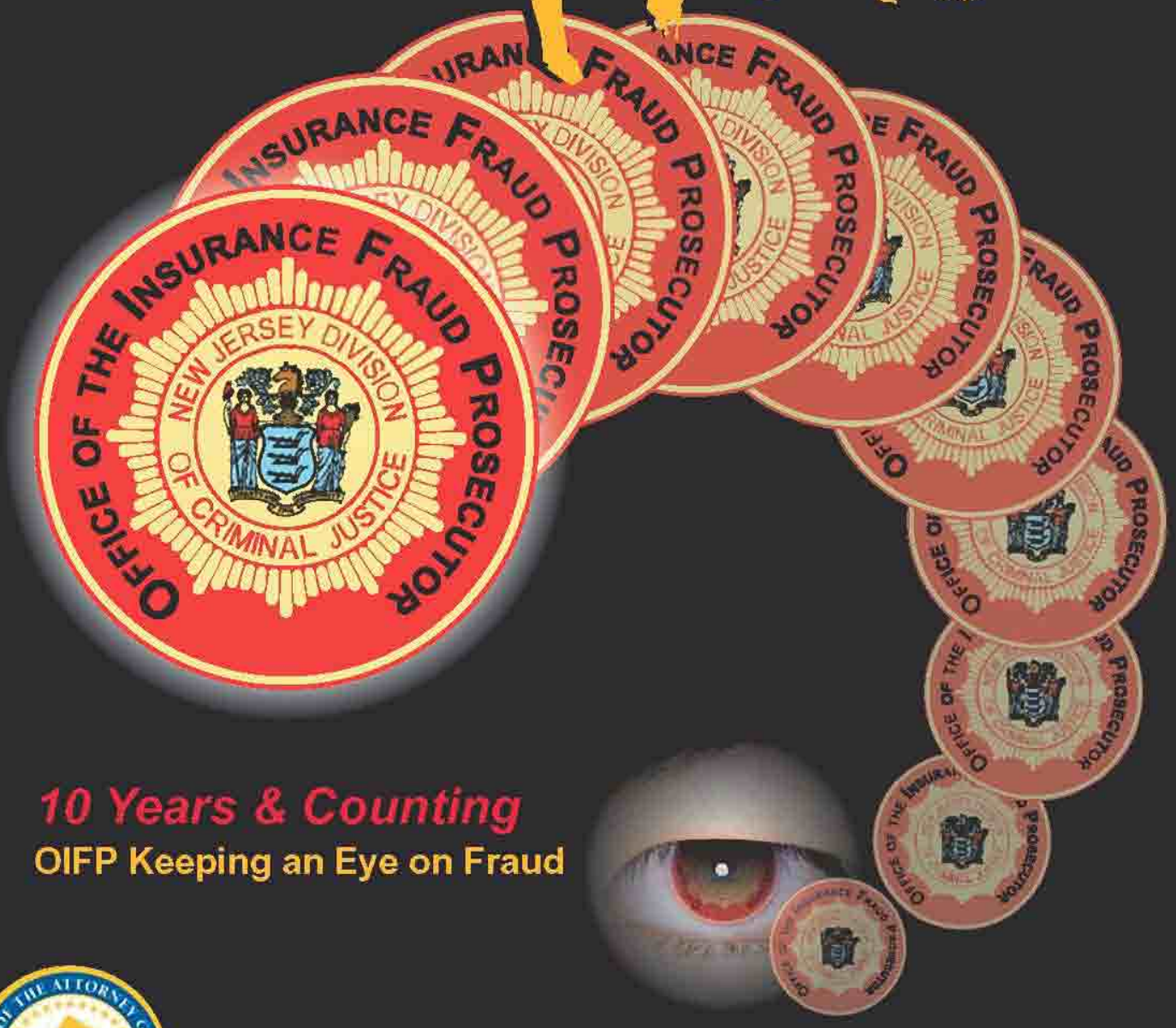
NEW JERSEY

INSURANCE Fraud



10 Years & Counting

OIFP Keeping an Eye on Fraud

A Decade of Excellence

2008 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 2008

Submitted March 1, 2009 (Pursuant to N.J.S.A. 17:33A-24d)

Anne Milgram, *Attorney General*
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Tribute to Assistant Attorney General **John J. Smith**

State of New Jersey

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

JOINT LEGISLATIVE RESOLUTION
By Senator SINGER and Assemblymen MALONE and DANCER

WHEREAS, The New Jersey Senate and General Assembly are pleased to join the family, friends, associates, and fellow employees of John J. Smith, an esteemed member of his community, in honoring and saluting him in recognition of the conclusion of twenty-three years of dedicated State service; and,

WHEREAS, Colonel John J. Smith has served his country with honor as an active member of the United States Army Reserve Judge Advocate General's Corps, including as Staff Judge Advocate of the 78th Division and the 78th Operations Group; and,

WHEREAS, A graduate of Pennsylvania State, Duquesne, and Temple Universities, John J. Smith Esq. has lent his expertise to the State of New Jersey since February 1985 as a Deputy Attorney General, as Chief of the Casino Prosecution Section, as Supervising Deputy Attorney General of the Insurance Fraud Unit, as Supervising Assistant Attorney General for the Economic Crime Bureau, and as First Assistant Insurance Fraud Prosecutor; and,

WHEREAS, A renowned expert in the field of insurance fraud law, John J. Smith has authored numerous articles, taught Division of Criminal Justice courses, and been an instructor for the New Jersey Institute for Continuing Legal Education and the New Jersey Attorney General's Trial Advocacy Institute; and,

WHEREAS, John J. Smith is also a member of the Bars of the Commonwealth of Pennsylvania, the State of New Jersey, the District Court for the Western District of Pennsylvania, the District of New Jersey, the Army Court of Military Review, and the Court of Military Appeals; and,

WHEREAS, The strength and success of the State of New Jersey, the vitality of our communities, and the effectiveness of our American society depend, in great measure, upon concerned and dedicated individuals, such as John J. Smith; and,

WHEREAS, It is altogether proper and fitting for the members of this Legislature to congratulate John J. Smith and to praise him as a citizen of uncommon character and exceptional integrity; now, therefore,

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

That this Legislature hereby honors and salutes John J. Smith, pays tribute to his twenty-three years of meritorious public service and unwavering commitment, and extends to him sincere best wishes for continued success in all future endeavors; 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 John J. Smith.

Richard J. Codey
President of the Senate

Joseph J. Roberts Jr.
Speaker of the General Assembly

Attest:

Ellen M. Davenport
Secretary of the Senate

Dana M. Burley
Clerk of the General Assembly

Assistant Attorney General John J. Smith retired from State service on July 1, 2008, after a distinguished career as a prosecutor in the Division of Criminal Justice (DCJ), within the Department of Law and Public Safety (LPS), that has spanned over two decades. This tribute commemorates AAG Smith's outstanding service to the citizens of the State of New Jersey over the course of his illustrious career.

In February 1985, John J. Smith was appointed as a Deputy Attorney General (DAG) in DCJ, serving as a prosecutor in DCJ's Casino Prosecution Section from 1985 until 1988, when he was promoted to Chief of that Section.

In 1989, he transferred to DCJ's Fraud Bureau where he served as Supervising DAG of the Insurance Fraud Unit, supervising all types of insurance fraud criminal investigations and prosecutions, and working with DCJ State Investigators, Department of Insurance Investigators, State Police, and other State and federal law enforcement agencies.

In June 1997, he was promoted to Supervising Assistant Attorney General for DCJ's Economic Crime Bureau, overseeing the Insurance Fraud Unit; the Medicaid Fraud Unit; the Labor Prosecutions Unit; and the Major Fraud Unit, which included tax and securities fraud, general "major fraud" cases involving public money, and criminal prosecutions originating from the State Police Auto Unit.

In 1998, when the Office of the Insurance Fraud Prosecutor (OIFP) was created by statute in DCJ, AAG Smith was one of the veteran prosecutors charged with implementing the enabling statute and supervising the operations of the office. In March 2003, he was promoted to First Assistant Insurance Fraud Prosecutor in OIFP, overseeing all criminal investigations and prosecutions, and coordinating investigations of civil fraud violations of the Insurance Fraud Prevention Act. He served as the Acting New Jersey Insurance Fraud Prosecutor for approximately six months prior to the Gubernatorial appointment of the second Insurance Fraud Prosecutor.

AAG Smith received a Bachelor of Arts degree from Pennsylvania State University in 1977. He earned his law degree at Duquesne University in 1981, and a Master of Laws in Taxation from Temple University in 1993. AAG Smith is currently a member of the Bars of the Commonwealth of Pennsylvania and the State of New Jersey, as well as a member of the Bars of the federal District Courts for the Western District of Pennsylvania and the District of New Jersey, the Army Court of Military Review, and the Court of Military Appeals.

AAG Smith was active in the United States Army Reserve, Judge Advocate General's Corps. From 1982 to 1985, AAG Smith served on active duty in the United States Army as a Captain in the Judge Advocate General's Corps where he prosecuted criminal cases as a military trial counsel. He was also appointed Special Assistant United States Attorney at Fort Dix, New Jersey, where he prosecuted cases before the U.S. Magistrate. He currently holds the rank of Colonel in the United States Army Reserve and served until recently as Staff Judge Advocate of the 78th Division and later the 78th Operations Group.

AAG Smith has served the citizens of the State of New Jersey in an exemplary fashion. During the course of his career, AAG Smith has demonstrated outstanding leadership which has been a source of support, education, and inspiration to countless subordinates; he has consistently displayed professionalism, scholarship, and integrity in all his dealings with members of the bench and the bar, as well as his colleagues and the public; and he has been a tireless, diligent, and aggressive advocate for the State and the victims whose rights he has zealously protected.

During his career, AAG Smith has deservedly developed a reputation as a preeminent expert in the insurance fraud fighting arena. He was instrumental in drafting legislation crucial to the creation of OIFP, as well as policies and procedures to define the function and operation of that office. A renowned expert in the field of insurance fraud law, AAG Smith also drafted legislative proposals and amendments to the criminal statutes in New Jersey utilized to prosecute insurance fraud. In addition, AAG Smith has authored numerous articles for the statutorily-mandated OIFP Annual Report, sharing his expertise on insurance fraud investigations and prosecutions with the world.

AAG Smith's extraordinary talents have earned him numerous awards and recognitions over the years. In 2005, AAG Smith received the New Jersey Special Investigators Association (NJSIA) President's Award for Outstanding Service to the NJSIA. This award recognized his exceptional contributions in fighting insurance fraud. In 1996, AAG Smith received the NJSIA Recognition Award for Outstanding Service and Anti-Insurance Fraud Activity. AAG Smith has also received awards from the Attorney General recognizing his dedication, service, and commitment to the Attorney General's Office. In addition, AAG Smith was the recipient of the DCJ Director's Award for his work in the prosecution of *State v. Carl Lichtman, et al.*, one of the largest insurance fraud cases ever litigated in the State's history.

AAG Smith's expertise in the insurance field has long been recognized throughout the insurance industry, as well as the legal and investigative communities, where he was frequently called upon to instruct on various insurance fraud related topics. AAG Smith received a Certificate of Appreciation for his anti-fraud presentation at a joint seminar sponsored by the Private Detectives Association of New Jersey and the Association of Certified Fraud Examiners. AAG Smith also served as an instructor for the New Jersey Institute for Continuing Legal Education on the topics of insurance fraud and health care fraud. He also regularly taught DCJ academy courses for New Jersey criminal and civil state investigators, and was a staff instructor for the New Jersey Attorney General's Trial Advocacy Institute.

AAG Smith is truly a remarkable and amazing individual. His service to his country and to the State of New Jersey serves as a shining example of courage, integrity, and professionalism that should be held up as a beacon for others to emulate. On the occasion of his retirement, the New Jersey Senate and General Assembly honored AAG Smith with a ceremonial Joint Legislative Resolution to "pay tribute to his twenty-three years of meritorious public service and unwavering commitment, and extend to him sincere best wishes for continued success in all future endeavors." Those who have had the honor and privilege of working with AAG Smith over the years are unanimous and effusive in their praise of this incredibly talented and conscientious professional who has served as an unwavering and outstanding advocate for the citizens of the State of New Jersey over the course of his stellar prosecutorial career.

Office of the Insurance Fraud Prosecutor

A Message From the Insurance Fraud Prosecutor

Marking a Decade of Excellence

I am pleased to present the Tenth Annual Report of the New Jersey Office of the Insurance Fraud Prosecutor (OIFP). Ten years ago, the New Jersey State Legislature enacted the Automobile Insurance Cost Reduction Act (AICRA), P.L.1998, c.21, bringing sweeping reforms to New Jersey's auto insurance system and creating OIFP in the criminal justice division of the Attorney General's Office. It is hard to believe that a decade has passed since the passage of AICRA and the formation of what has come to be regarded as one of the premier insurance fraud fighting agencies in the United States. So much has changed, so much has been accomplished, yet so many challenges still remain.

According to the accompanying legislative statement to AICRA, OIFP was created to provide more effective investigation and prosecution of fraud than existed at the time. Under AICRA's provisions, OIFP was charged with investigating all types of insurance fraud and serving as the focal point for all criminal, civil, and administrative prosecutions. OIFP was also tasked with serving as the statewide coordinator for all anti-insurance fraud efforts. In short, the newly created office's mission was to improve the State's overall ability to detect, investigate, and prosecute insurance fraud.

With the full support of the insurance industry and law enforcement throughout New Jersey, OIFP has fulfilled its legislative mandates. Criminal prosecutions for insurance fraud, once non-existent, are now commonplace. In fact, since OIFP's creation, nearly 2,000 defendants have been criminally prosecuted for insurance fraud, about 700 of whom have been sent to prison for close to 1,100 years. During that same time period, nearly 6,000 individuals were charged civilly with insurance fraud and a grand total of nearly $256.3 million in criminal and civil fines, penalties, and restitution has been imposed, 75% of which represents restitution to defrauded victims.

This year alone, 182 defendants were charged criminally by Indictment or Accusation, resulting in a 9% increase in Accusations filed over 2007's figure. One hundred and forty-five defendants were convicted and 182 were sentenced in 2008. Of these 182 defendants, 100 were sentenced to prison for a total of 92 years. In addition, over $41 million in fines, judgments, penalties, and restitution orders were imposed, representing a 220% increase over last year's figures.

The imposition of criminal and civil sanctions goes far in the fight against insurance fraud, but OIFP now goes even farther: by filing parallel asset forfeiture actions and injunctions in criminal cases to seize and acquire significant assets derived from insurance fraud schemes, OIFP wipes out fraudsters' illegal windfalls and eliminates the financial incentive for committing insurance fraud. Asset forfeiture is a statutory civil remedy permitting law enforcement to seize assets that are instrumentalities or proceeds of crime. Since OIFP's Asset Forfeiture Program was initiated in 2007, OIFP has proactively seized property worth a record $7.6 million. Judgments for more than $2 million have already been obtained by OIFP.

In these times of fiscal austerity when every dollar counts, OIFP continues to show considerable muscle in pulling in big bucks for the State. In 2008, OIFP's Medic-

aid Fraud Control Unit recouped $32.2 million for New Jersey's Medicaid program from federal False Claims Act settlements with eight major corporations, including pharmaceutical powerhouses Merck and Bristol-Myers Squibb and retail pharmacy chains CVS/Caremark and Walgreens. These and other companies violated "best pricing" agreements; paid illegal "kickbacks" to physicians, health care providers, and pharmacies to induce them to purchase their products; engaged in "off label marketing" by improperly promoting the sale and use of prescription drugs for uses not approved by the federal Food and Drug Administration; or switched dosage strengths or forms of prescription medication, all to the detriment of the federal and State Medicaid program. OIFP's participation in federal False Claims Act investigations insures that New Jersey gets its fair share at the time of settlement.

Criminal prosecutions for insurance fraud, once non-existent, are now commonplace.

These impressive numbers are a testament to the important work accomplished by OIFP and its partners in the insurance industry and in law enforcement, but they do not tell the whole story. What cannot be captured by statistics is the intangible deterrent effect that statewide insurance fraud detection, investigation, and prosecution has had on would-be insurance cheats.

Indeed, would-be insurance cheats should take note that over the past ten years, OIFP's investigations and prosecutions have grown increasingly more sophisticated to meet the unique challenges presented by multi-defendant theft and staged accident rings and intricate financial fraud schemes. Taking down large-scale automobile and motorcycle trafficking networks, complex criminal "runner" schemes, massive insurance premium swindles, complicated "upcoding" and phantom billing scams, and widespread Medicaid prescription fraud is all in a day's work for OIFP. In addition to the Health Care Claims Fraud and Insurance Fraud statutes, OIFP has won convictions for Racketeering, Money Laundering, and Tax Evasion against these fraudsters.

Since OIFP's Asset Forfeiture Program was initiated, OIFP has proactively seized property worth a record $7.6 million.

Over the past decade, OIFP has prosecuted insurance cheats from all walks of life: lawyers, brokers, agents, realtors, public adjusters, doctors, surgeons, dentists, pharmacists, optometrists, podiatrists, chiropractors, cardiologists, neurologists, psychiatrists, psychologists, physical therapists, nurses, teachers, police officers, corrections officers, private investigators, body shop owners, car dealers, CEOs, public officials, insurance company employees ... the list goes on. No one is above the law or beyond the reach of OIFP's grasp.

Not only has OIFP prosecuted criminal and civil cases at the trial court level, OIFP has filed successful legal appeals in the Superior Court of New Jersey, Appellate Division, and the Supreme Court of New Jersey. OIFP deputy attorneys general come from varied legal backgrounds, allowing OIFP to tackle all facets of criminal and civil litigation in New Jersey's courtrooms.

Much of OIFP's success is due to the ongoing cooperation of concerned New Jerseyans fed up with paying higher premiums to cover the cost of insurance fraud. During the past decade, OIFP launched award winning media campaigns which educated the public about insurance fraud and its impact on insurance premiums. By aggressively publicizing criminal prosecutions, OIFP has debunked the myth that insurance fraud has no serious consequences. New Jerseyans have taken this message seriously and have become active participants in combating insurance fraud: in 2008 alone, OIFP received 857 referrals of suspected insurance fraud from vigilant citizens who called the OIFP toll-free hotline or visited OIFP's Web site.

In 2008, OIFP's Medicaid Fraud Control Unit recouped $32.2 million for New Jersey's Medicaid program from federal False Claims Act settlements with eight major corporations.

On the programmatic side, since 1998, OIFP has trained nearly 4,000 police officers on how to spot staged accidents and fake auto thefts that serve as the first step in filing fraudulent auto insurance claims. In-service training programs are offered by OIFP throughout the year to bring law enforcement officers and prosecutors across the State up to speed on emerging trends in insurance fraud. This year's topics included "Rate Evasion and Reverse Rate Evasion" and "Taxi Cab Investigations and Prosecutions."

Also, this year, OIFP disseminated to law enforcement agencies throughout New Jersey over 5,500 copies of the most recent edition of the Uninsured Motorists Identifi-

cation Directory (UMID), which contains contact telephone numbers of insurance carriers. The UMID is invaluable to police officers who carry it with them in the field and rely on it for immediate verification of automobile insurance coverage during routine traffic stops. Additionally, OIFP provided 550 law enforcement chief executives with a series of "roll call" training DVDs produced by OIFP to assist law enforcement officers in the detection and investigation of counterfeit motor vehicle insurance identification cards, suspicious auto thefts, and staged car accidents.

Since its inception, OIFP has provided funding to as many as 20 of the 21 County Prosecutors to enable them to dedicate staff to investigate and prosecute insurance fraud at the local level. While most of the more complex insurance fraud cases are handled by OIFP, with OIFP's financial and technical support, the counties are now equipped to prosecute certain types of fraudulent conduct. This interagency cooperation widens the net of criminal investigations and prosecutions which can be undertaken each year to ensure that insurance cheats do not slip through the cracks.

What cannot be captured by statistics is the intangible deterrent effect that statewide insurance fraud detection, investigation, and prosecution has had on would-be insurance cheats.

OIFP's successful and enduring partnership with the insurance industry over the years demonstrates just how much can be accomplished when government agencies and private corporations work cooperatively toward the common good. At this year's Annual New Jersey Insurance Fraud Summit, held during Insurance Fraud Awareness Month and hosted by OIFP, the Insurance Council of New Jersey (ICNJ), and the New Jersey Special Investigators Association (NJSIA), attendees participated in one of three Working Groups: Auto Insurance, General Special Investigations Units, and Law Enforcement/County Prosecutor Issues. At the Summit's conclusion, representatives from each of the three Working Groups reported what their respective group identified as the most significant challenges they face in detecting, investigating, and prosecuting insurance fraud, and proposed realistic goals for each group to attain in the upcoming year. Together, OIFP and the insurance industry will turn those ideas into reality.

Taking down large-scale automobile and motorcycle trafficking networks, complex criminal "runner" schemes, massive insurance premium swindles, complicated "upcoding" and phantom billing scams, and widespread Medicaid prescription fraud is all in a day's work for OIFP.

Over the last ten years, OIFP and the insurance industry have also promoted insurance fraud awareness to future consumers. Hundreds of students in New Jersey have participated in the annual "Anti-Fraud Awareness Essay Contest for High School Seniors" jointly sponsored by OIFP, ICNJ, and NJSIA. By reaching out to high school seniors on the eve of purchasing their first insurance policies, usually for motor vehicle coverage, we have heightened their understanding of the insidious nature of insurance fraud and the considerable risks associated with what may appear to be easy money.

As OIFP marks the end of its first decade, we take great pride in these past accomplishments and celebrate the fact that, by working together with law enforcement, the insurance industry, and the concerned citizens of New Jersey, what once was the exception is now the norm. Our sense of accomplishment must always be tempered, however, by the reality that despite our significant success and the profound impact that our efforts have had on the war against insurance fraud, some very real challenges still exist.

Uncertain economic times mean fewer resources with which to carry out OIFP's mission. But since it is economic adversity which drives the incidence and occurrence of insurance fraud, to that extent, OIFP's work is more essential now than ever. Looking ahead, OIFP and its partners must continue to aggressively attack insurance fraud to bring about even greater and more significant results in the next decade. The citizens of the great State of New Jersey have high expectations of us and I am confident that, with the support of our partners, we will deliver.

Respectfully submitted,

Greta Gooden Brown

New Jersey Insurance Fraud Prosecutor

OIFP: Upholding High Standards During These Economically Challenging Times

New Jersey Law Journal

First N.J. Lawyer Convicted Under Anti-Runners Law Heads for Prison

Mary Pat Gallagher

02-06-2008

When Irwin Seligsohn surrenders to law e

New Jersey lawyer to be jailed for using ru

Seligsohn, 71, was sentenced on Feb. 1 to t

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n pleaded guilty last Aug. 3 to thi

second-degree conspiracy to co

to pay $70,000 to runners to

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sex Coun

and fil

Neurologist guilty of insurance fraud

By ARTEMIS COUGHLAN
Staff Writer

TRENTON — Suspended neurologist Dr. Alan Ottenstein and his former business administrator have admitted to conspiring to steal $470,000 from nine health insurance companies that paid fraudulent bills submitted by the pair.

Ottenstein, 51, who lives in upscale Washington Crossing, Pa., and 58-year-old Jean Woolman of Morrisville, Pa., both pleaded guilty to conspiracy to commit theft by deception Monday in Mercer County Superior Court.

Ottenstein was the owner of Lawrenceville Neurology Associates in Lawrence until one insurance carrier, New Jersey Manufacturers, became suspi-

We determined that he wasn't making injections at all and were concerned not only for the costs, but for the safety of the patients."
—Patrick Breslin, N.J. Manufacturers Insurance

ed billing the fees in stances, according t tors.

In addition to NJM defrauded other ins

Friday, October 31, 20

www.trentonian.com

CHARGES STICK!

Con ex-cop must go to trial for alleged $60K fraud of PAL

By ARTEMIS COUGHLAN
Staff Writer

TRENTON — Jeffrey Nemes, a disgraced Hamilton police sergeant, lost his second bid to have charges dismissed against him for allegedly bloating construction osts on an East Windsor Police thletic League building.

Nemes, 42, who ran Nemes Enprises, and co-defendant John e, 60, of Allentown, a retired Windsor detective and execu- director of the township's are facing trial for allegedly arging the East Windsor oy $60,000 for the construc-

Nemes

suit two months

participant prison term

ngton County man has enced to five years in son for his role in a multi- motorcycle theft ring, the Division of Criminal Justice unced.

Kyle Bunn, 30, of Willingboro, s sentenced Friday in Superior Court in Mount Holly by Judge Thomas S. Smith Jr., who also or- dered him to pay $4,008 in restitu- tion and to forfeit his minivan, which was used during the criminal activity.

Bunn pleaded guilty in January to conspiracy to receive stolen property and admitted his role in a theft ring the New Jersey State Po- lice busted open in 2005, an investi- gation they dubbed "Operation Ninja." Bunn was one of 23 defen- dants in the case, which featured crimes in Atlantic, Burlington and Mercer counties.

During the probe, which was prosecuted by the division's Office of Insurance Fraud Prosecutor, de- tectives confiscated $500,000 worth of motorcycles.

At his guilty plea hearing, Bunn admitted that from 2003 to 2005 he participated in the scheme by scouting for motorcycles and all- terrain vehicles to steal.

After being stolen, some of the vehicles were "retagged" or "stamped," and then sold. Retag- ging or stamping is when the vehi- cle's identification number is changed to conceal the vehicle was stolen.

Physician guilty in M insuranc

Billed for cost

By ALESHA WILLIAMS BOYD
FREEHOLD BUREAU

MANALAPAN — A Man alapan pain-managemen physician has pleade guilty to bilking Medicar and private health insu ance companies out more than $500,000 by bi ing for more expensi procedures than he ac ally administered.

Frederic Feit, 59, of M alapan pleaded gui Wednesday before Su rior Court Judge Ron Lee Reisner in Monmo County to third-de theft by deception, acc ing to insurance f prosecutor Greta Go Brown. The charge contained in a Septe 2006 state grand jur dictment.

FRIDAY, JANUARY

14 accused of insurance fraud in cash-for-d

tors accused Dr. X, whose

Milgram said the defendants found nu- merous ways besides working the home- patients willing to

This is not the first brush with the l for Chandler, who uses the alias Xa Pendleton in addition to the name Dr court records show. He served seven y for a Bergen County

The Year in Review:

OIFP: Upholding High Standards During These Economically Challenging Times[1]

by Lisa Sarnoff Gochman

In 2008, the Office of the Insurance Fraud Prosecutor's (OIFP) annual operating budget was just under $30 million. What is remarkable about this dollar figure is that it is the same as it was for OIFP's first year's budget ten years ago. OIFP's annual budget has remained stagnant over the past decade, despite contractually-required annual increases in salaries and employee benefits. And, because of hiring freezes and attrition, OIFP's staffing is down about one-third from its high at the inception of this Office of 298 civil and criminal investigators, attorneys, analysts, and support personnel (not including Medicaid Fraud Control Unit personnel). This means doing much more with far less at a time when economic hardship spawns more incidents of insurance fraud. OIFP has met this challenge, achieving stellar results throughout 2008 in the face of these diminishing resources and increasing workload.

The New Jersey Insurance Fraud Prevention Act (IFPA) provides that persons who commit insurance fraud may be subject to criminal prosecution. N.J.S.A. 17:33A-1 et seq. In 2008, OIFP arrested 175 individuals, charged 182 defendants by Indictment or Accusation, won 145 criminal convictions, and sent 100 defendants to prison for a total of 92 years. Defendants charged by Accusations were up 9% from 2007. OIFP obtained fines, judgments, penalties, and restitution orders totaling more than $41 million, representing a 220% increase over last year's figures.

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 2008, just under 4,000 cases were referred to OIFP for investigation. There were 776 civil insurance fraud sanctions imposed, up 3% from last year, and a total of $3.2 million in civil fines were imposed upon civil defendants, an increase of 114%. Civil insurance fraud cases continue to account for the largest number of cases investigated each year by OIFP.

During 2008, OIFP's criminal litigation sections racked up several significant victories. In *Ninja I* and *Ninja II*, a joint investigation conducted by OIFP and the State Police and prosecuted by OIFP's Criminal Auto/Property and Casualty Section, two motorcycle theft rings, operating primarily in Atlantic, Mercer, and Burlington Counties in New Jersey, were dismantled. Members of the theft rings stole Yamaha, Kawasaki, Suzuki, and Honda motorcycles, changed the vehicle identification number (VIN) of each motorcycle to conceal its true origin and identity in a process known as "stamping" or "re-tagging," and obtained false

Lisa Sarnoff Gochman is a Deputy Attorney General in OIFP's CLASS. She has been with the Division of Criminal Justice since 1987 in the Appellate and Policy and Legislation sections. Prior to joining DCJ, she served for three years as an Assistant District Attorney with the Bronx District Attorney's Office.

1. This report constitutes the 10th 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 Legislature.

title documents and registrations for the stolen motorcycles to facilitate their sale. In total, over 75 stolen motorcycles, vans, and ATVs have been recovered as a result of this investigation, with a combined value in excess of $500,000. Twenty-eight defendants were arrested for their roles in the motorcycle theft rings. In 2008, seven of the *Ninja I* defendants were sentenced to a total of 26 years and nine months in State prison, fined a total of $3,520, and ordered to pay restitution in a total amount of $67,712.

In two auto trafficking network cases, OIFP's Criminal Auto/Property and Casualty Section prosecuted the leaders of the auto trafficking networks who organized rings to steal and sell high-end vehicles valued at $50,000 to $124,000 each. Some of the vehicles were stolen from a dealership in North Jersey. As a result of OIFP's investigations, 33 stolen vehicles valued at nearly $2 million were recovered. One of the auto trafficking network leaders, a previously convicted felon, was indicted for unlawful possession of handguns.

OIFP's Criminal Auto/Property and Casualty Section continued its prosecution of a complex racketeering and criminal use of "runners" case in 2008 in *State v. Seligsohn, et al.*, which involved two Essex County attorneys and their West Orange law firm. The charges stemmed from allegations that the law firm conspired with and paid "runners" money to solicit individuals purportedly injured in automobile accidents in order for the firm to file insurance claims and legal actions. Upon being sentenced to three years in State prison for his role in the scheme, Irwin B. Seligsohn, a named partner in the firm, became the first New Jersey lawyer to be sent to prison for charges related to "running" activity. To date, 26 defendants, including Seligsohn and the firm, have pled guilty in this case.

In *State v. Hurd, et al.*, OIFP's Criminal Auto/Property and Casualty Section charged two former insurance agents and two others with a massive insurance premium swindle. The agents and other defendants were variously charged with theft related offenses in connection with stealing insurance premium money through a variety of schemes. In one of the schemes, the agents allegedly accepted insurance premium money from small businesses, including taxi and limousine companies, in order to supply commercial insurance, but instead, pocketed the proceeds and failed to remit the insurance premium money to the insurance company. In some cases, customers were left with invalid insurance or no insurance. The defendants allegedly stole approximately $500,000 in insurance premiums and related money.

(l to r) Governor Jon S. Corzine, Attorney General Anne Milgram, and Colonel Rick Fuentes, New Jersey State Police Superintendent.

In *Operation PharmScam*, OIFP's Medicaid Fraud Control Unit (MFCU) charged 14 people, including the owners of a pharmacy and a clinic in Essex County, New Jersey, in an ongoing investigation into schemes in which prescriptions for HIV/AIDS drugs and other expensive medications were bought from Medicaid beneficiaries so that Medicaid could be billed for drugs that were never dispensed. The total fraud is estimated to have exceeded $2 million. The clinic's owner, Bryan X. Chandler, and two pharmacy operators, Abdul Bari and John Borges, each pled guilty to Health Care Claims Fraud. Bari was sentenced to three years in State prison and ordered to pay $500,000 in fines and restitution. Chandler and Borges face State prison sentences of between three to five years under the terms of their respective plea agreements.

In another highlight for OIFP's MFCU, two owners of a Newark-based home health care agency, Touch of Life, and their office coordinator pled guilty to fraud charges in 2008. An OIFP investigation determined that they defrauded Medicaid out of almost $1 million by billing Medicaid for services that were not provided and services that did not qualify for reimbursement.

Highlights of OIFP's Criminal Health, Life, and Disability Section achievements this year include prosecutions against two health care providers and an insured. In the first matter, *State v. Alan E. Ottenstein*, Ottenstein, a physician licensed to practice in the State of New Jersey, was sentenced to five years' probation conditioned on his successful completion of an in-patient Mentally Impaired Chemical Abuse program. He was also ordered to pay restitution in the

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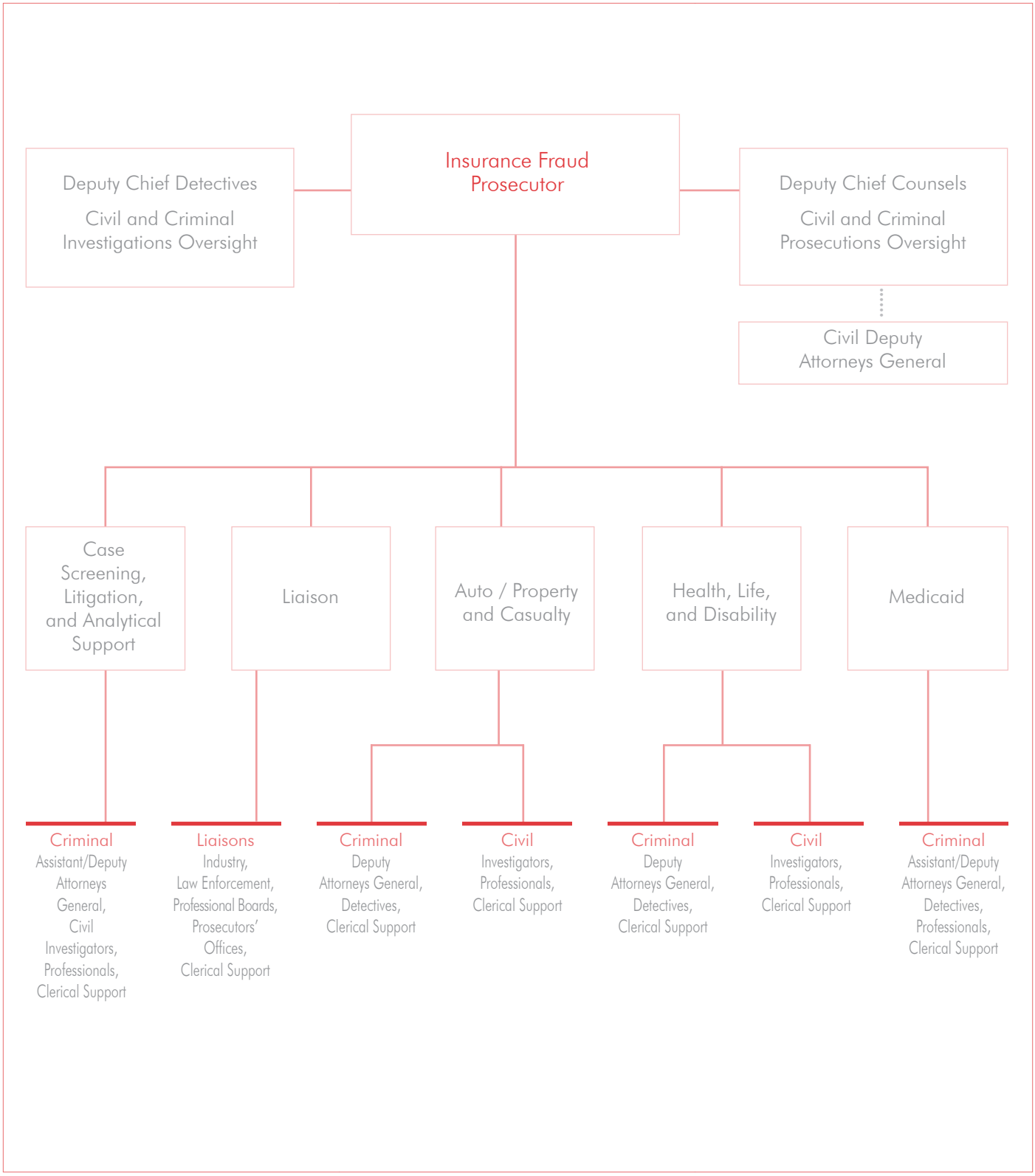
Insurance Fraud Prosecutor
Deputy Chief Detectives
Civil and Criminal Investigations Oversight
Deputy Chief Counsels
Civil and Criminal Prosecutions Oversight
Civil Deputy Attorneys General
Case Screening, Litigation, and Analytical Support
Liaison
Auto / Property and Casualty
Health, Life, and Disability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

amount of $477,118 and a civil insurance fraud fine in the amount of $22,877, following his plea of guilty to Conspiracy to Commit Theft.

According to a State Grand Jury Indictment, from October 1990 through August 2003, Ottenstein and his former associate, Jean Woolman, who was admitted into the Pretrial Intervention (PTI) Program[2] and ordered to pay a $10,000 civil insurance fraud fine, fraudulently billed fifteen insurance carriers for surgical procedures purportedly performed on patients with back injuries suffered in auto accidents when, in fact, non-surgical, mechanical traction procedures were used. Ottenstein later admitted that he also billed for use of medical supplies known as sterile trays in connection with epidural injections when, in fact, sterile trays were not used; wrongfully billed for an additional "facility fee" for epidural injections when regulations prohibited billing such fees in those circumstances; and wrongfully billed for each separate step in administering an epidural in a practice known as "unbundling."

In the second matter, *State v. Michael Monica*, Monica, a dentist licensed in the State of New Jersey, was sentenced to three years in State prison and ordered to pay $144,000 in restitution to Cigna Insurance Company, $81,500 to Lincoln Financial Group, and $235,033 to the federal Social Security Administration (SSA), plus a $20,000 civil insurance fraud fine. Monica admitted that between January 1992 and November 2005, he falsely advised the private insurance companies and the SSA that he was disabled and unable to practice dentistry when, in fact, he continued to operate a dental practice in Freehold, New Jersey, during the entire 13-year period.

In the third matter, *State v. Julia Daniels Anderson*, Anderson, a cancer patient, pled guilty to submitting false health insurance claims totaling nearly $200,000 to Cigna Insurance Company for reimbursement for radiation treatments that she never received.

OIFP's Criminal Health, Life, and Disability Section also thwarted two life insurance swindles in 2008. In *State v. Sohan Singh Gill*, OIFP prosecuted Gill for attempting to defraud Reassure America Life Insurance Company by claiming that his wife died and that he was entitled to the proceeds of her $150,000 life insurance policy when, in fact, his wife had died three years before Gill obtained the policy on his wife's life. Likewise, in *State v. Anthony Myers, Sr.*, OIFP prosecuted Myers for attempting to defraud State Farm Insurance Company by claiming that his son had died and that he was entitled to the proceeds of a $25,000 life insurance policy on his son's life when, in fact, his son was alive.

In 2008, deputy attorneys general with OIFP and the Division of Law won noteworthy legal victories before the Superior Court of New Jersey, Appellate Division, in three unpublished opinions. In *Liberty Mutual Insurance Co. v. Healthcare Integrated Services, Inc., et al.*, the Appellate Division sided with the State and refused to find that the IFPA is unconstitutional because OIFP is funded by insurers or that the IFPA permits a practice that "conceals the exchange of information between covert investigators and the insurance industry." In *State v. John R. Lundy*, the Appellate Division agreed with OIFP that a conflict of interest existed because Lundy's attorney's law firm previously represented some of the persons who were anticipated to be called as witnesses during Lundy's trial. The Appellate Division reversed the trial court's order denying the State's motion to disqualify Lundy's attorney and law firm, and remanded the matter to the trial court to enter an order granting

(l to r) Norma R. Evans, OIFP Deputy Chief Counsel, and John J. Smith, OIFP Deputy Chief Counsel, at John J. Smith's retirement dinner.

2. 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.

(l to r) Patricia Barry, OIFP Managing Civil Investigator, and Insurance Fraud Prosecutor Greta Gooden Brown.

the State's motion for disqualification of defense counsel. Finally, in *State v. Samuel Siligato*, the Appellate Division reversed the order of the trial court dismissing a State Grand Jury Indictment brought by OIFP charging Siligato with Aggravated Arson, Conspiracy, and Obstructing the Administration of Law or Other Governmental Function, reinstated the Indictment, and remanded the matter to the trial court for further criminal proceedings.

During 2008, OIFP's MFCU recouped a record-setting $32.2 million for New Jersey's federal and State Medicaid program from its participation in national False Claims Act settlements against pharmaceutical corporations Merck & Company, Bristol-Myers Squibb, Purdue Pharm, Aventis, GlaxoSmithKlein, and Omnicare, and retail pharmacy chains CVS/Caremark and Walgreens. New Jersey's share alone was $15.2 million. The Medicaid program is funded jointly by the state and federal governments and settlement awards generally consist of both a federal and state share, representing the proportionate contribution of each governmental entity.

To further augment OIFP's successful track record and push for even greater financial recoveries, in 2008, OIFP formally established an Asset Forfeiture Program dedicated to stripping insurance fraudsters of the instrumentalities of or financial gains from their illegal conduct, such as real estate, bank accounts, and luxury automobiles. Asset forfeiture is a civil remedy used to divest a criminal defendant of assets that have a nexus to the crime, either because they were used in furtherance of the crime or were purchased from proceeds of the crime. Nearly $283,000 in assets have been forfeited by OIFP this year alone in the *State v. Assests of Michael Monica* prosecution and $4.2 million in the *Operation Pharm-Scam* prosecutions. Since 2007, OIFP seized $7.6 million, including the assets of MFCU's *Operation PharmScam* and real property connected to OIFP's Criminal Auto/Property and Casualty Section's *State v. Robert Christopher Collision* case. The *Robert Christopher Collision* case involved allegations of the submission of false automobile insurance repair claims to insurance companies for auto repair work never completed, for new auto parts when old parts were used, for replacing auto parts when damaged auto parts were simply repaired, and for increasing the amount of auto insurance repair claims.

Carrying out its mission to combat insurance fraud requires OIFP to remain on the cutting edge. To keep current with insurance fraud trends, OIFP legal and investigative staff attended year-round training in 2008 in relevant subjects such as health and workers' compensation insurance fraud, financial crimes investigations (FinCen), taking sworn statements, and medical billing and CPT coding. The Asset Forfeiture Program offered specialized instruction to all OIFP attorneys and investigators in the identification of proceeds and instrumentalities of crimes. And, MFCU detectives and deputy attorneys general attended a "Camera Case" training course designed to enhance elder abuse investigations and presented by a Senior Special Investigator from the New York State Attorney General's Office, MFCU, Patient Protection Unit.

OIFP further expanded its statewide law enforcement training in 2008. In the fall of 2008, OIFP, in conjunction with the New Jersey Motor Vehicle Commission (MVC) and the National Insurance Crime Bureau (NICB), offered the Comprehensive Insurance Fraud Training (CIFT) program to all police academies in New Jersey. Suitable for police recruits or as in-service training for experienced investigators, the CIFT program includes the following topics: Criminal Law Overview, Staged Motor Vehicle Accidents, Fraudulent Insurance Identification Cards, Fraudulent Vehicle Theft Reports, Document Fraud, and Vehicle (VIN) Identification. Over 100 police officers have attended CIFT training since the course was first offered in October 2008.

In addition, in December 2008, OIFP distributed over 5,500 copies of the latest edition of the Uninsured Motorists Identification Directory (UMID) to assist police officers during motor vehicle stops to quickly determine the legitimacy of a driver's automobile insurance identification card. OIFP also disseminated to law enforcement chief executives in New Jersey a series of instructional DVDs produced by OIFP on the topics of identification of counterfeit motor vehicle insurance identification cards, suspicious auto thefts, and staged automobile accidents.

Also in 2008, OIFP's Elder Abuse and Neglect Unit within the Medicaid Fraud Control Unit was renamed the Patient Protection Unit (PPU) to better reflect its purpose and mission. In 2008, PPU spearheaded an interagency working group with representatives from numerous state agencies which assist the elderly and disabled. At a one-day training session hosted by PPU and attended by assistant prosecutors and detectives from numerous County Prosecutors' Offices, members of the interagency working group discussed the resources available at the State level to assist local law enforcement agencies with issues related to crimes against the elderly and disabled.

OIFP also conducted Insurance Fraud in-service training for the Camden and Passaic County Prosecutors' Offices in 2008. These programs supplemented

OIFP's annual full-day in-service training program held each May and offered to all assistant prosecutors and detectives from the 21 counties. This year's presentations, given by law enforcement and industry experts, addressed "Insurance Basics," "Rate Evasion/Reverse Rate Evasion," and "Taxi Cab Investigations/Prosecutions."

OIFP and the insurance industry's cooperative partnership continued to flourish in 2008. In addition to hosting numerous meetings with industry and trade groups focusing on areas of common concern, OIFP instituted informal "meet and greets" where Special Investigations Units from various carriers visited OIFP offices to meet with OIFP staff, answer questions, and discuss individual cases, thereby widening the lines of communication between OIFP and the insurance industry. And, perhaps most importantly, the format of this year's annual Insurance Fraud Summit held in October was modified to encourage attendees to participate in specialized working groups, identify the most pressing fraud related issues facing the insurance industry, and propose realistic solutions for the working groups to tackle over the next year.

In keeping with its tradition of community outreach, in 2008, OIFP staff members gave a presentation on "Innovative Auto Theft Schemes" in Philadelphia, Pennsylvania, to the AIPSO, a management organization and service provider for various insurance industry groups responsible for administering the residual market; participated in the Law and Justice Center Career Fair at Rowan University in Glassboro, New Jersey; and addressed the New Jersey Society of Interventional Pain Management Specialists in Edison, New Jersey, regarding significant changes in the law pertaining to criminal and civil insurance fraud investigations and prosecutions over the past decade.

The 2008 Year in Review reflects the tremendous and laudable efforts by all OIFP staff members to uphold the unparalleled high standards by which OIFP is measured nationwide. In spite of economic adversities directly affecting the Office, OIFP continues to aggressively ferret out insurance fraud across New Jersey and bring wrongdoers to justice.

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, 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 0007-98).

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.

(l to r) Richard Stokes, Esq., Property/Casualty Insurers of America; Insurance Fraud Prosecutor Greta Gooden Brown; and Stephen J. Cirillo, OIFP Deputy Chief Counsel, at the 11th Annual New Jersey Insurance Fraud Summit.

OIFP-Criminal

Organizational and Operational Structure

OIFP-Criminal investigates and prosecutes all types of insurance fraud, most of which involve health, life, disability,

(I to r) Joy Alexis, OIFP Secretary, CLASS, and Rebecca Stephan, OIFP Secretary, Civil, working registration at the 11th Annual New Jersey Insurance Fraud Summit.

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auto, and home owners' or commercial insurance coverages, including both claims and application underwriting fraud. Criminal Investigators (Lieutenants and Detectives, formerly known as Supervising State Investigators and State Investigators) in DCJ 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. Criminal Investigators and Deputy Attorneys General are assigned to one of 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 Detectives in each section are supervised by a Lieutenant. The Supervising Deputy Attorneys General report to the Insurance Fraud Prosecutor through their respective Deputy Chief Counsels. Lieutenants report to the Deputy Chief Detective in charge of criminal prosecutions, who in turn reports both to the Chief of Detectives for DCJ, as well as to the Insurance Fraud Prosecutor.

Teams of analysts, technical assistants, paralegals, and other professional support staff provide support and assistance to the investigators and prosecuting attorneys in OIFP-Criminal. Support staff assist in organizing and analyzing 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, Lieutenants, Detectives, and professional and clerical support staff work together as a team to investigate and prosecute insurance fraud throughout the State.

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 investigated by Lieutenants and Detectives and prosecuted by Deputy Attorneys General assigned to the Auto/Property and Casualty Section in 2008 involved staged thefts of automobiles, commonly referred to as "give ups," or owner-initiated fraudulent auto thefts. 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. The middleman usually drives or tows the vehicle to a secluded location and attempts to destroy it completely, often by dousing the vehicle with an accelerant such as gasoline and burning it, to prevent its recovery and return to its owner.

"Give ups" are most often initiated by two groups: automobile lessees who have exceeded the permitted mileage under a lease and are facing substantial lease end penalty payments to the vehicle leasing company, and automobile 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. Insurance company and law enforcement investigators are trained to look for typical "red flags" in investigating stolen car allegations, including lack of evidence that the car was broken into, lack of damage to the locking mechanism of the steering column and/or ignition, presence of a financial motive to get rid of the car, and lack of proper maintenance of the car and/or recent damage to the car.

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. During the past two years, OIFP has redoubled its efforts to investigate "give ups" where VINs are re-tagged by coordinating these investigations with the New Jersey Motor Vehicle Commission (MVC).

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

The Auto/Property and Casualty Section also investigates and prosecutes staged accident rings, fraudulent Personal Injury Protection (PIP) claims, and criminal use of "runners." Vehicle insurance policies in New Jersey provide medical

benefits for persons injured in vehicular accidents as part of 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 claimant's 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.

(l to r) Donna Augustyniak, OIFP Acting Civil Squad Supervisor, and Insurance Fraud Prosecutor Greta Gooden Brown.

Counterfeit Insurance Identification Cards

This year, the Auto/Property and Casualty Section once again prosecuted large numbers of counterfeit 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, these 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 home owners and business owners falsely claim damage to their property or falsely claim a property loss in order to submit an insurance claim.

The dramatic downturn in the housing market has spawned an increase of referrals to OIFP of shady 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 home owner 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.

(l to r) OIFP Civil Investigators Gary Miller, John Stinsman, and Raymond Britton.

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.

Specific examples of matters prosecuted by the Auto/Property and Casualty Section are reported in the OIFP Criminal Case Notes section of the 2008 Annual Report.

Health, Life, and Disability Section

The onset of lean economic times has sparked an increase in criminal activity in connection with health, life, and disability insurance policies. The significant cost of this pervasive fraud is, regrettably, borne by the law-abiding citizens of New Jersey through higher premiums and associated costs. In 2008, OIFP remained vigilant in its effort to expose and combat insurance fraud throughout this State.

Health Care Insurance Fraud

Typically, health, life, and disability insurance fraud in New Jersey involves the submission of a fraudulent claim for reimbursement provided under a coverage provision in a legitimately issued insurance policy. Fraud in these areas includes forged drug prescriptions by prescription plan insurance beneficiaries, small group employer health insurance policies with ineligible participants, claims submitted by health care providers for services not rendered or misrepresenting the nature of the services provided, and the failure of a disability claimant to disclose another source of income or the claimant's misrepresentation of the purported disability. These crimes are committed by individual beneficiaries, as well as professional licensees, including doctors, lawyers, nurses, psychiatrists, teachers, law enforcement personnel, and insurance agents. During the past year, representatives of all of these professions were the subjects of regulatory and/or prosecutorial action by OIFP.

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 at a higher level the mere submission of false claims by a health care provider 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, 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

A unique aspect of insurance fraud addressed this past year by the Health, Life, and Disability Section involved the deceptive practices of certain business entities in acquiring workers' compensation insurance. This crime occurs when an insured business entity submits false payroll and other operational documents in support of a workers' compensation insurance application. By fraudulently under-reporting the payroll or wrongly identifying the work force, the insured business entity pays a greatly reduced workers' compensation premium. This premium is not truly reflective of the heightened risk incurred by the insurance carrier, which is unknowingly responsible for a far greater risk of loss than was disclosed by the business entity. Premium fraud is an extremely costly crime, with losses often running into the hundreds of thousands of dollars per annual policy.

Prior to 2003, the traditional criminal charges for acts of life or disability fraud were Theft, Conspiracy, and Falsifying Records. In 2003, 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 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.

Specific examples of matters prosecuted by the Health, Life, and Disability Section are reported in the OIFP Criminal Case Notes section of the 2008 Annual Report.

Medicaid Fraud Control Unit

Medicaid is a State and federally-funded health insurance program which pays the health care expenses of the disabled, economically disadvantaged, and, more recently, those who work but whose income and health benefits fall below certain established levels. Currently, $9.5 billion is spent annually by the New Jersey Medicaid program to reimburse health care providers and other ancillary service providers who are licensed to operate and administer services under the Medicaid program and who provide essential health services to Medicaid beneficiaries.

Approximately 10% of the billions of dollars spent each year on health care in New Jersey is attributable to fraud. Medicaid fraud is a serious problem with far-ranging consequences, not only for taxpayers, but for the beneficiaries who depend on these programs for their health care. To preserve the financial integrity of the Medicaid health care system in New Jersey, the Medicaid Fraud Control Unit (MFCU) within OIFP is

federally mandated to investigate and prosecute violations of all applicable State laws pertaining to fraud in the administration of the Medicaid program, the provision of medical assistance, and the activities of providers of medical assistance under the State Medicaid plan. MFCU is also required to review complaints alleging abuse or neglect of patients in health care facilities receiving payments under the State Medicaid plan and may review complaints of misappropriation of patients' private funds in such facilities.

In fulfilling its required functions, MFCU relies primarily on two New Jersey statutes: Medicaid Fraud, N.J.S.A. 30:4D-17, and Health Care Claims Fraud, N.J.S.A. 2C:21-4.3. Other criminal statutes which are also routinely invoked in the prosecution of Medicaid fraud include Money Laundering, Theft, Patient Neglect, and Fencing.

Medicaid Funding

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

Changes to federal law authorize MFCU to also prosecute health care fraud in any federally-funded health care programs, including Medicare, when the case involves a connection to Medicaid fraud and the appropriate Inspector General of the federal agency involved consents. Further, changes in guidelines issued by the federal government encourage MFCU to negotiate civil settlements in appropriate cases, such as when there is sufficient evidence to determine that an overpayment has been made to a provider but the evidence is insufficient to satisfy the far more onerous burden of proof required at a criminal trial.

Medicaid Prescription Fraud and Drug Diversion

Reimbursements to Medicaid providers for prescriptions for expensive or addictive medications are particularly vulnerable to Medicaid fraud. In 2008, MFCU, with the assistance of the Jersey City Police Department and the federal Food and Drug Administration's Office of Criminal Investigations, arrested fourteen individuals and executed search warrants at five pharmacies and health care offices in Essex and Hudson Counties in connection with *Operation PharmScam*, an investigation begun last year by MFCU to target the patient-doctor-pharmacy fraud triangle. This triangle is very lucrative for criminals and very costly to Medicaid. In a typical triangular conspiracy, a Medicaid beneficiary, or someone with access to a Medicaid beneficiary card, visits a doctor to obtain costly prescriptions, including antibiotics and HIV medications. Often, the beneficiary pays the doctor cash for the office visit because the prescriptions are not medically necessary. The doctor nonetheless bills Medicaid for the patient's visit, thus receiving double payment for the office visit. The beneficiary then takes the prescription to a pharmacy of his choice or one referred by the doctor and sells the prescription for cash for far less than what the drugs are worth. The pharmacist then fraudulently bills Medicaid for medication never dispensed at prices ten to thirty times higher than the cash payment made to the Medicaid recipient and gives a monetary "kickback" to the doctor for the referral.

Each member of this fraud triangle makes money at the expense of the Medicaid program. Millions of dollars have been stolen from Medicaid in these "buy back" schemes. This brand of Medicaid fraud has further spun off many smaller cottage industries of crime, including "runners" who solicit Medicaid beneficiaries, and individuals who steal prescription pads from physicians, pilfer loose or discarded pills from hospitals, or offer kickbacks to beneficiaries to patronize a particular pharmacy.

In addition to defrauding the State, the fraud triangle also presents a health hazard to the public, because it creates an incentive for seriously ill beneficiaries to sell, rather than take, their medication. The international demand for HIV drugs in particular and the high reimbursement rate that pharmacies in the United States are paid by Medicaid for dispensing HIV drugs have created an illegal market not only for the HIV medication itself but

(l to r) OIFP Civil Investigator Craig Leshner and Insurance Fraud Prosecutor Greta Gooden Brown.

(l to r) Teresa Reid, Juvenile Justice Commission, and Carol Naar, OIFP Industry Liaison, at the 11th Annual New Jersey Insurance Fraud Summit.

also for the actual hard-copy prescription for the medication which pharmacies must have in order to submit a claim to Medicaid. Many of these medications, especially anti-AIDS/HIV drugs, are extremely expensive. A one-month supply of the anti-HIV drug Fuzeon, for example, costs more than $2,300. For indigent individuals who have no source of income, a cash offer of a few hundred dollars may be difficult to refuse.

Narcotic painkillers, such as OxyContin, also are lucrative for unscrupulous Medicaid providers, as their potency has made them a valuable street commodity for many years. In 2008, MFCU, together with federal and local agencies, arrested a doctor and executed a search warrant at his office for prescribing medically unnecessary narcotics to his patients in exchange for cash.

Medicaid Provider Fraud

Medicaid provider 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 2008, MFCU investigated and prosecuted fraud committed by physicians, dentists, pharmacists, mental health clinic operators, residential and long-term health care facilities operators, personal care assistants, and other home health care providers.

Patient Protection Unit

The Patient Protection Unit (PPU), formerly known as the Elder Abuse and Neglect Unit, within MFCU focuses on preventing financial harm and physical injury to elderly and other Medicaid patients in institutions and hospitals, and prosecutes those who prey upon these vulnerable victims. Hospitals and nursing homes together account for approximately 40% of Medicaid expenditures.

PPU also investigates financial fraud in the accounting practices of long-term care facilities. Nursing homes are reimbursed by the Medicaid program on a per-patient basis. The reimbursement rate is calculated according to annual cost reports that nursing homes are required to submit to the State. These cost reports itemize all the expenses of the nursing home, including nursing services, linens, food, and facility maintenance. As the expenses of the nursing home increase, the reimbursement rate increases, until a maximum State limit is reached. This creates an incentive by some greedy nursing home operators to inflate actual costs or to report expenses on the cost report which are either false or misleading. In 2008, PPU negotiated criminal pleas of two nursing home owners who reported salaries in annual cost reports for a phantom employee who did not work at the facility.

PPU has developed working relationships with other New Jersey State agencies charged with handling issues affecting both the elderly and disabled populations, including the Office of the Ombudsman for the Institutionalized Elderly within the Department of the Public Advocate, the Division of Developmental Disabilities within the Department of Human Services, and the Office of Program Compliance and the Office of Long Term Care Systems, both within the Department of Health and Senior Services. This interagency cooperation has resulted in the referral of cases to PPU that might otherwise have escaped criminal investigation and prosecution. In 2008, PPU also began receiving case referrals from legal guardians appointed by the Superior Court of New Jersey to handle the affairs of persons adjudicated to be incompetent.

During 2008, PPU took the lead in forming an interagency working group consisting of representatives from numerous state agencies concerned with the well being of the aged and disabled. In addition to those agencies mentioned above, members of this working group include representatives from the Adult Protective Services Program, the Office of the Public Guardian, and the Office of Community Choice Options. On June 13, 2008, PPU hosted a one-day training session attended by Assistant Prosecutors and Detectives from numerous County Prosecutors' Offices where members of the interagency working group discussed various resources available at the State level to assist local law enforcement with issues related to crimes committed against the elderly and disabled.

Medicaid Civil Settlements

MFCU'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 MFCUs in 47 other states and the District of Columbia, as well as federal authorities, OIFP's MFCU 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 pursuant to False Claims Act filings 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 or debarment from participation in federally funded programs. In 2008, OIFP's MFCU recovered $32.2 million for New Jersey's Medicaid program from

federal False Claims Act settlements with eight major corporations. On January 13, 2008, Governor Jon S. Corzine signed into law the New Jersey False Claims Act (FCA), P.L.2007, c.265,[3] giving OIFP's MFCU the means by which to bring a civil action in the Superior Court of New Jersey against any person who knowingly causes the State to pay a false or fraudulent claim to the Medicaid program.

Specific examples of matters prosecuted criminally by MFCU are reported in the OIFP Criminal Case Notes section of the 2008 Annual Report. MFCU's 2008 settlements are reported in the OIFP Civil Case Notes section of the 2008 Annual Report.

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 2008, 70 Civil Investigators were assigned throughout the State. A Managing Civil Investigator assumes the leadership role for each regional bureau. Each bureau is further divided into squads and each squad is managed 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 13 Civil Squad Supervisors. Each Managing Civil Investigator reports directly to the Deputy Chief of Detectives who bears responsibility for and oversees all civil investigations.

A Civil Investigator assigned to review an allegation of fraud first reviews the case to determine which specific provision of the Insurance Fraud Prevention Act (IFPA) has been violated. The Civil Investigator then takes the necessary investigative steps, for example, obtaining documents, conducting surveillance, and interviewing witnesses, in order to prove the violation of the IFPA. The case is then evaluated by the Civil Investigator and his or her Civil Squad Supervisor to determine the most appropriate method for proving the fraud.

At the conclusion of a civil investigation, if the assigned Civil Investigator determines that the fraud allegation is supported by the evidence, the Civil Investigator prepares and serves the subject with an administrative Consent Order for execution providing for an appropriate civil fine under authority of the IFPA. The IFPA provides for fines up to $5,000 for the first violation, $10,000 for the second violation, and $15,000 for the third and subsequent violations. 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.

When 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 IFPA 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. Resolution of a civil case through settlement or trial 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.

DOL's 2008 settlements and judgments are reported in the DOL Civil Litigation Case Notes section of the 2008 Annual Report

Civil Health and Life Unit

During 2008, OIFP's Civil Investigators investigated a variety of schemes perpetrated by both medical providers and patients to defraud insurance companies. Fraudulent activity perpetrated by providers included billing for services not rendered, misrepresenting the nature of the services provided in order to charge a higher fee, manipulating dates to avoid contractual limitations, running unlicensed facilities, and using self-referrals. Fraudulent activity perpetrated by patients or purported patients included falsifying health insurance applications, submitting fabricated bills for reimbursement, and filing fraudulent life insurance and workers' compensation claims.

According to the Coalition Against Insurance Fraud in Washington D.C., medical identity theft is the fastest growing form of theft, affecting between 250,000 to 500,000 people in the United States. New Jersey is not immune to this trend, and 2008 has seen a significant increase in medical identity theft, which occurs when an individual obtains and utilizes another person's health insurance identification information or Social Security number to obtain free health care or reimbursement from insurers for submitted claims. Medical identity theft poses dangerous health care issues, because the victim's medical records include the fraudster's information. Tracking the use of stolen medical insurance identification cards is compromised by the fact that these cards are not ordinarily "swiped" at the time of service, such as a credit or debit card would be. Many doctors' offices submit their claims for services to the insurance carrier weekly or sometimes monthly for payment. This makes it possible for a number of individuals to illegally utilize the same medical identification card before it is identified as stolen.

OIFP also uncovered numerous instances of unlicensed and uninsured medical providers operating through-

3. Codified at N.J.S.A. 2A:32C-1 et seq.

out the State. An increasing number of medical care providers allow their malpractice insurance coverage to lapse in an effort to reduce costs. Failure to maintain minimal malpractice insurance, however, precludes the lawful dispensing of health care services within the State of New Jersey. In addition, some unlicensed medical providers continue to practice medicine in New Jersey despite the fact that their medical licenses were suspended or revoked for violations of State regulations. Other individuals providing health care services never bothered to register with the State at all, bringing into question whether these individuals are qualified to practice medicine in the first place.

Fraudulent practices also occur when licensed providers permit untrained individuals to perform procedures that are required to be performed by trained, licensed health care providers. For example, OIFP-Civil investigated several dental practices which allowed employees with no medical training to perform root canals, take x-rays, and fit orthodontics. In May 2008, Civil Investigators from OIFP's Central Health and Life Unit joined forces with investigators from the Division of Consumer Affairs, Regulated Business Section and Enforcement Bureau, to conduct two separate inspections on a home health care agency suspected of employing unlicensed home health aides.

In 2008, OIFP-Civil also investigated small group health insurance policies of businesses which listed relatives and friends on the policy applications, even though they were not employees of the companies. This allowed the small businesses to provide health care coverage for their relatives and friends at much lower group rates than would be offered through individual policies. Depending on the size of the company, this fraudulent activity could result in substantial monetary loss to the insurance companies for the medical coverage provided.

Civil Auto/Property and Casualty Unit

In 2008, OIFP-Civil initiated several investigations arising out of its collaboration with county and local law enforcement. This collaboration broadens the network of law enforcement and Civil Investigators combating the auto/property and casualty insurance fraud epidemic. One such joint investigation this year uncovered the use of fraudulent Certificates of Liability Insurance and other fraudulent documents to obtain taxi permits in northern New Jersey towns. Another successful joint venture undertaken in 2008 involved a successful investigation into a "chop shop" in Linden, New Jersey. Based upon information provided by a Lieutenant in the Union County Prosecutor's Office, OIFP-Civil opened a parallel civil investigation which resulted in the issuance of ten Civil Consent Orders assessing each defendant, one of whom was a police officer, civil fines of $5,000 each.

In September 2008, Manchester Township's Police Chief William Brase and a Detective from the Ocean County Prosecutor's Office contacted OIFP-Civil to advise of their efforts in pulling seven submerged vehicles out of Crystal Lake. The Manchester Township Police Department's Dive Team had previously gone into the water to mark the location of the vehicles and recovery of the cars was completed on September 17, 2008. A parallel civil investigation by OIFP is presently being conducted while local law enforcement continues to investigate whether the vehicles were driven into the lake by or on behalf of owners attempting to fraudulently file auto theft claims.

A steadily increasing problem in this State is rate evasion, a practice where New Jersey residents register their vehicles in another state or new residents fail to register their vehicles in New Jersey within 60 days of establishing residency to avoid paying higher New Jersey auto insurance rates. OIFP-Civil receives an alarming number of rate evasion referrals, most often from North Carolina. OIFP-Civil contacts the respective state and notifies the proper authority. OIFP-Civil also trains local police departments to detect rate evasion violations.

Successful civil investigations generally result in the issuance and execution of Civil Consent Orders. Civil Consent Orders executed in amounts of $5,000 and above are reported in the OIFP Civil Case Notes section of the 2008 Annual Report.

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

Referrals

Most cases investigated by OIFP in 2008 were the result of referrals from the Special Investigations 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. 13:88-3.1 et seq. 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).

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 action. In order to ensure effective coordination between OIFP and County Prosecutors' Offices, OIFP has designated four Civil Investigators, on a regional basis, to be 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 potential crime and/or 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 Detective (formerly referred to as a State Investigator) and Deputy Attorney General. If the referral is deemed appropriate for a civil investigation, the case is assigned accordingly and initially becomes the responsibility of an OIFP Civil Investigator, with legal guidance provided by a Deputy Attorney General assigned to CLASS.

Of the referrals to OIFP in 2008, CLASS identified 2,937 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, resulting in the most comprehensive response to fighting insurance fraud. OIFP's procedures ensure the most efficient allocation of OIFP resources and preserve the confidentiality of privileged law enforcement files.

Electronic Case Management System

In 2008, OIFP began the complex task of implementing a new electronic case management information system. CLASS is OIFP's representative on this project because of its role in managing OIFP's existing data repositories. The new electronic system was implemented for OIFP-Criminal's use first, as it was originally designed to manage criminal case information and is, in fact, used by several County Prosecutors' Offices. Modifications were required, however, to meet OIFP's unique needs. OIFP's goal is for the system to accommodate the varied types of information needed to manage OIFP's criminal and civil investigations, criminal dispositions, and civil adjudications. Once the project is completed, the system should greatly increase OIFP's ability to capture and retrieve critical case information, and to manage the thousands of investigations OIFP has open at any one time.

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 well 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 Liaison

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 2008, the Attorney General, through OIFP, provided $3.3 million in funding to 16 of the 21 County Prosecutors' Offices. County Prosecutors have relied upon this funding to fund fraud fighting personnel, including Assistant Prosecutors and Detectives, and to purchase equipment for combating insurance fraud. In 2008, OIFP also provided $400,000 in funding for the operation of the Essex/Union Auto Theft Task Force (ATTF).

OIFP also continued its training program for County Prosecutor investigative and prosecutorial personnel by conducting a full-day seminar at the New Jersey Forensic Science Technology Center in Hamilton, New Jersey, on May 14, 2008. In addition, OIFP personnel conducted 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 monthly updates 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 Liaison

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, insurance identification card, and registration, to State and federal investigators probing sophisticated insurance scams. OIFP's Law Enforcement Liaison maintains open lines of communication with municipal, county, State, and federal law enforcement officials to meet these objectives.

As part of its continuing effort to fight insurance fraud throughout New Jersey, OIFP provides all New Jersey law enforcement agencies with intelligence tools and training materials to aid in the detection of insurance fraud during routine police encounters with the public. In 2008, OIFP distributed to law enforcement agencies over 5,500 paper copies of the Uninsured Motorists Identification Directory (UMID) which contains contact telephone numbers of insurance carriers for verification of automobile insurance coverage. One of the types of insurance fraud most commonly encountered by law enforcement officers is the presentation of a fictitious or counterfeit automobile insurance identification card to a police officer making a motor vehicle stop. By giving law enforcement instant access to telephone numbers to directly contact insurance carriers and verify insurance coverage, the UMID enables the officer in the field to quickly ascertain the validity of the insurance identification card and take appropriate enforcement action.

Incorporated into this year's edition of the UMID is 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 UMID also serves as an invaluable source of intelligence information in conducting these investigations. Since this edition of the UMID contains 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(l), this information is highly confidential, **must** be safeguarded, and **must not** be made available to the general public.

In 2008, OIFP also provided 550 law enforcement chief executives with a series of "roll call" training DVDs produced by OIFP. These training DVDs will assist law enforcement officers in the detection and investigation of common insurance fraud schemes. The first DVD, entitled "Identifying Fake Insurance Cards," augments the utility of the UMID in spotting fake insurance cards. The second DVD, entitled "Suspicious Auto Thefts," depicts a typical scenario in which a police officer responds to a report of a stolen vehicle that is, in fact, a staged theft orchestrated to facilitate the filing of a fraudulent auto theft claim. The third DVD, entitled "Staged Auto Accidents," illustrates another common insurance fraud scenario utilized by insurance fraudsters to file false insurance claims. The latter two DVDs highlight a number of investigative "red flags" indicative of these types of insurance fraud scams and provide police officers with guidance in eliciting crucial information to complete the police report.

The Law Enforcement Liaison also maintains communication with organizations, such as the New Jersey Special Investigators Association (NJSIA), Special Investigators of Greater Newark (SIGN), International Association of Special Investigators Unit (IASIU), and New Jersey Vehicle Theft Investigators (NJVTI), whose members include representatives from the law enforcement community and the private sector who are engaged in the investigation of insurance fraud.

Another function of the Law Enforcement Liaison is to provide 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 been 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 this need, in 2008, the Law Enforcement Liaison facilitated the development and launching of the Comprehensive Insurance Fraud Training Program (CIFT) in conjunction with the National Insurance Crime Bureau (NICB). In 2008, 124 police officers attended CIFT training at five different police academies in New Jersey.

Also in 2008, the Law Enforcement Liaison coordinated eight law enforcement meetings in both the northern and southern regions of the State with officials from the law enforcement community. Each meeting offered a guest speaker who provided information critical to detectives' and prosecutors' understanding of insurance fraud. The topics covered this year were Elder Abuse, Fraudulent Document Recognition, Gangs, and Trends in Insurance Fraud. Throughout 2008, the Law Enforcement Liaison also coordinated in-house training for OIFP detectives and investigators in the areas of Vehicle Theft Investigations, Use and Development of Confidential Sources, Use of the Internet for Investigations, and Use of FinCEN (Financial Crimes Enforcement Network) Information in Insurance Fraud Investigations.

Insurance Industry Liaison

Success in the battle against insurance fraud also hinges upon a cooperative and mutually supportive partnership between law enforcement and the

insurance industry. OIFP's Insurance Industry Liaison is primarily responsible for maintaining OIFP's close working relationship with the 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 2008, the Liaison Section coordinated in-service training workshops for OIFP's attorneys and investigative staff to identify new and emerging insurance fraud schemes and trends. The training was provided by recognized experts from the industry's Special Investigations Unit (SIU) community in the areas of auto, property, injury, and workers' compensation insurance 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). This year, the format of the Summit was modified to reflect the theme of "Working Together to Turn Ideas into Reality." Attendees joined working groups to identify the most pressing issues facing the insurance industry and discuss realistic solutions for these issues. A comprehensive report entitled *Report From the Eleventh Annual New Jersey Insurance Fraud Summit: Recommendations of the Summit Working Groups* memorializes the product of this year's Summit workshops and includes recommendations for achieving the goals and objectives identified by the working groups. This report can be found on page 25 of the Annual Report.

In addition, during 2008, 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. Also, in 2008, OIFP began hosting Industry Liaison Meetings as an opportunity for OIFP Lieutenants, Detectives, Civil Investigators, and Deputy Attorneys General to informally meet and network with SIU representatives from various insurance companies. During these "meet and greets," SIU representatives visited OIFP offices to meet with OIFP staff, answer questions, and discuss individual cases. OIFP's CLASS Unit provided industry members with an overview of OIFP internal policies and procedures, which fostered a positive exchange regarding case referrals.

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 with 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. In 2008, those efforts resulted in the imposition by DOBI of licensing sanctions against 14 insurance professionals.

Professional and Occupational Boards Liaison

Committing civil or criminal insurance fraud can result in professional

2008 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	1	13	0	0	14
TOTAL	1	13	0	0	14

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, as well as prompt notification when a professional licensee is criminally convicted or enters into an OIFP Consent Order. 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 Board of Medical Examiners. Procedures implemented by the Professional Boards Liaison provide for prompt notification to the professional licensing 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. This Group is comprised of intermediate and upper level OIFP supervisory investigative and legal staff, a representative of DCA's Enforcement Bureau, and a representative of the Division of Law in Newark, New Jersey. The Group meets bi-monthly to track the status and progress of active cases of professional licensees under investigation by the respective agencies. Maintaining the database and convening the bi-monthly meetings facilitate the ongoing exchange of information necessary for the detection and investigation of insurance fraud committed by professional licensees.

Since its establishment in October 1998 through the end of 2008, the Liaison and Continuing Communications Group reviewed and resolved 1,505 cases through administrative closure, civil or criminal disposition by OIFP, or licensing sanctions by the appropriate professional board. During 2008, the Group continued to monitor 574 active insurance fraud related cases. Through this collaborative effort, professional and occupational boards within DCA took disciplinary action against 35 professionally licensed individuals in 2008.

2008 Licensing Sanctions Imposed on Licensed Professionals by State Licensing Boards

	Suspension	Revocation	Voluntary Surrender	Reprimand	TOTAL
Professional Engineering	0	0	0	1	1
Chiropractic	3	0	1	0	4
Physical Therapy	1	1	0	0	2
Dental	5	0	0	1	6
Medical	6	2	1	2	11
Nursing	0	1	0	5	6
Pharmacy	4	0	0	1	5
TOTAL	19	4	2	10	35

OIFP's Asset Forfeiture Program

In 2008, during the first year of its formal operation, the new OIFP Asset Forfeiture Program seized assets valued at a record $4.2 million, an increase of approximately 24% from the pilot period in 2007. The unit obtained judgments of more than $2 million, of that, $765,100 has been made available for disbursement.

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 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 2008, OIFP seized approximately $4.2 million in assets in the ongoing *Operation PharmScam* investigation, a multi-million dollar Medicaid fraud scheme involving individuals operating pharmacies in the northern New Jersey area who fraudulently billed for AIDS/HIV and other expensive medications that were not dispensed to Medicaid beneficiaries. The assets seized from Orange Drugs, Inc., Pharmacy of America, Samaritan Medical, LLC, Pricus, Inc., and related individuals include more than $2.34 million in numerous financial accounts, four parcels of real property, and two vehicles.
- In 2008, in *State v. $23,000 in United States Currency and One 1998 Lexus GS300*, OIFP seized $23,000 and a highly-customized 1998 Lexus GS300 which had been purchased with the proceeds of a credit card fraud scam and used in furtherance of a scheme to sell stolen vehicles that had been "re-tagged" with vehicle identification number plates from automobiles that had not been stolen, in order to conceal the theft of the stolen vehicles.
- In 2008, in *State v. Assets of Michael Monica*, with the resolution of a significant forfeiture case arising from a criminal disability insurance fraud case, the Asset Forfeiture Program disbursed $225,500 for restitution to two insurance companies. In the same settlement, the program applied $20,000 of the seized funds to the claimant's Insurance Fraud Prevention Act penalty. The remaining seized assets (anticipated to be approximately $15,000) will forfeit when real property is liquidated pursuant to the settlement.
- In 2008, in one of the *Operation PharmScam* cases, the Asset Forfeiture Program obtained a judgment recovering a total of $504,600, with restitution of $303,300 and the balance allocated to fines and forfeiture.
- In 2008, OIFP forfeited a 1994 Chevy Conversion van used repeatedly in an ongoing scheme to create and sell counterfeit motor vehicle insurance identification cards in the Newark, New Jersey, area.

OIFP Criminal Investigations and Prosecutions Statistics
January 1, 2008 - December 31, 2008

New Cases Opened	583
Indictments/Accusations Filed	154
Number of Defendants Charged	182
Number of Defendants Convicted	145
Number of Defendants Sentenced	182
Number of Defendants Sentenced to State Prison Total Number of Years	21 82
Number of Defendants Sentenced to County Jail Total Number of Years	79 10
Total Criminal Fines Imposed	$11,450
Total Criminal Penalties Imposed	$26,985
Total Civil Penalties/Fines Imposed in Medicaid Cases	$10,561,364
Total Restitution Imposed	$24,640,957[1]

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

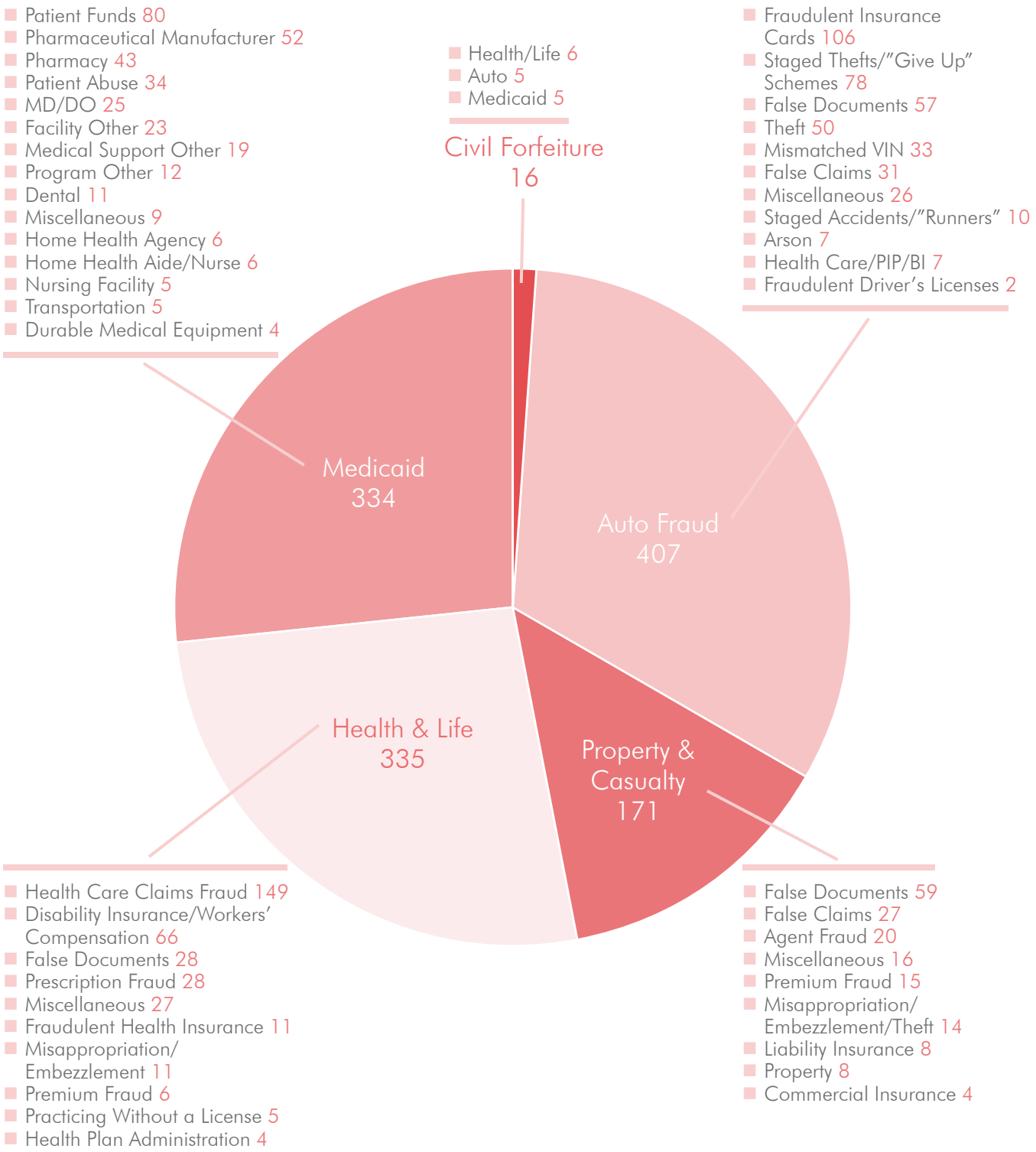
OIFP Civil Investigations and Litigation Statistics[2]
January 1, 2008 - December 31, 2008

Civil Investigations	Number	Dollar Amount
New Cases Opened	3976	
Number Forwarded for Investigation	2354	
No Investigation Warranted	1622	
Sanctions Imposed		
Insurance Fraud Letters of Admonition	278	
Administrative Consent Orders Issued	337	$3,199,500
Administrative Consent Orders Executed	267	$1,152,377
Settlements Entered	46	$485,075
Judgments Entered	132	$2,112,100
Complaints Filed	53	
Collections (Department of Banking and Insurance)[3]		
Number of OIFP Accounts Paid in Full	264	
Total Amount Received		$1,699,591

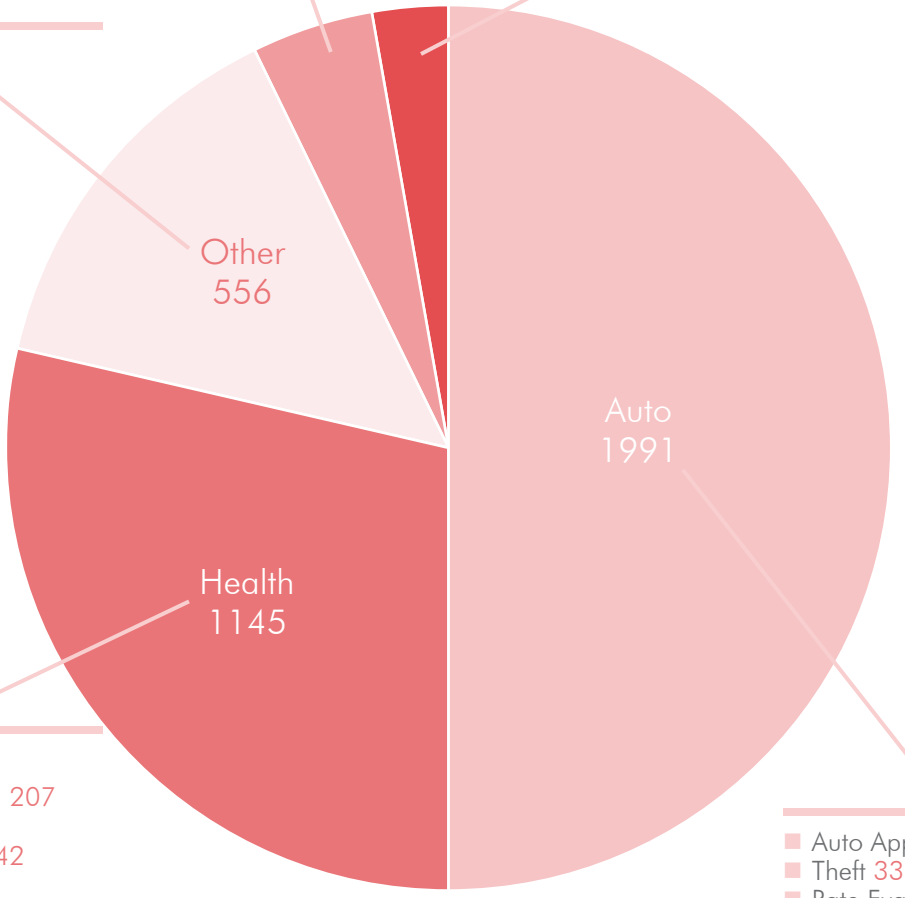
[2]*These statistics comprehensively reflect the number of discrete actions undertaken by OIFP in pursuing civil sanctions against insurance fraud violators. It should be noted that, in some instances, more than one action was taken against a single violator or for a single violation.*

[3]*These figures were reported by the Department of Banking and Insurance which is responsible for the collections function.*

OIFP Criminal & Civil Forfeiture Cases Investigated in 2008 by Fraud or Provider Type



OIFP Civil Cases Opened in 2008 by Fraud or Provider Type



- Fraud 178
- Other 172
- Insurance Company 55
- Intake Review Pending 12/31/2008 51
- Agent 44
- Certificate of Liability Insurance 30
- Towing and Storage 21
- Adjuster 3
- Insurance Company Employee 2

- Property Damage 63
- Theft 42
- Miscellaneous 31
- Arson 11
- Home Owners' App. 11
- Injury 11
- Fire 7

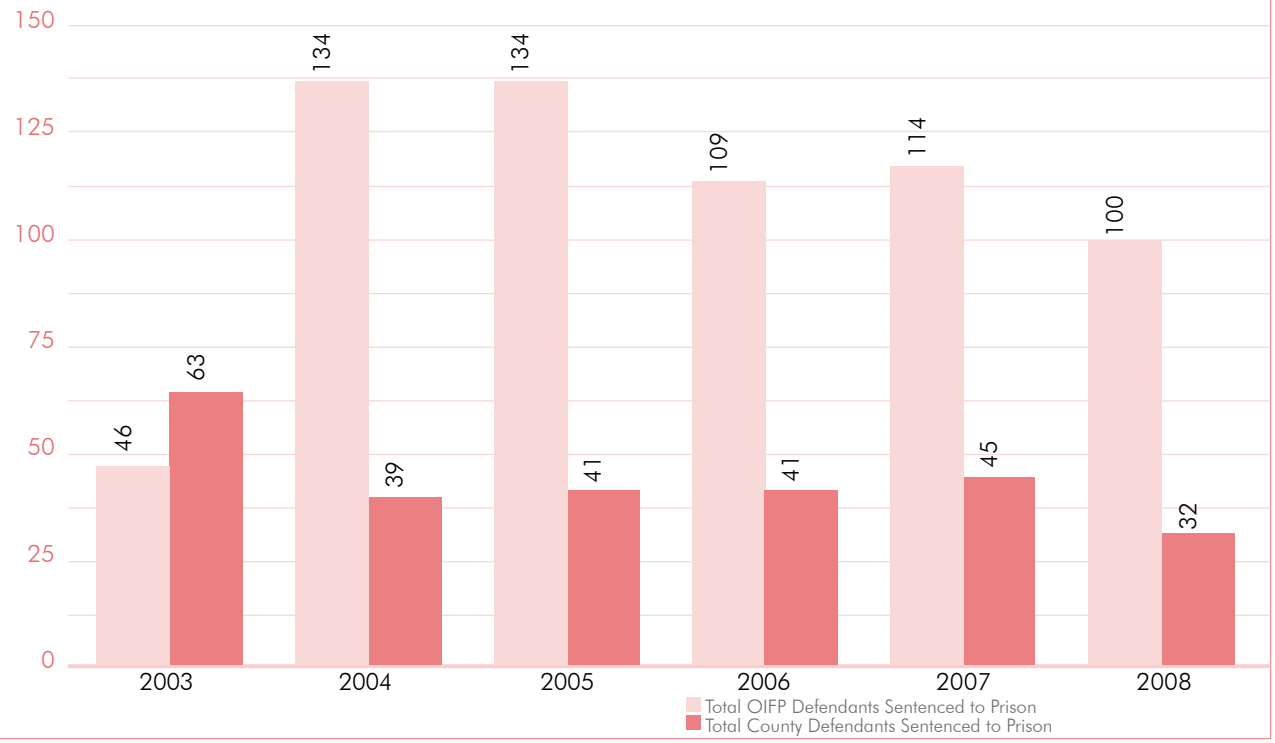
- Injury 47
- Commercial Applications 19
- Property Damage 16
- Theft 12
- Miscellaneous 7
- Arson 5
- Fire 2

- Health 312
- Workers' Comp. 207
- Disability 174
- Auto/Provider 142
- Prescription 106
- Health/Other 59
- Dental 37
- Health Applications 37
- Life 34
- Life Applications 26
- Workers' Comp. Prem. 11

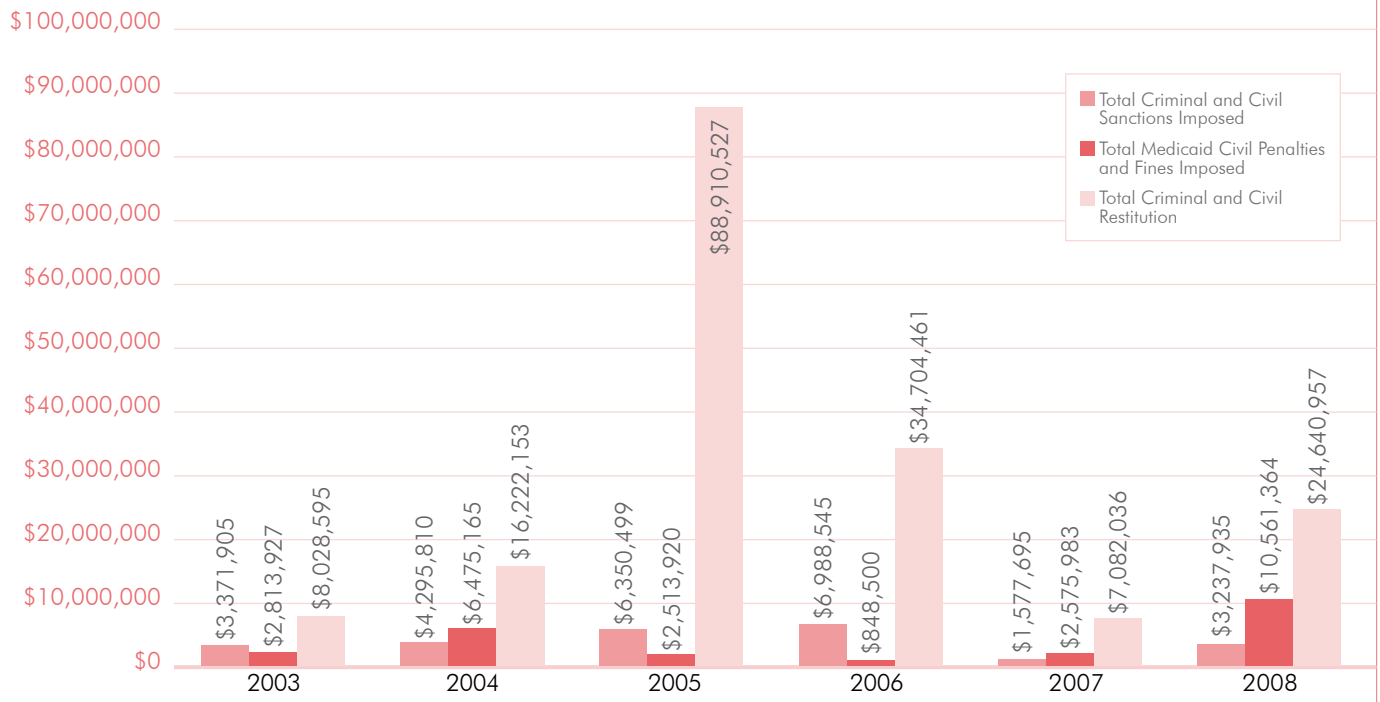
- Auto Applications 864
- Theft 336
- Rate Evasion 254
- Property Damage 193
- Bodily Injury 136
- PIP 110
- Miscellaneous 66
- Arson 24
- Fire 8

OIFP Criminal Charges Summary 2003-2008

OIFP & County Prosecutors' Offices - Total Defendants Sentenced to Prison 2003-2008

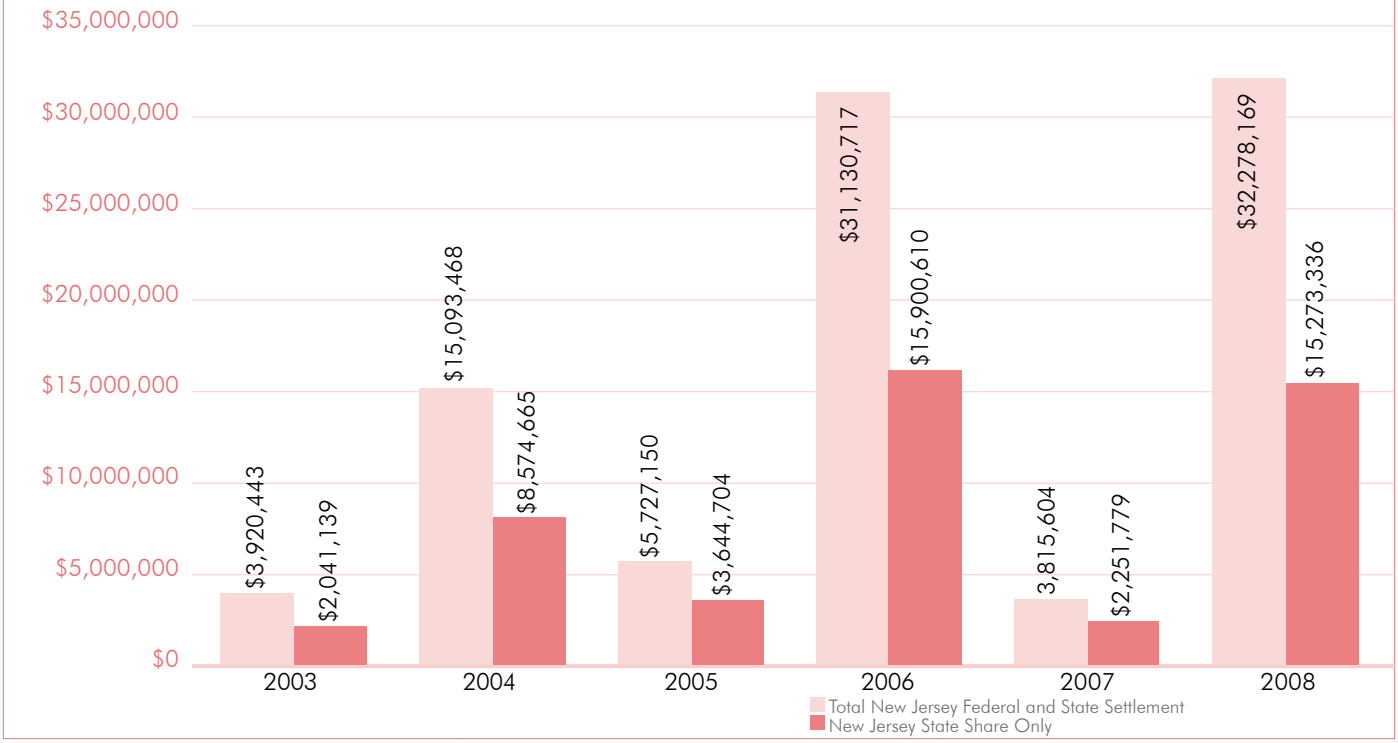


OIFP Criminal and Civil Monetary Sanctions and Restitution Summary 2003-2008



** A court order for restitution in excess of $78 million in State v. Gruppuso accounted for the spike in restitution for 2005.*

OIFP Medicaid Federal False Claims Act Settlements Summary 2003-2008



New Jersey Observes Third Annual Insurance Fraud Awareness Month

In October 2008, OIFP, working in conjunction with the Insurance Council of New Jersey (ICNJ) and the New Jersey Special Investigators Association (NJSIA), celebrated the third 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 Eleventh Annual New Jersey Insurance Fraud Summit, the Third Annual Anti-Fraud Awareness Essay Contest for High School Seniors, the Eighteenth Annual New Jersey Special Investigators Association Training Seminar, OIFP and Industry Working Group meetings, and the distribution of OIFP's updated insurance fraud recognition DVD series for local law enforcement.

Eleventh 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 eleventh 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 at the Summit to collectively review the 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. This year's Summit was held at the War Memorial in Trenton, New Jersey, on Tuesday, October 7, 2008.

At this year's Summit, as in the past, OIFP recognized Special Investigations Units and individuals who have made significant contributions to anti-fraud efforts. The 2008 Prosecutor's Excellence in Investigations Award was presented to Selective Insurance Company. Benjamin J. Hickey of Allstate Insurance Company New Jersey received the 2008 OIFP Recognition Award.

This year, OIFP changed the emphasis of the Summit by focusing on the future, rather than the past, in order to tackle the significant challenges faced by the insurance industry and law enforcement in a more efficient manner. In keeping with this year's theme of "Working Together to Turn Ideas into Reality," Summit attendees participated in one of three Working Groups: Auto Insurance, General Special Investigations Units (SIU), and Law Enforcement/County Prosecutor Issues. Through problem-solving exercises and candid deliberations, the participants identified the most critical issues and recommended practical solutions. At the Summit's conclusion, representatives from each of the three Working Groups reported what their respective group identified as the most significant challenges they face in detecting, investigating, and prosecuting insurance fraud, and proposed realistic goals for each group to attain in the upcoming year. The following report is the culmination of the Working Groups' collaborative efforts to prioritize and meet head on the most pressing issues in the fight against insurance fraud.

Representatives from Selective Insurance Company accept the 2008 Prosecutor's Excellence in Investigations Award at the 11th Annual New Jersey Insurance Fraud Summit: (l to r) Danielle Johns, Selective Insurance; Joanne Roberts, Assistant Vice-President, Selective Insurance; Insurance Fraud Prosecutor Greta Gooden Brown; Robert P. Bunting, Selective Insurance; John Butchko, OIFP Liaison Section Chief.

Report From the Eleventh Annual New Jersey Insurance Fraud Summit: Recommendations of the Summit Working Groups

Auto Insurance Working Group

Recommendation One

Broaden the scope of information related to actual or potential insurance fraud a person or entity, such as an insurance carrier, may disclose to other parties, and broaden the scope of the related civil immunity covering the person's or entity's distribution of that information.

Discussion: The Auto Insurance Working Group found that insurance companies referring potential fraud claims to OIFP as required by N.J.S.A. 17:33A-9 need clear and concise statutory language specifying what information can and cannot be exchanged during the investigation of an insurance claim. Insurance carriers need an open exchange of information while maintaining immunity between carriers and need to know how far the immunity provided by OIFP extends.

Proposal: The Auto Insurance Working Group supports the reintroduction and passage of New Jersey Senate Bill S-248 (2008-2009), sponsored by former Senator John H. Adler, which would amend and supplement current State statutes governing insurance information practices by estab-

Benjamin J. Hickey, Allstate Insurance, accepts the 2008 OIFP Recognition Award at the 11th Annual New Jersey Insurance Fraud Summit: (l to r) Benjamin J. Hickey; Insurance Fraud Prosecutor Greta Gooden Brown; John Butchko, OIFP Liaison Section Chief.

lishing a legal framework for the greater flow of information between the insurance industry and law enforcement, as well as between various parties within the insurance industry. The Auto Insurance Working Group also proposes the development of an agreement form, to be approved by OIFP, which would authorize the exchange of information between insurance carriers and provide immunity in insurance fraud investigations.

Recommendation Two

Gain greater access to New Jersey Motor Vehicle Commission (MVC) information in an expeditious and cost-effective manner.

Discussion: The Auto Insurance Working Group noted that access to carrier information through MVC is restricted and hinders necessary industry investigation. The Working Group cited the limited insurance company information available, the inability to search MVC databases by driver name or address, and the limitation of overall searches. Insurance company representatives countered that they provide all necessary information to MVC and believe the problem lies with MVC's restrictions on access to the information.

Proposal: The Auto Insurance Working Group will set up a meeting with MVC and OIFP to discuss the feasibility of obtaining greater access to information already captured by MVC.

Recommendation Three

Modify current rating structures to respond to underwriting and premium fraud.

Discussion: The Auto Insurance Working Group noted there are many cases of underwriting and rate evasion, both in and out of State, which fall into a gray area in terms of the current rating structure which does not allow certain voidance, recision, or cancellation options by insurance companies.

Proposal: The Auto Insurance Working Group will set up a meeting with the Department of Banking and Insurance (DOBI) to discuss the issue in detail and consider forming a panel to review each case individually.

Recommendation Four

Alert the insurance companies to global fraud issues in real time.

Discussion: The Auto Insurance Working Group detected a "disconnect" between major trade groups, State government, law enforcement, and insurance carriers regarding the timeliness and flow of information.

Proposal: The Auto Insurance Working Group recommends maintaining a centralized electronic repository for information with "real time" alerts to all groups involved.

Recommendation Five

Achieve consistent findings in PIP arbitrations by mediators of arbitration panels (National Arbitration Forum) or Dispute Resolution Professionals (DRPs).

Discussion: The Auto Insurance Working Group noted the lack of consistency in the results from arbitration and DRPs. NAF arbitrators appear to be unaware of the potential for insurance fraud in PIP claims, and the costs they award are often excessive and out of sync with the dollar amount of the suit. Monetary thresholds established by NAF have made submission of low dollar amount bills by an insurance company burdensome due to excessive processing charges which sometimes double or triple the original amount of the bill.

Proposal: The Auto Insurance Working Group proposes several recommendations with regard to NAF and DRPs. The first proposal is to limit the term that DRPs can be appointed to sit on a panel. The second proposal is to educate DRPs with regard to insurance fraud cases. The third proposal is to foster timeliness of filings. The fourth proposal is to cap costs awarded to bring them in line with the dollar amount of the suit, and the fifth proposal is to provide oversight by the industry to achieve consistent filings.

General Special Investigations Unit (SIU) Working Group

Recommendation One

Provide insurer-to-insurer immunity in the exchange of information in suspected fraud cases.

Discussion: The General SIU Working Group, like the Auto Insurance Working Group, identified as their primary concern the need to provide immunity between insurance carriers and OIFP in conducting insurance fraud investigations.

Proposal: The General SIU Working Group proposes the formation of a working group or sub-committee to facilitate the passage of S-248 by addressing the concerns raised when the bill was initially proposed but not released from committee; amending the language of the bill as necessary; and combining the efforts of insurance company trade groups, OIFP, and insurance carrier executive staff to push for reintroduction of this bill.

Recommendation Two

Address vexing issues in the arbitration process.

Discussion: The General SIU Working Group, like the Auto Insurance Working Group, identified problems in the arbitration process. One of its main concerns is the excessive attorneys' fees awarded which are out of line with the settlement dollars.

Proposal: The General SIU Working Group will form a PIP Working Group to develop suggestions to be presented to the NAF. In addition to the recommendations proposed by the Auto Insurance Working Group, the General SIU Working Group suggests that attorneys receive flat fees for their costs and that cases of suspected fraud be eliminated altogether from the arbitration forum.

Recommendation Three

Educate judges about the complexities of insurance fraud.

Discussion: The General SIU Working Group perceived judicial "indifference" to insurance fraud cases on the whole and believed that insurance fraud cases are not adequately addressed by New Jersey courts.

Proposal: The General SIU Working Group advocates mandating comprehensive insurance fraud training of judges at the annual Judicial College; requiring continuing education and training about emerging trends in insurance fraud; and creating a special venue or regional board for adjudication of complex insurance fraud cases.

Recommendation Four

Improve interaction with OIFP.

Discussion: The General SIU Working Group identified several areas where interaction with OIFP needs improvement, such as reporting suspected fraud and following up on the status of cases in a more timely fashion. Additionally, the General SIU Working Group saw the need for a global repository of information between trade groups, law enforcement, State government, and OIFP, which would allow these entities to obtain "real time" information on specific investigations.

Proposal: The General SIU Working Group recommends that these topics be placed on the agenda of the first quarterly meeting of the OIFP Property and Casualty Working Group in 2009. In the past, continuing communication and resolution of concerns identified by the industry and OIFP have been the hallmarks of these meetings.

Recommendation Five

Gain greater access to MVC information.

Discussion: Like the Auto Insurance Working Group, the General SIU Working Group recognized the need for greater access to information already captured by MVC.

Proposal: The General SIU Working Group recommends inviting key members of MVC to an OIFP Property and Casualty Working Group Meeting to discuss information sharing on a more in-depth level.

Presentation of Recommendations of the 11th Annual New Jersey Insurance Fraud Summit Working Groups: (l to r) Richard L. Duffy, SIU Manager, New Jersey Skylands Insurance; Joanne Roberts, Assistant Vice-President, Selective Insurance; John Butchko, OIFP Liaison Section Chief; Loni M. Hand, Director and Counsel, SIU, New Jersey Manufacturers Insurance; Christopher Loiodice, Supervisor, SIU, High Point Safety Insurance; John Kennedy, OIFP CLASS Senior Counsel.

Recommendation Six

Modify public disclosure laws.

Discussion: The General SIU Working Group noted that immediate public access to police reports containing personal information of the parties involved in a motor vehicle accident allows attorneys to solicit accident victims immediately following the loss, which compromises investigations into suspected fraud.

Proposal: The General SIU Working Group proposes a "cooling off" period so that only parties to the accident and their insurance carriers may obtain police reports during the first 30 days following an accident. The Working Group will draft legislation designed to delay release of accident reports to the public for a 30-day period.

Law Enforcement/County Prosecutor Issues Working Group

Recommendation One

Require individuals to provide proof of insurance when registering a vehicle with MVC.

Discussion: The Law Enforcement/County Prosecutor Issues Working Group noted that requiring proof of insurance when registering a motor vehicle at MVC would be an important step toward reducing the number of uninsured motorists on New Jersey's highways. The Working Group recognized the need to be sensitive to MVC's mission to be "consumer friendly" and the likelihood of negative public reaction.

Proposal: The Law Enforcement/County Prosecutor Issues Working Group proposes that, in conjunction with OIFP working groups, representatives from law enforcement could meet with MVC early in the discussion phase to hear concerns from all sides on how best to approach this issue. In turn, specific recommendations could be devised on how this change could be achieved. The Working Group also recommends that MVC create or maintain a database for the shared use by MVC, insurance carriers, and law enforcement. The Working Group will review the ways other states share this information and possibly use their plans as a model for New Jersey.

Kenneth Pringle, General Counsel, New Jersey Special Investigators Association, addressing attendees at the 11th Annual New Jersey Insurance Fraud Summit.

Recommendation Two

Provide "real time" access to local police of automobile insurance information maintained by MVC.

Discussion: The Law Enforcement/County Prosecutor Issues Working Group noted State and local law enforcement's need for immediate online access to MVC's database in order to verify insurance coverage during routine motor vehicle stops. MVC currently has a one-year backlog in entering information about motorists' insurance coverage into its database.

Proposal: The Law Enforcement/County Prosecutor Issues Working Group proposes conducting a feasibility study to learn how other states handle this issue. The Working Group also proposes the formation of a task force with OIFP, MVC, and law enforcement to address these issues, and notes the need to consider the privacy guidelines applicable to MVC and insurance carriers.

Recommendation Three

Maximize law enforcement results given declining resources.

Discussion: The Law Enforcement/County Prosecutor Issues Working Group discussed the need to strengthen insurance fraud investigations and prosecutions during times of economic downturn which generates a higher incidence of fraud and simultaneously reduces the resources available to law enforcement.

Proposal: The Law Enforcement/County Prosecutor Issues Working Group proposes formation of task forces and coordination of resources on the State, county, and local levels to overcome declining personnel due to hiring freezes and fewer resources due to budgetary constraints. Insurance fraud investigations and prosecutions should be prioritized to ensure that the right cases are receiving the appropriate resources.

Recommendation Four

Improve law enforcement's response to referrals of cases involving fraudulent insurance identification cards by working with Parsons/MVC inspection stations.

Proposal: The Law Enforcement/County Prosecutor Issues Working Group noted that Parsons inspectors who are presented with counterfeit insurance identification cards during motor vehicle inspections at Parsons stations make copies of them and forward them to OIFP. The Working Group reevaluated how Parsons should forward this information and which agencies should act on it. Parsons has indicated that by mid-2009 video surveillance will be installed at all Parsons inspection stations covering all lanes. Video records will be maintained for 90 days.

Proposal: The Law Enforcement/County Prosecutor Issues Working Group, which included representatives from Parsons, recommends that Parsons personnel copy the driver's license and registration of the vehicle, as well as the counterfeit insurance identification card, and forward them to OIFP. County Prosecutor representatives in the Working Group indicated they will move forward on cases of this nature in their venue.

Third 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 Third 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 an essay of 500 words or less on the following topic: "What is the Impact of Insurance Fraud on the Residents of New Jersey?".

OIFP received more than 80 entries 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 of the essays submitted and identified fifteen finalists. Using these same guidelines, on October 30, 2008, New Jersey Insurance Fraud Prosecutor Greta Gooden Brown, NJSIA President Howard Potter, and ICNJ President Magdalena Padilla reviewed the finalists' essays and selected the contest winners.

An awards ceremony for the winners took place at the Insurance Council of New Jersey's 31st Annual Meeting. Emily Bowden of West Morris Central High School was awarded first place and received a $1,000 scholarship. Johnna Malter of Brick Memorial High School was awarded second place and received a $750 scholarship. Lisa Pridgen of Lenape Valley Regional High School was awarded third place and received a $500 scholarship. The winning essays are reproduced below:

1st Place

Emily Bowden

West Morris Central High School

Insurance fraud - though the words may not carry the same unsettling connotation as other crimes, it can be just as dangerous and even include other big-name crimes such as murder, manslaughter and arson. Insurance fraud is when people deceive an insurance company to collect money that they should not have. They may fake an accident or injury

or exaggerate information to get more money. Those who commit insurance fraud are not a certain group of people, which is very frightening. They may be doctors, insurance salesmen or even just otherwise honest people looking to make "easy money." Insurance fraud may be controlled, however, to protect the lives and assets of honest people.

There are two types of insurance fraud, hard and soft. Hard insurance fraud is when someone deliberately fakes an accident, injury or other loss to collect money. Soft fraud is when normal people tell "little white lies" to their insurance company about damage due to a car or something similar. Either way, both are considered fraud and both are illegal.

Unfortunately, insurance fraud is very popular. It is often considered acceptable and companies may sometimes turn a blind eye to it. Some insurers would rather pay suspicious claims than fight in court. The health system is also an easy target, since there are so many patients and so many different treatments. Those who commit fraud also view it as high reward and low risk. Some states do not have specific insurance fraud laws and courts often give light sentences for the crime. Too often, Americans tolerate fraud and too often give little punishment for the crime. Companies are cracking down on fraud yet, it is still big.

Healthcare fraud alone costs Americans over $54 billion a year. Automobile insurance fraud adds $13-$18 billion to the insurance payments of honest, hard-working people. This crime has a tremendous effect on New Jersey residents and all Americans. Besides causing insurance premiums to rise, insurance fraud can cause people to lose their savings through scams, people's healthcare can be endangered by faulty medical care and fake health insurance, people can lose jobs if their company goes bankrupt from paying false insurance claims and people can even be killed when crooks stage accidents and arson. Luckily, New Jersey offers many ways to combat and report fraud. Fraud is a commonly charged and prosecuted crime and the New Jersey Office of the Insurance Fraud Prosecutor is dedicated to cracking down on these cases. People are still very much at risk and many lives can be destroyed by insurance fraud.

Winners of the Third Annual Insurance Fraud Awareness Essay Contest for High School Seniors with Contest Sponsors: (l to r) Howard Potter, President, NJSIA; Lisa Pridgen, Lenape Valley Regional High School, 3rd Place; Emily Bowden, West Morris Central High School, 1st Place; Magdalena Padilla, President, ICNJ; Greta Gooden Brown, Insurance Fraud Prosecutor.

Insurance fraud is a serious crime that needs to be controlled and hopefully eliminated. It is the responsibility of companies to combat fraud and for customers to be wary of possible schemes. Hopefully, someday, insurance fraud will be a crime of the past, and the people of the world can breathe easier.

2nd Place

Johnna Malter

Brick Memorial High School

The impact of insurance fraud on the residents of New Jersey is a problem that needs to be stopped immediately. Insurance fraud is any false act committed with the intent to deliberately obtain payment from an insurer. There are many types of insurance fraud. There are automobile insurance, healthcare claims, Medicaid, disability benefits and unemployment insurance. These are just some of the examples of insurance fraud.

The biggest impact on the residents of New Jersey is the fact that all people work countless hours for their hard-earned money and then it is taken from them due to insurance fraud thieves. By stealing money from insurance agencies, the people committing the crimes are also raising the premiums on insurance policies. This is damaging to the people who do not have money to survive.

One of the biggest examples of insurance fraud is setting one's own house on fire in order to collect insurance on a home. This puts a plethora of people in danger. It jeopardizes the lives of neighbors, firefighters, pets and family members. Felons do not comprehend the danger they are putting on not only the people of New Jersey, but people throughout the United States.

Consumers should definitely start being aware. Awareness is the number one attribute to stopping insurance fraud. Awareness also includes more commercials on both the television and radio and public speakers throughout schools and businesses. If people are more aware of their surroundings, it could be an astronomical factor in stopping insurance fraud.

(l to r) Johnna Malter, Brick Memorial High School, 2nd Place winner of the Third Annual Insurance Fraud Awareness Essay Contest for High School Seniors, with Insurance Fraud Prosecutor Greta Gooden Brown.

CHARGES STICK!

Con ex-cop must go to trial for alleged $60K fraud of PAL

Insurance fraud impacts the lives of the New Jersey people. Automobile accidents could kill or injure innocent people. What people do not understand is that felons do not have morals for themselves and, without morals, these frauds will never stop. Life in New Jersey is not easy for anyone due to the increase in insurance each year.

In order to stop fraud, laws have to be more strict and powerful. No matter how little the case may be, it should not be bypassed. Many prosecutors overlook the small cases, when unwillingly they are not realizing that the small incidents are what lead up to the stealing and potential death involved in insurance frauds.

Insurance Fraud also impacts the work life of citizens. Every year, hundreds of people are laid off in New Jersey due to insurance fraud. Insurance premiums increase and the only logical thing for businesses to do is to lay people off. It is unhealthy and quite distressing. It is unfair to the people who work hard for their money and who need the little money that they make to survive.

Insurance fraud impacts the lives of people in New Jersey. Superior awareness and more relevant laws have got to be made in order to help stop insurance frauds. The people of New Jersey can substantially decrease insurance fraud by reaching out to our fellow consumers and the future consumers around us.

3rd Place

Lisa Pridgen

Lenape Valley Regional High School

Each year, the total loss due to insurance fraud in the United States is $80,000,000,000. In New Jersey, residents pay for fraud in their taxes and premiums. Everyone must be alert and aware. Insurance fraud impacts residents of New Jersey in many different ways. Residents suffer devastating long term effects such as loss of personal and business income/savings, high-priced insurance and consumer goods, and loss of jobs. In some cases, innocent people lose their lives because of staged accidents. Through education, strict laws, and crime reporting New Jersey residents can work together to help stop insurance fraud. As each person becomes more aware, another step can be taken to help stop fraud crimes.

Education is the first step. Education about insurance fraud can prevent the horrible effects of fraud crimes. There are many things the general public and business world can learn. Most importantly, everyone needs to know what insurance fraud is. They should know that insurance fraud consists of actions such as faking work-related injuries to collect compensation, faking injuries in car accidents, staging accidents and falsifying theft in order to file an insurance claim. The public should also be aware that the healthcare system is an easy target because more than one third of the people hurt in car accidents exaggerate their injuries, and one third of doctors exaggerate their findings; this is also fraud. Towns can and should organize annual programs to inform residents and companies about fraud so they can be alert and aware in their defense against it. Education should begin in high school as part of drivers' education curriculum.

Insurance fraud is considered a low risk crime and has low legal priority. How can New Jersey put a stop to insurance fraud if the laws are not strict enough? Insurance fraud should be a high priority crime. Jail time should be increased and criminals should face higher fines and extended probation time. Since strict laws will make the money gained from fraud not worth the punishment, less people will commit insurance fraud and, therefore, New Jersey will not have to pay higher premiums.

Two of three Americans tolerate insurance fraud, and two of five Americans blame the insurance industry and believe they are unfair. If New Jersey residents are anything like the rest of the country, then they are only making it worse for themselves by not reporting crimes. Reporting crime provides justice and helps residents pay less in premiums because criminals will be put away. If everyone is well educated about insurance fraud, then they will be able to notice when a crime is being committed.

Since insurance fraud has impacted the residents of New Jersey in a negative financial way, residents must start protecting themselves individually, and through education and reporting, they can work together to help put a stop to insurance fraud.

OIFP Pays Second Cash Reward to Insurance Fraud Tipster

In June 2008, OIFP granted its second monetary reward under the statutory Insurance Fraud Detection Reward Program to a New Jersey woman who confidentially reported the fraudulent billing practices of a Middlesex County, New Jersey, dentist.

The recipient of this reward, who asked to remain anonymous, called OIFP's toll-free hotline to report that Gerald J. Whiteman, a dentist practicing in Old Bridge, was engaging in insurance fraud by submitting false claims between January 2003 and April 2005. A subsequent criminal investigation by OIFP revealed that Whiteman fraudulently billed the Medicaid program for general anesthetic services he did not render. Whiteman pleaded guilty on December 5, 2007, to Health Care Claims Fraud. On April 18, 2008, the court sentenced Whiteman to three years in State prison and ordered him to pay $6,750 in fines and $6,750 in restitution to the Medicaid program.

As the success of the Whiteman 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 promulgated regulations to administer the reward program. The regulations pursuant to N.J.A.C. 13:88-3.1 et seq. 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 or 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 application 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 application submitted by the informant pursuant to N.J.A.C. 13:88-3.5.

CHARGES STICK!

Con ex-cop must go to trial for alleged $60K fraud of PAL

By ARTEMIS COUGHLAN

OIFP Funds County Prosecutors' Insurance Fraud Fighting Efforts

Aided by funding provided by the Attorney General through the Office of the Insurance Fraud Prosecutor (OIFP), New Jersey's County Prosecutors continued in 2008 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. This year, OIFP provided a total of $3.7 million to fund 16 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 2008 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.

Pursuant to the requirements of AICRA and the County Prosecutor Insurance Fraud Reimbursement Program, county Insurance Fraud Units (IFU) 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.

Morris County Assistant Prosecutor Lawrence Whipple gives a presentation at OIFP's May 2008 In-Service Training Session.

The information reported by county IFUs also enables OIFP, in most cases, to open corresponding civil cases whenever it appears that OIFP may have authority to impose a civil fine on the subject under investigation by the County Prosecutor's Office pursuant to the provisions of the Insurance Fraud Prevention Act. In 2008, the reporting of subjects under investigation by County Prosecutors' Offices resulted in OIFP opening 250 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' IFUs contribute greatly to OIFP's overall success in its enforcement efforts. In 2008, these county units charged a total of 224 defendants and obtained 118 convictions by guilty plea or trial. These convictions resulted in aggregate jail terms of more than 20 years. Some of the most notable criminal cases handled by the County Prosecutors' IFUs in 2008 are summarized in the County Prosecutors' Offices Case Notes section of OIFP's 2008 Annual Report.

Below are highlights of the 2008 achievements of the funded counties.

Atlantic County Prosecutor's Office

In 2008, the Atlantic County Prosecutor's IFU hosted a training class with the United States Immigrations and Customs Enforcement Supervisory Deportation Officer of the Criminal Alien Program to help law enforcement understand and identify fictitious foreign documents. Additionally, a presentation was held at the Atlantic County Courthouse at which Enrique Ruiz Sanchez, the Mexican Consul in Philadelphia, Pennsylvania, discussed areas of concern between Mexican aliens and law enforcement officers in the United

(l to r) Detective Marlin Bullock, Assistant Prosecutor Michael Morris, Lieutenant Joseph Inneo, and Vehicle Fire Case Specialist Doris Stoeckel of the Essex County Prosecutor's Office Vehicle Fire Initiative.

States. Also, National Insurance Crime Bureau (NICB) Special Agent Terri DiGiorgio taught a class at the Atlantic County Prosecutor's Office highlighting the resources available from NICB to local law enforcement officers.

Also in 2008, a sergeant from the Atlantic County Prosecutor's Office addressed senior citizens on the topics of insurance fraud and identity theft at the Good For Life Wellness Center in Hammonton, New Jersey, and addressed newly-assigned detectives from local police departments on the subject of Financial Crimes, including insurance fraud, at the Atlantic County Police Training Center.

Burlington County Prosecutor's Office

In 2008, the Burlington County Prosecutor's Office arrested 56 persons for insurance fraud and related offenses, indicted ten defendants, and convicted 13 defendants. A total of $61,096 in restitution was paid to victims.

The Burlington County Prosecutor's IFU routinely screens cases involving theft, arson, and obtaining controlled dangerous substances for identification of possible insurance fraud crimes. IFU staff attend OIFP Working Group meetings to establish close working relationships with other law enforcement agencies and insurance carriers. The IFU also encourages referrals from local police departments, the insurance industry, consumer affairs, and the postal service.

Camden County Prosecutor's Office

In 2008, Camden County's continued coordination of its insurance fraud fighting efforts with insurance companies through the National Insurance Crime Bureau (NICB) led to a criminal investigation of a chiropractor who was fraudulently billing New Jersey Manufacturers for physical therapies which had not been performed. In addition, cooperation with the New Jersey Division of Consumer Affairs Enforcement Bureau resulted in the prosecution of a podiatrist who was performing surgery above the knee, which is beyond the scope of podiatry, and fraudulently billing insurance companies for the surgery.

Cape May County Prosecutor's Office

In 2008, the Cape May County Prosecutor's IFU continued its mission to increase the number of major insurance fraud investigations. The IFU detective met with several police departments within the county to offer assistance in ferreting out insurance fraud on the local level. In addition, the IFU detective regularly attended meetings sponsored by insurance fraud related associations, including the NJSIA and NICB.

Essex County Prosecutor's Office

On March 6, 2008, the Essex County Prosecutor's Office Arson Task Force, through the combined efforts of the Vehicle Fire Initiative and the structure investigators, received the "Investigative Unit of the Year Award" from the New Jersey Chapter of the International Association of Arson Investigators. Recipients included Captain Lance Nero, Detective John Nichols, Assistant Prosecutor Michael Morris, Vehicle Fire Case Specialist Doris Stoeckel, Lieutenant Daniel Pfeiffer, Assistant Prosecutor/Director Jeffrey Cartwright, Detective James Contreras, and Detective Marlin Bullock. This is the second year that the Essex County Prosecutor's Office Arson Task Force received this prestigious award.

Essex & Union County Prosecutors' Offices

In 2008, OIFP once again reimbursed the costs incurred as a result of 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 New Jersey cities of Newark, Irvington, and Elizabeth were listed by the National Insurance Crime Bureau (NICB) as having the highest per capita vehicle theft rate in the United States. Thanks to the creation of ATTF by the Prosecutors of those counties, Essex and Union Counties no longer bear that dubious distinction. ATTF has become an international model for its innovative methods used to combat auto theft.

In addition to personnel from the Essex and Union County Prosecutors' Offices, ATTF is comprised of officers from 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 7,188 stolen vehicles totaling more than $79.6 million in value. As the average vehicle value has increased, so has the recovered value. In 2008 alone, ATTF recovered 493 stolen vehicles, valued at over $5 million.

In the summer of 2008, ATTF was prominently featured in an *A&E* cable television "real life" series entitled *Jacked: Auto Theft Task Force*. Cameras went along for the ride as highly trained officers, known as the "Wolf Pack," in SUVs specially outfitted with large steel bumpers tracked and arrested car thieves throughout northern New Jersey.

Gloucester County Prosecutor's Office

In 2008, the Gloucester County Prosecutor's IFU opened 85 new cases, a substantial increase in new cases over

past years. Also in 2008, the IFU again worked together with the New Jersey Motor Vehicle Commission (MVC) in the "Ride Along" program, conducting random stops of motorists which yielded three fraudulent motor vehicle insurance card cases. Another fruitful initiative is the "MVC Outreach Program" in which the IFU meets regularly with four MVC contacts who alert the Gloucester County Prosecutor's Office to individuals who present false identification and information when registering automobiles.

Monthly meetings were also held with Deptford Mall security personnel and the Deptford Police Substation at the mall to discuss various ways to combat auto "give ups." Potential solutions include the installation of new security cameras in the parking lots, increased vigilance of the security force to spot potential offenders, and better communication between the Prosecutor's Office and the Operations Management Team at the mall. The "give up" initiative has expanded to include a recently opened Walmart SuperStore.

Weekly meetings were also held with the Gloucester, Burlington, and Camden County Consumer Affairs Divisions regarding contractor and homeowners' insurance fraud. In 2008, 12 suspected fraud cases were referred by Consumer Affairs to Gloucester County, resulting in ten active criminal investigations. Gloucester County has also established regular contact with the Philadelphia Fire and Police Departments regarding vehicles registered in New Jersey that are found on fire in Philadelphia and may be fraudulent auto "give ups."

Hudson County Prosecutor's Office

In 2008, the Hudson County Prosecutor's IFU opened 28 new investigations, arrested 14 defendants, and filed 28 criminal Indictments. Twenty-three defendants entered guilty pleas, one defendant was sentenced to five years in State prison, 14 defendants were sentenced to a total of 318 days in county jail, and 16 defendants were sentenced to probationary terms.

During 2008, the IFU conducted nine surprise commercial mini-bus inspections. Of the 178 buses inspected, 89 were taken out of service and over 900 summonses were issued for safety, insurance, and Title 39 motor vehicle infractions.

Mercer County Prosecutor's Office

In 2008, members of the Mercer County Prosecutor's IFU participated in the Law Enforcement/County Prosecutor Issues Working Group at the Annual New Jersey Insurance Fraud Summit. The Unit also conducted an insurance fraud workshop focusing on the use of "other crimes" evidence as part of insurance fraud prosecutions at the Captain John T. Dempster Fire Training Center in Mercer County.

Sergeant James Russo of the Union County Prosecutor's Office Insurance Fraud Unit conducts an investigation of re-tagged vehicles.

Morris County Prosecutor's Office

In 2008, the Morris County Prosecutor's IFU, together with law enforcement throughout Morris County, investigated more than 200 incidents of stolen and recovered vehicles. The IFU tracked an increase in insurance fraud application cases where individuals use fictitious or stolen Social Security numbers to obtain health and other insurance coverage.

Ocean County Prosecutor's Office

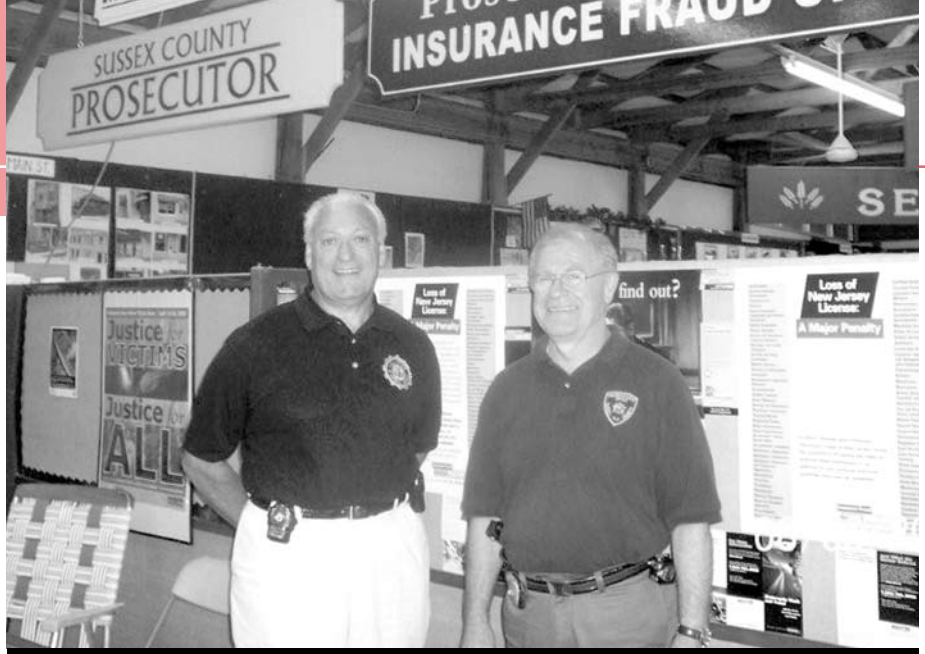
In September 2008, Manchester Township Police Chief William Brase and Detective Sergeant Vincent Petrecca from the Ocean County Prosecutor's Office advised OIFP-Civil of their efforts in pulling seven submerged vehicles out of Crystal Lake in Manchester Township, New Jersey. The Manchester Township Police Department's Dive Team had previously gone into the water to mark the location of the vehicles. Recovery of the vehicles, which were possibly dumped there as "give ups," was completed on September 17, 2008.

Passaic County Prosecutor's Office

In 2008, the Passaic County Prosecutor's Office continued to cultivate its relationships with both local law enforcement and confidential informants which have led to several complex insurance fraud investigations involving multiple defendants. Also, in 2008, the IFU met with the Passaic County Police Chiefs Association to address the importance of identifying fraudulent insurance identification cards on the local level, which subsequently resulted in several referrals to the IFU.

Salem County Prosecutor's Office

In 2008, the Salem County Prosecutor's IFU took part in the "Ride Along" program to identify counterfeit motor vehicle insurance cards and false motor



OIFP Detective Joseph Luccarelli and Sussex County Detective Douglas Porter participate in a Sussex County community outreach event.

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vehicle registration and insurance applications during motor vehicle checkpoint stops. Also in 2008, the IFU, in coordination with the Office of the Attorney General, executed the first phase of a crime reduction strategy in Salem City based upon the Governor's Initiative for Safe Streets and Neighborhoods.

Somerset County Prosecutor's Office

In 2008, the Somerset County Prosecutor's IFU opened 33 new insurance fraud cases and investigated 41 cases. The IFU's investigations included prescription fraud, home owner's fraud, motor vehicle fraud, fraudulent insurance identification cards, and health care fraud involving patients and practitioners. Referrals of suspected insurance fraud came not only from OIFP, but from concerned citizens who contacted the IFU directly.

Sussex County Prosecutor's Office

In 2008, the Sussex County Prosecutor's IFU continued its community outreach program with various governmental and civic organizations to educate them on the importance of awareness of the many facets of insurance fraud. The IFU detective works with local and State police and uses the ISO ClaimSearch database when conducting investigations. Unfortunately, in 2008, due to increasing costs, the Sussex County Prosecutor's Office was forced to shut down its Web site dedicated to insurance fraud, although it maintains an insurance fraud link on the Prosecutor's Office main Web site.

Union County Prosecutor's Office

In 2008, the Union County Prosecutor's IFU established a weekly initiative and integrated the IFU into the Essex/Union Auto Theft Task Force (ATTF) with the goal of identifying potential motor vehicle "give ups." The IFU, in cooperation with State and local law enforcement, established a Joint Investigations Team focusing on an auto theft ring and "chop shop" operation. The IFU continues to work with insurance carriers, as well as federal, state, and local law enforcement agencies, to identify insurance fraud and coordinate ongoing investigations.

Warren County Prosecutor's Office

During 2008, members of the Warren County Prosecutor's Office attended training seminars offered by OIFP, the New Jersey Special Investigators Association, and the New Jersey Vehicle Theft Investigators Association. The IFU maintained its close working relationships with local and State police agencies serving Warren County and continued working with and providing support services to the insurance industry's Special Investigations Units.

OIFP's Budget for Fiscal Year 2008

When the Office of the Insurance Fraud Prosecutor (OIFP) was created by the Automobile Insurance Cost Reduction Act (AICRA), P.L. 1999, c.21, its budget was just under $30 million. These funds covered both the initial startup costs of OIFP and its operating expenses for the first year. Today, ten years later, OIFP's annual budget remains unchanged at just under $30 million. The harsh reality of dwindling resources, combined with employee attrition and a State-mandated hiring freeze, has created a "perfect storm" necessitating program cuts and reducing the number of cases OIFP can realistically handle each year. What this "perfect storm" cannot diminish, however, is OIFP's unparalleled high standards in its investigations and prosecutions of criminal and civil insurance fraud within the State of New Jersey.

OIFP's initial table of organization boasted a staff of 298 investigators, attorneys, analysts, and other support personnel, backed by sufficient funding to provide each employee with the necessary tools to investigate and prosecute insurance fraud.[1] The budget also supported OIFP initiatives by providing funds for the County Prosecutors' Offices' fraud fighting units, the New Jersey State Police (NJSP) fraudulent insurance identification card program, and the creation of an award winning statewide public media campaign designed to educate the public about insurance fraud and inform New Jersey's citizens of the new toll-free number to report suspected insurance fraud.

OIFP became a premier state insurance fraud bureau in the United States in a very short period of time. In 2000 alone, OIFP investigated 12,736 civil and criminal cases, the highest number of investigations in the Office's ten-year history. After 2000, however, a static annual budget coupled with inflation and the increasing cost of health benefits for OIFP employees meant OIFP could no longer replace on a one-for-one basis retiring or resigning investigators, attorneys, analysts, and support staff. To stay within the confines of the stagnant budget, without losing additional staff to layoffs, OIFP made the painful but necessary decision to cut certain non-salary expenditures. First to go was the successful public media campaign. Next, OIFP suspended its financial support of the NJSP fraudulent insurance identification card program and, ultimately, reduced its funding to the County Prosecutors' Offices' fraud fighting units.

Eliminating these external programs permitted OIFP to function at a highly effective, albeit reduced, level. But, as each successive State budget was passed without any increase in funding for OIFP, current staffing levels could not be sustained. Contractually-required annual increases in salaries and employee benefits simply would not allow for it. By 2005, OIFP's staff was down to 252 employees from a high of 298; just three years later, at the start of 2008, OIFP's staff was down to 208 employees.

Undaunted, the Insurance Fraud Prosecutor remained committed to boosting the ranks of her Office. Belt tightening within OIFP, as well as the hiring of an administrative liaison to explore fiscal alternatives, allowed OIFP to maintain a budget surplus for the last three fiscal years, thus making funds available to backfill vacant positions. But OIFP was once again stymied in spite of its best efforts: the State of New Jersey, facing its own budgetary shortfall, has imposed a statewide hiring freeze for the last two years. OIFP has received only a few waiver exemptions, despite the fact that OIFP funding is available to replace a reduced number of vacancies. The upside to the statewide hiring freeze, however, is that OIFP remains under budget, thereby reducing its annual assessment to the insurance industry.

As of October 2008, OIFP lost nearly one third of its original staffing level and was down to an all time low of 202 employees. Until the Office is permitted to hire new attorneys, investigators, analysts, and other support personnel, OIFP must focus its attention on those cases with the highest chance of success in litigation, so as not to sacrifice the quality of its investigations and prosecutions. Many of the leads OIFP regularly receives from the insurance industry and from the public hotline may go unresolved. The unfortunate but inevitable consequence is that the total number of civil and criminal investigations pursued, the number of civil Consent Orders entered, the number of Accusations and Indictments filed against criminal defendants, and the collection of fines, restitution, and civil and criminal penalties which follow a successful investigation and prosecution will continue to decline.

OIFP's budget for fiscal year 2009 (July 1, 2008, through June 30, 2009) once again remains flat. That, in conjunction with the ongoing statewide hiring freeze, may require further reductions in the number of civil and criminal investigations and prosecutions pursued by OIFP. An increase in unchecked insurance fraud may force insurance carriers to increase rates to cover their losses. High insurance rates borne by New Jersey consumers were, of course, the very problem the Legislature sought to resolve in enacting AICRA ten years ago.

OIFP is committed to its mission of rooting out insurance fraud and prosecuting insurance fraudsters in New Jersey. But, until the Office is adequately funded and the statewide hiring freeze is lifted, OIFP will continue to operate on a smaller scale. The stellar quality of OIFP's investigations and prosecutions, however, will never be compromised.

1. This number did not include an additional 24 staff positions for the Medicaid Fraud Control Unit which is funded by the federal government.

OIFP Expenditure Report for Fiscal Year 2008

(Fiscal Year = July 1 through June 30)

Personnel (Salaries and Fringe Benefits)	$21,686,739.06
OIFP Staff Salaries and Fringe Benefits[1]	$19,529,753.97
DCJ Support Staff Salaries and Fringe Benefits[2]	$2,156,926.56
Medical Expenses	$58.53
Outside and Professional Services	$4,534,276.86
County Prosecutors' Reimbursement Program[3]	$3,307,245.70
DOL Professional Support[4]	$1,117,747.00
Expert Witness and Other Professional Services	$74,784.13
Transcription and Other Expenses	$34,500.03
Training, Trial, and Investigative Travel Expenses[5]	$11,534.73
Vehicles and Vehicle Maintenance	$932,454.85
Maintenance, Fuel, and Oil for OIFP Undercover Vehicles	$89,198.20
Undercover Vehicle Lease and Maintenance	$32,963.64
Vehicle Replacement Purchase	$370,311.50
State's Central Motor Pool Vehicle Lease, Maintenance, and Fuel[6]	$439,981.51
Office Supplies, Services, Equipment, and Maintenance	$756,872.12
Household and Janitorial Supplies	$38,551.68
Maintenance of Equipment	$1,814.24
Office Equipment Purchases	$6,121.64
Printing and Office Supplies	$88,612.75
Postage	$27,281.48
Telephone	$231,859.00
Database Licensing Purchases and Maintenance	$78,951.56
State Mainframe Charges	$25,356.54
IT and Telephone Equipment Purchases and Maintenance	$258,323.23
Building Rent and Maintenance[7]	$79,559.66
Maintenance - Building	$0.00
Rent - Buildings	$0.00
Rent - Other	$79,559.66
Total OIFP Expenditures for Fiscal Year 2008	$28,001,437.28

Notes:

[1]Includes attorneys, investigators, and professional and clerical staff working directly for OIFP.

[2]Cost of shared administrative and criminal support provided by DCJ per the FY2008 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 detectives, civil investigators, and deputy attorneys general.

[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.

Insurance Fraud 101:

Initiating Insurance Fraud Investigations at the Local Law Enforcement Level

by Scott Patterson

The Office of the Insurance Fraud Prosecutor (OIFP) is the centralized State agency that investigates both civil and criminal insurance fraud, but county and local law enforcement also have a significant role in this critical mission. To win the war on insurance fraud, local police officers and county investigators cannot rely solely on referrals from OIFP, insurance companies, or concerned citizens to initiate their insurance fraud investigations. Ferreting out insurance fraud on the local level can be successfully accomplished using routine investigative techniques. Understanding the nuts and bolts of insurance fraud investigations gives law enforcement on all levels the upper hand in the fight against insurance fraudsters.

Tampering with Public Records or Information

The police report is often the starting point for many insurance fraud investigations. Conduct which forms the basis of criminal and civil insurance fraud, in most cases, involves presenting or causing to be presented any written or oral false statement in support of an insurance application for coverage, an insurance claim for money, or an insurance benefit pursuant to an insurance policy. To generate fraudulent insurance claims, fraudsters routinely provide false information to the police and, in some instances, physically alter the police report. Walk-in complainants, in particular, should send up "red flags" to the investigating officer.

Auto Accidents and "Hit and Runs"

All automobile accident reports should be obtained and scrutinized to determine whether the information contained within them is accurate. "Hit and run" accident reports by their very nature are suspect because the only witnesses to the alleged "hit and run" are the driver and perhaps the passengers in the vehicle who may be filing false claims for property damage and bodily injuries. Often, the other driver who "hit and ran" cannot be located, simply because he does not exist. The officer questioning the driver and passengers at the scene should listen closely for inconsistencies in their stories and information that does not make sense. Other clues to look for in "hit and runs" are lack of debris from the accident at the scene, damage to the car which appears to have been incurred in a prior accident, and drivers and passengers who claim to have suffered injuries and are treating with the same medical providers or are represented by the same law firm. While not all "hit and runs" are staged, the totality of the circumstances may suggest the need for a more thorough fraud investigation.

Stolen Cars

Careful comparison of police reports and insurance claims is key in determining whether a car reported as stolen was really a "give up" by the owner or lessee. Many "give up" cases present an incriminating "time line" where the date

Scott Patterson, a 19-year veteran of the Division of Criminal Justice, is the Supervising Deputy Attorney General in charge of OIFP's Auto/Property & Casualty Unit. He previously served as an Assistant Prosecutor in Passaic County.

and time that the owner or lessee 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 recovered by law enforcement. Comparing the purported date and time of the theft as claimed by the owner or lessee in insurance records and police reports with the actual date and time law enforcement took possession of the vehicle often provides undisputed proof that the owner or lessee lied to the insurance company and to the police and was not the victim of a legitimate auto theft, but rather "gave up" the car so that a phony auto theft claim could be submitted. Confronted with indisputable facts of wrongdoing, owners and lessees often will readily confess their guilt.

Criminal "Runners"

Vehicular accident police reports are equally important in providing leads resulting in the identification and apprehension of violators of the criminal "Runners" statute.[1] "Runners" typically receive an illegal fee or commission for recruiting potential claimants or patients and referring them to unscrupulous attorneys and/or medical providers.

Even when information gleaned from police reports and interviews with the drivers and passengers indicates that the accident actually occurred and was not staged, drivers and passengers should be asked whether they were approached by any "runners" following the accident.

Another simple yet effective method to identify "runners" is speaking with the records rooms clerks of municipal police departments to determine whether any individuals routinely search or ask for police accident reports in bulk. Such individuals often turn out to be "runners" looking for their next victim.

Identifying and obtaining the cooperation of a "runner" has proven to be a solid starting point for insurance fraud investigations. In nearly all situations where "runners" are involved, there is additional criminal conduct by the "runner" or his coconspirators being committed elsewhere, such as staged accidents, billing for medical services not rendered, and filing bogus or inflated Personal Injury Protection (PIP) claims.

Home and Commercial Burglaries

Police reports on file with local police departments of home and commercial burglaries are good sources of information often leading to insurance fraud investigations. Some burglary reports are entirely fictitious, because the burglary never occurred at all, but the report was filed by the home or business owner to initiate the filing of a fraudulent insurance claim. Other times, a burglary may have actually occurred but the resulting insurance claim is "padded" with property that was not stolen.

Many individuals filing burglary claims have receipts for the stolen items which they submit to the insurance carrier as proof of value. Law enforcement should verify all such receipts submitted in support of any insurance claim. Items purchased with a credit card should be further investigated with the credit card company. Credit card company records may show that the item alleged to have been stolen was, in fact, purchased on a given date as the home or business owner claimed, but was later returned to the store and the fraudster's credit card credited with the original purchase price *before* the date of the burglary.

Fraudulent Certificates of Insurance

All construction sites, whether small private home repairs or large-scale public building projects, can be canvassed by local police to determine whether the contractors and subcontractors have offered legitimate proof of liability insurance. All contractors and subcontractors are required to provide a Certificate of Insurance to prove that they have the necessary liability and workers' compensation insurance in place while on construction jobs. Because premiums are high, contractors and subcontractors often forgo the purchase of liability or workers' compensation insurance and instead alter or falsify an expired Certificate of Insurance to reflect that the appropriate insurance is valid when, in fact, it is not. Insurance fraud investigations can be generated by going to work sites, obtaining Certificates of Insurance,[2] and checking with the carriers listed to determine if the insurance is valid.

Taxi cabs, livery services, and other transport companies also must produce evidence of insurance when registering their businesses with a municipality. Insurance investigators should identify the municipal office responsible for registering these businesses and check the validity of the Certificates of Insurance on file. The investigator may discover that the Certificate of Insurance on file is counterfeit, that the insurance company listed does not exist, or that the insurance company listed is not authorized to conduct business in New Jersey. These investigations can be coordinated with the Department of Banking and Insurance (DOBI) which regulates this industry.

1. N.J.S.A. 2C:21-22.1.
2. Recent enactments now require contractors to register with a municipality prior to performing work in the town. These registering entities should also be canvassed to ascertain the validity of the Certificate of Insurance submitted to the municipality by the contractor.
3. N.J.S.A. 2C:21-2.3b.
4. Ibid.
5. N.J.S.A. 2C:21-2.3a.

Counterfeit Motor Vehicle Insurance Identification Cards

Regular visits to automobile impound yards and Motor Vehicle Commission (MVC) inspection stations are fruitful in detecting insurance fraud. Persons who are retrieving their cars from impound yards or are having their cars inspected must, by law, produce valid automobile insurance identification cards. Too often, however, the cards produced are counterfeit. The display of a simulated motor vehicle insurance identification card to a person conducting a motor vehicle inspection is an indictable offense in New Jersey.[3] Developing relationships with personnel at the impound yards and MVC inspection stations will enable an officer or investigator to generate multiple insurance fraud investigations in a very short period of time.

Displaying a simulated motor vehicle insurance identification card to a law enforcement officer is also an indictable offense in New Jersey.[4] Officers should charge this offense by way of complaint when a person exhibits or displays a falsely made, forged, altered, counterfeited, or simulated motor vehicle insurance identification card during a routine traffic stop. The Uninsured Motorists Identification Directory (UMID), which is distributed by OIFP to all law enforcement agencies in New Jersey, lists contact telephone numbers of insurance carriers for immediate verification of automobile insurance coverage. However, the insurance fraud investigation need not stop at this point; further investigation to find the person who manufactured, produced, or sold the counterfeit document may result in criminal charges being brought against that person.[5]

Rate Evasion

Rate evasion is simply a type of automobile insurance application fraud. Rate evaders misrepresent on car insurance applications or renewal questionnaires where they reside or where their car is principally garaged to purchase less expensive insurance or to avoid the six points of identification required by the New Jersey MVC to register an automobile in New Jersey. Communities along the Delaware River and outside New York City frequently have an inordinately high number of out-of-state license plates parked at apartment complexes and in front of residences during hours when the drivers are typically at home. Canvassing residential areas on the New Jersey side of the Delaware River will likely turn up many Pennsylvania and North Carolina license plates, the two most prominent out-of-state tags reported. Similarly, canvassing residential areas on the New Jersey side of the Hudson River will likely turn up many New York license plates.

A car bearing a Pennsylvania, North Carolina, or New York license plate parked overnight outside of a New Jersey home or apartment may mean the person has lied to an insurance company that he lives in another state when, in fact, he resides in New Jersey. The next step in this investigation is to learn the identity of the insurance company and obtain a copy or original application (or any periodic renewals) to determine whether the applicant misrepresented where he resides or principally garages his car in order to purchase less expensive automobile insurance.

Commercial rate evasion cases can be generated in a similar way. These cases present two different sets of facts. The first scenario is the case of a commercial vehicle, such as a van or truck used by lawn care services, painters, or roofers, bearing out-of-state license plates but advertising a local New Jersey business address and telephone number on the side of the van or truck. The investigator should determine whether the person who owns and operates the van or truck misrepresented to an insurance company on an insurance policy application that the van is being operated in another state when, in fact, the van is being operated in New Jersey.

The second scenario is the case of a van or truck being driven primarily for commercial business use, but insured for personal use. Commercial use auto insurance is usually more expensive than personal use auto insurance. Surveillance can be conducted at locations such as Home Depot or Lowe's to identify commercial contractors picking up materials and supplies, noting the license plate and vehicle driven by the contractor. The investigation should then continue with a determination through MVC registrations which carrier insures the vehicle, acquisition of the insurance application (or periodic renewals), and assessment of whether the vehicle was insured for personal use when, in fact, it is being used commercially.

Conclusion

Insurance fraud is more than complex financial schemes, and not all investigations entail complicated strategies or require special expertise. Many facets of insurance fraud can be uncovered using common investigative techniques. It is the responsibility of all law enforcement agencies, including OIFP, to detect and investigate even the simplest act of insurance fraud.

Scott Patterson
Supervising Deputy Attorney General
Senior Counsel, Auto/
Property & Casualty Section

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Taking the Profit Out of Insurance Fraud:

OIFP's New Initiative Uses Asset Forfeiture as a Deterrent and Source of Restitution

by Carol Stanton Meier

Carol Stanton Meier is a Deputy Attorney General and leads the newly-formed OIFP Asset Forfeiture Program. She has prosecuted asset forfeiture cases for the Division of Criminal Justice for more than 20 years, including eight years as Chief of the former Civil Remedies and Forfeiture Bureau.

Recognizing the vast potential that asset forfeiture practice has in recovering ill-gotten gains, enhancing restitution, expediting global resolution of legal issues, and deterring insurance fraud, Insurance Fraud Prosecutor Greta Gooden Brown formally instituted the OIFP Asset Forfeiture Program in 2008. Asset forfeiture supplements traditional criminal proceedings by stripping criminals of the instrumentalities and proceeds of insurance fraud, thereby financially disarming criminals and taking the profit out of the crime. In 2007 and 2008, OIFP seized a total of $7.6 million in financial accounts, real property, and vehicles. With the Asset Forfeiture Program now firmly in place, OIFP has yet again demonstrated its long-standing and unwavering commitment to rooting out insurance fraud and ensuring that fraudsters do not gain financially from their crimes.

OIFP's Asset Forfeiture Program began in 2007 when Deputy Attorney General Carol Stanton Meier and Sergeant James Wrightson, each with a high level of expertise in forfeiture practice and investigations, joined OIFP. Working part time during the pilot period, DAG Meier, Sergeant Wrightson, and Principal Research Analyst Bethany Schussler targeted high-priority cases, especially those with high-value assets. In the first year alone, the asset forfeiture team proactively seized assets worth $3.4 million, including five parcels of real property, $786,000 in financial accounts, and nine vehicles.

In 2008, the second year of the initiative, seizures by the unit rose 24%, to a record $4.2 million, including $1.14 million in financial accounts, four parcels of real property, and two vehicles. Additionally, with the resolution of two significant forfeiture cases, the program obtained judgments totaling $750,100, including restitution of $528,800. The remaining funds were allocated to fines and law enforcement purposes.

As these impressive dollar amounts suggest, engaging in insurance fraud can reap huge financial gains. Insurance profiteers, large and small, are motivated by greed. They use assets, such as vehicles, financial accounts, real property, and businesses, as instrumentalities to perpetrate fraud and other crimes, and they use the illicit proceeds of the fraud to purchase luxury vehicles and vacation homes and fund investment accounts. Whether the asset is an instrumentality of or the proceeds from insurance fraud, State seizure of the assets takes the profit out of this crime.

New Jersey's forfeiture statute, N.J.S.A. 2C:64-1 et seq., is a versatile, effective, and well-established cause of action. The statute permits law enforcement officials to seize the proceeds and instruments of crime when probable cause exists to believe that a crime has been committed and that the assets to be seized have a direct and substantial connection to the crimes alleged. The

action is brought *in rem*, that is, against the assets themselves and not against the owner, and can be used to seize any kind of property located within the jurisdiction of the State of New Jersey, such as a single automobile used in a staged accident, a bank account containing the proceeds of a false arson insurance claim, a corporation and all its assets used to commit long-term health care claims fraud, and the real property owned by a pharmacy perpetrating a multi-million dollar Medicaid fraud scheme.[1]

The majority of cases brought by OIFP's Asset Forfeiture Program arise proactively through seizure order applications filed by prosecutors with the Superior Court of New Jersey in advance of the seizure. Often, the execution of the seizure order is conducted simultaneously with the execution of the search warrant. In this way, much like the execution of a criminal search warrant for evidence of the crime, the assets identified by OIFP can be seized by law enforcement before the target is aware of any criminal investigation, thereby preventing the target from hiding or divesting his assets. The seized property is held in escrow pending the outcome of the criminal case and may be returned to identifiable insurance crime victims as restitution.

In fact, the paramount goal of OIFP's Asset Forfeiture Program is to separate targets from the fruits of their crimes and, importantly, to ensure that restitution is made to identifiable victims of insurance fraud by securing a potential source of funds. When a defendant in the related insurance fraud matter has no other means to pay restitution, seized assets are made available for that purpose. OIFP's newly created Asset Forfeiture Program thus fulfills one of the Insurance Fraud Prevention Act's statutory mandates: "The Insurance Fraud Prosecutor shall consider the restitution of moneys to insurers and others who are defrauded as a major priority, in order that policyholders may benefit from the prosecution of those persons guilty of insurance fraud[.]"[2]

New Jersey's asset forfeiture statute appears in the Code of Criminal Justice, but establishes a civil cause of action with a lower burden of proof than that required in a criminal prosecution. In an asset forfeiture proceeding, the State must prove by a preponderance of the evidence that the subject assets are the instruments or proceeds of criminal activity. This evidential burden of proof is far lower, and thus easier to meet, than the "beyond a reasonable doubt" burden required to prove guilt of a crime. The State enjoys this advantage because the asset forfeiture action only affects a claimant's property interest, and not his or her liberty interest.

The owners or claimants of the seized property usually are, or become, defendants in a related criminal investigation. Thus, an asset forfeiture action forces the claimant-defendant to defend against at least two significant legal cases simultaneously, which presents its own practical dilemma. Without access to the very assets for which he risked criminal prosecution, a claimant-defendant may have difficulty raising bail or retaining an attorney. There are intangible consequences as well. While a claimant-defendant may have anticipated that, one day, criminal charges might be brought against him, he is often completely unprepared for the sudden confiscation of the amassed assets of the fraud.

Practically and psychologically, then, insurance fraud targets are often overwhelmed by a blitzkrieg of criminal and forfeiture matters brought against them, especially when the targets are also facing other administrative and collateral consequences, such as loss of a professional license. To diffuse this oppressive situation, claimant-defendants often seek early consensual global resolution of all penal, administrative, and collateral matters, largely in part because OIFP will permit them to use the seized assets to make restitution in the criminal case when they have no other financial means to do so. As a result, asset forfeiture often expedites resolution of the criminal case, as well as any related administrative, licensing, and tax matters that arise in complex, high-value cases.

During the pilot period of the Asset Forfeiture Program, several significant and complex criminal matters and their parallel high-value forfeiture cases resolved extraordinarily quickly, in less than one year, rather than taking several years, as is more typical in large-scale, multi-defendant prosecutions. Consider, for example, *Operation PharmScam*, a multi-million dollar Medicaid fraud billing scheme involving multiple northern New Jersey pharmacies. On the same day that search warrants were executed by OIFP detectives, the OIFP asset forfeiture sergeant and his squad seized nearly $800,000 from 12 financial accounts and confiscated seven vehicles, most of which were late-model, high-end automobiles, including a Mercedes-Benz and a Lexus. Later in the week, four parcels of real property, valued at approximately $1.4 million and including a vacation home in Cape May County, were seized as well. The value of all property seized in *Operation PharmScam* in 2007 and 2008 topped $6.4 million.

Global negotiations among the parties led to guilty pleas by three primary defendants to second-degree Health Care Claims Fraud in August 2008, just ten months after the search warrants and seizure orders were executed. At the same time, the claimant-defendants agreed to relinquish their interest in nearly $1.3 million of the seized assets, of which $880,000 was allocated to restitution.

1. N.J.S.A. 2C:64-1 et seq. permits *in rem* forfeiture based on the commission of any predicate offense. Other New Jersey civil asset-recovery statutes are offense-specific, such as, racketeering, N.J.S.A. 2C:41-4; money laundering, N.J.S.A. 2C:21-28, and theft, N.J.S.A. 2C:20-21. These remedies are brought *in personam* against the person as the defendant, rather than against the assets themselves, and can be used to reach out-of-state assets.

2. N.J.S.A. 17:33A-26. Any remaining assets are "used solely for law enforcement purposes, and shall be designated for the exclusive use of the law enforcement agency which contributed to the surveillance, investigation, arrest or prosecution resulting in the forfeiture." N.J.S.A. 2C:64-6.

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

Other significant OIFP Asset Forfeiture Program actions in 2008 include the case of *State v. Assets of Michael Monica*. Monica, a dentist licensed in the State of New Jersey, fraudulently collected disability payments from private insurers and the federal Social Security Administration for 13 years, all the while continuing to practice dentistry from his Freehold, New Jersey, office. During the course of the investigation, OIFP seized $97,875 in cash, three gold bars, and 12 gold coins, as well as three parcels of real estate, including two condominium units in Atlantic City, New Jersey, and a single family home in Howell, New Jersey. In 2008, the OIFP asset forfeiture case settled, and the OIFP Asset Forfeiture Program dispersed $225,500 for restitution to two insurance companies. In the same settlement, the program applied $20,000 of the seized funds to the claimant's Insurance Fraud Prevention Act penalty. The remaining seized assets, anticipated to be approximately $15,000, will forfeit when real property is liquidated pursuant to the settlement.

Also in 2008, OIFP forfeited a 1994 Chevy Conversion van used repeatedly in an ongoing scheme to create and sell counterfeit motor vehicle insurance identification cards in the Newark, New Jersey, area. In *State v. $23,000 in United States Currency and one 1998 Lexus GS300*, OIFP seized $23,000 and a highly-customized 1998 Lexus GS300, which had been purchased with the proceeds of a credit card fraud scam and used in furtherance of a scheme to sell stolen vehicles that had been "re-tagged" with vehicle identification number plates from automobiles that had not been stolen, in order to conceal the theft of the stolen vehicles.

In 2007, OIFP used the State asset forfeiture statute to seize a parcel of commercial property used by the owner and employees of Robert Christopher Associates, Inc., doing business as Robert Christopher Collision, to bill insurance companies for auto repair work that they failed to complete; for new auto repair parts when, in fact, they utilized old parts; for replacement auto parts when, in fact, they merely repaired the damaged auto parts; and, in some cases, for enhanced damage to cars brought to the repair facility so as to increase the amount of auto insurance repair claims. The property seized is valued at approximately $1.25 million.

As would-be fraudsters learn of OIFP's proven ability to strip them of their homes, businesses, vehicles, and financial accounts, they will be discouraged from engaging in criminal activity. Indeed, the critical role of forfeiture in achieving legitimate law enforcement objectives, especially deterrence, cannot be overstated. Forfeiture deters insurance fraud by reducing the economic incentives associated with it.

With the formal creation of OIFP's Asset Forfeiture Program in 2008, IFP Brown led OIFP in a bold new direction "to confront aggressively the problem of insurance fraud in New Jersey."[3] In less than two years, OIFP's Asset Forfeiture Program has become an indispensable component of OIFP's crime-fighting mission. The program has enjoyed remarkable success in recovering ill-gotten proceeds, enhancing restitution, expediting global resolution of all legal matters, and deterring insurance fraud. The goal for 2009 is to increase total seizures to more than $10 million and total recoveries to $1.5 million.

Carol Stanton Meier
Deputy Attorney General
CLASS, Asset Forfeiture Program

New Jersey's New False Claims Act:

Arming OIFP With Powerful Ammunition to Recoup Millions of Dollars for the State's Medicaid Program

by John Krayniak

On January 13, 2008, Governor Jon S. Corzine signed into law the New Jersey False Claims Act (FCA), P.L.2007, c.265,[1] giving OIFP's Medicaid Fraud Control Unit (MFCU) a potent new weapon in its arsenal against civil Medicaid fraud. New Jersey's FCA applies to all government expenditures,[2] including the State Medicaid program. New Jersey's Medicaid expenditures presently exceed $9.5 billion annually, presenting an inviting target to all manner of fraudulent schemes. New Jersey's FCA, which is patterned after the federal FCA,[3] authorizes any person to bring a civil action in the Superior Court of New Jersey against any other person who knowingly causes the State to pay a false or fraudulent claim and imposes onerous financial penalties on the offender.

An action under New Jersey's FCA may be brought by the Attorney General or by a private individual (the relator or "whistleblower") who brings the action on behalf of the State and himself.[4] A relator can be a person employed by an organization which is committing fraud or anyone who has personal knowledge of false or fraudulent activity against the State. The State's FCA encourages private citizens to bring actions against the wrongdoers by rewarding successful relators with between 15% and 25% of the proceeds recovered under any judgment or settlement obtained by the Attorney General.[5]

A FCA Complaint filed by a relator is filed *in camera* and under seal, without notice to the defendant.[6] The relator, usually through counsel, must immediately serve the Attorney General with a copy of the Complaint and a statement disclosing all known material evidence and information.[7] The Complaint remains under seal for up to 60 days to allow the Attorney General time to review it.[8] The Attorney General can move for extensions of the 60-day period upon a showing of good cause.[9] An extension of the seal in federal FCA cases is typically requested by the Attorney General, given the significant time and resources necessary to investigate complex Medicaid fraud.

If the Attorney General decides to proceed with the action, she has primary responsibility for prosecuting the case.[10] The relator continues as a party, but often in a subordinate role, and has an ongoing duty to disclose information related to the action to the Attorney General.[11] The Attorney General is not bound by any actions of the relator and can dismiss the

1. Codified at N.J.S.A. 2A:32C-1 et seq.
2. N.J.S.A. 2A:32C-2.
3. 31 U.S.C. §§ 37-29 et seq.
4. N.J.S.A. 2A:32C-5.
5. N.J.S.A. 2A:32C-7a.
6. N.J.S.A. 2A:32C-5c.
7. N.J.S.A. 2A:32C-5d.
8. Ibid.
9. N.J.S.A. 2A:32C-5f.
10. N.J.S.A. 2A:32C-6a.
11. Ibid.

John Krayniak, an Assistant Attorney General, is a 20-year veteran of the Division of Criminal Justice. He has served in the Medicaid Fraud Control Unit for over 14 years. Prior to joining the Division of Criminal Justice, he served for eight years as a Deputy District Attorney in the Los Angeles County District Attorney's Office.

Complaint for "good cause shown" as long as the person bringing the action has an opportunity to contest the Attorney General's decision at a hearing.[12]

Historically, the Attorney General represents the State and brings all legal actions on behalf of the State. Now, with the enactment of the State FCA, the Attorney General has a partner: the relator's counsel. Coordination between the relator's counsel and the Attorney General is critical to successful investigations and prosecutions under the Act. It is incumbent upon the relator's counsel to convince the Attorney General to intervene and take over a Medicaid fraud case.

Factors that OIFP considers in deciding whether to intervene in a Medicaid fraud case under the Act include the amount of the suspected financial loss, the actual or potential harm to Medicaid beneficiaries or the public at large, and the State regulations supporting the relator's theory of the case. Many health care cases, both at the state and federal level, are difficult to prosecute because of vague or confusing regulations.

Another important factor is the status of the relator: Is he a whistleblower? Was he an employee who participated in the fraud? Is he a credible witness or a disgruntled former employee? A carefully crafted Complaint supported by a clear and concise statement of disclosure of the material facts presented at the time of filing is a vital prerequisite to the Attorney General's intervention.

Based on the history of the federal FCA, the overwhelming majority of successful cases are achieved when the government proceeds with the action. In the event the Attorney General elects not to move forward with the Complaint, however, the relator may conduct the action alone.[13] In such cases, a successful relator's share of the recovery increases to between 25% and 30% of the proceeds of the action or settlement.[14]

Like the federal FCA, New Jersey's FCA facilitates *qui tam*[15] "whistleblower" actions, allows complaints to be filed under seal, offers legal protection to the whistleblower, and imposes civil penalties and treble damages on the defendant. Anyone found liable under New Jersey's FCA is subject to a civil penalty of between $5,000 and $11,000 for each false claim and up to three times the amount of damages the State sustained due to the fraudulent acts.[16]

There are, however, significant differences between New Jersey's FCA and the federal FCA. The most important difference is the breadth of the two Acts. While both establish liability for false or fraudulent claims, New Jersey's FCA provides for joint and several liability. Additionally, the federal Act restricts liability to the presentation of a false or fraudulent claim to an officer or employee of the United States government or a member of the Armed Forces of the United States. In contrast, the New Jersey Act broadens liability to include the presentation of a false or fraudulent claim to "any employee, officer or agent of the State, or to any contractor, grantee, or other recipient if the State provides any portion of the money, property, or services requested or demanded, or if the State will reimburse the contractor, grantee, or other recipient for any portion of the money, property, or services requested or demanded."[17] This provision has direct application to the Medicaid program because a significant portion of the State's Medicaid budget is apportioned to five private managed care carriers which contract with New Jersey to provide services to State Medicaid beneficiaries.

Both the State and federal Acts protect relators by providing for monetary and other compensation to a whistleblower who has been retaliated against by an employer for disclosing fraudulent activity. The New Jersey Act goes further than the federal Act, however, by mandating that "[n]o employer shall make, adopt, or enforce any law, regulation, or policy preventing an employee from disclosing information to a state or law enforcement agency or from acting to further a false claims action, including investigating, initiating, testifying, or assisting in an action filed or to be filed under the Act."[18]

New Jersey's Act, unlike the federal Act, created the "False Claims Prosecution Fund," a non-lapsing revolving fund in the Department of the Treasury requiring that 10% of the proceeds recovered under the Act be utilized in part to fund further investigative efforts.[19] Of great importance to OIFP's MFCU is that an even larger portion of the State share of monies recovered from actions related to false or fraudulent Medicaid claims -- 25% -- must be deposited in the "Medicaid Fraud Control Fund," which was established by the State legislature in 2007.[20] This stable funding source will allow OIFP's Medicaid fraud fighting efforts to continue unabated.

As of March 13, 2008, the date New Jersey's FCA became effective,[21] more than 30 FCA cases have been filed alleging fraud within the State Medicaid program. Some of the Complaints filed cite violations of New Jersey's FCA in conjunction with violations of the federal and other states' FCAs against national providers and manufacturers. Other Complaints target individual medical providers doing business in New Jersey and do not involve other FCAs. None of the 30 complaints filed this year under New Jersey's FCA have yet been adjudicated, either through settlement between the parties or by court judgment.

12. N.J.S.A. 2A:32C-6b.

13. N.J.S.A. 2A:32C-6f.

14. N.J.S.A. 2A:32C-7d.

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

16. N.J.S.A. 2A:32C-3.

17. N.J.S.A. 2A:32C-2.

18. N.J.S.A. 2A:32C-10a.

(l to r) OIFP Deputy Attorneys General James Flanagan, William Hoyman, and Linda Rinaldi discuss a pending criminal indictment with Deputy Chief Counsel Riza Dagli.

Because the enactment of New Jersey's FCA is so recent, there are no State judicial interpretations to guide the parties through the course of litigation under the Act. Legal issues likely to arise in the near future are:

- What is the quantum of "good cause" necessary to convince a State court judge to extend the seal period?[22]
- How generous will the courts be in awarding relators' fees under the Act?[23]
- What are "reasonable attorney fees, expenses, and costs" under the Act?[24]

Another open question is whether the State will impose Corporate Integrity Agreements, which are detailed and restrictive agreements, usually lasting between four and five years, imposed on Medicaid providers or entities by the government when serious and intentional fraudulent misconduct is discovered. Under these agreements, the provider or entity agrees either to cease objectionable business practices or to implement policies and practices to prevent further fraudulent activity. It remains to be seen whether the Attorney General will demand a Corporate Integrity Agreement or require the appointment of a monitor to oversee the provider's or entity's activities as part of any settlement process under the New Jersey FCA.

Many sophisticated Medicaid fraud schemes go undetected until a relator brings an action. The financial incentives to private citizens under New Jersey's FCA will encourage more insiders to "blow the whistle." The State dollars expended in pursuing these cases are insignificant compared to the potential financial recoveries, making New Jersey's False Claims Act investigations and prosecutions a cost-effective means to further regulatory and law enforcement goals. In the end, this will benefit the taxpayers who fund the State Medicaid program.

In 2008, OIFP's Medicaid Fraud Control Unit recovered close to $32.2 million under the federal FCA. The State's share of these recoveries was almost $15.2 million. New Jersey's FCA will no doubt prove to be an equally effective tool in OIFP's efforts to recover fraudulently obtained State Medicaid dollars.

John Krayniak
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19. N.J.S.A. 2A:32C-13a.
20. N.J.S.A. 2A:32C-13b.
21. P.L.2007, c.265, §19.
22. N.J.S.A. 2A:32C-5f.
23. N.J.S.A. 2A:32C-7a., d.
24. N.J.S.A. 2A.:32C-8.2.

NO
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Closing the Loopholes on Insurance Fraud:

OIFP's 2008 Recommendations for Legislative Reform - Protecting the Institutionalized Elderly and Disabled From Physical Abuse and Financial Exploitation and Combating Reverse Rate Evasion in New Jersey

by William Hoyman and John Kennedy

William Hoyman is a Deputy Attorney General assigned to the Patient Protection Unit within OIFP's Medicaid Fraud Control Unit. He has been with the Division of Criminal Justice since 2000. He has also worked as a trial chief in a County Prosecutor's Office and as an attorney with the Office of the Public Defender.

John Kennedy is an Assistant Attorney General serving as Senior Counsel in charge of CLASS and in charge of civil investigations. Previously, he was section chief in OIFP's criminal division for three years, overseeing all non-Medicaid prosecutions. He has been with the Division of Criminal Justice since 1987.

The New Jersey Insurance Fraud Prevention Act (IFPA) requires the Office of the Insurance Fraud Prosecutor (OIFP) to evaluate and formulate proposals for legislative, administrative, and judicial initiatives to improve insurance fraud prevention, detection, investigation, and prosecution. This year, OIFP's focus is two-fold. First, OIFP advocates criminal statutory amendments to strengthen existing protections for institutionalized elderly and disabled victims from physical and financial abuse. Second, OIFP proposes a new statutory framework to combat the growing problem of reverse rate evasion in New Jersey, an issue not adequately addressed by any criminal or civil statute in this State.

Protecting the Institutionalized Elderly and Disabled from Physical Abuse and Financial Exploitation

The Patient Protection Unit (PPU), formerly known as the Patient Abuse and Neglect Unit, was established within OIFP's Medicaid Fraud Control Unit in 2003 and is dedicated to the investigation and prosecution of criminal offenses committed by any health care provider upon any elderly or disabled Medicaid recipient, as well as any criminal offenses committed by any approved Medicaid provider or their employee upon any elderly or disabled patient. PPU is also responsible for collecting information concerning the disposition of similar cases handled by the 21 County Prosecutors' Offices in New Jersey, which in turn is reported to the federal government, namely, the Office of the Inspector General within the Department of Health and Human Services.

In every year since PPU's creation, there has been an increase in the number of criminal case referrals received from both public and private sectors. This year, the growth in the number of cases opened necessitated the assignment of an additional deputy attorney general to the unit to handle the burgeoning workload. The increase of crimes committed against the elderly and disabled is expected to continue into the foreseeable future. According to United States Census Bureau projections, by the year 2030, approximately one in five individuals will be classified as elderly.

Crimes investigated and prosecuted by PPU include allegations of physical and sexual abuse committed against the aged or disabled, as well as property crimes, such as the theft of an individual's prescribed pain medication. Neglect of elderly or disabled persons dependent upon others for their daily needs by those very people responsible for their care is another crime PPU investigates and prosecutes. Such neglect may result in the formation of serious bedsores due to failure to turn over a bedridden patient, injury resulting from unnecessary falls, malnutrition, lack of proper hygiene, and failure to administer prescribed medication. Failure by a long-term care facility to provide adequate staff to properly attend to the needs of dependent patients also falls into the criminal neglect

category and may additionally constitute Health Care Claims Fraud and/or Medicaid Fraud if claims have been submitted by a facility to the New Jersey Medicaid program to receive payment for care that was not, in fact, provided.[1]

Property crimes committed against the elderly and disabled made up the lion's share of the cases investigated and prosecuted by PPU in 2008. These offenses include theft of tangible personal property belonging to elderly and disabled residents of long-term care facilities, credit card theft and unlawful use of credit cards, and forgery schemes depleting a victim's savings or checking account. This year also saw a dramatic rise in the number of cases referred to PPU involving the misappropriation of funds by fiduciaries of elderly nursing home residents appointed pursuant to a Power of Attorney. All too often, this breach of fiduciary obligation leaves the victim destitute yet ineligible for Medicaid benefits because of existing laws and regulations regarding the transfer of assets.

The primary criminal statutes utilized by PPU in the investigation and prosecution of crimes against the elderly and disabled are found in New Jersey's Code of Criminal Justice (Code). In addition to those statutes defining theft and physical assault crimes which apply to all victims regardless of their age or vulnerability, PPU routinely utilizes two criminal statutes which impose enhanced penalties against the defendant when the victim is an elderly or disabled person.

The first, N.J.S.A. 2C:12-1d, makes it a fourth-degree crime for an employee of a long-term care facility to commit a simple assault on a person aged 60 years or older who is a resident of the facility. The second, N.J.S.A. 2C:24-8, makes it a third-degree crime for any person who has legal duty to care for someone who is 60 years of age or older or a disabled adult to abandon or unreasonably neglect to do or fail to permit to be done any act necessary for the physical or mental health of the elderly or disabled adult.[2]

There are, however, two notable shortcomings in the Code's physical and financial protection of elderly and disabled victims. First, as noted, N.J.S.A. 2C:12-1d provides for the imposition of an enhanced penalty upon an offender when a simple physical assault is committed upon an elderly resident of a long-term care facility by a facility employee. But an enhanced penalty is not similarly imposed on the offender when the victim is a disabled or ill person under the age of 60 years who resides in the same type of facility due to their illness or disability. For these victims, a simple physical assault committed upon them remains punishable only as a disorderly persons offense. Similarly, group home employees adjudicated guilty of a simple assault upon developmentally disabled residents of a group home are not exposed to an enhanced penalty for their physically assaultive conduct on such vulnerable victims.

The Legislature is keenly aware of the need to protect the most vulnerable members of society: subsection a(7) of N.J.S.A. 2C:14-2 enhances the punishment for sexual assault when it is committed upon a victim "whom the actor knew or should have known was physically helpless, mentally defective or mentally incapacitated." Enhanced penalties similarly should be imposed upon those who perpetrate a simple physical assault on the same vulnerable victim who is institutionalized due to his physical or mental condition. OIFP, therefore, proposes a new subsection g. to supplement N.J.S.A. 2C:12-1 by using the language found in the aggravated sexual assault statute:

> g. A person is guilty of a crime of the fourth degree if he commits a simple assault as defined in paragraph (1) or (2) of subsection a. of this section upon a victim whom the actor knew or should have known was physically helpless, mentally defective or mentally incapacitated as defined in subsections g., h., and i. in section 2 of P.L.1989, c.228 (C.2C:14-1).

PPU's recommended amendment to the assault statute will give greater protection against physically abusive behavior to those victims who need it most.

Second, to better protect the elderly and disabled against financial exploitation, OIFP recommends that the term "attorney-in-fact" be added to the types of fiduciary relationships listed in N.J.S.A. 2C:20-1b, which applies to offenses enumerated in both chapters 20 ("Theft and Related Offenses") and 21 ("Forgery and Fraudulent Practices") of the Code, as well as the definition of fiduciary found in N.J.S.A. 2C:21-15, Misapplication of Entrusted Property. An "attorney-in-fact" is a person appointed by the principal, usually an elderly or disabled person, to carry out the principal's legal and financial affairs. The omission of the term "attorney-in-fact" precludes

1. Cases that do not rise to the level of criminal conduct may be prosecuted civilly under New Jersey's False Claims Act, P.L.2007, c.265, which became effective on March 13, 2008. Under the New Jersey False Claims Act, the State may be able to recover Medicaid payments for services not rendered, as well as damages and/or civil penalties. See *New Jersey's New False Claims Act: Arming OIFP with Powerful Ammunition to Recoup Millions of Dollars for the State's Medicaid Program* by AAG John Krayniak at page 47 of this Annual Report.

2. A third statute, N.J.S.A. 2C:24-7, to date unused by PPU, makes it a disorderly persons offense for any person to "knowingly act in a manner likely to be injurious to the physical, mental or moral welfare of a person who is unable to care for himself because of mental disease or defect."

prosecution for the crime of Misapplication of Entrusted Property (more commonly known as embezzlement) against unscrupulous persons who take advantage of their fiduciary position to steal the principal's money. Subsection b. of N.J.S.A. 2C:20-1 ("Definitions") should be amended as follows:

> b. "Fiduciary" means an executor, general administrator of an intestate, administrator with the will annexed, substituted administrator, guardian, substituted guardian, trustee under any trust, express, implied, resulting or constructive, substituted trustee, executor, conservator, curator, receiver, trustee in bankruptcy, assignee for the benefit of creditors, partner, agent or officer of a corporation, public or private, temporary administrator, administrator, administrator pendente lite, administrator ad prosequendum, administrator ad litem or other person acting in a similar capacity or attorney-in-fact.

Similarly, N.J.S.A. 2C:21-15 ("Misapplication of Entrusted Property and Property of Government or Financial Institutions") should be amended as follows:

> A person commits a crime if he applies or disposes of property that has been entrusted to him as a fiduciary, or property belonging to or required to be withheld for the benefit of the government or of a financial institution in a manner which he knows is unlawful and involves substantial risk of loss or detriment to the owner of the property or to a person for whose benefit the property was entrusted whether or not the actor has derived a pecuniary benefit. "Fiduciary" includes trustee, guardian, executor, administrator, receiver, attorney-in-fact and any person carrying on fiduciary functions on behalf of a corporation or other organization which is a fiduciary.

OIFP further recommends the imposition of an enhanced penalty for the commission of any of the various theft offenses defined in chapter 20 of the Code and for the commission of Misapplication of Entrusted Property, appearing in chapter 21 of the Code, when committed by any fiduciary against an institutionalized elderly or disabled person.

These proposed statutory amendments will greatly assist PPU's mission to investigate and prosecute physical abuse and financial exploitation of institutionalized aged and disabled persons.

Combating Reverse Rate Evasion in New Jersey

New Jersey's Insurance Fraud Prevention Act (IFPA) and Criminal Code are intended to provide a comprehensive approach to combating auto insurance fraud. There is, however, a glaring omission in both: neither the IFPA nor the Code adequately address the growing concern of "reverse rate evasion," that is, the increasing numbers of New Jersey residents who fraudulently use an out-of-state address to insure their motor vehicles. Immediate enactment of legislative solutions is required to effectively combat reverse rate evasion in New Jersey.

Reverse rate evasion is a costly problem in many ways. Insurance companies doing business in New Jersey are deprived of the premiums they would have charged had the vehicle been properly registered and insured in New Jersey. Citizens who lawfully insure their cars in this State pay a cost as well. The reverse rate evader drives on New Jersey's public highways, and thereby contributes to the risk of accidents in this State. By failing to pay auto insurance premiums in New Jersey to cover his share of the risk, the reverse rate evader passes along the cost to other drivers who pay higher premiums to lawfully insure their cars in New Jersey.

Reverse rate evasion deprives the State of the revenues it should have received for the initial vehicle registration and subsequent registration renewals. Municipalities suffer because penalties imposed for motor vehicle violations are more difficult to collect; reverse rate evaders frequently use false out-of-state addresses and so are difficult to identify and locate.

The false addresses used by reverse rate evaders create problems for law enforcement attempting to identify and locate drivers following motor vehicle violations. And, because they register their cars in other states, reverse rate evaders are not subject to New Jersey's motor vehicle inspection requirements. This means that these cars, which drive on New Jersey's roads and highways, may not meet New Jersey's strict standards for safe motoring and vehicle emissions.

If a reverse rate evader's motor vehicle is involved in an accident, the out-of-state insurance carrier may discover the fraud as part of its claims review process. The underlying lie about the location where the vehicle is garaged and principally driven generally provides sufficient grounds to void the policy. Both the innocent third party and the vehicle's owner are then left without the coverage available under a valid policy.

The IFPA expressly covers "rate evasion" when out-of-state residents falsely use a New Jersey address to insure a vehicle, N.J.S.A. 17:33A-4a(4)(a), but does not cover the problem of reverse rate evasion. The Code, too, fails to expressly address reverse rate evasion in its definition of insurance fraud within N.J.S.A. 2C:21-4.6a. OIFP, therefore, recommends the Legislature enact the following proposed amendments to the IFPA and the Code.

The IFPA should be amended to provide a civil enforcement option targeting reverse rate evasion. Currently, the IFPA defines "insurance company" to include only entities operating pursuant to the laws of New Jersey. Because in reverse rate evasion the false application is submitted to a carrier in another state, this definition needs to be broadened. OIFP recommends that a new subsection k. be added to the definition of "insurance company" in N.J.S.A. 17:33A-3:

k. Any person, company, corporation, unincorporated association, partnership, professional corporation, agency of government and any other entity which is not included in subsections a. through j. of this section, and which is authorized or permitted to do business in New Jersey, or incorporated or organized under the laws of any other state of the United States or of any foreign nation or of any province or territory thereof, to indemnify another against loss, damage, risk or liability arising from a contingent or unknown event.

The existing rate evasion violation, codified at N.J.S.A. 17:33A-4a(4)(a), should be broadened to include a similar violation for reverse rate evasion by adding a new subparagraph (b):

a. A person or a practitioner violates this act if he:

* * *

(4) Prepares or makes any written or oral statement, intended to be presented to any insurance company or producer for the purpose of obtaining:

(a) a motor vehicle insurance policy, that the person to be insured maintains a principal residence in this State when, in fact, that person's principal residence is in a state other than this State; or

(b) a motor vehicle insurance policy, that the person to be insured maintains a principal residence in another state when, in fact, that person's principal residence is in this State or the motor vehicle is garaged in this State; or

[(b)] (c) an insurance policy, knowing that the statement contains any false or misleading information concerning any fact or thing material to an insurance application or contract.

Currently, the Code of Criminal Justice defines the crime of Insurance Fraud at subsection a. of N.J.S.A. 2C:21-4.6 without reference to reverse rate evasion. Because the definition of reverse rate evasion does not fit neatly within the existing definition of criminal insurance fraud, a separate definitional subsection is advised:

b. A person is guilty of the crime of insurance fraud if that person maintains a principal residence in New Jersey and insures a motor vehicle as though the person's principal residence were in any other state or jurisdiction; provided, however, that this subsection shall not apply during the first 60 days of a person's residency in New Jersey. It shall be an affirmative defense that the person maintains a bona fide residence in that other state or jurisdiction.

Currently, subsection b. of N.J.S.A. 2C:21-4.b establishes the degree of the crime. Under OIFP's proposal, this subsection would be redesignated as subsection c. and also would be amended to specify that reverse rate evasion would be a fourth-degree crime:

[b.] c. Insurance fraud under subsection a. of this section 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 section 2 of P.L. 1997, c. 353 (C. 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 under subsection a. of this section is a crime of the third degree. Insurance fraud under subsection b. of this section is a crime of the fourth 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.

These proposed legislative amendments would provide OIFP with the statutory tools it needs, but currently lacks, to confront the growing problem of reverse rate evasion.

William Hoyman
Deputy Attorney General
Senior Counsel, Medicaid Fraud Control Unit

John Kennedy
Assistant Attorney General
Senior Counsel, CLASS

2008 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 2008.

The Insurance Fraud Prevention Act (IFPA), 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 IFPA 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 ten years ago, OIFP's award winning fraud fighting bureau has charged 1,953 defendants with insurance fraud related crimes and obtained 1,063 years in State prison sentences. In addition, OIFP has imposed 15,854 civil sanctions for violations of the IFPA, 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 just under $200 million and imposed over $56.3 million in civil and criminal fines.

In 2008 alone, OIFP opened 583 new criminal investigations, a 27% increase over last year. One hundred and eighty-two defendants were prosecuted by Accusations or Indictments[2] and 182 sentences were imposed. The number of defendants prosecuted by Accusations rose 9% over last year. In addition, OIFP convicted 145 defendants, of which 100 were sentenced to State prison and county jail terms totaling 92 years. Penalties totaling $10.5 million were imposed. Court-ordered restitution in criminal cases totaled $24.5 million, a 246% increase from last year, and court-ordered restitution in civil cases totaled $131,653, a 6,431% increase from last year. In addition, OIFP recouped over $32.2 million in civil recoveries for the New Jersey State and federal Medicaid Program, representing a ten-fold increase over last year's figure. The grand total of OIFP criminal fines, penalties, and restitution imposed increased 260% from 2007.

OIFP opened 3,976 civil insurance fraud cases in 2008, and conducted 2,354 investigations. The number of Administrative Consent Orders issued totaled 337 and amounted to $3.19 million in total dollar value, a 114% increase from last year. OIFP also obtained 267 executed Consent Orders where subjects admitted committing insurance fraud, an increase of 21% over last year, and agreed to pay civil fines totaling $1.15 million, an increase of 25% over last year. In addition, OIFP obtained 46 civil settlements totaling $485,075, a 44% increase from last year, and 132 civil judgments totaling $2.1 million, representing an 80% increase over last year's figure. In addition, OIFP's civil attorneys filed 53 lawsuits against 59 Fraud Act violators in 2008.

County Prosecutors' Offices Insurance Fraud Units contribute greatly to OIFP's overall success in its enforcement efforts. In 2008, these county units charged a total of 224 defendants and obtained 118 convictions by guilty plea or trial. These convictions resulted in aggregate jail terms of more than 20 years, the imposition of $77,432 in criminal fines and over $500,000 in restitution. In addition, during 2008, OIFP opened 250 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.

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.

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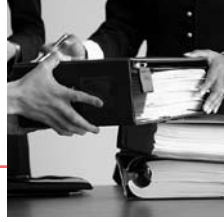

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AUTO INSURANCE FRAUD

Auto Trafficking Networks

Operation Jellystone

On June 4, 2008, a Morris County Grand Jury returned an Indictment charging Jose Torres with Leader of Auto Trafficking Network, Receiving Stolen Property, Fencing, Conspiracy, Possession of a Handgun for Unlawful Purposes, Unlawful Possession of a Handgun, Unlawful Disposition of a Weapon, Possession of Hollow Nose Bullets, and Possession of a Weapon by a Convicted Person. According to the Indictment, between November 15, 2006, and December 6, 2006, Torres acted as an organizer, supervisor, financier, and manager of a network designed to buy and sell stolen automobiles.

The Indictment alleged that Torres knowingly took possession of eight stolen vehicles: a 2002 BMW 540i, a 2002 Chevrolet Trailblazer, a 2006 Toyota Camry, a 2005 Toyota Sequoia, a 2006 Toyota Corolla LE, a 2004 Toyota Corolla CE, a 2006 Toyota Highlander, and a 2004 Toyota Sienna. The Indictment alleged that several of the cars were stolen from Crestmont Toyota in Pompton Plains, New Jersey.

The Indictment further alleged that Torres conspired with others to possess handguns without a permit, or without having first been licensed to possess handguns, and to sell handguns to others. The Indictment also alleged that Torres possessed a handgun for an unlawful purpose. It was alleged that Torres unlawfully possessed or controlled two .38 caliber handguns and sold both weapons to a DCJ undercover detective. Torres is alleged to be a convicted felon and, therefore, a person prohibited from the possession of any firearm in the State of New Jersey.

Operation Big Stash

On December 15, 2008, Radomir Pawel Drozdzil (also known as Paul Drozdzil) pled guilty to Certain Alterations of Motor Vehicle Trademark Identification Numbers. On April 4, 2008, a Union County Grand Jury returned an Indictment charging Drozdzil and Edward Obszanski with Conspiracy, Receiving Stolen Property, and Alteration of Motor Vehicle Trademarks or Identification Numbers. Drozdzil was also charged with Fencing. According to the Indictment, Obszanski and Drozdzil conspired to take possession of three stolen motor vehicles, bring them into New Jersey, alter the vehicle identification numbers (VIN) and then sell and/or use them. The vehicles included a 2006 Chevrolet Trailblazer valued at approximately $35,705, which was stolen from DeFelice Chevrolet in Point Pleasant, New Jersey; a 2005 Dodge Caravan, valued at approximately $28,650, which was stolen from Ephraim Dodge in Mt. Ephraim, New Jersey; and a 2005 Cadillac Escalade, valued at approximately $57,281, which was stolen from a private owner in Lavale, Canada. Drozdzil is scheduled to be sentenced in 2009.

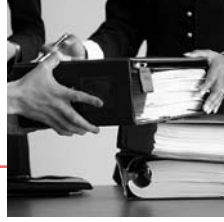
On December 5, 2008, Obszanski pled guilty to Conspiracy to Commit Racketeering, Conspiracy to Commit Insurance Fraud, and Certain Alterations of Motor Vehicle Trademark Identification Numbers. On June 17, 2008, a State Grand Jury returned two additional Indictments against Edward Obszanski. The first Indictment charged him with Conspiracy to Commit Racketeering, Racketeering, Fencing, and Certain Alterations of Motor Vehicle Trademark Identification Numbers. The second Indictment charged him with Conspiracy, Insurance Fraud, and Theft by Deception. He is scheduled to be sentenced in 2009.

According to the first Indictment, Obszanski, Dariusz Grabowski, Krzysztof Grabowski, Patrick Gutorski, Waldemar Kondzielewski, and Artur Czubek conspired to operate a Racketeering Influenced and Corrupt Organization (RICO) criminal enterprise engaged in the business of stealing motor vehicles throughout New Jersey, New York, and Pennsylvania. It was alleged that the stolen motor vehicles would be re-tagged and then either used by Obszanski or some of the other racketeers or sold. The Indictment lists six vehicles: a 2005 Dodge Stratus, a 2003 Cadillac Escalade, a 2002 Chevrolet Trailblazer, a 2003 Ford Mustang, a 2004 Jeep Liberty, and a 2003 Jeep Liberty. Some of the vehicles were sold on Internet sites such as eBay. It was alleged that, in order to steal the cars, persons assisting Obszanski posed as licensed locksmiths to obtain information to make keys from companies that provide the codes necessary to reproduce keys to unlock and start automobiles. Cars were stolen from dealerships in New Jersey and New York.

The second Indictment alleged that between September 2005 and February 2006, Obszanski conspired with Krzysztof Funkiendorf to commit insurance fraud. It was alleged that Obszanski sold Funkiendorf's 2004 BMW while Funkiendorf fraudulently reported that the BMW had been stolen. It was further alleged that Funkiendorf reported the car stolen to his insurance company when, in fact, it was "given up" by Funkiendorf to Obszanski to be sold.

On March 28, 2008, the court sentenced Krzysztof Sprysak (also known as Krzysztof Rumor, also known as Andrzej Komar) to three years in State prison and ordered him to pay $1,200 in restitution to OIFP and $18,117 in restitution to Motor Insurance Company. On January 9, 2008, Sprysak pled guilty to Receiving Stolen Property. A Union County Grand Jury previously returned an Indictment charging Sprysak with Conspiracy, Receiving Stolen Property, and Fencing. Sprysak admitted that he knowingly

Technical Assistant Cheryl Cavanaugh, OIFP Health, Life, and Disability Section.



possessed a stolen 2003 BMW 330i valued at approximately $38,000 and sold it to an OIFP undercover detective.

Operation Tri-State Brick Face and Stucco

On September 5, 2008, the court ordered Patryk Zygadlo to serve five years' probation and to pay $9,500 in restitution. On May 27, 2008, Zygadlo pled guilty to Conspiracy and Insurance Fraud. Zygadlo admitted that between May 2003 and March 2004, he agreed with others to possess a 2003 Ford Expedition stolen from Sunshine Ford Lincoln Mercury in Newburgh, New York, and alter its VIN. Zygadlo reported the 2003 Ford Expedition stolen to the New Brunswick, New Jersey, Police Department and subsequently submitted two claims to State Farm Insurance Company, one for $2,972 for a rental car and another for $26,685 for the value of the stolen vehicle. State Farm paid Zygadlo $3,352 before denying the second claim for the value of the vehicle. Zygadlo also admitted that he changed the VIN on the 2003 Ford Expedition a second time and conspired with his brother Mariusz Zygadlo, his uncle Marek Zygadlo, his cousin Sebastian Bes, and others to resell the vehicle on eBay to a customer in Idaho for $28,350. The customer wired the money, which was divided up amongst the conspirators.

On August 8, 2008, Tri-State Brick Face, Inc., a corporation owned, operated, and controlled by Patryk Zygadlo and other family members, located at 364 Mount Mills Road, Monroe, New Jersey, was ordered to pay $40,000 in restitution. The corporation admitted through its president, Miroslaw Zygadlo, that it received three stolen, re-tagged vehicles – all Ford F-350 pickup trucks – and used them as part of its business.

On February 27, 2008, a Union County Grand Jury returned an Indictment charging the following:

Patryk Zygadlo was charged with Conspiracy and Receiving Stolen Property, Theft by Deception, Fencing, Insurance Fraud, and Tampering with Public Records or Information;

Mariusz Zygadlo was charged with Theft by Deception, Fencing, and Conspiracy;

Sebastian Bes was charged with Theft by Deception, Fencing, and Conspiracy;

Marek Zygadlo was charged with Conspiracy and Receiving Stolen Property. On June 25, 2008, the court admitted Marek Zygadlo into the PTI Program conditioned upon his performing 60 hours of community service.

On February 20, 2008, a Middlesex County Grand Jury returned three Indictments. The first Indictment charged Miroslaw Zygadlo, Izabela Zygadlo, and Mariusz Zygadlo with Conspiracy and Receiving Stolen Property. On June 19, 2008, the court admitted both Miroslaw Zygadlo and Izabela Zygadlo into the PTI Program conditioned upon each paying $7,000 in restitution.

The second Indictment charged Magdelena Karpinska and Mariusz Zygadlo with Conspiracy and Receiving Stolen Property. On May 29, 2008, the court admitted Karpinska into the PTI Program.

The third Indictment charged Sebastian Bes with Receiving Stolen Property.

The three Indictments alleged that between 2002 and 2004, the defendants registered and operated six vehicles which were stolen and re-tagged: a 2002 Ford F-350 pickup truck, a 2000 Toyota Camry, a 2001 Chrysler 300M, a 2002 Chrysler 300M, a 2001 Jeep Cherokee, and a 2003 Jeep Wrangler. The vehicles were reported stolen from various automobile dealerships in New Jersey, New York, and Massachusetts, as well as from an individual owner living in Pennsylvania.

Operation Dre

During the course of its investigation of a stolen car ring targeting high-end luxury cars in northern New Jersey, including the ports, OIFP recovered approximately 25 reported stolen vehicles valued in excess of $1.5 million. The majority of the recovered vehicles had been stolen from the New Jersey Port Authority's new car holding lots, other new car holding lots, and a long-term parking lot adjacent to Newark Liberty International Airport.

On October 22, 2008, Michelle Laboy was admitted into the PTI Program following her guilty plea to Hindering Apprehension or Prosecution of Another Person.

On August 13, 2008, a Union County Grand Jury returned an Indictment charging Laboy with Theft by Unlawful Taking, Receiving Stolen Property, and Hindering Apprehension or Prosecution of Another Person. Saladine Grant (also known as Nu) was charged in the same Indictment with Leader of an Auto Theft Trafficking Network, Theft by Unlawful Taking, Receiving Stolen Property, Fencing, and Conspiracy. A third defendant, Birrel T. Smith, was charged with Theft by Unlawful Taking, Receiving Stolen Property, and Conspiracy.

According to the Indictment, Grant, as the leader of an auto theft trafficking network, engaged in the theft of 25 luxury automobiles, such as BMWs, Infinitis, and Audis. Smith and Laboy allegedly assisted Grant in the theft of many of the cars, including eight Audis. It was also charged that Laboy hindered the apprehension of Smith, who was living with Laboy during the time the alleged criminal activity took place, by making false statements to a law enforcement officer.

On May 16, 2008, the court sentenced Chevon Boyd Robinson (also known as Dre) and Kirtice Cummings each to four years in State prison. On February 28, 2008, Robinson and Cummings pled guilty to separate Accusations charging each of them with Fencing. Robinson and Cummings each separately admitted to knowingly trafficking in stolen property by making arrangements and assisting in the sale of three stolen automobiles – a 2007 BMW Alpina and two 2007 Infiniti FXs – with a total value in excess of $200,000.

State v. James Sanocki, et al.

On October 22, 2008, the court sentenced James Sanocki to five years in State prison and ordered him to pay $185,199 in restitution and pay a $3,000 civil insurance fraud fine. On May 14, 2008, Sanocki pled guilty to Receiving Stolen Property, Theft by Deception, and Conspiracy, admitting that between 2001 and 2002, in New Jersey, Kentucky, and elsewhere, Sanocki conspired with other persons to knowingly receive stolen property and to sell, or fence, the stolen property to others. The stolen items included two tractors, nine motorcycles, several trailers, a dump truck, a Bob Cat skid steer loader, several all-terrain vehicles (ATV), and various other equipment.

Sanocki further admitted that in July 2002, he conspired with Edwin Moorhouse, III, to steal a 1996 Pontiac Trans Am in Ocean County, New Jersey. Previously, Moorhouse was admitted into the PTI Program conditioned upon his paying $31,410 in restitution.

Sanocki also admitted that between April 13, 2002, and June 10, 2002, he conspired with Laurence B. Conner to fraudulently report the theft of a Suzuki motorcycle to the New Hope, Pennsylvania, Police Department. A false theft claim was subsequently submitted to State Farm Insurance Company with respect to the motorcycle. On March 13, 2008, the court admitted Conner into the PTI Program conditioned upon his paying $3,398 in restitution.

Operation Rice Burners

On February 1, 2008, the court sentenced Michael Campo to 364 days in county jail as a condition of five years' probation. He was also ordered to pay full restitution (to be determined at a later date) and a $500 criminal fine. Previously, 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 automobile, knowing they were stolen in order to sell them.

On January 18, 2008, the court sentenced Ramon Carrillo to 364 days in county jail as a condition of five years' probation. He was also ordered to pay a $500 criminal fine. Previously, 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 a 2004 Subaru, a 2003 Lincoln Navigator, a 2005 Cadillac Escalade, a 2003 Suzuki motorcycle, and a 2006 Kawasaki motorcycle, knowing they were stolen so that they could be sold by others involved in a vehicle theft ring.

Operation Ninja I

OIFP and the State Police conducted a joint investigation of a motorcycle theft ring operating primarily in Atlantic, Mercer, and Burlington Counties. Members of the theft ring stole Yamaha, Kawasaki, Suzuki, and Honda motorcycles, changed the VIN of each motorcycle to conceal its true origin and identity in a process known as "stamping" or "re-tagging," and obtained false title documents and registrations for the stolen motorcycles. In total, about 75 stolen motorcycles and ATVs have been recovered as a result of this investigation, with a total value in excess of $500,000. Previously, 23 defendants were arrested for their roles in this motorcycle theft ring.

On September 26, 2008, the court sentenced Gregory Haygood to two years' probation and ordered him to pay $1,591 in restitution. On July 28, 2008, Haygood pled guilty to an Accusation charging him with Receiving Stolen Property.

On July 21, 2008, the court sentenced Kyle Bunn to five years in State prison and ordered him to pay $4,009 in restitution and pay a $500 insurance fraud fine. On January 11, 2008, Bunn pled guilty to Conspiracy to Commit Racketeering, admitting that from 2003 to 2005 he scouted for motorcycles and ATVs to steal, usually as they were parked near the home of their owners.

On June 13, 2008, the court sentenced Arthur Outram to two years' probation with 180 days county jail to be served at the end of the probation term and ordered him to pay $4,915 in restitution. On April 28, 2008, Outram pled guilty to Receiving Stolen Property.

On May 2, 2008, the court sentenced Jamar Doggett to five years in State prison and ordered him to pay $32,500 in restitution. On January 11, 2008, Doggett pled guilty to Conspiracy to Commit Racketeering, admitting that from 2003 to 2005 he scouted for motorcycles and ATVs to steal, usually as they were parked near the home of their owners.

On April 10, 2008, the court sentenced Ronald Crosland to five years in State prison and ordered him to pay $4,766 in restitution. On January 11, 2008, Crosland pled guilty to Conspiracy to Commit Racketeering, admitting that from 2003 to 2005 he scouted for motorcycles and ATVs to steal, usually as they were parked near the home of their owners.

On April 4, 2008, the court sentenced John White to three years in State prison and ordered him to pay $4,985 in restitution. On February 4, 2008, White pled guilty to Conspiracy to Commit Racketeering.

On March 14, 2008, the court sentenced Jaesen Hensley to three years in State prison. On January 2, 2008, Hensley pled guilty to Receiving Stolen Property.

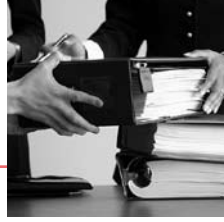
Operation Ninja II

On November 20, 2008, a Burlington County Grand Jury returned three separate Indictments against five defendants for their alleged roles in a motorcycle theft ring. The first Indictment charged Wilson Lopez, Tyrone Sapp, and Angel Carrion, III, with Conspiracy, Theft by Unlawful Taking, and Receiving Stolen Property. Lopez was also charged with Fencing. The Indictment alleged that between December 2003 and June 2004, Lopez, Sapp, and Carrion conspired to steal six motorcycles and two vans, including a 2003 Honda CBR 600RR motorcycle, a 2001 Honda CBR 900RR motorcycle, a 2003 Suzuki GXR motorcycle, a 2002 Suzuki GXR motorcycle, a 2003 Yamaha R6 motorcycle, a 2002 Honda CBR 600RR motorcycle, a 1997 Dodge cargo van, and a 1998 Ford Econoline van. The two vans were allegedly stolen to load and transport the stolen motorcycles. According to the Indictment, Lopez organized the trafficking and fencing of the stolen vehicles.

The second Indictment charged Neil Moyer with Receiving Stolen Property and Fencing. According to the Indictment, Moyer purchased and sold a stolen 2001 KTM 300 Enduro motorcycle, knowing it had been stolen.

The third Indictment charged Ian Boyington with Receiving Stolen Property, Motor Vehicle Title Offenses, and Alteration of Vehicle Identification Number. According to the Indictment, Boyington knowingly purchased a stolen 2003 Suzuki GSXR 600 motorcycle stamped with an altered VIN and fraudulently titled the motorcycle.

Deputy Attorney General Sherry Wilson, Medicaid Fraud Control Unit.



On September 2, 2008, Dustin Dixon pled guilty to an Accusation charging him with Insurance Fraud. According to the Accusation, Dixon fraudulently represented to State Farm Insurance Company that his 2006 Honda CBR 600 motorcycle had been stolen when, in fact, the motorcycle had not been stolen, in order that a phony theft claim would be submitted.

On June 27, 2008, the court sentenced Brett Weiss to three years in State prison. On the same day, Weiss pled guilty to an Accusation charging him with Insurance Fraud. Weiss admitted that in October 2006 he fraudulently represented to State Farm Insurance Company that a 2006 Honda CBR 600 motorcycle had been stolen when, in fact, the motorcycle had not been stolen, in order that a phony theft claim would be submitted.

Auto "Give Up" Schemes

OIFP frequently investigates reports of stolen cars in order to determine whether a automobile insurance theft claim was submitted by a culpable owner in a "give up" scheme or the vehicle was genuinely stolen from an innocent owner.

State v. Stephen J. Pielli, et al.

On February 29, 2008, the court sentenced Stephen J. Pielli to two years' probation and ordered the corporation he owned and operated, General Green, Inc., a landscaping business, to pay a $5,000 civil insurance fraud fine. Pielli and General Green, Inc., previously 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 High Point Safety and Insurance Management Company and to the Old Bridge, New Jersey, Police Department that his 2005 Mercedes-Benz SL500 had been stolen from the driveway of his home when, in fact, the car had not been stolen.

State v. Michael J. Jolas

On February 1, 2008, the court sentenced Michael J. Jolas to 180 days in county jail as a condition of four years' probation. He was also ordered to pay $9,039 in restitution. Previously, Jolas pled guilty to Theft by Deception and admitted that he reported to the Belleville, New Jersey, Police Department that his 2001 Kia Sephia had been stolen, knowing that it had not been stolen. Jolas also admitted that he falsely submitted a vehicle theft insurance claim to One Beacon Insurance/New Jersey Skylands Insurance Company. The insurance company paid $9,039 on the claim.

State v. Frank Petrelli

On January 4, 2008, the court admitted Frank Petrelli into the PTI Program conditioned upon his paying $13,101 in restitution and a $5,000 civil insurance fraud fine. The court also ordered Petrelli to perform 40 hours of community service. Petrelli previously pled guilty to an Accusation charging him with Insurance Fraud. According to the State, Petrelli falsely reported that his 1998 Audi had been stolen while it was parked in Hoboken and then caused another person to submit a phony auto insurance claim to New Jersey Manufacturers Insurance Company fraudulently claiming that the Audi had been stolen. According to the State, Petrelli willingly gave 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.

State v. Flavia Almonte

On July 2, 2008, the court admitted Flavia Almonte into the PTI Program conditioned upon her paying a $5,000 civil insurance fraud fine and performing 75 hours of community service. On February 19, 2008, a Hudson County Grand Jury returned an Indictment charging Almonte with Insurance Fraud, Attempted Theft by Deception, and Falsifying or Tampering with Records. According to the Indictment, between April 28, 2006, and August 29, 2006, Almonte falsely reported to the Jersey City, New Jersey, Police Department that her 2005 red Hyundai Elantra had been stolen. The Indictment also charged that Almonte submitted a false automobile theft affidavit to Liberty Mutual Insurance Company in support of the claim that her car had been stolen. The State alleged that Almonte's car was not stolen but that Almonte had damaged the car in an accident, parked it a short distance away from her house, and falsely reported it stolen to the insurance company. Liberty Mutual denied the claim and reported the matter to OIFP for investigation and prosecution.

State v. Wendell K. Littles

On May 19, 2008, the court admitted Wendell K. Littles into the PTI Program conditioned upon his paying a $5,000 civil insurance fraud fine and paying $60 in restitution. On February 26, 2008, a Camden County Grand Jury returned an Indictment charging Littles with Insurance Fraud, Attempted Theft by Deception, False Swearing, and Falsifying Records. According to the Indictment, between September 25, 2007, and November 26, 2007, Littles fraudulently reported to the Camden County, New Jersey, Police Department and Personal Service Insurance Company that his 1998 Ford Explorer had been stolen when, in fact, he knew it had not been stolen.

State v. David Berry

On June 26, 2008, the court sentenced David Berry to five years' probation and ordered him to pay a $2,500 civil insurance fraud fine. On May 22, 2008, Berry pled guilty to Theft by Deception, admitting that between October 23, 2005, and November 1, 2005, he submitted a phony auto insurance theft claim to High Point Insurance Company alleging that his 2003 Dodge Ram 1500 truck had been stolen. Berry also reported the truck stolen to the Atlantic City, New Jersey, Police Department. The truck had actually been towed from a "no parking" zone to the towing company's private parking lot in Atlantic City, New Jersey. Berry knew the car had been towed and was parked at the towing company lot when he falsely reported it stolen to High Point Insurance Company. High Point learned that the truck was actually parked at the towing company lot, denied the claim, and referred the matter to OIFP for investigation and prosecution.

State v. Sharif Whitlock

On October 24, 2008, the court sentenced Sharif Whitlock to 18 months' probation and ordered him to pay a $1,500 civil insurance fraud fine. On March 28, 2008, Whitlock pled guilty to an Accusation charging him with Insurance Fraud. Whitlock admitted that he submitted a fraudulent automobile theft claim to GEICO Insurance Company alleging that his 2004 Dodge Intrepid had been stolen when, in fact, it had not been stolen.

State v. Shelly Nixon

On July 11, 2008, the court admitted Shelly Nixon into the PTI Program. On May 27, 2008, Nixon pled guilty to an Accusation charging her with Insurance Fraud. The Accusation alleged that Nixon submitted a fraudulent vehicle theft claim with Clarendon National Insurance Company, claiming that her mother's 1998 Mercedes-Benz had been stolen when, in fact, the vehicle had not been stolen.

State v. Victor Shulov

On December 11, 2008, Victor Shulov was charged by way of an Accusation charging him with Insurance Fraud. According to the Accusation, on September 12, 2004, Shulov falsely

reported that his car had been stolen in New York City, knowing that it had not been stolen. He then filed a false stolen vehicle insurance claim with Allstate Insurance Company. Shulov is scheduled to be sentenced in 2009.

State v. Jose L. Rosario

On October 31, 2008, the court admitted Jose L. Rosario into the PTI Program conditioned upon his paying $787 in restitution and a $5,000 civil insurance fraud fine, as well as performing 100 hours of community service. On September 16, 2008, Rosario pled guilty to Insurance Fraud. On June 3, 2008, a Hudson County Grand Jury returned an Indictment charging Rosario with Insurance Fraud, Attempted Theft by Deception, and Falsifying Records. According to the Indictment, between May 28, 2007, and December 11, 2007, Rosario falsely reported that a 2005 Mitsubishi Lancer Evolution, valued at approximately $27,000, had been stolen from the 700 block of Sixth Street in Union City, New Jersey. The Indictment alleged that in support of that claim, Rosario made several false statements to both the Union City, New Jersey, Police Department and to First Trenton Indemnity Company, in writing and orally. The Indictment also alleged that Rosario sued the First Trenton Indemnity Company to collect for the auto theft claim even though the claim was false.

State v. Roberto Sanchez

On October 20, 2008, the court admitted Roberto Sanchez into the PTI Program conditioned upon his performing 50 hours of community service. On the same day, Sanchez pled guilty to Conspiracy to Commit Insurance Fraud. On July 16, 2008, a Morris County Grand Jury returned an Indictment charging Sanchez with Conspiracy to Commit Insurance Fraud. According to the Indictment, Sanchez agreed with another person not named in the Indictment to dispose of the other person's car so that the person could submit a phony vehicle theft insurance claim. The Indictment also alleged that Sanchez met with an undercover OIFP detective to discuss disposal of the other person's car.

State v. Jimmy Torres, et al.

On August 1, 2008, the court sentenced Jimmy Torres to three years in State prison and sentenced Luis Estremera (also known as Poochy) to 364 days in county jail as a condition of three years' probation. On June 23, 2008, Torres and Estremera pled guilty to Conspiracy. On December 28, 2002, Torres and Estremera conspired with a woman, who was not named as a defendant in the Indictment, to burn the woman's 2001 Mitsubishi Galant so that she could wrongfully submit a property damage insurance claim to Liberty Mutual Insurance Company. The Indictment further alleged that on March 20, 2003, Torres and Estremera did burn the 2001 Mitsubishi Galant.

State v. Shakira Freeman, et al.

On August 18, 2008, Shafiquah Arrington was found in violation of the PTI Program and was sentenced by the court to three years' probation and ordered to perform 50 hours of community service. The court previously admitted Arrington into the PTI Program conditioned upon her performing 50 hours of community service, following her guilty plea to Conspiracy and Insurance Fraud. These charges arose from the submission of a false automobile insurance policy application to GEICO Insurance Company, as well as the submission of a false claim that a 2005 Nissan Altima was stolen in order to collect an automobile insurance claim in the approximate amount of $10,125.

(l to r) Secretary Rasheedah McClinton and Attorney Assistant Bhavini Patel, Medicaid Fraud Control Unit.

State v. David Morales

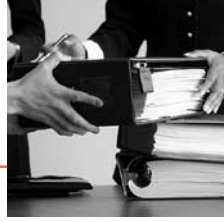
On October 21, 2008, the court admitted David Morales into the PTI Program conditioned upon his paying $5,500 in restitution and a $5,000 civil insurance fraud fine. On the same day, Morales pled guilty to an Accusation charging him with Insurance Fraud. According to the Accusation, Morales submitted a vehicle theft claim to New Jersey Manufacturers Insurance Company, claiming that his 2001 Nissan Maxima had been stolen when, in fact, it had not been stolen.

State v. John Jackson

On December 1, 2008, John Jackson pled guilty to Insurance Fraud. On October 29, 2008, a Salem County Grand Jury returned an Indictment charging Jackson with Insurance Fraud, Attempted Theft by Deception, and Falsifying Records. According to the Indictment, between January 6, 2006, and April 26, 2006, Jackson attempted to obtain approximately $32,000 by filing a fraudulent affidavit with Consumer First Insurance Company claiming that his 2006 Hummer had been stolen when, in fact, the Hummer had not been stolen. Jackson is scheduled to be sentenced in 2009.

State v. Paul C. Williams

On November 14, 2008, the court sentenced Paul C. Williams to three years in State prison. On September 22, 2008, Williams pled guilty to Insurance Fraud. According to the State, between June 19, 2004, and September 12, 2004, Williams submitted a false Affidavit of Vehicle Theft and a forged Power of Attorney to Liberty Mutual Insurance Company in support of his fraudulent claim that his 2001 Honda Accord had been stolen on June 19, 2004. Williams also falsely reported to the Seaside Heights, New Jersey, Police Department that the Accord had been stolen. The automobile was later recovered in the Parkridge Apartments parking lot in Toms River, New Jersey.



State v. Janina Krzak, et al.

On March 17, 2008, the court sentenced Dariusz Krzak to three years' probation conditioned upon his performing 50 hours of community service.

On January 24, 2008, the court admitted Janina Krzak into the PTI Program conditioned upon her performing 50 hours of community service. On the same day, Krzak pled guilty to Insurance Fraud. Previously, Krzak pled guilty to Conspiracy.

A Mercer County Grand Jury previously 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 2006 and April 2007, Janina and Dariusz Krzak conspired to submit a phony automobile insurance theft claim. The State alleged that, following an accident in which Dariusz Krzak was driving a 2004 Dodge Ram truck, Janina Krzak called the Lawrence Township, New Jersey, Police Department and falsely reported that the truck had been stolen. The State also alleged that she reported that the truck had been stolen to New Jersey Re-Insurance Company. It was alleged that these false reports about the truck having been stolen were made to conceal the fact that Dariusz Krzak had been driving the truck when the accident occurred.

State v. Michell Velardi

On November 5, 2008, the court admitted Michell Velardi into the PTI Program conditioned upon her performing 50 hours of community service. On September 24, 2008, Velardi pled guilty to an Accusation charging her with Insurance Fraud. According to the Accusation, on March 4, 2006, Velardi submitted a fraudulent stolen vehicle claim to Mercury Insurance Company, claiming that her 2004 BMW had been stolen from a McDonald's parking lot when, in fact, the BMW had not been stolen.

State v. Michelle Morano

On July 25, 2008, the court sentenced Michelle Morano to three years' probation. On June 4, 2008, Morano pled guilty to two separate Accusations charging her with Criminal Sexual Conduct with a Person Less Than 18 Years of Age. Morano, a special education teacher at West Essex, New Jersey, High School, admitted that she twice had sexual relations with a student who was at least 16 but less than 18 years old in December 2006. This case arose from an investigation into a false auto insurance theft "give up" dubbed *Operation Pickup*.

Receiving Stolen Property

State v. Ysabel Luna

On April 25, 2008, the court admitted Ysabel Luna into the PTI Program and ordered her to perform 20 hours of community service. On March 3, 2008, Luna pled guilty to an Accusation charging her with Receiving Stolen Property. The Accusation alleged that Luna was in possession of a 2002 GMC Envoy, knowing it had been stolen.

State v. Raphael Rosario

On April 11, 2008, the court sentenced Raphael Rosario to three years' probation and ordered him to pay a $655 criminal fine. On March 3, 2008, Rosario pled guilty to an Accusation charging him with Receiving Stolen Property. Rosario was the owner and operator of Wilson Motors in Camden, New Jersey, a business that acquired damaged vehicles in order to refurbish them and sell them or the parts. Rosario admitted that between October 2005 and August 2006, he acquired and resold a vehicle without making the proper inquiry as a car dealer into whether the vehicle was stolen property. Specifically, Rosario admitted that he acquired a 2005 Suzuki XL7 without verifying whether the owner of the Suzuki XL7 had the legal authority to sell or otherwise dispose of the vehicle. The Suzuki XL7 was, in fact, stolen and had been re-tagged with a VIN obtained from a salvaged vehicle, which was also purchased by Wilson Motors. The salvaged vehicle was the same make, model, color, and year to facilitate the resale of the stolen vehicle. Rosario then sold the vehicle to a local couple.

State v. Jaguar Kevin Reed

On July 11, 2008, the court sentenced Jaguar Kevin Reed to two years' probation and ordered him to pay $1,000 in restitution. On April 28, 2008, Reed pled guilty to Receiving Stolen Property, admitting that on or about July 18, 2005, Reed possessed a 2002 Cadillac Escalade knowing that the vehicle had been stolen and knowing that the VIN on the Escalade had been purposely altered or changed.

State v. Rakeem Kelly, et al.

On November 17, 2008, Latifa Snead pled guilty to a disorderly persons charge of Tampering with Public Records. Snead is pending sentencing.

On August 13, 2008, a Union County Grand Jury returned an Indictment charging Rakeem Kelly and Snead with Receiving Stolen Property, Prohibited Alteration of Motor Vehicle Trademark or Identification Number, Tampering with Public Records or Information, and Conspiracy. According to the Indictment, between July 2005 and October 2007, Kelly and Snead conspired to falsely transfer the New Jersey title of a 2006 BMW 750Li which an investigation revealed was previously reported stolen out of Hanover, New Jersey. The Indictment alleged that Kelly was in possession of the 2006 BMW 750Li, as well as a 2002 Cadillac Escalade, which was also a stolen vehicle. An investigation determined that the VINs for both vehicles were altered in an effort to conceal the true origin and identity of the vehicles.

State v. Michael Giron

On September 12, 2008, Michael Giron pled guilty to an Accusation charging him with Receiving Stolen Property and Theft by Deception. According to the Accusation, Giron was in possession of a stolen 2005 Cadillac Escalade, knowing that it had been stolen. Giron also admitted that he sold the Escalade to another person, knowing that the vehicle had a fraudulent title. Giron has agreed to make $16,044 in restitution to the insurance carrier, which covered the loss of the stolen vehicle. Giron has further agreed to make $25,000 in restitution to the victim of the Theft by Deception, to whom he sold the stolen vehicle. Giron is scheduled to be sentenced in early 2009.

Staged Accidents

State v. Samantha Demetro, et al.

On June 13, 2008, the court sentenced Samantha Demetro to 18 months in State prison to run concurrently to her Florida sentence and to be served in Florida. The court also ordered her to pay $63,000 in restitution and pay a $2,500 civil insurance fraud fine. On May 28, 2008, Demetro pled guilty to Theft by Deception. On or about May 14, 2008, Demetro was surrendered to the Bergen County, New Jersey, jail by law enforcement authorities in Florida following her arrest as a result of an arrest warrant issued by OIFP.

A State Grand Jury previously returned an Indictment charging Demetro, Bobby Eley, and Steven "David" Thompson with Conspiracy. Demetro was also charged with Theft by Deception. In pleading guilty, Demetro admitted that she, Eley, and Thompson conspired to submit fraudulent automobile insurance property damage and bodily injury insurance claims relating to nine phony automobile ac-

cidents purportedly to have occurred between November 1998 through March 1999. All nine phony automobile accidents took place on the same Route 21 exit ramp in Passaic, New Jersey, and involved the same two vehicles: a 1995 Ford Crown Victoria and a 1983 Porsche 928. Demetro admitted that insurance claims for these purported accidents were submitted to the following insurance companies: American Family Mutual Insurance Company, CGU/ United Security Insurance Company, Prudential Insurance Company, Pekin Insurance Company, Allstate Insurance Company, State Farm Insurance Company, Selective Insurance Company, and St. Paul Fire and Marine Insurance Company. More than $63,000 was allegedly obtained from the insurance companies for these phony automobile accidents representing both property damage and bodily injury insurance claims.

Previously, the court admitted Eley and Thompson into the PTI Program.

State v. Dennis Caraballo, et al.

On July 16, 2008, a Cumberland County Grand Jury returned an Indictment charging Dennis Caraballo, Kristen Smith, and Craig T. Likanchuk variously with Conspiracy, Insurance Fraud, Attempted Theft by Deception, False Swearing, and Falsifying Records. According to the Indictment, between October 2005 and March 2006, the defendants agreed to stage a carjacking in order to file a phony automobile theft insurance claim. The Indictment alleged that Caraballo, Smith, and Likanchuk agreed that Caraballo and Smith would contact the Vineland, New Jersey, Police Department and report that a carjacking occurred in the parking lot of a convenience store and that, as a result, a car had been stolen. The Indictment further alleged that Caraballo and Smith submitted or caused to be submitted a claim to State Farm Insurance Company alleging that the car, a 2005 Toyota Scion valued at approximately $18,810, had been stolen or carjacked, even though the car had not been stolen. The Indictment also alleged that Caraballo gave a false written statement under oath, which was submitted to State Farm Insurance Company, fraudulently claiming that Smith was inside Caraballo's Toyota Scion when it was purportedly carjacked. State Farm Insurance Company denied the claim and referred the matter to OIFP for investigation and prosecution.

State v. Iris Salkauski, et al.

On December 1, 2008, the court admitted Rosalina Mendez into the PTI Program conditioned upon her paying $2,700 in restitution.

On August 1, 2008, the court sentenced Josue Gonzalez to two years' probation and ordered him to pay $2,731 in restitution. The court also gave Gonzalez 30 days' jail credit for time served. On June 9, 2008, Gonzalez was arrested after he failed to appear at his PTI termination hearing. On the same date, he pled guilty to Theft by Deception.

Mendez and Gonzalez were two of 48 defendants charged in ten separate State Grand Jury Indictments with Conspiracy, Theft by Deception, and Attempted Theft by Deception for their alleged 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 Personal Injury Protection (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 each other 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.

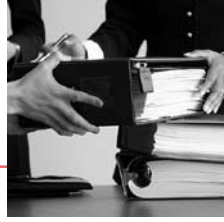
The principal Indictment identified Iris Salkauski as the alleged leader of the conspiracy and the coordinator of each of the ten staged accidents. Salkauski allegedly orchestrated the staged accidents, recruited the participants or "victims" for each of the staged accidents, paid the "victims" for their 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. Nino Cruz, et al. (ABP Chiropractic)

On October 18, 2008, Nino Cruz pled guilty to Attempted Theft by Deception. Cruz was arrested on July 3, 2008, on a fugitive warrant.

On August 13, 2008, the Superior Court of New Jersey, Appellate Division, affirmed Elvin Castillo's convictions of Conspiracy, Racketeering, Health Care Claims Fraud, Theft by Deception, Failure to File State Income Tax Return, and Failure to Pay State Income Taxes with the Intent to Evade, but remanded the matter to the trial court for resentencing on the term of incarceration. On October 7, 2008, the trial court sentenced Castillo to 12 years in State prison, which was one year less than the original sentence imposed by the trial court. The trial court's original order for Castillo to pay $27,800 in restitution and a $50,000 criminal fine were unaffected by the appellate court's remand.

(l to r) Secretary Renee St. George, Medicaid Fraud Control Unit, and Deputy Chief Detective Nancy Beiger.



Cruz and Castillo were among 28 persons named in ten separate 2002 State Grand Jury Indictments charging the defendants with Racketeering, Conspiracy, Health Care Claims Fraud, Attempted Theft, Theft by Deception, Use of a 17-Year-Old or Younger to Commit a Criminal Offense, and Possession of a Weapon without a Permit. All of the charges stem from the defendants' participation in phony automobile accidents in and around Union County for which they submitted false insurance claims.

The State Grand Jury's principal Indictment charged Anhur Bandy with Racketeering and related crimes. The State alleged that Bandy owned, controlled, or operated as the chief corporate officer six North Jersey chiropractic clinics and conspired with Castillo and four other "runners" to stage eight phony automobile accidents. Bandy then allegedly submitted fraudulent PIP insurance claims in excess of $331,000 to several insurance companies. Additionally, the State alleged that the defendants submitted insurance claims in excess of $2 million for more than 90 additional phony automobile accidents which were staged by obtaining cars, recruiting drivers and passengers, faking accidents, and then sending the occupants of the cars to treat at Bandy's chiropractic clinics so he could submit the fraudulent PIP insurance claims. Insurance claims for these phony automobile accidents were submitted to 20 insurance carriers: Allstate, Bayside Casualty, Clarendon National, Continental Insurance, Farm Family, Liberty Mutual, Maryland, The Moxon Company, National Continental, Progressive, National General, New Jersey Citizens United Reciprocal Exchange (NJ CURE), New Jersey Manufacturers, Ohio Casualty, Parkway, Progressive Casualty, Prudential, Red Oak, Sentry, and United States Automobile Association (USAA). The State alleged that most of the claim money was paid to Bandy.

Previously, the court sentenced Bandy to 17 years in prison and ordered him to pay $2 million in civil insurance fraud fines and restitution to insurance companies.

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

State v. Vito Manzella

On February 27, 2008, a Gloucester County Grand Jury returned an Indictment charging Vito Manzella with Insurance Fraud, Attempted Theft, False Swearing, and Falsifying Records. According to the Indictment, between March 28, 2005, and May 2, 2005, Manzella fraudulently submitted claims for $68,819 in PIP benefits to New Jersey Indemnity Insurance Company. The State alleged that following an automobile accident in which he was injured, Manzella falsely stated in an affidavit to New Jersey Indemnity that he resided in Gloucester County, New Jersey, with a family member who had automobile insurance. Manzella allegedly did not live at the address given on the affidavit, but resided in Camden County, New Jersey, at the time of the accident with a family member who did not have automobile insurance and was not entitled to receive PIP benefits.

State v. Philip Major, et al.

On June 9, 2008, the court sentenced Xavier English to one year' probation and ordered him to pay a $1,500 civil insurance fraud fine. On February 11, 2008, English pled guilty to Conspiracy to Commit Official Misconduct. Previously, English failed to appear at his arraignment and the court issued a bench warrant for his arrest. English was arrested on the bench warrant on January 28, 2008. English also failed to appear at his sentencing hearing originally scheduled on April 11, 2008, and the court issued another bench warrant for his arrest.

English was among 39 defendants, primarily from Essex County, previously charged in four separate Indictments with Conspiracy to Commit Theft by Deception and Official Misconduct relating to automobile insurance PIP fraud. The defendants were allegedly involved in automobile accidents in police reports written by former East Orange, New Jersey, Police Officer Philip Major between June 1995 and October 1999. The Indictments returned by a State Grand Jury alleged that the automobile accident police reports were used to support fraudulent automobile insurance PIP and bodily injury claims.

State v. Domithilla Epuechi, et al.

On October 22, 2008, the court admitted Domithilla Epuechi and Thomas Agyare into the PTI Program conditioned upon their each paying $5,000 in restitution and a $1,500 civil insurance fraud fine. On August 25, 2008, Epuechi and Agyare pled guilty to Conspiracy to Commit Health Care Claims Fraud.

On May 5, 2008, an Essex County Grand Jury returned an Indictment charging Domithilla Epuechi, her sister Grace Maureen Epuechi (also known as Maureen Epuechi, also known as Morime Epuechi), and Agyare with Conspiracy to Commit Health Care Claims Fraud. According to the Indictment, following an accident that occurred on the Pulaski Skyway in Newark, New Jersey, on May 20, 1999, involving three cars, including a cab driven by Thomas Agyare, the Epuechis claimed they were passengers in Agyare's cab at the time of the accident. The Indictment further alleged that on January 17, 2002, the Epuechis falsely testified at a deposition in a civil lawsuit demanding compensation for injuries sustained as a result of the accident. It was also alleged that the Epuechis were never passengers in the cab nor in any car involved in the accident and their claims of injuries as a result of the accident were false. As a result of their allegedly false claim, the Epuechis incurred medical bills in excess of $5,000 each. AIG referred the matter to OIFP for investigation after identifying contradictions in the depositions taken during the civil lawsuit.

State v. Julie Grace

On September 19, 2008, the court sentenced Julie Grace to two years' probation and ordered her to pay a $1,500 civil insurance fraud fine. On August 6, 2008, Grace pled guilty to an Accusation charging her with Insurance Fraud. Grace admitted that she submitted a fraudulent PIP insurance claim to USAA Insurance Company claiming that she was stabbed by an unknown assailant while in her vehicle, when, in fact, the stab wounds were self-inflicted.

Criminal Use of Runners

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 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, including both attorneys 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 & Shinrod, 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 alleged that between October 1993 and September 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 alleged 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 charged 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 November 2, 2008, the court sentenced Wade Brown to three years in State prison and ordered him to pay a civil insurance fraud fine of $1,500 and restitution of $3,560 to State Farm and $900 to Penn National. On September 22, 2008, Brown pled guilty to Conspiracy to Commit Health Care Claims Fraud and Health Care Claims Fraud.

On February 1, 2008, the court sentenced Irwin Seligsohn to three years in State prison and ordered him to pay a $50,000 civil insurance fraud fine. On that same date, the court sentenced the law firm to pay a $50,000 civil insurance fraud fine. Previously, Seligsohn and his law firm pled guilty to Conspiracy.

Essex County Indictments

An Essex County Grand Jury previously returned four Indictments charging Irwin Seligsohn, the law firm of Goldberger, Seligsohn & Shinrod, 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 alleged that between July 1998 and June 2003, Seligsohn, his law firm, Edward Campbell, Jr., 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 alleged that bodily injury insurance claims totaling approximately $18,000 were obtained as a result of the phony accident. In addition, approximately $14,593 in PIP payments were made to health care providers for treatments rendered to some of the conspirators in the purported accident. All of these claims were submitted to Allstate Insurance Company.

Analyst James Reilly, Medicaid Fraud Control Unit.

On May 5, 2008, an Essex County Grand Jury returned a related Indictment charging Louis Campbell with Tampering with a Witness or Informant. This new Indictment alleged that while Louis Campbell's previous Indictment was pending in court, Campbell attempted to induce or cause a witness, Sharon Blanding, to testify and inform falsely or withhold testimony, information, or cooperation from the State with respect to the State's prosecution of Louis Campbell on the previously returned Indictment.

Second Essex County Indictment

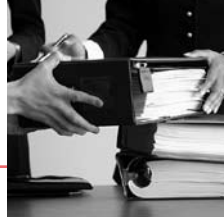
The second Essex County Indictment charged Edward Campbell, Jr., Sophia Green, Eugene Jackson, and Tish Lee with Conspiracy to Commit Health Care Claims Fraud and Health Care Claims Fraud. The State alleged that between August 2000 and January 2003, the defendants conspired to submit insurance claims 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 alleged 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 January 25, 2008, the court sentenced Eugene Jackson to three years' probation and ordered him to pay a $1,500 civil insurance fraud fine. Previously, Jackson pled guilty to Conspiracy to Commit Health Care Claims Fraud and Health Care Claims Fraud.

Third Essex County Indictment

The third Essex County Indictment alleged 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 alleged 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 June 23, 2008, the court sentenced Felicia Crute to two years' probation and ordered her to pay $5,000 in restitution to State Farm Insurance Company and a $1,500 civil insurance fraud fine. On March



18, 2008, Crute pled guilty to Conspiracy to Commit Health Care Claims Fraud and Health Care Claims Fraud.

On June 23, 2008, the charges against Trojah Irby were dismissed on the grounds that Irby was a juvenile at the time the crimes were committed.

Fourth Essex County Indictment

The fourth Essex County Indictment alleged that between December 1998 and January 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 other co-defendants were allegedly riding. The State alleged that lawsuits were filed and more than $30,000 in bodily injury settlements were paid. In addition, more than $25,000 in PIP payments were made to health care providers for treatments rendered to some of the conspirators. The claims were submitted to Eagle Insurance Company and Rutgers Casualty Insurance Company.

On June 6, 2008, the court sentenced Edward Davis to three years' probation and ordered him to pay a $1,500 civil insurance fraud fine. On January 23, 2008, Davis pled guilty to Conspiracy and Health Care Claims Fraud.

On March 14, 2008, the court sentenced Anthony Dortch to three years' probation with 97 days credit for time served in county jail and ordered him to pay $6,900 in restitution and a $1,500 civil insurance fraud fine. On January 15, 2008, Dortch pled guilty to Conspiracy and Health Care Claims Fraud.

On January 14, 2008, the court sentenced Michael Ashford to two years' probation and ordered him to pay $3,750 in restitution and pay a $1,500 civil insurance fraud fine. Previously, Ashford pled guilty to Conspiracy and Health Care Claims Fraud.

Auto Body Repair Facility and "Chop Shop" Fraud

State v. Robert Christopher Collision, et al.

On November 21, 2008, the court sentenced Paul Failla to two years' probation conditioned upon serving 180 days in county jail if he fails to successfully complete probation. On August 7, 2008, Failla pled guilty to Theft by Deception.

On November 20, 2008, all criminal charges against John Yeachshein were dismissed following his death.

Previously, 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 Paul Failla 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 2005 and July 2006, Buckingham, Failla, Henriquez, and Yeachshein conspired together and submitted false automobile insurance repair claims to insurance companies. The Indictment alleged 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 were New Jersey Manufacturers Insurance Company, MetLife Auto, Travelers Auto Insurance Company (formerly known as First Trenton Indemnity), Selective Insurance Company, and Mercury Insurance Company.

Additionally, in June 2007, OIFP used the State asset forfeiture statute to seize the parcel of property used by the business to perpetrate the crimes alleged, valued at approximately $1.25 million. This related asset forfeiture action is stayed pending resolution of the criminal matter.

Auto Claims Fraud

State v. Ramsey Naylor, et al.

On November 21, 2008, Carrie Martin pled guilty to a disorderly persons charge of Attempted Theft by Deception. On the same day, the court sentenced Martin to one year' probation. On November 13, 2008, Ramsey Naylor pled guilty to Insurance Fraud. Naylor is scheduled to be sentenced in 2009.

On January 4, 2008, a Mercer County Grand Jury returned an Indictment charging Naylor and Martin with Insurance Fraud and Attempted Theft by Deception. Naylor was also charged with Tampering with Public Records or Information and Uttering a Forged Document. According to the Indictment, between September 2003 and January 2004, Naylor submitted a fraudulent insurance claim to Rider Insurance Company pertaining to the theft of a 2003 Yamaha motorcycle. Martin and Naylor allegedly reported that the motorcycle had been stolen after an insurance policy had been purchased for the motorcycle when, in fact, it was alleged that the motorcycle was stolen before it was covered by an insurance policy. It is further alleged that Martin provided information she knew was false in support of the claim. The Indictment also alleged that Naylor submitted a falsified Trenton, New Jersey, Police Department theft report concerning the date of the theft of the motorcycle in support of the allegedly phony insurance claim.

State v. Robert Emmons

On November 19, 2008, the court admitted Robert Emmons into the PTI Program conditioned upon his paying $2,960 in restitution and performing 75 hours of community service. On March 26, 2008, a Monmouth County Grand Jury returned an Indictment charging Emmons with Insurance Fraud, Attempted Theft by Deception, and Uttering a Forged Writing. According to the Indictment, on July 29, 2004, Emmons was involved in a motor vehicle accident with a New Jersey Transit (NJT) bus. Following the motor vehicle accident, Emmons allegedly provided three fraudulent invoices to NJT in which he falsely claimed that he was transporting horses at the time of the accident and incurred $3,551 in alternate transportation expenses for the horses. Emmons failed to appear at his arraignment on April 22, 2008, and the court issued a bench warrant for his arrest.

State v. Robert C. Eversberg, Jr.

On May 6, 2008, the court sentenced Robert C. Eversberg, Jr., to three years' probation and ordered him to pay $12,294 in restitution to New Jersey Manufacturers Insurance Company and to pay a $2,500 civil insurance fraud fine. On March 20, 2008, Eversberg pled guilty to an Accusation charging him with Insurance Fraud and Hindering Apprehension of Self. On March 11, 2007, Eversberg was involved in a car accident in Hopewell Township, New Jersey. He admitted that the following day he falsely reported to New Jersey Manufacturers and the Florence Township, New Jersey, Police Department that his 2006 Hyundai Elantra had been stolen and that it was the thief, and not Eversberg, who had been involved in the accident.

State v. Genine Jones

On October 1, 2008, Genine Jones pled guilty to Attempted Theft by Deception. On April 18, 2008, an Essex County Grand Jury returned an Indictment charging Jones with Conspiracy, Insurance Fraud, Attempted Theft by Deception, and Tampering with Public Records. According to the Indictment, on March 13, 2005, Tina Davis was involved in a minor automobile accident in Newark, New Jersey, which Jones observed. The State alleged that Jones lied to the investigating police officer that she was a passenger in Davis's car at the time of the accident and was injured when, in fact, Jones was 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. The State further alleged that Jones lied to the insurance company by stating she did not reside in a household in which a person owned an automobile when, in fact, she did, so that she could claim PIP benefits under Davis's auto insurance policy. Jones's insurance claim was denied by Selective Insurance Company and the matter was referred to OIFP for investigation and prosecution. Jones is scheduled to be sentenced in 2009.

State v. Antonio Capers

On October 20, 2008, the court sentenced Antonio Capers to five years' probation and ordered him to perform 125 hours of community service. On September 10, 2008, Capers pled guilty to Insurance Fraud. On June 11, 2008, an Essex County Grand Jury returned an Indictment charging Capers with Insurance Fraud, Attempted Theft by Deception, and Falsifying Records. Capers caused the New York City Police Department to issue a false police report stating that a 1996 Plymouth Neon had been stolen when, in fact, it had not been stolen and Capers never even owned the car. Capers also caused a false automobile theft insurance claim to be submitted to the Prudential Insurance Company and attempted to negotiate a $3,995 settlement with Prudential even though he did not own the Plymouth Neon he reported as being stolen.

State v. Claudia M. Mora

On September 12, 2008, the court admitted Claudia M. Mora into the PTI Program conditioned upon her paying $12,261 in restitution and performing 60 hours of community service. On July 24, 2008, Mora pled guilty to an Accusation charging her with Failure to Make Required Disposition of Property Received. The State alleged that Mora wrongfully kept the proceeds of two Proformance Insurance Company claim checks issued jointly to Mora and Maywood BMW for reimbursement for repairs on Mora's vehicle, which had been stolen and recovered, for damages incurred following the recovery of her car. The State further alleged Mora endorsed, cashed, and deposited the two checks and failed to make payment to Maywood BMW.

State v. Cleopatre Leger, et al.

On November 5, 2008, Cleopatre Leger pled guilty to an Accusation charging her with Insurance Fraud.

Administrative Analyst Marie Beyer, CLASS.

On October 16, 2008, Cleopatre Leger's son, Christopher Leger, pled guilty to a separate Accusation also charging him with Insurance Fraud.

According to the Accusations, Cleopatre and Christopher Leger submitted a phony damage claim to Palisades/Twin Lights Insurance Company for collision damage to their 2005 GMC Envoy SLE during an accident that purportedly occurred in Jersey City, New Jersey, on July 4, 2007, when, in fact, the accident did not take place on that date.

Both Cleopatre Leger and Christopher Leger are scheduled to be sentenced in 2009.

State v. David Anderson

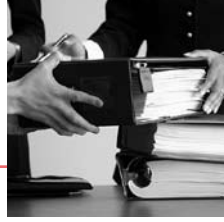
On December 5, 2008, the court sentenced David Anderson to three years' probation. On September 29, 2008, Anderson pled guilty to an Accusation charging him with Attempted Theft by Deception. The Accusation charged that between August 1, 2007, and October 19, 2007, Anderson, the owner of Thrifty Car Rental of Eatontown, New Jersey, attempted to obtain payment from Travel Guard/AIG and Lincoln General Insurance Company for collision damage to a 2007 Dodge Caliber by creating the false impression that the automobile had been rented from Thrifty when, in fact, the car had not been rented.

State v. Willard Jones

On December 5, 2008, the court admitted Willard Jones into the PTI Program conditioned upon his performing 25 hours of community service. He was also ordered to forfeit his public employment. On October 16, 2008, Jones, a Hudson County corrections officer, pled guilty to an Accusation charging him with Insurance Fraud. The Accusation charged that Jones falsely reported that his 2007 Honda Accord was involved in an automobile accident when he fell asleep at the wheel after leaving his post at approximately 5:55 a.m. on February 21, 2008. The damage to Jones's vehicle was valued at approximately $6,800. The State alleged that Jones later reported the accident to Esurance to cover the cost of repairing the damage to the vehicle. Esurance's computer-generated policy records indicated that Jones's automobile insurance policy was purchased approximately 55 minutes *after* the accident had already occurred.

State v. Nicholas A. DiMeglio

On September 24, 2008, the court admitted Nicholas A. DiMeglio into the PTI Program conditioned upon his paying $5,397 in restitu-



tion, paying a $3,500 civil insurance fraud fine, and performing 60 hours of community service. Previously, a Union County Grand Jury returned an Indictment charging DiMeglio with Theft by Deception, Uttering a Forged Writing, and Falsifying Records. According to the Indictment, DiMeglio submitted an altered body shop repair invoice to Rider Insurance Company in the amount of $8,745 in support of a claim for damages to his 2002 Kawasaki motorcycle sustained in a collision with a truck. The State alleged that DiMeglio submitted the altered invoice to Rider to make it appear that, prior to the accident, the insured motorcycle had undergone extensive repairs and renovations, even though the repairs and renovations had never been made.

State v. Kendrell T. Gordon

On November 19, 2008, the court admitted Kendrell T. Gordon into the PTI Program conditioned upon his paying $8,096 in restitution and a $5,000 civil insurance fraud fine. On October 16, 2008, Gordon pled guilty to an Accusation charging him with Insurance Fraud. According to the Accusation, Gordon submitted a fraudulent theft claim with AAA Mid-Atlantic Insurance Company by reporting that four rims from his 2008 Jeep Grand Cherokee SRT8 had been stolen when, in fact, they had not been stolen.

Counterfeit Insurance Identification Cards

State v. Salvatore L. Vitale

On February 22, 2008, the court sentenced Salvatore L. Vitale to one year' probation. On January 7, 2008, Vitale pled guilty to Simulating a Motor Vehicle Insurance Identification Card as charged in a Monmouth County Grand Jury Indictment. Vitale admitted that on August 19, 2004, and August 20, 2004, he created two separate counterfeit motor vehicle insurance identification cards for two different vehicles he owned, and then displayed both counterfeit insurance identification cards to the Englishtown, New Jersey, Police Department. The first counterfeit insurance identification card produced by Vitale falsely indicated that his 1996 Chevrolet was insured by 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 second counterfeit insurance identification card produced by Vitale falsely indicated that his 2001 Mercedes-Benz was insured by Allstate Insurance Company and that a valid policy of automobile insurance was in effect from August 19, 2004, to August 19, 2005.

State v. Marta L. Sanaallah

On April 4, 2008, the court sentenced Marta L. Sanaallah to two years' probation. On February 4, 2008, Sanaallah pled guilty to Simulating a Motor Vehicle Insurance Identification Card as charged in a Union County Grand Jury Indictment. Sanaallah admitted that she presented a counterfeit Allstate Insurance Company auto insurance identification card to an inspector at the Rahway, New Jersey, Motor Vehicle Commission (MVC) inspection station.

State v. Frederick Colbett

On December 19, 2008, the court sentenced Frederick Colbett to one year' probation. On October 24, 2008, Colbett pled guilty to Simulating a Motor Vehicle Insurance Identification Card. On February 29, 2008, an Essex County Grand Jury returned an Indictment charging Colbett with Simulating a Motor Vehicle Insurance Identification Card. On July 10, 2007, Colbett presented a counterfeit Liberty Mutual motor vehicle insurance identification card to an inspector at a Newark, New Jersey, MVC inspection facility. On April 9, 2008, Colbett failed to appear at his arraignment and the court issued a bench warrant for his arrest.

State v. Alexis Fuentes

On July 11, 2008, the court admitted Alexis Fuentes into the PTI Program. On May 30, 2008, Fuentes pled guilty to Simulating a Motor Vehicle Insurance Identification Card. On March 25, 2008, a Hudson County Grand Jury returned an Indictment charging Fuentes with Falsification of Records and Simulating a Motor Vehicle Insurance Identification Card. According to the Indictment, between September 15, 2005, and October 2, 2005, Fuentes presented a counterfeit Liberty Mutual Insurance Company automobile insurance identification card to a New Jersey MVC employee and used the phony card in filing a MVC automobile registration form. It was also alleged that Fuentes presented the phony Liberty Mutual insurance identification card to a Hoboken, New Jersey, police officer following a motor vehicle accident in which she was involved.

State v. Crystal Williams McCrary

On April 14, 2008, the court sentenced Crystal Williams McCrary (also known as Crystal Williams) to serve 364 days in county jail as a condition of 3 years' probation, to pay a $4,000 criminal fine, to perform 150 hours of community service, and to forfeit her public employment with the Department of Corrections (DOC). On February 19, 2008, McCrary pled guilty to Official Misconduct and Falsifying or Tampering with Public Records. Previously, an Essex County Grand Jury returned an Indictment charging McCrary with Official Misconduct, Uttering a Forged Document, Falsification of Records, and Attempted Falsification of Records.

On October 28, 2006, McCrary appeared at the East Orange, New Jersey, MVC agency while wearing her official DOC uniform and displaying her official DOC identification to facilitate the fraudulent registration of her car. McCrary 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 that it was covered by State-mandated 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 by State Farm Insurance confirmed that the auto insurance identification card was, in fact, fraudulent and McCrary's vehicle was not covered by a valid State Farm insurance policy.

Further, 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. Abdul Evans

On October 1, 2008, Abdul Evans pled guilty to Simulating a Motor Vehicle Insurance Identification Card and was admitted into the PTI Program that same date. On March 25, 2008, a Camden County Grand Jury filed an Indictment charging Evans with Simulating a Motor Vehicle Insurance Identification Card. According to the Indictment, on July 20, 2005, Evans presented a counterfeit Proformance Insurance Company insurance identification card to a Newark, New Jersey, police officer following an automobile accident in which Evans was involved.

State v. Yoni Ruiz

On May 29, 2008, a Camden County Grand Jury returned an Indictment charging Yoni Ruiz with Insurance Fraud, Tampering with Public Records, and Simulating a Motor Vehicle Insurance Identification Card. According to the Indictment, following an automobile accident, Ruiz displayed a counterfeit AIG automobile insurance identification card to a New Jersey State Trooper.

State v. Dale Van Dyk

On January 29, 2008, the court admitted Dale Van Dyk into the PTI Program conditioned upon his performing 50 hours of community service. Previously, a State Grand Jury returned an Indictment charging Van Dyk with Simulating a Motor Vehicle 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. Kevin Hamlett

On August 29, 2008, the court sentenced Kevin Hamlett to two years' probation. On July 7, 2008, Hamlett pled guilty to an Accusation charging him with Simulating a Motor Vehicle Insurance Identification Card. Hamlett admitted that between September 20, 2006, and November 20, 2006, he produced and sold counterfeit Clarendon National Insurance Company motor vehicle insurance identification cards.

State v. Barry Hudson

On October 29, 2008, Barry Hudson pled guilty to an Accusation charging him with Simulating a Motor Vehicle Insurance Identification Card. Hudson admitted that on April 4, 2007, he presented a counterfeit Clarendon Insurance Company insurance identification card to an inspector at the Newark, New Jersey, MVC inspection station. Hudson is scheduled to be sentenced in 2009.

State v. Anthony Bryan

On December 1, 2008, a Passaic County Grand Jury returned an Indictment charging Anthony Bryan with Simulating a Motor Vehicle Insurance Identification Card. According to the Indictment, on December 5, 2007, following an automobile accident, Bryan presented a counterfeit New Jersey Manufacturers Insurance Company insurance identification card to the investigating police officer.

State v. Lawrence Greene

On December 11, 2008, an Essex County Grand Jury returned an Indictment charging Lawrence Greene with Simulating a Motor Vehicle Insurance Identification Card. According to the Indictment, on November 10, 2005, Greene presented a counterfeit motor vehicle insurance identification card to an inspector at a New Jersey MVC inspection station.

State v. Tracey Jones

On December 11, 2008, an Essex County Grand Jury returned an Indictment charging Tracey Jones with Simulating a Motor Vehicle Insurance Identification Card. According to the Indictment, on November 15, 2005, Jones presented a counterfeit motor vehicle insurance identification card to an inspector at a New Jersey MVC inspection station.

State v. Donald Allen

On December 11, 2008, an Essex County Grand Jury returned an Indictment charging Donald Allen with Simulating a Motor Vehicle Insurance Identification Card. According to the Indictment, on February 21, 2006, Allen presented a counterfeit motor vehicle insurance identification card to an inspector at a New Jersey MVC inspection station.

State v. Riscardo Cruz

On December 11, 2008, an Essex County Grand Jury returned an Indictment charging Riscardo Cruz with Simulating a Motor Vehicle Insurance Identification Card. According to the Indictment, on October 11, 2005, Cruz presented a counterfeit motor vehicle insurance identification card to an inspector at a New Jersey MVC inspection station.

State v. Warren Freeland

On December 11, 2008, an Essex County Grand Jury returned an Indictment charging Warren Freeland with Simulating a Motor Vehicle Insurance Identification Card and Unsworn Falsification. According to the Indictment, on July 9, 2008, Freeland presented a counterfeit motor vehicle insurance identification card to an inspector at a New Jersey MVC inspection station. The Indictment also alleged that on November 2, 2004, Freeland provided false information on a New Jersey vehicle registration application.

Fraudulent Motor Vehicle Documents

State v. Ivette M. Encarnacion

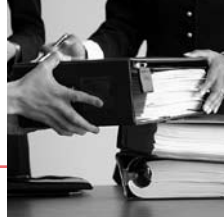
On November 3, 2008, Ivette M. Encarnacion pled guilty to Tampering with Public Records or Information. On June 20, 2008, a Monmouth County Grand Jury returned an Indictment charging Encarnacion with Conspiracy and Tampering with Public Records or Information. According the Indictment, between June 2006 and April 2007, Encarnacion agreed with other persons not identified in the Indictment to falsely register 32 automobiles with the New Jersey MVC, claiming that the automobiles were insured by Allstate Insurance Company when, in fact, none of the automobiles were insured by Allstate and did not have any State-mandated automobile insurance coverage. Encarnacion allegedly registered the cars for undocumented persons. She is scheduled to be sentenced in 2009.

Identity Theft

State v. Keith Ashley

On February 27, 2008, the court sentenced Keith Ashley to four years in State prison. On January 2, 2008, Ashley pled guilty to Insurance Fraud. Previously, an Essex County Grand Jury returned an In-

Technical Assistant Dalisha Carmichael, CLASS.



dictment charging Ashley with Insurance Fraud and Fraudulent Use of a Credit Card. Ashley admitted that he fraudulently used the credit card of another person to pay automobile insurance premiums to GEICO Insurance Company.

State v. Luz Elena Agudelo Jimenez

On March 18, 2008, a Passaic County Grand Jury returned an Indictment charging Luz Elena Agudelo Jimenez with Insurance Fraud, Theft of Identity, and Falsification of Records. According to the Indictment, between July 2003 and June 2006, Jimenez falsely used the identity of a deceased Florida woman when she submitted an application for an automobile insurance policy to New Jersey Manufacturers Insurance Company in the deceased woman's name. The Indictment also charged that Jimenez later submitted an application for automobile insurance to Mercury Insurance Company in the deceased woman's name. The Indictment further charged that Jimenez falsified a New Jersey motor vehicle driver's license form and submitted it to the Wallington MVC Agency in the name of the deceased woman.

State v. Leroy Roberts, Jr.

On May 8, 2008, the court admitted Leroy Roberts, Jr., into the PTI Program conditioned upon his paying $7,625 in restitution. On March 20, 2008, Roberts pled guilty to an Accusation charging him with Insurance Fraud. According to the Accusation, Roberts used the identity of his deceased father during the investigation of an automobile accident and then he submitted an insurance claim to New Jersey Manufacturers Insurance Company in relation to the same accident.

State v. Jeremy Sager

On April 8, 2008, a Burlington County Grand Jury returned an Indictment charging Jeremy Sager with Identity Theft, Theft by Deception, Insurance Fraud, and Falsifying Records. According to the Indictment, between April 2003 and February 2006, Sager, impersonating another man, reported that he had been involved in an automobile accident on April 14, 2003; prepared a letter describing the accident; signed an Answer to a civil lawsuit arising out of the auto accident; and signed a Power of Attorney. The Indictment alleged that Sager then submitted all of these documents to NJ CURE as part of the auto accident claim. The Indictment also alleged that Sager attempted to steal more than $75,000 by falsely impersonating another man in the auto accident claim. NJ CURE became aware that Sager was falsely impersonating the man, denied the insurance claim, and forwarded the matter to OIFP for investigation and prosecution.

State v. Tyrice Evans, et al.

On September 19, 2008, the court sentenced Tyrice Evans to 30 months' probation and ordered him to pay a $500 criminal fine and to perform 250 hours of community service. On August 5, 2008, Evans pled guilty to Theft of Identity and Receiving Stolen Property.

On August 15, 2008, the court sentenced Robert L. Murray to five years' probation. On May 9, 2008, Murray was arrested on a bench warrant and pled guilty to Identity Theft.

Previously, an Essex County Grand Jury returned an Indictment variously charging Evans, Murray, "John Doe" (also known as Kaseem), and "Robert Roe" (also known as Tony Williams) with Theft by Deception, Theft of Identity, and Receiving Stolen Property. According to the Indictment, the defendants provided a false identity to Murray in order to lease and/or purchase two 2003 Mercedes-Benz E500s. Further, Evans was in possession of one of the 2003 Mercedes-Benz E500s knowing it had been stolen.

Fraudulent Auto Insurance Applications

State v. Christian Whittaker

On September 11, 2008, the court sentenced Christian Whittaker to three years in State prison. On August 4, 2008, Whittaker pled guilty to Insurance Fraud. On January 30, 2008, a Gloucester County Grand Jury returned an Indictment charging Whittaker with Insurance Fraud. Whittaker admitted that on or about August 9, 2005, he falsely submitted an electronic application for automobile insurance to GEICO Insurance Company utilizing a phony Social Security number. GEICO denied the claim and referred the matter to OIFP.

State v. John Duncan

On August 15, 2008, the court sentenced John Duncan to three years' probation. On June 16, 2008, Duncan pled guilty to Falsifying or Tampering with Records. On February 19, 2008, a Hudson County Grand Jury returned an Indictment charging Duncan with Insurance Fraud. Duncan admitted that between June 2004 and May 2005, he falsified an automobile insurance application and a renewal of that application by providing false or misleading answers to questions regarding his medical condition. The application was submitted to NJ CURE at the time that Duncan applied for automobile insurance.

In 2006, Duncan was involved in a automobile accident and charged with Eluding and Driving While Intoxicated. As a result of that accident and the resulting charges, NJ CURE began an investigation into the automobile insurance application and referred the case to OIFP for investigation and prosecution.

State v. Eduardo Garcia

On November 7, 2008, Eduardo Garcia pled guilty to an Accusation charging him with Insurance Fraud. According to the Accusation, Garcia failed to disclose on his Liberty Mutual automobile insurance application required information that two other persons, his girlfriend and his son, resided with him. This requisite information was uncovered when his girlfriend and his son were involved in a fatal automobile accident.

Garcia is scheduled to be sentenced in 2009.

Theft by Deception

State v. Stacy Perkins

On December 10, 2008, a Gloucester County Grand Jury returned an Indictment charging Stacy Perkins with Insurance Fraud, Theft by Deception, Attempted Theft by Deception, and Bad Checks. According to the Indictment, between January 9, 2004, and August 10, 2004, Perkins either issued or electronically authorized ten checks totaling $19,435 to Allstate Insurance Company, drawn on several different banks, knowing the accounts at the banks were closed. Perkins was allegedly attempting to purchase automobile insurance from Allstate.

The Indictment additionally alleged that Perkins obtained over $20,000 in services from Public Service Electric & Gas (PSE&G), knowing that the checks issued to cover the services would not be honored.

Finally, the Indictment alleged that Perkins also obtained over $1,200 in services from Comcast Cable and $950 from Wells Fargo, knowing that the checks issued would not be honored.

PROPERTY AND CASUALTY INSURANCE FRAUD

Arson

State v. Samuel Siligato, et al.

On October 17, 2008, the Superior Court of New Jersey, Appellate Division, reversed the order of the trial court dismissing a State Grand Jury Indictment against Samuel Siligato, reinstated the Indictment, and remanded the matter to the trial court for further criminal proceedings. The State Grand Jury Indictment charged 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. The Indictment alleged that Siligato 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.

Siligato was previously found guilty following an 11-week jury trial of Attempted Theft by Deception, Conspiracy, and Witness Tampering and was sentenced by the court to 11 years in State prison. During his trial, Siligato offered the testimony of Francisco Diaz. On October 10, 2007, an Atlantic County Grand Jury returned an Indictment charging Diaz with Perjury. On January 22, 2008, Diaz pled guilty to Perjury. Diaz is pending sentencing.

State v. Jeffrey Nemes

On April 4, 2008, a State Grand Jury returned an Indictment charging Jeffrey Nemes, a former Hamilton, Mercer County, New Jersey, police officer, and owner, operator, and controller of a construction business known as Nemes Enterprises, Inc., with Theft by Unlawful Taking. According to the Indictment, between June 1998 and October 2000, Nemes stole money from Susan and Salvatore Masterpole, John Kim, Judith Tilton, and Richard Calla by failing to complete repair and restoration work on homes and businesses which were covered by insurance. On October 30, 2008, the Superior Court of New Jersey, Appellate Division, upheld the trial court's denial of defendant's motion to dismiss the Indictment on double jeopardy grounds.

Previously, Nemes had been tried and convicted of Theft by Failure to Make Required Disposition of Property stemming from his failure to complete construction work for the Masterpoles, Kim, Tilton, and Calla but, on May 19, 2005, the Superior Court of New Jersey, Appellate Division, reversed Nemes's conviction.

Fraudulent Home Owners' Insurance Claims

State v. Jennifer Grover

On July 3, 2008, the court sentenced Jennifer Grover to two years' probation and ordered her to pay $6,681 in restitution and a $1,500 civil insurance fraud fine. On May 19, 2008, Grover pled guilty to Insurance Fraud and Theft. Grover admitted that between May 1, 2005, and October 31, 2005, she submitted a false fire insurance claim to State Farm Insurance Company, following a fire loss at a condominium located in Westhampton, New Jersey. Grover submitted to State Farm for reimbursement phony receipts for the apartment rent she did not pay and phony invoices for rental furniture she did not rent. Grover also admitted that she stole furniture she had rented from Cort Furniture Rental Corporation. In total, Grover stole from State Farm approximately $7,861 in apartment rent reimbursements, furniture rent reimbursements, and furniture.

Special Assistant Annie Meredith, Supervisor, CLASS.

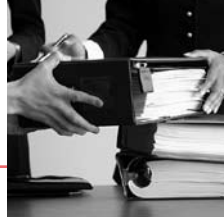
Fraudulent Commercial Property Insurance Claims

State v. Shaukat Malik

On April 7, 2008, the court admitted Shaukat Malik into the PTI Program. Malik agreed to pay a civil consent order in the amount of $5,000. On January 3, 2008, a Camden County Grand Jury returned an Indictment charging Malik with Insurance Fraud and Attempted Theft by Deception. According to the Indictment, on January 30, 2006, Malik submitted an altered receipt to Travelers Insurance Company in support of a property damage claim he submitted for damage to an apartment building that Malik owned. The Indictment alleged that Malik altered a $2,500 invoice for repairs to reflect $6,500 for repairs.

State v. John Getchius

On July 31, 2008, a Bergen County Grand Jury returned an Indictment charging John Getchius (also known as Robert Allen, also known as John Gechies, also known as John Gechius, also known as John Getchies, also known as John Goetsche, also known as Andrew Grego, also known as Tracy Greenberg) with Insurance Fraud. According to the Indictment, between February 2004 and December 2007, John Getchius, using a variety of aliases and assumed identities, committed Insurance Fraud related to a variety of false marine boat insurance policies and claims. Getchius, a lawyer who was disbarred in 1988 for unrelated reasons, allegedly submitted $64,000 worth of fictitious claims alleging that five dinghies, five outboard motors, a life raft, and a marine tender were lost at sea on various dates. These allegedly fraudulent claims were submitted to several insurance companies, including New Hampshire Insurance Company, North American Assurance Company of America, Quadrant Indemnity Insurance Company, Vigilant (Chubb) Insurance Company, and Zurich/Northern Insurance Company of New York.



The Indictment also alleged that Getchius made false claims for lost marine property which he did not own. The claims have a total approximate value of $64,000, of which Getchius was paid $25,500 by the insurance companies.

Fraudulent Certificates of Insurance

State v. William Jandrisevits

On February 1, 2008, the court sentenced William Jandrisevits to 18 months' probation. Previously, Jandrisevits pled guilty to Forgery as charged in an Ocean County Grand Jury Indictment. 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. Steven Chin

On January 4, 2008, the court sentenced Steven Chin to two years' probation and ordered him to pay a $1,000 criminal fine. Previously, Chin, who operated a limited liability corporation known as Tuxedo Station which did business as Champagne Limousine and Minuteman Cleaners, pled guilty to Forgery and six counts of Unsworn Falsification. Chin admitted that, on or about December 8, 2003, he provided a false Certificate of Insurance to the Barrett Capital Group. Chin further admitted that from approximately March 2002 through February 2004, he 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 coverage when, in fact, they did not.

State v. Apex Contractors Corp.

On March 7, 2008, the court imposed a $2,000 criminal fine on Apex Contractors Corp. On the same day, the corporation pled guilty to an Accusation charging it with Forgery. On September 8, 2006, Apex Contractors submitted a phony Progressive National Insurance Company and Liberty Mutual Insurance Company Certificate of Insurance to F&P Contractors, Inc., with whom it had agreed to do subcontracting work.

State v. Kenny Ghanem

On October 27, 2008, the court admitted Kenny Ghanem into the PTI Program. On May 30, 2008, a Monmouth County Grand Jury returned an Indictment charging Ghanem with Forgery. According to the Indictment, Ghanem, a carpet installer, presented a phony Selective Insurance Company Certificate of Insurance to his employer Smart Carpet and Flooring. The Indictment also alleged that Ghanem submitted a phony Liberty Mutual Insurance Company Certificate of Insurance to Troncone Floor Covering, Inc.

State v. Christopher Macaluso

On September 2, 2008, the court admitted Christopher Macaluso into the PTI Program. On June 20, 2008, a Monmouth County Grand Jury returned an Indictment charging Macaluso with Forgery. According to the Indictment, Macaluso, the owner of a tree removal company, provided a phony CNA Insurance Company Certificate of Insurance to a person identified in the Indictment as J.A. when Macaluso contracted with J.A. for tree removal service.

State v. Vincent Tarcaso

On April 24, 2008, the court resentenced Vincent Tarcaso to four years' probation conditioned upon serving 270 days in county jail following his violation of probation. The court previously sentenced Tarcaso to four years' probation without jail time. Tarcaso previously pled guilty to Forgery as charged in a Camden County Indictment. Tarcaso contracted with DiSantis Landscaping to plow snow and presented a phony Hartford Casualty Certificate of Insurance to DiSantis Landscaping.

State v. Cheryl Rodriguez

On July 9, 2008, an Essex County Grand Jury returned an Indictment charging Cheryl Rodriguez with Forgery. According to the Indictment, Rodriguez submitted a phony United National Insurance Company Certificate of Insurance to the City of Newark when she applied for a towing contract with the city.

State v. Branko Rovcanin

On October 20, 2008, Branko Rovcanin pled guilty to Forgery. On July 23, 2008, a Passaic County Grand Jury returned an Indictment charging Rovcanin with Forgery. According to the Indictment, between March 11, 2007, and April 4, 2007, Rovcanin, the owner of Gama-Eta Construction Company, provided a phony Liberty Mutual Agency Markets/Ohio Casualty Group Certificate of Insurance to Ohayon & DeSarno Associates, LLC, with whom Rovcanin contracted for the removal of roofing materials containing asbestos. Rovcanin is scheduled to be sentenced in 2009.

State v. Norberto Salino

On December 15, 2008, the court sentenced Norberto Salino to one year' probation and ordered him to perform 50 hours of community service. On August 6, 2008, a Passaic County Grand Jury returned an Indictment charging Salino with Forgery. According to the Indictment, Salino, the owner/operator of Lightning Courier Service, Inc., presented a phony Essex Insurance Company Certificate of Insurance to White Marsh Transportation, Inc., with which Salino had a broker-carrier agreement.

State v. Joseph Hoffman

On November 18, 2008, a Camden County Grand Jury returned an Indictment charging Joseph Hoffman with Falsifying Records and Forgery. According to the Indictment, Hoffman provided an altered Cumberland Mutual Fire Insurance Company Certificate of Liability Insurance to Barton's Carpets.

State v. Eric Brown

On December 12, 2008, the court sentenced Eric Brown to one year' probation. On September 15, 2008, Brown pled guilty to Forgery as charged in a Camden County Grand Jury Indictment. On April 18, 2005, Brown, who owned and operated a construction business known as E.D.B. Construction, 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 phony Certificate of Insurance fraudulently reflected that from November 30, 2004, to November 30, 2005, E.D.B. Construction had workers' compensation insurance coverage through Liberty Mutual Insurance Company and general liability coverage through Alea London, Ltd.

State v. Claudio Mazzarella

On November 18, 2008, Claudio Mazzarella pled guilty to Forgery. On October 17, 2008, a Bergen County Grand Jury returned an Indictment charging Mazzarella with Forgery. According to the Indictment, on January 30, 2006, Mazzarella presented a phony Selective Insurance Company Certificate of Insurance to Mike's General Contracting for which Mazzarella had contracted to do work. He is scheduled to be sentenced in 2009.

Insurance Agent Fraud

State v. Jungun Kim

On November 19, 2008, the court admitted Jungun Kim, an insurance agent licensed in the State of New Jersey, into the PTI Program conditioned upon his paying $11,200 in restitution. On the same day, Kim pled guilty to Theft by Deception and Theft by Failure

to Make Required Disposition of Property Received. On January 29, 2008, Kim failed to appear at his arraignment and the court issued a bench warrant for his arrest.

A Bergen County Grand Jury previously returned an Indictment charging Kim with Theft by Deception and Theft by Failure to Make Required Disposition of Property Received. According to the Indictment, between June 2004 and January 2007, Kim, as a representative of New York Life Insurance Company, received approximately $11,200 in insurance premium money from an insurance customer and, instead of remitting the money to the insurance company to pay for the life insurance policy, Kim allegedly stole the money and used it for his own purposes.

State v. Abdul Yakubu

On January 8, 2008, a Morris County Grand Jury returned an Indictment charging Abdul Yakubu, an insurance agent licensed in the State of New Jersey, with Theft by Failure to Make Required Disposition of Property Received. According to the Indictment, between March 27, 2006, and April 5, 2006, Yakubu accepted approximately $600 in insurance premium money from two insurance clients but did not remit the money to the insurance company and instead used the money for his own purposes. At the time of the conduct, Yakubu was an insurance agent representing New York Life Insurance Company.

State v. Pablo Rondon

On December 3, 2008, the court admitted Pablo Rondon, an insurance agent licensed in the State of New Jersey, into the PTI Program conditioned upon his paying $1,613 in restitution and performing 75 hours of community service. On July 17, 2008, Rondon was charged in an Accusation with Theft by Deception. According to the Accusation, Rondon fraudulently obtained $1,613 in insurance proceeds which belonged to an insurance customer and to which Rondon was not entitled.

State v. Thomas Hurd, et al.

On June 10, 2008, a State Grand Jury returned an Indictment charging Thomas Hurd, William Wolnski, Christopher Melilli, and Terry Downs variously with Conspiracy, Theft by Failure to Make Required Disposition of Property Received, Misapplication of Entrusted Property, Theft by Unlawful Taking, Simulating a Motor Vehicle Insurance Identification Card, and Theft by Deception. According to the Indictment, Hurd and Wolnski, who were both insurance agents licensed in the State of New Jersey, together with Melilli and Downs, owned, operated, controlled, or were associated with two insurance agencies, T.I.C. Brokerage and Hurd Insurance, both of which operated in Bensalem, Pennsylvania. The Indictment alleged that between 2001 and 2004, Hurd and the other defendants stole approximately $500,000 in insurance premiums and related funds through a variety of schemes.

The Indictment also alleged that Hurd accepted insurance premiums from small businesses, including taxi and limousine companies, in order to provide commercial insurance, but did not remit the insurance premiums to the insurance company, and stole the money instead. In some cases, this left the clients with invalid insurance or no insurance.

The State also alleged that Hurd and the other defendants issued counterfeit insurance identification cards to the clients so that they would believe they had valid insurance. In addition, Hurd and the other defendants allegedly stole unearned premium money that should have been returned to the insurance customers when a policy was terminated early.

It is further alleged that Hurd placed some insurance with a company called American Transport, even though American Transport was not licensed to do business in New Jersey. In addition, it was alleged that the defendants committed theft using counterfeit premium checks and fraudulent insurance premium financing.

State v. Jessica Stefany Coulter

On July 28, 2008, the court admitted Jessica Stefany Coulter, an insurance agent licensed in the State of New Jersey, into the PTI Program conditioned upon her performing 50 hours of community service. Previously, an Essex County Grand Jury returned an Indictment charging Coulter 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 the money for her own use. The Indictment also alleged that Coulter, as a licensed insurance agent, held insurance premium money as a fiduciary but failed to turn it over to American Millennium Insurance, thereby breaching her fiduciary duty.

Insurance Carrier Employee Fraud

State v. Raymond Pearson

On March 14, 2008, the court sentenced Raymond Pearson, an insurance agent formerly licensed in the State of New Jersey, to five years' probation and ordered him to pay $53,835 in restitution. Pearson previously pled guilty to an Accusation charging him with Theft by Failure to Make Required Disposition of Property Received. Pearson admitted that between January 2005 and November 2006, while working for the Marine Agency Corporation, a brokerage company, he received checks from purchasers of insurance policies to cover premiums. Pearson was required to remit the insurance premiums through Marine to the insurance companies, including New Hampshire Insurance Company. Pearson admitted that on 49 occasions, he failed to turn over a total of $53,835 in insurance premiums to Marine and instead stole the money to fund his gambling addiction.

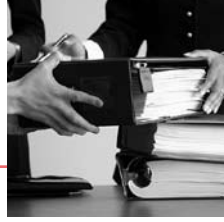
State v. Crystal Shaw

On June 6, 2008, the court sentenced Crystal Shaw to five years' probation and ordered her to pay $42,395 in restitution and to perform 10 hours of community service. On May 6, 2008, Shaw pled guilty to Theft by Deception. On February 27, 2008, a Morris County Grand Jury returned an Indictment charging Shaw with Insurance Fraud, Theft by Deception, Forgery, and Falsifying or Tampering with Records. Between May 2005 and March 2006, Shaw, in her capacity as a claims representative for State Farm Insurance, manipulated State Farm claims information in order to issue fraudulent and unauthorized claim checks to a fictitious identity.

State v. Melita Bilali, et al.

On December 17, 2008, Wilson Ruiz pled guilty to Theft by Deception. He is scheduled to be sentenced in 2009.

Previously, a State Grand Jury returned an Indictment charging Melita Bilali, Greicy Rodriguez, Ruiz, and Guillermo 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 stole claims money from Prudential Insurance Company when Bilali issued phony claim checks from the Prudential computer system. The State alleged that Bilali, who was employed by Prudential as



a customer service representative in the Disability Management Service Division, diverted five fraudulent claim checks totaling $13,634 to Ruiz, Rodriguez, and Rosario.

The court previously sentenced Rosario to two years' probation, and ordered him to pay $3,572 in restitution and a $2,500 civil insurance fraud fine following his guilty plea to Theft by Deception. The case as to the remaining defendants is pending trial.

State v. LaShondrea Tucker, et al.

On December 18, 2008, a State Grand Jury returned an Indictment charging the following:

LaShondrea Tucker was charged with Conspiracy, Insurance Fraud, Theft by Deception, Computer Theft, and Falsifying Records;

Erick Streeter was charged with Conspiracy, Insurance Fraud, and Theft by Deception;

Deborah Ruffin was charged with Conspiracy, Theft by Deception, and Uttering a Forged Instrument;

Angie Fedrick was charged with Conspiracy, Theft by Deception, and Uttering a Forged Instrument; and

Louise Fedrick was charged with Conspiracy, Theft by Deception, and Forgery.

According to the Indictment, between September 2003 and March 2004, LaShondrea Tucker, while employed as a disability claims manager for Prudential Insurance Company in Newark, New Jersey, created fraudulent disability claims using names and other identifiers of actual persons enrolled in a teachers' disability plan. The Indictment alleged that Tucker submitted false disability insurance employees' statements and false physicians' statements on these Prudential policyholders, although none had been ill, injured, hospitalized, or otherwise had medical services provided to them.

The State alleged that Tucker diverted 21 checks and two electronic funds transfers totaling over $94,000 to Erick Streeter, who in turn cashed the checks with the assistance of Deborah Ruffin, Louise Fedrick, and Angie Fedrick. The State further alleged that Tucker opened an internet bank account with NetBank and made two electronic funds transfers in the approximate amount of $27,000 which were subsequently deposited into the NetBank account, representing fraudulent sick pay from Prudential Insurance Company.

Insurance Sales Fraud

State v. Kevin McCoy

On April 30, 2008, a Morris County Grand Jury returned an Indictment charging Kevin McCoy with Forgery and Transacting Insurance Business without a License. According to the Indictment, McCoy, a insurance agent whose insurance agent's license had expired, applied for employment at the Weichert Insurance Agency, Inc. It was alleged that in support of his application of employment, McCoy presented a forged letter, purportedly from the Department of Banking and Insurance (DOBI), allegedly permitting McCoy to apply for reinstatement of his insurance agent's license. It is further alleged that while employed at Weichert, McCoy sold insurance policies and otherwise transacted insurance business in New Jersey without a valid insurance agent's license.

Bail Bondsman Fraud

State v. Jeffrey Vitanza

On March 13, 2008, the court dismissed the Indictment against Jeffrey Vitanza on the State's motion, based on newly discovered evidence which rendered continued criminal prosecution of this case inappropriate. Previously, a Middlesex County Grand Jury returned an Indictment charging Vitanza with Theft by Failure to Make Required Disposition. According to the Indictment, Vitanza, a licensed bail bondsman 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.

Theft of Services

State v. Joseph Kohler, et al.

On February 15, 2008, the court sentenced Joseph Kohler to five years' probation and ordered him to pay $219,000 in restitution. Kohler previously pled guilty to Theft by Failure to Make Required Disposition. A State Grand Jury had previously 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. Between April 2001 and September 2003, Kohler accepted $1,417,496 of the $1,516,790 contract price from the Mount Olive Church of God located in Orange, New Jersey, to remodel the church but did not complete the work and eventually walked off the job.

Kohler also admitted that in April 2003 he received $166,000 to remodel the Restored Holiness Church in Newark, New Jersey, but again walked off the job and never completed the work. The church had to pay an additional $52,522 for materials so that church volunteers could complete the work themselves.

Lastly, Kohler admitted that in April 2003 he contracted with a Newark resident to repair her home which was damaged in a fire. Of the approximately $70,000 contract price, the home owner paid Kohler approximately $60,000 but, yet again, Kohler failed to complete the work on the home and walked off the job.

HEALTH, LIFE, AND DISABILITY INSURANCE FRAUD

Fraudulent Health and Disability Claims by Health Care Providers

Fraudulent Billing by Physicians

State v. Alan E. Ottenstein, et al.

On June 10, 2008, the court sentenced Alan E. Ottenstein, a physician licensed to practice in the State of New Jersey, to five years' probation conditioned on successful completion of an in-patient treatment in a Mentally Impaired Chemical Abuse program. The court also ordered Ottenstein to pay $477,118 in restitution and a $22,877 civil insurance fraud fine. On the same date, the court ordered the dissolution of the corporate charter of the Lawrenceville Neurology Associates, P.A. On March 10, 2008, the court admitted Jean Woolman into the PTI Program and ordered her to pay a $10,000 civil insurance fraud fine. On February 11, 2008, Ottenstein, Woolman, and the Lawrenceville Neurology Associates, P.A., pled guilty to Conspiracy to Commit Theft.

A State Grand Jury previously returned an Indictment charging Ottenstein and Woolman with Conspiracy to Commit Racketeering, Racketeering, Attempted Theft by Deception, and Health Care Claims Fraud. Ottenstein was also charged with False Swearing.

From October 1990 through August 2003, Ottenstein and his former associate Woolman, through medical practices Ottenstein owned, operated, and controlled, as well as a Las Vegas corporation, fraudulently billed automobile insurance companies, particularly through PIP insurance coverage, in a variety of schemes. Ottenstein admitted that he fraudulently billed for surgical procedures purportedly performed on patients with back injuries commonly claimed by auto accident when, in

fact, non-surgical, mechanical traction procedures were used. In addition, Ottenstein admitted that he billed for use of medical supplies known as sterile trays in connection with epidural injections when, in fact, sterile trays were not used; wrongfully billed for an additional "facility fee" for epidural injections when regulations prohibited billing such fees in the circumstances; and wrongfully billed in a practice known as "unbundling" for each separate step in administering an epidural.

Among the insurance companies fraudulently billed were Aetna, Allamerica, Allstate, AmeriHealth, Guardian, Health Net, Horizon Blue Cross Blue Shield, Liberty Mutual, MetLife, NJ CURE, New Jersey Manufacturers, Oxford, Prudential, State Farm, and Zurich. As much as $2 million in fraudulent claims were submitted to the insurance companies by the defendants through Ottenstein's medical practices.

State v. Nina D'Lugy

On August 5, 2008, a Passaic County Grand Jury returned an Indictment charging Nina D'Lugy, a physician formerly licensed to practice in the State of New Jersey, with Health Care Claims Fraud, Theft by Deception, and Falsifying Records. According to the Indictment, between January 2000 and October 2003, D'Lugy, who operated a medical practice known as Renaissance Medical Cosmetology located in Cliffside Park, New Jersey, submitted claims for health care services to several insurance companies in which she represented that medical services were provided to patients on specific dates when, in fact, no services were provided or the specific service billed was not provided. The Indictment alleged that D'Lugy falsely obtained $23,858 through claims submitted to Horizon Blue Cross Blue Shield, Health Net Insurance Company, Oxford Insurance Company, Cigna Insurance Company, and Aetna Insurance Company.

D'Lugy's medical license was summarily suspended by the New Jersey Board of Medical Examiners in January 2007.

State v. Varsha Mehta

On July 11, 2008, the court admitted Varsha Mehta, a psychotherapist licensed in the State of New Jersey, into the PTI Program. The court ordered Mehta to pay $1,982 in restitution and a $7,500 civil insurance fraud fine and to perform 50 hours of community service. On May 6, 2008, Mehta pled guilty to an Accusation charging her with Theft by Deception. According to the Accusation, Mehta billed Oxford Insurance Company for psychotherapy sessions lasting 45 to 50 minutes when, in fact, the sessions lasted 15 to 20 minutes. By Order filed October 15, 2008, the State Board of Medical Examiners reprimanded Mehta's license.

Fraudulent Billing by Dentists

State v. Craig Puchalsky, et al.

On July 1, 2008, the court admitted Craig Puchalsky, a dentist licensed in the State of New Jersey, into the PTI Program. On June 13, 2008, the court sentenced Dawn Puchalsky to three years' probation and ordered her to pay $8,850 in restitution and a $50,000 civil insurance fraud fine. On April 1, 2008, Dawn Puchalsky, who was employed as the office manager at her husband Craig Puchalsky's dental office located in Absecon, New Jersey, admitted that she billed several insurance companies for dental services which were purportedly rendered by Craig Puchalsky but which, in fact, were never rendered to dental patients. The dental services billed but not rendered had a value of approximately $8,057.

At the time the search warrant was executed, OIFP used the asset forfeiture statute to seize two parcels of real property owned by the Puchalskys, one of which was the location of the dental practice doing business at 48 South New York Road, Suite C-1, Absecon, New Jersey. OIFP filed a civil forfeiture complaint against the real properties, as well as financial accounts containing approximately $417,469.

Fraudulent Billing by Chiropractors

State v. Samuel Sbarra

On March 27, 2008, the court sentenced Samuel Sbarra to one year' probation and ordered him to perform 25 hours of community service. Previously, Sbarra pled guilty to an Accusation charging him with Attempted Theft by Deception. Sbarra, a chiropractor licensed in the State of New Jersey, admitted that between November 2, 2005, and November 18, 2005, he 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 person was an undercover OIFP investigator. Sbarra agreed with the undercover investigator to submit the phony claim to Chubb Insurance Company.

Fraudulent Billing by Other Health Care Providers

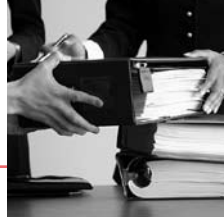
State v. Donna Massaro

On May 2, 2008, the court sentenced Donna Massaro, a speech therapist licensed in the State of New Jersey, to two years' probation and ordered her to pay $6,500 in restitution to the New Jersey Department of Human Services. On April 1, 2008, Massaro pled guilty to Theft by Deception. Previously, a Morris County Grand Jury returned an Indictment charging Massaro with Health Care Claims Fraud, Theft by Deception, and Falsifying Medical Records. Between May 2003 and August 2005, Massaro submitted monthly bills for speech therapy services she did not provide. Massaro was contracted by Greystone Psychiatric Facility through Pennhurst Groups, LLC. Massaro fraudulently submitted bills for a patient who had died and for patients who had not formally been referred to her for services. Based on Massaro's fraud, Pennhurst Group billed the New Jersey Department of Human Services more than $8,000. Pennhurst was paid $6,500, of which Massaro received approximately $4,000.

State v. John C. Quinn

On June 6, 2008, the court sentenced John C. Quinn to three years' probation and ordered him to pay $37,601 in restitution and a $35,000 civil insurance fraud fine. On April 24, 2008, Quinn pled guilty to an Accusation charging him with Theft by Deception. Quinn owned, operated, and controlled various medical facilities known as the Wyckoff Surgical Center and the Pompton Plains Surgical Center. Quinn admitted that between October 2002 and January 2004, he attempted to obtain approximately $37,600 from multiple insurance companies, including Allstate, AMICA, Cigna, Health Net, Horizon, Liberty Mutual, MetLife, Oxford, United Health Care, and QualCare by billing for administering anesthesia to at least 27 patients during medical and surgical procedures, even though he was not licensed to administer or bill for anesthetics.

Quinn was formerly licensed to practice nursing in New Jersey through 2002 when his license expired. Quinn also was certified as a Nurse Anesthetist in January 1987, but that license also expired. As a result of his criminal actions, Quinn became ineligible to apply for a license renewal in 2004 for a term of five years.



State v. George Gendy

On October 14, 2008, George Gendy pled guilty to an Accusation charging him with Theft by Deception. Gendy, a physical therapist licensed in the State of New Jersey, admitted that between August 2005 and March 2006, he fraudulently billed AAA Mid-Atlantic Insurance Company for physical therapy treatments that were not rendered. Gendy admitted that he received $1,103 from AAA Mid-Atlantic as a result of the false billings. Gendy is scheduled to be sentenced in 2009.

Fraudulent Health Care Claims by Non-Health Care Providers

State v. John R. Lundy

On November 25, 2008, the Superior Court of New Jersey, Appellate Division, found a conflict of attorney interest existed because the law firm of John R. Lundy's attorney previously represented some of the persons who were anticipated to be called as witnesses during Lundy's trial. The Appellate Division reversed the trial court's order denying the State's motion to disqualify Lundy's attorney and law firm, and remanded the matter to the trial court to enter an order granting the State's motion for disqualification of defense counsel.

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 1998 and May 2002, Lundy 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, Allstate, First Trenton, and State Farm. The State further alleged 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. Edward Baggett, et al.

On January 10, 2008, a Burlington County Grand Jury returned an Indictment charging Edward Baggett and Margo Rhett with Health Care Claims Fraud, Theft by Deception, and Falsifying Records. According to the Indictment, between August 2003 and April 2004, Baggett, who was an employee of the State of New Jersey and, therefore, entitled to health insurance coverage pursuant to the State Health Benefits Plan (SHBP), falsely represented that he was married to Margo Rhett. Rhett and her children, as dependants of Baggett, would have been entitled to health insurance coverage pursuant to the SHBP had Baggett and Rhett been officially married. The Indictment alleged that they were not officially married at the time in question and that both Baggett and Rhett falsified various official State records indicating that they were husband and wife when, in fact, they were not. It was alleged the SHBP paid approximately $1,100 for medical claims and prescription claims as a result of the alleged false claim of marriage between Baggett and Rhett.

State v. Maria Kenyon

On January 15, 2008, the court admitted Maria Kenyon into the PTI Program conditioned upon her paying a $3,500 civil insurance fraud fine. On the same day, Kenyon pled guilty to an Accusation charging her with Theft by Deception. According to the Accusation, between January 1, 2006, and October 30, 2006, Kenyon submitted false health insurance claims to Horizon Blue Cross Blue Shield of New Jersey for reimbursement of money she purportedly paid out of pocket for counseling services, which, in fact, had never been rendered. The Accusation alleged that Kenyon stole approximately $5,330 from Horizon Blue Cross Blue Shield through submission of the false claims.

State v. Morris Stuart Baer

On February 29, 2008, the court sentenced Morris Stuart Baer to three years' probation conditioned upon three days spent in county jail. The court also ordered Baer to pay $24,025 in restitution and a $5,000 civil insurance fraud fine. Previously, Baer pled guilty to an Accusation charging him with Theft by Deception. Baer admitted that he applied for health benefits through his employer for himself and a woman he claimed was his wife when, in fact, he was not married. Baer admitted that between December 2002 and April 2004, he submitted approximately $24,025 in fraudulent claims to United Health Group and Aetna on behalf of another person whom he claimed was his wife, but who was not, as well as fraudulent claims for himself for treatments that were never rendered to him.

State v. Carol Sadowsky

On March 7, 2008, the court sentenced Carol Sadowsky to one year' probation. Prior to sentencing, Sadowsky made full restitution of $79,564 to Horizon Blue Cross Blue Shield of New Jersey. Previously, Sadowsky pled guilty to an Accusation charging her with Insurance Fraud. Sadowsky admitted that between January 1999 and December 2005, she submitted approximately 600 fraudulent claims to Horizon Blue Cross Blue Shield for psychological services for family members that were never rendered. Sadowsky also admitted that she altered the amount of the charges on 38 additional legitimate claims, which she changed in order to perpetuate the fraud. Sadowsky was paid almost $80,000 for these fraudulent claims.

State v. Matthew Saleeby, et al.

On May 30, 2008, the court sentenced Matthew Saleeby to 18 months' probation and ordered him to pay $2,300 in restitution. The court also ordered Saleeby to perform 60 hours of community service. On the same day, the court admitted Carla Boudreau into the PTI Program. On April 15, 2008, Saleeby and Boudreau pled guilty to separate Accusations charging each with Insurance Fraud. Saleeby admitted that he falsely advised his employer, a restaurant in Long Valley, New Jersey, that Boudreau was his wife so that Boudreau would be covered on a small employer group health insurance plan. The Accusation alleged that Boudreau submitted or caused to be submitted health insurance claims even though she was not married to Saleeby and, therefore, was not eligible for coverage on the health insurance plan as Saleeby's spouse. In total, Oxford Health Insurance Company paid approximately $10,317 in claims for Boudreau that it should not have paid because Boudreau was not Saleeby's spouse.

State v. Sharonda Thomas

On March 28, 2008, the court sentenced Sharonda Thomas to 18 months' probation and ordered her to perform 180 hours of community service. On February 19, 2008, Thomas pled guilty to Health Care Claims Fraud. Previously, a Morris County Grand Jury returned an Indictment charging Thomas with Health Care Claims Fraud, Theft by Deception, and False Swearing. According to the Indictment, following a January 26, 2006, Coach USA bus accident in Newark, New Jersey, Thomas fraudulently submitted five health insurance claims totaling $5,150 to the Discover Re Property Casualty Insurance Company regarding an injury she claimed to have sustained in the accident. Thomas falsely claimed that she struck her head on a glass partition of the bus when the bus struck the door of a parked car while traveling down a Newark street. Thomas had not struck her

head and, in fact, suffered no injuries as a result of the accident. The Special Investigations Unit of Discover Re denied the claims and referred the case to OIFP for investigation and prosecution.

State v. Barbara McCullough

On May 9, 2008, the court sentenced Barbara McCullough to one year' probation and ordered her to pay $65,000 in restitution to Horizon Blue Cross Blue Shield of New Jersey and a $5,000 civil insurance fraud fine. On March 28, 2008, McCullough pled guilty to an Accusation charging her with Theft by Deception. McCullough admitted that between February 2003 and June 2006, she created or reinforced the false impression that she maintained a primary residence in New Jersey and was present in New Jersey for at least six months of the calendar year and thus was eligible to receive benefits under an individual health benefits plan from Horizon Blue Cross Blue Shield of New Jersey. McCullough admitted she obtained approximately $74,000 in health benefits to which she was not entitled. The health coverage Horizon Blue Cross Blue Shield of New Jersey offers to New Jersey residents differs from the health coverage offered in other states.

State v. Antonio Parascandolo

On March 26, 2008, the court admitted Antonio Parascandolo into the PTI Program. Previously, a Middlesex County Grand Jury returned an Indictment charging 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 alleged that, in support of the claim, Parascandolo forged an Attending Physician's Statement using the name of his New Jersey doctor.

State v. Donna Bryant

On November 7, 2008, the court admitted Donna Bryant into the PTI Program conditioned upon her paying $910 in restitution and performing 100 hours of community service. On September 4, 2008, an Accusation was filed charging Bryant with Theft by Deception alleging that between December 2005 and May 2007, Bryant submitted several false claims to American Family Life Assurance Company (AFLAC) for reimbursement for medical services which she did not receive.

State v. Amy Brown Shane

On June 20, 2008, the court sentenced Amy Brown Shane to one year' probation and ordered her to pay a $4,000 civil insurance fraud fine. On April 29, 2008, Shane pled guilty to an Accusation charging her with Attempted Theft by Deception and Falsifying or Tampering with Records. Shane admitted that she falsely submitted an auto insurance PIP claim in the amount of $12,085 to The Hartford Insurance Company claiming that she suffered injuries to her teeth requiring the application of veneers following an automobile accident which occurred on November 28, 2006. She admitted that the dental services she received were not required due to the auto accident, but were elective dental services received prior to the auto accident. Hartford denied the claim and referred the matter to OIFP for investigation and prosecution.

State v. Princeton Smith

On June 10, 2008, an Essex County Grand Jury returned an Indictment charging Princeton Smith with Health Care Claims Fraud, Theft by Deception, Perjury, and Falsifying or Tampering with Records. According to the Indictment, Smith falsely claimed that on January 11, 2005, he was a passenger on a bus and was injured when the bus collided with a car. The Indictment alleged the bus-car accident did occur at the corner of Seventh Street and South Orange Street in Newark, New Jersey, but that Smith was not a passenger on the bus at the time of the accident. The bus was owned and operated by Independent Bus Company (IBC) and the claim was administered by Sedgwick CMS, an insurance claims administrator for IBC.

Smith filed a civil lawsuit seeking damages from IBC as a result of the purported accident. It was alleged that $4,160 was paid to various medical service providers when Smith allegedly sought care from them as a result of the injuries purportedly sustained in the accident.

State v. Julia Daniels Anderson

On July 11, 2008, Julia Daniels Anderson pled guilty to an Accusation charging her with Theft by Deception. On July 23, 2008, Anderson executed a Civil Consent Order in the amount of $10,000. According to the Accusation, between August 2004 and March 2007, Anderson caused health insurance claims to be submitted for reimbursement for radiation treatments when, in fact, Anderson knew she received no treatment and was not entitled to reimbursement. The amount of reimbursement from the Cigna Insurance Company to which Anderson was not entitled was approximately $190,802. Anderson is scheduled to be sentenced in 2009.

State v. Catherine Gassler

On December 22, 2008, Catherine Gassler pled guilty to an Accusation charging her with Theft by Deception and Falsifying or Tampering with Records. The Accusation alleged that between December 2006 and August 2008, Gassler fraudulently received health insurance benefits from Oxford Health Plans, her ex-husband's health insurance provider, even though they were divorced and she was no longer entitled to receive the benefits. The Accusation also alleged that Gassler provided false information on a Coordination of Benefits form in order to continue receiving the benefits. The State alleged that Gassler received approximately $13,460 in health benefits to which she was not entitled.

Gassler is scheduled to be sentenced in 2009.

Fraudulent Health Care Claims/Identity Theft

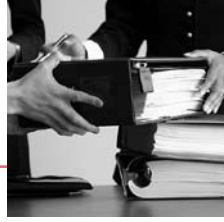
State v. LaShonda N. Smith, et al.

On February 29, 2008, the court sentenced LaShonda N. Smith to two years' probation and ordered her to pay $1,029 in restitution. On January 28, 2008, Smith pled guilty to an Accusation charging her with Health Care Claims Fraud. Smith admitted that between April 4, 2005, and April 26, 2005, she submitted a claim for medical services she received at Cherry Hill Women's Center using the identity of Tosheka Telfair to secure health insurance coverage from AmeriHealth Insurance Company. The value of the services Smith received using Telfair's identity was approximately $1,028.

On April 14, 2008, the court admitted Telfair into the PTI Program. On January 28, 2008, Telfair was charged by way of a Complaint with Health Care Claims Fraud.

State v. Darin L. Still

On September 5, 2008, the court sentenced Darin L. Still to serve 30 days in county jail as a condition of three years' probation and to serve 30 days in the Sheriff's Labor Assistance Program (SLAP). The court also ordered Still to pay $24,640 in restitution. On July 14, 2008, Still pled guilty to Theft by Deception. On April 11, 2008, a Union County Grand Jury returned an Indictment charging Still with Forgery and Theft by Deception. Still admitted that



between June 2003 and November 2005, he fraudulently cashed disability insurance claim checks made payable to his aunt from Unum Provident Life and Casualty Insurance Company pursuant to a disability claim the aunt had previously submitted. Still admitted that he failed to notify Unum after his aunt died in May 2003 and fraudulently cashed or deposited 30 disability checks, each worth approximately $821, payable to the aunt. As a result, Still collected approximately $24,630 in claims to which he was not entitled.

State v. Sandra Wells

On August 8, 2008, the court sentenced Sandra Wells to two years' probation and ordered her to pay $617 in restitution. On February 4, 2008, Wells pled guilty to Attempted Theft by Deception. Previously, an Ocean County Grand Jury returned an Indictment charging Wells with Attempted Theft by Deception and Impersonation. Wells presented a Horizon Blue Cross Blue Shield of New Jersey insurance identification card in the name of another person in order to receive health care services for which Wells was not entitled.

State v. Angeline Angeles

On July 21, 2008, the court admitted Angeline Angeles into the PTI Program conditioned upon her paying $2,016 in restitution and performing 50 hours of community service. On April 4, 2008, an Accusation was filed charging Angeles with Theft by Deception. According to the Accusation, Angeles fraudulently cashed a workers' compensation insurance claim check issued by Ohio Casualty Group that was payable to another person and to which Angeles was not entitled.

State v. David Painter

On May 8, 2008, the court admitted David Painter into the PTI Program. On the same day, Painter was charged by way of an Accusation with Attempted Theft by Deception. According to the Accusation, Painter falsely represented to Prudential Financial Insurance Company that he was another individual and, as such, was entitled to the proceeds of an annuity issued to that individual, who was deceased.

State v. Jacqueline Goodwin

On July 25, 2008, the court sentenced Jacqueline Goodwin to three years' probation conditioned upon serving 180 days in county jail or successful completion of drug court, and ordered her to pay $6,134 in restitution. On May 13, 2008, Goodwin pled guilty to Theft by Deception. Previously, a State Grand Jury returned an Indictment charging Goodwin with Health Care Claims Fraud, Theft by Deception, and Falsification or Alteration of Medical Records. Between November 2004 and June 2005, 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. Goodwin falsified patient and insurance information in submitting health insurance claims to Horizon Blue Cross Blue Shield of New Jersey in the approximate amount of $6,134.

State v. David Van Dunk

On September 29, 2008, a Passaic County Grand Jury returned an Indictment charging David Van Dunk with Health Care Claims Fraud and Theft by Deception. According to the Indictment, between January 24, 2006, and November 8, 2006, Van Dunk falsely used the prescription plan of his father to wrongfully obtain prescription medications, including oxycodone, Percocet, morphine sulfate, and Endocet, to which he was not entitled. Connecticut General Life Insurance Company paid various pharmacies a total of $12,140 for the prescription medications.

Fraudulent Prescription Claims and Drug Diversion

State v. Joyce Sarte Fuller, et al.

On August 22, 2008, the court sentenced Joyce Sarte Fuller to ten years in State prison and ordered her to pay $648 in restitution and a $20,000 civil insurance fraud fine. She was also ordered to forfeit $3,093 seized from her home during the execution of a search warrant. On July 3, 2008, Fuller pled guilty to Attempted Theft by Deception, Conspiracy to Unlawfully Sell Controlled Dangerous Substances, and Possession of Controlled Dangerous Substances with Intent to Distribute.

On February 1, 2008, the court sentenced Pamela Asay to two years' probation and ordered her to pay a $2,500 civil insurance fraud fine. Asay previously pled guilty to Obtaining a Controlled Dangerous Substance by Fraud.

A State Grand Jury previously returned two Indictments against Fuller. Fuller, Jeffrey Wickizer and Asay were variously charged in the first Indictment 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 2002 and March 2004, Fuller stole prescription pads from physicians' offices; falsely enrolled herself on 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, New Jersey, area; and, with the assistance of Wickizer and Asay, sold some of the drugs. As leader of a narcotics trafficking network, 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 involved in the scheme were morphine, Percocet, hydrocodone, Xanax, and triazolam.

Fuller was charged in the second Indictment with Attempted Theft by Deception, Falsifying or Tampering with Public Records, and Unsworn Falsification to Authorities. The second Indictment alleged that Fuller falsely reported to the Mount Laurel Police Department that on April 28, 2002, while she was away, her house on Zinnia Court was burglarized. 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. Janice Rogers

On February 4, 2008, a Monmouth County Grand Jury returned an Indictment charging Janice Rogers with Attempt to Obtain Controlled Dangerous Substances by Fraud and Falsifying Records. According to the Indictment, on August 1, 2006, and on April 6, 2007, Rogers submitted a forged Statement of Physician Services and/or an altered prescription to a pharmacy located in Shrewsbury, New Jersey, to fraudulently obtain OxyContin and Percocet. The pharmacy did not fill either prescription and contacted the doctor who purportedly issued the prescription and the doctor contacted the police. As a result of the report to the police, no prescription drug claims were submitted to Rogers's insurance company.

State v. Katherine Lee

On September 5, 2008, the court sentenced Katherine Lee to three years' probation and ordered her to pay $8,108 in restitution and a $13,000 civil insurance fraud fine. On March

3, 2008, Lee pled guilty to an Accusation charging her with Health Care Claims Fraud. Lee admitted that between November 2000 and April 2004, following a serious automobile accident, she submitted fraudulent claims to Selective Insurance Company for prescription drug medications. Lee admitted that she submitted the claims reflecting that she had paid full price for the prescription medication but had, in fact, paid only a co-payment of between $5 to $25 per prescription. Lee admitted that she was financially responsible only for the co-pay portion of the cost of the medications because her prescriptions were provided to her pursuant to a prescription drug insurance plan.

State v. Judith Leonard

On July 18, 2008, the court sentenced Judith Leonard, a pharmacist formerly licensed in the State of New Jersey, to one year' probation and ordered her to pay $1,210 in restitution and a $2,500 civil insurance fraud fine. On May 16, 2008, Leonard pled guilty to an Accusation charging her with Theft by Deception. Leonard admitted that, while employed as a pharmacist at the Foodtown Pharmacy located in Ocean Township, New Jersey, she falsified approximately 22 prescriptions in order to obtain the drug Phrenilin. No physician had prescribed the medication for Leonard. By falsifying the prescriptions, Leonard caused the Foodtown Pharmacy to submit prescription claims totaling $1,210 to Horizon Blue Cross Blue Shield of New Jersey for the Phrenilin.

State v. Richard Simone

On September 9, 2008, a Burlington County Grand Jury returned an Indictment charging Richard Simone, a retired New Jersey State employee, with Health Care Claims Fraud, Theft by Deception, Attempted Theft by Deception, Forgery, and Falsifying Records. According to the Indictment, Simone submitted altered invoices to Allstate Insurance Company following an automobile accident falsely reflecting that he had paid the full price for prescription medication when, in fact, he had only paid the less costly out-of-pocket co-pays. The Indictment alleged that Simone had prescription drug coverage with Horizon Blue Cross Blue Shield of New Jersey, Merck Medco, and Caremark over the past approximately 13 years. These insurance carriers paid for prescription medication, except for out-of-pocket co-pays, for Simone pursuant to his State retirement benefits. The Indictment further alleged that Simone sought reimbursement of the full price of the prescription medication from Allstate, instead of the less costly co-pay, even though Merck and Caremark had paid the full price for the prescription medication. Fraudulent claims in the approximate amount of $19,510 were allegedly submitted to Allstate.

Operation Pandora

On February 4, 2008, Stephanie "Sara" McLucas and her son Jason Edwin Allen, Jr., pled guilty to Racketeering. McLucas also pled guilty to Failure to File Tax Returns. McLucas was a "runner" for a multi-million dollar prescription drug ring operating out of Newark, New Jersey. As a "runner," McLucas helped to generate lists of names that were used by Dr. Mario Comesanas to write fraudulent prescriptions for painkillers. According to the State, McLucas filled those prescriptions at pharmacies to supply the ring. According to the State, McLucas also failed to file New Jersey State tax returns. According to the State, Allen was a "runner" for the ring who filled the false prescriptions.

Previously, Comesanas pled guilty to Racketeering and Distribution of Narcotics for writing thousands of fraudulent prescriptions for the ring.

Fraudulent Workers' Compensation Claims

State v. Frances Bonet

On May 30, 2008, the court sentenced Frances Bonet to 18 months' probation and ordered her to pay a $1,500 civil insurance fraud fine. Bonet previously paid $1,521 in restitution. On January 29, 2008, Bonet pled guilty to Theft by Deception. She admitted that, following an injury at her job, she fraudulently collected workers' compensation benefits even though she was actually working at another job.

State v. Laura M. Mamaligas

On December 11, 2008, the court sentenced Laura M. Mamaligas to three years' probation and ordered her to pay $12,512 in restitution and to forfeit her public office permanently. On September 23, 2008, Mamaligas pled guilty to Theft by Deception. On February 13, 2008, a Mercer County Grand Jury returned an Indictment charging Mamaligas with Insurance Fraud and Theft by Deception. According to the Indictment, between May 26, 2005, and August 29, 2005, Mamaligas caused a false claim for workers' compensation temporary disability benefits and health care benefits to be submitted through the New Jersey Department of Labor and Workforce Development's Division of Workers' Compensation by creating and reinforcing the false impression that she was disabled and unable to return to work with the Department of Corrections (DOC) and was entitled to disability benefits and health care services when, in fact, she was not injured or disabled and was fully able to perform the requirements of her employment. Mamaligas collected $6,059 in temporary disability benefits as well as caused $6,452 to be paid to various health care providers for treating her purported injuries. Mamaligas is no longer employed by DOC.

State v. Michael Belshaw

On May 23, 2008, the court sentenced Michael Belshaw to two years' probation and ordered him to pay $4,579 in restitution. On March 10, 2008, Belshaw pled guilty to an Accusation charging him with Insurance Fraud. Belshaw admitted that he submitted a false statement to Bergen Risk Managers, Inc., a company which assists in the administration of workers' compensation for the Scotch Plains Board of Education where Belshaw was employed. Belshaw falsely indicated that, due to a back injury, he was unable to perform the duties of his employment as a carpenter for the Scotch Plains Board of Education. Belshaw also admitted that during the same period of time, he was employed performing carpentry work for a private home which was undergoing renovations. As a result of the false statement, Belshaw wrongfully collected approximately $4,579 in workers' compensation insurance benefits.

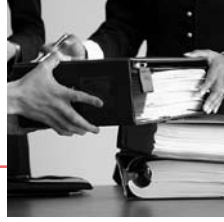
State v. Steven F. Darowski

On October 20, 2008, the court admitted Steven F. Darowski into the PTI Program conditioned upon his paying $2,684 in restitution to BJ's Wholesale Club. On September 8, 2008, an Accusation was filed charging Darowski with Theft by Deception. According to the Accusation, between August 24, 2007, and November 23, 2007, Darowski falsely collected $2,684 in workers' compensation benefits from BJ's Wholesale Club by claiming that he was injured and unable to work when, in fact, he was working elsewhere and was not entitled to collect workers' compensation benefits.

Fraudulent Disability Claims

State v. Da Wei Chen

On January 18, 2008, the court sentenced Da Wei Chen to three years' probation and ordered him to pay $17,829 in restitution.



Previously, Chen pled guilty to an Accusation charging him with Theft by Deception. Chen, who was previously employed as a chef by Bally's Hotel Casino in Atlantic City, New Jersey, admitted that on June 15, 2006, he applied for disability medical leave from Bally's claiming he suffered from 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, 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 a day, during the beach season. At Sea Wave Massage, Chen provided massages to customers in exchange for payment. He 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.

State v. Henri Walker

On January 3, 2008, the court sentenced Henri Walker to five years' probation and ordered him to pay $9,841 in restitution. Previously, Walker pled guilty to Theft by Deception. A Middlesex County Grand Jury previously returned an Indictment charging Walker with Theft by Deception and Unsworn Falsification to Authorities. Between February 3, 2005, and September 3, 2005, Walker falsely advised the Social Security Administration (SSA) that he was disabled and unable to work when, in fact, he owned, operated, and was working at a car detailing business variously known as T&W Detail, Sparkle Detail, and Sparkle Delight in Perth Amboy, New Jersey. Walker admitted he wrongfully collected approximately $9,841 in disability benefits from the SSA.

State v. Patricia Gray

On January 7, 2008, the court admitted Patricia Gray into the PTI Program conditioned upon her paying $1,300 in restitution to New Jersey Manufacturers Insurance Company, paying a $5,000 civil insurance fine, and performing 50 hours of community service. Previously, a Camden County Grand Jury returned an Indictment charging Gray with Health Care Claims Fraud, Attempted Theft by Deception, and Falsifying Records. According to the Indictment, between September 26, 2006, and October 31, 2006, 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 to which Gray was not entitled. It was also alleged that Gray falsified records in support of the claim submitted to New Jersey Manufacturers. Essential services may be paid as a component of PIP benefits to compensate persons injured in automobile accidents for costs involved in hiring help to assist with essential household chores, such as cleaning, meal preparation, and laundry.

State v. Rose Horne

On February 8, 2008, the court admitted Rose Horne into the PTI Program conditioned upon her paying $4,692 in restitution. Previously, a Mercer County Grand Jury returned an Indictment charging Horne with Insurance Fraud, Theft by Deception, Falsifying or Tampering with Records, and Forgery. According to the Indictment, between May 2005 and February 2006, Horne falsified insurance claim forms to reflect that she was temporarily disabled and unable to work. The Indictment also alleged that Horne forged the signature of a physician on the claim forms in support of her phony disability claim. It was alleged that the claims were submitted to CUNA Mutual Insurance Group and that Horne wrongfully collected approximately $4,567 in disability payments to which she was not entitled.

State v. Sherrie Devereaux

On July 11, 2008, the court admitted Sherrie Devereaux into the PTI Program. On April 2, 2008, Devereaux pled guilty to Theft by Deception. Previously, an Essex County Grand Jury returned an Indictment charging Devereaux with Insurance Fraud, Theft by Deception, and Tampering with Records.

The State alleged that between January 2003 and March 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 provided disability benefits to L.H. through car payments made on her behalf in the event that L.H. became disabled. The Indictment alleged 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 alleged that Devereaux caused various records and statements from the offices of two physicians to be submitted in support of the fraudulent disability claim. In total, It was alleged that JMIC paid Devereaux $4,423 on her alleged disability claim.

State v. Donald Marinari

On April 21, 2008, the court admitted Donald Marinari into the PTI Program. On March 27, 2008, Marinari was charged in an Accusation with Falsifying or Tampering with Records. The Accusation alleged that on eight different occasions between May 2003 and September 2005, Marinari reported to Massachusetts Mutual Life Insurance Company that he was disabled and unable to work when, in fact, he was working at his family business.

State v. Michael W. Lewis

On October 17, 2008, the court sentenced Michael W. Lewis to one year' probation and ordered him to perform 50 hours of community service. Lewis paid $2,313 in restitution prior to sentencing. On August 6, 2008, Lewis pled guilty to an Accusation charging him with Theft by Deception. Lewis, a construction business owner, admitted that he falsely reported to Liberty Mutual Insurance Company that he was temporarily disabled and unable to work when, in fact, he was working at his construction job during the time he claimed to be disabled.

State v. Tomica S. Cooper

On May 22, 2008, a Burlington County Grand Jury returned an Indictment charging Tomica S. Cooper with Insurance Fraud, Theft by Deception, Impersonation, and Falsifying Records. According to the Indictment, between July 2003 and August 2004, Cooper submitted false disability claims totaling $9,442 to The Hartford Insurance Company by misrepresenting her eligibility to obtain short-term disability insurance benefits. Cooper filed for short-term disability benefits in June 2003. It was alleged that Cooper failed to notify the insurance company when she returned to work at Walmart in July 2003 and unlawfully continued to collect $4,197 in short-term disability benefits to which she was not entitled.

It was also charged that Cooper fraudulently initiated an additional claim for short-term disability benefits on January 29, 2004, and collected $5,245 to which she was not entitled. It was alleged that the claim was fraudulent because Cooper had been terminated from Walmart and, therefore, was ineligible to obtain short-term disability benefits. The Indictment further alleged that in an attempt to file a long-term disability claim, Cooper called Hartford and impersonated an employee in a doctor's office.

State v. Denise M. Muhammad

On August 20, 2008, the court sentenced Denise M. Muhammad to four years' probation and ordered her to pay $9,462 in restitution and perform 180 hours of community service. On June 10, 2008, Muhammad pled guilty to Insurance Fraud and Theft by Deception. Previously, a Mercer County Grand Jury returned an Indictment charging Muhammad with Insurance Fraud, Theft by Deception, and Falsifying or Tampering with Records. Muhammad, a former State employee who worked as a human services assistant at the Woodbridge Developmental Center, admitted that between July 2002 and July 2004, she stole $9,462 in disability insurance benefits by submitting fraudulent disability insurance claims and making false statements concerning her health and ability to work. Muhammad resigned from the job in July 2005 after being confronted with the alleged fraud.

State v. Michael Monica

On October 17, 2008, the court sentenced Michael Monica, a dentist licensed in the State of New Jersey, to three years in State prison and ordered him to pay $144,000 in restitution to Cigna Insurance Company, $81,500 to Lincoln Financial Group (formerly known as Jefferson Pilot Financial Insurance Company), and $235,033 to the federal Social Security Administration (SSA). Monica paid a $20,000 civil insurance fraud fine prior to sentencing. On June 13, 2008, Monica pled guilty to an Accusation charging him with Theft by Deception.

Monica admitted that between January 1992 and November 2005, he falsely advised the private insurance companies and the SSA that he was disabled and unable to practice dentistry when, in fact, he continued to operate a dental practice during the entire 13-year period in Freehold, New Jersey. Monica submitted false disability statements to Cigna, Lincoln Financial, and the SSA, and collected approximately $530,074 in disability benefits to which he was not entitled. Specifically, Monica wrongfully collected $144,000 from Cigna, $81,500 from Lincoln Financial, and $304,574 from the SSA.

During the course of the investigation, OIFP seized assets of Monica pursuant to the State's asset forfeiture statute, which permits the State to seize and retain the proceeds and instrumentalities of criminal activity. The seized assets included $97,875 in cash, three gold bars, and 12 gold coins, as well as three parcels of real estate, including two condominium units in Atlantic City, New Jersey, and a single family home in Howell, New Jersey. In 2008, the OIFP asset forfeiture case settled, and the OIFP Asset Forfeiture Program dispersed $225,000 for restitution to two insurance companies. In the same settlement, the program applied $20,000 of the seized funds to the claimant's Insurance Fraud Prevention Act penalty. The remaining seized assets (anticipated to be approximately $15,000) will forfeit when real property is liquidated pursuant to the settlement.

State v. Basilio Barrett

On October 8, 2008, the court sentenced Basilio Barrett to five years' probation and ordered him to pay $13,755 in restitution and to perform 100 hours of community service. On August 22, 2008, Barrett pled guilty to an Accusation charging him with Theft by Deception and False Swearing. Barrett admitted that between November 2006 and August 2007, he falsely claimed he could not perform his job at Public Service Electric and Gas (PSE&G). Barrett also admitted that he fraudulently received $13,755 from Public Service Enterprise Group Incorporated, the entity which paid him the disability benefits.

State v. Sandra Jackson

On November 7, 2008, the court sentenced Sandra Jackson to five years' probation with the condition that she serve 180 days in county jail. The court also ordered Jackson to pay $3,854 in restitution to the State of New Jersey, and pay $15,067 in restitution to AFLAC. On August 25, 2008, Jackson pled guilty to an Accusation charging her with Theft by Deception and Falsifying or Tampering with Records. Jackson admitted that between October 27, 2006, and December 28, 2006, she submitted a fraudulent disability claim to the New Jersey Department of Labor and Workforce Development, falsely claiming she was unable to work. As a result, Jackson received $3,854 in temporary disability benefits to which she was not entitled. Jackson also admitted that between May 2006 and August 2007, she received $15,067 in disability benefits from AFLAC to which she was not entitled.

State v. Louis Spadaccino

On August 14, 2008, the court sentenced Louis Spadaccino to five years' probation on the condition of serving 240 days in county jail. The court also ordered Spadaccino to pay $3,997 in restitution. On the same day, Spadaccino pled guilty to an Accusation charging him with Theft by Deception. Spadaccino admitted that between August 19, 2005, and November 7, 2005, he filed a fraudulent claim for temporary disability insurance benefits with the New Jersey Department of Labor and Workforce Development. Spadaccino's claim represented that he had injured his hand and was unable to work as an HVAC mechanic for Burlington County. As part of his claim, Spadaccino falsely advised the Department of Labor and Workforce Development that he was temporarily disabled and was not engaged in any paid work while he was disabled. Spadaccino admitted that, in fact, he was actually working as an HVAC mechanic repairing air conditioning and refrigeration units for various individuals during this period he claimed to be disabled. As a result of the fraud, Spadaccino wrongfully collected approximately $3,997 in State temporary disability insurance benefits.

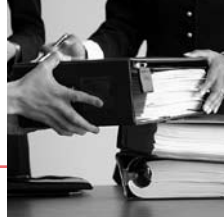
Fraudulent Life Insurance Claims

State v. Sohan Singh Gill

On February 8, 2008, the court sentenced Sohan Singh Gill to one year' probation conditioned upon his serving 14 days in county jail and paying a $5,000 civil insurance fraud fine. Gill previously pled guilty to Theft by Deception. A Bergen County Grand Jury previously returned an Indictment charging Gill with Attempted Theft by Deception and Falsifying or Tampering with Records. Between July 2000 and August 2003, Gill attempted to steal life insurance benefits from the Reassure America Life Insurance Company by creating the impression that his wife, Jaswant Kaur, died on January 15, 2003, and that he (Gill) was entitled to the proceeds of a life insurance policy issued on Kaur's life. However, Kaur did not die on January 15, 2003, as claimed by Gill. Death records indicated that Kaur died on July 22, 2000, and was dead at the time Gill obtained the life insurance policy from Reassure America Life. The amount of the life insurance Gill attempted to obtain from Reassure America Life was $150,000.

State v. Joel Small

On July 2, 2008, the court admitted Joel Small into the PTI Program conditioned upon his paying $5,467 in restitution, paying a $500 civil insurance fraud fine, and performing 50 hours of community service. Previously, a Middlesex County Grand Jury returned an Indictment charging Small with Theft by Deception and Forgery. According to the Indictment, between November 2003 and March 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. The Indictment alleged that Small stole the life insurance



money in the approximate amount of $5,500 from MetLife Insurance Company and from the insured and his beneficiary.

State v. Ellen Maffei, et al.

On November 10, 2008, Ellen Maffei and Carol Heller pled guilty to separate Accusations charging each with Forgery. According to the Accusations, Maffei and Heller forged a death benefits claim to Prudential Insurance Company against their father's life insurance policy. The Accusation also alleged that Maffei and Heller forged an Administrative Renunciation and Disclaimer of Interest to the Bergen County Surrogate in reference to their father's estate.

Maffei and Heller are scheduled to be sentenced in 2009.

State v. Anthony Myers, Sr.

On December 16, 2008, Anthony Myers, Sr., pled guilty to Insurance Fraud. He is scheduled to be sentenced in 2009. Previously, a Morris County Grand Jury returned an Indictment charging Myers 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 State Farm Insurance Company by claiming that his son had died when, in fact, his son was alive and living in North Carolina. The State also alleged that Myers falsified a Claimant Statement and submitted it to State Farm Insurance Company falsely claiming that his son had died.

Fraudulent Health Insurance Applications

State v. John D. Dent, et al.

On September 17, 2008, the court admitted John D. Dent, his wife Graciela M. Dent, John Dent's brother Steven W. Dent, and Bernard S. Francis into the PTI Program and ordered each to perform 60 hours of community service. John Dent was ordered to pay $2,673 in restitution and a $5,000 civil insurance fraud fine. Graciela Dent was ordered to pay $2,673 in restitution and a $1,500 civil insurance fraud fine. Steven Dent was ordered to pay $1,935 in restitution and a $1,500 civil insurance fraud fine. Bernard Francis was ordered to pay $1,276 in restitution and a $1,500 civil insurance fraud fine.

On August 14, 2008, each of the four defendants pled guilty to Theft by Deception.

On May 21, 2008, the court admitted Olubuyiso M. Okunola into the PTI Program conditioned upon his paying $176 in restitution and a $1,500 civil insurance fraud fine. He was also ordered to perform 60 hours of community service.

On January 25, 2008, a Union County Grand Jury returned an Indictment charging John Dent, Graciela Dent, Steven Dent, Francis, and Okunola with Conspiracy and Falsifying Records. John and Graciela Dent and Bernard Francis were also charged with Insurance Fraud and Theft by Deception. Okunola was additionally charged with Insurance Fraud and Attempted Theft by Deception.

According to the Indictment, between October 2003 and April 2005, the Dents, Francis, and Okunola agreed to falsely represent that they were the employees of a small business and, therefore, entitled to apply for and receive small employer group health insurance from a health insurance company. It was alleged that John Dent, who owned and operated Parking Productions, filed an application for a small employer health benefits policy with Horizon Blue Cross Blue Shield of New Jersey and fraudulently enrolled Graciela Dent, Steven Dent, Francis, and Okunola as employees of Parking Productions. It is further alleged that Graciela Dent, Steven Dent, Francis, and Okunola did not, in fact, work for Parking Productions and, therefore, were not entitled to small employer group health insurance.

It was also alleged that the five defendants falsified various records, including employee applications and small employer benefits enrollment forms, and submitted them to Horizon Blue Cross Blue Shield to secure health coverage.

The State alleged that Horizon Blue Cross Blue Shield paid health insurance claims for John and Graciela Dent in the amount of $5,346; for Steven Dent in the amount of $1,935; for Bernard Francis in the amount of $1,275; and for Olubuyiso Okunola in the amount of $444.

State v. Andrew Dorrothy, et al.

On November 5, 2008, the court sentenced Andrew Dorrothy to three years' probation and ordered him to pay $2,600 in restitution and a $1,500 civil insurance fraud fine. On August 7, 2008, the court ordered Lynn M. Mickley (also known as Lynn M. Lauber) to pay $2,600 in restitution and a $1,500 civil insurance fraud fine. On April 14, 2008, Dorrothy and Mickley pled guilty to Theft by Deception. Previously, a Sussex County Grand Jury returned an Indictment charging Dorrothy and Mickley with Health Care Claims Fraud and Theft by Deception. According to the Indictment, between March 1999 and October 2002, Dorrothy falsely represented that he was legally married to Mickley on records and forms submitted to several health insurance companies, including Oxford, Aetna, and Delta Dental. It is further alleged that Dorrothy falsely represented that Mickley was his wife so that she would be entitled to dependant spouse health insurance benefits under insurance coverage provided by the insurance companies, but that Dorrothy and Mickley were never legally married.

Theft of Insurance Proceeds

State v. Charles J. Tiemann

On November 12, 2008, an Atlantic County Grand Jury returned an Indictment charging Charles J. Tiemann with Theft by Failure to Make Required Disposition. According to the Indictment, Tiemann, a subscriber under Horizon Blue Cross Blue Shield of New Jersey, received six checks totaling $6,074 from Horizon, which were payments for medical services provided to his wife, Francine Tiemann, by Integrative Medical Center. The Indictment alleged that Tiemann failed to remit the $6,074 to Integrative Medical Center and kept the money for himself.

MEDICAID FRAUD

Fraudulent Billing by Health Care Providers

Fraudulent Billing by Physicians

State v. Aruna Patel

On May 30, 2008, the court sentenced Aruna Patel, a physician licensed in the State of New Jersey, to three years' probation and ordered her to pay $9,000 in restitution. On March 26, 2008, Patel pled guilty to an Accusation charging her with Medicaid Fraud. Patel admitted that between September 2003 and June 2005, she fraudulently submitted claims to AmeriChoice in which she falsely stated that certain patients were treated at her office on 165 treatment dates, when, in fact, those patients were neither seen nor treated by Patel on those days. AmeriChoice is a managed care organization serving Medicaid beneficiaries in New Jersey. As a result of the fraud, Patel stole $9,257 in Medicaid health insurance claims monies.

State v. Sun Tzeng

On July 9, 2008, the court admitted Sun Tzeng, a physician licensed in the State of New Jersey, into the PTI Program. On the same date, Tzeng was charged in an Accusation with Medicaid Fraud. According to the Accusation, on October 17, 2007, Tzeng billed the Medic-

aid program for medical services not rendered to patients. The State claimed Tzeng falsely diagnosed patients with gum disease, such as gingivitis, and wrote prescriptions purportedly to treat those ailments but the prescriptions were neither medically necessary nor related to the patients' diagnosed conditions.

On June 4, 2008, a State Grand Jury returned an Indictment charging Tzeng with Unlawful Storage of Regulated Medical Waste in connection with Tzeng's medical practice located in Jersey City, New Jersey. This matter is being investigated and prosecuted by the Division of Criminal Justice's Major Crimes and Environmental Fraud Bureau.

State v. Frederic Feit

On December 24, 2008, Frederic Feit, a physician licensed in the State of New Jersey, pled guilty to Theft by Deception. He is scheduled to be sentenced in 2009. Previously, a State Grand Jury returned an Indictment charging Feit with Health Care Claims Fraud and Theft by Deception.

Between December 1996 and March 2004, Feit operated a medical practice known as Modern Pain Therapy in Freehold, New Jersey. Feit admitted that he submitted false claims to Medicare, Aetna Insurance Company, and Horizon Blue Cross Blue Shield for costly nerve block injections used to alleviate pain when, in fact, he simply administered less invasive and less expensive intramuscular injections, a practice sometimes referred to as "upcoding." The total amount of payment Feit fraudulently received from the insurance companies was $581,105.

Fraudulent Billing by Pharmacists

Operation PharmScam

In January 2008, 17 people were criminally charged following a seven-month joint investigation by OIFP's Medicaid Fraud Control Unit, the Jersey City Police Department, and the United States Food and Drug Administration's Office of Criminal Investigations into Medicaid fraud by pharmacists, pharmacy employees, pharmacy businesses, medical clinics, and Medicaid beneficiaries. Prescriptions were obtained from physicians by various Medicaid beneficiaries who would bring the prescriptions to certain pharmacies where a pharmacist or pharmacy employee would "buy back" the prescriptions from the Medicaid recipients for nominal amounts, rather than dispense the prescribed medications. The pharmacist would then bill the Medicaid program as if the prescriptions had been filled and the prescribed medications had been provided to the Medicaid patient. Prescriptions bought for nominal amounts were billed to Medicaid for thousands of dollars and the total fraud is estimated to exceed $2 million.

State v. Orange Drugs

State v. Pharmacy of America

State v. Samaritan Medical

Two pharmacies, Pharmacy of America at 60 Evergreen Place in East Orange, New Jersey, and Orange Drugs at 261 Orange Street in Newark, New Jersey, each may have filed more than $1 million in fraudulent prescription claims with the Medicaid program in 2006 and 2007. On January 24, 2008, search warrants were executed at Pharmacy of America and Orange Pharmacy, as well as at Samaritan Medical, a medical clinic at 508 South Orange Avenue in Newark, resulting in criminal charges filed against 14 individuals.

Three pharmacists, pharmacy employees, and other medical providers were charged with Conspiracy to Defraud Medicaid and related criminal offenses:

On August 28, 2008, Bryan X. Chandler (also known as "Dr. X"), the owner and director of Samaritan Medical, pled guilty to an Accusation charging him with Health Care Claims Fraud. Chandler admitted that he recruited Medicaid beneficiaries to come to his clinic so that multiple prescriptions could be written in each beneficiary's name and sold to pharmacies, including Pharmacy of America and Orange Drugs. Those pharmacies allegedly billed Medicaid for the medicines without dispensing them to the named beneficiaries.

Herbert Brandt, a pharmacist licensed in the State of New Jersey and the owner of Pharmacy of America, and his son, Douglas Brandt, were charged with conspiring with Chandler and others to pay cash for prescriptions and submit fraudulent claims to Medicaid.

Jovy D. Carino, a pharmacy technician at Orange Drugs, was charged with conspiring with Chandler and others to pay cash for prescriptions and submit fraudulent claims to Medicaid.

Shivonne Forde, Alicia Stephens, and Jannah Muid, all pharmacy technicians at Pharmacy of America, were charged in a Complaint with Medicaid Fraud and Health Care Claims Fraud.

In addition, seven Medicaid beneficiaries were charged with assisting Chandler, Orange Drugs, or Pharmacy of America by selling their prescriptions:

On November 7, 2008, the court sentenced Linda Whiteside to 12 months' probation. On September 8, 2008, Whiteside pled guilty to an Accusation charging her with Conspiracy to Commit Medicaid Fraud. Whiteside admitted that she sold her prescription forms to agents of Pharmacy of America.

On August 22, 2008, the court sentenced Steven Collazo to three years' probation. On July 7, 2008, Collazo pled guilty to an Accusation charging him with Conspiracy to Commit Medicaid Fraud. Collazo admitted to selling his prescription forms to agents of Pharmacy of America.

On August 8, 2008, the court sentenced Bonita Clark to two years' probation. On June 23, 2008, Clark pled guilty to an Accusation charging her with Conspiracy to Commit Medicaid Fraud. Clark admitted to selling her prescription forms to agents of Pharmacy of America.

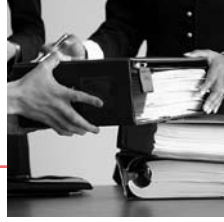
On July 24, 2008, the court sentenced Edward Kinder to time served of 91 days in county jail. On April 21, 2008, Kinder pled guilty to an Accusation charging him with Conspiracy to Commit Medicaid Fraud. Kinder admitted to selling his prescription forms to agents of Pharmacy of America.

On June 20, 2008, the court sentenced Clifton Daniels to three years' probation with credit for 67 days served in county jail. On April 9, 2008, Daniels pled guilty to an Accusation charging him to Conspiracy to Commit Medicaid Fraud. Daniels admitted to selling his prescription forms to agents of Pharmacy of America.

On May 23, 2008, the court sentenced Ingrid Thomas to three years' probation. On March 24, 2008, Thomas pled guilty to an Accusation charging her with Conspiracy to Commit Medicaid Fraud. Thomas admitted to selling her prescription forms to agents of Pharmacy of America.

Valerie Sessoms was charged with Medicaid Fraud and remains a fugitive.

In addition to the criminal prosecutions, OIFP is seeking civil forfeiture of cash, vehicles, property, and real estate owned by the defendants in the total approximate amount of $2.3 million. On April 22, 2008, a civil forfeiture Complaint seeking forfeiture of property was filed against Orange Drugs, Inc., et al., a corporation owned by Samina Nadeem. The Complaint seeks forfeiture of $230,000 of cash held in multiple bank accounts, including PNC Bank, Citibank, and



Commerce Bank; real property located at 15 Grist Mill Lane in Upper Saddle River and at 508 South Orange Avenue in Newark with an estimated worth of $1.4 million; the assets of Samaritan Medical, LLC, located at 508 South Orange Avenue in Newark; and a 2007 Jeep Liberty and a 1994 Nissan Maxima registered to Bryan Chandler.

The next day, April 23, 2008, OIFP filed a second civil forfeiture Complaint against Zellherb, LLC, doing business as Pharmacy of America, and related assests. The Complaint seeks forfeiture of more than $800,000 in cash held in multiple financial accounts, including Bank ofAmerica, Valley National Bank, Penn Mutual, Fidelity Investments, JB Hanauer, and the America Fund, as well as a vechicle registerd to Douglas Brandt.

It is suspected that several physicians and other pharmacies were assisting with the prescription fraud conspiracy and the OIFP Medicaid Fraud Control Unit's investigation is continuing.

State v. Ampere Pharmacy

State v. MLK Pharmacy

On December 5, 2008, the court sentenced Abdul Bari, the co-owner of MLK Pharmacy in Jersey City, New Jersey, and Ampere Pharmacy in East Orange, New Jersey, to three years in State prison and ordered him to pay $500,000 in restitution and fines. On August 19, 2008, Bari pled guilty to an Accusation charging him with Health Care Claims Fraud and Filing a False or Fraudulent State Income Tax Return.

On August 28, 2008, John Borges, the other co-owner of MLK and Ampere Pharmacies, pled guilty to an Accusation charging him with Health Care Claims Fraud and Filing a False or Fraudulent State Income Tax Return. Borges is pending sentencing.

According to the Accusations, between January 2005 and October 2007, Bari and Borges fraudulently submitted bills to Medicaid for HIV/AIDS drugs that were never dispensed. The State charged that Bari and Borges purchased prescriptions from Medicaid participants for a small fraction of the cost of the drug prescribed and, in turn, billed Medicaid thousands of dollars without dispensing the drugs. Additionally, both Borges and Bari caused fraudulent personal income tax returns to be submitted to the New Jersey Division of Taxation for tax years ending in 2004 through 2006.

State v. Pascal Osei

On October 24, 2008, the court sentenced Pascal Osei, a pharmacist licensed in the State of New Jersey, to three years' probation and ordered him to relinquish his pharmacist's license for a period of three years. On March 24, 2008, Osei pled guilty to an Accusation charging him with Uttering a Forged Prescription Blank. Osei admitted that he uttered a fraudulent prescription drug blank form in order to obtain a quantity of hydrocodone compound syrup, a controlled dangerous substance. He admitted that the prescription drug form falsely represented that a New York physician had ordered the hydrocodone for a patient when, in fact, it had not been ordered.

By Order filed December 10, 2008, the State Board of Pharmacy revoked Osei's license. Osei may not apply for reinstatement of his license for a period of three years from the date of the entry of the Board's Order.

State v. Paola D'Ottavio, et al.

On October 21, 2008, following a two-week trial, the jury failed to reach a verdict in the State's case against Paola D'Ottavio, a pharmacist licensed in the State of New Jersey. The State charged D'Ottavio with Health Care Claims Fraud, Distribution of Controlled Dangerous Substances, and Medicaid Fraud. The State expects to retry this case in Spring 2009.

On April 28, 2008, a State Grand Jury returned a superseding Indictment charging D'Ottavio with Health Care Claims Fraud, Distribution of Controlled Dangerous Substances, and Medicaid Fraud. According to the Indictment, between January 2004 and June 2005, D'Ottavio created false prescriptions at the pharmacy where she worked which were not actually prescribed by doctors or were for patients who did not exist. These false prescriptions were written in the names of actual customers of the pharmacy who were either Medicaid beneficiaries or were covered by private pay health insurance plans that paid for prescription drugs.

Vicki Guld previously 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 2002 and November 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 prescribed 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. Charles Jyamfi, et al.

On August 25, 2008, the court sentenced Aiad Saman, a pharmacist licensed in the State of New Jersey, to five years in State prison. On June 5, 2008, Saman pled guilty to Perjury, Conspiracy to Commit Fencing, and Conspiracy to Receive Stolen Property.

Previously, a State Grand Jury returned an Indictment variously charging Saman, Charles Jyamfi, and Pedro Diaz with Money Laundering, Conspiracy, Racketeering, Receiving Stolen Property, and Fencing. Saman was also charged with Perjury. Jyamfi, a pharmacist licensed in the State of New Jersey, 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 RICO criminal enterprise. The Indictment alleged that Jyamfi routinely purchased stolen medication and loose pills from Saman and Diaz, and improperly packaged and labeled the stolen drugs. The Indictment further alleged 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 alleged that Jyamfi stocked his pharmacy with the stolen drugs and medications and then improperly 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 dispensed in the incorrect dosage. The State alleged the stolen medication was valued in excess of $2 million.

State v. Victory Pharmacy, et al.

On November 13, 2008, Twumasi Ampofo pled guilty to Health Care Claims Fraud. Previously, a State Grand Jury returned an Indictment charging 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 alleged 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.

Ampofo will be sentenced in 2009.

Fraudulent Billing by Dentists

State v. Mitra Abdollahi

On January 18, 2008, the court sentenced Mitra Abdollahi, a dentist licensed in the State of New Jersey, to 364 days in county jail as a condition of five years' probation, and ordered her to pay $103,410 in restitution and $103,410 in fines and penalties. Abdollahi previously pled guilty to an Accusation charging her with Medicaid Fraud. Abdollahi admitted that between January 2002 and May 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 beneficiaries, for tooth extractions she did not perform, for use of an anesthetic when it was either not used or should not have been billed separately, and for performing unnecessary or improper dental procedures.

State v. Gerald Whiteman

On April 18, 2008, the court sentenced Gerald Whiteman, a dentist licensed in the State of New Jersey, to three years in State prison and ordered him to pay $6,750 in restitution and $6,750 in fines and penalties. Previously, Whiteman pled guilty to Health Care Claims Fraud. A State Grand Jury previously returned an Indictment charging Whiteman with Health Care Claims Fraud and Medicaid Fraud. Between January 2003 and April 2005, Whiteman, who practiced dentistry in Old Bridge, New Jersey, fraudulently billed the Medicaid program for administering general anesthesia during dental treatments when, in fact, he did not administer general anesthesia.

By Order filed December 12, 2008, the State Board of Dentistry suspended Whiteman's license for five years, with the first two years active and the remainder stayed to be a period of probation.

Fraudulent Billing by Counseling Services

State v. Pedro Acosta, et al.

On May 2, 2008, Pedro Acosta pled guilty to Health Care Claims Fraud. Acosta is pending sentencing.

A State Grand Jury previously returned an Indictment variously charging Acosta and Osvaldo Morales, Sr., the owners of the former Chambers Mental Health Clinic, a drug and alcohol counseling center located in Trenton, New Jersey, and the clinic's former medical director, 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 was alleged that the Medicaid program was falsely billed in excess of $160,000.

On June 27, 2008, the court sentenced Bernardo Estambul, another co-owner of Chambers Mental Health Clinic, to three years' probation and ordered him to pay $7,794 in restitution and a $2,250 civil fine. The court also barred Estambul from the Medicaid program for a period of five years. Previously, Estambul pled guilty to Medicaid Fraud, admitting 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 Medicaid 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 Medicaid regulations.

Jacques and Morales are pending trial.

State v. Anthony Younger

On October 14, 2008, Anthony Younger pled guilty to an Accusation charging him with Medicaid Fraud. According to the Accusation, Younger, an employee of Maxim Healthcare Services, submitted fraudulent timesheets to his employer claiming that he provided behavioral health care services to Medicaid beneficiaries when, in fact, the services were not provided. Younger is scheduled to be sentenced in 2009.

State v. Laquinna Bethel

On December 22, 2008, Laquinna Bethel pled guilty to an Accusation charging her with Medicaid Fraud. Bethel, a behavioral counselor at Innovative Solutions Inspirational Services, admitted that she submitted four fraudulent timesheets to her employer reflecting that she had performed hourly behavioral services that she had not actually performed. She is scheduled to be sentenced in 2009.

Fraudulent Billing by Health Care Agencies

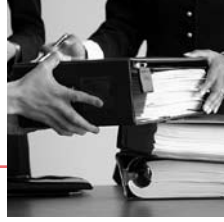
State v. Touch of Life Home Health Care Agency, et al.

On December 12, 2008, Kimberly D. Hall (also known as Kim Hall and Kim Turner) and Ollie Sabrina Kimble (also known as Sabrina Kimble) pled guilty to Medicaid Fraud. On that same date, Willie T. Cureton (also known as William T. Curaton and Willie Curation) pled guilty to Health Care Claims Fraud. All three are scheduled to be sentenced in 2009. Previously, a State Grand Jury returned an Indictment variously charging Hall, Cureton, 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, Hall and Cureton, who owned and operated Touch of Life, and Kimble, an office coordinator employed by Touch of Life, committed theft and fraud from the Medicaid program. In total, the defendants fraudulently billed the Medicaid program almost $1 million.

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 alleged 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 alleged that Hall lied on her application to become a Medicaid provider.



The Indictment also alleged 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 home and residential health care facilities.

The Indictment also alleged 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.

Medicaid Provider Fraud

State v. Henrietta Bell, et al.

On May 6, 2008, Lisa Smith was admitted into the PTI Program. On April 9, 2008, Smith was charged in an Accusation with Conspiracy to Impersonate.

On March 12, 2008, the court admitted Henrietta Bell into the PTI Program. Bell previously pled guilty to Impersonation. Previously, 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 Smith to falsify an application for a Certified Nurse Aide (CNA) certificate by falsely using Smith's identity. It was 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.

State v. David Karfunkel, et al.

On November 21, 2008, the court sentenced Wayne Greenberg to one year' probation and ordered him to pay $5,500 in restitution and another $5,500 in criminal fines. Greenberg's Nursing Home Administrator's license was also suspended for one year. On May 1, 2008, Greenberg pled guilty to an Accusation charging him with Medicaid Fraud.

On June 20, 2008, the court sentenced David Karfunkel to one year' probation and ordered him to pay $5,500 in restitution and $5,500 in fines. On April 2, 2008, Karfunkel pled guilty to an Accusation charging him with Medicaid Fraud.

Karfunkel and Greenberg, owners of Forest View Care Center, formerly located in Neptune, New Jersey, admitted that they submitted false information to Medicaid between March 2002 and May 2003, by submitting wages on a cost report for a non-existent employee who never rendered any services to the nursing home.

State v. Xin Cui

On June 19, 2008, the court admitted Xin Cui, a non-certified PCA, into the PTI Program conditioned upon her paying $5,709 in restitution and fines. On April 17, 2008, Cui pled guilty to an Accusation charging her with Medicaid Fraud. The State alleged that Cui submitted fraudulent claims to the Medicaid program stating that she had provided care to an elderly Medicaid recipient when, in fact, she did not provide the services.

State v. Joan Arce

On September 29, 2008, the court admitted Joan Arce, a pharmacy employee, into the PTI Program conditioned upon his performing 50 hours of community service. On August 11, 2008, an Accusation was filed charging Arce with Medicaid Fraud. The State alleged that Arce submitted claims for payment to the Medicaid program for dispensing medication at the pharmacy when, in fact, no medication was dispensed.

Patient Protection

State v. Delphine Benson

On March 28, 2008, the court sentenced Delphine Benson to two years' probation. Benson previously pled guilty to an Accusation charging her with Uttering a Forged Instrument. Benson admitted that in connection with her effort to recertify her CNA license, she submitted a letter purporting to be from a Camden County, New Jersey, probation officer 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.

State v. Ben Imbayi Akengo, et al.

On April 25, 2008, the court admitted Ben Imbayi Akengo into the PTI Program conditioned upon his performing 50 hours of community service. On February 21, 2008, a Somerset County Grand Jury returned an Indictment charging Akengo, Dennis Waweru, and Sam Njoroge with Neglect of Elderly or Disabled Person. According to the Indictment, on October 19, 2006, Akengo, Waweru, and Njoroge, all formerly employed as residential counselors at the Devereaux Group Home in Hillsborough, New Jersey, and who had a legal duty to care for a disabled adult who resided at the Devereaux Group Home, unreasonably neglected and failed to provide medical attention necessary for the care of the disabled adult resident.

State v. Ramone Roxas, Sr.

On July 18, 2008, the court admitted Ramone Roxas, Sr., a Program Director at a facility for disabled persons, into the PTI Program. On May 16, 2008, Roxas pled guilty to Neglect of a Disabled Person. The State alleged that between March 1, 2006, and December 13, 2006, Roxas provided pornography and sexual counseling to mentally disabled beneficiaries at the facility instead of providing a qualified sex counselor or instructor to address the beneficiaries' physical and mental health needs.

State v. Mary Ellen Wright

On August 25, 2008, Mary Ellen Wright was admitted into the PTI Program conditioned upon paying $9,456 in restitution and performing 50 hours of community service. On June 9, 2008, a Camden County Grand Jury returned an Indictment charging Wright with Theft by Unlawful Taking. According to the Indictment, between June 2006 and February 2007, Wright served as an Attorney-in-Fact for an elderly patient of the Voorhees Center, a long-term nursing home in Voorhees, New Jersey. Wright allegedly was granted Power of Attorney by the elderly patient who was a resident of the Voorhees Center. The Power of Attorney allowed Wright to accept Social Security and pension money paid to the patient and required her to turn it over to the Voorhees Center as payment for the patient's care. The State alleged that Wright did not turn over the money to the Voorhees Center on the patient's behalf, and instead used it for her own purposes. The patient died on February 16, 2007.

State v. Ann Selk

On November 19, 2008, an Ocean County Grand Jury returned an Indictment charging Ann Selk with Theft by Failure to Make Required Disposition of Property Received. According to the Indictment, between August 2006 and March 2008, Selk failed to remit payments on her elderly mother's behalf to the long-term care facility where her mother resided. A statement of understanding executed by Selk to the Ocean County Board of Social Services required Selk, as a condition of Medicaid eligibility, to turn over her mother's monthly Social Security and pension checks to the residential long-term care facility as partial payment for her care. The Indictment alleged that Selk failed to turn over $6,376 of her mother's available income to the facility on behalf of her mother.

During 2008, 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 "Give Up" Schemes

In the Matter of Cardell H. McCall

On January 14, 2008, Cardell H. McCall executed a Consent Order for $5,000. For pecuniary gain, McCall knowingly conspired with and assisted another individual in submitting a fraudulent vehicle theft claim to New Jersey Manufacturers Insurance Company. This matter was referred to OIFP by New Jersey Manufacturers.

In the Matter of Evans Alexander, Jr.

On January 17, 2008, Evans Alexander, Jr., executed a Consent Order for $5,000. Alexander presented written and oral statements to Selective Insurance Company in support of an automobile theft claim knowing that the statements contained false and misleading information. This matter was referred to OIFP by Selective.

Criminal proceedings were also initiated against Alexander by the Essex County Prosecutor's Office in this matter.

In the Matter of Juan Feliciano

On January 17, 2008, Juan Feliciano executed a Consent Order for $5,000. Feliciano filed a fraudulent vehicle theft claim with Allstate Insurance Company when, in fact, his vehicle had not been stolen. The matter was referred to OIFP by Allstate.

Criminal proceedings were also initiated against Feliciano by the Essex County Prosecutor's Office in this matter.

In the Matter of Frank M. Petrelli

On January 22, 2008, Frank M. Petrelli executed a Consent Order for $5,000. Petrelli willingly "gave up" his vehicle to another person so that it would appear to have been stolen and submitted a fraudulent vehicle theft claim to his insurance company. The matter was referred to OIFP by New Jersey Manufacturers Insurance Company.

Criminal proceedings were also initiated against Petrelli by OIFP in this matter.

In the Matter of Danielle Ortiz

On January 22, 2008, Danielle Ortiz executed a Consent Order for $5,000. Ortiz arranged to "give up" her vehicle, after which she filed a fraudulent vehicle theft claim with First Trenton Indemnity Insurance Company. The matter was referred to OIFP by First Trenton Indemnity.

Criminal proceedings were also initiated against Ortiz by the New York State Insurance Fraud Division in this matter.

In the Matter of Karen M. Fortune

On January 31, 2008, Karen M. Fortune executed a Consent Order for $5,000. Fortune knowingly made false material statements in the submission of a fraudulent vehicle theft claim to New Jersey Manufacturers Insurance Company for the alleged theft of her 2000 Volvo. This matter was referred to OIFP by New Jersey Manufacturers.

In the Matter of Salvatore Lamura

On February 27, 2008, Salvatore Lamura executed a Consent Order for $5,000. Lamura knowingly filed a fictitious stolen vehicle police report and submitted a fraudulent vehicle theft insurance claim. The matter was referred to OIFP by GEICO Insurance Company.

Criminal proceedings were also initiated against Lamura by the Bloomfield, New Jersey, Police Department in this matter.

In the Matter of Manuela Blacio

On March 28, 2008, Manuela Blacio executed a Consent Order for $5,000. Blacio knowingly made false statements in support of an automobile theft claim submitted to New Jersey Re-Insurance Company. The matter was referred to OIFP by New Jersey Re-Insurance.

Criminal proceedings were also initiated against Blacio by the New York City Police Department in this matter.

In the Matter of Moneak Allison Evans

On April 4, 2008, Moneak Allison Evans executed a Consent Order for $5,000. Evans knowingly filed a fraudulent automobile theft claim in order to benefit from insurance proceeds to which she was not entitled. The matter was referred to OIFP by The Chubb Group.

In the Matter of Jessie Reamer

On April 8, 2008, Jessie Reamer executed a Consent Order for $5,000. Reamer conspired with another individual to "steal" his vehicle, after which Reamer filed a fraudulent automobile theft claim with State Farm Insurance Company. The matter was referred to OIFP by State Farm Insurance.

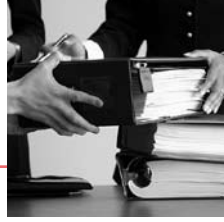
Criminal proceedings were also initiated against Reamer by the Ocean County Prosecutor's Office in this matter.

In the Matter of Daniel T. Cselinacz

On April 9, 2008, Daniel T. Cselinacz executed a Consent Order for $5,000. Cselinacz submitted a fraudulent automobile theft claim to Farm Family Casualty Insurance Company. The matter was referred to OIFP by the Ocean County Prosecutor's Office.

Criminal proceedings were also initiated against Cselinacz by the Ocean County Prosecutor's Office in this matter.

Secretarial Assistant Joy Holman, OIFP Civil.



In the Matter of Gregory Boron

On April 10, 2008, Gregory Boron executed a Consent Order for $5,000. Boron "gave up" his vehicle to another individual and, subsequently, on two separate occasions, filed fraudulent vehicle theft claims with Allstate Insurance Company. The matter was referred to OIFP by Allstate.

Criminal proceedings were also initiated against Boron by the Bergen County Prosecutor's Office in this matter.

In the Matter of Rafael Chavez

On April 11, 2008, Rafael Chavez executed a Consent Order for $5,000. Chavez knowingly made false statements in support of an automobile theft claim submitted to New Jersey Re-Insurance Company. The matter was referred to OIFP by New Jersey Re-Insurance.

Criminal proceedings were also initiated against Chavez by the New York City Police Department in this matter.

In the Matter of Naajia Bennett

On May 1, 2008, Naajia Bennett executed a Consent Order for $5,000. Bennett submitted a fraudulent vehicle theft insurance claim to Chubb Insurance Company of New Jersey.

Criminal proceedings were also initiated against Bennett by the Essex County Prosecutor's Office in this matter.

In the Matter of David Emmett

On May 12, 2008, David Emmett executed a Consent Order for $7,500. Emmett filed a fraudulent vehicle theft claim with Selective Insurance Company stating that his vehicle had been stolen when, in fact, it had not been stolen. Additionally, he submitted a fraudulent homeowners' claim to Hanover Insurance Company, stating that a set of golf clubs and two pairs of shoes had been stolen from his vehicle when, in fact, no such theft had occurred. The matter was referred to OIFP by Selective Insurance Company.

In the Matter of Wendell K. Littles

On May 12, 2008, Wendell K. Littles executed a Consent Order for $5,000. Littles falsely reported that his vehicle had been stolen when, in fact, it had not been.

Criminal proceedings were also initiated against Littles by OIFP in this matter.

In the Matter of Miriam Applewhite-Barron

On June 26, 2008, Miriam Applewhite-Barron executed a Consent Order for $5,000. Applewhite-Barron submitted a fraudulent automobile theft claim and made false statements in support of the alleged theft. The matter was referred to OIFP by GE Auto and Home Insurance Company.

Criminal proceedings were also initiated against Applewhite-Barron by the Newark, New Jersey, Police Department in this matter.

In the Matter of Josezetta Hill

On July 2, 2008, Josezetta Hill executed a Consent Order for $5,000. Hill voluntarily "gave up" her automobile and submitted a fraudulent vehicle theft claim knowing that the vehicle had not been stolen. The matter was referred to OIFP by the Union County Prosecutor's Office.

Criminal proceedings were also initiated against Hill by the Union County Prosecutor's Office in this matter.

In the Matter of Rashad Jackson

On July 3, 2008, Rashad Jackson executed a Consent Order for $5,000. Jackson was a participant in an automobile "give up" in which a fraudulent vehicle theft claim was submitted. The matter was referred to OIFP by the Union County Prosecutor's Office.

Criminal proceedings were also initiated against Jackson by the Union County Prosecutor's Office in this matter.

In the Matter of Luz M. Flores

On July 10, 2008, Luz M. Flores executed a Consent Order for $5,000. Flores knowingly filed a fraudulent automobile theft claim. The matter was referred to OIFP by Amica Mutual Insurance Company.

Criminal proceedings were also initiated against Flores by the Union County Prosecutor's Office in this matter.

In the Matter of Andre Manning

On July 18, 2008, Andre Manning executed a Consent Order for $5,000. Manning was a participant in an automobile "give up" and "chop shop" operation which assisted others in disposing of their vehicles so that fraudulent vehicle theft claims could be submitted. The matter was referred to OIFP by the Union County Prosecutor's Office.

Criminal proceedings were also initiated against Manning by the Union County Prosecutor's Office in this matter.

In the Matter of Rosa G. Cuellar

On July 18, 2008, Rosa G. Cuellar executed a Consent Order for $5,000. Cuellar paid an individual to dispose of her vehicle and filed a false vehicle theft report for the alleged theft. The matter was referred to OIFP by Progressive Insurance Company.

Criminal proceedings were also initiated against Cuellar by the Newark, New Jersey, Police Department in this matter.

In the Matter of Terrence Barfield

On July 25, 2008, Terrence Barfield executed a Consent Order for $5,000. Barfield was a participant in an automobile "give up" and "chop shop" operation which assisted others in disposing of their vehicles so that fraudulent vehicle theft claims could be submitted. The matter was referred to OIFP by the Union County Prosecutor's Office.

Criminal proceedings were also initiated against Barfield by the Union County Prosecutor's Office in this matter.

In the Matter of Leonard Onion

On July 30, 2008, Leonard Onion executed a Consent Order for $5,000. Onion filed a fraudulent vehicle theft claim with Travelers Insurance Company. The matter was referred to OIFP by Travelers.

Criminal proceedings were also initiated against Onion by the Essex County Prosecutor's Office in this matter.

In the Matter of Marie Kernizan

On July 30, 2008, Marie Kernizan executed a Consent Order for $5,000. Kernizan filed a fraudulent vehicle theft claim with Clarendon National Insurance Company. The matter was referred to OIFP by Clarendon.

Criminal proceedings were also initiated against Kernizan by OIFP in this matter.

In the Matter of Anne Marie Sahadeo-Sandi

On August 18, 2008, Ann Marie Sahadeo-Sandi executed a Consent Order for $5,000. Sahadeo-Sandi reported that her Dodge Dakota had been stolen, when she knew it had not been stolen. The matter was referred to OIFP by First Trenton Insurance Company.

Criminal proceedings were also initiated against Sahadeo-Sandi by the Keansburg, New Jersey, Police Department in this matter.

In the Matter of Ruthie Walker

On August 21, 2008, Ruthie Walker executed a Consent Order for $5,000. Walker submitted a fraudulent automobile theft claim for her 2005 Volvo. The matter was referred to OIFP by New Jersey Re-Insurance Company.

Criminal proceedings were also initiated against Walker by the Newark, New Jersey, Police Department in this matter.

In the Matter of Juan Carlos Lopez

On August 22, Juan Carlos Lopez (also known as Juan Carlos Narvaez) executed a Consent Order for $5,000. Lopez knowingly filed a fraudulent vehicle theft claim with Drive New Jersey Insurance Company. The matter was referred to OIFP by Amica Mutual Insurance Company.

Criminal proceedings were also initiated against Lopez by the Union County Prosecutor's Office in this matter.

In the Matter of Michael Bonsu

On October 2, 2008, Michael Bonsu executed a Consent Order for $5,000. Bonsu paid to have his Yukon Denali taken and disassembled, and then filed a theft claim with Rutgers Casualty Insurance Company. The matter was referred to OIFP by the Union County Prosecutor's Office.

Criminal proceedings were also initiated against Bonsu by the Union County Prosecutor's Office in this matter.

In the Matter of Chanel Roper

On October 9, 2008, Chanel Roper (also known as Tracy Roper) executed a Consent Order for $5,000. Roper falsely reported that her vehicle had been stolen when, in fact, she had abandoned the vehicle in the Bronx, New York, so that the vehicle could be stripped.

Criminal proceedings were also initiated against Roper by the New York City Police Department in this matter.

In the Matter of Joseph A. Schenck

On October 14, 2008, Joseph A. Schenck executed a Consent Order for $5,000. Schenck reported that his vehicle had been stolen when he knew it had not been stolen. The matter was referred to OIFP by the Camden County Prosecutor's Office.

Criminal proceedings were also initiated against Schenck by the Camden County Prosecutor's Office in this matter.

In the Matter of Rosa Gioia

On November 7, 2008, Rosa Gioia executed a Consent Order for $5,000. Gioia reported that her vehicle had been stolen from the Willowbrook Mall in Wayne, New Jersey, when, in fact, she knowingly "gave up" the vehicle to another person in order to dispose of the vehicle. The matter was referred to OIFP by Allstate Insurance Company.

Criminal proceedings were also initiated against Gioia by the New York City Police Department in this matter.

In the Matter of Alberto Castro

On November 13, 2008, Alberto Castro executed a Consent Order for $5,000. Castro falsely reported that his vehicle had been stolen when, in fact, he paid another individual to dispose of the vehicle. The matter was referred to OIFP by Allstate Insurance Company.

Criminal proceedings were also initiated against Castro by the New York City Police Department in this matter.

(l to r) OIFP Civil Investigators Katrina Ganie, Jeremy Rabe, and Michael Vereb.

In the Matter of Miroslaw Majdecki

On November 20, 2008, Miroslaw Majdecki executed a Consent Order for $5,000. Majdecki falsely reported that his van had been stolen in order to benefit from insurance proceeds. The matter was referred to OIFP by State Farm Insurance Company.

Criminal proceedings were also initiated against Majdecki by OIFP in this matter.

Auto Claims Fraud

In the Matter of Debra L. Dolgos

On January 30, 2008, Debra L. Dolgos executed a Consent Order for $5,000. Dolgos knowingly provided false and misleading information to Esurance Insurance Company in support of a claim for vehicle property damage in the amount of $7,516. This matter was referred to OIFP by Esurance.

In the Matter of Jeffrey Matfus

On February 19, 2008, Jeffrey Matfus executed a Consent Order for $5,000. Matfus falsely reported to the Atlantic Mutual Insurance Company that he was operating his vehicle at the time an accident occurred when, in fact, his daughter was the operator. The matter was referred to OIFP by the Bergen County Prosecutor's Office.

In the Matter of Tomicaela Butler

On April 15, 2008, Tomicaela Butler executed a Consent Order for $5,000. Butler knowingly provided false and misleading statements to Progressive Insurance Company in support of a claim for vehicle damage, when, in fact, she did not have automobile insurance coverage at the time of loss. The matter was referred to OIFP by Progressive.

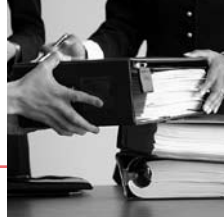
In the Matter of Ray Gonzalez

On July 18, 2008, Ray Gonzalez executed a Consent Order for $5,000. Gonzalez sold blank company receipts to another individual so that the individual could submit phony receipts in support of an insurance claim that several items were stolen from his car.

Criminal proceedings were also initiated against Gonzalez by OIFP in this matter.

In the Matter of Kendrell T. Gordon

On October 29, 2008, Kendrell T. Gordon executed a Consent Order for $5,000. Gordon submitted a fraudulent theft claim with AAA Mid-Atlantic Insurance Company by reporting that four rims from his 2008 Jeep Cherokee had been stolen when, in fact, they had not been stolen. The matter was referred to OIFP by AAA Mid-Atlantic.



Criminal proceedings were also initiated against Gordon by OIFP in this matter.

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

In the Matter of Florentina Mauricio

On January 29, 2008, Florentina Mauricio executed a Consent Order for $5,000. Mauricio was a "jump in" claimant in a fraudulent insurance claim filed with First Trenton Indemnity Insurance Company. Mauricio was not in the vehicle at the time the accident occurred. This matter was referred to OIFP by First Trenton Indemnity.

Criminal proceedings were also initiated against Mauricio by OIFP in this matter.

In the Matter of Irwin B. Seligsohn, Esq.

On February 1, 2008, Irwin B. Seligsohn, Esq., executed a Consent Order for $50,000. On more than 200 occasions, Seligsohn conspired with "runners" to solicit individuals to make PIP claims or bring personal injury lawsuits.

Criminal proceedings were also initiated against Seligsohn by OIFP in this matter.

In the Matter of the Law Firm of Goldberger, Seligsohn & Shinrod, P.A.

On February 1, 2008, the law firm of Goldberger, Seligsohn & Shinrod, P.A., executed a Consent Order for $50,000. As a result of the assistance, conspiracy, or urging of other persons, the law firm knowingly benefitted, directly or indirectly, from proceeds derived from more than 200 violations of the Insurance Fraud Prevention Act.

Criminal proceedings were also initiated against the law firm of Goldberger, Seligsohn & Shinrod, P.A., by OIFP in this matter.

Fraudulent Auto Insurance Applications

In the Matter of Antoinett Nutakor

On June 25, 2008, Antoinett Nutakor executed a Consent Order for $5,000. Nutakor provided false and misleading statements on a policy application and policy change request to Mercury Insurance Company. Nutakor failed to disclose that a vehicle would be used for commercial purposes and failed to list an additional driver for the vehicle. Nutakor then applied for insurance with 21st Century Insurance and again failed to disclose that the vehicle would be used for commercial purposes. The matter was referred to OIFP by Mercury Insurance.

PROPERTY AND CASUALTY INSURANCE FRAUD

Fraudulent Home Owners' Insurance Claims

In the Matter of Lisa McCollum

On February 13, 2008, Lisa McCollum executed a Consent Order for $5,000. McCollum submitted altered receipts in support of a claim against her home owners' insurance policy wherein she claimed that her septic tank was damaged by a tree service company. This matter was referred to OIFP by Farmers Mutual Fire Insurance Company.

Criminal proceedings were also initiated against McCollum by OIFP in this matter.

In the Matter of Nancy Ewer

On March 13, 2008, Nancy Ewer executed a Consent Order for $5,000. Ewer filed a fraudulent home owners' theft claim with Cumberland Mutual Insurance Company stating that approximately $19,000 in fishing equipment had been stolen. Ewer also provided false information to the Brigantine, New Jersey, Police Department in support of the alleged theft. The matter was referred to OIFP by Cumberland Mutual.

In the Matter of Rosemarie Piserchia

On March 14, 2008, Rosemarie Piserchia executed a Consent Order for $5,000. Piserchia submitted a fraudulent home owners' insurance claim to New Jersey Manufacturers Insurance Company claiming her watch was damaged in a fall and needed repairs, when, in fact, she had taken the watch to a repair shop for routine maintenance and was informed that it would not be covered for maintenance service. New Jersey Manufacturers referred this matter to OIFP.

In the Matter of Joyce Sarte Fuller

On May 27, 2008, Joyce Sarte Fuller executed a Consent Order for $20,000. Fuller submitted a fraudulent Itemized Statement of Loss to United Services Automobile Association Insurance Company (USAA) falsely claiming that numerous valuable items were stolen during an alleged burglary. The matter was referred to OIFP by the Mount Laurel, New Jersey, Police Department.

Criminal proceedings were also initiated against Fuller by OIFP in this matter.

Fraudulent Commercial Property Insurance Claims

In the Matter of Shaukat Malik

On April 7, 2008, Shaukat Malik executed a Consent Order for $5,000. Malik submitted an altered receipt to Travelers Insurance Company in support of a property damage claim he submitted for damage to an apartment building Malik owned. The altered receipt inflated the claim for repairs to a boiler. Travelers referred the matter to OIFP for investigation.

Criminal proceedings were also initiated against Malik by OIFP in this matter.

HEALTH, LIFE, AND DISABILITY INSURANCE FRAUD

Fraudulent Health Care Claims by Health Care Providers

Fraudulent Billing by Physicians

In the Matter of Hillary B. Kern

On April 11, 2008, Hillary B. Kern executed a Consent Order for $5,000. Kern, a physician licensed in the State of New Jersey, was charged with "upcoding," the practice of fraudulently billing insurance carriers for medical services using billing codes for more complex and expensive procedures than those actually performed.

In the Matter of Varsha Mehta

On May 16, 2008, Varsha Mehta executed a Consent Order for $7,500. Mehta, a physician licensed in the State of New Jersey, submitted insurance claims containing false and misleading information pertaining to 17 patients, stating that she provided individual therapy sessions lasting 45 to 50 minutes when, in fact, she provided a lesser service. The matter was referred to OIFP by Oxford Health Plans.

Criminal proceedings were also initiated against Mehta by OIFP in this matter. The New Jersey Board of Medical Examiners has also taken action against Mehta's license.

In the Matter of Alan E. Ottenstein

On June 10, 2008, Alan E. Ottenstein executed a Consent Order for $22,877. Ottenstein, a physician licensed in the State of New Jersey, provided false and misleading information to multiple insurance companies by billing for sterile trays which were not, in fact, used; billing facility fees he was not authorized to bill; and billing the disc recovery system

as a surgical procedure, which it is not. The matter was referred to OIFP by New Jersey Manufacturers Insurance Company.

Criminal proceedings were also initiated against Ottenstein by OIFP in this matter.

In the Matter of Farouk Al-Salihi

On July 16, 2008, Farouk Al-Salihi executed a Consent Order for $10,000. Al-Salihi, a physician licensed in the State of New Jersey, provided receipts for services that were never rendered to a purported patient in an alleged "slip and fall" accident. In reality, the purported patient was an OIFP undercover investigator whom Al-Salihi did not treat. The matter was referred to OIFP by Peerless Insurance Company.

Criminal proceedings were also initiated against Al-Salihi by OIFP in this matter. The New Jersey Board of Medical Examiners has also taken action against Al-Salihi's license.

In the Matter of Alan E. Schultz

On October 9, 2008, Alan E. Schultz executed a Consent Order for $10,000. Schultz, a physician licensed in the State of New Jersey, failed to disclose that Pro Med Associates, Inc., a practice at which he worked, was owned by unlicensed lay persons. The matter was referred to OIFP by State Farm Indemnity Company.

Fraudulent Billing by Dentists

In the Matter of Peter V. Crapanzano

On May 16, 2008, Peter V. Crapanzano executed a Consent Order for $70,000. Crapanzano, a dentist licensed in the State of New Jersey, submitted fraudulent insurance claims over a four-year period for procedures that did not accurately reflect the services rendered to patients, including billing for root planing and scaling when routine cleanings were actually performed. The matter was referred to OIFP by Aetna Insurance Company.

Fraudulent Billing by Chiropractors

In the Matter of Glenn A. Grieco

On October 21, 2008, Glenn A. Grieco executed a Consent Order for $5,000. Grieco, a chiropractor licensed in the State of New Jersey, billed for treatments he did not provide, specifically, for six dates of service when the patient was on a cruise. The matter was referred to OIFP by New Jersey Manufacturers Insurance Company.

The New Jersey Board of Chiropractic Examiners has also taken action against Grieco's license.

Fraudulent Billing by Other Health Care Providers

In the Matter of the Center for Advanced Foot Surgery, P.A.

On March 24, 2008, the Center for Advanced Foot Surgery, P.A., executed a Consent Order for $30,000. The Center was wholly owned by a podiatrist whose license had expired. The Center submitted claims to various insurance carriers for services for which the Center was ineligible to receive reimbursement. The matter was referred to OIFP by Hanover Insurance Company.

(l to r) OIFP Civil Investigators Elizabeth Polster and Kenneth Frazee.

In the Matter of Universal Chiropractic & Rehabilitation Center, P.C., et al.

On May 23, 2008, Universal Chiropractic & Rehabilitation Center, P.C., and Uzoma Ojinnaka executed a Consent Order for $15,000. Universal Chiropractic & Rehabilitation Center was owned and operated by Ojinnaka, an unlicensed lay person, in violation of the Professional Services Corporation Act. It submitted claims for chiropractic services for which it was ineligible to receive reimbursement. The matter was referred to OIFP by Liberty Mutual Insurance Company.

In the Matter of Dawn Puchalsky

On April 1, 2008, Dawn Puchalsky executed a Consent Order for $50,000. Puchalsky, who was employed as an office manager in her husband's dental practice, knowingly made material misrepresentations in support of claims submitted to several insurance companies. The matter was referred to OIFP by Horizon Blue Cross Blue Shield.

Criminal proceedings were also initiated against Puchalsky by OIFP in this matter.

In the Matter of Jean Woolman

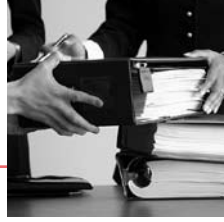
On April 22, 2008, Jean Woolman executed a Consent Order for $10,000. In her capacity as corporate vice-president and office manager for Dr. Alan Ottenstein's medical practice, Woolman fraudulently billed multiple insurance companies for epidural injections, facility fees, and sterile trays; billed for post-surgical treatment when no surgery was performed; and billed for procedures performed in an unlicensed facility. The matter was referred to OIFP by New Jersey Manufacturers Insurance Company.

Criminal proceedings were also initiated against Woolman by OIFP in this matter.

In the Matter of Cindy Crissien

On May 30, 2008, Cindy Crissien executed a Consent Order for $15,000. Crissien, while employed in a dental office, fraudulently billed insurance companies for services that the dentists did not render. Crissien diverted the dental insurance reimbursement checks into her personal account and stole the money. The matter was referred to OIFP by the Cedar Grove, New Jersey, Police Department.

Criminal proceedings were also initiated against Crissien by OIFP in this matter.



Fraudulent Health Care Claims by Non-Health Care Providers

In the Matter of Barbara McCullough

On March 28, 2008, Barbara McCullough executed a Consent Order for $5,000. McCullough failed to disclose to Horizon Blue Cross Blue Shield of New Jersey that she no longer resided in New Jersey and, therefore, was ineligible to receive benefits under an individual health benefits plan from Horizon Blue Cross Blue Shield. Horizon Blue Cross Blue Shield referred this matter to OIFP.

Criminal proceedings were also initiated against McCullough by OIFP in this matter.

In the Matter of John C. Quinn

On June 6, 2008, John C. Quinn executed a Consent Order for $35,000. Quinn knowingly practiced as a Certified Registered Nurse Anesthetist, administered anesthesia for surgical patients, and billed various carriers for those services for several years after his license expired in 2002. The matter was referred to OIFP by State Farm Insurance Company.

Criminal proceedings were also initiated against Quinn by OIFP in this matter.

In the Matter of Julia Daniels Anderson

On July 11, 2008, Julia Daniels Anderson executed a Consent Order for $10,000. Anderson caused health insurance claims to be submitted for reimbursement for radiation treatments when, in fact, Anderson knew she received no treatment and was not entitled to reimbursement. The matter was referred to OIFP by Cigna Insurance.

Criminal proceedings were also initiated against Anderson by OIFP in this matter.

In the Matter of Morris Stuart Baer

On July 23, 2008, Morris Stuart Baer executed a Consent Order for $5,000. Baer submitted fraudulent claims to United Health Group and Aetna Insurance Company on behalf of another person whom he claimed to be his wife, when, in fact, he was not married.

Criminal proceedings were also initiated against Baer by OIFP in this matter.

Fraudulent Disability Claims

In the Matter of Patricia A. Gray

On February 19, 2008, Patricia A. Gray executed a Consent Order for $5,000. Gray altered a doctor's note in support of an essential services claim submitted to New Jersey Manufacturers Insurance Company. The matter was referred to OIFP by New Jersey Manufacturers.

Criminal proceedings were also initiated against Gray by OIFP in this matter.

In the Matter of Michael Monica

On June 13, 2008, Michael Monica executed a Consent Order for $20,000. Monica, a dentist licensed in the State of New Jersey, collected disability insurance and Social Security benefits while he was still working. The matter was referred to OIFP by the Social Security Task Force.

Criminal proceedings were also initiated against Monica by OIFP in this matter.

In the Matter of Marisa Triana

On August 29, 2008, Marisa Triana executed a Consent Order for $5,000. Triana submitted a fraudulent claim for disability benefits. The matter was referred to OIFP by New Jersey Indemnity Insurance Company.

Fraudulent Life Insurance Claims

In the Matter of Sohan Singh Gill

On February 8, 2008, Sohan Singh Gill executed a Consent Order for $5,000. Gill pursued a $150,000 life insurance claim with Reassure America Life Insurance Company, stating that his wife, Jaswant Kaur, died on January 15, 2003, when, in fact, she died prior to the time Gill purchased the life insurance policy. The matter was referred to OIFP by Reassure America Life.

Criminal proceedings were also initiated against Gill by OIFP in this matter.

In the Matter of Nikole Nicholson

On March 1, 2008, Nikole Nicholson executed a Consent Order for $5,000. Nicholson conspired with her husband Derek to fake his death in order to collect on a life insurance policy. The investigation was initiated based on a newspaper article that appeared in the *Asbury Park Press*.

Criminal proceedings were also initiated against Nicholson by the Federal Bureau of Investigation in this matter.

Fraudulent Prescription Claims

In the Matter of Katherine A. Lee

On March 3, 2008, Katherine A. Lee executed a Consent Order for $13,000. Lee submitted fraudulent claims to Selective Insurance Company seeking reimbursement for the full price of prescription medication, when, in fact, she purchased the medication by paying the co-payment fee of $5 to $25 per prescription. Selective referred this matter to OIFP.

Criminal proceedings were also initiated against Lee by OIFP in this matter.

In the Matter of Michelle D. Sulzbach

On July 29, 2008, Michelle D. Sulzbach executed a Consent Order for $5,000. Sulzbach knowingly presented fraudulent prescriptions to several pharmacies in order to obtain medications which had not been prescribed for her, and prescription claims were then submitted to her insurance carrier. The investigation was initiated by a tipster's telephone call to OIFP's toll-free hotline.

Fraudulent Health Insurance Applications

In the Matter of John D. Dent

On August 14, 2008, John D. Dent executed a Consent Order for $5,000. Dent knowingly provided false and misleading information on an application for small group employer health benefits, a New Jersey Small Employer Certification form, and an Employee Application form submitted to Horizon Blue Cross and Blue Shield. Based on the information provided, Horizon issued a policy to Dent who received benefits to which he was not entitled.

Criminal proceedings were also initiated against Dent by OIFP in this matter.

In the Matter of Ketan Tejani

On September 22, 2008, Ketan Tejani executed a Consent Order for $10,000. Tejani submitted false and misleading applications in order to obtain small group employer health insurance coverage for two family members who were not employed by the company. The matter was referred to OIFP by Horizon Blue Cross and Blue Shield.

In the Matter of Scali & Co., et al.

On October 18, 2008, Scali & Co. and Rocco Scali executed a Consent Order for $15,000. Scali & Co. applied to Horizon Blue Cross Blue Shield for a small group employer health policy for which it was not eligible. The company made misrepresentations concerning the employment of several family members in order to meet underwriting requirements. It had also gained coverage from Oxford Health Plans on two other occasions. The investigation also revealed that several family members had also made misrepresentations relating to their employment. On October 12, 2008, the following family members entered into separate Consent Orders for $5,000 each: Dominick D. Scali, Salvatore D. Scali, Anthony P. Scali, Liliana Scali, and Luigi Scali. The matter was referred to OIFP by Horizon Blue Cross Blue Shield.

MEDICAID CIVIL FALSE CLAIMS ACT SETTLEMENTS

OIFP's Medicaid Fraud Control Unit (MFCU) participates in state and federal global civil settlement cases where the corporate defendants are New Jersey Medicaid providers. Most of these cases begin as *qui tam* "whistleblower" filings under the federal False Claims Act and are generally coordinated through the National Association of Medicaid Fraud Control Units (NAMFCU). 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 2008, MFCU recouped for the New Jersey Medicaid Program, both State and federal, $32.2 million from its participation in eight federal False Claims Act settlements.

Merck & Co., Inc.

In February 2008, the New Jersey Medicaid Program reached federal False Claims Act settlement agreements through NAMFCU with pharmaceutical company Merck & Co., Inc. This settlement arose from two federal civil *qui tam* false claim actions. The Medicaid Rebate Statute requires pharmaceutical companies to report their "best price" to the Medicaid program, so that government health programs may receive the same discounts available to consumers not receiving government aid. "Best price" means the lowest price a company charges any purchaser. Drug companies pay rebates to Medicaid to bring program reimbursements in line with the best price. The federal lawsuits alleged that, in reporting its best price, Merck failed to factor in discounts it gave to hospitals for purchasing high volumes of its drugs, including Zocor, Mevacor, Vioxx, and Pepcid, resulting in underpayment of rebates to the Medicaid program.

The total national settlement with Merck was $671 million, including interest. New Jersey's joint Medicaid share, both federal and State, was over $16.7 million. The State's Medicaid share alone was close to $7.5 million. Merck was also ordered to enter into a Corporate Integrity Agreement with the United States Department of Health and Human Services, Office of Inspector General (OIG), regarding its business practices.

Bristol-Myers Squibb

In July 2008, the New Jersey Medicaid Program reached federal False Claims Act settlements through NAMFCU with pharmaceutical company Bristol-Myers Squibb (BMS) and its wholly owned subsidiary, Apothecon, Inc. The *qui tam* lawsuits alleged that from 1991 to 2005, BMS and Apothecon engaged in prescription drug price manipulation; paid illegal "kickbacks" to physicians, health care providers, and pharmacies to induce them to purchase BMS and Apothecon products; engaged in "off-label"marketing by improperly promoting the sale and use of prescription drugs for uses not approved by the federal Food and Drug Administration (FDA); and underpaid Medicaid program rebate obligations for several drugs marketed by BMS and Apothecon.

The total national settlement with BMS was over $389 million. The combined federal and State share of the settlement for the New Jersey Medicaid Program was $8.2 million. The State's Medicaid share alone was $3.9 million. BMS also entered into a five-year Corporate Integrity Agreement with the federal OIG which provides for, among other obligations, the continued development and maintenance of the company's compliance programs and the required reporting of BMS's average sales and manufacturers prices.

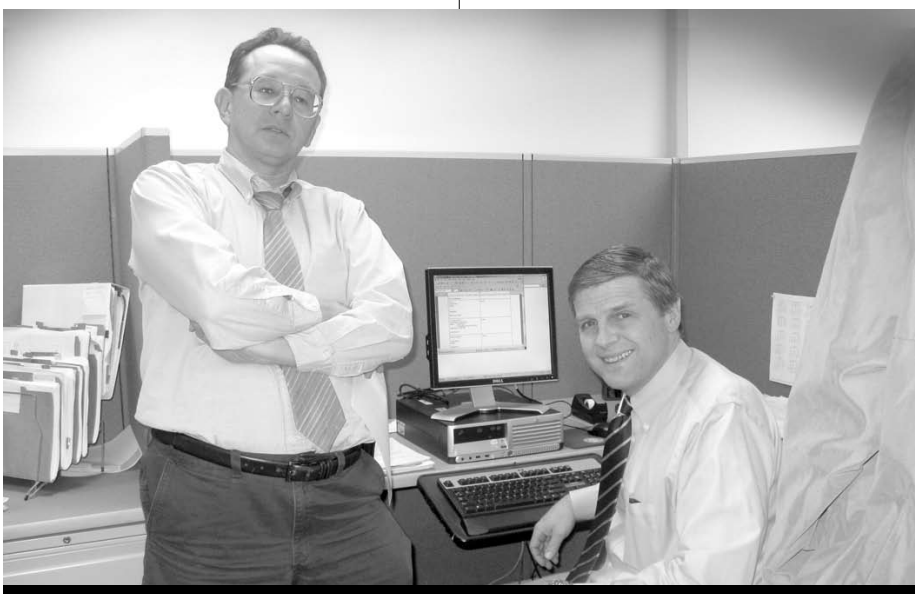
Purdue Pharma L.P.

In January 2008, the New Jersey Medicaid Program reached a federal False Claims Act settlement agreement through NAMFCU with pharmaceutical company Purdue Pharma L.P. The federal lawsuit alleged that between 1995 and 2005, Purdue Pharma unlawfully marketed its pain medication, OxyContin, by misrepresenting that it had less abusive and addictive potential than other similar drugs. It was alleged that by providing such inaccurate information to physicians, Purdue engaged in mislabeling or misbranding of the medication in violation of FDA's regulations.

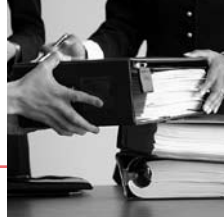
The total national settlement with Purdue was $634.5 million. Of that amount, the national Medicaid program received $130 million. New Jersey's Medicaid share, both federal and State, was $3.2 million. The State's Medicaid share alone was more than $1.7 million.

Walgreens

In June 2008, the New Jersey Medicaid Program reached a federal False Claims Act settlement agreement through NAMFCU with the retail pharmacy company Walgreens. The federal *qui tam* lawsuit alleged that between 2001 and 2005, Walgreens improperly switched the dosage forms of three generic medications commonly prescribed for Medicaid patients (Rantindine, Fluoxetine, and Selegiline) in order to avoid payment limits set by the federal government for these drugs. This resulted in substantial overcharges to the Medicaid program nationwide.



(l to r) OIFP Civil Investigators Thomas Uram and Douglas Murray.



The total national settlement with Walgreens was $35 million. The combined federal and State share of the settlement for the New Jersey Medicaid Program was $2.4 million. The State's Medicaid share alone was $1.08 million. Walgreens also entered into a Corporate Integrity Agreement with the federal OIG requiring its business practices to be monitored.

CVS/Caremark

In March 2008, the New Jersey Medicaid Program reached a federal False Claims Act settlement agreement through NAMFCU with retail pharmacy company CVS/Caremark. The federal *qui tam* lawsuit, initiated by an Illinois pharmacist, alleged that over a six-year period CVS/Caremark routinely overcharged the Medicaid program by switching dosage strengths and forms of the generic antacid medication Ranitidine commonly prescribed for Medicaid patients.

The total national settlement with CVS/Caremark was $36.7 million. New Jersey's Medicaid share, both federal and State, was $717,684. The State's Medicaid share alone was $350,879. CVS/Caremark also entered into a Corporate Integrity Agreement with the federal OIG which requires monitoring of CVS/Caremark's business practices.

Aventis Pharmaceuticals, Inc.

In February 2008, the New Jersey Medicaid Program reached a federal False Claims Act settlement agreement through NAMFCU with pharmaceutical company Aventis Pharmaceuticals, Inc. The federal *qui tam* lawsuit alleged that from 1994 to 2004, Aventis told pharmacies, doctors, and hospitals to charge Medicaid a higher amount than what was actually paid for its antiemetic drug Anzemet, thereby inflating Anzemet's average wholesale price and overbilling the Medicaid program. Anzemet is often prescribed in oncology and radiation treatments to prevent nausea.

The total national settlement with Aventis was $22.7 million. New Jersey's Medicaid share, both federal and State, was $362,262. The State's Medicaid share alone was $195,614. In addition to the financial settlement, Aventis entered into an agreement to comply with federal price reporting requirements.

GlaxoSmithKline

In June 2008, New Jersey received an additional $41,000 from a previous federal False Claims Act settlement with pharmaceutical company GlaxoSmithKline (GSK) to settle allegations that the company overcharged the Medicare and Medicaid programs for the prescription antibiotic Amoxil. GSK made a new national settlement payment of $4.9 million. The combined federal and State share of the settlement for the New Jersey Medicaid Program was $82,791. The State's Medicaid share alone was $41,395.

In September 2006, GSK paid nearly $500,000 to New Jersey to settle charges that GSK illegally inflated the average wholesale price for injectable forms of Zofran and Kytril, which are used to treat or prevent nausea, thereby overcharging both the Medicare and Medicaid programs from 1994 to 2002. The 2006 settlement required GSK to enter into a Corporate Integrity Agreement with the federal OIG, which obligated the company to report certified drug price data to the settling states. During the last phase of the settlement negotiations, GSK disclosed that it had engaged in the same type of conduct with respect to Amoxil. The new agreement amends the settlement to resolve allegations concerning Amoxil under the same terms.

Omnicare, Inc.

In November 2008, the New Jersey Medicaid Program received an additional $6,946 arising from a previous federal False Claims Act settlement with the institutional pharmacy provider Omnicare, Inc. In December 2006, Omnicare agreed to settle allegations that between 2000 and 2005, Omnicare overcharged various states' Medicaid programs for prescription medications by switching from brand name to generic drugs, by dispensing capsules instead of the equivalent dosage in tablets, and by providing some medicines in two half doses rather than one full dose. Omnicare allegedly switched the prescription drugs without notifying the prescribing physicians that the switches were made, which violated certain state pharmaceutical dispensing regulations.

State v. Michael Davit, et al.

On September 9, 2008, a Stipulation of Settlement was filed in Superior Court, Bergen County, in which Michael Davit and Cliffside Park Imaging & Diagnostic Center, LLC, acknowledged that they violated the Insurance Fraud Prevention Act (IFPA) by providing magnetic resonance imaging (MRI) services to patients and billing insurance companies for those services, knowing they were not licensed to provide MRI services. Davit and Cliffside Park Imaging & Diagnostic Center, LLC, agreed to pay a civil penalty of $50,000, restitution to Aetna Insurance Company in the amount of $57,451, and attorney fees of $4,150.

State v. Linda Clements-Wright

On August 7, 2008, an Order for Summary Judgment against Linda Clements-Wright was entered by the Superior Court, Burlington County, finding that Clements-Wright was liable for 47 violations of the IFPA and imposing $37,929 in civil fines, attorney fees, and costs. Clements-Wright, an employee of Allstate Insurance Company, knowingly issued insurance benefit checks to individuals who were not entitled to the benefits.

State v. Barry Kallenberg

On August 15, 2008, the Superior Court, Bergen County, entered an Order for Summary Judgment against Barry Kallenberg and imposed $57,027 in civil fines, attorney fees, and costs. Kallenberg created a fictitious small business and knowingly submitted false information to Horizon Blue Cross Blue Shield of New Jersey in order to obtain the benefits of a small employer health insurance policy for which he was not eligible.

State v. Open MRI of Fairview, Inc., et al.

On August 7, 2008, Open MRI of Fairview, Inc., and John Galdi signed a Stipulation of Settlement and Consent Order acknowledging that they submitted insurance claims to New Jersey Manufacturers Insurance Company, State Farm Insurance Company, and National Consumer Insurance Company for MRI services rendered, knowing that Open MRI of Fairview, Inc., was not properly licensed to perform MRI services. Open MRI of Fairview, Inc., and Galdi agreed to pay $95,000 in civil fines, attorney fees, and costs.

State v. Virginia Fatato, D.C.

On July 10, 2008, Virginia Fatato, D.C., signed a Stipulation of Settlement and Consent Order acknowledging that she had violated the IFPA by submitting false and misleading information to Massachusetts Mutual Life Insurance Company in support of her claim for disability insurance benefits. Fatato agreed to pay $10,000 in civil fines.

State v. Mark A. Radowitz

On June 6, 2008, Mark A. Radowitz signed a Stipulation of Settlement and Consent Judgment acknowledging that he violated the IFPA by submitting health insurance claim forms to Allstate Insurance Company for chiropractic services he claimed he rendered to an individual insured by Allstate, knowing that services were not rendered to the insured. Radowitz agreed to pay $22,500 in civil penalties.

Florine Linzie, Supervisor of Secretarial Support, Division of Law.

State v. Academy Chiropractic Center, Inc.

On February 11, 2008, Anthony LaRusso, D.C., signed a Stipulation of Settlement and Consent Judgment on behalf of Academy Chiropractic Center, Inc., acknowledging that actions by the staff of Academy Chiropractic Center, Inc., violated the IFPA. LaRusso agreed to pay a $15,000 civil penalty.

State v. Neville Holder

On January 3, 2008, Neville Holder signed a Stipulation of Settlement and Consent Judgment acknowledging that he violated the IFPA by receiving insurance benefit checks to which he was not entitled directly from an Allstate Insurance Company employee under Allstate Insurance Company policies. Holder agreed to pay $13,120 in civil insurance fraud fines and costs.

MEDICAL

In the Matter of Claudio Miro, M.D.

By Board Order filed May 21, 2008, and effective April 10, 2008, the State Board of Medical Examiners accepted the permanent surrender of the license of Claudio Miro, M.D., to be deemed a revocation. This action was based upon Miro's continued practice of medicine and billing for services rendered during a period of time when his biennial registration had lapsed. Miro is required to reimburse Health Net $1,437 and to pay a civil penalty of $10,000 and costs of $47,000.

In the Matter of Steven Nielson, D.P.M.

By Board Order filed May 22, 2008, and retroactively effective to June 13, 2007, the State Board of Medical Examiners revoked the license of Steven Nielson, D.P.M. This action was based upon Nielson's practice beyond the scope of his podiatric license by performing liposuction and botox procedures and billing insurance carriers for those services.

In the Matter of Bipin Parikh, M.D.

By Board Order filed June 11, 2008, the State Board of Medical Examiners suspended the license of Bipin Parikh, M.D., pending disposition of criminal charges in the Superior Court of New Jersey, Hudson County, and until further order of the Board of Medical Examiners. This action followed Parikh's arrest for issuing prescriptions for controlled dangerous substances in exchange for cash.

In the Matter of Adekunle Adeoti, M.D.

By Board Order filed June 17, 2008, the State Board of Medical Examiners reprimanded the license of Adekunle Adeoti, M.D. This action followed the entry of an OIFP civil Consent Order signed by Adeoti as president of Newark Imaging Center. In signing the Consent Order, Adeoti acknowledged that he and Newark Imaging Center knowingly billed insurance companies for MRI services provided during a period of time when the facility was not properly licensed by the New Jersey Department of Health and Senior Services.

In the Matter of Edward Goldstein, M.D.

By Board Order filed August 29, 2008, the State Board of Medical Examiners accepted the voluntary and permanent surrender of the license of Edward Goldstein, M.D., to be deemed a voluntary retirement. This action was based upon Goldstein's continued practice of medicine and billing for services rendered during a period of time when his biennial registration had lapsed.

In the Matter of Alison Kinlaw, P.A.

By Board Order filed March 8, 2008, the State Board of Medical Examiners temporarily suspended the license of Alison Kinlaw, P.A. This action was based upon Kinlaw's forging of prescriptions without her employing physician's knowledge or authorization, as well as her unauthorized utilization of New Jersey prescription blanks from a former employer. Kinlaw utilized her health prescription plan to purchase some of the unlawfully prescribed medication.

In the Matter of Varsha Mehta, M.D.

By Board Order filed October 15, 2008, the State Board of Medical Examiners reprimanded the license of Varsha Mehta, M.D. This action followed Mehta's entry into the PTI Program. Mehta was charged in an Accusation with Theft by Deception for allegedly billing Oxford Insurance Company for psychotherapy sessions lasting 45 to 50 minutes when, in fact, the sessions lasted 15 to 20 minutes.

PHARMACY

In the Matter of Jeffrey Skuraton, R.P.[1]

By Board Order filed December 24, 2007, and effective November 28, 2007, the State Board of Pharmacy suspended the license of Jeffrey Skuraton, R.P., for a period of five years. This action followed the Pharmacy Board's filing of a five count Administrative Complaint predicated on Skuraton's alleged dispensing of approximately 80 prescription legend drugs and one controlled dangerous substance to family and friends without legitimate prescriptions and billing third-party payers for a majority of the 81 prescriptions.

In the Matter of Stephen Dwamena, R.P.

By Board Order filed January 9, 2008, the State Board of Pharmacy suspended the license of Stephen Dwamena, R.P., for a period of three years, with the first 18 months active and the remainder stayed as a period of probation. This action followed Dwamena's guilty plea to Theft by Unlawful Taking or Disposition during which Dwamena admitted to stealing prescription medication from two hospitals where he was employed as a pharmacist and selling it to a pharmacy

In the Matter of Pascal Osei, R.P.

By Board Order filed December 10, 2008, the State Board of Pharmacy revoked the license of Pascal Osei, R.P. Osei may not apply for reinstatement of his license for a period of three years from the date of the entry of the Board's Order. This action followed Osei's guilty plea to Uttering a Forged Prescription Blank in order to obtain a quantity of hydrocodone compound syrup, a controlled dangerous substance.

DENTAL

In the Matter of Wu-Hsun Peng, D.D.S.

By Board Order filed May 7, 2008, the State Board of Dentistry reprimanded the license of Wu-Hsun Peng, D.D.S. This action was based upon Peng's continued practice of dentistry and billing for services rendered after his biennial registration had expired.

In the Matter of Valerie Klingler, R.D.A.

By Board Order filed May 7, 2008, the State Board of Dentistry suspended the license of Valerie Klingler, R.D.A., until such time that Klingler appears before the Dental Board for an investigative inquiry to address the Consent Order issued by OIFP and signed by Klingler. This action followed Klingler's entry into the Consent Order with OIFP based upon false and misleading statements on an essential services claim. Klingler was assessed a $2,000 civil penalty by the Board of Dentistry.

In the Matter of Gary Osmanoff, D.D.S.

By Board Order filed June 22, 2008, the State Board of Dentistry suspended the license of Gary Osmanoff, D.D.S., for a period of three years with the first 364 days active and the remainder stayed as a period of probation. This action followed Osmanoff's guilty plea to Health Care Claims Fraud for billing insurance companies for dental services he alleged were provided to approximately 17 patients on 106 dates but which were not actually rendered.

In the Matter of Lloyd Calder, D.D.S.

By Board Order filed November 21, 2008, the State Board of Dentistry suspended the license of Lloyd Calder, D.D.S., for a period of three years, with the first two weeks active and the remainder stayed to be a period of probation. This action followed Calder's entry into an OIFP Consent Order in which he acknowledged that he presented written statements to Delta Dental in support of claims for three patients, knowing the statements contained false information concerning the dates of service for the procedures performed.

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1. The State Board of Pharmacy did not inform OIFP of its decision as to Jeffrey Skuraton, R. P., in time for the 2007 Annual Report.

In the Matter of Gerald Whiteman, D.D.S.

By Board Order filed December 12, 2008, the State Board of Dentistry suspended the license of Gerald Whiteman, D.D.S., for five years, with the first two years active and the remainder stayed to be a period of probation. This action followed Whiteman's guilty plea to Health Care Claims Fraud for fraudulently billing the Medicaid program for administering general anesthesia during dental treatments when, in fact, he did not administer general anesthesia.

In the Matter of Gary Reba, D.M.D.

By Board Order filed December 5, 2008, the State Board of Dentistry suspended the license of Gary Reba, D.M.D., for a period of three years, with the first six months active and the remainder stayed to be a period of probation. This action followed Reba's guilty plea to Theft by Deception and Falsifying Records for fraudulently altering dates of dental services on insurance claims in order to obtain insurance payments to which he was not entitled.

CHIROPRACTIC

In the Matter of Joseph Gianetti, D.C.

By Board Order filed December 13, 2007, the State Board of Chiropractic Examiners accepted the voluntary surrender of the license of Joseph Gianetti, D.C., to be deemed a revocation. This action followed Gianetti's guilty plea in the United States District Court for the District of New Jersey to Health Care Fraud and Attempt to Evade or Defeat Tax.

In the Matter of Sharon Ayers, D.C.

By Board Order filed July 24, 2008, the State Board of Chiropractic Examiners suspended the license of Sharon Ayers, D.C., for a period of two years, with the suspension stayed to be a period of probation. This action was based upon Ayers's permitting an unlicensed assistant to perform tasks or functions prohibited under the Chiropractic Board's regulation governing delegation of tasks by a licensee; engaging in the sale and dispensing of nutritional supplements in violation of the Chiropractic Board's scope of practice regulation; and violating the Board's referral fee regulation.

In the Matter of Glenn Grieco, D.C.

By Board Order filed February 6, 2008, the State Board of Chiropractic Examiners suspended the license of Glenn Grieco, D.C., for a period of one year, with the suspension stayed to be a period of probation. This action was based upon Grieco's admission that he signed and submitted claim forms to an insurance carrier for services not rendered.

In the Matter of Sean Nisivoccia, D.C.

By Board Order filed October 9, 2008, to be effective retroactively to August 1, 2008, the State Board of Chiropractic Examiners suspended the license of Sean Nisivoccia, D.C., for a period of five years. This action was based upon Nisivoccia's unauthorized performance of neurodiagnostic testing.

PROFESSIONAL ENGINEERING

In the Matter of Mason Ford, P.E.

By Board Order filed April 25, 2008, the State Board of Professional Engineers and Land Surveyors reprimanded the license of Mason Ford, P.E. This action followed a finding of summary judgment by the Superior Court of New Jersey, Morris County, requiring Ford to pay OIFP a civil penalty of $1,000 based upon his submission of a fraudulent homeowner's claim.

NURSING

In the Matter of Frances Colon-Torres, C.H.H.A.

By Board Order filed May 6, 2008, the State Board of Nursing revoked the certification of Frances Colon-Torres, C.H.H.A., to practice as a home health aide. This action followed Colon-Torres's guilty plea to Forgery and Theft by Deception.

In the Matter of Roseann Constantino, L.P.N.

By Board Order filed March 26, 2008, the State Board of Nursing reprimanded the license of Roseann Constantino, L.P.N. This action followed Constantino's guilty plea to Theft by Deception for forging doctors' names on prescriptions to obtain medication and causing United Healthcare/Oxford Prescription Drug Plan to pay for the prescription medication.

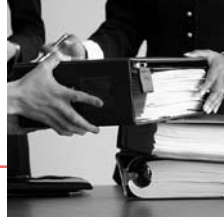
In the Matter of Yaa Berchie, L.P.N./C.H.H.A.

By Board Order filed August 28, 2008, the State Board of Nursing reprimanded the license of Yaa Berchie, L.P.N. This action was based upon Berchie knowingly providing false and misleading information to an insurance carrier in pursuit of disability benefits to which she was not entitled.

PHYSICAL THERAPY

In the Matter of Joseph McDivitt, P.T.

By Board Order filed May 27, 2008, the State Board of Physical Therapy suspended the license of Joseph McDivitt, P.T., for a period of one year, with the suspension stayed on the condition that McDivitt obtain supervision of his practice by a Board-approved licensed physical therapist for a minimum of one year. This action was based upon McDivitt's negligent physical therapy care, as well as his admission that he billed insurance companies for modalities not provided to patients.



Atlantic County Prosecutor's Office

State v. Efren Ibanez

In November 2008, Efren Ibanez was sentenced to five years in State prison. In October 2008, Ibanez pled guilty to Sale of False Government Documents. In April 2008, Ibanez sold to a confidential informant five sets of fraudulent resident alien cards, fraudulent Social Security cards, three fraudulent Mexican driver's licenses, a fraudulent temporary Pennsylvania license plate, and a fraudulent motor vehicle insurance card for $960. Officers from the Hammonton Police Department, United States Immigration and Customs Enforcement, United States Social Security Administration, United States Department of Labor-Office of Inspector General, and the Atlantic County Prosecutor's Office apprehended Ibanez after he rammed his vehicle into one of the U.S. Immigration and Customs Enforcement vehicles.

Burlington County Prosecutor's Office

State v. John Palumbo

On January 4, 2008, the court sentenced John Palumbo to three years' probation and ordered him to pay a total of $45,238 in restitution to various victims, including insurance carriers Aetna, Cigna, Magellan, United Behavioral Health, Independence Blue Cross, and APS Healthcare. Palumbo previously pled guilty to Health Care Claims Fraud. Palumbo operated an unlicensed psychology practice and provided patients with billing statements that the patients subsequently submitted to their respective insurance companies for reimbursement.

State v. Dale Fetterman, III

On February 1, 2008, the court sentenced Dale Fetterman, III, to one year' probation and ordered him to pay a $500 fine following his plea of guilty to Simulating a Motor Vehicle Insurance Card.

State v. Thomas Sherlock

On February 22, 2008, the court sentenced Thomas Sherlock to one year' probation conditioned upon 225 days in county jail following his plea of guilty to Possession of a Controlled Dangerous Substance.

State v. Valerie Coleman

On May 16, 2008, the court sentenced Valerie Coleman to one year' probation conditioned upon 90 days in county jail. On March 3, 2008, Coleman pled guilty to Simulating a Motor Vehicle Insurance Identification Card.

State v. Donald Kennedy

On March 18, 2008, Donald Kennedy was sentenced to two years' probation and ordered to pay a $250 fine following his plea of guilty to Health Care Claims Fraud.

State v. Maurice Cotton

On March 18, 2008, the court sentenced Maurice Cotton to two years' probation conditioned upon 270 days in county jail and ordered him to pay $14,339 in restitution to GEICO Insurance. Cotton previously pled guilty to Insurance Fraud. Cotton fraudulently reported to police that his 2000 Honda Civic was stolen from his driveway in Willingboro, New Jersey, and submitted a fraudulent claim to his insurance company, GEICO, which paid Cotton $14,339 for the reported loss.

State v. Darryn Dicks

On September 5, 2008, the court sentenced Darryn Dicks to one year' probation and imposed a $200 fine. On July 14, 2008, Dicks entered a guilty plea to Simulating a Motor Vehicle Insurance Card. On March 20, 2008, a Burlington County Grand Jury returned an Indictment charging Dicks with Simulating a Motor Vehicle Insurance Card.

State v. William Adams

On December 3, 2008, the court sentenced William Adams to one year' probation conditioned upon 221 days in county jail. Previously, Adams pled guilty to Simulating a Motor Vehicle Insurance Card. On March 28, 2008, a Burlington County Grand Jury returned an Indictment charging Adams with Simulating a Motor Vehicle Insurance Card.

State v. Tori K. Venable

On June 13, 2008, the court sentenced Tori K. Venable to one year' probation and imposed a $750 fine. On April 4, 2008, Venable pled guilty to Simulating a Motor Vehicle Insurance Card.

State v. Kisa Bell

On April 25, 2008, the court sentenced Kisa Bell to two years' probation and ordered her to pay $921 in restitution following her guilty plea to Health Care Claims Fraud.

State v. Sherry Burgess-Irwin

On May 16, 2008, the court sentenced Sherry Burgess-Irwin to two years' probation conditioned upon 90 days in county jail, following her guilty plea to Health Care Claims Fraud.

State v. Douglas Vanderveer

On May 27, 2008, a Burlington County Grand Jury returned an Indictment charging Douglas Vanderveer with Aggravated Arson and Arson.

State v. Debra Tanner

On June 10, 2008, a Burlington County Grand Jury returned an Indictment charging Debra Tanner with Obtaining a Controlled Dangerous Substance by Fraud and Health Care Claims Fraud.

State v. Kara Gonzales

On July 10, 2008, a Burlington County Grand Jury returned an Indictment charging Kara Gonzales with Obtaining a Controlled Dangerous Substance by Fraud, Health Care Claims Fraud, Forgery, and Theft.

State v. Rodney Rolle

On August 18, 2008, Rodney Rolle entered a guilty plea to Obtaining a Controlled Dangerous Substance by Fraud.

State v. Jill A. Chapman

On October 24, 2008, the court sentenced Jill A. Chapman to three years' probation and ordered her to pay $422 in restitution to Horizon Blue Cross Blue Shield. On September 15, 2008, Chapman pled guilty to Health Care Claims Fraud. Chapman obtained multiple fraudulent prescriptions for oxycodone at Boyd's Pharmacy in Florence Township, New Jersey, using her prescription insurance. Horizon paid a total of $422 in prescription claims.

State v. Ibn Shabazz

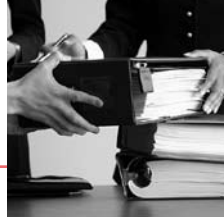
On September 18, 2008, the court sentenced Ibn Shabazz to two years' probation conditioned upon 364 days in county jail following his plea to Simulating a Motor Vehicle Insurance Card.

State v. Denika Smith

On December 8, 2008, Denika Smith entered a guilty plea to Obtaining a Controlled Dangerous Substance by Fraud. On September 30, 2008, a Burlington County Grand Jury returned an Indictment charging Smith with Obtaining a Controlled Dangerous Substance by Fraud, Health Care Claims Fraud, and Forgery.

State v. Tracy Feigan

On September 30, 2008, a Burlington County Grand Jury returned an Indictment charging Tracy Feigan with Obtaining a Controlled Dangerous Substance by Fraud, Health Care Claims Fraud, and Forgery.



State v. Mark Cardelucci

On October 6, 2008, the court sentenced Mark Cardelucci to probation and ordered him to pay $174 in restitution to Advance PCS following his guilty plea to Obtaining a Controlled Dangerous Substance by Fraud.

State v. Laura Brecker

On October 7, 2008, a Burlington County Grand Jury returned an Indictment charging Laura Brecker with Obtaining a Controlled Dangerous Substance by Fraud.

State v. Olivia Spalding

On October 20, 2008, Olivia Spalding entered a guilty plea to Health Care Claims Fraud.

Camden County Prosecutor's Office

State v. Steven C. Nielson

On October 30, 2008, a Camden County Grand Jury returned an Indictment charging Steven C. Nielson, a podiatrist licensed in the State of New Jersey, with 27 counts of insurance fraud related offenses. The Indictment alleged that Nielson performed cosmetic surgery above the knee beyond the scope of podiatry, including wart removal, thermage treatments, Botox injections, and liposuction, and fraudulently submitted bills to Independence Blue Cross for these treatments.

State v. Marisol Rodriguez

On September 11, 2008, a Camden County Grand Jury returned an Indictment charging Marisol Rodriguez with insurance fraud related offenses. The Indictment alleged that Rodriguez forged her estranged husband's signature on the title of his car, thereby unlawfully transferring the title to Rodriguez. Rodriguez purchased an automobile policy from GEICO Insurance for the car, then reported the car as stolen. GEICO paid Rodriguez $16,085 on the policy.

State v. Steffon Smith, et al.

On March 12, 2008, a Camden County Grand Jury returned an Indictment charging Steffon Smith and Rodney Carter with insurance fraud related offenses. The Indictment alleged that Smith, a pharmacy technician at a CVS pharmacy, filled fraudulent prescriptions for OxyContin for Carter, which were billed to Medco. On June 23, 2008, Carter was admitted into the PTI Program. On May 30, 2008, the court sentenced Smith to three years' probation and imposed applicable fines and penalties.

State v. Morgan Sellers, et al.

On August 8, 2008, the court sentenced Morgan Sellers to three years' probation and imposed applicable fines and penalties, following his guilty plea on June 2, 2008, to insurance fraud related offenses. On March 12, 2008, a Camden County Grand Jury returned an Indictment charging Sellers with insurance fraud related offenses. Sellers arranged for Angeline Baselice to fraudulently obtain prescriptions for oxycodone using Aetna Insurance. Baselice was admitted into the PTI Program.

State v. Richard Scipione

On January 11, 2008, the court sentenced Richard Scipione to two years' probation and ordered him to pay $905 in restitution to Caremark, as well as applicable fines and penalties. Previously, Scipione entered a guilty plea to a Camden County Indictment charging him with insurance fraud related offenses. Scipione stole approximately 15 prescription blanks from a physician. Scipione then filled forged prescriptions for OxyContin at Walmart and Rite Aid using his family members' names and insurance coverage.

State v. Kristine Bierman

On August 6, 2008, Kristine Bierman entered a guilty plea to an Accusation charging her with insurance fraud related offenses. The court subsequently admitted Bierman into the PTI Program and ordered her to pay $803 in restitution to Aetna and to pay all applicable fines and restitution. According to the Accusation, Bierman fraudulently used another person's insurance coverage to obtain Ambien on numerous occasions.

Cape May County Prosecutor's Office

State v. Debbi Fitzpatrick

On May 2, 2008, the court sentenced Debbi Fitzpatrick to four years' probation and ordered her to pay $23,765 in restitution. On February 8, 2008, Fitzpatrick entered a guilty plea to Insurance Fraud, admitting that she opened numerous credit card accounts, then claimed fraudulent medical disability and forged her physician's certifications, causing the insurance companies to pay off Fitzpatrick's credit card balances.

State v. John Costino

On August 26, 2008, a Cape May County Grand Jury returned a superseding Indictment charging Dr. John Costino with Health Care Claims Fraud and Manufacturing, Distributing or Dispensing oxycodone and Percocet. The superseding Indictment alleges that Costino billed insurance companies for services not rendered and gave prescriptions to an undercover detective with no medical reason for needing the prescriptions.

Essex County Prosecutor's Office

State v. David Baquerizo

On September 19, 2008, the court sentenced David Baquerizo to three years' probation conditioned upon 120 days in county jail and ordered him to pay restitution totaling more than $37,000 to High Point Insurance Company. Previously, Baquerizo entered a guilty plea to Theft by Deception following the return of an Essex County Grand Jury Indictment charging him with Aggravated Arson, Theft by Deception, and Insurance Fraud.

On March 5, 2007, Baquerizo's 2007 Jeep Cherokee was identified as the getaway car in a drive-by shooting murder in Newark, New Jersey. The following day, Baquerizo's vehicle was destroyed by fire at 919 Rayhorn Avenue in Rahway, New Jersey. Forensic experts for the insurance carrier determined the cause of the fire to be arson. Baquerizo was never a suspect in the murder, but acknowledged his guilt in the insurance fraud

State v. Duane Humphries

On December 12, 2008, the court sentenced Duane Humphries to three years' probation conditioned upon serving 364 days in county jail and performing 150 hours of community service. Previously, Humphries entered a guilty plea to Arson and Insurance Fraud as charged in an Essex County Grand Jury Indictment. On February 13, 2008, Humphries's 2005 Honda Civic was found burned at 85 Foundry Street in Newark, New Jersey, a frequent site for vehicle arsons. Forensic experts for the carrier, 21st Century Insurance Company, determined the fire to be arson with gasoline used as a liquid accelerant. On February 14, 2008, Humphries was admitted to Muhlenberg Regional Medical Center in Mountainside, New Jersey, for treatment of second and third degree burns on his face. The State's investigation proved Humphries's initial explanation for the burns to be false and when confronted with the State's findings, Humphries confessed to his crime.

State v. Terrence Wilkins, et al.

On April 28, 2008, an Essex County Grand Jury returned an Indictment charging Terrence Wilkins, principal of the Red Bank, New Jersey, Middle School, and Kenytta O'Bryant, a guidance counselor for the Newark Board of Education, with Conspiracy to Commit Aggravated Arson, Theft by Deception, Conspiracy to Commit Insurance Fraud, and Insurance Fraud. Wilkins was later admitted into the PTI Program and was forced to resign his post as principal of Red Bank Middle School. According to the State, on April 19, 2006, Wilkins's 2004 Acura TL burned at 99 Ridge Street in Newark, New Jersey. The fire was determined to be arson by experts for GEICO Insurance Company. O'Bryant's case is scheduled for trial in 2009.

State v. Amanda Wright-Stafford

In 2008, an Essex County Grand Jury returned an Indictment charging Amanda Wright-Stafford, the principal of the Lincoln Elementary School in Orange, New Jersey, with Aggravated Arson and Insurance Fraud. Wright-Stafford's 2000 Honda Passport was found burning in East Orange on October 3, 2006.

Gloucester County Prosecutor's Office

State v. Dana Balbian

On June 27, 2008, the court sentenced Dana Balbian to one year' probation plus fines following her guilty plea to Health Care Claims Fraud. On August 22, 2007, a Gloucester County Grand Jury returned an Indictment charging Balbian with Obtaining a Controlled Dangerous Substance by Fraud, Theft by Deception, and Health Care Claims Fraud. Balbian admitted that while she was employed as a pharmacy technician at Eckerd Drugs in Williamstown, New Jersey, she obtained several fraudulent prescriptions for hydrocodone and gave them to a friend, who in turn used her prescription insurance to obtain the drugs from the pharmacy.

State v. Geraldine Fox

On November 21, 2008, the court sentenced Geraldine Fox to two years' probation plus fines following her guilty plea to Health Care Claims Fraud. Fox admitted that she stole prescription pads from her employer's former office in Camden, New Jersey, and used them to fraudulently obtain Percocet from two different pharmacies, Rite Aid and Walgreens. Fox received over 1,500 Percocets valued at over $7,000 within a 75-day period from Rite Aid alone.

State v. Kenneth DiLuigi

On February 20, 2008, the court sentenced Kenneth DiLuigi to 180 days in county jail with two years' probation to be served after release from county jail. Previously, DiLuigi entered a guilty plea to a Gloucester County Grand Jury Indictment charging him with Insurance Fraud, Tampering with Public Records, and Forgery. DiLuigi admitted that after he was deemed to be at fault in a two-car collision, he obtained a copy of the accident report from the East Greenwich, New Jersey, Police Department and used a computer to change the circumstances of the accident. USAA Casualty Insurance Company paid for DiLuigi's vehicle and returned the $500 deductible to him on the basis of the altered accident report.

Hudson County Prosecutor's Office

State v. Francisco Madera

On October 24, 2008, the court sentenced Francisco Madera (also known as Biscochito) to probation conditioned upon 46 days in county jail following his guilty plea that same day to Conspiracy to Commit Health Care Claims Fraud and Theft by Deception. Madera admitted that in July 2001 he was involved in a staged car accident scam. He was a fugitive from justice until August 2008 when he was arrested at Kennedy Airport in New York City upon his return to the United States from the Dominican Republic.

State v. Rooger Perez, et al.

On March 24, 2008, the court sentenced Hector Castro to five years in State prison. On January 23, 2008, Castro pled guilty to an Accusation. Previously, Rooger Perez and Francisco Isla each pled guilty to an Accusation charging them with Conspiracy to Commit Insurance Fraud. According to the State, Perez reported a claim to AIG Insurance Company that his 2002 Jeep Liberty was stolen. Perez paid Isla $700 because he could no longer afford the monthly payments. Isla, in turn, hired Castro 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. Francis Hansen

On May 9, 2008, the court sentenced Francis Hansen to three years' probation and ordered him to make restitution to Naval Mid Atlantic Federal Credit Union in the amount of $23,858. On January 30, 2008, Hansen pled guilty to Insurance Fraud as charged in a Hudson County Grand Jury Indictment. Hansen set fire to his wife's 2006 Toyota Corolla, claiming it had been stolen in order to stop paying off the loan which was already two months in arrears.

Mercer County Prosecutor's Office

State v. Karen Clayton

On May 21, 2008, Karen Clayton, a former employee of the Department of Law and Public Safety within the New Jersey Office of the Attorney General, entered a guilty plea to one count of Official Misconduct. According to the State, Clayton was arrested by the New Jersey Transit Police for a motor vehicle offense. Clayton did not have proof of insurance with her, but was given 24 hours to produce it. The State alleged that Clayton used a facsimile machine at the Office of the Attorney General to fax counterfeit proof of insurance to the Transit Police.

State v. Antione Costello, et al.

On December 19, 2008, a Mercer County Grand Jury returned an Indictment charging Antione Costello and Anthony Govan with Insurance Fraud, Arson, and Attempted Theft by Deception. The State alleged that on April 9, 2008, Costello called the Hamilton, Mercer County, New Jersey, Police Department to report that his vehicle had been carjacked. The vehicle was found on fire approximately three hours later in Ewing, New Jersey, with a gas container inside the car. The State alleged that Costello wanted insurance proceeds to pay off the car and remove it from his credit report. According to the State, Govan assisted Costello in committing the arson.

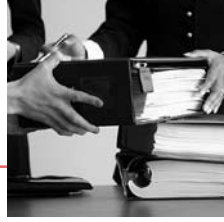
Morris County Prosecutor's Office

State v. Brian Spinner

On September 26, 2008, the court sentenced Brian Spinner to time served in county jail (51 days) and ordered Spinner to pay $20,000 in restitution to AIG Insurance. On April 25, 2008, Spinner entered a guilty plea to Insurance Fraud and Theft as charged in a Morris County Indictment. Spinner admitted that he received from AIG two identical disability checks for $20,000, one of which he was not entitled to, and cashed both checks.

State v. Janet Glover, et al.

In February 2008, a Morris County Grand Jury returned an Indictment charging Janet Glover and Jesse McGuire with Insurance Fraud and Conspiracy to Commit



Theft. Glover was also charged with Forgery. McGuire entered a guilty plea and was sentenced to two years' probation. Glover entered the PTI Program. Both defendants were ordered to pay $4,500 in restitution to Zurich American Insurance Company.

The State alleged that while Glover was working as a temporary employee in the claims department of Zurich, she generated fraudulent internal paperwork resulting in Zurich's issuance of a $4,500 check made payable to McGuire, who cashed the check at a check cashing facility in Paterson. Two weeks later, Glover again caused another check to be issued to McGuire in the amount of $7,500. When McGuire attempted to cash the second check at the same check cashing facility in Paterson, the check cashing agent refused to honor it because he had learned from Zurich that the checks were fraudulently issued.

State v. Lazarus Vastardos

In 2008, the court admitted Lazarus Vastardos into the PTI Program and ordered him to pay $8,278 in restitution to GEICO Insurance. According to the State, Vastardos fraudulently altered a police report to reflect that the time of an automobile accident involving his BMW was after the time he sought reinstatement of his automobile insurance policy with GEICO.

State v. Angel Freytas

In 2008, the court admitted Angel Freytas into the PTI Program. The State alleged that Freytas fraudulently represented to High Point Insurance Company that his 1999 Ford Econoline van was for personal use when, in fact, Freytas was using the van to transport passengers for a fee of $20 per week to and from their work places in the greater Dover, New Jersey, area.

State v. Adela Romero

In 2008, the court admitted Adela Romero into the PTI Program. The State alleged that, on September 2, 2008, Romero presented false identification, including a false New Jersey motor vehicle insurance identification card, a false Social Security Card, and a false Walmart Blue Cross Blue Shield identification card, all issued in another woman's name, to obtain medical care at Morristown Memorial Hospital.

Ocean County Prosecutor's Office

In September 2008, Manchester Township, New Jersey, Police Chief William Brase and Detective Sergeant Vincent Petrecca from the Ocean County Prosecutor's Office advised OIFP-Civil of their efforts in pulling seven submerged vehicles out of Crystal Lake. The Manchester Township Police Department's Dive Team had previously gone into the water to mark the location of the vehicles and recovery of the cars, which were possibly dumped there as "give ups," was completed on September 17, 2008.

Passaic County Prosecutor's Office

State v. Michael Napoliello

In 2008, the court admitted Michael Napoliello, a chiropractor licensed in the State of New Jersey, into the PTI Program and ordered him to pay restitution in excess of $45,000. On June 23, 2008, Napoliello entered a guilty plea to Health Care Claims Fraud. According to the State, between 2000 and 2003, Napoliello submitted fraudulent billing to various insurance companies for chiropractic services to seven purported accident victims that were never rendered.

State v. Carmelita Rovella

On December 8, 2008, the court admitted Carmelita Rovella into the PTI Program and ordered her to pay $920 in restitution, plus applicable fines and fees. On July 29, 2008, Rovella entered a guilty plea to Insurance Fraud. According to the State, Rovella fraudulently submitted to New Jersey Manufacturers a false claim for flood damage to her son's 1995 GMC Jimmy. A comprehensive forensic examination revealed that the vehicle showed no signs of flood damage. The State alleged that Rovella discussed having the vehicle "stolen" because of mechanical problems with it.

State v. Thomas Steines

On December 2, 2008, a Passaic County Grand Jury returned an Indictment charging Thomas Steines with Health Care Claims Fraud, Insurance Fraud, and Theft by Deception. The Indictment alleged that Steines inappropriately received medical benefits from his employer, the Township of West Milford, for his wife and stepchildren for over one year when, in fact, Steines was not married and the documentation he provided to the township was fraudulent.

State v. Helen Iuliani

On December 2, 2008, a Passaic County Grand Jury returned an Indictment charging Helen Iuliani with Health Care Claims Fraud and Theft by Deception. The State alleged that Iuliani fraudulently claimed to the Haledon, New Jersey, Police Department and her insurance company that she and her grandchildren were injured in an automobile accident in June 2006. An investigation showed that although Iuliani's parked vehicle was involved in an accident, neither Iuliani nor her grandchildren were inside the car at the time of the collision. According to the State, Iuliani received months of medical treatment for her alleged injuries and filed a bodily injury demand for her pain and suffering.

State v. Thomas DeCroce

On December 12, 2008, a Passaic County Grand Jury returned an Indictment charging Thomas DeCroce with Theft by Deception. The State alleged that DeCroce submitted a fraudulent auto theft claim to State Farm Insurance Company concerning his 2001 recreational vehicle (RV). According to the State, in January 2007, DeCroce reported to the Clifton, New Jersey, Police Department that his RV was stolen from the parking lot of his plumbing business where the RV was stored. State Farm paid DeCroce $23,220 to settle his claim. Subsequently, in October 2007, the New York State Police, in the course of investigating an unrelated matter, recovered the RV on property owned by DeCroce in Steuben, New York.

Salem County Prosecutor's Office

State v. Karen Chafin

In 2008, a Salem County Grand Jury returned an Indictment charging Karen Chafin with Prescription Fraud. Chafin entered a guilty plea to the Indictment and was admitted into the PTI Program. The State alleged that Chafin unlawfully removed prescription blanks from a doctor's office in Swedesboro, New Jersey, then forged several prescriptions to different pharmacies in Pennsville Township, New Jersey. According to the State, between October 2007 and April 2008, Chafin filed 15 fraudulent claims to her husband's insurance company, Medco Health Solutions.

State v. Nicholas F. Carneglia, et al.

In 2008, a Salem County Grand Jury returned an Indictment charging Nicholas F. Carneglia and Christina M. Wright with Insurance

Fraud. The State alleged that Carneglia allowed his girlfriend, Christina M. Wright, to utilize Lori Carneglia's AmeriChoice insurance card during a visit to a hospital emergency room.

State v. Aida J. Davis

In 2008, the court admitted Aida J. Davis into the PTI Program following her guilty plea to Tampering with Public Records. The State alleged that Davis fraudulently presented an invalid GEICO insurance identification card on a New Jersey Motor Vehicle Commission application form. The State further alleged that Davis fraudulently presented the invalid insurance identification card to the charging officer and to the judge in the Salem Municipal Court.

State v. Calvin K. Lewis

In 2008, Calvin K. Lewis was charged with Insurance Fraud and Theft by Deception. The State alleged that Lewis failed to list his sister as a driver on his motor vehicle insurance policy for his 2000 Cadillac, even though his sister was the primary driver of the car. Had Calvin Lewis listed his sister on the policy as required, he would have incurred a $2,769 increase on his policy.

Somerset County Prosecutor's Office

State v. Vincent Aufiero

On January 28, 2008, a Somerset County Grand Jury returned an Indictment charging Vincent Aufiero, the former School Plant Facilities Supervisor for the Somerville Board of Education, with Official Misconduct, Identity Theft, Insurance Fraud, and Pattern of Official Misconduct. According to the State, Aufiero fraudulently obtained a homeowner's insurance policy from 2003 to 2006 using his brother's name and biographical information.

State v. Madelon Distell

On August 8, 2008, a Somerset County Grand Jury returned an Indictment charging Madelon Distell with Forgery, Uttering a Forged Instrument, and Insurance Fraud. According to the State, Distell used her employer's DEA number to submit prescriptions for Fiorinal with codeine, a Schedule III narcotic substance, to a local pharmacy for her own use. The State further alleged that Distell submitted fraudulent prescriptions through two separate insurance carriers approximately 35 times over a three-year period. The two insurance carriers each paid out over $1,000 for the fraudulent prescriptions.

Sussex County Prosecutor's Office

State v. Desmond Fitzgerald

On December 5, 2008, Desmond Fitzgerald, the owner of Sparta Pharmacy, was arrested and charged with Insurance Fraud for submitting 23 false prescription claims worth nearly $1,000 to United Health Group for payment.

State v. Joseph Cooper

In 2008, the court admitted Joseph Cooper into the PTI Program following his arrest for falsely reporting to Allstate Insurance Company that his leased vehicle, valued at $36,000, was stolen.

State v. Kevin Quist

In 2008, the court admitted Kevin Quist into the PTI Program following his plea to an Accusation charging Quist with Simulating a Motor Vehicle Insurance Identification Card.

Union County Prosecutor's Office

State v. Sandy Gallego, et al.

In January 2008, Sandy Gallego and Carlos DeJesus were charged with Receiving Stolen Property after law enforcement uncovered a "chop shop" in DeJesus's garage.

State V. Amos Desir

In 2008, the court admitted Amos Desir into the PTI Program following Desir's guilty plea to Simulating a Motor Vehicle Insurance Identification Card. The State alleged that Desir produced a counterfeit insurance card to a law enforcement officer.

State v. Tamara Vo

In 2008, the court admitted Tamara Vo into the PTI Program conditioned upon performing 60 hours of community service and serving 36 months' probation. Vo was also required to pay $6,550 in restitution to Aetna Insurance. The State alleged that Vo used a prescription pad stolen from a doctor in Springfield, New Jersey, to submit forged prescriptions for OxyContin to several different pharmacies on a weekly basis. The State further alleged that Vo submitted claims for the forged prescriptions to Aetna for payment.

State v. Carlos Ramon, et al.

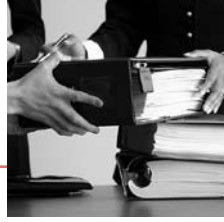
In 2008, the court admitted Carlos Ramon, Anthony Lamp, and Timothy Damm into the PTI Program. The State alleged that Ramon, together with Lamp and Damm, "gave up" Ramon's vehicle as part of an insurance fraud, falsely reported the vehicle stolen in Elizabeth, New Jersey, had the vehicle disassembled at a "chop shop" in Rahway, New Jersey, and sold many parts on the Internet.

State v. Jesus Padron, et al.

In 2008, Jesus Padron was arrested and charged with Insurance Fraud and Alex Vilahomat was arrested and charged with Conspiracy to Commit Insurance Fraud and Motor Vehicle Title Offenses. The State alleged that Padron falsely reported to his insurance company that his truck was stolen. This investigation arose when an international shipping company in Elizabeth, New Jersey, notified the Union County Prosecutor's Office Insurance Fraud Unit (IFU) that a stolen Peterbuilt truck was being shipped to the Dominican Republic. Working with the National Insurance Crime Bureau and United States Customs, the IFU determined that the truck was "re-tagged" and a new false vehicle identification number (VIN) was placed on the vehicle.

State v. Erica Tolliver, et al.

In 2008, Erica Tolliver was charged with Insurance Fraud and Michael Rawles and Saul Harris were charged with Aggravated Arson and Conspiracy to Commit Insurance Fraud. According to the State, Tolliver "gave up" her vehicle and reported a false auto theft to the Plainfield, New Jersey, police and to her insurance company. The State further alleged that Tolliver then conspired with Rawles and Harris to burn her vehicle to increase the damage and cover up evidence of the "give up" scheme.



Warren County Prosecutor's Office

State v. Wilson R. Morocho

In 2008, Wilson R. Morocho was charged with presenting an expired Progressive Insurance Company commercial vehicle insurance identification card and related offenses. These charges arose when Morocho, operating a tractor-trailer on Route 80 in Allamuchy Township, New Jersey, caused a seven-vehicle chain reaction accident.

State v. Robert R. Rauf

In 2008, Robert R. Rauf was charged with False Report to Incriminate Another. The State alleged that Rauf contacted both the Pohatcong, New Jersey, Police Department and his automobile insurer, AIG Insurance Group, to falsely report his 2000 GMC pickup truck had been stolen from the Pohatcong Mall parking lot. According to the State, Rauf had actually loaned his truck to a friend who was subsequently involved in an automobile accident. Rauf reported the vehicle as stolen because he did not believe his friend was a covered driver on his liability-only policy. No payout was made by AIG to Rauf for damage to his vehicle because Rauf did not carry collision coverage.

Office of the Insurance Fraud Prosecutor

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OIFP-Criminal

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Division of Law

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Government/Industry Contacts

State of New Jersey Department of Banking and Insurance

Fraud Compliance and Annual Reports Supervisor	Robert Guice	609-341-2513x50201	Trenton
Producer Investigations Manager	Thomas Ritardi	609-292-5316x50185	Trenton

State of New Jersey Motor Vehicle Commission

Business Licensing (Auto Body Repair Facility) Manager	Bevan Carruthers	609-984-6705	Trenton
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Business License Compliance Monitoring Manager	Rachel Gervais	609-777-1690	Trenton

State of New Jersey Department of Human Services

Director, Division of Medical Assistance and Health Services (Medicaid and NJ Family Care)	John Guhl	609-588-2600	Trenton

State of New Jersey Department of Health and Senior Services

Assistant Commissioner, Long-Term Care	William Conroy	609-633-8977	Trenton
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State of New Jersey Division of Consumer Affairs

Director, Division of Consumer Affairs (Professional Licensing Boards, etc.)	David Szuchman	973-504-6200 800-242-5846	Newark (toll free NJ only)

Industry Trade Groups

Insurance Council of New Jersey	Magdalena Padilla	609-882-4400	Ewing
Property/Casualty Insurers of America	Richard Stokes	609-396-9601	Trenton
New Jersey Special Investigators Association	Howard Potter	973-682-7993	Trenton
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Ocean County	Assistant Prosecutor Martin Anton Investigator Mark Malinowski	732-929-2027 732-929-2027 Ext. 4032
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Union County	Assistant Prosecutor James Tansey Lieutenant Ana Zsak Sergeant James Russo	908-527-4670 908-527-4619 908-527-4933
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In Memoriam

Deputy Attorney General Ronald A. Epstein

The Office of the Insurance Fraud Prosecutor notes the passing of Deputy Attorney General Ronald A. Epstein in August 2008. Ron was a dedicated and highly respected public servant and an invaluable member of the OIFP Auto/Property and Casualty Section. Before joining OIFP in February 2007, Ron was the former Salem County Prosecutor (1992-1998) and a deputy attorney general in the Division of Criminal Justice's Civil Remedies Section and the Office of Government Integrity (1998-2007). His exemplary work ethic set a high standard for his co-workers and successors. Ron will be sorely missed by OIFP, but his endearing personality and years of dedicated service will live on in the memory of every co-worker who has had the good fortune to know him.

Anne Milgram, *Attorney General*

Greta Gooden Brown, *Insurance Fraud Prosecutor*