jersey Criminal Code, or to enjoin any acts in furtherance thereof. OIFP successfully invoked this statute against these criminal fugitives, who were by then living in South America, when they attempted to withdraw significant funds from a trust account in a Delaware bank containing proceeds of the insurance fraud that took place in New Jersey.

By way of background, a State Grand Jury had returned an Indictment against Juan Carlos Fischberg and Gezel Villanueva. The Indictment charged both Fischberg and Villanueva with first-degree Money Laundering and second-degree Conspiracy. Fischberg was also charged with second-degree Health Care Claims Fraud, second- and third-degree Theft by Deception, fourth-degree Falsifying Medical Records, and fourth-degree False Swearing

The Indictment alleged that between January 1, 1998, and August 26, 2003, Fischberg, a board certified doctor licensed in the State of New Jersey, and doing business as Hudson Rehabilitation Medical Center in West New York, New Jersey, knowingly defrauded seventeen insurance companies of millions of dollars by making false and misleading statements of material facts in bills, claims, and records that were submitted to these insurance companies for payment. According to the Indictment, Fischberg falsified his patients' electro-diagnostic tests, specifically Nerve Conduction Velocity (NCV) tests. NCV tests are sometimes used to diagnose injuries resulting from automobile accidents. Most of the bills for the falsified tests were submitted to automobile insurance companies in connection with Personal Injury Protection (PIP) claims.

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1. During the investigation, OIFP executed a search warrant at Fischberg's office, seizing more than 5,000 patient records. Fischberg later admitted that he did not perform all the electro-diagnostic procedures for which he billed the insurance companies and purposely altered or falsified treatment notes and test results in the patient files to support the fraudulent billings.

Additionally, the Indictment alleged that Fischberg and his wife, Gezel Villanueva, conspired to commit money laundering by transferring in excess of $500,000 to South America and to the Capital Trust Company of Delaware (CTC). According to the Indictment, the funds were transferred to conceal the nature, location, source, ownership, or control of the money, and to hide the fact that the money was derived from theft and health care claims fraud committed against numerous insurance companies in New Jersey.

When Fischberg and Villanueva failed to appear in the Superior Court of New Jersey, Law Division, Criminal Part, Monmouth County before the Honorable Bette E. Uhrmacher, P.J.S.C., for a pre-arraignment interview, warrants were issued for their arrests. At this time, the defendants were reportedly living in Buenos Aires, Argentina. However, the fact that the defendants were fugitives living in a foreign country did not thwart OIFP's hopes of bringing them to justice.

In exercising its due diligence, the Capital Trust Company of Delaware (CTC), the sole trustee of the Juan Carlos Fischberg (JCF) Family Trust and the co-trustee of the Gezel Villanueva (GV) Trust, learned that Fischberg and Villanueva had been indicted by the State of New Jersey and thus inquired into the facts surrounding the Indictment. Both trusts were created on May 22, 2003, approximately five and one-half years after Fischberg allegedly began to defraud New Jersey insurance companies.

OIFP was informed that CTC had been directed by the Trust Protector of the JCF Family Trust to immediately distribute $600,000 to Gezel Villanueva. Realizing that "freezing" these assets represented the key to forcing the defendants' return to the United States to answer to the criminal charges, OIFP initiated legal proceedings to seize the monies or freeze the assets in the trust. OIFP promptly informed CTC that any distribution and/or transfer by CTC would be considered by the State of New Jersey to be an act in furtherance of the crimes charged in the Indictment. Shortly thereafter, a Petition for Instructions captioned In the Matter of the Juan Carlos Fischberg Family Trust Dated May 22, 2003 was filed on behalf of CTC in the Court of Chancery, New Castle County Delaware. The Petition sought the Delaware Court's guidance regarding the distribution request.

OIFP responded by availing itself of the rarely-used tool in the Criminal Code: a complaint for injunctive relief pursuant to N.J.S.A. 2C:20-21. OIFP filed an Order to Show Cause, Verified Complaint, and Brief in the Superior Court of New Jersey, Chancery Division, General Equity Part, and Law Division, Criminal Part, Monmouth County to enjoin Fischberg and Villanueva from requesting and/or receiving any distributions from either the JCF Family Trust or the GV Trust. OIFP also sought to enjoin CTC from making any distributions and/or transfers from either the JCF Family Trust or the GV Trust. OIFP alleged that proceeds of criminal activity were used to fund the trusts in question. Although it was clear that the State of New Jersey had jurisdiction over Fischberg and Villanueva, it was not as clear whether the State of New Jersey had jurisdiction over CTC, a Delaware corporation.

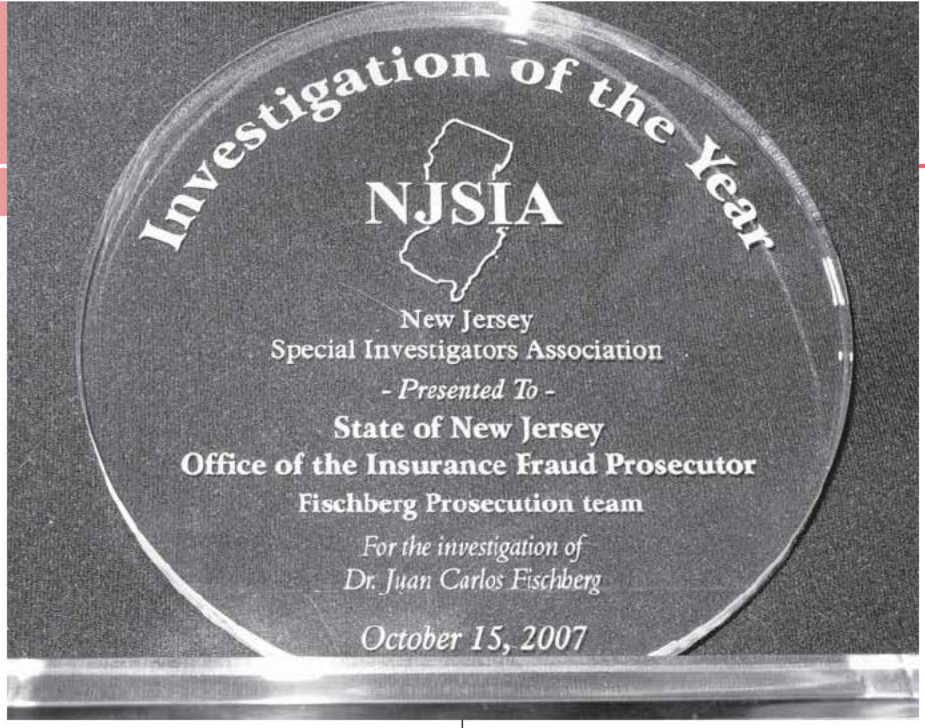
The matter was heard by the Honorable Alexander D. Lehrer, P.J. Ch., sitting in the Superior Court of New Jersey, Chancery Division, General Equity Part, Monmouth County who entered an interim Order temporarily freezing the money Fischberg and Villanueva deposited in the trust by precluding the trustees from making any distributions and/or transfers from the trusts and enjoining Fischberg and Villanueva from directly or indirectly requesting and/or receiving any distributions and/or transfers from the trusts. A hearing was ultimately scheduled for March 16, 2007. However, in the meantime, the settlors of the trusts, on behalf of Fischberg and Villanueva, entered an appearance in the Delaware proceeding. The settlors argued that they were entitled to immediate disbursement of the amount requested. Given this development, it became imperative for OIFP to intervene as soon as possible in the Delaware proceeding.

With the interim temporary restraining Order in place in New Jersey, OIFP's attention turned to the Delaware action filed by CTC. OIFP's first order of business was to move to have two of its Deputy Attorneys General admitted *pro hac vice*[2] to participate in the State of Delaware in the matter pending in the Court of Chancery, New Castle County, Delaware. The Delaware Attorney General's Office agreed to assist OIFP in this effort. A Delaware Deputy Attorney General was assigned to the matter and was a tremendous asset to OIFP's team.

However, in addition to these legal hurdles, OIFP had to overcome logistical obstacles as well. The State of Delaware requires all papers to be filed electronically with the court, a practice that is not required in New Jersey courts. This meant that all motions, certifications, and orders prepared by OIFP had to be forwarded to the Delaware Deputy Attorney General for review and electronic filing by the Delaware Attorney General's Office.

On or about January 18, 2007, the Delaware Deputy Attorney General moved for the admission *pro hac vice* of two OIFP Deputy Attorneys General to appear and intervene in In the Matter of the Juan Carlos Fischberg Family Trust Dated May 22, 2003 in the Court of Chancery, New Castle County, Delaware, in order to represent the State of New Jersey in the action. On or about January 22, 2007, the Delaware Court granted the Motion and waived the $600 *pro hac vice* assessment. OIFP immediately filed a Motion to Intervene and to stay the proceedings in the Delaware action pending resolution of the criminal

2. *Pro hac vice* is a Latin term meaning "for this turn; for this one temporary occasion." *Black's Law Dictionary*. The term usually refers to an out-of-state lawyer who is permitted to participate in another jurisdiction in one particular case only.



charges against Fischberg and Villanueva in New Jersey. If the Delaware proceeding was stayed, then no distributions from either of the trusts could be made and neither Fischberg nor Villanueva would be able to get any of the money out of the trusts until the criminal case was resolved. OIFP had reason to believe that a substantial sum of money was being held in the JCF Family Trust. If the defendants were unable to withdraw any of the money, OIFP believed that the defendants would come out of hiding in Argentina to negotiate terms of surrender.

The key issue of whether to grant OIFP's request for a stay of the Delaware proceeding involved the obligations of a Delaware trust company to a Delaware trust governed exclusively by Delaware law. On January 26, 2007, an Order was entered by Vice Chancellor John W. Noble granting the State of New Jersey the right to intervene in the Delaware proceeding. With regard to the Motion to Stay the proceedings, a briefing schedule was set forth requiring the prompt filing of all pleadings in the matter.

In its Memorandum of Law filed in opposition to OIFP's position, CTC argued to the Delaware court that if the stay of the Delaware proceeding was granted, a court in New Jersey through a second-filed action by the State in New Jersey (the Order to Show Cause) would decide an issue of first impression under Delaware trust law. CTC felt that a ruling by a New Jersey court would usurp the authority of the Delaware Court of Chancery by deciding legal issues that were within the exclusive jurisdiction of the latter. CTC argued that, according to Delaware trust law, it had no authority to refuse to distribute money from the trusts once it was directed to do so by the Successor Trust Protector. However, CTC was concerned that acting on the requested distribution would be considered an act in furtherance of the crimes charged in the New Jersey Indictment by the State of New Jersey. In the Memorandum of Law filed on behalf of the JCF Family Trust and the GV Trust, the trusts argued that OIFP's Motion to Stay, which would freeze the assets in the trusts, was akin to an attachment and thus was clearly impermissible under Delaware law.

OIFP filed its reply memorandum on February 13, 2007, and set forth the practical considerations weighing heavily in favor of granting a stay of the Delaware proceeding. Foremost, OIFP argued that if the stay was not granted, the State of New Jersey would be forced to, in effect, try its criminal case in a Delaware Chancery Court. On February 22, 2007, oral argument was heard in the Delaware proceeding. OIFP Deputy Attorneys General argued that a stay of the Delaware proceeding would cause only a slight inconvenience to the contumacious defendants and that practical considerations weighed in favor of the stay until the criminal proceedings were resolved. The opposition argued that any challenge to a request for a disbursement or transfer from an asset protection trust under Delaware law had to be made pursuant to Delaware's Fraudulent Transfer Act.

Following oral argument, Vice Chancellor Noble issued his decision from the bench. The Court's decision, which was, in large measure, driven by notions of comity was that a stay of the Delaware proceeding, at least for a limited period of time, was appropriate. On February 23, 2007, the Court of Chancery, New Castle County, Delaware, entered its written Order to Stay *In the Matter of the Juan Carlos Fischberg Family Trust Dated May 22, 2003* pending resolution of the criminal proceeding in New Jersey. In essence, CTC was precluded from making any distributions of stolen monies from the JCF Family Trust, which was set up by defendants Fischberg and Villanueva.

Having the right strategies and implementing them at the most opportune time can make all the difference in a successful prosecution. On March 16, 2007, OIFP obtained a final Order from the Superior Court of New Jersey, Chancery Division, Monmouth County enjoining and restraining both Fischberg and Villanueva from directly or indirectly requesting and/or receiving any distributions and/or transfers from either the JCF Family Trust or the GV Trust. Despite the stay of the Delaware proceeding and the March 16, 2007, final Order restraining Fischberg and Villanueva, on March 21, 2007, a request was made by Villanueva to CTC to transfer money from Philargen Holdings, a limited partnership in which the JCF Family Trust and the GV Trust owned 99% of the assets. OIFP promptly requested that the Delaware Court give full faith and credit to the March 16, 2007, final Order. In addition, OIFP contacted the attorneys representing the defendants in the criminal proceeding and impressed upon them the importance of having Villanueva withdraw this request. This request was, in fact, withdrawn on or about April 2, 2007.

Shortly thereafter, plea negotiations in the criminal matter commenced in earnest. After almost five months of intense negotiations, Fischberg agreed to surrender himself, enter a *retrax it* plea of guilty to Health Care Claims Fraud, serve

a three-year prison sentence, and pay $2,216,243 in restitution and a civil fine of $50,000. In order to make these payments, Fischberg needed access to the monies in the JCF Family Trust. Consequently, OIFP moved to vacate the stay of the Delaware proceeding on the express condition that the sum of $2,216,243 be transferred to the trust account of the law firm representing Fischberg in the criminal matter to be held in escrow and then simultaneously dispersed upon the acceptance by the court of Fischberg's guilty plea. This Motion was granted by the Delaware Court on May 16, 2007.

By letter dated May 7, 2007, a request was made to remove Fischberg from the National Crime Information Center (NCIC) database. By letter dated May 25 2007, a similar request was made to remove Villanueva from the NCIC database. Removal from the NCIC database would allow Fischberg and Villanueva to enter the United States and would enable Fischberg to enter a guilty plea in New Jersey. On May 24, 2007, Fischberg appeared before the Honorable Patricia Del Bueno Cleary, J.S.C., in the Superior Court of New Jersey, Law Division, Criminal Part, Monmouth County and pled guilty to count one of the Indictment charging second-degree Health Care Claims Fraud.[3] In accordance with the plea agreement, on August 10, 2007, Judge Cleary sentenced Fischberg to a term of three years in State prison and ordered him to immediately pay $2,216,243 in restitution and a $50,000 civil insurance fraud fine. Subsequently, all charges were dismissed as to Gezel Villanueva.

The successful prosecution of Juan Carlos Fischberg was achieved by wielding a rarely-used tool in law enforcement's tool box, namely, injunctive relief pursuant to N.J.S.A. 2C:20-21. Developing these types of innovative strategies is vital to ensuring an effective fraud interdiction program. Dedication, hard work, perseverance, and good working relationships with the insurance industry and other regulatory and law enforcement agencies were also crucial to a positive outcome. In this instance, after a long and hard fought battle, perseverance paid off and OIFP achieved a successful resolution of this case by blazing new trails in the war against insurance fraud.

Cheryl A. Maccaroni
Deputy Attorney General
Health, Life, and Disability Section

3. On May 29, 2007, a final administrative Order was entered by the New Jersey State Board of Medical Examiners accepting Fischberg's voluntary surrender of his license to practice medicine and surgery in New Jersey. The Order permanently revoked Fischberg's medical license with prejudice regarding any future petition for reinstatement.

Closing the Loopholes on Insurance Fraud:

OIFP's 2007 Recommendation for Legislative and Regulatory Reform - Reinstating the Intended Reach of the Insurance Fraud Statute in the Wake of the New Jersey Supreme Court's Restrictive Interpretation of the Crime of Insurance Fraud

by John Kennedy

Introduction

The crime of Insurance Fraud is committed when one makes a false statement of material fact in, or omits a material fact from, a document in connection with an insurance transaction. New Jersey's Criminal Code expressly provides that multiple acts of insurance fraud – which by definition includes multiple false statements of material fact – contained in a single document are each separate and distinct offenses.

By defining Insurance Fraud so that each false statement is a separate offense, the Legislature continued its efforts to combat insurance fraud by increasing the penalties for it, by facilitating the prosecution of it, and by making the false statement, and not the false claim, the unit of prosecution. The statute is intended to encompass all types of insurance fraud: claims fraud, application fraud, premium financing fraud, and any other insurance related fraud.

In its first opinion construing the statute, the Supreme Court of New Jersey reached the conclusion that multiple false facts contained in one document do not each constitute a separate, distinct offense. Rather, the Court concluded, the word "statement" encompasses all the false factual assertions a person makes in one document. Therefore, the Court concluded, a person generally commits only one offense regardless of the number of false factual assertions he makes in a single document.

The Office of the Insurance Fraud Prosecutor (OIFP) respectfully disagrees with the Court's legislative construction. First, the language of the statute plainly states the opposite. Second, the Court's reasoning is troublesome. Third, the implications of the Court's ruling are contrary to the Legislature's intent to deter fraud through stiff penalties. Because the Court was attempting to divine and implement the Legislature's will, it is fitting and proper for the Legislature to amend the statute to return it to its originally intended meaning. For the reasons explained in this article, OIFP respectfully recommends that the Legislature do so.

The Plain Language of the Act

The crime of Insurance Fraud[1] is defined in N.J.S.A. 2C:21-4.6a, which provides:

> A person is guilty of the crime of insurance fraud if that person knowingly makes ... a false, fictitious, fraudulent, or misleading statement of material fact in, or omits a material fact from, ... any record, bill, claim or other document, in writing, electronically, orally or in any other form, that a person ... submits ... in connection with: (1) a claim for payment ... ; (2)

1. In the interest of clarity, Insurance Fraud is capitalized when it refers to the specific crime defined by N.J.S.A. 2C:21-4.6, rather than insurance fraud more generally, unless it appears in lower case in a quotation.

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> an application to obtain or renew an insurance policy; (3) any payment made or to be made in accordance with the terms of an insurance policy or premium finance transaction; or (4) an affidavit, certification, record or other document used in any insurance or premium finance transaction. [Emphasis added.]

In sum, a person commits an "act of insurance fraud" when that person knowingly makes a single false or misleading statement of material fact in (or omits a single material fact from) any document the person submits in connection with a claim for payment, an application, a payment, an insurance transaction, or a premium finance transaction.

N.J.S.A. 2C:21-4.6b establishes the degree of the crime. That paragraph reads:

> Insurance fraud constitutes a crime of the second degree if the person knowingly commits five or more acts of insurance fraud, including acts of health care claims fraud pursuant to [N.J.S.A. 2C:21-4.2] and if the aggregate value of property, services or other benefit wrongfully obtained or sought to be obtained is at least $1,000. Otherwise, insurance fraud is a crime of the third degree. Each act of insurance fraud shall constitute an additional, separate and distinct offense, except that five or more separate acts may be aggregated for the purpose of establishing liability pursuant to this subsection. Multiple acts of insurance fraud which are contained in a single record, bill, claim, application, payment, affidavit, certification or other document shall each constitute an additional, separate and distinct offense for purposes of this subsection. [Emphasis added.]

This statute unambiguously contemplates that there can be multiple acts of insurance fraud, and thus, by definition, multiple false statements of material fact, in a single document, or application or affidavit. Just as plainly, each act of insurance fraud is a separate offense, even when the multiple offenses occur in a single record, bill, claim, or other document.

Legislative History and Intent

The Legislature enacted the crime of Insurance Fraud as a continuation of its efforts to rein in high insurance costs, particularly for health and auto coverage, through reform of insurance related laws. An unmistakable component of that effort has been a steady ratcheting up of the penalties for insurance fraud.

The Supreme Court of New Jersey has recognized that "[i]nsurance fraud is a problem of massive proportions that currently results in substantial and unnecessary costs to the general public in the form of increased rates. In fact, approximately ten to fifteen percent of all insurance claims involve fraud."[2] Unfortunately, the problem remains as pressing today, if not more so, as it was when the Court wrote those words. In 2000, the total national outlay for health care reached $1.3 trillion. Of that amount, the National Health Care Anti-Fraud Association (NHCAA) estimates that at least 3%, or $39 billion, is lost to outright fraud.[3] Fraud undeniably contributes significantly to rising health insurance costs. Rising costs have caused a nationwide decline in the number of employers offering health benefits to their employees, from 69% in 2000 to 60% in 2005.[4]

With respect to automobile insurance, the problem of cost, driven in part by fraud, is near legendary in New Jersey. In 2000, the Insurance Research Council and ISO, a leading source of insurance information, surveyed 753 carriers who together accounted for 73% of property-casualty insurance in the country. The survey found that so-called "soft fraud" - exaggerating the value of a loss in an otherwise legitimate claim - costs insurers more money than "hard fraud," such as automobile accidents staged by organized rings or fabricated auto thefts. More than half the carriers estimated that "soft fraud" occurs in more than 15% of all claims.[5]

The Legislature has responded to the problems of insurance availability and high costs through a series of enactments. Because fraud - including one single incident of "soft fraud" - undeniably causes a significant percentage of that cost, this series of enactments has included a consistent progression of increasing penalties for insurance fraud, thereby facilitating its criminal prosecution.

In 1983, the Legislature enacted the Insurance Fraud Prevention Act (IFPA),[6] based on the model act promulgated by the National Association of Insurance Commissioners. The IFPA codified the public policy of this State to "confront aggressively the problem of insurance fraud[.]"[7] To accomplish this goal, the act authorizes the State to impose civil monetary penalties for violations of the IFPA.[8]

In 1997, the Legislature created the crime of Health Care Claims Fraud.[9] The Senate Health Committee Statement to the bill which was passed provided in part:

> This bill ... reform[s] the criminal laws to address health care claims fraud ...

2. Merin v. Maglaki, 126 N.J. 430, 436 (1992).

3. NHCAA, *Health Care Fraud, A Serious and Costly Reality for All Americans*, at 1, 2 (Apr. 2005), at www.nhcaa.org/content/files/HealthCareFraudArticle2005.pdf

4. The Kaiser Family Foundation and the Health Research and Education Trust, *Employer Health Benefits 2005 Summary of Findings*, at 4 (2005), at www.KFF.org/insurance/7315/sections/upload/7316.pdf

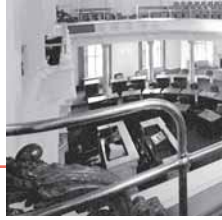
5. See Coalition Against Insurance Fraud, *Fraud is Rising, Insurers Say, and it's Uncle Bernie's Fault: Soft-Core Scams a Major Source of Bad Claims and Money Loss* (Jan. 1, 2002), at www.insurancefraud.org/rc_research_set.html

6. N.J.S.A. 17:33A-1 et seq.

7. N.J.S.A. 17:33A-2.

8. N.J.S.A. 17:33A-5.

9. N.J.S.A. 2C:21-4.2 to -4.3.



particularly in the treatment of patients involved in automobile accidents[.] New Jersey's Code of Criminal Justice does not address healthcare claims fraud in a manner that permits efficient prosecution and effective punishment. Under current statutes, a person commits a crime of the second-degree if the amount of the theft is $75,000 or more. However, in the context of health care claims fraud where the individual fraud claims may be relatively small, a prosecutor may be required to prove hundreds of separate claims as fraudulent to arrive at the $75,000 amount[.] This bill would cover not only those instances of claims for treatments that were not provided, but also false and misleading statements concerning the necessity of treatment and the nature and scope of treatment.[10]

Thus, as it had in the IFPA, the Legislature chose to penalize individual false statements, not false claims.[11]

In 1998, the Legislature enacted the Automobile Insurance Cost Reduction Act (AICRA).[12] "AICRA is, as its name implies, a cost-containment initiative enacted as a refinement to the no-fault automobile insurance system ... The legislative findings and declarations underlying AICRA are unequivocal; cost containment, fraud avoidance and a fair rate of return to insurers."[13] Among other things, AICRA requires a plaintiff, who is covered by a policy containing the "limitation on lawsuit option" and who wishes to sue for non-economic losses, to file a certification from a physician attesting that the plaintiff has suffered certain injuries as spelled out in the statute. The Legislature included a tough criminal provision punishing anyone who makes a false physician certification. In language similar to that later used in the criminal Insurance Fraud statute, AICRA provides: "A person is guilty of a crime of the fourth degree if that person purposefully or knowingly makes, or causes to be made, a false, fictitious, fraudulent, or misleading statement of material fact in, or omits a material fact from, or causes a material fact to be omitted from, any certification filed pursuant to this subsection."[14] As another example of the Legislature's desire to deter insurance fraud through stiff penalties, the Legislature included a presumption of incarceration for this fourth-degree crime.[15]

By 2003, the Legislature perceived a need for additional action, and passed P.L.2003, c.89, as "a comprehensive set of solutions to the automobile insurance availability and affordability challenges facing insurers, consumers and regulators in New Jersey."[16] The Act amended numerous provisions of law regulating automobile insurance. Of particular relevance here, and in a continuation of its efforts to increase penalties for insurance fraud and facilitate prosecution, the Legislature created the crime of Insurance Fraud.[17] The findings and declarations that accompanied the Act clearly articulate the Legislature's intent to establish substantial criminal penalties in order to punish wrongdoers and deter others:

a. Insurance fraud is inimical to public safety, welfare and order within the State of New Jersey. Insurance fraud is pervasive and expensive, costing consumers and businesses millions of dollars in direct and indirect losses each year.

* * *

c. To enable more efficient prosecution of criminally culpable persons who knowingly commit ... fraud against insurance companies, it is necessary to establish a crime of "insurance fraud" to directly and comprehensively criminalize this type of harmful conduct, with substantial criminal penalties to punish wrongdoers and to appropriately deter others from such illicit activity.[18]

In keeping with its intent to establish "substantial criminal penalties," the Legislature graded Insurance Fraud as a second-degree crime if the violator commits five or more acts of Insurance Fraud and the aggregate value of the property or services sought to be obtained is at least $1,000. Otherwise, it is a crime of the third degree.[19] At the same time it created the crime of Insurance Fraud, the Legislature amended the HealthCare Claims Fraud Act, clarifying that each act of Health Care Claims Fraud occurring in one document constitutes a separate and distinct offense.[20]

The Supreme Court's Interpretation

In State v. Fleischman, 189 N.J. 539 (2007), the Supreme Court of New Jersey construed the crime of Insurance Fraud, N.J.S.A. 2C:21-4.6, for the first time. The issue was whether there can be multiple false statements of material fact in one

10. Sen. Health Comm. Statement to S. 2270 (Dec. 11, 1997) (emphasis added).

11. N.J.S.A. 2C:21-4.2; compare Merin v. Maglaki, 126 N.J. at 435-36 (each knowing, false material statement is a violation under the IFPA).

12. P.L.1998, c.21, §§1 to 74.

13. Casinelli v. Manglapus, 181 N.J. 354, 360 (2004) (internal citations omitted); see N.J.S.A. 39:6A-1.1b (legislative findings and declarations).

14. N.J.S.A. 39:6A-8a (emphasis added).

15. Ibid.; see Casinelli, 181 N.J. at 366 ("AICRA's intention was ... to cull out those non-meritorious matters in which the new threshold cannot be met and to counter fraud.").

16. Assembly Banking and Insurance Comm. Statement to S. 63 (May 5, 2003).

17. P.L.2003, c.89, §§71 to 73 (codified at N.J.S.A. 2C:21-4.4 to -4.6).

18. N.J.S.A. 2C:21-4.4.

19. N.J.S.A. 2C:21-4.6b.

20. P.L.2003, c.89, §75 (codified at N.J.S.A. 2C:21-4.3).

document. The Court focused on the single word "statement" rather than on the sentence in which it appears: "A person is guilty of the crime of insurance fraud if that person knowingly makes or causes to be made, a false, fictitious, fraudulent, or misleading statement of material fact in, or omits a material fact from, or causes a material fact to be omitted from, any record, bill, claim or other document, in writing electronically, orally or in any other form[.]" The Court held,

> [W]hen a defendant provides to officials in connection with a fraudulent claim a document or oral narrative that contains a material fact or facts relating to the claim, each such document or narration is a 'statement' equating to an 'act' of insurance fraud. Although we recognize that there can be multiple 'statements' in a single document or narration, for example when a document's or narration's contents relate to a separate claim of loss (the fur coat example), we reject the assertion that the Legislature intended every discrete fact within a narrative assertion about a single claim would amount to an 'act' of insurance fraud.[22]

OIFP respectfully disagrees with the Court's construction of the statute. OIFP submits that each stage of the Court's reasoning is troublesome. The Court began its analysis by finding that the word "statement" is inherently ambiguous, because it can be defined both as a single declaration or remark and as a report or narrative. In consulting dictionary definitions, the Court focused solely on the word "statement" and did not consider the rest of the sentence in which the word is used.[23] Thus, the Court did not discuss the fact that the Legislature was plainly speaking of a single fact when it made it an act of insurance fraud to "omit a material fact" from a document. Because it did not address that context, the Court did not explain why it concluded that the Legislature would define an "act of insurance fraud" in such a way that a separate offense is committed by each material fact which is omitted from a document, but a separate offense is not committed by each affirmative misstatement in a document.[24]

Having determined that the word "statement" is inherently ambiguous, the Court turned to legislative history to determine the Legislature's intent. The Court recited the findings and declarations which accompanied the Insurance Fraud Act, at N.J.S.A. 2C:21-4.4. The Court acknowledged "the Legislature's strongly expressed desire to curb the rampant and expensive problem of insurance fraud by increasing the penalties for such behavior."[25] The Court reasoned "the State's arguments [as to why 'statement of material fact' refers to each item of material information] do not address the fact that the Legislature created two distinct offenses: third-degree insurance fraud and second-degree insurance fraud. Were 'statement' to be interpreted as the State suggests, it would be difficult to envision a setting in which a violator could be charged with third-degree insurance fraud and not the second-degree offense."[26]

Contrary to the Court's opinion, it is not difficult at all to envision crimes which would be third-degree but not second-degree Insurance Fraud. First, Insurance Fraud only constitutes a second-degree crime when, among other things, the value obtained or sought to be obtained is at least $1,000. Thus, every act of insurance fraud which obtains or attempts to obtain less than $1,000 is a crime of the third degree but not the second degree.[27] Second, insurance fraud can only constitute a crime of the second degree if the person knowingly makes five or more fraudulent misstatements of material fact or omits five or more material facts.[28]

Application fraud, also known as underwriting fraud, is an entire category of fraud which is often committed by telling fewer than five lies. For example, auto insurance applications typically ask one or two questions seeking to identify all licensed drivers in a household. Unfortunately, it is not at all uncommon for an applicant to lie on that question, either by failing to disclose a teenager or other high risk driver (thereby omitting a material fact), or by falsely checking "no" to a question asking whether there are any other drivers in the household (thereby misstating a material fact). During 2007, OIFP received 969 referrals of auto insurance application fraud. At least half of those referrals related to undisclosed drivers.

Similarly, disability insurance applications often include a list of health conditions. Typically, a disability application specifically asks as to each health condition whether the applicant has ever had that particular condition. It is not at all uncommon for applicants to lie about a specific condition or two. Such applications include one or two misstatements

21. Ibid. (emphasis added).

22. Fleischman, 189 N.J. at 553-54 (emphasis in original). The "fur coat example" refers to an example the Court had given earlier in its opinion. The Court had said that a defendant who falsely claimed that her car had been stolen and also falsely claimed that a fur coat had been in the trunk would commit two acts of insurance fraud. The Court did not explain its reasoning in creating this judicial exception to its own construction of an "act" of insurance fraud. Consequently, the exact contours of this judicially-created exception are unknown at this time.

23. Id. at 546-48.

24. Ibid.

25. Fleischman, 189 N.J. at 548-49.

26. Id. at 550 (internal citation omitted).

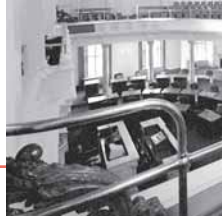
27. N.J.S.A. 2C:21-4.6b.

28. Ibid.

29. Fleischman, 189 N.J. at 550.

30. Ibid.

31. Fleischman, 189 N.J. at 551.



of material fact, and therefore would constitute third-degree, but not second-degree Insurance Fraud. During 2007, OIFP received 173 referrals of disability fraud. Many of these referrals relate to misstatements on the application such as those just discussed.

Therefore, the Court's premise that it would be difficult to envision a setting in which a violator could be charged with the third-degree offense but not the second-degree offense is factually incorrect. OIFP receives hundreds and hundreds of referrals alleging just such conduct every year. From that incorrect premise, the Court concluded, "[a]lthough it is evident that the Legislature intended to curb insurance fraud, we cannot ignore that the Legislature created two separate offenses of different degrees. It would be inappropriate to interpret the Act in a manner that leads to the absurd result of practically eliminating the third-degree offense."[29] Because the Court's factual premise is incorrect, its conclusion is erroneous. The Court, nevertheless, turned "to the established principle of statutory interpretation that the Legislature is presumed to act with knowledge of the judicial construction given to predecessor or related enactments."[30]

The Court looked to its prior construction of the Insurance Fraud Prevention Act, N.J.S.A. 17:33A-1 et seq., in Merin v. Maglaki, 126 N.J. 430 (1992). The Fleischman Court reiterated the holding in Merin that the IFPA creates a violation for false statements, not false claims.[31] The Fleischman Court stated that in Merin, the Court had concluded that each document constituted a statement under the IFPA.[32] The Fleischman Court stated that the language in the IFPA and the crime of Insurance Fraud is "essentially identical"[33] and "strikingly similar."[34] The Court therefore "conclude[d] that the Legislature would have presumed, consistent with our Merin holding, that each document or narrative statement containing materially false facts would be held to be a separate 'act' of insurance fraud."[35]

Therefore, it is worth comparing the language of the Insurance Fraud Prevention Act to the language of the Insurance Fraud crime. Merin involved two provisions of the IFPA: N.J.S.A. 17:33A-4a(1) and N.J.S.A. 17:33A-4a(2). The first of those provides, "A person ... violates this act if he [p]resents ... any written or oral statement as part of, or in support of or opposition to, a claim for payment ... pursuant to an insurance policy ... knowing that the statement contains any false or misleading information concerning any fact or thing material to the claim[.]"[36] The IFPA includes a statutory definition of the word "statement." N.J.S.A. 17:33A-3 provides, "[a]s used in this act ... 'statement' includes, but is not limited to, any application, writing, notice, expression, statement, proof of loss, bill of lading, receipt, invoice, account, estimate of property damage, bill for services, diagnosis, prescription, hospital or physician record, X-ray, test result or other evidence of loss, injury or expense." This definition, for purposes of the IFPA, defines statement so that it is equivalent to a writing or a document.

The crime of Insurance Fraud provides, "[a] person is guilty of the crime of insurance fraud if that person knowingly makes or causes to be made, a false, fictitious, fraudulent, or misleading statement of material fact in, or omits a material fact from ... any record, bill, claim or other document ... that a person ... submits ... as part of, in support of or opposition to or in connection with" a claim, an application, a payment or "an affidavit, certification, record or other document used in any insurance [transaction] or premium finance transaction."[37] In addition, the Insurance Fraud crime provides, "[e]ach act of insurance fraud shall constitute an additional, separate and distinct offense .... Multiple acts of insurance fraud which are contained in a single ... document shall each constitute an additional, separate and distinct offense for purposes of this subsection."[38]

Far from being essentially identical, the two provisions are conceptual inverses of each other. Under the IFPA, the unit of prosecution is the statement [i.e., document] which contains false or misleading material information; under the Insurance Fraud crime, the unit of prosecution is the false material statement of fact or the omission of a material fact, and each false statement of fact or omission of a fact is a separate violation, even if they occur within one document. Under the IFPA, each document which contains material false information is a violation regardless of how many discrete items of material fact are misstated in it; under the Insurance Fraud crime, each item of material false information is a violation, and there can be multiple violations in a single document. The Court's premise that the language in the two acts is essentially identical is incorrect.

As the Court wrote, it is a long established principle of statutory

32. Ibid.

33. Id. at 550.

34. Id. at 552.

35. Ibid.

36. N.J.S.A. 17:33A-4a(1). The violation created in paragraph 4a(2) is similar. Neither Merin nor Fleischman discussed the violations set forth in paragraphs 4a(3) to 4a(5), b, c, d, or e. In those paragraphs, the IFPA addresses particular types of insurance fraud separately. In contrast, the Insurance Fraud criminal statute creates a single, unified offense which is intended "to comprehensively criminalize this type of harmful conduct[.]" N.J.S.A. 2C:21-4.4c.

37. N.J.S.A. 2C:21-4.6a.

38. N.J.S.A. 2C:21-4.6b.

construction that the Legislature is presumed to act with knowledge of prior judicial rulings on its statutes. Therefore, presumptively aware of the Court's ruling in Merin that each document would be a single violation under the IFPA regardless of the number of misstatements it contains, the Legislature included language in the Insurance Fraud crime which explicitly states that under this statute (unlike under the IFPA), multiple false statements of material fact, or multiple omissions of material facts, "which are contained in a single ... documents shall each constitute an additional, separate and distinct offense[.]"[39] The Supreme Court in Fleischman did not discuss this language or how it is different from the language of the IFPA. Instead, it concluded its analysis by construing the Insurance Fraud crime to be consistent with its construction of the IFPA in Merin. "[W]e conclude that the Legislature would have presumed, consistent with our Merin holding, that each document or narrative statement containing materially false facts would be held to be a separate 'act' of insurance fraud."[40]

The Court's opinion creates an unfortunate dichotomy between cases based on an affirmative misstatement and cases based on the omission of a material fact. The Court's reasoning in Fleischman was based on a perceived ambiguity in the word "statement" which is part of the phrase "statement of material fact" used to define an "act of insurance fraud" when it is committed by an affirmative misstatement. However, an "act of insurance fraud" can also be committed by omitting a material fact from a document. Since the underlying fraudulent conduct in Fleischman involved defendant's acts of commission rather than omission, the Fleischman opinion did not address an act of insurance fraud predicated upon the omission of a material fact.

The Insurance Fraud statute plainly speaks in the singular when stating that a person commits an "act of insurance fraud" if that person "knowingly ... omits a material fact from" any document.[41] Since the word "statement" is not used in defining this type of Insurance Fraud, the ambiguity which the Court perceived in the word "statement" does not exist when an "act of insurance fraud" is committed by omitting "a material fact." The definition of "act of insurance fraud" is unambiguous when it is committed by omitting a material fact.[42] Thus, "a court's role is to apply the statute consistent with the plain meaning of the legislative choice of expression."[43] Each knowing omission of "a material fact" from a document constitutes an act of insurance fraud, and for this type of case, "multiple acts of insurance fraud which are contained in a single ... document shall each constitute an additional, separate and distinct offense."[44] The Fleischman Court did not explain why the Legislature would have treated acts of omission more harshly than acts of commission. This unexplained judicially-created dichotomy is another reason why the Court's construction is problematic.

Implications of the Court's Interpretation

The Court's holding that each document or oral narrative containing a material fact or facts is a "statement," which when knowingly false equates to one act of insurance fraud, has dramatic implications on the State's efforts to contain insurance costs when applied to fact patterns other than the allegedly fake automobile theft the Court had before it in Fleischman. It may also affect prosecutions under the Health Care Claims Fraud statute, because that crime is also defined using the phrase "statement of material fact."[45]

Healthcare practitioners who knowingly commit a single act of Health Care Claims Fraud in the course of providing services commit a second-degree crime.[46] Whereas, prior to Fleischman, a practitioner could be prosecuted for each misstatement of material fact, even if they were all bundled into one document, now a practitioner's criminal exposure under the HealthCare Claims Fraud Act is limited to one count if the multiple misstatements are contained in one "record, bill, claim or other document[.]"[47] The terms "record" and "claim" are amorphous. Thus, the Court's ruling presents dishonest practitioners with a tremendous opportunity to urge a construction of the statute which would insulate them from being held to account for the full scope of their misconduct.

Under both the Health Care Claims Fraud statute and the Insurance Fraud statute, the terms "record, bill, claim or other document" include those submitted electronically.[48] The Court has introduced uncertainty into these statutes: how does one decide when electronic data transmissions constitute one bill or several? That uncertainty does not exist under the Legislature's definition of the crimes, focusing as it does on false statements

39. N.J.S.A. 2C:21-4.6b.

40. Fleischman, 189 N.J. at 552.

41. N.J.S.A. 2C:21-4.6a.

42. See State v. Tarlowe, 370 N.J. Super. 224, 232 (App. Div. 2004) (definition of health care claims fraud is unambiguous).

43. Fleischman, 189 N.J. at 545.

44. N.J.S.A. 2C:21-4.6b.

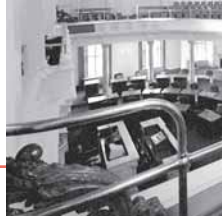
45. N.J.S.A. 2C:21-4.2.

46. N.J.S.A. 2C:21-4.3a.

47. N.J.S.A. 2C:21-4.2.

48. Ibid.; N.J.S.A. 2C:21-4.6a.

49. Malcolm K. Sparrow, *License to Steal: Why Fraud Plagues America's Health Care System,* at 182 (Westview Press 1996). Professor Sparrow is Chair of the Masters in Public Policy Program at the Kennedy School of Government, Harvard University. See also id. at 129-33 (discussing other variations of electronic payment fraud schemes which have been detected in the Medicaid program, but only after millions of dollars had been stolen).



regardless of whether they are contained in one electronic "document" or several. While that judicially-created ambiguity might eventually be sorted out by future appellate opinions, consider the implication if a single electronic data interchange is ruled to constitute one "record, bill, claim or other document": such a submission can contain thousands of individual statements seeking payment, all of them false, as chillingly described by Professor Malcolm K. Sparrow:

> [B]ust-out schemes [are] the major new threat under electronic claims processing. Under such schemes, fraud perpetrators test claims to establish which ones the system will pay automatically (auto-adjudicate). Then they generate thousands or tens of thousands of similar claims and submit them electronically, safe in the knowledge that the system will treat each of them exactly the same way. The utter predictability of the payment system works to the fraud perpetrator's advantage.[49]

Since, under the Court's holding, each of these thousands of false statements contained in one electronic submission may not constitute separate acts of insurance fraud (or, defendants will undoubtedly argue, health care claims fraud), the State would be required to prove the falsity of hundreds or thousands of individually low-dollar claims, one by one, to aggregate the thefts to $75,000 before achieving the "substantial criminal penalties,"[50] the Legislature intended to apply whenever the State could prove five acts and $1,000. The Court's statutory construction goes a long way toward reverting the law to the time when "New Jersey's Code of Criminal Justice [did] not address health care claims fraud [or insurance fraud] in a manner that permit[ted] efficient prosecution and effective punishment,"[51] the situation the Legislature intended to correct when it passed the Health Care Claims Fraud Act in 1997 and the Insurance Fraud statute in 2003.

Recommendation

OIFP respectfully disagrees with the Court's construction of N.J.S.A. 2C:21-4.6a. OIFP believes the Legislature intended each statement of a material fact to constitute an act of insurance fraud, just as it unambiguously said it intended each omission of a material fact to constitute an act of insurance fraud. Since, as the Court itself noted, the Court's "function is to effectuate legislative intent[,]"[52] it is proper and appropriate for the Legislature to amend the statute to make its intent clearer. Accordingly, OIFP proposes that the Legislature amend the Insurance Fraud statute and the Health Care Claims Fraud statute to return them to their originally intended meaning.

First, the phrase "statement of material fact" should be amended to read "statement of a material fact." In this way, it would precisely mirror the phrase "omission of a material fact," which is already in the statute, and which unambiguously penalizes each knowing omission of a material fact.

Second, both the Insurance Fraud statute and the Health Care Claims Fraud statute should be amended to include a definition of the phrase "statement of a material fact." That phrase is not used or defined elsewhere in the Criminal Code, but the word "statement" is. There are several provisions in Chapter 28 ("Perjury and Other Falsification") of the Criminal Code which are violated by individual false statements, provided the other essential elements of those crimes are present.[53] For purposes of the Chapter 28 offenses, "statement" is defined as "any representation[.]"[54] While the Code of Criminal Justice does not make this definition applicable to the crime of Insurance Fraud, it is a useful starting point. The commentaries to the Code explain that "statement" or "representation" means each "item of information":

> The offense of perjury might be regarded either as the making of a false oath, from which it would follow that there would be only a single offense regardless of how many false statements were made under that oath, or, as in prevailing law and the Code, the offense can be regarded as committed by each false statement made under oath. An intermediate course would be possible if, as we would recommend, "statement" is not construed so rigorously as to apply to individual sentences, but rather to connote any single item of information communicated in one sequence of declarations or responses to questioning.[55]

In the Chapter 28 offenses, a "statement" is a representation of any single item of information. In the crimes of Insurance Fraud and Health Care Claims Fraud, a "statement of a material fact" is a representation of any single item of information which is material. Therefore, OIFP recommends that the definitional

50. N.J.S.A. 2C:21-4.4c.

51. Sen. Health Comm. Statement to S. 2270 (Dec. 11, 1997).

52. Fleischman, 189 N.J. at 545.

53. See N.J.S.A. 2C:28-1 ("A person is guilty of perjury ... if in any official proceeding he makes a false statement under oath ... when the statement is material and he does not believe it to be true."); N.J.S.A. 2C:28-2 ("A person who makes a false statement under oath ... when he does not believe the statement to be true" is guilty of false swearing); N.J.S.A. 2C:28-3a (A person commits unsworn falsification "if he makes a written false statement which he does not believe to be true, on ... a form bearing notice ... that false statements made therein are punishable.").

54. N.J.S.A. 2C:27-1i.

55. II *The New Jersey Penal Code: Final Report of the New Jersey Criminal Law Revision Commission* at 272-73 (1971) (emphasis added; citing *Comments, Model Penal Code Tentative Draft 6* at 115-16 (1957)).

sections of Insurance Fraud[56] and of Health Care Claims Fraud[57] be amended to include the following definition:

> "Statement of a material fact" means a representation of any single item of information which is material. Each representation of a separate item of material information is a separate statement of a material fact, even if they occur within the same record, bill claim or other document.

Third, since the Insurance Fraud statute and the Health Care Claims Fraud statute do not define the term "material," this is an opportunity to do so, and thereby bring greater certainty to the law. Existing case law does define the concept of materiality in the contexts of claims and underwriting. As noted, the Insurance Fraud statute is intended to apply more broadly than that, applying to all types of insurance fraud, whether stemming from claims, applications, premium financing, or any other insurance transaction. Therefore, while the case law is a starting point, the statutory definition should be worded so that it applies to every type of insurance fraud to which the statute applies.

In the context of a claim, a statement is material if, at the time the statement was made, a reasonable insurer would have considered the misrepresented fact relevant to its concerns and important in determining its course of action.[58] In the context of an application, the Supreme Court has adopted a broad materiality test under which a statement is material if it would naturally and reasonably influence the judgment of the underwriter in making the contract, or in estimating the degree or character of the risk, or in fixing the rate of premium.[59] Materiality is judged as of the time the misstatement is made. It does not matter if the misstatement later turns out to have greater or less significance than appeared at that time.[60] Therefore, materiality is judged according to the statement's "prospective reasonable relevancy."[61]

As noted, the Insurance Fraud statute is intended to apply to all types of insurance-related fraud. For example, the statute specifically applies to premium finance fraud. In premium financing, a financing company lends money to insureds who cannot afford to pay their premiums when due. Typically, these are commercial entities, such as trucking companies, with significant premiums. The insured then repays the loan over time. Unfortunately, sometimes agents of a premium financing company will lie to its lender to obtain more money than it needs to make loans, and the extra cash is embezzled. Thus, in premium finance fraud, the defrauded party is not an insurer, but a bank or other source of capital. The statutory definition must be broad enough to apply nonetheless. Accordingly, OIFP recommends that the definitional sections of Insurance Fraud and of Health Care Claims Fraud be amended to include the following definition:

> "Material." A fact is material if a reasonable person involved in the claim, application, payment, insurance transaction or premium finance transaction would have considered the fact relevant to his concerns and important in determining his course of action. Materiality is judged as of the time the statement is made or the fact omitted, according to the fact's prospective reasonable relevancy.
>
> Proof that an insurance company has requested the information in processing the claim, application, payment or transaction may give rise to an inference that the fact is material.

Conclusion

In 1997, the Legislature enacted the crime of Health Care Claims Fraud to correct the then-existing ineffectiveness of the Criminal Code in confronting healthcare fraud. The Legislature criminalized individual false factual assertions, and mandated tough penalties for licensed professionals who committed fraud in the course of providing professional services. With its 2003 enactment, the Legislature applied that same approach to all types of insurance fraud. In doing so, the Legislature continued its efforts to combat insurance fraud by increasing the penalties for it, by facilitating the prosecution of it, and by making the false statement, and not the false claim, the unit of prosecution. In the Fleischman opinion, the Supreme Court construed the Insurance Fraud statute in a manner which reverses the progress made by the Legislature and undercuts the Legislature's efforts to confront this expensive and intractable social problem. For the reasons explained in this article, OIFP respectfully recommends that the Legislature amend the Health Care Claims Fraud and Insurance Fraud statutes to return them to their originally intended meaning.

John Kennedy
Assistant Attorney General
Senior Counsel, CLASS

56. N.J.S.A. 2C:21-4.5.

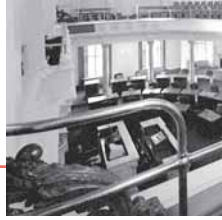
57. N.J.S.A. 2C:21-4.2.

58. Longobardi v. Chubb Insurance, 121 N.J. 530, 542 (1990).

59. Paul Revere Life Insurance Co. v. Haas, 137 N.J. 190, 209 (1994).

60. Longobardi, 121 N.J. at 541-42 ("The right rule of law, we believe, is one that provides insureds with an incentive to tell the truth. It would dilute that incentive to allow an insured to gamble that a lie will turn out to be unimportant. The focus, therefore, should be on the time when the insured is about to let loose the lie.").

61. Id. at 542.

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In Memoriam
John J. Francis, Sr.
Frederick W. Hall

2007 Case Notes

The Office of the Insurance Fraud Prosecutor (OIFP) has the legislative mandate, the authority and the responsibility to investigate and prosecute all types of insurance fraud. N.J.S.A. 17:33A-16 et seq. Under this statutory authority OIFP conducts or coordinates all criminal, civil, and administrative investigations and prosecutions of insurance and Medicaid fraud in New Jersey.

Criminal prosecutions remain the most effective way to address the problem of insurance fraud in New Jersey. Diverse penalties are available in a criminal prosecution from the imposition of prison terms and county jail sentences to probation and diversionary programs like the Pretrial Intervention (PTI) Program.[1] Most criminal dispositions also include criminal fines and restitution. Medicaid providers are also subject to debarment from the Medicaid program. This section of the Annual Report includes summaries of significant criminal prosecutions undertaken by OIFP in 2007.

The Insurance Fraud Prevention Act (Fraud Act), N.J.S.A. 17:33A-1, et seq., specifically gives OIFP authority to impose civil fines on insurance cheats. The fines may be imposed as part of, or as an alternative to, criminal prosecutions. Summaries of cases that led to a banner year in settlements, judgments, and court rulings against violators of the Fraud Act are included in this section. These summaries describe cases in which OIFP entered into Consent Orders with subjects for the voluntary payment of fines, and cases in which OIFP's civil attorneys successfully sued violators through civil litigation.

In addition, actions taken against licensed professionals who committed insurance fraud by the appropriate licensing board are included in this section. The summaries set forth the range of actions that may be taken in such cases, from suspension or revocation of licenses, to voluntary surrender of licenses.

Since its creation, OIFP's award winning fraud fighting bureau has charged 1,771 defendants with insurance fraud related crimes and obtained 981 years in State prison sentences. In addition, OIFP has imposed 15,078 civil sanctions for violations of the civil Fraud Act, a feat that has earned OIFP world renown acclaim for leading the nation in fighting insurance fraud. OIFP has also obtained court ordered restitution awards for victimized entities and individuals totaling over $175.3 million and imposed over $42.5 million in civil and criminal fines.

In 2007 alone, OIFP opened 458 new criminal investigations. Two hundred and eighteen defendants were prosecuted by Accusations or Indictments[2]. With a total of 205 sentences imposed in 2007, OIFP saw a 10% increase over last year's figure. In addition, OIFP convicted 149 defendants, of which 114 received prision terms totaling 147 years. Furthermore, court ordered restitution totaled over $7 million, including restitution imposed in civil actions. In addition, OIFP recouped over $2.5 million in civil recoveries for the New Jersey State Medicaid Program, representing an increase of 204% over last year's figure.

OIFP opened 4,510 civil insurance fraud cases in 2007, and conducted 2,491 investigations. The number of Administrative Consent Orders issued totaled 352, representing a 26% increase from last year and amounting to $1.4 million in total dollar value. OIFP also obtained 221 executed Consent Orders where subjects admitted committing insurance fraud and agreed to pay civil fines totaling $918,500. In addition, OIFP obtained 46 civil settlements totaling $337,025, a record 9% increase from last year, and 171 civil judgments totaling $1.1 million and representing a 2% increase over last year's figure. In addition, OIFP's civil attorneys filed 68 lawsuits against 98 Fraud Act violators in 2007.

County Prosecutors' Offices Insurance Fraud Units contribute greatly to OIFP's overall success in its enforcement efforts. In 2007, these county units charged a total of 293 defendants and obtained 134 convictions by guilty plea or trial. These convictions resulted in aggregate jail terms of more than 116 years, the imposition of $65,000 in criminal fines and over $500,000 in restitution. In addition, during 2007, OIFP opened 593 civil investigations as a result of County Prosecutors' Offices referrals. Some of the most notable criminal cases handled by the County Prosecutors' Offices are summarized in this section.

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1. Pretrial Intervention (PTI) is a diversionary program created by statute and court rule. The Legislature established that it is the public policy of the State to divert certain defendants from the criminal justice system when, among other factors, diversion will serve to remove cases from the criminal court in order to focus resources on more serious matters or more dangerous defendants, or PTI supervision will suffice to deter that particular defendant from future criminality. N.J.S.A. 2C:43-12a. A defendant is admitted into PTI upon the recommendation of the PTI program director and the consent of the prosecutor. The program director and the prosecutor are required to consider and base their decisions on the defendant's amenability to correction, responsiveness to rehabilitation, and the nature of the offense. N.J.S.A. 2C:43-12b, e; Rule 3:28, Guideline 3. When a defendant is admitted into PTI, the criminal prosecution is suspended while the defendant undergoes the supervision or rehabilitation required by the PTI program staff. The judge may order restitution as part of the PTI program. If the defendant successfully completes the program, the criminal charge is dismissed. If the defendant fails to complete the program, the criminal prosecution resumes. N.J.S.A. 2C:43-13; Rule 3:28.

2. An Indictment, Accusation, or criminal complaint is merely an accusation by the State of criminal wrongdoing. All defendants and subjects are presumed innocent of any criminal charges unless and until proven guilty beyond a reasonable doubt.

Case Index

AUTO INSURANCE FRAUD

Auto Theft and "Give Up" Schemes

Operation Steal-a-Deal/Sansone Motors

Twelve cars valued at over $600,000 were stolen from the Sansone Route 1 Auto Mall located on Route 1, Avenel, New Jersey, by Sansone employees who gave dealership keys to car thieves so the automobiles could be driven off the lot after hours and sold. Several individuals were also charged in this investigation for their roles in "giving up" vehicles in order to file phony auto insurance theft claims. The following developments occurred in this operation in 2007:

On February 15, 2007, the court sentenced Jerinaldo Fernandez to five years' probation, ordered him to pay $600 in restitution to OIFP and $14,727 in restitution to First Trenton Indemnity and imposed a $3,000 civil insurance fraud fine. Fernandez pled guilty to an Accusation charging him with Insurance Fraud and Tampering with Witnesses and Informants. Fernandez admitted that he gave his 2002 Honda Civic to Esmerdo Pena so that Fernandez could report the vehicle stolen and collect the insurance money. Fernandez also admitted that on September 20, 2004, he reported the vehicle stolen to First Trenton Indemnity. Fernandez admitted that once he was notified he was a target of an investigation, he threatened Pena and his family.

On January 10, 2007, the court admitted Grzegorz Miekina into the Pretrial Intervention Program (PTI) conditioned upon his paying $12,500 in restitution to Liberty Mutual Insurance Company, paying $1,300 in restitution to OIFP, and paying a $3,000 civil insurance fraud fine. Miekina pled guilty to an Accusation charging him with Insurance Fraud. The State alleged that on April 6, 2005, Miekina fraudulently reported his 2002 Infiniti QX4 stolen to the Linden, New Jersey, Police Department and to Liberty Mutual.

On January 5, 2007, the court sentenced Esmerdo Pena, a Sansone employee, to three years in State prison and ordered him to pay $27,500 in restitution and a $3,500 civil insurance fraud fine. Pena previously pled guilty to an Accusation charging him with Leader of Auto Theft Trafficking Network. Pena admitted that between June 13, 2004, and November 18, 2004, he conspired with several others as an organizer or supervisor of an automobile theft trafficking network responsible for stealing automobiles from the automobile dealership. He also admitted to accepting automobiles that were "given up" by their owners so that phony automobile insurance theft claims could be submitted to an automobile insurance company. He also participated in automobile "give ups" from persons who wanted to "give up" their car, submit a phony insurance theft claim, and in some cases, purchase a new car.

Operation Big Stash

On July 24, 2007, the court sentenced Artur Lapinski to three years in State prison. On April 13, 2007, Lapinski pled guilty to a Union County Grand Jury Indictment charging him with Conspiracy to Commit Receiving Stolen Property and Fencing. Lapinski admitted that between November 19, 2004, and November 23, 2004, he conspired with persons not identified in the Indictment to commit the crimes of receiving stolen property and trafficking in stolen property. Lapinski knowingly possessed a stolen 2005 BMW M3 which he sold to an OIFP undercover investigator. The BMW had been stolen from the Inskip Auto Center in Warwick, Rhode Island.

Lapinski also admitted that between March 28, 2005, and April 22, 2005, he agreed with other persons not identified in the Indictment to commit insurance fraud by selling an Infiniti QX4 so that the owner could falsely report the car as stolen to the insurance company.

On July 20, 2007, the court sentenced Daniel Sokolski to one year' probation and ordered him to perform 100 hours of community service. On May 21, 2007, Sokolski pled guilty to Receiving Stolen Property. On April 4, 2007, a Union County Grand Jury returned an Indictment charging Sokolski with Conspiracy and Receiving Stolen Property. The Indictment alleged that on November 1, 2005, Sokolski was driving a stolen 2006 Chevrolet Trailblazer. Sokolski was in possession of the Trailblazer, knowing that it had been stolen so that it could be sold to an OIFP undercover investigator posing as an interested buyer. The State further alleged that the Trailblazer was stolen from DeFelice Chevrolet in Point Pleasant, New Jersey.

On February 16, 2007, the court sentenced Artur Czubek to four years in State prison and ordered him to pay the following in restitution: $88,253 to Motors Insurance Company; $67,828 to Universal Underwriters; and $22,053 to Daimler-Chrysler Insurance. Czubek previously pled guilty to an Accusation charging him with Leader of Auto Theft Trafficking Network. Czubek admitted that between November 22, 2004, and October 22, 2005, he was involved in a conspiracy with other persons to either steal cars or accept owner initiated "give up" vehicles so that auto insurance claims could be submitted. Czubek was involved with the theft and resale of 13 cars. Nine of the cars were stolen, including some from automobile dealerships. The remaining four were owner "give ups." OIFP undercover investigators purchased nine stolen cars from Czubek for a total of $26,000. The nine stolen vehicles

Technical Assistant Bernadette Jones, CLASS.

have a total value of approximately $562,000. OIFP undercover investigators bought four owner "give up" vehicles from Czubek for a total of $4,300. These four owner "give ups" have a total value of approximately $133,000.

Operation Key Code Express

On March 23, 2007, the court sentenced Dariusz Grabowski to 20 years in State prison with eight years' parole ineligibility. The court also ordered Grabowski to pay $725,511 in restitution. On February 8, 2007, Grabowski pled guilty to an Accusation charging him with Conspiracy to Commit Racketeering, Racketeering, and Leader of Organized Crime. Previously, Grabowski was charged in a separate State Grand Jury Indictment charging him with Receiving Stolen Property for possessing a stolen 2001 Chevrolet Suburban and a stolen 2001 Dodge Viper. Grabowski was not a locksmith, but used fictitious documentation to portray himself as a registered locksmith in order to purchase keys from Key Code Express, a company which produced automobile keys for registered locksmiths. The keys were used to steal cars which were then re-tagged using donor vehicles, re-registered in Pennsylvania, and sold on eBay.

On March 23, 2007, the court sentenced Krzysztof Grabowski to 15 years in State prison with seven years' parole ineligibility. The court also ordered him to pay $725,511 in restitution. On February 8, 2007, Grabowski pled guilty to an Accusation charging him with Conspiracy to Commit Racketeering, Racketeering, and Alteration of Vehicle Identification Number.

On April 5, 2007, the court sentenced Patrick Gutorski to ten years in State prison and ordered him to pay $180,741 in restitution. On February 21, 2007, Gutorski pled guilty to an Accusation charging him with Conspiracy to Commit Racketeering and Racketeering.

On August 10, 2007, the court sentenced Waldemar Kondzielweski to ten years in State prison with two years' parole ineligibility. On March 29, 2007, Kondzielweski pled guilty to an Accusation charging him with Conspiracy to Commit Racketeering and Racketeering. Kondzielweski admitted that he was a member of an organized enterprise that stole cars, re-tagged them using counterfeit and salvaged titles, and sold them, frequently on eBay.

Operation Jellystone

On September 11, 2007, the court admitted Ruben Latorre into the PTI Program conditioned upon his paying $4,400 in restitution to OIFP. On the same day, Latorre pled guilty to an Accusation charging him with Receiving Stolen Property. The State alleged that between September 21, 2006, and November 28, 2006, Latorre was in possession of a 2002 Mercedes-Benz ML430, a 2005 Honda Accord, and a 2006 BMW 325, knowing that they had been stolen. On February 9, 2007, OFIP investigators arrested Latorre and charged him with Leader of Auto Theft Trafficking Network and Receiving Stolen Property.

The Polish Connection

On July 27, 2007, the court sentenced Lukasz Zalewski to four years in State prison. Zalewski pled guilty to an Accusation charging him with Receiving Stolen Property. Zalewski admitted that on June 21, 2002, he had possession of a 2002 Jeep Limited, a 2001 BMW 330, a 2001 Audi S4, a 2002 Jeep Grand Cherokee, a 2002 GMC Denali, and two 2002 Cadillac Escalades, knowing they were stolen. Zalewski admitted that he possessed these automobiles in order to re-tag them or chop them into parts.

Operation Ninja I

OIFP and the State Police conducted a joint investigation of a motorcycle theft ring operating in Mercer and Camden Counties and arrested 24 persons. The State alleges that the defendants conspired to steal 16 motorcycles with a total value of approximately $97,225 in Burlington County took possession of 23 stolen motorcycles with a total value of approximately $153,557, and sold 12 stolen motorcycles with a total value of approximately $83,857.

On March 20, 2007, a State Grand Jury returned an Indictment charging the following:

Kyle Bunn was charged with Conspiracy to Commit Racketeering, Racketeering, Theft by Unlawful Taking, Fencing, Alteration of a Vehicle Identification Number (VIN), Receiving Stolen Property, and Motor Vehicle Title Offenses.

Ronald Crosland was charged with Conspiracy to Commit Racketeering, Racketeering, Attempted Theft by Unlawful Taking, Theft by Unlawful Taking, and Fencing.

Jamar Doggett was charged with Conspiracy to Commit Racketeering, Racketeering, Theft by Unlawful Taking, Fencing, and Receiving Stolen Property.

Jaesen Hensley was charged with Conspiracy to Commit Racketeering, Racketeering, Fencing, Alteration of a VIN, Receiving Stolen Property, and Motor Vehicle Title Offenses.

John White was charged with Conspiracy to Commit Racketeering, Racketeering, Theft by Unlawful Taking, Receiving Stolen Property, Fencing, Alteration of a VIN, Fencing, and Motor Vehicle Title Offenses.

On March 27, 2007, a State Grand Jury returned three additional Indictments charging the following:

Jason Hobbs was charged with Alteration of a VIN and Motor Vehicle Title Offenses. On November 26, 2007, Hobbs pled guilty to a disorderly persons charge of Frauds Relating to Public Records and mandatory fines were imposed.

Jason Reed was charged with Alteration of a VIN and Motor Vehicle Title Offenses. On September 4, 2007, the court admitted Reed into the PTI Program.

Michael Green was charged with Receiving Stolen Property, Unlawful Possession of a Weapon, and Simulating a Motor Vehicle Insurance Identification Card. On November 2, 2007, Green was sentenced to two years' probation coupled with six months in county jail, and ordered to pay $1,650 in restitution. On August 6, 2007, Green pled guilty to Receiving Stolen Property.

Arthur Outram was charged with Receiving Stolen Property. Outram is currently a fugitive.

Operation Rice Burners

On November 16, 2007, Eddie Lee pled guilty to an Accusation charging him with Receiving Stolen Property. Lee admitted that between September 28, 2006, and November 1, 2006, he took possession of property knowing that it was stolen. He specifically admitted that he took possession of two BMW 750is, a 2004 Infiniti FX35, a 2006 Infiniti G35, and a 2002 BMW M3, knowing they were stolen. Lee admitted that he moved these stolen vehicles so that they could be sold by others involved in an auto theft ring. He is scheduled to be sentenced in 2008.

On November 14, 2007, Ramon Carrillo pled guilty to an Accusation charging him with Receiving Stolen Property. Carrillo admitted that between September 28, 2006, and November 1, 2006, he took possession of a 2004 Subaru, a 2003 Lincoln Navigator, a 2005 Cadillac Escalade, a 2003 Suzuki motorcycle,and a 2006 Kawasaki motorcycle, knowing they were stolen. Carrillo admitted that he moved these stolen vehicles so that they could be sold by others involved in the auto theft ring. He is scheduled to be sentenced in 2008.

On October 30, 2007, Michael Campo pled guilty to an Accusation charging him with Receiving Stolen Property. Campo admitted that between September 28, 2006, and November 1, 2006, he took possession of a 2004 Subaru, a 2003 Lincoln Navigator, a 2005 Cadillac Escalade, two 2006 Kawasaki motorcycles, a 2003 Suzuki motorcycle,a 2004 Kawasaki motorcycle, and a 2001 Honda Accord, knowing they were stolen and with the intent to sell them. He is scheduled to be sentenced in 2008.

On August 24, 2007, the court sentenced Ronald Bennett to seven years in State prison. The court also suspended his driver's license for ten years. On May 18, 2007, Bennett pled guilty to an Accusation charging him with Receiving Stolen Property. Bennett admitted that between September 28, 2006, and November 1, 2006, he sold 12 stolen vehicles, including BMWs, an Audi, Infinitis,a Jaguar, and a motorcycle, to another person he believed was interested in buyingstolen vehicles. The buyer was actuallyan OIFP undercover investigator. Insurance claims were submitted for some of the stolen vehicles and the stolen vehicles sold by Bennett were believed to have an aggregate value of approximately $350,000.

On July 19, 2007, the court sentenced Frazier Gibson to five years in State prison with two years' parole ineligibility. The court also ordered him to pay restitution in an amount to be determined. On May 24, 2007, Gibson pled guilty to an Accusation charging him with Receiving Stolen Property and Aggravated Assault. Gibson admitted that he drove stolen cars as part of a ring of car thieves, and took possession of stolen Infinitis, BMWs, and a Chevrolet Avalanche.

State v. James J. Sanocki, et al.

On September 28, 2007, the court sentenced Shaun R. Swinney to two years' probation and ordered him to pay $20,000 in restitution. On June 27, 2007, Swinney pled guilty to an Accusation charging him with Receiving Stolen Property and Conspiracy. Swinney admitted that he took possession of and brought at least a dozen stolen vehicles and heavy equipment into New Jersey including two all-terrain vehicles, four motorcycles, a jet ski, and several tractors and trailers. Swinney admitted that he knew that all of this property had been stolen by a multi-state theft ring operating in New Jersey, Kentucky, and elsewhere. The property was brought to New Jersey so that it could be sold. Some of the property was sold on eBay.

Secretarial Assistant Brenda Cohen, Auto/Property and Casualty Section.

On September 7, 2007, the court admitted Edwin Moorhouse, III, into the PTI Program conditioned upon his paying $31,410 in restitution. On the same date, Moorhouse pled guilty to Conspiracy. Moorhouse was indicted by a State Grand Jury on June 4, 2007, on charges of conspiring with James J. Sanocki to "give up" his 2001 Honda Prelude to a third individual involved in the conspiracyin November 2001. The State alleged that Moorhouse reported the car stolen the next day to the Coconut Creek, Florida, Police Department, and subsequentlyfiled a claim with Allstate Insurance. As a result, Allstate paid more than $23,000 to settle the fraudulent claim. The State further alleged that Moorhouse conspired with Sanocki and assisted in the July 2002 theft of a 1996 Pontiac Trans Am.

On June 4, 2007, a State Grand Jury returned a separate Indictment charging James J. Sanocki with Conspiracy, Receiving Stolen Property, Fencing, Theft of Moveable Property, and Theft by Deception. The Indictment alleges that between 2001 and 2002, in New Jersey, Kentucky, and elsewhere, Sanocki conspired with other persons to knowinglyreceive stolen property and to sell, or fence, the stolen property to others. The stolen items allegedly include two tractors, nine motorcycles, several trailers, a dump truck, a Bob Cat skid steer loader, several all-terrain vehicles, and various other pieces of equipment. The Indictment further alleges that Sanocki was involved in a separate conspiracy to falsely report to the Coconut Creek, Florida, Police Department that Moorhouses' 2001 Honda Prelude had been stolen. The Honda was later recovered in Kentucky.

On June 4, 2007, a State Grand Jury returned a third Indictment alleging that between April 13, 2002, and June 10, 2002, Laurence B. Conner conspired with Sanocki to fraudulently report the theft of a Suzuki motorcycleto the New Hope, Pennsylvania, Police Department. It is alleged that a false theft claim was subsequently submitted to State Farm Insurance Company with respect to the motorcycle.

State v. Luis Marte

On August 24, 2007, the court sentenced Luis Marte to three years' probation conditioned upon his serving 180 days in county jail. He was also ordered to pay $47,063 in restitutionand a $500 criminal fine. On June 25, 2007, Marte pled guilty to Receiving Stolen Property. Previously, a Union

County Grand Jury returned an Indictment charging Marte with Conspiracy, Receiving Stolen Property, and Attempted Fencing. According to the Indictment, between November 14, 2003, and January 4, 2006, Marte conspired with others, who were not further identified in the Indictment, to take possession of a stolen 2004 Cadillac Escalade. The State alleged that Marte illegally obtained a Michigan title for the Cadillac Escalade, which was stolen from an auto dealership in Great Neck, New York.

Operation Dre

On July 31, 2007, OIFP investigators arrested Saladine Grant (also known as Nu), Chevron Boyd Robinson (also known as Dre), and Kirtice Cummings. Robinson and Cummings were charged with Receiving Stolen Property, Leader of Auto Theft Trafficking Network, and Conspiracy. Grant was charged with Receiving Stolen Property, Fencing, Conspiracy to Receive Stolen Property, and Conspiracy to Commit Fencing. Bail was set at $1 million for Grant, $500,000 for Robinson, and $350,000 for Cummings. These arrests are related to an OIFP investigation into a suspected stolen car ring operating in northern New Jersey, including the Ports.

State v. Denis I. Pinskiy

On September 25, 2007, the court admitted Denis I. Pinskiy into the PTI Program conditioned upon his performing 40 hours of community service. On August 1, 2007, Pinskiy pled guilty to an Accusation charging him with Receiving Stolen Property. The State alleged that Pinskiy the owner of a used car business, was in possession of a 2005 Nissan Murano, knowing that it had been stolen from the Sansone Route 1 Auto Mall dealership located in Woodbridge, New Jersey.

State v. Jaguar Kevin Reed

On September 24, 2007, an Essex County Grand Jury returned a superseding Indictment charging Jaguar Kevin Reed with Receiving Stolen Property and Prohibited Alteration of a Motor Vehicle Trademark or Identification Number. This Indictment superseded a previous Indictment in which Reed was charged only with Receiving Stolen Property. The new Indictment alleges that on or about July 18, 2005, Reed possessed a 2002 Cadillac Escalade knowing that the vehicle had been stolen. The Indictment also alleges that Reed knew that the VIN on the Escalade had been purposely altered or changed.

State v. Miroslaw Majdecki

On November 9, 2007, the court sentenced Miroslaw Majdecki to three years' probation and ordered him to pay $24,442 in restitution and a $500 criminal fine. The court also ordered him to perform 100 hours of community service. On October 9, 2007, Majdecki pled guilty to an Accusation charging him with Receiving Stolen Property and Conspiracy. Majdecki admitted that between August 2001 and June 2005, he agreed with other persons to deal in stolen motor vehicles. He admitted that he possessed a stolen 2000 Ford Econoline E350 van and a 2002 Chevrolet Astro van knowing that the vans had been stolen. The persons with whom Majdecki conspired with were not further identified in the Accusation to which Majdecki pled guilty

State v. Paulette Foti-McMullen, et al.

On January 5, 2007, the court sentenced Hank McMullen to two years' probation and ordered him to pay a $5,000 civil insurance fraud fine and to perform 30 hours of community service. On the same day, McMullen's wife, Paulette Foti-McMullen, pled guilty to Insurance Fraud and was admitted into the PTI Program conditioned upon her paying a $5,000 civil insurance fraud fine and performing 100 hours of community service. Hank McMullen previously pled guilty to an Accusation charging him with Insurance Fraud.

The State alleged that McMullen and his wife falsely reported that her 2003 Ford Expedition was stolen and then she filed a false stolen vehicle police report with the Hamilton, Mercer County New Jersey, Police Department in support of a phony auto insurance theft claim. The State further alleged that McMullen assisted his wife in filing the false auto theft insurance claim with State Farm Insurance by concealing the fact that the Ford Expedition was set on fire in New York and was not stolen. The McMullens were also prosecuted by the Hamilton Township Municipal Court and by law enforcement authorities in New York for conduct related to this false insurance claim.

State v. Cindy Cassagne-Centano

On March 9, 2007, the court admitted Cindy Cassagne-Centano into the PTI Program conditioned upon her paying a $2,500 civil insurance fraud fine. Cassagne-Centano previously pled guilty to an Accusation charging her with Insurance Fraud. The State alleged that on November 15, 2005, Cassagne-Centano falsely reported to the Jersey City New Jersey, Police Department and Selective Insurance Company that her 2002 Honda Accord had been stolen from outside her residence, when, in fact, the vehicle had been found burning in New York City the day before she allegedly reported she had last seen the car.

State v. Barbara DiGregorio

On February 23, 2007, the court sentenced Barbara DiGregorio to one year' probation and ordered her to pay a $3,500 civil insurance fraud fine. On January 16, 2007, DiGregorio pled guilty to an Accusation charging her with Insurance Fraud. DiGregorio admitted that on March 21, 2005, she falsely reported that her 2000 Chrysler Concord had been stolen from a K-Mart parking lot in Brooklawn, New Jersey, and then submitted a phony automobile insurance theft claim to Allstate Insurance Company. OIFP's investigation revealed that the Chrysler had been abandoned in Philadelphia prior to the date DiGregorio reported it stolen. Allstate denied the auto theft claim which had a value of approximately $8,577.

State v. Keith R. Turpin

On March 23, 2007, the court admitted Keith R. Turpin into the PTI Program and ordered him to pay $28,727 in restitution to Rutgers Casualty Insurance Company. Turpin previously pled guilty to an Accusation charging him with Insurance Fraud. The State alleged that on April 19, 2006, Turpin falsely reported to the Asbury Park, New Jersey, Police Department that his 2004 Volkswagen had been stolen. The State further alleged that Turpin later submitted a vehicle theft insurance claim to Rutgers Casualty, which paid $28,050 on the claim.

State v. Juan Saldivar

On February 9, 2007, the court admitted Juan Saldivar into the PTI Program conditioned upon his performing 75 hours of community service. Saldivar had previously pled guilty to an Accusation charging him with Insurance Fraud. The State alleged that on April 11, 2003, Saldivar falsely reported to Encompass Insurance Company that his Ford Expedition had been stolen, even though he knew the person who had the vehicle and that the vehicle had subsequently been returned to him.

State v. Alexander Schaefer

On April 2, 2007, the Court sentenced Alexander Schaefer to two years' probation and ordered him to pay a $1,000 criminal fine and a $3,000 civil insurance fraud fine. Schaefer previously pled guilty to an Accusation charging him with Insurance Fraud. Schaefer admitted that between June 9, 2003, and November 23, 2003, he submitted a false insurance claim to State Farm Insurance Company, claiming that his new 2003 Yamaha motorcyde was stolen on June 7, 2003, while parked in Wayne, New Jersey, when, in fact, it was damaged while he was operating it. Schaefer's scheme came to light when it was discovered that he was cited for careless driving by the Pequannock, New Jersey, Police Department while riding the motorcycle after he had reported it as being stolen in Wayne. State Farm denied Schaefer's claim and the matter was referred to OIFP for investigation.

State v. Shakira Freeman, et al.

On February 16, 2007, an Essex County Grand Jury returned an Indictment charging Shakira Freeman, Shafiquah Arrington, and Aaron Davis with Conspiracy, Insurance Fraud, Tampering with Public Records, and Attempted Theft by Deception. The State alleged that Freeman, Arrington, and Davis agreed to and did submit a false automobile insurance policy application to GEICO Insurance Company. The State also alleged that the defendants agreed to and did falsely claim that a 2005 Nissan Altima was stolen in order to collect an automobile insurance claim in the approximate amount of $10,125.

On September 24, 2007, the court admitted Arrington into the PTI Program conditioned upon her performing 50 hours of community service. On the same date, Arrington pled guilty to Conspiracy and Insurance Fraud.

On June 25, 2007, the court sentenced Davis to three years' probation and ordered him to pay a $750 criminal fine and a $1,500 civil insurance fraud fine. On May 14, 2007, Davis pled guilty to Conspiracy and Insurance Fraud.

Also on May 14, 2007, the court admitted Freeman into the PTI Program conditioned upon her performing 50 hours of community service. On the same date, Freeman pled guilty to Conspiracy and Insurance Fraud.

State v. Serapio Paez

On January 25, 2007, the State moved to dismiss the Indictment as to Serapio Paez on the grounds that he is serving a ten-year federal sentence in Massachusetts and suffers from a health condition that prevents him from being returned to New Jersey to answer the Indictment. A Hudson County Grand Jury had previously returned an Indictment that charged Paez with Conspiracy, Insurance Fraud, Theft by Deception, and Tampering with Public Records or Information. The State alleged that Paez conspired with another person to submit a phony auto insurance theft claim. The State further alleged that Paez took possession of a 1999 Jeep Cherokee with the purpose to destroy it so that the other person could submit an auto theft claim.

State v. Joseph Gavin

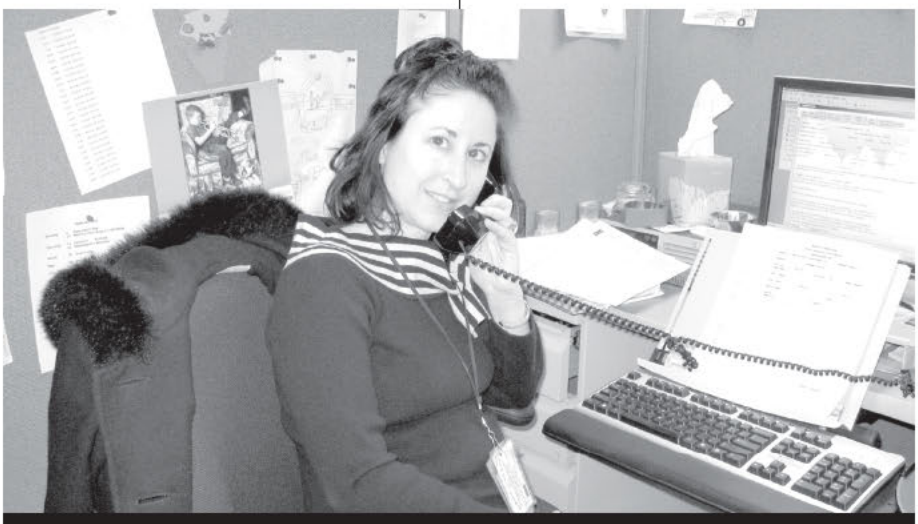
On March 1, 2007, following a four-day trial, a jury found Joseph Gavin not guilty of Conspiracy and Theft by Deception as charged in a Cape May County Grand Jury Indictment. According to the Indictment, Gavin (also known as Joseph Abadie) allegedly conspired with Paulo Dasilva-Cristelo to submit a phony automobile insurance claim to Camden Fire Insurance Association. The State also alleged in the Indictment that Dasilva-Cristelo "gave up" his 1999 Chevrolet pickup truck to Gavin so that Dasilva-Cristelo could file a false stolen vehicle claim with Camden Fire Insurance Association. Camden Fire Insurance Association paid approximately $23,407 for the phony automobile insurance theft claim for Dasilva-Cristelo

State v. Eduardo Pagan, Jr.

On May 21, 2007, the court admitted Eduardo Pagan, Jr., into the PTI Program conditioned upon his paying $29,077 in restitution and paying a $5,000 civil insurance fraud fine. On March 23, 2007, Pagan pled guilty to Falsifying Records. A Somerset County Grand Jury previously returned an Indictment charging Pagan with Insurance Fraud, Falsifying Records, and Tampering with Public Records or Information. The State alleged that Pagan falsely reported to the Belleville, New Jersey, Police Department that his leased 2001 Jaguar had been stolen. The State also alleged that Pagan submitted a false vehicle theft claim to Parkway Insurance Company, knowing that the vehicle had not been stolen.

Operation Pickup

On June 12, 2007, the court admitted Jason Hoholik into the PTI Program conditioned upon his payment of $3,600 in restitution to OIFP and performance of 40 hours of community service. On the same day, Hoholik pled guilty to an Accusation charging him with Insurance Fraud. The State alleged that on or about December 12, 2006, Hoholik was contacted by a fellow West Essex, New Jersey, High School student about an owner-initiated phony auto theft claim. The State further alleged that the fellow student asked Hoholik to meet a part-time teacher from the West Essex High School at the Willowbrook



Technical Assistant Rosanne DeBlois, CLASS.

Mall in Wayne, New Jersey, to take possession of the teacher's husband's Dodge Durango so that the teacher could falsely report it stolen and submit a false insurance claim to Allstate Insurance Company. The State also alleged that Hoholik took the Durango from the teacher who, in turn, submitted a false stolen car report to the Wayne Police Department and a false auto insurance theft claim to Allstate Insurance Company for the Durango. The State further alleged that Hoholik attempted to sell the Durango, as well as a Suzuki motorcycle, to an OIFP undercover investigator investigating a stolen motorcycle ring.

During the course of the investigation into the automobile "give up" case, OIFP investigators developed information of an improper relationship between Michelle Morano, a teacher employed by the West Essex High School, and a student who was less than 18 years of age. On March 23, 2007, Michelle Morano was arrested and charged with Unlawful Sexual Contact.

State v. Barbara Greenidge

On November 14, 2007, the court admitted Barbara Greenidge into the PTI Program conditioned upon her paying a $2,500 civil insurance fraud fine. On the same day, Greenidge pled guilty to Insurance Fraud. On July 24, 2007, a State Grand Jury returned an Indictment charging Greenidge with Insurance Fraud, Attempted Theft by Deception, and Falsifying Records. According to the Indictment, on April 20, 2006, Greenidge falsely reported to the Camden City, New Jersey, Police Department and to New Jersey Manufacturers Insurance Company that her 2002 Suzuki Aerio had been stolen.

State v. Randi Fleischman

On June 27, 2007, the court admitted Randi Fleischman into the PTI Program. Fleischman was previously charged in an Indictment with Insurance Fraud, Attempted Theft by Deception, Tampering with Public Records or Information, and False Swearing. The State alleged that between November 1, 2003, and February 19, 2004, Fleischman submitted a phony auto insurance theft claim to Liberty Mutual Insurance Company. The State also alleged that Fleischman advised Liberty Mutual and the Edison, New Jersey, Police Department that someone stole her 2000 Chrysler Sebring while she was shopping at the Menlo Park Mall on December 5, 2003. Fleischman's car was discovered burning in Brooklyn, New York, on November 27, 2003, casting doubt on Fleischman's claim that her car had been stolen. The State further alleged that Fleischman submitted a phony auto insurance theft claim for $12,932. Liberty Mutual denied the claim and referred the matter to OIFP for investigation.

This Indictment was among the first in which the new crime of Insurance Fraud, which took effect on June 9, 2003, was used to charge a person who submitted a false automobile theft claim. The trial judge in Middlesex County dismissed the Insurance Fraud count on August 4, 2005, on the ground that the State did not or could not offer evidence of five or more acts of insurance fraud within the meaning of the statute required to elevate the charge from third-degree Insurance Fraud to second-degree Insurance Fraud. The trial judge ruled that the count was improperly charged as a second-degree crime. On March 1, 2006, the Superior Court of New Jersey, Appellate Division, upheld the trial court's ruling. State v. Randi Fleischman, 323 N.J. Super. 396 (App. Div. 2006).

On May 11, 2006, the Supreme Court of New Jersey granted the State's petition on the issue of whether five or more false statements made by a claimant in a single document in support of one insurance claim constitutes a second-degree offense under the Insurance Fraud statute. Oral argument was heard by the Supreme Court on November 29, 2006. On March 19, 2007, the Supreme Court of New Jersey ruled that Fleischman's conduct involved less than five separate acts of insurance fraud and, therefore, she could be charged with third-degree Insurance Fraud, but she could not be charged with second-degree Insurance Fraud. State v. Randi Fleischman, 189 N.J. 539 (2007).

State v. Janina Krzak, et al.

On August 22, 2007, a Mercer County Grand Jury returned an Indictment charging Janina Krzak and her son, Dariusz Krzak, with Conspiracy. Janina Krzak was also charged with Insurance Fraud, Attempted Theft by Deception, and Tampering with Public Records or Information. According to the Indictment, between May 19, 2006, and April 24, 2007, Janina and Dariusz Krzak conspired to submit a phony automobile insurance theft claim. The State alleges that, following an accident in which Dariusz Krzak was driving a 2004 Dodge Ram truck, Janina Krzak falsely reported to the Lawrenceville, New Jersey, Police Department and to New Jersey Re-Insurance Company that the truck had been stolen. It is alleged that these false reports were made so as to conceal the fact that Dariusz Krzak had been driving the truck when the accident occurred.

The court issued a bench warrant for the Krzaks' arrest when they failed to appear at their arraignment on November 1, 2007.

State v. Mary Maldonado, et al.

On August 24, 2007, the court admitted Mary Maldonado and her son, Alan Maldonado, Jr., into the PTI Program conditioned upon their each paying a $5,000 civil insurance fraud fine. Mary Maldonado was also ordered to perform 200 hours of community service. Previously, a Somerset County Grand Jury returned an Indictment charging Mary Maldonado and Alan Maldonado, Jr., with Conspiracy, Insurance Fraud, Attempted Theft by Deception, Tampering with Public Records, and False Swearing. The State alleged that Mary Maldonado fraudulently reported to the Old Bridge, New Jersey, Police Department that her 2002 Acura RSX, which her son Alan had been driving, had been stolen. The State further alleged that Mary Maldonado submitted a fraudulent stolen vehicle claim to Allstate Insurance Company, even though the vehicle had not been stolen, but had, in fact, been involved in an accident. Allstate, suspecting fraud, denied the claim and referred the matter to OIFP for investigation.

State v. Paul C. Williams

On September 26, 2007, an Ocean County Grand Jury returned an Indictment charging Paul C. Williams with Insurance Fraud, Attempted Theft by Deception, Tampering

with Public Records or Information, Falsifying Records, and Uttering a Forged Document. According to the Indictment, between June 19, 2004, and September 12, 2004, Williams submitted a false automobile theft affidavit and a forged Power of Attorney to Liberty Mutual in support of his fraudulent claim that his 2001 Honda Accord had been stolen on June 19, 2004. It is further alleged that Williams falsely reported to the Seaside Heights, New Jersey, Police Departmentthat the Accord had been stolen. The automobile was later recovered in the Parkridge Apartments parking lot in Toms River, New Jersey.

State v. Stephen J. Pielli, et al.

On November 29, 2007, Stephen J. Pielli, and a corporation he owned and operated, General Green, Inc., a landscaping business, pled guilty to an Accusation charging them with Insurance Fraud. Pielli admitted that between February 28, 2006, and September 13, 2006, he submitted a phony auto theft claim to an insurance company involving a car leased by General Green, the corporation he owned and operated. Pielli admitted he falsely reported to the High Point Safety and Insurance Management Company and the Old Bridge, New Jersey, Police Department that his 2005 Mercedes-Benz had been stolen from the driveway of his home when, in fact, the car had not been stolen.

Pielli also sued High Point for insurance claims money based on the auto theft coverage of the automobile insurance policy that covered the Mercedes-Benz, even though the claim Pielli submitted was false.

Pielli and the corporation are scheduled to be sentenced in 2008.

State v. Frank Petrelli

On November 15, 2007, Frank Petrelli pled guilty to an Accusation charging him with Insurance Fraud. Petrelli admitted that he falsely reported that his 1998 Audi had been stolen while it was parked in Hoboken, New Jersey. He admitted that he caused another person to submit a fraudulent auto insurance claim to New Jersey Manufacturers Insurance Company claiming that the Audi had been stolen. Petrelli admitted that he had willingly given his car to another person so that it would appear to have been stolen and so that a false automobile insurance theft claim could be submitted to the insurance company. Petrelli is scheduled to be sentenced in 2008.

Staged Accidents

Creative Auto Body

A State Grand Jury returned a superseding Indictment charging seven individuals, as well as two police officers, John A. Smith and Samad Abdel, for reporting seven staged or fictitious car accidents between March 2001 and March 2003, and filing more than $117,800 in fraudulent automobile insurance propertydamage claims based on those phony accidents. The defendants, including the two police officers, allegedly provided false information for police accident reports from the Roselle, New Jersey, and Plainfield, New Jersey, Police Departments to substantiate the auto accident claims. Claims were filed with Progressive Insurance Company, Great American Insurance Company, Clarendon National Insurance Company, State Farm Insurance Company, and Liberty Mutual Insuance Company. Approximately $94,200 was paid by the insurance companies.

On June 1, 2007, the court sentenced Marco Rebelo, the owner and operator of Creative Auto Body on 409 East First Avenue in Roselle, to four years in State prison and ordered him to pay $94,205 in restitutionand a $105,000 civil insurance fraud fine. On March 12, 2007, Rebelo pled guilty to Conspiracy and Theft by Deception. Rebelo was originally charged with Conspiracy, Misconduct by a Coporate Official, and Tampering with Public Records or Information.

On June 22, 2007, the court sentenced John A. Smith, a Roselle, New Jersey, police officer, to one year' probation with 60 days in the Sheriff's Labor Assistance Program (SLAP) and ordered him to pay a $5,000 civil insurance fraud fine and perform 300 hours of community service. The court also ordered Smith to give up his position as a Roselle police officer and barred him from any further public service. On April 16, 2007, Smith pled guilty to Official Misconduct. Smith had been charged with Conspiracy, Official Misconduct, and Theft by Deception.

On May 25, 2007, the court sentenced Samad Abdel, a Plainfield, New Jersey, police detective, to one year' probation and ordered him to pay a $5,000 civil insurance fraud fine. He was also ordered to give up his position as a Plainfield police detective and was permanently barred from any future law enforcement and public employment. Abdel previously pled guilty to Official Misconduct. Abdel was charged with Conspiracy, Official Misconduct, Attempted Theft by Deception, and Theft by Deception.

On April 27, 2007, the court sentenced Eli Vasquez to five years in State prison, and ordered him to pay $53,592 in restitution and a $25,000 civil insurance fraud fine. On March 12, 2007, Vasquez pled guilty to Conspiracy, Theft by Deception, and Attempted Theft by Deception. Vasquez was originally charged with Conspiracy, Theft, and Attempted Theft by Deception.

Executive Assistant Cynthia Ronan.

On April 27, 2007, the court sentenced Danny DaCosta to one year' probation and ordered him to pay $23,919 in restitution and a $5,000 civil insurance fraud fine. On March 12, 2007, DaCosta pled guilty to Theft by Deception.

On April 27, 2007, the court sentenced Rogerio Neves to one year' probation and ordered him to pay a $5,000 civil insurance fraud fine. On March 12, 2007, Neves pled guilty to Attempted Theft by Deception. Neves was originally charged with Conspiracy, Theft by Deception, and Attempted Theft by Deception.

On April 27, 2007, the court sentenced Rui Correia to one year' probation and ordered him to pay a $5,000 civil insurance fraud fine. On March 12, 2007, Correia pled guilty to Attempted Theft by Deception. Correia was originally charged with Conspiracy, Theft by Deception, and Attempted Theft by Deception.

On April 25, 2007, the court admitted Charles T. Smith into the PTI Program conditioned upon his paying $23,838 in restitution and performing 60 hours of community service. Smith also agreed to pay a $5,000 civil insurance fraud fine. Smith was charged with Theft by Deception and Attempted Theft by Deception.

State v. Iris Salkauski, et al.

On January 8, 2007, the court admitted Tanya Gonzalez into the PTI Program. Gonzalez was one of 48 defendants charged in ten separate State Grand Jury Indictments with Conspiracy, Theft by Deception, and Attempted Theft by Deception for their participation in a staged accident ring. The State alleged that the 48 defendants planned or participated in at least ten staged automobile accidents over a two and one-half year period, most frequently in Camden City and Pennsauken, New Jersey. At least one staged accident involved undercover law enforcement officers posing as participants in the illegal scheme. Allstate Insurance Company received PIP claims totaling $567,940 from the staged accident scheme.

OIFP's investigation revealed that the defendants allegedly staged the fake automobile accidents by purposely crashing cars into one another or into fixed objects. The defendants allegedly reported the motor vehicle accidents to area police departments, principally the Camden and Pennsauken Police Departments. The "victims" then allegedly sought and obtained treatment for the reported injuries sustained as a result of the staged accidents. Ultimately, defendants allegedly filed fraudulent PIP claims with Allstate Insurance Company for payment or reimbursement of medical expenses and "pain and suffering" costs.

The principal Indictment identified Iris Salkauskias the alleged leader of the conspiracy and the coordinator of each of the ten staged accidents. Salkauski orchestrated the staged accidents, recruited the participants or "victims" for each of the staged accidents, paid the "victims" for their participation in the staged accidents, and directed the "injured victims" to obtain medical care and legal services. Salkauski previously pled guilty to Conspiracy and was sentenced to five years in State prison.

State v. Iris Ojeda, et al.

On May 16, 2007, the court sentenced Sacha Ojeda to three years' probation and ordered her to pay $2,050 in restitution and a $2,500 civil insurance fraud fine. On January 29, 2007, Sacha Ojeda pled guilty to Health Care Claims Fraud.

On March 16, 2007, the court sentenced Iris Ojeda and Felix Nieves each to three years' probation and ordered each to pay $2,050 in restitution and a $2,500 civil insurance fraud fine. On January 18, 2007, Iris Ojeda and Nieves each pled guilty to Health Care Claims Fraud.

A State Grand Jury previously returned an Indictment charging Iris Ojeda, her daughter Sacha Ojeda, and Felix Nieves with Conspiracy, Health Care Claims Fraud, and Attempted Theft by Deception. According to the Indictment, between February 2, 2000, and May 9, 2001, Iris Ojeda, Sacha Ojeda, and Felix Nieves agreed to stage an automobile accident for the purpose of submitting phony PIP and bodily injury insurance claims. The State further alleged that the three staged an accident in Paterson, New Jersey, and claimed to have suffered bodily injuries as the result of the accident. PIP applications were submitted to The Robert Plan/GSA Insurance and the three began to treat for their purported injuries. The Robert Plan paid out more than $25,000 including $10,907 for injuries purportedly sustained by Iris Ojeda, $5,006 for injuries purportedly sustained by Sacha Ojeda, and $10,847 for injuries purportedly sustained by Nieves.

State v. Dannie Campbell, et al.

On July 30, 2007, the court sentenced Ramil Robinson to five years' probation and ordered him to pay a $2,500 civil insurance fraud fine. Robinson pled guilty to Health Care Claims Fraud.

Dannie Campbell and ten other defendants were previously charged in three Indictments with Conspiracy, Health Care Claims Fraud, and Attempted Theft by Deception. The State alleged in the Indictments that Dannie Campbell masterminded fictitious automobile accidents in 1997 and 1998 involving other co-conspirators. The co-conspirators received medical treatment for injuries purportedly sustained in the phony accidents and submitted PIP insurance claims to an insurance company. The fictitious accidents occurred in Hillside and in Newark, New Jersey.

Campbell previously pled guilty to Health Care Claims Fraud and was sentenced to three years in State prison. Three other defendants, Nathaniel Jones, Duane Smith, and Shaheed Johnson also previously pled guilty to Health Care Claims Fraud and were sentenced to terms of probation. The charges as to the remaining defendants are pending trial.

Fraudulent Personal Injury Protection (PIP) Insurance Claims by Health Care Providers

State v. Marc Centrelli

On April 20, 2007, the court sentenced Marc Centrelli, a chiropractor licensed in the State of New Jersey, to one year' probation and ordered him to pay $9,725 in restitution and a $5,000 civil insurance fraud fine. The court also suspended Centrelli's chiropractic license for three years. On January 11, 2007, Centrelli pled guilty to an Accusation charging him with Health Care Claims Fraud. He admitted that between April 30, 2003, and February 11, 2004, he submitted more than $11,000 in insurance claims pursuant to the PIP portion of automobile insurance policies provided by the Selective Insurance Company for chiropractic services not rendered. Treatments were purportedly rendered to OIFP undercover investigators posing as patients seeking chiropractic care at Centrelli's Fairlawn, New Jersey, chiropractic office.

State v. Angel Lobo, et al.

On June 15, 2007, the court re-sentenced Angel Lobo, a doctor licensed in the State of New Jersey, to five years' probation with 180 days' house arrest. Lobo was re-sentenced after his lawyer argued that Lobo was too infirm to go to jail. The State is appealing the sentence. Lobo previously pled guilty to Health Care Claims Fraud and was sentenced to three years in State prison.

A State Grand Jury previously returned an Indictment charging Angel Lobo and his office manager, Mercy Lobo (no relation), with Conspiracy, Health Care Claims Fraud, Theft by Deception, Criminal Use of Runners, and Falsification of Medical Records. Angel Lobo and Mercy Lobo operated the Pain Management Clinic located in Paterson, New Jersey. The State alleged in the Indictment that Angel Lobo and Mercy Lobo paid persons to act as "runners" to procure patients for the purpose of submitting PIP insurance claims to Parkway Insurance Company and AIG Claims Services, Inc. The State also alleged that Angel Lobo and Mercy Lobo prepared false patient records in support of Angel Lobo's false billing for health care services. All of the claims that formed the basis of the Health Care Claims Fraud charges were for services rendered to OIFP undercover investigators.

Fraudulent Personal Injury Protection (PIP) Insurance Claims by Non-Health Care Providers

State v. Thomas Merritt, et al.

On August 13, 2007, the court sentenced Thomas Merritt to three years in State prison. On March 2, 2007, Merritt pled guilty to Insurance Fraud. An Essex County Grand Jury previously returned an Indictment charging Merritt and Hanif Bethea with Conspiracy, Health Care Claims Fraud, Attempted Theft by Deception, and Tampering with Public Records. According to the Indictment, between May 16, 2001, and April 9, 2002, Bethea and Merritt conspired to commit Health Care Claims Fraud and Theft by Deception by allegedly claiming that they had been injured in an automobile accident which purportedly occurred on May 16, 2001, in Newark, New Jersey. The State alleged that the accident did not occur and neither Bethea nor Merritt were injured. The State also alleged that Bethea and Merritt caused the East Orange Chiropractic Association to bill Metropolitan Property and Casualty Insurance Company a total of approximately $9,861 for diagnostic and chiropractic treatments related to the purported auto accident. East Orange Chiropractic billed approximately $5,173 for treatments rendered to Bethea and $4,688 for treatments rendered to Merritt.

Deputy Attorney General Lisa Sarnoff Gochman, CLASS.

State v. Noemi Romero, et al.

On April 19, 2007, Noemi Romero, Maria Romero, and Argelia Romero were admitted into the PTI Program. The court ordered Noemi Romero to perform 100 hours of community service as a condition of PTI.

A Mercer County Grand Jury previously returned an Indictment charging Noemi Romero, Argelia Romero, and Maria Romero with Conspiracy, Health Care Claims Fraud, Attempted Theft by Deception, and Tampering with Public Records. The State alleged that following an allegedly minor automobile accident which occured in West Orange, New Jersey, Noemi Romero, the driver of one of the vehicles involved in the purported accident, conspired with Maria Romero and Argelia Romero to claim to the West Orange Police Department that Maria and Argelia were passengers in the car and were injured, when, in fact, they were not passengers in the car at the time of the accident and were not injured. The State alleged further that Noemi Romero, Maria Romero, and Argelia Romero submitted claims for medical treatment to New Jersey Manufacturers Insurance Company based on the automobile insurance policy's PIP coverage. The State further alleged that approximately $20,000 in PIP claims were submitted as a result of the purported accident.

State v. Tina Davis

On July 31, 2007, the court admitted Tina Davis into the PTI Program conditioned upon her paying a $5,000 civil insurance fraud fine. On April 18, 2007, an Accusation was filed charging Davis with Insurance Fraud. On March 13, 2005, Davis was involved in a minor automobile accident in Newark, New Jersey. The State alleged that Davis submitted fraudulent PIP insurance claims and falsely reported to Selective Insurance Company that she had two passengers in the car at the time of the accident and that they had purportedly been injured when, in fact, the two purported passengers, who were not charged, were not in the car at the time of the accident but had "jumped in" the back seat before the police arrived at the scene of the accident.

Criminal Use of Runners

State v. Jerome F. Bollettieri, et al.

On January 5, 2007, the court sentenced Jerome F. Bollettieri to four years in State prison and ordered him to forfeit any public employment. Bollettieri was convicted of

Conspiracy, Official Misconduct, Bribery, and Criminal Use of Runners following a six-day bench trial.

Bollettieri was the Lieutenant in charge of the Camden County Police Department's Automobile Accident Report Records Room. He was charged with providing Camden County police auto accident reports to Thomas DiPatri who, in turn, provided them to Charles Warrington, a "runner." As a "runner," Warrington solicited patients for American Spinal, a chiropractic practice. A State Grand Jury Indictment charged Bollettieri and DiPatri with Conspiracy, Official Misconduct, Bribery, and Criminal Use of Runners.

State v. Orlando Rolon, et al.

On March 30, 2007, the court sentenced Orlando Rolon to four years in State prison, ordered him to pay $27,873 in restitution to Liberty Mutual Insurance Company and AIG Insurance, and imposed a $10,000 civil insurance fraud fine. Rolon previously pled guilty to Criminal Use of Runners.

On February 23, 2007, the court sentenced Rolon's girlfriend, Erika Ramos, to three years' probation, ordered her to pay $1,758 in restitution to Liberty Mutual Insurance Company, and imposed a $5,000 civil insurance fraud fine. Ramos previously pled guilty to Uttering a Forged Document.

A State Grand Jury previously returned an Indictment charging Rolon and Ramos with Conspiracy, Criminal Use of Runners, Health Care Claims Fraud, Attempted Theft by Deception, and Misconduct by a Corporate Official. The Indictment also charged Ramos with Uttering a Forged Document. According to the Indictment, between December 11, 1998, and February 13, 2002, Rolon and Ramos conspired to commit insurance fraud. Rolon and Ramos owned, operated, or controlled several companies, including Brotherhood Rehabilitation Associates, P.C., JOL&M Medical Supply Company, and OR Medical Transport. These companies did business in and around Camden, New Jersey, providing treatment, medical supplies, and transportation to patients, primarily automobile accident patients covered by automobile insurance policies.

Rolon illegally used "runners" to solicit and pay patients so that Brotherhood Rehabilitation could provide medical services, including chiropractic and physical therapies, to patients injured in automobile accidents. Some of the patients solicited by the "runners" were sent to JOL&M Medical Supply Company for medical supplies such as TENS Units, which are used to treat soft tissue injuries of persons injured in auto accidents, which were then billed to auto insurance carriers. The State also alleged that OR Medical Transport was used to transport some of the patients to and from Brotherhood Rehabilitation and other locations so that Rolon could bill auto insurance companies additional money.

The State further alleged that Rolon, who had no medical or chiropractic license, owned, operated, and controlled Brotherhood Rehabilitation but created the appearance that a licensed chiropractor actually owned, operated, and controlled Brotherhood Rehabilitation so insurance claims were more likely to be paid. It was also alleged that the defendants created the false impression that Ramos owned, operated, and controlled JOL&M Medical Supply so that it would appear to insurance company claims personnel that JOL&M Medical Supply was independent from Brotherhood Rehabilitation, when, in fact, both corporations were owned, operated, and controlled by Rolon.

In addition, it was alleged that Rolon and others acted as "runners" by offering payments to patients of between $200 to $300 to treat at Brotherhood Rehabilitation so that Brotherhood Rehabilitation, JOL&M Medical Supply, and OR Medical Transport would have a steady stream of patients for which automobile insurance PIP carriers and other insurance carriers could be billed. In addition to Criminal Use of Runners, the State alleged that Rolon and Ramos committed Health Care Claims Fraud by submitting false claims to Liberty Mutual and AIG Insurance Companies for medical services provided by Brotherhood Rehabilitation and their related companies. It was also alleged that Rolon and Ramos committed theft and forgery by creating the impression that Dr. Michael Marek, a chiropractor, made medical decisions with respect to Brotherhood Rehabilitation patients and signed claim forms submitted to the insurance companies, including Liberty Mutual, when, in fact, Dr. Michael Marek was deceased.

State v. Monir Dawoud, et al.

On February 16, 2007, the court sentenced Monir Dawoud to 364 days in county jail as a condition of two years' probation. At the time of sentencing, Dawoud voluntarily surrendered his medical license. Dawoud previously pled guilty to an Accusation charging him with Criminal Use of Runners. Dawoud admitted that between January 5, 2000, and September 5, 2001, he was engaged in a conspiracy with another medical doctor and a chiropractor, Eugene Williams (also known as Carroll E. Williams), to utilize a "runner" who facilitated the payment between the doctors of "referral fees" in connection with the referral and treatment of patients. Previously, Williams was indicted for Health Care Claims Fraud and Conspiracy, and a bench warrant was issued for his arrest.

An OIFP undercover investigator acting as a "runner" met with Dawoud who agreed to refer purported patients from Dawoud's medical practice to another medical practice. These referrals were made so that Magnetic Resonance Imaging (MRI) scans could be billed to auto insurance companies, primarily automobile insurance companies which provide PIP coverage. The MRIs were part of the medical testing conducted on patients who were purportedly injured in auto accidents. Dawoud agreed to refer the patients to the second doctor in return for payment of $150 per patient.

Additionally, with respect to the patients who were referred to the other medical doctor's practice for treatments, several insurance companies were billed for treatments which were never rendered to the patients.

State v. Irwin B. Seligsohn, et al.

Racketeering and Conspiracy charges were filed against two Essex County lawyers, law firm, and 47 other individuals as part of an ongoing insurance fraud investigation involving health care claims fraud and the illegal use of "runners." The Racketeering and Conspiracy charges represent the first time DCJ-OIFP invoked New Jersey's Racketeering Influenced and Corrupt Organization (RICO) statute to prosecute an attorney and a law firm for Health Care Claims Fraud, Criminal Use of Runners, and related insurance fraud crimes. To date, 26 defendants, and their law firm, have entered guilty pleas in connection with this illegal scheme. The remaining defendants' cases are pending trial.

Superseding State Grand Jury Indictment

A superseding State Grand Jury Indictment charged Irwin B. Seligsohn, Essex County law firm, Goldberger, Seligsohn & Shinnod, P.A., in West Orange, New Jersey, five "runners,"

and 23 phony accident claimants variously with Criminal Racketeering, Conspiracy to Commit Racketeering, auto insurance related Health Care Claims Fraud, Criminal Use of Runners, Theft by Deception, and Tax Fraud. Seligsohn and were also charged with Conspiracy and Filing or Preparing a False or Fraudulent New Jersey Tax Return. The superseding State Grand Jury Indictment alleges that between October 30, 1993, and September 15, 2005, Seligsohn, law firm conspired with others to pay "runners" to solicit other individuals to participate in staged automobile accidents so that PIP and other insurance claims could be submitted to insurance companies. Additionally, the Indictment alleges that the defendants improperly accounted for the payments made to the "runners" and, as a result, Seligsohn, and the law firm were charged with violating various New Jersey tax statutes.

The superseding Indictment charges the "runners" with illegally receiving payments for soliciting clients, violating State income tax laws, and assisting in the submission of phony insurance claims knowing that the accidents were staged and that no one was injured. The other defendants named in the State Grand Jury Indictment were alleged to be the purported insurance claimants. They were charged with Health Care Claims Fraud for assisting in the submission of the phony insurance claims.

On August 3, 2007, Irwin B. Seligsohn and his law firm both pled guilty to Conspiracy. Seligsohn is scheduled to be sentenced in 2008.

On November 16, 2007, the court sentenced to two years' probation and ordered her to pay $6,000 in restitution and pay a $1,500 civil insurance fraud fine. On September 14, 2006, pled guilty to Conspiracy and Health Care Claims Fraud.

On November 9, 2007, the court sentenced Edith Pullin to two years' probation and ordered her to pay $7,000 in restitution and pay a $1,500 civil insurance fraud fine. On September 14, 2006, Edith Pullin pled guilty to Conspiracy and Health Care Claims Fraud.

On September 14, 2007, Edward Campbell, Sr. (also known as Reverend Campbell, also known as James Lee Campbell), pled guilty to Conspiracy and Health Care Claims Fraud. He is scheduled to be sentenced in 2008.

On June 1, 2007, the court sentenced Lawrence Freeman to three years' probation and ordered him to pay a $1,500 civil insurance fraud fine. On April 20, 2007, Freeman pled guilty to Conspiracy and Health Care Claims Fraud.

Deputy Attorney General Carol Stanton Meier, Auto/Property and Casualty Section.

On June 1, 2007, the court sentenced Phyllis Jackson to two years' probation and ordered her to pay a $1,500 civil insurance fraud fine. On April 25, 2007, Jackson pled guilty to Health Care Claims Fraud.

On February 9, 2007, the court sentenced Sharon Blanding to two years' probation and ordered her to pay $623 in restitution and a $1,500 civil insurance fraud fine. Blanding previously pled guilty to Conspiracy and Health Care Claims Fraud.

Essex County Indictments

On June 15, 2007, an Essex County Grand Jury returned four Indictments charging Irwin Seligsohn, the law firm of Goldberger, Seligsohn & Shinod, P.A., and 22 other defendants, with Conspiracy to Commit Health Care Claims Fraud and Health Care Claims Fraud.

• First Essex County Indictment

The first Essex County Indictment alleges that between July 17, 1998, and June 3, 2003, Seligsohn, his law firm, Edward Campbell, Jr. (also known as Tariq Campbell), Louis Campbell, Richard Williams, Dannie Campbell, Sr., Damon Brown, Andre Johnson, and Edward Davis conspired to submit insurance claims for a fake auto accident. The accident purported to have occurred at the intersection of Leslie and Shaw Streets in Newark. The State alleges that bodily injury insurance claims totaling approximately $18,000 were obtained as a result of the phony accident, in addition to PIP payments made to health care providers on behalf of treatments rendered to some of the conspirators in the purported accident in the approximate amount of $14,593. The claims were submitted to Allstate Insurance Company.

Edward Campbell, Jr., Louis Campbell, Richard Williams, Dannie Campbell, Sr., and Edward Davis are pending trial. Bench warrants were issued for the arrests of Damon Brown and Andre Johnson.

• Second Essex County Indictment

The second Essex County Indictment charges Edward Campbell, Jr., Sophia Green, Eugene Jackson, and Tish Lee with Conspiracy to Commit Health Care Claims Fraud and Health Care Claims Fraud. The State alleges that between August 7, 2000, and January 21, 2003, the defendants conspired to submit insurance claims for a fake auto accident. The accident purported to have occurred when Campbell alleged that his

1999 Lincoln Navigator was rear-ended on Cordier Street in Irvington. The State alleges that PIP payments were made in the amount of $20,000 to health care providers on behalf of treatments rendered to some of the conspirators. The claims were submitted to Clarendon Insurance Company.

On November 30, 2007, the court sentenced Sophia Green to two years' probation and ordered her to pay a $1,500 civil insurance fraud fine. On October 3, 2007, Green pled guilty to Conspiracy to Commit Health Care Claims Fraud and Health Care Claims Fraud.

On November 26, 2007, Eugene Jackson pled guilty to Conspiracy to Commit Health Care Claims Fraud and Health Care Claims Fraud. Jackson is scheduled to be sentenced in 2008.

Edward Campbell, Jr., is pending trial. A bench warrant was issued for Tish Lee's arrest.

• Third Essex County Indictment

The third Essex County Indictment alleges that on August 30, 2000, and January 6, 2003, Edward Campbell, Jr., Felicia Crute, Trojah Irby, Aaron Green, and Katuwan Thomason conspired to submit insurance claims for a fake auto accident which purportedly occurred when a 1987 Acura Legend was struck in the rear while making a turn onto 18th Avenue from Irvine Turner Boulevard in Newark. The State alleges that PIP treatments in the form of chiropractic treatments in the approximate amount of $11,000 were rendered on behalf of some of the conspirators, and that bodily injury claims in the amount of $5,000 were obtained. The claims submitted to State Farm Insurance Company were settled for $5,000.

On December 14, 2007, the court sentenced Aaron Green to two years' probation and ordered him to pay $5,000 in restitution and a $1,500 civil insurance fraud fine. On October 22, 2007, Green pled guilty to Conspiracy to Commit Health Care Claims Fraud and Health Care Claims Fraud.

On December 7, 2007, the court sentenced Katuwan Thomason to three years' probation and ordered him to pay a $1,500 civil insurance fraud fine. On October 9, 2007, Thomason pled guilty to Conspiracy to Commit Health Care Claims Fraud and Health Care Claims Fraud.

Edward Campbell, Jr., and Felicia Crute are pending trial, and a bench warrant was issued for Trojah Irby's arrest.

• Fourth Essex County Indictment

The fourth Essex County Indictment alleges that between December 19, 1998, and January 14, 2003, Edward Campbell, Jr., Anthony Dortch, Tahesha Boss (also known as Tanisha Boss), Rabya Boss, Nathaniel Mitchell, Anton Mitchell, Michael Ashford, Deneen Woodard, and Robert Woodard allegedly conspired to submit insurance claims for a fake auto accident. The accident was purported to have occurred at the intersection of Ferry and Jefferson Streets in Newark and involved a 1990 Dodge van in which the defendants were allegedly riding. The State alleges that lawsuits were filed and more than $30,000 in bodily injury settlements were paid, in addition to PIP payments made to health care providers on behalf of treatments rendered to some of the conspirators totaling more than $25,000. The claims were submitted to Eagle Insurance Company and Rutgers Casualty Insurance Company.

On November 30, 2007, the court sentenced Deneen Woodard to two years' probation and ordered her to pay $8,750 in restitution and a $1,500 civil insurance fraud fine. On October 3, 2007, Woodard pled guilty to Conspiracy and Health Care Claims Fraud.

On November 26, 2007, Michael Ashford pled guilty to Conspiracy and Health Care Claims Fraud. He is scheduled to be sentenced in 2008.

Anthony Dortch is pending trial. Bench warrants were issued for the arrests of Tahesha Boss, Rabya Boss, Nathaniel Mitchell, Anton Mitchell, and Robert Woodard.

Auto Body Repair Facilities and "Chop Shop" Fraud

State v. Robert Christopher Collision, et al.

On July 17, 2007, a State Grand Jury returned an Indictment charging Robert Christopher Collision, an auto body repair shop on Kuser Road in Hamilton, Mercer County New Jersey, its owner Robert Buckingham, and Buckingham's employee with Conspiracy, Insurance Fraud, and Theft by Deception. Two additional employees, Hector Henriquez and John Yeachshein, were charged with Conspiracy to Commit Insurance Fraud, Insurance Fraud, and Theft by Deception.

According to the Indictment, between April 12, 2005, and July 21, 2006, Buckingham Henriquez, and Yeachshein conspired together and submitted false automobile insurance repair claims to insurance companies. The Indictment alleges that the defendants billed for auto repair work that they failed to complete; billed insurance companies for new auto repair parts when, in fact, they utilized old parts; billed insurance companies to replace auto parts when, in fact, they merely repaired the damaged auto parts; and, in some cases, enhanced damage to cars brought to the repair facility so as to increase the amount of auto insurance repair claims.

Among the insurance companies to which allegedly false claims were submitted are New Jersey Manufacturers Insurance Company, MetLife Auto, Travelers Auto Insurance Company (formerly known as First Trenton Indemnity), Selective Insurance Company, and Mercury Insurance Company.

In June 2007, OIFP instituted an asset forfeiture action and obtained a seizure order enjoining the defendants from encumbering or transferring the business and its real property.

Fraudulent Auto Claims

State v. Jay Gorzkowski

On January 18, 2007, the court admitted Jay Gorzkowski into the PTI Program conditioned upon his paying a $5,000 civil insurance fraud fine. Gorzkowski had previously pled guilty to an Accusation charging him with Insurance Fraud. The State alleged that on May 27, 2005, Gorzkowski reported to the Elmwood, New Jersey, Police Department that his 1999 Mercedes-Benz had been stolen. The State further alleged that Gorzkowski grossly inflated the value of the vehicle when he submitted a stolen automobile insurance claim to Consumer First Insurance Company in order to get a larger insurance payoff for the vehicle. Consumer First, suspecting fraud, denied the claim and referred the matter to OIFP for investigation.

State v. Aristides Stradiotti, et al.

On February 27, 2007, the court sentenced Aristides Stradiotti to three years' probation. Stradiotti pled guilty to an Accusation charging him with Conspiracy to Commit Insurance Fraud and Insurance Fraud. Stradiotti admitted that he submitted phony receipts totaling $7,921 to New Jersey Manufacturers Insurance Company to support his claim that someone stole several items from his car.

On June 29, 2007, an Essex County Grand Jury returned an Indictment charging Raymond Gonzales with Conspiracy to Commit Insurance Fraud. According to the Indictment, Gonzales, who was employed at Romero Tire and Auto in Newark, sold six blank receipts from Romero Tire and Auto to Stradiotti so that Stradiotti could submit the phony receipts in support of his insurance claim that several items were stolen from his car.

State v. Christian Wigley

On March 23, 2007, the court admitted Christian Wigley into the PTI Program conditioned upon his paying a $500 criminal fine. The court also ordered him to perform 50 hours of community service. Wigley had previously paid a $2,500 civil insurance fraud fine. On February 2, 2007, Wigley pled guilty to an Accusation charging him with Insurance Fraud. The State alleged that Wigley submitted a false motor vehicle accident claim to Progressive Freedom Insurance Company, claiming that he had an accident with his ATV on August 3, 2006, when, in fact, the accident occurred one week earlier, before he had applied for insurance coverage for the ATV. Progressive Freedom denied the claim and, suspecting fraud, referred the matter to OIFP for investigation.

State v. Robinson Rodriguez

On February 5, 2007, the court admitted Robinson Rodriguez into the PTI Program. Previously, a Bergen County Grand Jury returned an Indictment charging Rodriguez with Insurance Fraud and Attempted Theft by Deception. The State alleged that Rodriguez submitted to Liberty Mutual phony receipts totaling $2,500 in support of his claim that four rims and tires were stolen from his 1999 Lincoln Navigator.

State v. Susan Van Blarcom

On May 17, 2007, the court admitted Susan Van Blarcom into the PTI Program conditioned upon payment of a $3,500 civil insurance fraud fine and performance of 80 hours of community service. On April 19, 2007, Van Blarcom pled guilty to an Accusation charging her with Insurance Fraud. The State alleged that Van Blarcom submitted an altered invoice to Selective Insurance Company for repairs to her automobile which was damaged in an accident. The State further alleged that the altered invoice inflated the price for the repairs so that Van Blarcom would receive a larger reimbursement than that to which she was entitled.

State v. Syed Naqvi

On August 29, 2007, the court admitted Syed Naqvi into the PTI Program conditioned upon his paying a $2,500 civil insurance fraud fine. On June 8, 2007, Naqvi was charged in an Accusation with Insurance Fraud. The State alleged that Naqvi submitted a fraudulent automobile accident insurance claim to Progressive Freedom Insurance Company, claiming that an automobile accident occurred while his 2006 Ford Mustang was covered by collision and comprehensive coverage, when, in fact, the Mustang had been damaged prior to the purchase of collision and comprehensive coverage.

State v. Jason Senf

On May 7, 2007, the court admitted Jason Senf into the PTI Program conditioned upon his payment of a $5,000 civil insurance fraud fine and his performance of 100 hours of community service. Senf originally had been indicted by a Mercer County Grand Jury with second-degree Insurance Fraud and Attempted Theft by Deception. Following the Supreme Court of New Jersey's decision addressing the application of the Insurance Fraud statute in State v. Randi Fleischman, 189 N.J. 539 (2007), the Indictment was amended to charge Senf with third-degree Insurance Fraud.

The State alleged that Senf submitted a fraudulent insurance claim to Foremost Insurance Company for damage to his ATV by falsely claiming that he damaged his ATV on June 22, 2003, when he struck a tree and attempted to make a collision claim for damages to his ATV. The State alleged that Senf's friend actually damaged the ATV earlier on April 18, 2003, when the friend struck a tree with the ATV. At that time, however, the ATV was not covered with collision insurance by Foremost Insurance Company. The State alleged that after the ATV was damaged, Senf attempted to obtain insurance with collision coverage and concealed the fact that the ATV had been damaged. Suspecting fraud, Foremost investigated Senf's June 22, 2003, claim and referred the matter to OIFP for further investigation and prosecution.

State v. Marco Caballero

On October 12, 2007, the court admitted Marco Caballero into the PTI program conditioned upon his payment of a $2,000 civil insurance fraud fine and performance of 50 hours of community service. On August 14, 2007, Caballero pled guilty to an Accusation charging him with Insurance Fraud. The State alleged that Caballero submitted to High Point Insurance Company an altered receipt for the repair of a 1989 Maxon liftgate truck that was damaged in a collision. The State further alleged that Caballero falsified the receipt by reflecting an additional $1,000 to repair the damage. High Point, suspecting fraud, denied the claim and referred the matter to OIFP.

State v. Raymond Racine

On October 19, 2007, the court admitted Raymond Racine into the PTI Program

Deputy Attorney General Steven B. Farman, Health, Life, and Disability Section.

conditioned upon his payment of a $2,500 civil insurance fraud fine and his performance of 20 hours of community service. On September 10, 2007, Racine pled guilty to an Accusation charging him with Insurance Fraud. The State alleged that on May 29, 2005, Racine was involved in an automobile accident in Maryland and submitted a fraudulent and inflated property loss claim to Clarendon Insurance Company by falsely claiming that several valuable items were in the automobile at the time of the accident and were missing or stolen following the accident.

State v. Amanat Sattar

On October 24, 2007, the court admitted Amanat Sattar into the PTI Program conditioned upon his performance of 75 hours of community service. On September 19, 2007, Sattar pled guilty to an Accusation charging him with Insurance Fraud. The State alleged that Sattar submitted a fraudulent property damage claim to Progressive Insurance Company, by falsely claiming that his 2004 Cadillac Escalade had been damaged by flood waters.

Fictitious Insurance Identification Cards

State v. Jessica M. Lee

On March 23, 2007, the court admitted Jessica M. Lee into the PTI Program. Lee previously pled guilty to Simulating a Motor Vehicle Insurance Identification Card as charged in a Monmouth County Indictment. The State alleged that on December 17, 2003, Lee presented a counterfeit Allstate Insurance Company motor vehicle insurance identification card to an inspector at the Eatontown, New Jersey, Motor Vehicle Commission (MVC) Inspection Station.

State v. Daniel Rosa

On January 19, 2007, the court sentenced Daniel Rosa to 18 months' probation. Rosa pled guilty to an Accusation charging him with Simulating a Motor Vehicle Insurance Identification Card. Rosa admitted that on July 9, 2004, following a motor vehicle accident in which he was involved, he presented a counterfeit Public Service Mutual Insurance Company motor vehicle insurance identification card to a City of Passaic, New Jersey, police officer.

State v. Rafael Ottenwalder

On February 16, 2007, the court sentenced Rafael Ottenwalder to three years in State prison. Ottenwalder previously pled guilty to an Accusation charging him with Sale of a Simulated New Jersey Driver's License and Sale of a Simulated Motor Vehicle Insurance Identification Card. Ottenwalder admitted that in May and June 2005, he knowingly sold a fictitious New Jersey driver's license and a fictitious New Jersey auto insurance identification card to an OIFP undercover investigator in Union City New Jersey.

State v. Cecilio Casablanca

On February 16, 2007, the court sentenced Cecilio Casablanca to one year' probation following his guilty plea on the same day to Simulating a Motor Vehicle Insurance Identification Card as charged in an Essex County Indictment. Casablanca was involved in a motor vehicle accident and provided a counterfeit New Jersey Manufacturers Insurance Company auto insurance identification card to a Belleville, New Jersey, police officer at the scene of the accident.

State v. Miguel Torres

On March 30, 2007, the court sentenced Miguel Torres to two years' probation and ordered him to perform 25 hours of community service. Torres pled guilty to an Accusation charging him with Simulating a Motor Vehicle Insurance Identification Card. Torres admitted that on April 14, 2004, he presented a counterfeit American National Fire Insurance Company motor vehicle insurance identification card to a West New York, New Jersey, police officer following an automobile accident in which he was involved.

State v. Victor Torres

On January 9, 2007, a State Grand Jury returned an Indictment charging Victor Torres with Sale of Simulated Motor Vehicle Insurance Identification Cards, Sale of Simulated Documents, and Receiving Stolen Property. According to the Indictment, between March 7, 2003, and December 16, 2003, Torres sold counterfeit insurance identification cards and Social Security cards. It is also alleged that Torres possessed a stolen New Jersey Motor Vehicle Temporary Registration tag.

State v. Darrin Johnson

On August 17, 2007, the court sentenced Darrin Johnson to one year' probation. On May 21, 2007, Johnson pled guilty to Possession of a False Driver's License. On January 4, 2007, a Burlington County Grand Jury returned an Indictment charging Johnson with Falsifying an MVC Application for a Driver's License. The State alleged that Johnson submitted the application in the name of Darrick A. Johnson to obtain a driver's license in the name of Darrick A. Johnson. The Indictment also charged Johnson with Tampering with Public Records and Simulating a Motor Vehicle Insurance Identification Card by possessing a fictitious auto insurance identification card purportedly issued by Ohio Casualty Insurance Company.

State v. Patricia Wilson

On January 31, 2007, Patricia Wilson was admitted into the PTI Program conditioned upon her performing 25 hours of community service. A Burlington County Grand Jury had previously returned an Indictment charging Wilson with Simulating a Motor Vehicle Insurance Identification Card. The State alleged that on October 27, 2005, Wilson presented a counterfeit Allstate Insurance Company insurance identification card to a Beverly, New Jersey, police officer during a traffic stop.

State v. Charles R. Bright

On January 8, 2007, Charles R. Bright was admitted into the PTI Program conditioned upon his performing 75 hours of community service. Bright pled guilty to Simulating a Motor Vehicle Insurance Identification Card as charged in a Monmouth County Indictment. The State alleged that Bright presented a fraudulent Prudential Insurance Company motor vehicle insurance identification card to an inspector at the Eatontown, New Jersey, MVC Inspection Station.

State v. Maria D. Colon Cifuentes

On February 14, 2007, the court admitted Maria D. Colon Cifuentes into the PTI Program conditioned upon her performing 60 hours of community service. On November 3, 2006, a Union County Grand Jury returned an Indictment charging Colon Cifuentes with Simulating a Motor Vehicle Insurance Identification Card. The State alleged that Colon Cifuentes presented a fictitious Amica Insurance Company insurance identification card to a motor vehicle inspector at the Plainfield, New Jersey, MVC Inspection Station.

State v. Salvatore L. Vitale

On November 21, 2007, the Superior Court of New Jersey, Appellate Division, vacated the trial court's order granting Salvatore L. Vitale, an executive officer of New Jersey Exchange Insurance Company, entry into the PTI Program. Previously, on January 26, 2007, the trial court admitted

Vitale into the PTI Program over the State's objection. The State appealed the trial court's order and the Appellate Division heard oral argument on November 13, 2007. The case was returned to the trial court pending trial or other disposition.

Previously, a Monmouth County Grand Jury returned an Indictment charging Vitale with Simulating a Motor Vehicle Insurance Identification Card. According to the Indictment, on August 19, 2004, and August 20, 2004, Vitale created two separate counterfeit motor vehicle insurance identification cards for two different vehicles he owned and displayed both counterfeit insurance identification cards to the Englishtown, New Jersey, Police Department. According to the State, the first fraudulent insurance identification card produced by Vitale falsely indicated that his 1996 Chevrolet was insured by the New Jersey Exchange Insurance Company and that a valid policy of automobile insurance was in effect from October 29, 2003, to October 29, 2004. The State also alleges that the second fraudulent insurance identification card produced by Vitale falsely indicated that his 2001 Mercedes-Benz was covered by an automobile insurance policy issued by Allstate Insurance Company for the period August 19, 2004, to August 19, 2005.

State v. Larry Murphy, et al.

On July 27, 2007, the court sentenced Larry Murphy to three years in State prison and sentenced his wife, Charlotte Murphy, to three and one-half years in State prison and ordered her to forfeit her 1999 Cadillac. On February 13, 2007, Larry Murphy pled guilty to Conspiracy. On the same day, Charlotte Murphy pled guilty to Conspiracy and Tampering with Public Records and Information.

Previously, a Mercer County Grand Jury returned an Indictment charging Larry Murphy and Charlotte Murphy with Conspiracy, Simulating a Motor Vehicle Insurance Identification Card, Tampering with Public Records and Information, and Falsifying Records. According to the Indictment, between July 1, 2005, and September 30, 2005, Larry Murphy and Charlotte Murphy allegedly produced and sold counterfeit automobile insurance identification cards. Specifically, the State alleged that they conspired to produce a counterfeit Liberty Mutual Insurance Company auto insurance identification card and a counterfeit State Farm Insurance Company auto insurance identification card in the name of Kai A. Harris.

State v. Karen Y. Schenck-Heuston

On July 6, 2007, the court sentenced Karen Y. Schenck-Heuston to two years' probation. On March 2, 2007, Schenck-Heuston pled guilty to Simulating a Motor Vehicle Insurance Identification Card as charged in a Somerset County Indictment. Schenck-Heuston presented a counterfeit Maryland Casualty Insurance Company auto insurance identification card to the New Jersey State Police while attempting to obtain her vehicle from a State Police impound lot.

OIFP Administrative Liaison Ray Shaffer.

State v. Dante M. Fox

On June 8, 2007, the court sentenced Dante M. Fox to two years' probation. On March 19, 2007, Fox pled guilty to Simulating a Motor Vehicle Insurance Identification Card as charged in a Burlington County Indictment. According to the Indictment, Fox presented a fraudulent CAN Insurance Company auto insurance identification card to a Burlington City New Jersey, police officer during a routine traffic stop.

State v. Thomas A. Williams

On April 5, 2007, the court admitted Thomas A. Williams into the PTI Program and ordered him to perform 80 hours of community service. On the same day, Williams pled guilty to an Accusation charging him with Simulating a Motor Vehicle Insurance Identification Card. The State alleged that on November 20, 2006, Williams presented a counterfeit State Farm Insurance Company motor vehicle insurance identification card to a Ewing, New Jersey, police officer during a traffic stop.

State v. Alfred R. Cole

On May 18, 2007, the court admitted Alfred R. Cole into the PTI Program following his guilty plea to an Essex County Indictment charging him with Simulating a Motor Vehicle Insurance Identification Card. The State alleged that on April 7, 2006, Cole presented a counterfeit New Jersey Manufacturers automobile insurance identification card to a Verona, New Jersey, police officer while attempting to gain release of his 1994 Lexis from the police department impound lot.

State v. Alonzo Frank Brown

On September 24, 2007, the court admitted Alonzo Frank Brown into the PTI Program. On August 6, 2007, Brown pled guilty to an Accusation charging him with Simulating a Motor Vehicle Insurance Identification Card. According to the Accusation, on January 27, 2007, Brown presented a counterfeit auto insurance identification card to a Cinnaminson, New Jersey, police officer during a traffic stop.

State v. Crystal Williams McCrary

On November 30, 2007, an Essex County Grand Jury returned an Indictment charging Crystal Williams McCrary (also known as Crystal Williams) with Official Misconduct, Uttering a Forged Document, Falsification of Records, and Attempted Falsification of Records. According to the State, on Octo-

ber 28, 2006, McCrary appeared at the East Orange, New Jersey, Motor Vehide Commission (MVC) agency while wearing her official Department of Corrections uniform and displaying her official Department of Corrections identification to facilitate the fraudulent registration of her car. McCrary is alleged to have presented a counterfeit State Farm Insurance automobile insurance identification card to the MVC customer service representative in an attempt to register her automobile with fictitious information as to it being covered by State required automobile insurance, when, in fact, it was not covered. The MVC customer service representative, trained to detect document fraud, recognized that the auto insurance identification card presented by McCrary was phony and confiscated it. Subsequent investigation with State Farm Insurance confirmed that the auto insurance identification card was, in fact, fraudulent and McCrary's vehide was not covered by State Farm Insurance.

The State further alleges that, on July 1, 2003, prior to her employment as a State Corrections Officer, McCrary presented another fraudulent State Farm insurance identification card at the Elizabeth, New Jersey, MVC agency to register another car.

State v. John Thompson, et al.

On June 21, 2007, OIFP investigators searched a 1988 black and silver Chevrolet Suburban van and a 1994 green Chevrolet conversion van, as well as a residence in Newark, New Jersey. OIFP investigators arrested George Hawkins and charged him with Simulating a Motor Vehide Insurance Identification Card and Tampering with Public Records. On that same date, James Burgess was also arrested and charged with Simulating an Automobile Insurance Identification Card, Tampering with Public Records, Conspiracy, Uttering False Statement with Purpose to Deceive, and Forgery. John Thompson (also known as Johnnie Thompson, Jr.) was charged in a Complaint with related charges. The arrests were predicated on allegations that counterfeit State Farm automobile insurance identification cards were being sold from the two vans and/or from the Newark residence. OIFP's investigation is continuing and the matter is pending presentation to a Grand Jury.

OIFP also has initiated civil proceedings against Thompson for forfeiture of the 1994 green Chevrolet conversion van.

State v. Stephanie L. Dixon

On August 7, 2007, a State Grand Jury returned an Indictment charging Stephanie L. Dixon with Simulating a Motor Vehide Insurance Identification Card. According to the Indictment, on July 5, 2006, following a motor vehicle accident, Dixon allegedly presented a counterfeit Harleysville Insurance Company insurance identification card to a Camden City New Jersey, police officer.

State v. Beverly Smith

On November 13, 2007, the court admitted Beverly Smith into the PTI Program conditioned upon her paying $2,034 in restitution and performing 50 hours of community service. On August 7, 2007, a State Grand Jury returned an Indictment charging Smith with Simulating a Motor Vehide Insurance Identification Card. According to the Indictment, on October 30, 2004, following a motor vehicle accident, Smith presented a fraudulent Allstate Insurance Company motor vehicle insurance identification card to a Camden City New Jersey, police officer.

State v. Fernando Nunez

On October 5, 2007, the court re-sentenced Fernando Nunez to continue probation following his violation of the terms of his original probationary sentence. Nunez previously pled guilty to an Indictment charging him with Simulating a Motor Vehicle Insurance Identification Card and the court sentenced him to three years' probation. According to the Indictment, Nunez presented a counterfeit Liberty Mutual Insurance Company auto insurance identification card to a New Jersey State Trooper.

State v. Natasha White

On November 30, 2007, an Essex County Grand Jury returned an Indictment charging Natasha White with Simulating a Motor Vehicle Insurance Identification Card. According to the Indictment, on May 5, 2006, following an automobile accident, White presented a counterfeit Clarendon Insurance Company insurance identification card to a West Orange, New Jersey, police officer.

White was arrested and charged with an unrelated murder in Essex County That case is pending

State v. Dale Van Dyk

On November 2, 2007, a State Grand Jury returned an Indictment chaging Dale Van Dyk with Simulating a Motor Vehide Insurance Identification Card. According to the Indictment, on March 18, 2005, Van Dyk presented a counterfeit Liberty Mutual Insurance Company motor vehicle insurance identification card to a Camden, New Jersey, police officer.

State v. Michael Delgato

On September 28, 2007, the court sentenced Michael Delgato to one year' probation and ordered him to perform 25 hours of community service. On August 6, 2007, Delgato pled guilty to an Accusation charging him with Use of Personal Identifying Information of Another. Delgato admitted that he presented a driver's license with the identity of another person to OIFP investigators when he was arrested on a bench warrant pertaining to a previous Indictment. On the same date, Delgato pled guilty to an Essex County Indictment charging him with Simulating a Motor Vehide Insurance Identification Card. According to the Indictment, Delgato sold fictitious Liberty Mutual Insurance Company, Prudential Insurance Company, and State Farm Insurance Company motor vehicle insurance identification cards on four separate occasions.

State v. Francerly Padilla

On October 19, 2007, the court sentenced Francerly Padilla to 18 months' probation. On August 13, 2007, Padilla pled guilty to a Union County Indictment charging Padilla with Simulating a Motor Vehide Insurance Identification Card. Padilla presented a fraudulent Allstate Insurance Company auto insurance identification card to an inspector at the Rahway, New Jersey, MVC Inspection Station.

Fraudulent Motor Vehicle Documents

State v. Misty Megill

On September 10, 2007, a State Grand Jury returned an Indictment charging Misty Megill with Insurance Fraud and Falsifying or Tampering with Records. According to the Indictment, between January 2003 and December 2005, Megill submitted ten motor vehicle registration applications or registration renewal applications for ten vehicles falsely indicating the vehicles were insured by valid New Jersey automobile insurance policies when, in fact, they were not.

The State also alleges that in March 2005, Megill falsely advised GEICO Insurance Company that she had current automobile insurance with New Jersey Manufacturers Insurance Company, when Megill knew her automobile insurance policy from that company had been cancelled in November 2004 due to non-payment.

The State further alleges that in applying for car insurance from New Jersey Manufacturers in June 2003, Megill used a fictitious name for another driver who resided in her house to conceal the fact that the other driver, her boyfriend, had a suspended license and was not authorized to drive. The Indictment charges that in February 2004, Megill filled out and signed a New Jersey Manufacturers renewal policy questionnaire in which she again used the false name and answered "no" when asked if any resident in her home had a suspended or revoked license.

State v. Michele K. Duffin

On April 13, 2007, the court sentenced Michele K. Duffin to two years' probation and ordered her to pay a $500 criminal fine and to perform 40 hours of community service. On March 9, 2007, Duffin pled guilty to an Accusation charging her with Tampering with Public Records. Duffin admitted that she submitted false information on her New Jersey vehicle registration application by falsely stating that her 1996 Chevrolet Blazer was insured by Commerce Insurance Services.

Identity Theft

State v. Alif James, et al.

On March 6, 2007, the court admitted Michelle Chappell into the PTI Program conditioned upon her performance of 50 hours of community service. Chappell had previously pled guilty to Conspiracy. A Hudson County Grand Jury previously returned an Indictment charging Chappell and Alif James with Conspiracy, Theft of Identity and Theft by Deception. The State alleged that between June 25, 2001, and September 27, 2002, James and Chappell allegedly conspired to commit identity theft and theft of a car. James allegedly obtained a 1998 Honda Accord from the Bob Ciasulli Auto Group utilizing the identity of another person, Lee Rogers, which James wrongfully obtained. The State further alleged that Chappell co-signed certain records in connection with the purchase of the Honda, knowing that James was using a fictitious identity

State v. Keith Ashley

On October 30, 2007, an Essex County Grand Jury returned an Indictment charging Keith Ashley with Insurance Fraud and Fraudulent Use of a Credit Card. According to the Indictment, Ashley fraudulently used the credit card of another person to pay automobile insurance premiums to GEICO Insurance Company.

Fraudulent Auto Insurance Applications

State v. Darryl Miller, et al.

On November 16, 2007, a State Grand Jury returned an Indictment charging Darryl Miller and Fred Jefferson with Conspiracy, Official Misconduct, Insurance Fraud, and Tampering with Public Records. According to the Indictment, from December 1, 2002, through July 31, 2005, Miller and Jefferson, both police officers in Camden City New Jersey, and owners of a patient transport business called MJ Transportation Company, defrauded three insurance companies by falsely representing to the carriers that the 11 vehicles used in the transportation business were used as personal rather than commercial vehicles. These misrepresentations, made in auto insurance applications, renewals, and motor vehicle registration documents, enabled Miller and Jefferson to avoid premium payments totaling over $125,000. At various times relevant to the conduct alleged in the Indictment, the vans were insured by New Jersey Manufacturers Insurance Company, Liberty Mutual Insurance Company, and AAA Mid-Atlantic Insurance Company.

State v. Vianey Vincent

On May 4, 2007, the court sentenced Vianey Vincent (also known as Steven Vincent, also known as Vincent Steven), a former State employee of the Irvington, New Jersey, MVC office, to 364 days in county jail as a condition of five years' probation and ordered Vincent to pay $7,465 in restitution to State Farm Insurance. Vincent pled guilty to Health Care Claims Fraud. A State Grand Jury previously returned an Indictment charging Vincent with Health Care Claims Fraud, Theft of Identity and Attempted Theft by Deception. Between January 1, 1998, and August 31, 2002, Vincent used the fictitious identities of Steven Vincent and Vincent Steven to obtain an automobile insurance policy, a home mortgage, an automobile loan, and credit card purchases totaling more than $75,000. Vincent then submitted false PIP insurance claims to State Farm Insurance Company.

PROPERTY AND CASUALTY FRAUD

Arson

State v. Jeffrey Nemes

On June 22, 2007, the court sentenced Jeffrey Nemes to eight years in State prison and ordered Nemes to forfeit all public offices. On March 22, 2007, following an 11-day jury trial, Nemes was convicted of Bribery in Official and Political Matters and Conspiracy for offering bribes to the chiefs of several volunteer fire departments in and around Hamilton Township, Mercer County New Jersey, so that they would allow fires to burn longer, thus causing additional damage. The State alleged during the trial that Nemes, who was at the time employed as a Hamilton police officer, offered a bribe on April 22, 1998, to the fire chief of the Rusling Hose Fire Company. A second bribe was offered during 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 the fire chief of the Enterprise Fire Company in Hamilton. The State alleged that Nemes owned and operated a construction and home repair business, Nemes Enterprises, Inc., during the period of time the bribes were paid and was seeking additional construction work for his business.

State v. Samuel Siligato, et al.

On February 7, 2007, a State Grand Jury returned a new Indictment charging Samuel Siligato with Aggravated Arson, Conspiracy, and Obstructing the Administration of Law or Other Governmental Function. According to the Indictment, on April 8, 2005, Siligato set fire to an abandoned house on South White Horse Pike in Winslow, New Jersey, owned by Pastore Farms, Inc., as he awaited trial in connection with a 1998 arson at a commercial property Siligato owned on South White Horse Pike in Winslow. Siligato allegedly sought to create the impression that the fire at his building was started by an unknown person, or persons, who was setting fires in the area and who remained at large.

Following an 11-week jury trial, Siligato was previously found guilty of Attempted Theft by Deception, Conspiracy, and Witness Tampering for attempting to submit a fraudulent insurance claim following the 1998 fire which was ruled to be arson and was sentenced to 11 years in State prison. On or about February 2, 2007, Siligato was granted bail pending appeal of his conviction.

During his trial, Siligato offered the testimony of Francisco Diaz. On October 10, 2007, an Atlantic County Grand Jury returned an Indictment charging Francisco Diaz with Perjury.

Fraudulent Homeowners' Insurance Claims

State v. Marchand McReynolds

On March 7, 2007, the court admitted Marchand McReynolds into the PTI Program conditioned upon his performing 60 hours of community service. On January 11, 2007, McReynolds pled guilty to an Accusation charging him with Insurance Fraud. The State alleged that McReynolds submitted a fraudulent plumbing invoice to State Farm Insurance in support of his homeowners' claim that he had sustained water damage to his home in October 2005.

State v. Gilbert Noble

On January 18, 2007, the court admitted Gilbert Noble into the PTI Program conditioned upon his paying a $2,500 civil insurance fraud fine. Noble pled guilty to an Accusation charging him with Insurance Fraud. The State alleged that in June 2006, Noble submitted three altered receipts to AAA Mid-Atlantic Insurance Group in support of his homeowners' insurance claim for approximately $20,748 in connection with a residential burglary. AAA, suspecting fraud, denied the claim and referred the matter to OIFP for investigation.

State v. Henry Thomas

On February 21, 2007, the court admitted Henry Thomas into the PTI Program. On January 3, 2007, Thomas was charged in an Accusation with Forgery. The State alleged that Thomas altered a repair receipt from Dave Carr Textured Ceilings, Inc., from $350 to $1,350 in support of his claim with New Jersey Skylands Insurance Company for damage to the ceiling in his home.

State v. Jill Ravitz

On January 5, 2007, the court sentenced Jill Ravitz to three years' probation. Ravitz pled guilty to an Accusation charging her with Attempted Theft by Deception. Ravitz submitted a homeowners' insurance claim falsely alleging a diamond ring she owned with an appraised value of $10,000 was missing. The carrier denied the daim and referred the matter to OIFP for investigation and prosecution.

State v. Barbara Jackson

On July 6, 2007, the court admitted Barbara Jackson into the PTI Program. On April 30, 2007, Jackson pled guilty to an Accusation charging her with Insurance Fraud. The State alleged that Jackson submitted a phony receipt to Allstate Insurance Company in support of an alleged fraudulent property damage claim against her homeowners' insurance policy.

State v. Solangel Feliciano

On June 28, 2007, the court admitted Solangel Feliciano into the PTI Program conditioned upon his performing 50 hours of community service. Feliciano previously pled guilty to a Complaint charging him with Insurance Fraud. The State alleged that in July 2006, Feliciano submitted a fraudulent invoice to Andover Insurance Company in support of a homeowners' insurance claim falsely claiming damage to his home from a fallen tree.

State v. Sharon Knecht

On April 16, 2007, the court admitted Sharon Knecht into the PTI Program. A Monmouth County Grand Jury previously returned an Indictment charging Knecht with Insurance Fraud. The State alleged that Knecht submitted an altered $1,800 art gallery estimate to State Farm Insurance Company for a painting that was damaged from a water leak in her home. The State alleged that the art gallery estimate was actually $800.

State v. Lisa McCollum

On December 3, 2007, the court admitted Lisa McCollum into the PTI Program conditioned upon her paying $12,248 in restitution and paying a $5,000 civil insurance fraud fine. On September 17, 2007, McCollum pled guilty to an Accusation charging her with Insurance Fraud. The Accusation alleged that McCollum submitted altered receipts to Farmers Mutual Fire Insurance Company in support of a claim against her homeowners' insurance policy in which she claimed that her septic tank was damaged by a tree service company.

State v. LaToya Gooden

On August 10, 2007, the court sentenced LaToya Gooden to three years' probation, and ordered her to pay a $2,500 civil insurance fraud fine and to perform 100 hours of community service. On June 28, 2007, Gooden pled guilty to an Accusation charging her with Insurance Fraud. According to the Accusation, Gooden submitted fraudulent documents to Preferred Mutual Insurance Company in support of a claim against her homeowners' insurance policy in which she falsely claimed that several items of expensive jewelry were stolen from her home during a burglary.

State v. Julie Miranda, et al.

On September 14, 2007, the court sentenced Luis Miranda to two years' probation and ordered him to pay $600 in restitution and a $2,500 civil insurance fraud fine. On the same date, the court sentenced Julie Miranda to one year' probation and ordered her to pay a $2,500 civil insurance fraud fine. On July 9, 2007, both Luis and Julie Miranda pled guilty to Insurance Fraud.

On January 26, 2007, a Bergen County Grand Jury returned an Indictment charging the Mirandas with Insurance Fraud and Forgery. According to the Indictment, between September 20, 2003, and December 17, 2004, Julie and Luis Miranda submitted false receipts for jewelry and a computer, as well as for damage to a second computer, to support three different insurance claims. The Mirandas also gave false statements to Amica Mutual Insurance Company in support of the claims, which had a total value of between approximately $3,700 and $5,000.

Fraudulent Commercial Property Insurance Claims

State v. Nalin Parmar

On March 15, 2007, the court admitted Nalin Parmar into the PTI Program. An Accusation was filed charging Parmar with Insurance Fraud. The State alleged that on December 23, 2004, Parmar, who operates Sayreville Wine & Liquor, submitted an altered invoice to Great American Insurance Company in support of a property damage claim. On December 2, 2004, several shelves on which liquor was stored collapsed. The State alleged that the cost of replacing the shelves was actually $1,570, but Parmar altered the invoice to read $7,570 and submitted the altered invoice to his insurance company.

Fraudulent Certificates of Insurance

State v. Lance Lally

On February 9, 2007, the court sentenced Lance Lally to one year' probation. On September 18, 2006, Lally pled guilty to Forgery as charged in a Monmouth County Indictment. According to the Indictment, on or about November 29, 2005, Lally, a contractor who operated a company known as Lally Painting and Construction, issued a fictitious Certificate of Insurance which indicated that he had workers' compensation insurance when, in fact, he did not. The Certificate of Insurance reflected that Lally's company was insured by Peerless Insurance Company but Peerless did not insure Lally or his company.

State v. William Luciano

On January 19, 2007, the court sentenced William Luciano to three years' probation and ordered him to perform 50 hours of community service. Luciano pled guilty to an Accusation charging him with Forgery. Luciano, the owner and operator of T&L Custom Tile and Marble, presented a forged Hartford Insurance Company Certificate of Insurance to Triple C Construction, for whom he had contracted to do work.

State v. Patrick Loftus

On February 8, 2007, the court admitted Patrick Loftus into the PTI Program. Loftus previously pled guilty to an Accusation charging him with Forgery. The State alleged that Loftus, the owner/operator of Computer Logix, presented an altered Quincy Mutual Fire Insurance Certificate of Insurance to Wal-Mart Stores, Inc., regarding a software consulting job contract.

State v. Vincent Tarcaso

On November 16, 2007, the court sentenced Vincent Tarcaso to four years' probation. On September 24, 2007, Tarcaso pled guilty to Forgery as charged in a Camden County Indictment returned on February 26, 2007. According to the Indictment, Tarcaso contracted with DiSantis Landscaping to plow snow and presented a phony Hartford Casualty Certificate of Insurance to DiSantis Landscaping.

State v. Branko Rovcanin

On July 24, 2007, the court sentenced Branko Rovcanin to 18 months' probation and ordered him to pay a $1,000 criminal fine. On July 3, 2007, Rovcanin pled guilty to Forgery as charged in a Passaic County Indictment returned on March 13, 2007. According to the Indictment, between September and October 2005, Rovcanin allegedly presented four phony Certificates of Insurance to the Ebro Construction Corp., with whom Rovcanin contracted for the removal of roofing materials containing asbestos.

State v. Ivan Tutka

On February 7, 2007, a Bergen County Grand Jury returned an Indictment charging Ivan Tutka with Forgery. According to the Indictment, between April 2005 and July 2006, Tutka presented two phony Certificates of Insurance to Roman Serafin/Carz Construction, Inc., with whom Tutka had done work as a subcontractor.

State v. Frank Nelson

On June 28, 2007, the court admitted Frank Nelson into the PTI Program conditioned upon his paying a $250 criminal fine. On February 27, 2007, a Morris County Grand Jury returned an Indictment charging Nelson with Forgery. The State alleged that Nelson, the owner/operator of Floor Tech, provided a phony Mercer Mutual and Hartford Underwriters Insurance Company Certificate of Insurance to Apple Bank for Savings.

State v. Steven Roesch

On October 30, 2007, the court sentenced Steven Roesch to two years' probation and ordered him to perform 50 hours of community service. Roesch had previously been admitted into the PTI Program on January 12, 2007, but was terminated from PTI on August 28, 2007, and pled guilty to Forgery as charged in a Sussex County Indictment. The State alleged that on October 27, 2005, Roesch, the owner and operator of Steven Roesch Carpentry, presented a phony Quincy Mutual Fire Insurance Company Certificate of Insurance to a person with whom he had contracted to build a deck.

State v. William Jenkins

On January 30, 2007, the court admitted William Jenkins into the PTI Program conditioned upon his performing 50 hours of community service. A Burlington County Grand Jury previously returned an Indictment charging Jenkins with Forgery. The State alleged that Jenkins filed a phony Mercer Insurance Company Certificate of Insurance with Pemberton, New Jersey, on behalf of Benchcraft Builder, LLC.

State v. Antonio Sousa

On August 29, 2007, the court admitted Antonio Sousa into the PTI Program. On April 10, 2007, a Middlesex County Grand Jury returned an Indictment charging Sousa with Forgery. The State alleged that Sousa, a contractor, presented three phony SASCO Insurance Services Certificates of Insurance to Atlantic Realty Development Company for three different job sites at which Sousa was contracted to do work.

State v. Nicholas Garofalo

On June 29, 2007, the court sentenced Nicholas Garofalo to one year' probation. On April 24, 2007, Garofalo pled guilty to an Accusation charging him with Forgery. Garofalo admitted that he presented an altered Mercer Mutual and Liberty Mutual Certificate of Insurance to Lowe's. Garofalo's construction company had contracted with Lowe's to do installation work.

State v. Marilee Miller

On May 18, 2007, the court admitted Marilee Miller into the PTI Program. On April 23, 2007, Miller was charged in an Accusation with Forgery. The State alleged that Miller altered a Zurich North America Insurance Company and Continental Casualty Company Certificate of Insurance and submitted the Certificate of Insurance to Carlsen Contracting Corporation.

State v. Robert Hatterer

On October 5, 2007, the court sentenced Robert Hatterer to one year' probation. On August 16, 2007, Hatterer pled guilty to Forgery as charged in a Camden County Indictment returned on May 17, 2007. According to the Indictment, on September 18, 2006, Hatterer submitted a fraudulent Maryland Commercial Insurance Group Certificate of Insurance to Scott MacMillan/Rex Mac, LLC, in connection with a residential gutting/sheet rock project.

State v. Daniel Bray

On October 5, 2007, the court sentenced Daniel Bray to two years' probation. On June 26, 2007, Bray pled guilty to an Accusation charging him with Forgery. Bray admitted that on December 28, 2005, he presented a forged Sirius America Insurance Company and Liberty Mutual Insurance Company Certificate of Insurance to C&C Development Company.

State v. Robert Brown

On August 17, 2007, the court admitted Robert Brown into the PTI Program. On June 25, 2007, Brown pled guilty to an Accusation charging him with Forgery. The State alleged that Brown presented a forged Burlington Insurance Company Certificate of Insurance to Front Gate Builders.

State v. William Jandrisevits

On November 13, 2007, William Jandrisevits pled guilty to Forgery as charged in an Ocean County Indictment returned on June 12, 2007. He is scheduled to be sentenced in 2008. According to the Indictment, Jandrisevits, doing business as Earthworks Underground, submitted a forged Selective Insurance Company Certificate of Insurance to J&E Enterprises, with whom Jandrisevits was attempting to contract work.

State v. Tadeusz Dobrzanski

On May 10, 2007, the court admitted Tadeusz Dobrzanski into the PTI Program. Previously, an Ocean County Grand Jury returned an Indictment charging Dobrzanski with Forgery. The State alleged that on March 1, 2006, Dobrzanski, the owner and operator of TJD Construction, presented a phony Selective Insurance Company Certificate of Insurance to a condominium complex which had contracted with TJD Construction to do repair work.

State v. Fernando Segarra

On November 5, 2007, the court admitted Fernando Segarra into the PTI Program conditioned upon his paying $2,500 in restitution and performing 80 hours of community service. On August 21, 2007, a Sussex County Grand Jury returned an Indictment charging Segarra with Forgery. According to the Indictment, Segarra, a roofing subcontractor, provided a forged Farmers Mutual Insurance Company and Zurich American Insurance Company Certificate of Insurance to Recon Group, Inc., a general contractor.

State v. Wilson Idrovo

On October 26, 2007, the court sentenced Wilson Idrovo to two years' probation. On September 6, 2007, Idrovo pled guilty to an Accusation charging him with Forgery. Idrovo admitted providing a forged Preferred Mutual Insurance Company and New Jersey Casualty Insurance Company Certificate of Insurance to Antonio Pereira, owner of the Pear Tree Plaza, with whom Idrovo had contracted to do roofing work.

State v. Anthony J. Phillips, Jr.

On July 20, 2007, the court sentenced Anthony J. Phillips, Jr., to 18 months' probation. On April 30, 2007, Phillips pled guilty to Forgery as charged in a State Grand Jury Indictment. According to the Indictment, Phillips, a contractor and the owner of ACP General Contracting, had contracted to do work for a maintenance services company. Phillips submitted a phony Barclay Group Certificate of Insurance to the company.

State v. Bruce Buccolo

On October 5, 2007, the court sentenced Bruce Buccolo to three years' probation and ordered him to pay a $1,000 criminal fine and to perform 100 hours of community service. On July 24, 2007, Buccolo pled guilty to Forgery as charged in a Somerset County Grand Jury Indictment. Buccolo presented a phony Lancer Insurance Company Certificate of Insurance to Hertz Equipment Rental Corporation, a heavy equipment rental company, in order to induce Hertz to rent heavy equipment to him.

State v. Eric Brown

On October 29, 2007, a Camden County Grand Jury returned an Indictment charging Eric Brown with Forgery. According to the Indictment, on April 18, 2005, Brown, who owned and operated a construction business known E.D.B. Construction, allegedly provided a phony Certificate of Insurance to East Coast Construction Service. Brown was working as a subcontractor for East Coast Construction at the time he provided the phony Certificate of Insurance. The State alleges that the phony Certificate of Insurance reflected that for the period November 30, 2004, through November 30, 2005, Brown's company, E.D.B. Construction, had workers' compensation insurance coverage through Liberty Mutual and general liability coverage through Alea London, Ltd.

State v. Mladjen "Mike" Popovic

On December 7, 2007, a Bergen County Grand Jury returned an Indictment charging Mladjen "Mike" Popovic with Forgery. According to the Indictment, Popovic, through BML Construction, submitted a forged Liberty Mutual Insurance Company and Western Heritage Insurance Company Certificate of Insurance to Center City Partners, LLC.

State v. Steven Chin

On September 10, 2007, Steven Chin pled guilty to Forgery and Unsworn Falsification. On February 26, 2007, a Gloucester County Grand Jury returned an Indictment charging Steven Chin with Forgery and Unsworn Falsification. According to the Indictment, on or about December 8, 2003, Chin, who operated a Limited Liability Corporation known as Tuxedo Station, doing business as Champagne Limousine and Minuteman Cleaners, provided a false Certificate of Insurance to the Barrett Capital Group. The Indictment also alleges that from approximately March 2002 through February 2004, Chin falsified New Jersey motor vehicle registration applications by falsely stating that various vehicles, including a Rolls Royce, a Mercedes-Benz, a Ford, and a Lincoln, had the appropriate automobile insurance. Chin is scheduled to be sentenced in 2008.

State v. Rueben Stewart

On November 9, 2007, the court sentenced Rueben Stewart to five years' probation with 85 days' jail credit. Stewart previously pled guilty to Forgery as charged in an Atlantic County Grand Jury Indictment. According to the Indictment, Stewart issued an altered Certificate of Insurance to an environmental management company in New York. An insurance agency in Toms River properly issued the Certificate of Insurance, but Stewart altered it to show that he had insurance coverage provided by Ohio Casualty Insurance Company, which was no longer represented by the insurance agency.

Insurance Agent Fraud

State v. William Kloss

On April 20, 2007, the court sentenced William Kloss, an insurance agent licensed in the State of New Jersey, to three years' probation and ordered him to pay $44,864 in restitution and to perform 100 hours of community service. Kloss was also ordered to forfeit his insurance agent's license. On March 8, 2007, Kloss pled guilty to an Accusation charging him with Theft by Failure to Make Required Disposition of Property Received. Kloss, who operated an insurance agency in Morristown, New Jersey, admitted that he received over $44,000 in insurance premium money from a home repair business known as Complete Roofing Systems. Instead of remitting Complete Roofing Systems' insurance premium money to an insurance carrier for general liability insurance, Kloss stole the premium money and retained it for his own use.

State v. Herberto Zayas

On April 13, 2007, the court sentenced Herberto Zayas, an insurance agent licensed in the State of New Jersey, to four years' probation and ordered him to pay $5,040 in restitution. On March 19, 2007, Zayas pled guilty to Theft by Failure to Make Required Dispositions as charged in a Passaic County Indictment. Zayas admitted that he accepted insurance premium money from a corporation which operated a car wash in Plainfield, New Jersey, to purchase general commercial liability and commercial property damage/loss insurance, but failed to obtain the insurance and retained the insurance premium money for his own use. Approximately $6,795 in premium money was stolen by Zayas.

State v. Robert Kirner

On September 7, 2007, the court sentenced Robert Kirner, an insurance agent licensed in the State of New Jersey, to two years' probation and ordered him to pay a

$500 criminal fine. On July 12, 2007, Kirner pled guilty to an Accusation charging him with Theft by Failure to Make Required Disposition of Property Received. Kirner admitted that he sold insurance policies to three insurance purchasers and failed to remit the premium payments to Clarendon Insurance Company.

State v. Jessica Stefany Coulter

On October 16, 2007, an Essex County Grand Jury returned an Indictment charging Jessica Stefany Coulter, an insurance agent licensed in the State of New Jersey, with Theft by Deception and Misapplication of Entrusted Property. According to the Indictment, between May 31, 2002, and October 18, 2002, Coulter accepted insurance premium money from insurance purchasing customers but failed to turn over the premiums and retained them for her own use. The Indictment also alleges that Coulter, as a licensed insurance agent, held insurance premium money as a fiduciary but failed to pay it over to American Millennium Insurance, thereby breaching her fiduciary duty.

State v. Guy Cardinale

On April 13, 2007, the court sentenced Guy Cardinale, an insurance agent licensed in the State of New Jersey, to five years in State prison and ordered him to pay $71,000 in restitution to Canada Life Assurance Company and $28,000 in restitution to Transamerica Insurance Company. Cardinale voluntarily surrendered his insurance producer's license. Cardinale entered guilty pleas to an Indictment charging him with Theft by Deception and an unrelated Accusation charging him with Issuing a Worthless Check.

Between July 2002 and December 2002, Cardinale, who had been employed as an agent for the Canada Life Assurance Company, submitted life insurance policy applications and supporting records to fraudulently create the impression that customers had purchased various life insurance policies. An investigation by DCJ-OIFP determined that Cardinale submitted the fraudulent documents to the Canada Life Assurance Company in order to collect more than $346,025 in up-front commissions for four fictitious sales of insurance.

With respect to the unrelated Accusation, Cardinale admitted that between July 25, 2006, and August 28, 2006, he issued a check in the amount of $66,488 to Transamerica in connection with the purchase of a life insurance policy. The check was dishonored by Sovereign Bank and Cardinale was not entitled to the commission on the policy.

State v. Charles Truzzolino

On January 9, 2007, a State Grand Jury returned an Indictment charging Charles Truzzolino, an insurance agent licensed in the State of New Jersey, with Theft by Failure to Make Required Disposition. According to the Indictment, between January 1, 2002, and December 31, 2002, Truzzolino committed theft of insurance premiums. The State alleges that the insurance premiums were paid to Truzzolino in connection with surety bonds required to be posted for persons who serve as administrators of estates on behalf of persons who have died. The State alleges that the bonds issued by Truzzolino to the County Surrogate's Office were invalid because Truzzolino never paid the insurance company for the bonds and instead retained the premium money for his own use. The State also alleges that a large number of estate bond transactions may have been fraudulent and the amount of money obtained may have reached as high as $271,385.

State v. Robert Nicosia

On March 30, 2007, the court sentenced Robert Nicosia, an insurance agent licensed in the State of New Jersey, to three years' probation and ordered him to pay a $45,000 criminal fine and to perform 100 hours of community service. The court also ordered Nicosia to surrender his insurance license. On February 5, 2007, Nicosia pled guilty to an Accusation charging him with Forgery. Nicosia admitted that between October 2001 and December 2001, he had power of attorney to issue finance bonds for Kemper Insurance. He also admitted that he altered the power of attorney on three bonds in order that Kemper could issue the bonds to Vito Gruppuso, an insurance agent licensed in the State of New Jersey, in a higher amount than was allowed.

State v. Michael Kelly, et al.

On October 2, 2007, the court admitted Kathryn Temple, an insurance agent licensed in the State of New Jersey, into the PTI Program. On March 26, 2007, a State Grand Jury returned an Indictment charging Michael Kelly and Temple with Theft by Failure to Make Required Disposition. According to the Indictment, between July 22 and September 19, 2005, Kelly and Temple, who owned, operated, or controlled the Apple Agency, a licensed insurance agency located in Mount Olive, New Jersey, stole $221,182 in insurance premiums from a contractor, Coleman Spohn Corporation, who had contacted the Apple Agency to purchase performance bonds for a construction project. The State alleged that Kelly and Temple, through the Apple Agency, delivered two purportedly valid performance bonds from Builders and Contractors Assurance Company, Ltd., in the Bahamas. It is alleged that the premium for the first bond was $51,531 and the premium for the second bond was $169,651. The face amounts of the bonds were $2,061,266 and $5,655,023, respectively. It is further alleged that Kelly and Temple did not provide valid bonds and retained the $221,182 premium money for their own use.

State v. Julio Fonseca

On March 7, 2007, the court admitted Julio Fonseca, an insurance agent licensed in the State of New Jersey, into the PTI Program conditioned upon his paying $1,518 in restitution and performing 50 hours of community service. A State Grand Jury previously returned an Indictment charging Fonseca, who operated an insurance agency located at 377 Henry Street in Orange, New Jersey, with Failure to Make Required Disposition of Property Received and Simulating a Motor Vehicle Insurance Identification Card. The State alleged that between March 7, 2003, and December 9, 2003, Fonseca accepted insurance premium money as payment for insurance coverage from customers of his insurance agency, but never turned the insurance premium money over to the insurance companies and instead retained the money for his own use. The State also alleged that Fonseca issued simulated New Jersey PAIP auto insurance cards on June 20, 2003, and December 9, 2003, to an insurance customer. The total amount of theft was alleged to be several thousand dollars.

Insurance Carrier Employee Fraud

State v. Lisa Fitzpatrick-Gordon, et al.

On March 30, 2007, the court sentenced Lisa Fitzpatrick-Gordon to five years' probation and ordered her to pay $10,253 in restitution to State Farm Insurance Company. On January 8, 2007, Fitzpatrick-Gordon pled guilty to Conspiracy to Commit Theft by Deception.

On July 13, 2007, the court sentenced Brady Bell to five years' probation and ordered him to pay $7,203 in restitution to State Farm Insurance. On February 26, 2007, Bell pled guilty to Conspiracy to Commit Theft by Deception.

On March 13, 2007, the court admitted Robert Scatigna into the PTI Program conditioned upon his paying $1,946 in restitution to State Farm Insurance and paying $2,071 in PTI and Social Security Income (SSI) fees.

A Monmouth County Grand Jury previously returned an Indictment charging Fitzpatrick-Gordon, Bell, and Scatigna with Conspiracy to Commit Theft by Deception and Theft by Deception. According to the Indictment, between June 25 and July 29, 2002, Fitzpatrick-Gordon conspired with Bell and Scatigna to steal approximately $21,393 from State Farm Insurance Company. The State alleged that Fitzpatrick-Gordon, who was an employee of State Farm, fraudulently issued five claims checks to Bell, Scatigna, and a person who was not identified in the Indictment.

State v. Melita Bilali, et al.

On March 30, 2007, the court sentenced Guillermo Rosario to two years' probation, and ordered him to pay $3,572 in restitution and a $2,500 civil insurance fraud fine. On January 31, 2007, Rosario pled guilty to Theft by Deception. A State Grand Jury returned an Indictment charging Melita Bilali, Greicy Rodriguez, Wilson Ruiz, and Rosario with Theft by Deception and Conspiracy. Bilali was also charged with Uttering a Forged Document. According to the Indictment, between March 18, 2002, and May 1, 2002, Bilali, Ruiz, Rodriguez, and Rosario allegedly stole claims money from Prudential Insurance Company when Bilali issued phony claims checks from the Prudential computer system. The State alleges that Bilali, who was employed by Prudential as a customer service representative in the Disability Management Service Division, diverted five fraudulent claims checks totaling $13,634 to Ruiz, Rodriguez, and Rosario.

The case as to the remaining defendants is pending trial.

State v. Corey Dixon, et al.

On July 27, 2007, a Monmouth County Grand Jury returned an Indictment charging Corey Dixon and Donovan Thomas with Conspiracy and Theft by Deception. According to the Indictment, between October 25, 2001, and August 16, 2002, Dixon, who was employed as a Claims Specialist at State Farm's Farmingdale, New Jersey, office, and Thomas conspired to steal money from State Farm Insurance Company by causing unauthorized insurance claims checks to be issued to Thomas, as well as to other persons who were not identified in the Indictment. It is also alleged that four unauthorized claims checks in the approximate amount of $20,090 were issued. It is alleged that Dixon manipulated State Farm's claims system to issue the fraudulent checks. The Indictment alleges that Thomas received payment on one specific unauthorized insurance claim check.

Insurance Sales Fraud

State v. David Rosen

On November 27, 2007, the court admitted David Rosen into the PTI Program conditioned upon his paying a $5,000 administrative assessment to OIFP. On July 16, 2007, a Bergen County Grand Jury returned an Indictment charging Rosen with Forgery and Transacting Insurance Business without a License. According to the Indictment, between May 15, 2003, and June 23, 2004, Rosen represented himself to be a licensed insurance broker and, as such, sold certificates of insurance, insurance policies, and transacted insurance business when, in fact, he was not licensed to transact such business. The Indictment further alleged that Rosen forged a Chubb Custom Insurance Company certificate of insurance to Kamson Corporation in the amount of $75 million and another certificate of insurance valued at $100 million for excess liability insurance, when the policies did not provide that amount of coverage. Finally, the Indictment alleged that Rosen forged an Allied World Assurance Company insurance policy to Kamson Corporation, purportedly issued for $75 million when, in fact, the insurance policy provided only $15 million in coverage.

Bail Bondsman Fraud

State v. Jeffrey Vitanza

On August 23, 2007, a Middlesex County Grand Jury returned an Indictment charging Jeffrey Vitanza with Theft by Failure to Make Required Disposition. According to the Indictment, Vitanza, a bail bondsman licensed in the State of New Jersey who operated Garden State Bail Bonds, failed to return $10,000 in bond money to Edward Acquaye. Surety Corporation of America, the company that insured Garden State Bail Bonds, reimbursed Acquaye for his loss. The case is pending trial.

Theft of Services

State v. Joseph Kohler, et al.

On November 28, 2007, Joseph Kohler pled guilty to Theft by Failure to Make Required Disposition. He is scheduled to be sentenced in 2008. On August 15, 2007, a State Grand Jury returned an Indictment charging Kohler, and JenJo, Inc., a construction company which Kohler owned and operated, with Theft by Failure to Make Required Disposition of Property Received. According to the Indictment, between April 20, 2001, and September 4, 2003, Kohler took money for construction projects but did not finish the projects that he had been paid to do. Specifically, it is alleged that in April 2001, Kohler accepted money from the Mount Olive Church of God located in Orange, New Jersey, to do construction work. The State alleged that Kohler accepted approximately $1,417,496 of the approximately $1,516,790 contract price to remodel the church but did not complete the work and eventually walked off the job. Additionally, performance insurance bonds Kohler presented to the church to insure the construction work done by Kohler under the contract were fraudulent. Work on the Mount Olive Church of God eventually was completed by other contractors.

In another project, in April 2003, Kohler contracted with a homeowner to repair damage resulting from a fire. Of the approximately $70,000 contract price, the homeowner paid Kohler approximately $60,000, but Kohler failed to complete the work on the home and walked of the job. Work on the home was completed by MTS Corporation which donated material and labor to finish the job.

The Indictment also alleged that in April 2003, Kohler entered into a contract with the Restored Holiness Church located in Newark, New Jersey. The Restored Holiness Church paid Kohler approximately $166,000 to remodel the church but Kohler walked off the job before the work was completed. The church had to pay an additional $52,522 for materials that church volunteers used to complete the work on the Restored Holiness Church.

HEALTH, LIFE, AND DISABILITY FRAUD

Fraudulent Health and Disability Claims by Health Care Providers

■ Fraudulent Billing by Physicians

State v. William Burke, et al.

On April 27, 2007, the court admitted William Burke, a cardiologist licensed in the State of New Jersey, into the PTI Program conditioned upon his paying $19,812 in restitution to Aetna Insurance Company and $2,704 in costs to DCJ. On the same day, the court admitted Denis Schisano, also a cardiologist licensed in the State of New Jersey, into the PTI Program conditioned upon his paying $10,000 in costs to DCJ and performing 100 hours of community service.

On March 15, 2007, Burke pled guilty to Health Care Claims Fraud. A State Grand Jury previously returned an Indictment charging Burke and Schisano with Conspiracy, Health Care Claims Fraud, and Attempted Theft by Deception. According to the Indictment, Burke and Schisano both practiced at Orange Mountain Medical Associates with offices located in West Orange, Berkeley Heights, and Millburn, New Jersey. The State alleged that between January 1, 1997, and February 5, 2002, Burke and Schisano submitted false insurance claims totaling at least $35,000 to multiple insurance carriers, including Prudential Insurance Company and Aetna Insurance Company. The State further alleged that the doctors agreed to prescribe unnecessary cardiac diagnostic tests which were inconsistent with their patients' ailments; the doctors administered stress tests and electrocardiograms although the patients had insufficient cardiac symptoms to justify the administration of these diagnostic tests; and the doctors made questionable cardiac related diagnoses in order to bill insurance companies for the cardiac related medical tests at a higher specialist rate.

State v. Juan Carlos Fischberg, et al.

On August 10, 2007, the court sentenced Juan Carlos Fischberg, a physician licensed in the State of New Jersey, to three years in State prison and ordered him to pay $2,216,243 in restitution and a $50,000 civil insurance fraud fine. On May 24, 2007, Fischberg pled guilty to Health Care Claims Fraud. At the time of sentencing Fischberg voluntarily surrendered his medical license.

Previously, a State Grand Jury returned an Indictment charging Fischberg and his wife, Gezel Villanueva, with Money Laundering, Conspiracy, Health Care Claims Fraud, Theft by Deception, Falsifying Medical Records, and False Swearing. According to the Indictment, between January 1, 1998, and August 22, 2003, Fischberg, who owned and operated Hudson Rehabilitation and Medical Center in West New York, New Jersey, defrauded 17 insurance companies by falsely stating that his patients were injured and suffered from medical conditions, primarily as a result of automobile accidents. The State alleged that Fischberg falsely claimed that it was necessary for him to perform electrodiagnostic testing in order to diagnose and treat these medical conditions and bill auto insurance companies. The State also alleged that between March 5, 2003, and December 31, 2003, Fischberg and Villanueva conspired to commit money laundering by transferring over $500,000 to South America and to the Capital Trust Company of Delaware to hide the fact that it was money allegedly obtained through the submission of false insurance claims.

See *OIFP Blazes New Trails in Successfully Prosecuting Criminal Cases* by Cheryl A. Maccaroni at page 39 of this Annual Report.

State v. Farouk Al-Salihi

On June 15, 2007, the court sentenced Farouk Al-Salihi, a physician licensed in the State of New Jersey, to one year' probation. The State Board of Medical Examiners thereafter suspended Al-Salihi's medical license, but stayed the suspension to become a period of probation conditioned upon remedial provisions requiring Al-Salihi to complete Board-approved ethics and records keeping courses.

On June 6, 2007, Al-Salihi pled guilty to an Accusation charging him with Falsifying or Tampering with Records. Al-Salihi admitted that between January 19, 2006, and February 2, 2006, he falsified records indicating that a purported patient had undergone a continuous course of treatment for injuries that the patient purportedly sustained in a "slip and fall" accident. In reality, the purported patient was an OIFP undercover investigator who neither slipped nor fell.

■ Fraudulent Billing by Dentists

State v. Craig Puchalsky, et al.

On October 31, 2007, Craig Puchalsky, a dentist licensed in the State of New Jersey, entered his plea of not guilty to Theft by Deception and then applied for entry into the PTI Program.

On December 11, 2007, a summons was filed charging Dawn Puchalsky with Health Care Claims Fraud. The summons alleges that Dawn Puchalsky, who was employed as the office manager at her husband Craig Puchalsky's dental office, billed several insurance companies for dental services which were purportedly rendered by her husband but which, in fact, were never rendered to dental patients.

A civil forfeiture complaint was filed against real property in Absecon, New Jersey, owned by the Puchalskys, which was the location of the dental practice, and against financial accounts which contained approximately $417,469. Additionally, OIFP filed liens encumbering another parcel of real property located in Linwood, New Jersey. The State is seeking forfeiture of this property and restitution for the stolen dental insurance claims money.

State v. Gary Reba

On June 22, 2007, the court sentenced Gary Reba, a dentist licensed in the State of New Jersey, to three years' probation and ordered him to pay a $75,000 civil insurance fraud fine. On April 27, 2007, Reba pled guilty to an Accusation charging him with Theft by Deception and Falsifying Records. Reba owned and operated two dental practices in New Jersey, one in New Brunswick and the other in Plainsboro. Reba admitted that between December 27, 2001, and December 20, 2004, he submitted fraudulent claims to four major insurance companies falsely reflecting that he provided dental services to patients on the dates specified in the claims forms. By falsifying the dates, Reba avoided dental insurance policy contract date restrictions. Had Reba submitted bills for the actual dates on which he rendered the dental services, the patients would not have been covered by dental insurance on those dates, or would have had already exceeded the caps of their dental insurance for that given year.

Among the insurance companies who received insurance claims from Reba with falsified dates were Horizon Blue Cross Blue Shield of New Jersey, Prudential Insurance Company, MetLife Insurance Company, and Aetna Insurance Company.

State v. Gary Osmanoff

On September 21, 2007, the court sentenced Gary Osmanoff, a dentist licensed in the State of New Jersey, whose office is located in Manalapan, New Jersey, to three

years' probation and ordered him to pay $1,586 in restitution to Ameritas Life Insurance Company. The court also suspended Osmanoff's dental license for one year.

On July 23, 2007, Osmanoff pled guilty to an Accusation charging him with Health Care Claims Fraud. Osmanoff admitted that between August 2, 2001, and June 24, 2004, he submitted false and fraudulent insurance claims to Ameritas Life Insurance Corporation, Delta Dental Insurance Company, MetLife Insurance Company, and Aetna Insurance Company for dental services allegedly provided to approximately 17 patients on 106 dates but which were not actually provided. Osmanoff billed approximately $98,000 to the insurance companies and was paid approximately $22,500 by the insurance companies for these fraudulent bills.

■ Fraudulent Billing by Chiropractors

State v. Eugene Ruta, et al.

On April 13, 2007, the court sentenced Andrew Farro, formerly employed as an office manager at Valley Total Health Center in Orange, New Jersey, to three years' probation with 90 days' house arrest and ordered him to perform 200 hours of community service. The court also ordered him to pay a $10,000 civil insurance fraud fine. Farro previously pled guilty to Conspiracy, Health Care Claims Fraud, and Criminal Use of Runners.

Eugene Ruta, formerly employed at Valley Total Health Center as a chiropractor, previously pled guilty to Conspiracy and Health Care Claims Fraud. The court sentenced Ruta to 364 days in county jail as a condition of three years' probation.

A State Grand Jury previously returned an Indictment charging Ruta and Farro with Conspiracy, Health Care Claims Fraud, and Criminal Use of Runners. According to the Indictment, Farro agreed to pay a "runner" who was cooperating with OIFP $500 for every patient the "runner" could bring to Valley Total Health Center. The Indictment further alleged that insurance claims were submitted to an insurance company for patients solicited for Valley Total Health Center in addition to claims for chiropractic services that were never rendered to patients. The patients the "runner" solicited, and another person to whom Farro paid money as a "runner," were all OIFP undercover investigators. Additionally, an undercover Newark police officer posed as a patient. The Indictment charged that the defendants paid approximately $2,000 to persons who posed as "runners."

The State alleged in the Indictment that Ruta committed Health Care Claims Fraud by permitting Farro, his office manager, to submit claims to insurance companies for services. The State also alleged that Ruta knew that Farro used a "runner" to solicit patients for Valley Total Health Center. In total, bills for approximately $12,500 were submitted to Parkway Insurance for "runner" solicited patients. Parkway Insurance paid approximately $5,945 to Valley Total Health Center for insurance claims submitted.

State v. Samuel Sbarra

On September 26, 2007, Samuel Sbarra, a chiropractor licensed in the State of New Jersey, pled guilty to an Accusation charging him with Attempted Theft by Deception. According to the State, between November 2, 2005, and November 18, 2005, Sbarra submitted a phony claim to Chubb Insurance Company reflecting that he had provided 18 dates of chiropractic services for a total of $1,844. The claim was part of a purported "slip and fall" accident. An injured person purporting to be a patient sought chiropractic treatment from Sbarra, but the patient was actually an OIFP undercover investigator. Sbarra agreed with the undercover investigator to submit the phony claim to Chubb Insurance Company.

■ Fraudulent Billing by Podiatrists

State v. Martin Weinstein

On September 28, 2007, the court sentenced Martin Weinstein, a podiatrist licensed in the State of New Jersey, to five years in State prison and ordered him to pay $200,695 in restitution to Horizon Blue Cross Blue Shield and $735 in restitution to OIFP for extradition costs. The court also ordered him to permanently forfeit his podiatrist's license. On June 11, 2007, Weinstein pled guilty to Health Care Claims Fraud. Previously, Weinstein was indicted by a State Grand Jury which charged him with Health Care Claims Fraud, Theft by Deception, and Forgery. The Indictment alleged that between July 1997 and January 1999, Weinstein fraudulently billed Horizon Blue Cross Blue Shield approximately $285,000 for podiatric services he never rendered for which he was paid more than $200,000.

Weinstein submitted the fraudulent claims electronically to Horizon Blue Cross Blue Shield, and diverted the insurance claims checks to a rented post office box. Weinstein stole the money by forging the patients' names on the back of the checks and depositing the checks into his own account.

Previously, Weinstein failed to appear at his arraignment on February 25, 2003, and a bench warrant was issued for his arrest. In April 2007, at OIFP's request, Weinstein was arrested in the Dominican Republic by the United States Marshals Service. Weinstein was transported to Miami, Florida, where he waived extradition, and on May 24, 2007, he was returned to New Jersey.

■ Fraudulent Billing by Other Health Care Providers

State v. Florence Acquaire

On October 31, 2007, the Superior Court of New Jersey, Appellate Division, upheld Florence Acquaire's convictions for Health Care Claims Fraud, Theft by Deception, and Attempted Theft by Deception. The appellate court also upheld Acquaire's sentence of seven years in State prison and payment of $65,046 in restitution to Aetna Insurance Company and $4,428 in restitution to United Health Care. The trial judge had sentenced Acquaire on September 30, 2005, following a ten-day bench trial.

The State proved at trial that Acquaire was performing electrolysis (hair removal) on clients for $300 per hour and billing insurance companies for debridement (dead skin removal) at a rate of between $1,200 and $1,800 per hour. The appellate court ruled that the trial judge did not commit error by permitting a State's witness, a medical doctor, to testify that Acquaire's patented hair removal procedure was electrolysis and not skin debridement. The State's witness, although not formally qualified to testify as an expert, was properly permitted to testify as to the differences between electrolysis and skin debridement.

A State Grand Jury previously returned an Indictment charging Acquaire with Health Care Claims Fraud, Attempted Theft by Deception, and Theft by Deception. Acquaire rendered services as an electrologist, a person who removes unwanted hair, using the business name "High Mountain Medical Center." The State proved at trial that Acquaire submitted fraudulent claims totaling $908,843 to United Health Group Insurance Company and Aetna Insurance Company. Because

electrolysisis not covered by the insurance companies, Acquaire instead billed the insurance companies for a reimbursable medical surgical procedure known as a debridement, which can only be performed by or under the supervision of a properly licensed medical provider. Acquaire was not a licensed medical service provider, was not qualified to perform medical or surgical procedures, and would not have been authorized to bill the insurance companies for such procedures.

State v. Evelyn Wilson

On January 26, 2007, the court sentenced Evelyn Wilson, a clinical social worker and marriage and family therapist licensed in the State of New Jersey, to five years' probation and ordered her to pay $109,500 in restitution and a $10,000 civil insurance fraud fine. Wilson previously pled guilty to an Accusation charging her with Theft by Deception. Between August 20, 2001, and June 16, 2004, Wilson submitted insurance claims to Horizon Blue Cross Blue Shield for several hundred therapy sessions which were never rendered to patients or clients. Wilson stole approximately $109,500 from Horizon Blue Cross Blue Shield as the result of these phony submissions.

Fraudulent Health Care Claims by Non-Health Care Providers

State v. Beth Gurtov

On June 22, 2007, the court sentenced Beth Gurtov to three years' probation and ordered her to pay a $5,000 civil insurance fraud fine. On May 8, 2007, Gurtov pled guilty to an Accusation charging her with Theft by Deception. Gurtov admitted that between November 28, 2003, and December 23, 2004, she submitted false claims to Horizon Blue Cross Blue Shield of New Jersey, a servicing insurance carrier providing health insurance benefits to employees of the Parsippany/Troy Hills, New Jersey, Board of Education, for reimbursement for counseling services on approximately 45 dates when, in fact, she received no services and did not pay for counseling

State v. Marilyn L. Beasley

On December 10, 2007, the court admitted Marilyn L. Beasley into the PTI Program conditioned upon her paying $540 in restitution. On October 17, 2007, Beasley was charged in an Accusation with Theft by Deception. The State alleged that Beasley submitted a false claim to United Health Group for four dates of medical treatments that were never rendered and that United Health Group paid Beasley $540 for these fictitious claims.

State v. Antonio Parascandolo

On October 24, 2007, a Middlesex County Grand Jury returned an Indictment charging Antonio Parascandolo with Attempted Theft by Deception and Forgery. According to the Indictment, Parascandolo submitted phony health insurance claims to Combined Insurance Company of America, fraudulently claiming that he was hospitalized as a result of injuries sustained in a purported motorcycle accident in Naples, Italy. The Indictment also alleges that, in support of the claim, Parascandolo forged an Attending Physician's Statement using the name of his New Jersey doctor.

State v. John Lundy

On November 9, 2007, the State filed an interlocutory appeal to the Superior Court of New Jersey, Appellate Division, seeking a stay of John Lundy's bench trial which had been set for November 13, 2007. The State had previously filed a motion seeking to disqualify Lundy's attorney on the grounds that the attorney previously represented some of the persons who were anticipated to be called as witnesses during Lundy's trial and, therefore, faced a conflict of interest. The trial court denied the State's motion and ordered the trial to begin. The State then moved for and was granted a stay of the trial from the Superior Court of New Jersey, Appellate Division. This case is pending argument before the Appellate Division.

Previously, a Camden County Grand Jury returned an Indictment charging Lundy with Health Care Claims Fraud and Attempted Theft by Deception. According to the Indictment, between September 25, 1998, and May 1, 2002, Lundy allegedly made false statements and created the false impression that he was a licensed physical therapist in New Jersey in order to submit insurance claims, predominately automobile PIP insurance claims, to several automobile insurance companies, including Liberty Mutual Insurance Company, Allstate Insurance Company, First Trenton Indemnity Company, and State Farm Insurance Company. The State further alleges that Lundy fraudulently billed approximately $300,000 for physical therapy claims to the insurance companies and collected approximately $133,760. Lundy allegedly operated his illegal physical therapy business, known as Travel Fitness, in Blackwood, New Jersey.

State v. Sheryl A. Thailer

On July 23, 2007, the court admitted Sheryl A. Thailer into the PTI Program conditioned upon her paying a $1,500 civil insurance fraud fine. On April 16, 2007, Thailer was charged in an Accusation with Attempted Theft by Deception. The State alleged that Thailer fraudulently attempted to obtain $2,150 from Guardian Life Insurance Company by claiming she was entitled to be reimbursed for dental services she had paid for when, in fact, the dental services were never provided to her.

State v. Mahmoud Said, et al.

On November 16, 2007, the court admitted Mahmoud Said into the PTI Program. On the same day, Said pled guilty to Insurance Fraud. On October 4, 2007, a Somerset County Grand Jury returned an Indictment charging Said and Philip Demas with Conspiracy. The Grand Jury also charged Said with Insurance Fraud and Attempted Theft by Deception. According to the Indictment, between February 20, 2006, and July 20, 2006, Demas provided blank receipts to Said from Carmel Car Service so that Said could submit them to his insurance company. Said was insured by Esurance Company. It is alleged that Said submitted the phony receipts to reflect that he was allegedly transported by the Carmel Car Service in connection with treatment arising from an auto accident, when, in fact, he was not transported by Carmel Car Service. It is further alleged that the phony receipts were submitted to Esurance to obtain $600 to which Said was not entitled.

Fraudulent Health Care Claims/Identity Theft

State v. Barry P. Harris, III

On December 14, 2007, the court sentenced Barry P. Harris, III, to three years' probation with jail credit for 178 days served prior to sentencing. The court also ordered Harris to pay $303 in restitution to Aetna Insurance Company. On October 15, 2007, Harris pled guilty to Health Care Claims Fraud and Attempted Theft by Deception as charged in a Cumberland County Grand Jury Indictment returned on April 11, 2007. According to the Indictment, on November 23, 2003, Harris completed a fraudulent hospital registration form using the name of another person in order to submit a claim to Aetna Insurance Company for reimbursement for hospital costs.

State v. Jacqueline Goodwin

On October 18, 2007, a State Grand Jury returned an Indictment charging Jacqueline Goodwin with Health Care Claims Fraud, Theft by Deception, and Falsification or Alteration of Medical Records. According to the Indictment, between November 2004 and June 2005, Goodwin submitted false health insurance claims to Horizon Blue Cross Blue Shield in the approximate amount of $6,134. The Indictment also alleges that Goodwin falsified patient and insurance information in order to deceive Horizon Blue Cross Blue Shield into paying the claims. The Indictment further alleges that Goodwin utilized the insurance beneficiary card of an employee of the City of Paterson Board of Education in order to obtain health insurance coverage to which she was not entitled.

State v. Sandra Wells

On February 21, 2007, an Ocean County Grand Jury returned an Indictment charging Sandra Wells with Attempted Theft by Deception and Impersonation. According to the Indictment, Wells allegedly misrepresented herself as Anne Calderone by presenting a Horizon Blue Cross Blue Shield insurance identification card in the name of Anne Calderone in order to receive health care services for which she was not entitled.

Fraudulent Prescription Claims and Drug Diversion

State v. Joyce Sarte Fuller, et al.

On December 7, 2007, the court sentenced Jeffrey Wickizer to three years' probation, and ordered him to pay $649 in restitution and a $2,500 civil insurance fraud fine. On August 13, 2007, Wickizer pled guilty to Falsifying or Tampering with Public Records.

On June 11, 2007, a State Grand Jury returned two Indictments against Joyce Sarte Fuller. In the first Indictment, Fuller, along with co-defendants Wickizer and Pamela Asay, were variously charged with Leader of Narcotics Trafficking Network, Conspiracy, Health Care Claims Fraud, Falsifying or Tampering with Public Records, Forgery, Obtaining Controlled Dangerous Substances by Fraud, Theft by Receiving Stolen Property, Receiving Stolen Property, Possession of a Controlled Dangerous Substance with Intent to Distribute, and Possession of a Controlled Dangerous Substance. According to the first Indictment, between December 1, 2002, and March 17, 2004, Fuller stole prescription pads from physicians' offices, had herself falsely enrolled on co-defendant Wickizer's employer-sponsored health plan with AmeriHealth Group Insurance, falsely wrote prescriptions for drugs including controlled narcotic substances, obtained the drugs from various pharmacies in and around the Mount Laurel area, and, with the assistance of Wickizer and Asay, sold some of the drugs. As leader of a narcotics trafficking network, it is alleged that Fuller conspired with Wickizer and Asay to organize, supervise, finance, manage, and engage for profit in a scheme to distribute and dispense controlled dangerous narcotic substances. Among the drugs allegedly involved in the scheme were morphine, Percocet, hydrocodone, Xanax, and triazolam.

In the second Indictment, Fuller was charged with Attempted Theft by Deception, Falsifying or Tampering with Public Records, and Unsworn Falsification to Authorities. The second Indictment alleges that Fuller falsely reported to the Mount Laurel, New Jersey, Police Department that on April 28, 2002, while she was away, her house on Zinnia Court in Mount Laurel was burglarized. The Indictment further alleges that Fuller submitted a fraudulent "Itemized Statement of Loss" to her insurance company, United Services Automobile Association Insurance Company (USAA), falsely claiming that artwork, porcelain figurines, and other items with a total value of approximately $137,250 were stolen during the alleged burglary.

State v. Dawn M. Nehring

On August 23, 2007, the court sentenced Dawn M. Nehring to five years in the Special Drug Court Probationary Program and ordered her to pay $3,000 in restitution. On June 21, 2007, Nehring pled guilty to Theft by Deception. A Burlington County Grand Jury previously returned an Indictment charging Nehring with Theft by Deception and Obtaining Controlled Dangerous Substances. According to the Indictment, between January 17, 2001, and October 16, 2003, Nehring used the prescription drug insurance benefits of her grandmother, mother, and brother to illegally obtain narcotic drugs. The State alleged that the prescriptions were filled at numerous pharmacies and that Nehring wrongfully utilized prescription drug benefit cards and related information to obtain the drugs. Several prescription drug insurance plans and labor union prescription drug plans were victimized, including Independence Blue Cross Blue Shield, Aetna Insurance Company, and the Carpenters Pension and Annuity Fund of Philadelphia. The State alleged that approximately $61,052 in phony claims for prescription drugs were submitted as a result of Nehrings' conduct, and approximately $48,023 was paid by the insurance carriers or other prescription drug plans.

Operation Pandora

On August 2, 2007, a State Grand Jury returned an Indictment charging Mohamed Hassanian, Ahmed Aly, William S. Leonard, Will T. Jordan, Terry A. Brooks, Tereke M. Hammond, Enin Martin, Woodrow Newton, Stephanie McLucas, Jason Edwin Allen, Jr., Edwin Polanco, Raul Cruz, Ian A. Burrowes, Aaron Burrowes, Rick Terrell, Tasheemah N. Tyson, Kimyatta L. Jones, Jashima Brice, and Patricia Fudge with Racketeering, Conspiracy, Forgery, and Theft of Identity

Mohamed Hassanian was also charged in the same Indictment with Leader of Narcotics Trafficking Network, Possession of a Controlled Dangerous Substance with Intent to Distribute, Possession of a Controlled Dangerous Substance with Intent to Distribute within 1,000 Feet of School Property, Possession of a Controlled Dangerous Substance with Intent to Distribute within 500 feet of Certain Public Property, Certain Persons Not to Have Weapons, Unlawful Possession of a Weapon, Unlawful Possession of an Assault Firearm, Possession of Weapons During Commission of Certain Crimes, Money Laundering, Failure to File Tax Return, and Failure to Pay Gross Income Tax.

Tereke M. Hammond was also charged in the same Indictment with Possession of a Controlled Dangerous Substance with Intent to Distribute, Possession of a Weapon for an Unlawful Purpose, and Certain Persons Not to Have Weapons.

Stephanie McLucas was also charged in the same Indictment with Possession of a Controlled Dangerous Substance with Intent to Distribute, Possession of a Controlled Dangerous Substance with Intent to Distribute within 1,000 Feet of School Property, Money Laundering, Failure to File Tax Return, and Failure to Pay Gross Income Tax.

Ian A. Burrowes was also charged in the same Indictment with Possession of a Controlled Dangerous Substance with Intent to Distribute, Money Laundering, Failure to File Tax Return, and Failure to Pay Gross Income Tax.

Aaron Burrowes was also charged in the same Indictment with Possession of a Controlled Dangerous Substance with Intent to Distribute.

Will T. Jordan was also charged in the same Indictment with Possession of a Controlled Dangerous Substance with Intent to Distribute.

The Indictment alleges that these defendants were part of a criminal network which allegedly distributed millions of dollars per year in illegal prescription painkillers, such as Oxycodone and Percocet, in exchange for United States currency. The network allegedly sold 20,000 to 30,000 OxyContin and Percocet pills per week, with most going to a distribution ring based in the Bronx, New York.

The State alleges that the network had a leadership which financed, organized, supervised, and managed the subordinate members in the distribution and transport of the painkillers. The network hired a number of "runners" who would provide lists of names and identities on a weekly or bi-weekly basis to be used in the generation of fraudulent prescriptions for these controlled dangerous substances.

According to the State, the network enlisted the assistance of Dr. Mario Comesanas, a physician licensed in the State of New Jersey, who wrote thousands of illicit prescriptions for narcotic painkillers for individuals on the lists provided by the "runners" in exchange for $100 per prescription. Dr. Comesanas never saw any of the individuals on the lists, and was not authorized to write prescriptions for them. Some of the individuals on the lists did not even exist. These phony prescriptions, along with the cash necessary to fill the prescriptions, in turn, were distributed down the various levels of the network until they reached the "runners." The "runners" would present the phony prescriptions to certain pharmacies that employed individuals who agreed to fill them, knowing they were fraudulent. Once the prescriptions were filled, the "runners" would turn over the painkillers to higher level members of the network in exchange for cash. The thousands of prescription narcotic pills accumulated each week were, in turn, sold in bulk for cash by the management members of the network.

On January 26, 2007, five alleged top members of this Newark-based narcotics ring were arrested by New Jersey State Police with assistance from DCJ investigators. Two other alleged members were previously arrested in New York and warrants are outstanding for more than a dozen individuals. Those arrested include the alleged ringleader Mohamed Hassanian and Dr. Comesanas. Also arrested was Hassanian's cousin Ahmed F. "Felix" Aly, a pharmacist who allegedly filled the phony prescriptions.

The Indictment also seeks an estimated $4.4 million in financial assets as a result of the alleged drug distribution scheme. The Indictment seeks proceeds including more than $3.6 million in real estate, $680,429 in United States currency, and a 2007 Mercedes-Benz valued at $95,000.

State v. Roseann Constantino

On October 5, 2007, the court sentenced Roseann Constantino to two years' probation and ordered her to pay $2,270 in restitution and to perform 50 hours of community service. Constantino had previously paid a $3,500 civil insurance fraud fine. On September 19, 2007, Constantino, a former nurse, pled guilty to an Accusation charging her with Theft by Deception. Constantino admitted that she forged doctors' names on prescriptions to obtain Ambien and, in many cases, the United Health Care/Oxford Prescription Drug Plan paid for this prescription medicine even though it was not prescribed for her by her physicians.

State v. Sharon Faulkner

On January 23, 2007, the court admitted Sharon Faulkner into the PTI Program conditioned upon her performing 40 hours of community service. On the same day, Faulkner was charged in an Accusation with Theft by Deception. The State alleged Faulkner wrongfully obtained $15,688 in reimbursements from Horizon Blue Cross Blue Shield for prescriptions she claimed she paid for but did not.

State v. Denise Gemore

On March 1, 2007, the court admitted Denise Gemore into the PTI Program conditioned upon her performing 50 hours of community service. On February 15, 2007, Gemore was charged in an Accusation with Obtaining Controlled Dangerous Substances by Fraud. The State alleged that between August 24, 2003, and October 9, 2004, Gemore consulted with 46 different doctors and obtained more than 100 prescriptions for addictive narcotics such as Percocet, OxyContin, Nicodin, and Vicodin. The State further alleged that Gemore concealed the fact that multiple doctors were prescribing medicine for her. Her insurance company, Aetna Insurance Company, paid for many of the prescriptions.

Fraudulent Workers' Compensation Claims

State v. Kevin Farri

On February 23, 2007, the court sentenced Kevin Farri to three years' probation and ordered him to pay $25,000 in restitution and a $5,000 civil insurance fraud fine. On January 16, 2007, Farri pled guilty to an Accusation charging him with Conspiracy and Theft by Deception. Farri admitted that between May 28, 2002, and March 30, 2004, he conspired with others not named in the Accusation to fraudulently claim workers' compensation disability payments. While employed as a HBAC service technician, Farri fell and claimed he sustained injuries to his head, neck, upper back, right upper extremity, chest, and lower back and was not able to work. OIFP's investigation revealed that Farri was working as a general contractor while he was collecting workers' compensation disability payments.

Fraudulent Disability Claims

State v. Charles Ferrante

On April 16, 2007, the court admitted Charles Ferrante, a chiropractor licensed in the State of New Jersey, into the PTI Program and ordered him to pay a $7,500 civil insurance fraud fine and to perform 25 hours of community service. On February 16, 2007, Ferrante pled guilty to an Accusation charging him with Theft by Deception. The State alleged that between May 14, 2001, and April 1, 2002, Ferrante fraudulently collected disability claims money from UNUM Provident Corporation, by falsely claiming he was totally disabled and unable to work.

State v. Jonathan Siegel

On February 23, 2007, the court sentenced Jonathan Siegel to three years in State prison and ordered him to pay $33,574 in restitution to UNUM Provident Insurance Company. Siegel previously pled guilty to Attempted Theft by Deception. A Monmouth County Grand Jury returned an Indictment charging Jonathan Siegel with Attempted Theft by Deception and Uttering a Forged Document. According to the Indictment, between January 26, 1998, and September 7, 2001, Jonathan Siegal committed disability insurance fraud by accepting disability benefits from UNUM Life Insur-

ance Company of North America. Siegel, who was at one time a podiatrist licensed in the State of New Jersey, filed a disability claim with UNUM, alleging he was injured and could no longer work as a podiatrist. Siegel was, in fact, employed by two large law firms in New Jersey and New York and earning a salary.

State v. John Ponticello

On January 16, 2007, the court sentenced John Ponticello to three years' probation and ordered him to pay $10,564 in restitution to JMIC Life Insurance Company. Ponticello previously pled guilty to an Accusation charging him with Theft by Deception. Ponticello admitted that between August 22, 2003, and November 7, 2005, he submitted false disability claims to JMIC Life Insurance Company claiming that he was disabled so that JMIC Life would pay $426 per month to the Ford Motor Company on Ponticello's behalf in repayment of Ponticello's auto loan. Over a period of approximately 17 months, Ponticello submitted falsified disability claims to reflect they had been completed by physicians to JMIC Life in order to cause JMIC to pay $10,563 to the Ford Motor Company for his auto loan.

State v. George S. Arian

On April 5, 2007, the court sentenced George S. Arian to three years' probation and ordered him to pay $7,000 in restitution and to perform 250 hours of community service. On March 23, 2007, Arian pled guilty to an Accusation charging him with Theft by Deception. Arian admitted that he misrepresented to Colonial Supplemental Insurance Company that he was totally disabled and unemployed when, in fact, he was employed and receiving an income. Arian's misrepresentation resulted in him receiving $7,000 in overpayments of disability benefits.

State v. Cynthia D. Canady

On April 20, 2007, the court sentenced Cynthia D. Canady to one year' probation and ordered her to pay $7,887 in restitution to American Family Life Assurance Company (AFLAC). The court also ordered her to perform 100 hours of community service. On February 28, 2007, Canady pled guilty to an Accusation charging her with Theft by Deception. Canady admitted that she falsified medical certification forms which she submitted to AFLAC in support of her disability claims from March 13, 2004, through August 28, 2004. AFLAC paid $7,887 in disability claims to which Canady was not entitled.

State v. Henri Walker

On October 25, 2007, Henri Walker pled guilty to Theft by Deception. On June 13, 2007, a Middlesex County Grand Jury returned an Indictment charging Walker with Theft by Deception and Unsworn Falsification to Authorities. According to the Indictment, between February 3, 2005, and September 3, 2005, Walker advised the Social Security Administration that he was disabled and unable to work when, in fact, he was working. It is alleged that Walker owned and operated a car cleaning and detailing business in Perth Amboy, New Jersey, at the same time he had advised the Social Security Administration that he was disabled and unable to work.

The Indictment also alleges that Walker falsified forms in connection with his Social Security disability claim and that Social Security paid him approximately $9,841 in disability benefits when, in fact, he was working at his own business.

State v. Muzette O. Williams

On October 24, 2007, the court admitted Muzette O. Williams into the PTI Program conditioned upon her paying a $3,000 civil insurance fraud fine. On September 20, 2007, Williams was charged in an Accusation with Attempted Theft by Deception. The State alleged that Williams submitted a phony disability claim to Combined Insurance Company of America, fraudulently alleging that she was entitled to disability benefits money.

State v. Patricia Gray

On October 22, 2007, a Camden County Grand Jury returned an Indictment charging Patricia Gray with Health Care Claims Fraud, Attempted Theft by Deception, and Falsifying or Tampering with Records. According to the Indictment, Gray, an employee of the New Jersey Department of Health and Senior Services, submitted a false essential services claim to New Jersey Manufacturers Insurance Company in an attempt to steal money for essential services Gray was not entitled to. It is also alleged that Gray falsified records in support of her essential services claim submitted to New Jersey Manufacturers. Essential services are sometimes paid to persons who are injured in automobile accidents as a component of PIP benefits. Essential services are designed to compensate persons who are required to hire other persons to perform essential household chores such as cleaning, preparing meals, doing laundry, etc., as a result of being injured in an automobile accident.

State v. Denise M. Muhammad

On September 13, 2007, a Mercer County Grand Jury returned an Indictment charging Denise M. Muhammad with Insurance Fraud, Theft by Deception, and Falsifying or Tampering with Records. According to the Indictment, between July 2002 and July 2004, Muhammad knowingly made false statements and submitted a false disability insurance certification concerning her health and physical ability to work at the Woodbridge Developmental Center in order to avoid going to work and, instead, collect disability insurance payments from the State of New Jersey.

Muhammad allegedly submitted false disability insurance claims on July 27, 2002, on September 5, 2003, and on March 18, 2004. It is alleged that during these three separate purported periods of disability the State of New Jersey paid Muhammad $9,472 in disability insurance benefits.

State v. Rose Horne

On September 18, 2007, a Mercer County Grand Jury returned an Indictment charging Rose Horne with Insurance Fraud, Theft by Deception, Falsifying or Tampering with Records, and Forgery. According to the Indictment, between May 31, 2005, and February 3, 2006, Horne falsified insurance claim forms to reflect that she was temporarily disabled and unable to work. The Indictment also alleges that she forged the signature of a physician, Dr. Fred Williams, on the claim forms in support of her phony disability claim. It is alleged that the claims were submitted to CUNA Mutual Insurance Group and that Horne allegedly wrongfully collected approximately $4,567 in disability payments to which she was not entitled.

State v. Michael Mason

On November 2, 2007, a Monmouth County Grand Jury returned an Indictment charging Michael Mason with Insurance Fraud, Theft by Deception, and Falsifying or Tampering with Records. According to the Indictment, between July 10, 2003, and October 31, 2005, Mason applied for disability benefits for which he was not entitled to Unum Provident Insurance Company. It is further alleged that as part of the claim, Mason advised Unum Provident that he was not receiving Social Security disability benefits, and that he altered and submitted a So-

cial Security Notice of Disapproved Claim to Unum Provident to collect increased disability benefits from the insurance carrier. The State alleges that Mason was actually collecting Social Security disability benefits and therefore should have received reduced disability benefits from Unum Provident. It is further alleged that Mason fraudulently collected approximately $99,222 from Unum Provident based on the false information he allegedly submitted about Social Security disability benefits.

State v. Da Wei Chen

On October 31, 2007, Da Wei Chen pled guilty to an Accusation charging him with Theft by Deception. Chen, who was previously employed by Bally's Hotel Casino in Atlantic City New Jersey, as a chef, admitted that on June 15, 2006, he applied for disability medical leave from Bally's claiming osteoarthritis and related ailments. He advised Bally's that he was unable to continue to work. Chen also admitted that after he left Bally's employment claiming he was unable to work, he applied for a mercantile license from the municipality of Ocean City New Jersey. He then opened a Chinese massage business known as Sea Wave Massage in the Surf Mall in Ocean City. Chen indicated that he was operating his business seven days a week, 12 hours per day, during the beach season. At Sea Wave Massage, Chen provided massages to customers in exchange for payment.

Chen admitted that he wrongfully collected approximately $5,290 in disability payments from the New Jersey Department of Labor after he left employment at Bally's and began operating Sea Wave Massage. Chen is scheduled to be sentenced in 2008.

State v. Sherrie Devereaux

On November 7, 2007, an Essex County Grand Jury returned an Indictment charging Sherrie Devereaux with Insurance Fraud, Theft by Deception, and Tampering with Records. The State alleges that between January 23, 2003, and March 16, 2004, Devereaux committed insurance fraud and theft from JMIC Life Insurance Company by falsifying records indicating that a person identified in the Indictment only as L.H. was disabled from employment and therefore entitled to unemployment disability benefits from JMIC Insurance Company. JMIC Insurance Company had provided disability benefits to L.H. in the form of making car payments on his behalf in the event that L.H. became disabled. The Indictment alleges that Devereaux actually drove the car and was responsible for making the payments, and created the false impression that L.H. was disabled so that JMIC would continue to make car payments. The Indictment also alleges that Devereaux caused various records and statements from the offices of Doctors Gerald Vizzone and Moloud Zadeh to be submitted in support of the fraudulent disability claim. In total, it is alleged that JMIC paid Devereaux $4,423 on her alleged disability claim.

Fraudulent "Slip and Fall" Claims

State v. Bruce Basile

On May 11, 2007, the court sentenced Bruce Basile to three years' probation and ordered him to pay $10,000 in restitution to Ohio Casualty Insurance Company and $4,500 in restitution to the Borough of Buena, New Jersey. On March 19, 2007, Basile pled guilty to Theft by Deception. On January 24, 2007, an Atlantic County Grand Jury returned an Indictment charging Basile with Theft by Deception. According to the Indictment, Basile falsely reported that he sustained injuries to his teeth as the result of a bicycle accident in Buena on July 27, 2001, due to a defect in the sidewalk. No such injuries were sustained. As the result of the false claim, the Borough of Buena paid approximately $4,500 and Ohio Casualty Insurance Company paid approximately $10,000.

Fraudulent Life Insurance Claims

State v. Mary Maschuci

On January 26, 2007, the court sentenced Mary Maschuci to five years in State prison and ordered her to pay $105,000 in restitution. Maschuci previously pled guilty to an Accusation charging her with Insurance Fraud, Theft by Deception, Attempted Theft by Deception, and Uttering a Forged Document. Maschuci admitted that between June 9, 2003, and April 20, 2005, she submitted false life insurance claims to a variety of insurance companies. After applying for life insurance benefits on her own life, Maschuci posed as her daughter and contacted the insurance companies indicating that Mary Maschuci had died. Maschuci then submitted false death certificates to the insurance companies and collected or attempted to collect life insurance claims money. In total, Maschuci attempted to collect approximately $1,083,155 in life insurance claims money and was successful in collecting $738,409. The investigation revealed that false life insurance claims were sent to nine insurance companies: Empire Indemnity Insurance Company, Individual Assurance Company, Protective Life Insurance Company, AIG Insurance Company, Hartford Life & Accident Insurance Company, USAA Life Insurance Company, Minnesota Life Insurance Company, Allstate Insurance Company, and Conseco Insurance Company.

State v. Sohan Singh Gill

On November 27, 2007, Sohan Singh Gill pled guilty to Theft by Deception. Gill is scheduled to be sentenced in 2008. On August 21, 2007, a Bergen County Grand Jury returned an Indictment charging Gill with Attempted Theft by Deception and Falsifying or Tampering with Records. According to the Indictment, between July 24, 2000, and August 13, 2003, Gill attempted to fraudulently obtain life insurance benefits from Reassure America Life Insurance Company by creating the impression that his wife, Jaswant Kaur, died on January 15, 2003, and that Gill was entitled to the proceeds of a life insurance policy issued on the life of Jaswant Kaur. The Indictment alleges that Jaswant Kaur did not die on January 15, 2003, as claimed by Gill. Death records indicate that Jaswant Kaur died on July 22, 2000, in Paterson, New Jersey, and was dead at the time Gill allegedly obtained the life insurance policy from Reassure America Life. The amount of the life insurance Gill allegedly attempted to obtain from Reassure America Life was $150,000.

State v. Anthony Myers, Sr.

On August 1, 2007, a Morris County Grand Jury returned an Indictment charging Anthony Myers, Sr., with Insurance Fraud, Attempted Theft by Deception, and Falsifying or Tampering with Public Records. According to the Indictment, between March 21, 2006, and May 10, 2006, Myers attempted to fraudulently obtain a $25,000 life insurance payout from the State Farm Insurance Company by claiming that his son, Anthony Myers, Jr., had died when, in fact, Myers, Jr., was living in North Carolina. The State also alleges that Myers, Sr., falsified a Claimant Statement and submitted it to State Farm Insurance Company falsely claiming that his son had died.

State v. Joel Small

On November 29, 2007, a Middlesex County Grand Jury returned an Indictment charging Joel Small with Theft by Deception and Forgery. According to the Indictment,

between November 4, 2003, and March 31, 2004, Small committed theft of life insurance proceeds by altering certain documents to create the impression that he was the beneficiary of a life insurance policy on the life of his uncle. It is alleged Small then requested the cash value of the life insurance. It is further alleged that Small stole the life insurance money in the approximate amount of $5,500 from the Metropolitan Life Insurance Company and from the insured and his beneficiary.

Fraudulent Health Insurance Applications

State v. Carol Magnes

On March 2, 2007, the court sentenced Carol Magnes to three years' probation and ordered her to pay $60,314 in restitution and to perform 200 hours of community service. Magnes previously pled guilty to an Accusation charging her with Theft by Deception. Magnes admitted that between July 28, 2003, and November 28, 2005, she stole health insurance claims money from Oxford Health Plans by falsely enrolling Maria Gutierrez and Jon Magnes as employees of her husband Dr. Jeffrey Magnes' medical office when, in fact, they were not. She admitted that by enrolling them as employees she was able to obtain lower cost small employer group health insurance for Gutierrez and Jon Magnes, although they were not employees of the medical practice. She further admitted that medical claims were submitted to Oxford for medical treatments for Gutierrez and Jon Magnes even though they were not entitled to the medical coverage. The medical claims totaled approximately $81,000.

State v. Andrew Dorrothy, et al.

On May 15, 2007, a Sussex County Grand Jury returned an Indictment charging Andrew Dorrothy and Lynn M. Mickley (also known as Lynn M. Lauber) with Health Care Claims Fraud and Theft by Deception. According to the Indictment, between March 3, 1999, and October 20, 2002, Dorrothy falsely represented that he legally was married to Mickley. It is alleged that these false representations were made on various records and forms submitted to health insurance companies, including Oxford Health Plans, Aetna Insurance Company, and Delta Dental Insurance Company. It is further alleged that Dorrothy falsely represented that Mickley was his wife so that she would be entitled to dependant wife health insurance benefits under insurance coverage provided by the insurance companies. It is also alleged that Dorrothy and Mickley were never legally married.

State v. Lionel Maldonado, et al.

On June 7, 2007, the Superior Court of New Jersey, Appellate Division, ruled that New Jersey's statute of limitations did not bar Lionel Maldonado's prosecution and affirmed Maldonado's conviction for Theft by Deception.

A State Grand Jury previously returned an Indictment charging Maldonado and Marisol Perez with Theft by Deception and Falsifying or Tampering with Records. According to the Indictment, Maldonado was employed by the Camden County Department of Health in March 1990. During this time, Maldonado falsified a group enrollment health insurance application by falsely listing Perez as his wife, thereby entitling her to his employer-sponsored health care benefits. The State alleged that Maldonado and Perez were never legally married and, as a result, Perez was not entitled to any insurance coverage as the purported wife of Maldonado.

The State further alleged that the fraud continued when Maldonado was later appointed as a Camden County probation officer. The State alleged that Maldonado falsely identified Perez as his wife when he enrolled her in family coverage as part of the State Prescription Drug Plan. The fraud against the State and County health and prescription benefits plans allegedly continued until approximately July 1, 2000, when Maldonado deleted Perez from all insurance coverage on the grounds that they had separated. Later, in September 2001, Maldonado allegedly falsely indicated that he was widowed.

During the time Maldonado represented that Perez was his wife, the State Health Benefits Plan was administered variously by Blue Cross Blue Shield of New Jersey, Aetna/US Healthcare, Protective Dental Care (OraCare), and the New Jersey Division of Pensions and Benefits. The companies allegedly paid approximately $41,899 for health care and prescription coverage as a result of Maldonado's misrepresentation that Perez was his wife. Perez previously pled guilty to Theft by Deception and was admitted into the PTI Program.

State v. John K. Hoover

On October 5, 2007, the court sentenced John K. Hoover to three years' probation and ordered him to pay $20,468 in restitution. The court also ordered Hoover to forfeit his public employment. On July 27, 2007, Hoover pled guilty to Theft by Deception. Previously, a State Grand Jury returned an Indictment charging John K. Hoover with Health Care Claims Fraud and Theft by Deception. Hoover, who was employed by Salem County as a sheriff's officer, falsified employer-sponsored health insurance records concerning his marital and family status. Hoover falsified a health insurance benefits form reflecting that he was separated but still married to his wife, and that his stepdaughter remained his dependent for employer-sponsored health insurance and related medical and prescription drug benefits. This information was false and Hoover was divorced and did not have dependents. By falsifying the health insurance benefits forms and related records, Hoover wrongfully obtained in excess of $17,641 in health care claims, prescription drug benefits, and insurance premiums paid by Salem County

State v. Joseph Venziano

On April 5, 2007, the court sentenced Joseph Venziano to five years' probation and ordered him to pay $9,393 in restitution. On February 1, 2007, Venziano pled guilty to Theft by Deception. Previously, a Cape May County Grand Jury returned an Indictment charging Venziano with Health Care Claims Fraud, Theft by Deception, and Falsifying or Tampering with Public Records. According to the Indictment, between October 18, 2002, and December 30, 2003, Venziano falsely represented that he remained married to his former wife so that she would be eligible as a dependent spouse for health insurance benefits. Health insurance benefits were provided through Venziano's employer by the Aetna Life Insurance Company, and the policy provided that those benefits ended if the marriage ended. Records maintained by the Superior Court of New Jersey indicate that Joseph Venziano was divorced on February 20, 1998, and his former wife was no longer eligible for dependent spouse health insurance benefits.

Fraudulent Disability Insurance Applications

State v. Mark A. Matyas

On October 5, 2007, the court sentenced Mark A. Matyas to two years' probation and ordered him to pay a $5,000 civil insurance fraud fine. On June 14, 2007, Matyas pled guilty to an Accusation charging him with

Insurance Fraud. Matyas admitted that he committed insurance fraud by providing false health and employment information to UNUM Provident Insurance Company when he applied for a disability policy. When Matyas subsequently submitted a disability claim with UNUM Provident, the false information was discovered, the claim was denied, and the matter was referred to OIFP for investigation.

MEDICAID FRAUD

Fraudulent Billing by Health Care Providers

■ *Fraudulent Billing by Pharmacists*

State v. Ademola T. Salami, et al.

On October 16, 2007, following a 14-day jury trial, Ademola T. Salami, a pharmacist licensed in the State of New Jersey, and the pharmacy he owned and operated, Bethel Pharmacy, Inc., located in Newark, New Jersey, were convicted of Health Care Claims Fraud and Medicaid Fraud. Salami failed to appear at trial and he was tried *in absentia*. A State Grand Jury previously returned an Indictment charging Salami and Bethel Pharmacy with Health Care Claims Fraud and Medicaid Fraud. Between January 1, 2004, and April 10, 2004, Salami, through Bethel Pharmacy, submitted daims to the Medicaid program for false prescriptions Twelve of the prescriptions were forged and backdated, and the remaining 80 were not prescribed by the doctor whose purported signature was, in fact, forged on the prescription form. In total, Salami and Bethel Pharmacy billed the Medicaid program approximately $16,851 based on phony prescriptions.

State v. Charles Jyamfi, et al.

On July 27, 2007, a State Grand Jury returned an Indictment variously charging Charles Jyamfi, Pedro Diaz, and Aiad Saman with Money Laundering Conspiracy, Racketeering, Receiving Stolen Property, and Fencing Saman was also charged with Perjury. Jyamfi and Saman were pharmacists licensed in the State of New Jersey. Jyamfi owned and operated Ojah Pharmacy in East Orange, New Jersey. According to the Indictment, Jyamfi, assisted by Saman, Diaz, and others, operated Ojah Pharmacy as a racketeer-influenced and corrupt organization. The Indictment alleges that Jyamfi routinely purchased stolen medication and loose pills from Saman and Diaz, and improperly packaged and labeled the stolen drugs. The Indictment further alleges that Jyamfi was aided in purchasing stolen medication by former employees of Ojah Pharmacy. Verona Boodram and Alpha Bangoura, two former employees of Ojah Pharmacy, were previously convicted at trial.

The State also alleges that Jyamfi stocked his pharmacy with the stolen drugs and medications and then sold them to the general public, including persons covered for health insurance benefits under the Medicaid program. Improperly packaged and labeled medication creates two substantial risks to the purchaser: one, the medication may be beyond its expiration date, and, two, the medication may be in the incorrect dosage. The State alleges the stolen medication may have been valued in excess of $2 million.

On July 30, 2007, OIFP Medicaid Fraud Section investigators arrested Pedro Diaz. He was lodged in the Essex County jail in default of bail in the amount of $300,000.

On August 6, 2007, police from United States Customs arrested Saman and turned him over to OIFP investigators.

State v. Paola D'Ottavio, et al.

On January 29, 2007, a State Grand Jury returned an Indictment charging Paola D'Ottavio, a pharmacist licensed in the State of New Jersey, with Health Care Claims Fraud, Distribution of Controlled Dangerous Substances, and Medicaid Fraud. According to the Indictment, between January 1, 2004, and June 30, 2005, D'Ottavio caused prescription drugs to be provided to customers of the pharmacy in the name of different patients who were beneficiaries of Medicaid or were covered by private pay health insurance plans that paid for prescription drugs. The drugs had not been prescribed by physicians.

On January 24, 2007, Vicki Guld pled guilty to an Accusation charging her with Possession of a Controlled Dangerous Substance. Guld admitted that she picked up Hydrocodone from D'Ottavio without a valid prescription. Guld is pending sentencing

Terry Gatto previously pled guilty to an Accusation charging her with Theft by Deception. Gatto admitted that between November 4, 2002, and November 19, 2004, she used her prescription drug plan, Advance PCS, to fill prescriptions at D'Ottavio's pharmacy for two addictive narcotics, OxyContin and Hydrocodone, which were not actually prescribed by doctors or were for patients who did not exist. After D'Ottavio filled the prescriptions, Gatto picked up the prescriptions using her Advance PCS prescription insurance and then resold the narcotics for $350 per vial. Gatto split the proceeds of the illegal sales with D'Ottavio who received between $1,400 and $1,500 for eight vials of narcotics. Gatto is pending sentencing

State v. Gayford Yaw

On July 13, 2007, the court sentenced Gayford Yaw to three years' probation, and ordered him to pay $13,468 in restitution to Morristown Memorial Hospital and to perform 100 hours of community service. Yaw previously pled guilty to an Accusation charging him with Theft by Unlawful Taking or Disposition. Yaw, a pharmacy technician employed by Atlantic Health Systems/Morristown Hospital and Ojah Pharmacy in East Orange, New Jersey, admitted that between September 26, 2002, and June 9, 2004, he stole several drugs, including Zithromax, Combivir, Lipitor, Zocor, Accupril, Diovan, Celebrex, Augmentin, Zoloft, and Zyprexa from the Morristown Hospital pharmaceutical inventory. He also admitted that he sold the stolen drugs to various persons who owned or operated pharmacies so that the drugs could be resold to customers of the pharmacies. Yaw admitted to stealing approximately $13,438 worth of drugs.

State v. Michael Fish

On April 20, 2007, the court sentenced Michael Fish to one year' probation and ordered him to pay $88,693 in restitution. On February 7, 2007, Fish pled guilty to an Accusation charging him with Medicaid Fraud. Fish, the owner/operator of Pharmacy Consultants, LLC, admitted that between October 8, 1999, and February 20, 2002, he received payments from Michael Stavitski, a pharmacist formerly licensed in the State of New Jersey who owned and operated Belmar Hometown Pharmacy in Belmar, New Jersey, in return for steering residents of the Dayton Woods Residential Health Care Facility and other health care centers to Belmar Hometown Pharmacy for their pharmaceutical needs. Most of the patients steered by Fish to Stavitski's pharmacy were Medicaid recipients. The Medicaid program was billed for the prescription claims of the Medicaid patients steered by Fish to Stavitski.

Stavitski was previously prosecuted by OIFP's Medicaid Fraud Section and was convicted and sentenced to serve seven years in State prison. He was also ordered to pay $1.1 million in restitution and penalties and relinquished his Medicaid provider license for a period of seven years.

State v. Victory Pharmacy, et al.

On December 21, 2007, a State Grand Jury returned an Indictment charging Twumasi Ampofo, the owner of Victory Pharmacy, Inc.; Charles O. Manu, an employee of Victory Pharmacy; and Victory Pharmacy, Inc., incorporated as Premier Health Services, Inc., a pharmacy in Irvington, New Jersey, with Health Care Claims Fraud and Medicaid Fraud. According to the Indictment, between July 19, 2007, and October 24, 2007, Victory Pharmacy, Ampofo, and Manu submitted fraudulent claims to the Medicaid program indicating that prescriptions had been dispensed when such prescriptions had not actually been dispensed to Medicaid patients. The State alleges that the pharmacy, Ampofo, and Manu paid cash to Medicaid beneficiaries in return for prescriptions, and then billed the Medicaid program as if the prescriptions had been filled and medicine properly dispensed to patients. It is further alleged that the defendants billed the Medicaid program approximately $11,324 for the prescriptions which were never filled.

■ *Fraudulent Billing by Dentists*

State v. Mitra Abdollahi

On November 5, 2007, Mitra Abdollahi, a dentist licensed in the State of New Jersey, pled guilty to an Accusation charging her with Medicaid Fraud. Abdollahi admitted that between January 1, 2002, and May 22, 2007, she submitted fraudulent bills to the Medicaid program in connection with dental treatments purportedly rendered to Medicaid recipients. Abdollahi admitted that she billed for tooth fillings that she did not provide to patients; for extracting teeth which were not extracted; for use of an anesthetic when it was either not used or should not have been billed separately given the nature of the dental procedure; and for performing unnecessary or improper dental procedures. Abdollahi is scheduled to be sentenced in 2008.

State v. Gerald Whiteman

On December 5, 2007, Gerald Whiteman, a dentist licensed in the State of New Jersey, pled guilty to Health Care Claims Fraud. On January 8, 2007, a State Grand Jury returned an Indictment charging Whiteman with Health Care Claims Fraud and Medicaid Fraud. According to the Indictment, between January 1, 2003, and April 25, 2005, Whiteman, who practiced dentistry in Old Bridge, New Jersey, fraudulently billed the Medicaid program on a regular basis for administering general anesthesia during dental treatments when, in fact, he did not administer general anesthesia. Whiteman is scheduled to be sentenced in 2008.

■ *Fraudulent Billing by Medical Transport Providers*

State v. Dwayne Smith, et al.

On March 12, 2007, the court sentenced Dwayne Smith to two years' probation and ordered him to pay $8,670 in restitution and to perform 100 hours of community service. On January 31, 2007, following a five-day jury trial, Smith was found guilty of Health Care Claims Fraud. A State Grand Jury previously returned an Indictment charging Smith and his corporation, Smith and Williams Transportation, Inc., with Health Care Claims Fraud and Medicaid Fraud. The State alleged that between March 21, 2003, and May 20, 2004, Smith, through Smith and Williams Transportation, Inc., fraudulently billed the Medicaid program for transportation services of Medicaid patients. The Medicaid program provides transportation to and from doctors' offices, hospitals, and other medical providers. In total, the State alleged that Smith falsely billed the Medicaid program approximately $12,600.

State v. Abdelraow Ismaiel

On March 12, 2007, the court admitted Abdelraow Ismaiel into the PTI Program conditioned upon his performing 150 hours of community service. Ismaiel previously pled guilty to an Accusation charging him with Medicaid Fraud. Ismaiel was the owner and operator of Careway Invalid Coach which provided transportation services to Medicaid patients to facilitate travel to medical appointments for treatments. The State alleged that between May 1, 2004, and January 31, 2005, Ismaiel offered monetary bribes to several medical facility employees to entice the employees to recommend the utilization of Careway for patient transportation. Laws governing Medicaid prohibit paying cash or offering anything of value in exchange for directing business to a Medicaid provider. The State further alleged that Careway would then bill the Medicaid program for transportation services provided.

■ *Fraudulent Billing by Counseling Services*

State v. Pedro Acosta, et al.

On November 13, 2007, a State Grand Jury returned an Indictment variously charging Pedro Acosta, and Osvaldo Morales, Sr., the owners of the now defunct Chambers Mental Health Clinic, a drug and alcohol counseling center located in Trenton, New Jersey, as well as the clinic's former medical director, Dr. Arnold Jacques, with Conspiracy, Medicaid Fraud, and Health Care Claims Fraud. According to the Indictment, between January 2004 and November 2005, Acosta, Morales, and Jacques falsely billed the Medicaid and Medicare programs under Jacques' Medicaid and Medicare provider numbers, even though Jacques did not provide the counseling services billed; falsely billed for longer counseling sessions than those provided; falsely billed for family counseling in addition to individual sessions for the same patient in the same day; and falsely billed for counseling services that were not rendered at all. In total, it is alleged that the Medicaid program was falsely billed in excess of $160,000.

On October 18, 2007, another co-owner of Chambers Mental Health Clinic, Bernardo Estambul, pled guilty to Medicaid Fraud. Estambul admitted that he knew that the counselors were providing the services, but submitted claims to Medicaid as if the doctor was performing the services so that Med-

icaid would pay a higher rate for the doctor's services than for the counselors' services. Estambul also admitted that he and his co-owners submitted claims to Medicaid for counseling sessions, knowing that they did not provide counseling for the minimum amount of time required by the Medicaid regulations. Estambul is scheduled to be sentenced in 2008.

■ *Fraudulent Billing by Health Care Agencies*

State v. Touch of Life Home Health Care Agency, et al.

On December 18, 2007, a State Grand Jury returned an Indictment variously charging Kimberly D. Hall (also known as Kim Hall and Kim Turner), Willie T. Cureton (also known as William T. Curaton and Willie Curation), Ollie Sabrina Kimble (also known as Sabrina Kimble), and Touch of Life Home Health Care Agency of Newark, New Jersey, with Conspiracy, Health Care Claims Fraud, and Medicaid Fraud.

According to the Indictment, between March 2003 and May 2004, the individual defendants, who owned and operated or were employed by Touch of Life Home Health Agency, committed theft and fraud from the Medicaid program. Touch of Life was a home health care agency which provided medical assistance to patients, including services provided by Personal Care Assistants (PCA) and Homemaker-Home Health Aides (HHA). PCAs and HHAs render day-to-day assistance to patients who are otherwise unable to care for themselves by assisting with dressing and feeding patients, taking care of homes, dispensing medications, and related responsibilities.

The Indictment alleges that Hall billed the Medicaid program for services purportedly rendered by her as a PCA when, in fact, in November 2003, Hall's PCA license had been revoked. The Indictment also alleges that Hall lied on her application to become a Medicaid provider.

The Indictment also alleges that Touch of Life billed Medicaid for PCA services rendered at Class C boarding homes and residential health care facilities. Class C boarding homes include those facilities which house patients who are able to provide basic services for themselves. Medicaid regulations do not permit billing for PCA and HHA services in Class C boarding homes and residential health care facilities.

The Indictment also alleges that Touch of Life billed the Medicaid program for PCA and related services in excess of the number of hours that the PCAs actually provided services. In total, the defendants billed the Medicaid program almost $1 million.

■ *Fraudulent "Kickback" Schemes*

State v. Shirley Welch

On March 2, 2007, the court sentenced Shirley Welch to probation and ordered her to pay $3,320 in restitution to the Medicaid program and a $1,000 civil penalty. Welch pled guilty to Theft by Deception. A Monmouth County Grand Jury previously returned an Indictment charging Welch with Medicaid Fraud. According to the Indictment, between January 1, 2000, and February 20, 2002, Welch, who was licensed by the New Jersey Department of Health and Senior Services and was the former administrator/vice-president of the Pineland Rest Home, accepted kickbacks in the form of cash from Michael Stavitski, who owned, operated, and controlled the Belmar Hometown Pharmacy. The cash kickbacks were paid to Welch so that she would direct residents of the Pineland Rest Home to the Belmar Hometown Pharmacy to have prescriptions filled. Laws that govern the Medicaid program prohibit paying cash or offering anything of value in exchange for directing business to Medicaid providers.

Medicaid Provider Fraud

State v. Jean Edward [redacted]

On January 19, 2007, the court sentenced [redacted] to three years' probation. [redacted] previously pled guilty to Forgery. [redacted] was posing as a licensed pharmacist and was employed by a pharmacy that specialized in providing medications to nursing home residents. [redacted] is not a licensed pharmacist in New Jersey and, therefore, could not legally dispense prescription medicine.

State v. Henrietta Bell

On December 12, 2007, Henrietta Bell plead guilty to Impersonation. On September 13, 2007, a Middlesex County Grand Jury returned an Indictment charging Bell with Impersonation and Theft by Deception. According to the Indictment, on January 21, 2003, Bell conspired with another person not named in the Indictment to falsify an application for a Certified Nurse Aide (CNA) certificate by falsely using the identity of another person. It is alleged that after Bell obtained the fraudulent CNA certificate, she worked for the Laurel Bay Health and Rehabilitation Center in Keansburg, New Jersey, posing as a CNA and collected a salary to which she was not entitled. Bell is scheduled to be sentenced in 2008.

State v. Delphine Benson

On November 26, 2007, Delphine Benson pled guilty to an Accusation charging her with Uttering a Forged Instrument. Benson admitted that in connection with her effort to re-certify her CNA license, she submitted a letter that purported to be from a probation officer assigned to Camden County indicating that Benson's participation in the PTI Program as a result of other unrelated drug charges was satisfactory. In fact, the probation officer did not send the letter and Benson was not a satisfactory participant in the Burlington County PTI Program, because she was delinquent in paying monetary penalties assessed as part of the program. Benson is scheduled to be sentenced in 2008.

Patient and Elder Abuse

State v. Eldora McCall

On January 19, 2007, the court sentenced Eldora McCall (also known as Eldora Collins), a CNA, to three years' probation and ordered her to pay $8,300 in restitution and a $500 mandatory motor vehicle theft penalty. McCall pled guilty to Uttering a Forged Instrument and Theft of a Motor Vehicle. A State Grand Jury previously returned an Indictment charging McCall with Attempted Theft by Deception and Theft by Unlawful Taking. McCall admitted that between March 31, 2004, and July 16, 2005, she forged two checks drawn on the account of an elderly nursing home patient in an effort to steal money belonging to the patient. Additionally, McCall stole the same patient's 2001 Buick LeSabre. The patient was a resident of Meadow Lakes, an assisted living facility in East Windsor, New Jersey, where McCall was employed.

State v. Charlotte Moreland

On February 16, 2007, the court sentenced Charlotte Moreland to four years' probation with eight days credit in county jail for time served and ordered her to pay $1,840 in restitution. The court also barred her from employment at any Medicaid provider facility. On January 10, 2007, Moreland pled guilty to Theft by Deception. A Mercer County Grand Jury previously returned an Indictment charging Moreland with Theft by Unlawful Taking.

Moreland, a CNA employed as an aide to a 90-year-old resident of Meadow Lakes, an assisted living facility in East Windsor, New Jersey, admitted that between October 24, 2005, and October 31, 2005, she used the resident's ATM card without permission to steal approximately $1,840 from the resident's bank account.

State v. Helen Williamson

On March 16, 2007, the court sentenced Helen Williamson to 30 days in county jail as a condition of four years' probation and ordered her to perform 250 hours of community service. On January 24, 2007, Williamson pled guilty to Neglect of the Elderly. An Ocean County Grand Jury previously returned an Indictment charging Williamson with Neglect of the Elderly and Theft from the Person. Williamson admitted that between October 6, 2004, and October 19, 2004, she wrongfully neglected to take proper care of a 93-year-old patient at the Manahawkin Convalescent Center in Manahawkin, New Jersey, by withholding pain medication and stealing duragesic medication patches from the patient. A duragesic medication patch time releases pain medication to patients requiring such therapy. Pain medication patches are sometimes sought by persons who abuse narcotic substances.

State v. Doreen Cameron

On September 10, 2007, the court admitted Doreen Cameron into the PTI Program conditioned upon her paying a $3,000 criminal fine and performing 50 hours of community service. On the same day, Cameron pled guilty to an Accusation charging her with theft. The State alleged that Cameron, a CNA, stole money from an elderly woman who was under Cameron's care at a nursing home.

State v. Alexander Gotay

On September 21, 2007, the court sentenced Alexander Gotay to three years in State prison and ordered him to pay $70,000 in restitution. On July 27, 2007, Gotay pled guilty to an Accusation charging him with Theft by Unlawful Taking. Gotay, a social worker, admitted that between August 2, 2002, and January 6, 2005, he stole approximately $70,000 from an elderly patient, who has since died, at the Lincoln Specialty Care Center in Vineland, New Jersey. Gotay admitted that he withdrew the victim's life savings from her various bank accounts and also stole the proceeds from the sale of her former residence. He admitted that he deposited the money into his personal bank account for his own use.

During 2007, the following Consent Orders were executed in amounts of $5,000 and above. The criminal disposition of cases that were the subject of both criminal and civil enforcement actions by OIFP are reported in the OIFP Criminal Case Notes section of this Annual Report.

AUTO INSURANCE FRAUD

Auto Theft and "Give Up" Schemes

In the Matter of Harry R. Smith

On January 23, 2007, Harry R. Smith executed a Consent Order for $5,000. Smith reported his motorcycle stolen, when, in fact, it had been in the custody of the Newark Police Department at the time of the alleged theft. The matter was referred to OIFP by the Hudson County Prosecutor's Office and Rider Insurance Company.

In the Matter of Anna Wallace

On February 21, 2007, Anna Wallace executed a Consent Order for $5,000. Wallace "gave up" her vehicle with the intent of defrauding her insurance company. The matter was referred to OIFP by the Plainfield, New Jersey, Police Department and the Union County Prosecutor's Office.

Criminal proceedings were also initiated against Wallace by the Union County Prosecutor's Office in this matter.

In the Matter of Trisha Townsend

On March 15, 2007, Trisha Townsend executed a Consent Order for $5,000. Townsend conspired with another to set her vehicle on fire, after which she reported the vehicle stolen and submitted a fraudulent automobile theft claim with New Jersey Manufacturers Insurance Company. The matter was referred to OIFP from New Jersey Manufacturers Insurance Company.

Criminal proceedings were also initiated against Townsend by OIFP in this matter.

In the Matter of Thomas Wilkens

On March 15, 2007, Thomas Wilkens executed a Consent Order for $5,000. Wilkens submitted a fraudulent vehicle theft claim with State Farm Insurance Company alleging that his vehicle had been stolen when, in fact, he had disposed of the vehicle and had it set on fire. The matter was referred to OIFP by State Farm Insurance Company.

Criminal proceedings were also initiated against Wilkens by the Ocean County Prosecutor's Office in this matter.

In the Matter of Yordani Rivas

On March 15, 2007, Yordani Rivas executed a Consent Order for $5,000. Rivas provided false and misleading information on an automobile theft claim submitted to American International Insurance Company. This matter was referred to OIFP by American International Insurance Company.

In the Matter of Escarlin Rivas

On March 15, 2007, Escarlin Rivas executed a Consent Order for $5,000. Rivas provided false and misleading information on an automobile theft claim submitted to American International Insurance Company. This matter was referred to OIFP by American International Insurance Company.

In the Matter of Gregory Priore

On April 25, 2007, Gregory Priore executed a Consent Order for $5,000. Priore provided false and misleading information regarding the theft of his 1995 Ford pickup truck. The matter was referred to OIFP by Ohio Casualty Insurance Company.

Criminal proceedings were also initiated against Priore by the Philadelphia, Pennsylvania, Office of the Federal Bureau of Investigation in this matter.

In the Matter of Hank McMullen

On May 23, 2007, Hank McMullen executed a Consent Order for $5,000. McMullen assisted with the submission of a false stolen vehicle police report in support of a phony auto insurance theft claim submitted to State Farm Insurance Company. McMullen concealed the fact that a 2003 Ford Expedition was set on fire in New York in order to falsely claim that the vehicle had been stolen. This matter was referred to OIFP by State Farm Insurance Company.

Criminal proceedings were also initiated against McMullen by OIFP in this matter.

In the Matter of Paulette Foti-McMullen

On May 23, 2007, Paulette Foti-McMullen executed a Consent Order for $5,000. Foti-McMullen submitted a false stolen vehicle police report in support of a fraudulent vehicle theft insurance claim submitted to State Farm Insurance Company. Foti-McMullen concealed the fact that her 2003 Ford Expedition was set on fire in New York in order to falsely claim that the vehicle had been stolen. This matter was referred to OIFP by State Farm Insurance Company.

Criminal proceedings were also initiated against Foti-McMullen by OIFP in this matter.

In the Matter of Robert Lemons, Jr.
In the Matter of Robert Scala
In the Matter of Vincent Sutera

On May 23, 2007, Robert Lemons, Jr., Robert Scala, and Vincent Sutera each executed a Consent Order for $5,000. Scala arranged for Lemons to "give up" his vehicle to Sutera, who then set the vehicle on fire in a parking lot in Toms River, New Jersey. Lemons subsequently filed a fraudulent ve-

Civil Squad Supervisor Martin Arasin, Auto/Property and Casualty.

(l to r) State Investigator Joseph Luccarelli, Civil Investigator Marwa Kashef, and Managing Civil Investigator Michael Palumbo.

hicle theft claim with New Jersey Manufacturers Insurance Company. These matters were referred to OIFP by New Jersey Manufacturers Insurance Company.

Criminal proceedings were also initiated against Lemons, Scala, and Sutera by the Ocean County Prosecutor's Office in this matter.

In the Matter of Carlos P. Torres

On May 23, 2007, Carlos P. Torres executed a Consent Order for $5,000. Torres attempted to set his vehicle on fire, after which he reported the vehicle had been stolen with the intention of filing a false vehicle theft insurance claim. The matter was referred to OIFP by the Essex County Prosecutor's Office.

Criminal proceedings were also initiated against Torres by the Essex County Arson Task Force in this matter.

In the Matter of Mirna Perez

On May 23, 2007, Mirna Perez executed a Consent Order for $5,000. Perez provided false and misleading information to Liberty Mutual Insurance Company in support of a fraudulent vehicle theft claim. This matter was referred to OIFP by Liberty Mutual Insurance Company.

In the Matter of Giacomo Biondo

On June 13, 2007, Giacomo Biondo executed a Consent Order for $5,000. Biondo participated in the theft of a 2003 Chevrolet Trailblazer that resulted in the submission of a fraudulent vehicle theft claim to Proformance Insurance Company. This matter was referred to OIFP by Proformance Insurance Company.

Criminal proceedings were also initiated against Biondo by the New Jersey State Police and the Atlantic County Prosecutor's Office in this matter.

In the Matter of Eduardo Pagan, Jr.

On April 23, 2007, Eduardo Pagan, Jr., executed a Consent Order for $5,000. Pagan filed a false stolen vehicle police report claiming that his leased 2001 Jaguar had been stolen. He then submitted a false vehicle theft claim to Parkway Insurance Company, knowing that the vehicle had not been stolen. This matter was referred to OIFP by Parkway Insurance Company.

Criminal proceedings were also initiated against Pagan by OIFP in this matter.

In the Matter of Juan Saldivar

On August 22, 2007, Juan Saldivar executed a Consent Order for $5,000. Saldivar falsely reported to Encompass Insurance Company that his Ford Expedition had been stolen, even though he knew the person who had the vehicle and that the vehicle subsequently had been returned to him. This matter was referred to OIFP by Encompass Insurance Company.

Criminal proceedings were also initiated against Saldivar by OIFP in this matter.

In the Matter of Devin S. McMillon

On August 22, 2007, Devin S. McMillon executed a Consent Order for $5,000. McMillon filed a false stolen vehicle police report and submitted a fraudulent vehicle theft insurance claim to Liberty Mutual Insurance Company. The matter was referred to OIFP by the Trenton, New Jersey, Police Department.

Criminal proceedings were also initiated against McMillon by the Trenton Police Department in this matter.

In the Matter of Americo Cabica

On September 24, 2007, Americo Cabica executed a Consent Order for $5,000. Cabica submitted a fraudulent vehicle theft insurance claim to State Farm Insurance Company. The matter was referred to OIFP by State Farm Insurance Company.

Criminal proceedings were also initiated against Cabica by the Union County Prosecutor's Office in this matter.

In the Matter of Reginald Smith

On September 24, 2007, Reginald Smith executed a Consent Order for $5,000. Smith was involved in an owner "give up" in which his vehicle was set on fire. Smith submitted a fraudulent vehicle theft claim with Hanover Insurance Company. The matter was referred to OIFP by Hanover Insurance Company.

Criminal proceedings were also initiated against Smith by the Essex County Prosecutor's Office in this matter.

In the Matter of Jo W. Ham

On September 24, 2007, Jo W. Ham executed a $5,000 Consent Order. Ham provided false and misleading information to Clarendon National Insurance Company claiming that his vehicle was stolen when, in fact, the vehicle had been involved in a motor vehicle accident and was in a storage facility on the date of the alleged theft. This matter was referred to OIFP by Clarendon National Insurance Company.

In the Matter of Alan Maldonado, Jr.

On October 24, 2007, Alan Maldonado, Jr., executed a Consent Order for $5,000. Maldonado conspired with another to file a fraudulent automobile theft claim with Allstate Insurance Company. This matter was referred to OIFP by Allstate Insurance Company.

Criminal proceedings were also initiated against Maldonado by OIFP in this matter.

In the Matter of Sarah Sutton

On November 14, 2007, Sarah Sutton executed a Consent Order for $5,000. Sutton conspired with others to steal and burn a vehicle in order to submit a fraudulent insurance claim to Farm Family Insurance. The matter was referred to OIFP by the Ocean County Prosecutor's Office.

Criminal proceedings were also initiated against Sutton by the Ocean County Prosecutor's Office in this matter.

In the Matter of Pedro Matos

On December 12, 2007, Pedro Matos executed a Consent Order for $5,000. Matos knowingly submitted a fraudulent vehicle theft insurance claim to Mercury Indemnity

Insurance Company concerning the theft and arson of his 2004 Dodge Status. The matter was referred to OIFP by Mercury Indemnity Insurance Company.

Criminal proceedings were also initiated against Matos by the Essex County Prosecutor's Office in this matter.

In the Matter of Mary Maldonado

On December 12, 2007, Mary Maldonado executed a Consent Order for $5,000. Maldonado filed a false vehicle theft police report and submitted a fraudulent vehicle theft claim to Allstate Insurance Company alleging that her vehicle had been stolen when, in fact, it had been involved in an accident. This matter was referred to OIFP by Allstate Insurance Company.

Criminal proceedings were also initiated against Maldonado by OIFP in this matter.

Staged Accidents

Creative Auto Body

On June 13, 2007, John A. Smith executed a Consent Order for $5,000. Smith, a former police officer with the Roselle, New Jersey, Police Department, filed a false police report to support a fraudulent automobile property damage insurance claim submitted to Clarendon National Insurance Company as part of a staged accident insurance fraud ring which filed fraudulent automobile property damage insurance claims based on phony accidents to Progressive Insurance Company, Great American Insurance Company, Clarendon National Insurance Company, State Farm Insurance Company, and Liberty Mutual Insurance Company. This matter was referred to OIFP by an anonymous OIFP Hotline caller. Criminal proceedings were also initiated against Smith by OIFP in this matter.

On June 6, 2007, Marco Rebelo executed a Consent Order for $105,000. Rebelo, owner of Creative Auto Body, participated in a staged accident insurance fraud ring which submitted more than $117,800 in fraudulent automobile insurance property damage claims based on phony accidents to Progressive Insurance Company, Great American Insurance Company, Clarendon National Insurance Company, State Farm Insurance Company, and Liberty Mutual Insurance Company. This matter was referred to OIFP by an anonymous OIFP Hotline caller. Criminal proceedings were also initiated against Rebelo by OIFP in this matter.

On May 23, 2007, Eli Vasquez executed a Consent Order for $25,000. Vasquez participated in a staged accident insurance fraud ring which submitted more than $117,800 in fraudulent automobile insurance property damage claims based on phony accidents to Progressive Insurance Company, Great American Insurance Company, Clarendon National Insurance Company, State Farm Insurance Company, and Liberty Mutual Insurance Company. This matter was referred to OIFP by an anonymous OIFP Hotline caller. Criminal proceedings were also initiated against Vasquez by OIFP in this matter.

(l to r) Secretarial Assistant Victoria Amato and Technical Assistant Erica Chiarello, CLASS.

On May 23, 2007, Danny DaCosta executed a Consent Order for $5,000. DaCosta participated in a staged accident insurance fraud ring which filed fraudulent automobile property damage insurance claims based on phony accidents to Progressive Insurance Company, Great American Insurance Company, Clarendon National Insurance Company, State Farm Insurance Company, and Liberty Mutual Insurance Company. This matter was referred to OIFP by an anonymous OIFP Hotline caller. Criminal proceedings were also initiated against DaCosta by OIFP in this matter.

On May 23, 2007, Samad Abdel executed a Consent Order for $5,000. Abdel, a former detective with the City of Plainfield, New Jersey, Police Department, filed false police reports to support the submission of fraudulent automobile property damage insurance claims as part of a staged accident insurance fraud ring which filed fraudulent automobile property damage insurance claims based on phony accidents to Progressive Insurance Company, Great American Insurance Company, Clarendon National Insurance Company, State Farm Insurance Company, and Liberty Mutual Insurance Company. This matter was referred to OIFP by an anonymous OIFP Hotline caller. Criminal proceedings were also initiated against Abdel by OIFP in this matter.

On May 23, 2007, Charles T. Smith executed a Consent Order for $5,000. Smith submitted a fraudulent automobile property damage claim to State Farm Insurance Company as part of a staged accident insurance fraud ring which filed fraudulent automobile property damage insurance claims based on phony accidents to Progressive Insurance Company, Great American Insurance Company, Clarendon National Insurance Company, State Farm Insurance Company, and Liberty Mutual Insurance Company. This matter was referred to OIFP by an anonymous OIFP Hotline caller. Criminal proceedings were also initiated against Smith by OIFP in this matter.

On May 23, 2007, Rogerio Neves executed a Consent Order for $5,000. Neves was charged with submitting a fraudulent automobile property damage claim to Progressive Insurance Company as part of a staged accident insurance fraud ring which filed fraudulent automobile property damage insurance claims based on phony accidents to Progressive Insurance Company, Great American Insurance Company, Clarendon

National Insurance Company, State Farm Insurance Company, and Liberty Mutual Insurance Company. This matter was referred to OIFP by an anonymous OIFP Hotline caller. Criminal proceedings were also initiated against Neves by OIFP in this matter.

On May 23, 2007, Rui Correia executed a Consent Order for $5,000. Correia was charged with submitting a fraudulent automobile property damage claim to State Farm Insurance Company as part of a staged accident insurance fraud ring which filed fraudulent automobile property damage insurance claims based on phony accidents to Progressive Insurance Company, Great American Insurance Company, Clarendon National Insurance Company, State Farm Insurance Company, and Liberty Mutual Insurance Company. This matter was referred to OIFP by an anonymous OIFP Hotline caller. Criminal proceedings were also initiated against Correia by OIFP in this matter.

In the Matter of Louis Rivadeneira

On June 13, 2007, Louis Rivadeneira executed a Consent Order for $5,000. Rivadeneira, owner of Louis & Son Auto Body, enhanced the damage to numerous vehicles and inflated automobile body repair claims submitted to Allstate Insurance Company and the United Services Automobile Association. This matter was referred to OIFP by Allstate Insurance Company.

Criminal proceedings were also initiated against Rivadeneira by OIFP in this matter.

Fraudulent Auto Claims

In the Matter of Jason Senf

On July 25, 2007, Jason Senf executed a Consent Order for $5,000. Senf submitted a claim to Foremost Insurance Company for damages to his ATV that resulted from an accident that occurred prior to his having obtained collision coverage on the vehicle. This matter was referred to OIFP by Foremost Insurance Company.

Criminal proceedings were also initiated against Senf by OIFP in this matter.

In the Matter of Patrick Minutolo

On December 12, 2007, Patrick Minutolo executed a Consent Order for $5,000. Minutolo provided false statements in support of an automobile property damage claim. The matter was referred to OIFP by the Lacey Township, New Jersey, Police Department and the Ocean County Prosecutor's Office.

Criminal proceedings were also initiated against Minutolo in this matter by the Ocean County Prosecutor's Office.

Fraudulent Personal Injury Protection (PIP) Claims by Health Care Providers

In the Matter of Marc Centrelli

On June 13, 2007, Marc Centrelli executed a Consent Order for $5,000. Centrelli, a chiropractor licensed in the State of New Jersey, submitted more than $11,000 in fraudulent PIP insurance claims to Selective Insurance Company for chiropractic services not rendered. This matter was based on an active DCJ-OIFP investigation.

Criminal proceedings were also initiated against Centrelli by OIFP in this matter.

In the Matter of Erika Ramos

On November 14, 2007, Erika Ramos executed a Consent Order for $5,000. Ramos, who had an interest in several companies that provided treatment, medical supplies, and transportation services to patients, conspired to solicit patients involved in motor vehicle accidents in order to submit fraudulent PIP claims to insurance carriers. This matter was referred to OIFP by Liberty Mutual Insurance Company.

Criminal proceedings were also initiated against Ramos by OIFP in this matter.

Fraudulent Personal Injury Protection (PIP) Claims by Non-Health Care Providers

In the Matter of Virginia B. Kinion

On April 13, 2007, Virginia B. Kinion executed a Consent Order for $10,000. Kinion submitted fraudulent auto PIP claims to Clarendon National Insurance Company by changing the dates on which an auto accident occurred in order to seek insurance benefits. Kinion did not have insurance coverage at the time of the accident. This matter was referred to OIFP by Clarendon National Insurance Company.

Criminal proceedings were also initiated against Kinion by OIFP in this matter.

In the Matter of Tina Davis

On August 14, 2007, Tina Davis executed a Consent Order for $5,000. Davis filed a fraudulent auto PIP claim with Selective Insurance Company claiming that passengers who were purportedly in her vehicle when an accident occurred had sustained injuries. The passengers were not in the vehicle at the time of the accident, but had "jumped in" the back seat prior to the police arriving at the scene.

Criminal proceedings were also initiated against Davis by OIFP in this matter.

PROPERTY AND CASUALTY INSURANCE FRAUD

Fraudulent Homeowners' Insurance Claims

In the Matter of Aristides Stradiotti

On July 25, 2007, Aristides Stradiotti executed a Consent Order for $5,000. Stradiotti admitted that he submitted phony receipts totaling $7,921 to New Jersey Manufacturers Insurance Company to support his claim that several items were stolen from his car. This matter was referred to OIFP by New Jersey Manufacturers Insurance Company.

Criminal proceedings were also initiated against Stradiotti by OIFP in this matter.

Fraudulent Commercial Property Damage Claims

In the Matter of Nalin Parmar

On January 17, 2007, Nalin Parmar executed a Consent Order for $5,000. Parmar submitted an altered invoice to Great American Insurance Company in support of a property damage claim. Parmar, who operates Sayreville Wine & Liquor, altered the invoice to reflect the cost to replace shelves that had collapsed to be $7,570, when the actual cost of replacing the shelves was $1,570. The matter was referred to OIFP by Great American Insurance Company.

Criminal proceedings were also initiated against Parmar by OIFP in this matter.

Fraudulent Marine Fire Claims

In the Matter of Edwin Diaz

On April 25, 2007, Edwin Diaz executed a Consent Order for $5,000. Diaz falsely re-

ported that his Pacemaker boat was damaged in an accidental fire, when, in fact, it was not. The matter was referred to OIFP by the Weehawken, New Jersey, Police Department and the National Marine Underwriting (Hanover Insurance) Company.

Criminal proceedings were also initiated against Diaz in this matter by the Hudson County Prosecutor's Office.

Fraudulent Marine Property Damage Claims

In the Matter of Alfonse Dello Russo

On October 24, 2007, Alfonse Dello Russo executed a Consent Order for $5,000. Dello Russo provided false information on an insurance claim submitted to Foremost Insurance Company concerning the reported loss at sea of his Mercury outboard motor. This matter was referred to OIFP by an anonymous OIFP Hotline tipster.

HEALTH, LIFE, AND DISABILITY INSURANCE FRAUD

Fraudulent Billing by Physicians

In the Matter of Juan Carlos Fischberg

On June 13, 2007, Juan Carlos Fischberg executed a Consent Order for $50,000. Fischberg, a physician licensed in the State of New Jersey, operated an illegal "PIP Mill" by falsifying patient records and test results to support fraudulent claims submitted to 17 auto insurers for millions of dollars. The matter was referred to OIFP by First Trenton Insurance Company.

Criminal proceedings were also initiated against Fischberg by OIFP in this matter.

In the Matter of Adekunle Adeoti, et al.

On August 22, 2007, Adekunle Adeoti and the Newark Imaging Center executed a Consent Order for $14,000. Adeoti, a physician licensed in the State of New Jersey, and the Newark Imaging Center knowingly billed insurance carriers for magnetic resonance imaging (MRI) services provided to numerous claimants without the required license from the New Jersey State Department of Health and Senior Services. The case was referred to OIFP by New Jersey Manufacturers Insurance Company.

Fraudulent Billing by Dentists

In the Matter of Gary Reba

On April 27, 2007, Gary Reba executed a Consent Order for $75,000. Reba, a dentist licensed in the State of New Jersey, changed the dates of services provided to patients on insurance claims in order to obtain insurance payments to which he was not entitled. Fraudulent claims were submitted to Horizon Blue Cross Blue Shield of New Jersey, Prudential Insurance Company, MetLife Insurance Company, and Aetna Insurance Company. This matter was referred to OIFP by an anonymous tipster.

Criminal proceedings were also initiated against Reba by OIFP in this matter.

In the Matter of Lloyd Calder

On August 22, 2007, Lloyd Calder executed a Consent Order for $5,000. Calder, a dentist licensed in the State of New Jersey, billed Delta Dental Insurance Company for services not rendered to patients. This matter was referred to OIFP by Delta Dental Insurance Company.

In the Matter of Gary Osmanoff

On September 24, 2007, Gary Osmanoff executed a Consent Order for $17,000. Osmanoff, a dentist licensed in the State of New Jersey, submitted fraudulent insurance claims to Ameritas Life Insurance Corporation, Delta Dental Insurance Company, MetLife Insurance Company, and Aetna Insurance Company for dental services allegedly provided to approximately 17 patients on 106 dates but which were not actually provided. Osmanoff billed approximately $98,000 to the insurance companies and was paid approximately $22,500 by the insurance companies for these fraudulent bills. This matter was referred to OIFP by Ameritas Life Insurance Corporation, Delta Dental Insurance Company, and Aetna Insurance Company.

Criminal proceedings were also initiated against Osmanoff by OIFP in this matter.

Fraudulent Billing by Other Health Care Providers

In the Matter of Evelyn Wilson

On March 15, 2007, Evelyn Wilson executed a Consent Order for $10,000. Wilson, a clinical social worker and marriage and family therapist licensed in the State of New Jersey, submitted insurance claims to Horizon Blue Cross Blue Shield for several hundred therapy sessions which were never rendered to patients or clients. Wilson stole approximately $109,500 from Horizon Blue Cross Blue Shield as the result of these phony submissions. The matter was referred to OIFP by Horizon Blue Cross Blue Shield.

Criminal proceedings were also initiated against Wilson by OIFP in this matter.

Fraudulent Health Care Claims by Non-Health Care Providers

In the Matter of Beth N. Gurtov

On May 23, 2007, Beth N. Gurtov executed a Consent Order for $5,000. Gurtov submitted fraudulent claims to Horizon Blue Cross Blue Shield for reimbursement for counseling services on approximately 45 dates when, in fact, she received no services and did not pay for counseling. This matter was referred to OIFP by Horizon Blue Cross Blue Shield.

Criminal proceedings were also initiated against Gurtov by OIFP in this matter.

Fraudulent Workers' Compensation Claims

In the Matter of Matthew Donovan

On June 13, 2007, Matthew Donovan executed a Consent Order for $5,000. Donovan conspired with another individual to orchestrate a fictitious "slip and fall" accident while working which resulted in the filing of a fraudulent workers' compensation claim with Liberty Mutual Insurance Company. The matter was referred to OIFP by the Bergen County Prosecutor's Office.

Criminal proceedings were also initiated against Donovan by the Bergen County Prosecutor's Office in this matter.

In the Matter of William Cairns

On July 25, 2007, William Cairns executed a Consent Order for $5,000. Cairns conspired with another individual to orchestrate a fictitious "slip and fall" accident while working which resulted in the filing of a fraudulent workers' compensation claim with Liberty Mutual Insurance Company. The matter was referred to OIFP by the Bergen County Prosecutor's Office.

Criminal proceedings were also initiated against Cairns by the Bergen County Prosecutor's Office in this matter.

Fraudulent Disability Claims

In the Matter of Charles Ferrante

On May 23, 2007, Charles Ferrante executed a Consent Order for $7,500. Ferrante, a chiropractor licensed in the State of New Jersey, provided fraudulent information to UNUM Provident Insurance Company in support of a disability claim. Ferrante collected disability claims money from UNUM Provident Insurance Company by falsely claiming he was totally disabled

and unable to work. This matter was referred to OIFP by UNUM Provident Insurance Company.

Criminal proceedings were also initiated against Ferrante by OIFP in this matter.

In the Matter of Cynthia Canady

On August 22, 2007, Cynthia Canady executed a Consent Order for $5,000. Canady falsified medical disability claim forms filed with American Family Life Assurance Company (AFLAC) for periods during which she was not disabled, resulting in $7,887 in disability payments to which she was not entitled. This matter was referred to OIFP by AFLAC.

Criminal proceedings were also initiated against Canady by OIFP in this matter.

In the Matter of John Ponticello

On October 24, 2007, John Ponticello executed a Consent Order for $10,000. Ponticello submitted false disability claims to JMIC Life Insurance Company claiming that he was disabled so that JMIC Life would pay $426 per month to the Ford Motor Company on Ponticello's behalf in repayment of Ponticello's auto loan. Over a period of approximately 17 months, Ponticello submitted falsified disability claims to reflect they had been completed by physicians to JMIC Life Insurance Company in order to cause JMIC Life Insurance Company to pay $10,563 to the Ford Motor Company for his auto loan. This matter was referred to OIFP by JMIC Life Insurance Company.

Criminal proceedings were also initiated against Ponticello by OIFP in this matter.

Fraudulent Disability Application Claims

In the Matter of Mark Matyas

On February 21, 2007, Mark Matyas executed a Consent Order for $5,000. Matyas provided false and misleading information to UNUM Provident Insurance Company on an application for disability insurance. The matter was referred to OIFP by UNUM Provident Insurance Company.

Criminal proceedings were also initiated against Matyas by OIFP in this matter.

Fraudulent Prescription Claims

In the Matter of Lori Ann Delgaldo

On February 21, 2007, Lori Ann Delgaldo executed a Consent Order for $5,000. Delgado was charged with altering several prescriptions by changing the name of the patient in order to obtain medication and fraudulently bill another individual's insurance carrier for benefits she was not entitled to receive. The matter was referred to OIFP by Cigna Insurance.

In the Matter of Sharon Faulkner

On April 25, 2007, Sharon Faulkner executed a Consent Order for $5,000. Faulkner obtained $15,688 in reimbursement from Horizon Blue Cross Blue Shield for prescriptions she claimed she paid for but did not. This matter was referred to OIFP by Horizon Blue Cross Blue Shield.

Criminal proceedings were also initiated against Faulkner by OIFP in this matter.

In the Matter of Kelly M. McLaughlin

On May 23, 2007, Kelly M. McLaughlin executed a Consent Order for $5,000. McLaughlin was charged with submitting fraudulent prescription claims to Horizon Blue Cross Blue Shield of New Jersey, Aetna US Healthcare, Health Net, and Oxford Health Plans. McLaughlin fraudulently obtained prescription narcotic drugs from a pharmacy in Manalapan, New Jersey, utilizing the personal and insurance information of others. This matter was referred to OIFP by the New Jersey Division of Consumer Affairs.

Criminal proceedings were also initiated against McLaughlin by OIFP in this matter.

Theft of Services

In the Matter of Kevin Rothauser

On November 14, 2007, Kevin Rothauser executed a Consent Order for $25,000. Rothauser, the owner of an excavating company that removed underground tanks, submitted fraudulent insurance claims to Prudential Insurance Company for services that were not rendered. This matter was referred to OIFP by Prudential Insurance Company.

Criminal proceedings were also initiated against Rothauser by the Division of Criminal Justice in this matter.

MEDICAID CIVIL CASE SETTLEMENTS

OIFP's Medicaid Fraud Section participates in state and federal global settlement cases where defendants are New Jersey Medicaid providers. These cases are generally coordinated through the National Association of Medicaid Fraud Control Units (NAMFCU). Most of these cases are federal *qui tam* filings. The settlement agreements generally require the corporate defendants to cooperate with federal and state law enforcement. Since the Medicaid program is funded jointly by the state and federal governments, settlement awards generally consist of both a federal and state share, representing the proportionate contribution of each governmental entity. In 2007, OIFP recouped for the New Jersey Medicaid Program, both State and federal, $2.1 million from its participation in three federal False Claims Act lawsuits. See *OIFP Recoups $2.1 Million for State Medicaid Program* by John Krayniak at page 35 of this Annual Report.

Schering-Plough

In 2007, the New Jersey Medicaid Program reached a federal False Claims Act settlement agreement, through NAMFCU, with Schering-Plough. A *qui tam* lawsuit alleged that Schering-Plough manipulated average wholesale prices of its products to the detriment of the Medicaid program, engaged in off-label marketing of its drug Temodar, and gave kickbacks to physicians and pharmacists to increase sales of other products. Schering-Plough's total federal False Claims Act settlement was $255 million. New Jersey's Medicaid share, both federal and State, was over $3.5 million in restitution and penalties. The State's Medicaid share alone was close to $2 million.

Pediatrix

In 2007, the New Jersey Medicaid Program reached a federal False Claims Act settlement agreement, through NAMFCU, with Pediatrix Medical Group, Inc. A *qui tam* lawsuit alleged that Pediatrix systematically classified infants treated as critically ill when, in fact, they were not. The reimbursement rates for critical care of infants are significantly higher than reimbursement rates for non-critical care of infants. New Jersey's Medicaid share, both federal and State, was $220,851 in restitution and penalties. New Jersey's Medicaid share alone was $138,765.

Medicis

In 2007, the New Jersey Medicaid Program reached a federal False Claims Act settlement agreement, through NAMFCU, with Medicis Pharmaceutical Corp. A *qui tam* lawsuit alleged that Medicis engaged in off-label marketing of the topical solution Loprox. New Jersey's Medicaid share, both federal and State, was $58,848 in restitution and penalties. The State's Medicaid share alone was $31,448.

State v. John Groff, Jr.

On February 2, 2007, Summary Judgment was entered against John Groff, Jr., and $72,500 in civil penalties and $48,500 in attorney fees were imposed. Groff admitted to staging seven fraudulent automobile accidents in Burlington, Camden, Gloucester, Middlesex, and Monmouth Counties and soliciting others to make fraudulent personal injury claims as a result of those staged accidents. Groff was prosecuted criminally and convicted. He sought to use the criminal prosecution and its resolution, as well as his cooperation with law enforcement authorities, as an affirmative defense to the State's civil action for penalties under the Insurance Fraud Prevention Act. Groff has filed an appeal from the Summary Judgment entered against him.

State v. Kathleen Zimmerman, et al.

Kathleen Zimmerman conspired with her son, Jan Edward Zimmerman, to include a fabricated receipt in support of a property damage claim to Selective Insurance Company. On April 27, 2007, a Default Judgment was entered against Jan Edward Zimmerman for a $7,500 penalty and $1,192 in attorney fees and costs. On April 17, 2007, Kathleen Zimmerman signed a Stipulation of Settlement and Consent Judgment to resolve the matter for a $5,000 penalty and $500 in attorney fees and costs.

State v. Jan Timonera

On May 11, 2007, Summary Judgment was entered against Jan Timonera for a total of $18,199 in civil fines, attorney fees, and costs. Timonera claimed to have installed stereo equipment in his automobile shortly before the automobile was reported stolen. He presented a false receipt to Allstate Insurance Company in support of his theft claim.

State v. Herve LaRose, et al.

On July 5, 2007, Summary Judgment was entered against defendants Herve LaRose, Marie LaRose, Ousnars Birotte, and Wilson Pierre. The court found that the defendants presented false statements to Herve LaRose's insurer, First Trenton Indemnity Company, fraudulently underwent medical treatment, and submitted PIP claims in violation of the Insurance Fraud Prevention Act. The court imposed a $5,000 civil fine on each defendant and awarded attorney fees and costs to the State for a total Judgment of $31,609.

State v. Richard Campanella, et al.

On July 27, 2007, Richard Campanella and Terry Campanella each signed a Stipulation of Settlement acknowledging a violation of the Insurance Fraud Prevention Act and agreeing to pay a $30,000 civil fine. The Campanellas owned and operated the Marlboro Center for Alternative Therapies where physical therapy was performed by unlicensed therapists. The Campanellas then billed various insurance carriers for the physical therapy services rendered by the unlicensed therapists.

State v. Edward J. Jaffe

On August 3, 2007, Judgment by Default was entered against Edward J. Jaffe in the amount of $123,659, including civil penalties and attorney fees. Jaffe provided false information in an application for insurance to American Western Home Insurance Company on a commercial building, stating that the structure was a residence. Jaffe then conspired with another person to burn the building and gave false statements in an examination under oath to the police and in property loss notices submitted to the insurer in support of his claim. Jaffe pled guilty in February 2005 to Conspiracy to Commit Arson for Insurance Purposes.

State v. Cherry Hill Pain & Rehab Institute, et al.

On August 6, 2007, a Consent Order in the amount of $53,000 was entered against Cherry Hill Pain & Rehab Institute and Anna D. Lee, M.D., in favor of the State. It was alleged that the defendants billed for services that were not performed or were performed by unlicensed operators.

(l to r) Division of Law Secretary Susan Lee and Paralegal Kristine Chichester.

Physicians

In the Matter of Nina Dlugy, M.D.

On January 18, 2007, the State Board of Medical Examiners considered the Attorney General's report regarding Nina Dlugy, M.D. The report alleged improper billing for colonic irrigations by unlicensed, untrained, and unsupervised personnel; false billing for colonic irrigations under anesthesia; billing carriers for a greater number of colonic irrigations than patients received; billing for additional services not rendered; and the unregistered and unjustified prescribing of controlled dangerous substances. Because Dlugy's license had expired in June 2005 and had not been renewed, and she submitted a notarized letter foreswearing any intention to return from Italy or to seek resumption of her New Jersey practice, the Board ordered her license suspended by operation of law without the need for a hearing

In the Matter of Juan Carlos Fischberg, M.D.

On May 29, 2007, the State Board of Medical Examiners accepted the voluntary surrender of the license of Juan Carlos Fischberg, M.D., with prejudice and deemed a revocation, following Fischberg's guilty plea to Health Care Claims Fraud.

In the Matter of Monir Dawoud, M.D.

On June 13, 2007, the State Board of Medical Examiners accepted the voluntary surrender of the license of Monir Dawoud, M.D., with prejudice and deemed a revocation, following Dawoud's guilty plea to Criminal Use of Runners.

In the Matter of Linda Van Pelt, M.D.

On November 13, 2007, the State Board of Medical Examiners issued an Order of Reprimand, effective December 13, 2007, against Linda Van Pelt, M.D., and assessed a $5,000 civil penalty based upon an OIFP Consent Order relating to Van Pelt's knowing failure to disclose that she continued to treat patients while collecting total disability and business overhead expense benefits. The Board imposed remedial conditions on any future request to renew her expired license.

In the Matter of Farouk Al-Salihi, M.D.

On December 28, 2007, the State Board of Medical Examiners assessed a $5,000 civil penalty plus costs against Farouk Al-Salihi, M.D., and suspended his license, but stayed the suspension as a period of probation conditioned upon remedial provisions requiring Al-Salihi to complete Board-approved ethics and records keeping courses. The action followed Al-Salihi's guilty plea to Falsification of Records.

Dentists

In the Matter of Carl Tinkelman, D.D.S.

On January 17, 2007, the State Board of Dentistry reprimanded Carl Tinkelman, D.D.S., following Tinkelman's entry into the PTI Program for allegedly inducing two employees to sign insurance company forms in which those two employees falsely stated they provided and were paid for homemaker/companion services rendered to Tinkelman's wife, enabling Tinkelman and his wife to receive insurance carrier reimbursements.

In the Matter of Jeffrey Weiser, D.D.S.

On March 21, 2007, the State Board of Dentistry accepted the voluntary surrender of the license of Jeffrey Weiser, D.D.S., deemed a revocation, following Weiser's guilty plea to the Sale of Misbranded Drugs, Illegal Sale of Human Growth Hormones, and Illegal Sale of Controlled Dangerous Substances.

In the Matter of Paul Anodide, D.D.S.

On April 4, 2007, the State Board of Dentistry accepted the voluntary surrender of the license of Paul Anodide, D.D.S., with prejudice and deemed a revocation, following Anodide's guilty plea to Theft by Deception.

In the Matter of Todd Frost, D.D.S.

On May 16, 2007, the State Board of Dentistry reprimanded Todd Frost, D.D.S., based upon Frost's submission of false and misleading information in an insurance claim to Horizon Blue Cross Blue Shield.

In the Matter of Norman Metz, D.M.D.

On May 16, 2007, the State Board of Dentistry reprimanded Normal Metz, D.M.D., based upon Metz's knowing submission of false and misleading information in a claim presented to Delta Dental in which Metz misrepresented the date of services provided.

In the Matter of Alan Rutkowski, D.M.D.

On May 16, 2007, the State Board of Dentistry accepted the voluntary surrender of the license of Alan Rutkowski, D.M.D., with prejudice, based upon Rutkowski's entry of a Stipulation of Settlement in the Superior Court of New Jersey, Essex County in which Rutkowski acknowledged he knowingly submitted bills to insurance companies which could have been misconstrued by the carriers as requiring payment to Rutkowski for a greater fee than which he was entitled to receive.

In the Matter of James Weisfeld, D.D.S.

On August 8, 2007, the State Board of Dentistry accepted the voluntary surrender of the license of James Weisfeld, D.D.S., deemed a revocation, based upon Weisfeld's continued practice of dentistry and billing for services rendered without a current biennial registration for approximately 17 years.

Nurses

In the Matter of Robin Koser, R.N.

On February 2, 2007, the State Board of Nursing reprimanded Robin Koser, R.N, based upon Koser's submission of false and misleading statements to numerous insurance carriers regarding her lost luggage. Koser was criminally charged and permitted to enter the PTI Program on the condition of paying restitution to the carriers in question.

In the Matter of Lisa Givens, R.N.

On February 2, 2007, the State Board of Nursing reprimanded Lisa Givens, R.N, based upon Givens's involvement in an insurance fraud scheme to which she pled guilty Givens cashed insurance claims checks issued to her after fraudulent information had been entered into the carriers' computer system.

In the Matter of Linda Eilyuk, R.N.

On February 2, 2007, the State Board of Nursing reprimanded Linda Eilyuk, R.N, following Eilyuks' entry into an OIFP civil Consent Order for knowingly submitting false and misleading information to an insurance carrier regarding the alleged loss of a Rolex watch filed under Eilyuks' homeowners' insurance policy.

In the Matter of Kelly McLaughlin, L.P.N.

On May 15, 2007, the State Board of Nursing accepted the permanent surrender of the license of Kelly McLaughlin, L.P.N., to be deemed a revocation, following her guilty plea to Health Care Claims Fraud.

In the Matter of Linda Mickens, R.N.

On July 31, 2007, the State Board of Nursing reprimanded Linda Mickens, R.N, following Mickens' entry into an OIFP civil Consent Order in which she agreed to pay a

$5,000 civil penalty based upon her having lied about the reported theft of her vehicle.

In the Matter of Linda Hart, R.N.

On April 24, 2007, the State Board of Nursing suspended the license of Linda Hart, R.N, for a period of five years, with the first year active and the remainder stayed to be a period of probation, following Hart's guilty plea to Theft by Deception stemming from a fraudulent vehicle theft claim.

Pharmacists

In the Matter of Ngan Hirai, R.P ., D.D.S.

On February 9, 2007, the State Board of Pharmacy suspended the license of Ngan Hirai, R.P, D.D.S., for a period of one year, with the suspension stayed as a period of probation. The action followed Hirai's entry into the PTI Program. Hirai was previously indicted for disability fraud. A companion OIFP action resulted in an Order granting Summary Judgment, entry of a Stipulation of Settlement, and an Order of Entry of Judgment by Consent assessing a $50,000 civil penalty

In the Matter of Ellis Decresce, R.P.

On May 17, 2007, the State Board of Pharmacy reprimanded Ellis Decresce, R.P., based upon Decresce's submission of false and misleading information to New Jersey Manufacturers Insurance Company regarding the time of an auto accident involving his daughter. The motor vehicle accident actually occurred after Decresce's automobile insurance coverage on the vehicle in question had lapsed.

In the Matter of Richard Serbin, R.P.

On October 10, 2007, the State Board of Pharmacy accepted the voluntary surrender of the pharmacy license of Richard Serbin, R.P., based upon Serbin's entry into an OIFP civil Consent Order on February 15, 2006, in which Serbin admitted he knowingly provided false and misleading statements to Reassure America Life Insurance Company by failing to advise the company that he was employed while collecting disability insurance.

Cosmetologists/Hairstylists

In the Matter of Gennaro Vitale, Beautician

On March 1, 2007, the State Board of Cosmetology and Hairstyling revoked the license of Gennaro Vitale, Beautician, based upon Vitale's entry of a Stipulation of Settlement in the Superior Court of New Jersey, Atlantic County in which Vitale acknowledged the commission of commercial insurance fraud for submitting a false claim for severe water damage to his place of business.

Chiropractors

In the Matter of Franca Dilisio, D.C.

On January 25, 2007, the State Board of Chiropractic Examiners suspended the license of Franca Dilisio, D.C., for two years, with the first six months active and the remainder stayed to be a period of probation, following Dilisio's guilty plea to Theft by Deception.

In the Matter of Christopher Mazzo, D.C.

On March 1, 2007, the State Board of Chiropractic Examiners suspended the license of Christopher Mazzo, D.C., for a period of two years, with the first six months active and the remainder stayed to be a period of probation. The active period of suspension was made retroactive from December 1, 2002, until June 1, 2003, based upon Mazzo's entry into the PTI Program after pleading guilty to Criminal Use of a Runner and payment of a $5,000 civil insurance fraud penalty

In the Matter of Ettore Carchia, D.C.

On January 25, 2007, the State Board of Chiropractic Examiners accepted the voluntary surrender of the license of Ettore Carchia, D.C., deemed a revocation, following Carchia's guilty plea to Health Care Claims Fraud for submitting health care claims to insurance carriers for payment knowing the services had not been rendered.

In the Matter of Virginia Fatato, D.C.

On May 15, 2007, the State Board of Chiropractic Examiners suspended the license of Virginia Fatato, D.C., for a period of ten years, with the first six years active and the remainder stayed as a period of probation, following Fatato's guilty plea to filing a fraudulent disability claim.

In the Matter of Mihran Bakalian, D.C.

On February 16, 2007, the State Board of Chiropractic Examiners reprimanded Mihran Bakalian, D.C., following Bakalian's entry into a Stipulation of Settlement in the Superior Court of New Jersey, Bergen County based upon the underlying conduct of disability fraud.

In the Matter of Eugenio Ruta, D.C.

On June 21, 2007, the State Board of Chiropractic Examiners suspended the license of Eugenio Ruta, D.C., for a period of five years with the first two years active and the remainder stayed to become a period of probation, following Ruta's guilty plea to Conspiracy to Commit Health Care Claims Fraud.

In the Matter of Marc Centrelli, D.C.

On November 29, 2007, the State Board of Chiropractic Examiners suspended the license of Marc Centrelli, D.C., for a period of three years, with the first two years active to have commenced on April 20, 2007, and with the remaining one year to be stayed as a period of probation. During the active suspension, Centrelli must take and successfully pass a Board-approved ethics course. Prior to resuming active practice in New Jersey, Centrelli must appear before a committee of the State Board of Chiropractic Examiners or the Board itself to demonstrate fitness to resume practice. The action followed Centrelli's guilty plea to Health Care Claims Fraud.

In the Matter of Carl Spinelli, D.C.

On December 13, 2007, the State Board of Chiropractic Examiners suspended the license of Carl Spinelli, D.C., for a period of one year, with the suspension stayed to become a period of probation, following Spinelli's arrest for Attempted Theft by Deception. The criminal charges were dismissed in consideration of Spinelli's completion of the PTI Program. Spinelli entered into a Stipulation of Settlement with OIFP acknowledging that he knowingly submitted a false automobile theft claim to Liberty Mutual Insurance Company. Spinelli was assessed and paid a $5,000 civil insurance fraud penalty

Audiology and Speech-Language Pathology

In the Matter of Stephanie Slavitt, Speech-Language Pathologist

On May 10, 2007, the State Audiology and Speech-Language Pathology Advisory Committeereprimanded Stephanie Slavitt, Speech-Language Pathologist, following Slavitt's entry into an OIFP Consent Oder in which she admitted to submitting fraudulent information to John Hancock Insurance relating to custodial nursing care for Slavitt's mother-in-law.

In the Matter of Donna Massaro, Speech-Language Pathologist

On July 19, 2007, the State Audiology and Speech-Language Pathology Advisory Committee suspended the license of Donna Massaro, Speech-Language Pathologist, until further order of the Advisory Committee. The action was based upon Massaro's failure to comply with the Advisory Committees' investigativeinquiry alleging that Massaro billed for services rendered to a client who had been deceased at the time of the billing.

Social Workers

In the Matter of Alexander Gotay, C.S.W.

On July 31, 2007, the State Board of Social Work Examiners accepted the permanent surrender of the certificate of Alexander Gotay to practice social work, with prejudice and deemed a revocation, following Gotay's guilty plea to Theft by Unlawful Taking or Disposition.

Atlantic County Prosecutor's Office

State v. Shariff Whitlock

On March 8, 2007, Shariff Whitlock was charged with Insurance Fraud by the Pleasantville, New Jersey, Police Department. According to the State, Whitlocks' vehicle, which Whitlock had reported stolen on February 10, 2007, both to the police and to GEICO Insurance, was located in a Pleasantville garage where it had been since February 1, 2007. Due to a conflict of interest, this case has been transferred to OIFP for prosecution.

State v. Nicholas Cataldi, et al.

On June 19, 2007, Nicholas Cataldi was charged with Insurance Fraud and Tampering with Public Records. According to the State, Cataldi fraudulently registered and insured a vehicle for another person, Luis Marquez, whom Cataldi knew was unable to obtain a valid driver's license. The charges against Cataldi and Marquez are awaiting presentation to an Atlantic County Grand Jury.

Bergen County Prosecutor's Office

State v. Oscar Vertiz, et al.

On November 13, 2007, Oscar Vertiz and his wife Sunny Alayo-Vertiz pled guilty to Hindering Prosecution. According to the State, the Vertizes reported to the Rutherford, New Jersey, Police Department that they had been carjacked at gunpoint. A joint investigation by the Rutherford Police Department, Allstate Insurance Company's Special Investigations Unit, and the Bergen County Prosecutor's Office Insurance Fraud Unit determined the Vertizes had created a fictitious account of the incident. The State alleged that Oscar Vertiz admitted he and his wife had crashed their car on the night in question and were concerned that Allstate would not cover damages caused by the incident. The Vertizes are scheduled to be sentenced in 2008.

State v. Angela Martinez

On December 18, 2007, a Bergen County Grand Jury returned an Indictment charging Angela Martinez with Insurance Fraud and Theft by Deception. According to the State, Martinez allegedly reported the theft of a Subaru Impreza registered and insured in her name. After the car was recovered, a vehicle theft examination performed on behalf of New Jersey Skylands Insurance Company allegedly revealed that several modifications had been made to the vehicle suggesting that the vehicle was used for drag racing. The State will prove that parts for the vehicle were offered for sale on an Internet site allegedly used by Martinez' family member prior to her reporting the car stolen. The matter is pending trial.

State v. Frank Dellsanti

On November 1, 2007, Frank Dellsanti was found guilty of Simulating a Motor Vehicle Insurance Identification Card and Uttering False Records following a four-day trial. Dellsanti was observed operating a vehicle erratically and presented an expired USF&G Insurance Company insurance identification card to a police officer. Dellsanti will be sentenced in 2008.

Burlington County Prosecutor's Office

State v. Doreatha Brown

On February 5, 2007, the court sentenced Doreatha Brown to 54 days in the Burlington County Jail. Brown previously pled guilty to Health Care Claims Fraud. Brown submitted a fraudulent prescription for 120 Percocet pills to an Evesham, New Jersey, pharmacy and presented her New Jersey Health Benefits card to pay for the prescription.

State v. Vincent Hemingway

On August 20, 2007, the court sentenced Vincent Hemingway to one year' probation conditioned upon serving 180 days in the Burlington County Jail. Hemingway previously pled guilty to Simulating a Motor Vehicle Insurance Identification Card.

State v. Alan Shively

On November 30, 2007, the court sentenced Alan Shively to 18 months in State prison to run concurrent with another unrelated sentence. Shively previously pled guilty to Simulating a Motor Vehide Insurance Identification Card.

State v. Maurice Cotton

On September 17, 2007, Maurice Cotton pled guilty to Insurance Fraud. According to the State, Cotton falsely reported to the Willingboro, New Jersey, Police Department and GEICO Insurance Company that a 2000 black Honda Civic was stolen from his driveway. GEICO paid Cotton $14,339 as a result of the alleged fraudulent vehicle theft claim. Sentencing is pending in this matter.

State v. William Schobert

On October 19, 2007, William Schobert pled guilty to Health Care Claims Fraud. According to the State, from March 2002 to March 2004, Schobert, a pharmacist licensed in the State of New Jersey, created false prescriptions in his name and submitted them for reimbursement to Medco Insurance. Medco allegedly paid Schobert $80,255 as a result of the fraudulent claims. Sentencing is pending in this matter.

Camden County Prosecutor's Office

State v. Bryan Sharp

On March 9, 2007, Bryan Sharp was sentenced to five years in State prison and ordered to pay $200,000 in restitution. Following a three-week jury trial, Sharp was convicted of Arson. Sharp, the former chief of the Camden County Fire Department, set fire to his house in order to benefit from the proceeds of an insurance claim. High Point Insurance Company had paid $200,000 to Sharp on the fraudulent claim.

State v. Jaffa Stein

On March 12, 2007, Jaffa Stein, an attorney licensed in the State of New Jersey, was admitted into the PTI Program. According to the State, in 2005, Stein withdrew over $500,000 from her attorney trust account to which a New York company, The Law Funder, was entitled. Previously, Stein was disbarred from the practice of law in New Jersey by the Supreme Court of New Jersey by consent.

State v. Quinnell Utley, et al.

On June 28, 2007, the court admitted Quinnell Utley and Imani Dixon into the PTI Program for allegedly attempting to fill a stolen prescription using Dixon's insurance benefits. According to the State, in July 2006, a pharmacist in Camden, New Jersey, notified the police that someone dropped off a stolen prescription to be filled. When the individual returned to pick up the prescription, the pharmacist identified Imani Dixon as the person who presented the stolen prescription. The State alleges that Dixon advised the police that she was filling the prescription for someone she met at a bar who did not have insurance. The State further alleges that Quinnell Utley was identified as the individual who allegedly supplied the prescription.

State v. Beth Aristone, et al.

On January 5, 2007, Beth Aristone and Patricia Aristone each was sentenced to two years' probation and each was ordered to pay $468 in restitution to Aetna Insurance Company for submitting fraudulent prescription claims. Previously, while working in a doctor's office, Beth Aristone obtained prescriptions for Meperidine for her sister Patricia who did not have prescription health insurance coverage. The prescriptions were prescribed to P. Aristone, after which one of the sisters would change the initial "P" to the initial "B". Patricia would then have the prescriptions filled using Beth's insurance to pay for the medication. This fraudulent activity occurred over a nine-month period. Aetna paid over $900 for the fraudulent claims.

State v. Jennifer Boyd

On March 23, 2007, the court admitted Jennifer Boyd into the PTI Program. According to the State, Boyd's friend was driving her vehicle and struck a parked vehicle. The State alleged that in order to collect insurance proceeds to pay for the vehicle's damage, Boyd and her friend staged an accident and Boyd submitted a fraudulent automobile property damage claim to Mercury Insurance Company.

Cape May County Prosecutor's Office

State v. Shana Roycroft

On December 3, 2007, the court admitted Shana Roycroft into the PTI Program conditioned upon her paying $5,975 in restitution to GEICO Insurance Company and performing 12 hours of community service. Roycroft was previously charged with Insurance Fraud. According to the State, on August 19, 2007, Roycroft reported that her car was hit by a vehicle in Ocean City and the driver left the scene of the accident. The State alleged that Roycroft filed a claim with her insurance company to pay for the damage to her vehicle. The State further alleged that an investigation later determined that Roycroft struck a vehicle on the Garden State Parkway and left the scene of the accident.

State v. Patricia Appolonia

On October 15, 2007, the court admitted Patricia Appolonia into the PTI Program conditioned upon her paying $4,999 in restitution to Cape May County. Appolonia was previously charged with Insurance Fraud. The State alleged that Appolonia, an employee of Cape May County who sustained an injury while employed by the county, collected workers' compensation benefits from Cape May County while at the same time working as a waitress at a local restaurant in North Wildwood, New Jersey.

State v. Dewel Smith

On October 15, 2007, Dewel Smith, a home improvement contractor, was arrested for failure to have commercial general liability insurance. According to the State, Smith purchased liability insurance for his business but let his policy lapse due to non-payment of the premium. The State alleges that Smith continued to secure work without the requisite certificate of insurance.

State v. Debbi Fitzpatrick

On May 8, 2007, a Cape May County Grand Jury returned an Indictment charging Debbi Fitzpatrick (also known as Dorothy Fitzpatrick) with Forgery and related offenses. According to the State, Fitzpatrick defrauded six insurance companies through a scheme in which she allegedly purchased disability insurance using nine separate credit cards after which she submitted fraudulent disability insurance claims by forging physicians' signatures and/or changing information on forms completed by her physician. The State alleges that the insurance companies paid Fitzpatrick a total of $31,198 in disability benefits to which she was not entitled.

State v. John Costino

On September 14, 2007, a search warrant and an arrest warrant were executed at the North Wildwood, New Jersey, office of Dr. John Costino, a physician licensed in the State of New Jersey. Costino was charged with Insurance Fraud, Distribution of a Controlled Dangerous Substance, and Distribution of a Controlled Dangerous Substance within 500 Feet of a Public Park. On December 5, 2007, the New Jersey Board of Medical Examiners suspended Costino's medical license. The investigation was a joint effort among the Cape May County Prosecutor's Office, the United States Drug Enforcement Administration, the United States Postal Inspector Service, the Little Egg Harbor, New Jersey, Police Department, and the National Insurance Crime Bureau. The charges against Costino are awaiting presentation before a Cape May County Grand Jury.

Essex County Prosecutor's Office

State v. Vincent DeVito

On November 2, 2007, the court sentenced Vincent DeVito to 18 months in the Essex County Jail and ordered him to pay $9,149 in restitution to State Farm Insurance and $15,230 in criminal fines. DeVito previously pled guilty to Theft by Deception and Insurance Fraud. DeVito conspired with another to "give up" his Mercedes-Benz and have it intentionally set on fire in order to file a fraudulent vehicle theft claim.

State v. David Baquerizo

On November 13, 2007, an Essex County Grand Jury returned an Indictment charging David Baquerizo with Conspiracy to Commit Aggravated Arson, Aggravated Arson, Theft by Deception, and Insurance Fraud. The State alleges that Baquerizo's car was burned as a result of arson and that Baquerizo provided false information on the auto insurance claim submitted to High Point Insurance Company for the vehicle.

Hudson County Prosecutor's Office

State v. Fabiola N. Torres, et al.

On July 20, 2007, Olsen Casildo pled guilty to an Accusation charging him with Arson for the purpose of collecting insurance proceeds and was sentenced to 111 days in the Hudson County Jail.

On July 17, 2007, Fabiola N. Torres pled guilty to an Accusation charging her with Arson for the purpose of collecting insurance proceeds. According to the State, Torres admitted that she hired Casildo to set her 2006 Toyota Rav 4 on fire because Torres could no longer afford the monthly payments on the vehicle.

State v. Eric Garcia, et al.

On March 27, 2007, Eric Garcia pled guilty to Insurance Fraud and was sentenced to three years' probation, ordered to pay $5,000 in restitution to High Point Insurance Company, and ordered to perform 25 hours of community service. Previously, Garcia reported the theft of his 2005 Toyota Camry, which had been found earlier that day burned in Jersey City, New Jersey. Garcia subsequently admitted his involvement in the vehicle's arson and implicated Anibal Gonzales and Andre Samuel Gonzales for their roles in this crime.

On March 27, 2007, Andre Samuel Gonzales pled guilty to Insurance Fraud and was sentenced to five years in State prison and ordered to pay $5,000 to High Point Insurance Company.

On March 23, 2007, Anibal Gonzales pled guilty to Conspiracy and was sentenced to three years' probation conditioned upon serving three days in the Hudson County Jail and ordered to pay $5,000 in restitution to High Point Insurance Company.

State v. Rooger Perez, et al.

On November 6, 2007, Francisco Isla pled guilty to an Accusation charging him with Conspiracy to Commit Insurance Fraud.

On October 18, 2007, Rooger Perez pled guilty to an Accusation charging him with Conspiracy to Commit Insurance Fraud and was ordered to pay restitution in the amount of $8,123 to Chrysler Financial.

Perez had reported to AIT Insurance Company that his 2002 Jeep Liberty was stolen. According to the State, Perez paid Isla $700 to dispose of his vehicle because he could no longer afford the monthly payments. The State alleged that Isla, in turn, hired another individual to assist with the disposal of the vehicle. The vehicle was subsequently found burned in Jersey City New Jersey, as the result of an arson.

State v. Rajesh Jagernauth

On June 27, 2007, the court sentenced Rajesh Jagernauth to 14 days in the Hudson County Jail. A Hudson County Grand Jury previously returned an Indictment charging Jagernauth with Conspiracy to Commit Health Care Claims Fraud and Conspiracy to Commit Attempted Theft by Deception for his involvement in a staged accident.

Hunterdon County Prosecutor's Office

State v. Bruce Keller, et al.

On August 31, 2007, the court sentenced Irlene Keller to eight years in State prison. A Hunterdon County Grand Jury previously returned an Indictment charging Irlene Keller and her husband, Bruce Keller, with Aggravated Arson, Arson, Attempted Theft by Deception, and Conspiracy. In June 2006, following a two-and-a-half week jury trial, the Kellers were convicted on all charges. Bruce Keller is incarcerated in Virginia and his sentencing for the New Jersey crimes is pending.

The charges arose out of circumstances surrounding a residential fire at a home the Kellers owned in Hunterdon County. Months prior to the fire, they had purchased a residence in Virginia. However, the Kellers were in New Jersey and staying at their Hunterdon County residence at the time of the fire. Both escaped from the burning home uninjured.

Following the fire, Bruce and Irlene Keller submitted a claim to Chubb Insurance Company claiming approximately $2.5 million in losses from both the Hunterdon County residence and the contents of the residence. A subsequent investigation conducted by the New Jersey State Police Arson/Bomb Unit determined the fire to be arson, for which the Kellers were charged. The investigation also revealed the absence of furnishings and clothing at the fire scene as claimed by the Kellers in their contents claim to the insurance company. The Kellers had moved the majority of their belongings to their Virginia residence prior to the fire and falsified the loss of contents in their insurance claim, for which they were also charged.

Mercer County Prosecutor's Office

State v. Kyle Batsch

On August 7, 2007, Kyle Batsch pled guilty to Criminal Mischief and the court sentenced him to probation. Previously, a Mercer County Grand Jury charged Batsch with Criminal Mischief, Attempted Theft by Deception, and Insurance Fraud. In July 2007, Batsch surreptitiously entered a Lawrenceville, New Jersey, car dealership where Batsch had left his vehicle for service, and vandalized his own vehicle. Batsch did not have auto insurance on his car and apparently wanted the dealership's insurance to cover the loss, as had happened once before.

State v. R.B., et al.

In 2007, the court admitted R.B, S.B., and M.B. into the PTI Program and ordered each to pay $150,000 in restitution. R.B., his wife S.B., and their son M.B. were previously charged with Insurance Fraud, Theft by Deception, and related offenses. The State alleged that R.B., with the assistance of S.B. and M.B., was fraudulently collecting disability insurance for approximately 18 months while he was actually working at his own place of business.

State v. Tameka Bristol

On February 16, 2007, the court sentenced Tameka Bristol to five years' probation. Bristol previously pled guilty to Tampering with Public Records. A Mercer County Grand Jury previously returned an Indictment charging Bristol with Simulating a Motor Vehicle Insurance Identification Card and Tampering with Public Records. Bristol presented a phony auto insurance identification card to a Lawrenceville, New Jersey, police officer and had presented fraudulent information to the New Jersey Motor Vehicle Commission (MVC) in her motor vehicle registration application.

State v. Lavin Bryant

On July 20, 2007, the court sentenced Lavin Bryant to one year' probation. Previously, Bryant pled guilty to Simulating a Motor Vehicle Insurance Identification Card. On April 21, 2007, Bryant presented a phony auto insurance identification card to a Hamilton, New Jersey, police officer.

State v. Rhonda Coons

On May 11, 2007, the court sentenced Rhonda Coons to probation and ordered her to pay approximately $5,000 in restitution. On March 29, 2007, Coons pled guilty to Insurance Fraud. A Mercer County Grand Jury previously returned an Indictment charging Coons with Theft by Deception and Insurance Fraud.

Coons was involved in a motor vehicle accident and her insurance company, GEICO Insurance, agreed to pay for the repairs to her car and for a rental car for the period of time her car was in the shop for repairs. Coons kept the rental car for approximately six months after her car was repaired by forging GEICO documents authorizing the extended rental and submitting them to the car rental agency.

State v. Richard Creech

On May 17, 2007, Richard Creech pled guilty to Simulating a Motor Vehicle Insurance Identification Card. Previously, Creech attempted to retrieve his vehicle from the Lawrenceville, New Jersey, Police Department impound lot by presenting a fraudulent insurance identification card to the communications desk officer.

State v. M.H.

In December 2007, the court admitted M.H. into the PTI Program. On November 7, 2007, a Mercer County Grand Jury returned an Indictment charging M.H. with Identity Theft, False Reports to Law Enforcement Authorities, Offenses Involving False Government Documents, and related offenses. According to the State, during a

traffic stop for driving while intoxicated, M.H. presented a phony driver's license and phony vehicle insurance information to the arresting officer.

State v. E.M.

In December 2007, the court admitted E.M. into the PTI Program and ordered her to pay approximately $5,000 in restitution to the insurance company. In October 2007, a Mercer County Grand Jury returned an Indictment charging E.M. with False Reports to Law Enforcement Authorities, Hindering Apprehension, Insurance Fraud, and Theft by Deception. According to the State, E.M. falsely reported to the East Windsor, New Jersey, Police Department and to her homeowners' insurance carrier that her jewelry had been stolen by her daughter's friend when, in fact, the jewelry was not stolen.

State v. Lana Simmons

On July 20, 2007, the court sentenced Lana Simmons (also known as Lana Scott) to six months' probation. On May 16, 2007, Simmons pled guilty to Simulating a Motor Vehicle Insurance Identification Card. On February 5, 2007, Simmons presented a fraudulent motor vehicle insurance identification card to a Princeton, New Jersey, police officer.

State v. L.T.

On August 27, 2007, the court admitted L.T. into the PTI Program. According to the State, on August 8, 2007, L.T. presented a fictitious motor vehicle insurance identification card to a Washington Township, New Jersey, police officer.

State v. John Wenzel

On December 14, 2007, John Wenzel was sentenced to three years' probation. On August 1, 2007, a Mercer County Grand Jury returned an Indictment charging Wenzel with Tampering with Public Records. Wenzel provided fraudulent insurance information to MVC when he registered his vehicles.

State v. John Wenzel

On December 14, 2007, John Wenzel was sentenced to three years' probation and ordered to pay a $500 fine. On August 27, 2007, Wenzel pled guilty to Simulating a Motor Vehicle Insurance Identification Card. On July 11, 2007, a Mercer County Grand Jury returned a superseding Indictment charging Wenzel with Identity Theft, False Reports to Law Enforcement Authorities, and Simulating a Motor Vehicle Insurance Identification Card. Wenzel previously presented a fraudulent motor vehicle insurance identification card to a State Trooper in Washington Township, New Jersey.

Morris County Prosecutor's Office

In the Matter of Undocumented Workers at Dicar, Inc.

In December 2006, criminal charges were filed by the Montville, New Jersey, Police Department against approximately 30 employees of Dicar, Inc., for Identity Theft, Insurance Fraud, and Offenses Involving False Government Documents. On January 5, 2007, the matters were referred to the Morris County Prosecutor's Office. In 2007, the court admitted all but four of these employees into the PTI Program. Two of the cases were dismissed. On December 31, 2007, the court issued bench warrants for the two remaining employees, Ricardo Chavesta and Victor Reyes, who failed to appear in court. The State alleges that the employees possessed fraudulent Social Security and/or resident alien cards to obtain employment and health insurance benefits through the employer's health insurance program.

State v. Brian Spinner

On May 30, 2007, a Morris County Grand Jury returned an Indictment charging Brian Spinner with Insurance Fraud and Theft. The State alleges that Spinner was collecting workers' compensation through AIG Insurance. Previously, when AIG mailed Spinner his final workers' compensation check in the amount of $20,000, a second, identical check was erroneously mailed to Spinner. The State alleges that Spinner was not entitled to the second check but cashed it anyway before AIG realized the error.

State v. Aquiles F. Novillo, et al.

On December 3, 2007, a Morris County Grand Jury returned an Indictment charging Aquiles F. Novillo, an insurance agent licensed in the State of New Jersey, and his insurance agency, All Business Insurance Managers, Inc.; Danilo Arias and Hipolito Arias Caraballo and their taxi company, 07 Taxi & Limo; Jose Perez and his taxi company, Queens Limo; and Jose Ramirez and his taxi company, Apple Limo, with Conspiracy to Commit Insurance Fraud, Insurance Fraud, Tampering with Public Records, and Uttering False Documents. The State alleges that Novillo was the insurance agent of record for the three taxi companies and their owners. According to the State, Novillo prepared and submitted or assisted in the preparation and submission of numerous applications for commercial automobile insurance for the taxi companies and their owners. The State alleges that the applications, which were submitted to eight different insurance companies in 2005, 2006, and 2007, contained false statements and material misrepresentations and omitted several material facts. According to the State, the defendants lied about the number of drivers to be insured, identified as covered drivers only the ones with the best driving records, omitted the identity of drivers with poor driving histories, misrepresented the number of vehicles to be insured, claimed that no insurance company had ever cancelled any of their prior insurance policies when prior companies had, in fact, cancelled them for non-payment of premiums, failed to disclose the fact that one of the taxi companies had done business under a different name, and falsely represented that previous insurance companies had insured them. The State further alleges that the taxi companies and their owners prepared, signed, and filed false taxi license documents with the town of Dover, New Jersey, certifying or claiming that each taxi company had $500,000 in liability coverage, as required by a town ordinance, when they each knew they did not have that level of coverage.

On December 3, 2007, a Morris County Grand Jury returned a separate Indictment charging Novillo, All Business Insurance Managers, Inc., Eusebio Hidalgo, and Hidalgo's company Chamo Limo, Inc., with Tampering with Public Records and Offenses Involving False Government Documents. The State alleges that Hidalgo, Novillo, and their respective businesses prepared, signed, and filed false taxi license documents with the town of Dover, New Jersey, certifying or claiming that Chamo Limo, Inc., had $500,000 in liability coverage, as required by a town ordinance, when the defendants knew Chamo Limo, Inc., did not have that level of coverage.

State v. Mitchell A. Bator

On February 9, 2007, the court sentenced Mitchell A. Bator to three years' probation conditioned upon his payment of $23,582 in restitution and a $2,500 civil insurance fraud fine and his performance of 100 hours of community service. Previously, Bator pled guilty to Conspiracy to Commit Arson and

Insurance Fraud. Bator paid an accomplice $500 to take his leased Nissan Pathfinder from him so that Bator could report the car stolen and recover money from the insurance company. The car was discovered burning in Jefferson, New Jersey, and was completely destroyed by the fire. An investigation revealed that the mileage on the Nissan exceeded the terms of the lease and that the tires on the Nissan were bald.

State v. Rocco Molinaro

On January 22, 2007, the court admitted Rocco Molinaro into the PTI Program. Previously, a Morris County Grand Jury returned an Indictment charging Molinaro with Motor Vehicle Theft, Tampering with Records, Falsifying Records, and Motor Vehicle Title Offenses. The State alleged that Molinaro submitted fraudulent documents to MVC to wrongfully assume ownership of a classic vehicle which was left in his auto body shop by the rightful owner for restoration by Molinaro.

State v. Rony Hernandez, et al.

On June 1, 2007, the court admitted Ligia Canelas into the PTI Program. Also on June 1, 2007, the court sentenced Canelas' husband, Rony Hernandez, and Rony's brother, Denis Hernandez, each to two years' probation conditioned upon 90 days in the county jail. Previously, a Morris County Grand Jury returned an Indictment charging Rony Hernandez and Denis Hernandez with Leader of an Auto Theft Trafficking Network. Rony Hernandez, Denis Hernandez, and Canelas were also charged in the same Indictment with Operation of a Facility for Sale of Stolen Automobiles or Parts, Fencing, and Alteration of a Vehicle Identification Number (VIN). While incarcerated on these charges, Rony Hernandez and Denis Hernandez were taken into the custody of the United States Office of Immigration and Customs Enforcement and deported to their native country of Honduras.

State v. Wahid Rizk

On October 26, 2007, the court sentenced Wahid Rizk to one year' probation, ordered him to pay $3,102 in restitution, and imposed a $1,000 civil insurance fraud fine. Rizk collected temporary disability benefits from his employer and attempted to collect workers' compensation benefits from Chubb Insurance, claiming he injured his shoulder and could not work. An investigation revealed that Rizk was engaging in strenuous manual labor at another place of business while collecting disability insurance and seeking workers' compensation insurance.

Passaic County Prosecutor's Office

State v. Woodrow Blackwell

On October 29, 2007, Woodrow Blackwell pled guilty to Attempted Theft by Deception and the court admitted him into the PTI Program. A Passaic County Grand Jury previously returned an Indictment charging Blackwell with Theft by Deception and False Swearing. According to the State, Blackwell filed a fraudulent $10,000 lost wages claim with State Farm Insurance Company. The State alleged that in his deposition, while under oath, Blackwell claimed to have been employed at the Hackensack Medical Center on the date of loss. Records from Hackensack Medical Center, however, showed Blackwell's employment had been terminated more than a year prior to his alleged injuries.

State v. Rosa Janina Arengo-Campos

On June 12, 2007, Rosa Janina Arengo-Campos pled guilty to Practicing Dentistry Without a License. According to the State, the Passaic County Prosecutor's Office Insurance Fraud Unit received a referral from the Enforcement Bureau of the New Jersey Division of Consumer Affairs that Arengo-Campos was practicing dentistry without a license in Paterson, New Jersey. The State alleged that an undercover detective from the Prosecutor's Office scheduled an appointment with Arengo-Campos and, upon arrival, observed a fully operational dental office. According to the State, upon her arrest, Arengo-Campos admitted that she was not licensed in the State of New Jersey, or any other state. Arengo-Campos will be sentenced in 2008.

State v. Milton Hill

On October 22, 2007, Milton Hill was arrested and charged with Insurance Fraud for filing a false auto theft claim with New Jersey Skylands Insurance Company. According to the State, in November 2006, Hill allegedly parked a 2006 Acura leased by his mother inside his rented public storage facility. The State alleges that in December 2006, Hill reported the vehicle stolen to the Newark Police Department and gave a recorded statement to New Jersey Skylands Insurance claiming the vehicle had been stolen. The State further alleges that on June 4, 2007, the 2006 Acura was repossessed by Honda Finance from Hill's rented storage space where it had been parked since November 2006. This matter is pending presentation to the Grand Jury.

State v. Marvin Thompson

On November 27, 2007, a Passaic County Grand Jury returned an Indictment charging Marvin Thompson with Insurance Fraud, Theft by Deception, and Tax Fraud. According to the State, Thompson filed a fraudulent stolen vehicle report with Liberty Mutual Insurance Company concerning the alleged theft of his 2000 Chevrolet Astro van. The State alleges that Thompson reported the van's purchase price was $7,500 although the title to the van revealed that Thompson purchased the van for $5 and paid only 30 cents in sales tax. The State further alleges that Thompson reported the vehicle's odometer reading as 94,000 miles, although the title to the van revealed that on the date of purchase the van had an odometer reading of 183,848 miles. In June 2006, Liberty Mutual issued Thompson a settlement check in the amount of $8,939. The State intends to prove that when Thompson's 2000 Chevrolet Astro van was recovered in Englewood, New Jersey, in September 2006, there were no signs of forced entry to the doors or ignition and the actual mileage reflected on the odometer was 203,997. This matter is currently pending trial.

State v. Daniel Figueroa, et al.

On November 30, 2007, Daniel Figueroa and his wife Nereida Figueroa each pled guilty to an Accusation charging them with Simulating a Motor Vehicle Insurance Identification Card. According to the State, the Figueroas accepted $800 from a friend in exchange for registering the friend's vehicle in Nereida Figueroa's name and providing a fictitious automobile insurance identification card. The counterfeit Proformance Insurance card provided actually bore Nereida Figueroa's expired Clarendon Insurance policy number. Daniel and Nereida Figueroa are scheduled for sentencing in 2008.

State v. Luis Pascal, et al.

On March 30, 2007, the court sentenced Luis Pascal to three years' probation following his guilty plea to Attempted Theft by Deception. On January 8, 2007, the court admitted Eduardo Abreu, Wilfredo Abreu, and Jose Pascal into the PTI Program. According to the State, these defendants used multiple identities to file numerous fraudulent "slip and fall" claims in Passaic and Bergen Counties.

State v. Manuel Zapata, et al.

On January 30, 3007, a Passaic County Grand Jury returned an Indictment charging Manuel Zapata with Health Care Claims Fraud and Attempted Theft by Deception. According to the State, Zapata was one of four "jump-in" suspects who claimed to be injured while passengers in a co-worker's car. Zapata and the others were transported from the scene via ambulance and later received treatment from a local chiropractor. The State alleges that Manuel Zapata and his brother Felipe Zapata were not passengers in the car at the time of the accident. The court previously admitted Felipe Zapata into the PTI program following Felipe Zapata's guilty plea to Health Care Claims Fraud. A bench warrant has been issued for Manuel Zapata.

State v. Adalberto Matias

On April 13, 2007, the court sentenced Adalberto Matias to three years' probation and ordered him to pay $2,432 in restitution to Capital One Auto Finance. Previously, Matias pled guilty to Theft by Deception. Matias filed a fraudulent auto theft claim with Clarendon National Insurance Company, claiming to have last driven his car on March 11, 2003. Matias's car was recovered the previous day, March 10, 2003, in Connecticut.

Salem County Prosecutor's Office

State v. James Small

On September 12, 2007, a Salem County Grand Jury returned an Indictment charging James Small with Tampering with Public Records. According to the State, Small falsified his insurance information while registering his vehicles.

Sussex County Prosecutor's Office

State v. Umberto Mazzone

On December 14, 2007, Umberto Mazzone pled guilty to Insurance Fraud and was sentenced to two years' probation and 90 days in the Sheriff's Labor Assistance Program (SLAP), and ordered to pay $155 in fines and $42,500 in restitution. While employed as a claims adjuster at Selective Insurance Company, Mazzone diverted $42,500 from an insurance claim to his personal bank account. Two additional bogus checks for $18,000 each were generated but not cashed by Mazzone.

State v. Robert Erven

On October 25, 2007, Robert Erven pled guilty to Altering an Insurance Identification Card and was ordered to pay $664 in fines. According to the State, Erven altered the expiration date on a Selective Insurance Company automobile insurance identification card his son exhibited at the time he was involved in an auto accident.

Union County Prosecutor's Office

State v. Vishal Dhadda

On December 14, 2007, a Union County Grand Jury returned an Indictment charging Vishal Dhadda with Conspiracy to Commit Robbery and Insurance Fraud. According to the State, in August 2007, Dhadda requested an undercover Federal Bureau of Investigation (FBI) agent to stage a robbery of Dhadda in order for Dhadda to submit a fraudulent insurance claim for gems he would claim were on his person at the time of the staged robbery. The State alleges that after the robbery was staged at The Jewelry Exchange located on Route 22 in Union Township, Dhadda submitted a fraudulent claim to the Jewelers Mutual Insurance Company claiming he was robbed of a satchel containing in excess of $260,000 in precious stones. The matter is pending trial.

State v. Vincent Truzzolino

On November 2, 2007, a Union County Grand Jury returned an Indictment charging Vincent Truzzolino with Insurance Fraud. According to the State, a 1989 MG TF1500, which had been insured as a classic vehicle and subsequently reported stolen by Truzzolino in May 2002, was, in fact, stored under a tarp at an auto body shop in Irvington. The State alleges that, unaware that the vehicle had been reported stolen, the owner of the body shop, who was a friend of Truzzolino, had been storing the vehicle at Truzzolino's request since 2002. The State further alleges that American Modern Insurance paid Truzzolino $30,000 as a result of the fraudulent vehicle theft claim. The matter is pending trial.

State v. Yorman Mina, et al.

On October 5, 2007, Yorman Mina was sentenced to seven years in State prison and ordered to pay $63,366 in restitution to various insurance companies. Mina, the leader of a staged accident ring operating throughout Union County solicited family members and other individuals to report fraudulent accidents and submit phony claims to various insurance companies.

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