



THE PIP SOURCE

DIVISION OF INSURANCE FRAUD | www.MyFloridaCFO.com/fraud

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CFO Jeff Atwater Announces More Arrests in Miami-Based Operation Dark Horizon

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Florida Chief Financial Officer Jeff Atwater announced the arrests of two additional Miami personal injury protection (PIP) fraud suspects in connection with the Division of Insurance Fraud’s ongoing Operation Dark Horizon. Rebeca Fara Velazco, 61, and her daughter, Daisy Sarmiento, 41, face multiple charges including racketeering, insurance fraud, grand theft, patient brokering, organized scheme to defraud and operating an unlicensed clinic.

“Operation Dark Horizon has continued to produce great results in the fight against PIP fraud in South Florida,” said CFO Atwater. “These fraudsters are driving up auto insurance premiums for honest Floridians. They will be caught and they will do hard time.”

At a March press conference held in Miami, CFO Atwater joined Miami-Dade County State Attorney Katherine Fernandez Rundle to announce the results of Operation Dark Horizon, the largest PIP bust since the CFO took office. The Miami-based investigation by CFO Atwater’s Division of Insurance Fraud has resulted in 26 arrests including a clinic owner, doctors, clinic employees and staged accident recruiters.

The arrests stem from fraudulent billings filed by five clinics, including New Horizon Practice in Miami, Medico de la Familia in Hialeah, Coral Way Rehabilitation Services, Therapium Health Corp. and AB Diagnostic.

Diana Sarmiento, 23, daughter of Sarmiento and granddaughter of Velazco, was arrested during the original sweep in March. Capt. Steven Smith stated, “This case involved three generations of one family — mother, daughter and grandmother. Sadly, it is not uncommon to see families involved in the operation of these fraudulent accident clinics.”

The special investigation units of each of the insurance companies targeted in this fraud scheme, Gainsco, Imperial Fire & Casualty, Mercury Insurance, Geico and State Farm, provided substantial assistance in the operation, along with the U.S. Secret Service Miami Electronic Crimes Task Force and the National Insurance Crime Bureau (NICB).

The 26 individuals charged in Operation Dark Horizon so far face 158 various charges including racketeering, staging an accident, insurance fraud, grand theft and organized scheme to defraud, and now collectively face up to 1,240 years in jail if convicted.

Those charged with staging an accident face a minimum mandatory sentence of two years in prison and up to 30 years in prison if convicted of organized scheme to defraud.

This case is part of a continuing crackdown by CFO Atwater’s Division of Insurance Fraud and the National Insurance Crime Bureau in the fight against auto insurance fraud in Florida.

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The PIP Source Newsletter is now available online each month at www.MyFloridaCFO.com/fraud. You can find each new issue posted at our website by the third week of each month. Previous issues are also available. If you prefer to receive the PIP Source by e-mail or have comments you wish to share, contact us at our new e-mail address at ThePIPSource@MyFloridaCFO.com.



Insurance Consumer Advocate Issues Personal Injury Protection Working Group Report

Robin Westcott, Florida's Insurance Consumer Advocate, issued a report on the findings of the Personal Injury Protection (PIP) Working Group in December 2011. In her letter that opens the report, Westcott states that Florida Chief Financial Officer Jeff Atwater appointed her as the Insurance Consumer Advocate in July and directed her to create a PIP working group comprised of legislative and executive branch representatives, insurance and medical industry representatives and consumer advocacy groups to study all aspects of the PIP system.

The working group held three meetings and heard testimony from law enforcement, insurance regulators and other stakeholders. In addition, this report contains data and information collected from sources such as the Office of Insurance Regulation, National Association of Insurance Commissioners, Insurance Research Council, National Insurance Crime Bureau, Mitchell International, Inc., multiple state agencies and others. A culmination of the data collected from these resources provides the most reliable and current insurance and claims data available.

Since taking office, CFO Atwater has made it a top priority to fight this insidious fraud. He believes it to be one of the biggest cost drivers for escalating auto insurance rates that are increasingly burdening Florida's consumers and families. As a result of those increased efforts, the Division of Insurance Fraud has recorded a 45 percent increase in PIP fraud arrests.

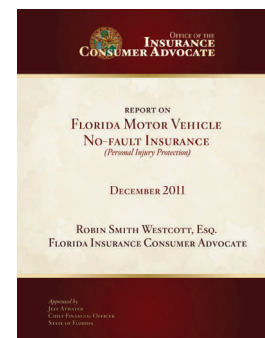
In an interview about the report, Westcott stated, "It's lawyers, providers and insurance companies fighting over a pot of money the consumers paid in and keep paying in at an extraordinary level. Each day seems to be worse."

You can read the Insurance Consumer Advocate's report online at:

<http://www.myfloridacfo.com/ica/docs/PIP%20Working%20Group%20Report%2012.14.2011.pdf>.

Check out the ICA PIP Working Group page for more PIP news at:

<http://www.myfloridacfo.com/ICA/PIPWorkingGroup.htm>.



ROBIN SMITH WESTCOTT, Esq.
OFFICE OF THE INSURANCE CONSUMER ADVOCATE

How You Can Help Fight Insurance Fraud in Florida

This year, the Florida Legislature created a fund to which anyone can contribute to the fight against insurance fraud by making a donation, gift or grant to the Insurance Regulatory Trust Fund. The proceeds will be used by the Division of Insurance Fraud to hire additional dedicated prosecutors and insurance fraud detectives, as well as fund anti-fraud programs around the state. This is an exciting program that we believe will have a substantial impact on insurance fraud in Florida.

Payments should be made payable to: **The Department of Financial Services**

The mailing address is:

Department of Financial Services

Revenue Processing Section

P.O. Box 6100

Tallahassee FL, 32314-6100

The donor should include correspondence with the check indicating it is a grant or donation for the Division of Insurance Fraud. The letter should include his / her intent that the grant or donation be deposited to the Insurance Regulatory Trust Fund and used for anti-fraud efforts. Also include a statement that if the donation is to be used for any other purpose, the funding should be withdrawn.

If you have any questions, you can contact us at the PIP Source and we will get an answer. Thank you for your help.

Join the Fight. Be a part of the Solution. Make a Difference.

PIP FRAUD – In The News

DIF Arrests 3 in Tampa Clinic Fraud

The Division of Insurance Fraud in Tampa arrested three clinic employees in November for soliciting accident victims and submitting fraudulent insurance claims to Bristol West Insurance Company for their alleged treatment.

Alberto Garcia-Borregor, 40, Martha Maria Rodriguez, 42, and Edward Ray Brewster, 34 — employees of the clinic Florida Rehabilitation Practice Inc. — were arrested following an undercover operation in which patients were instructed to sign blank therapy notes for treatment never provided. The patients were also coached on what to say to their insurance companies.

This case is part of a continuing crackdown by the state Chief Financial Office Division of Insurance Fraud and the National Insurance Crime Bureau (NICB) in the fight against automobile insurance fraud in Florida.

DIF Conducts PIP Fraud Training at NEFLEEA in Jacksonville

On December 13, 2011, Capt. Brian McCoy of the Division of Insurance Fraud's Jacksonville office, spoke before the Northeast Florida Law Enforcement Executives Association (NEFLEEA). McCoy provided an overview of the Division of Insurance Fraud and staged accidents. McCoy, who was elected 2nd vice president of the association, offered to assist in any roll call training for the agencies represented.

PCI Responds to Florida Insurance Consumer Advocate Report on No-Fault Fraud

The Property Casualty Insurers Association of America (PCI) issued a statement commending the offices of the Insurance Consumer Advocate (ICA) and Chief Financial Officer on a new ICA report on no-fault auto insurance fraud, and calls on the legislature to transform the state's no-fault system.

"We thank Chief Financial Officer Jeff Atwater and Insurance Consumer Advocate Robin Westcott for their continued diligent work on this key issue for Florida insurance consumers," said Donovan Brown, PCI's Florida counsel and regional manager. "The findings in this report are clear. We need to transform Florida's Personal Injury Protection (PIP) system so that Florida drivers don't continue to bear the burden of the rampant fraud that plagues our state."

According to the National Association of Insurance Commissioners (NAIC), Florida insurance consumers pay 56 percent more than consumers in other states for automobile insurance premiums. Staged accidents, rampant litigation, and unscrupulous medical clinics that provide services to PIP claimants have led to skyrocketing costs for honest Florida insurance consumers.

Brown added, "We urge Florida's legislators to enact legislation this year that will help Floridians and put a stop to the criminals who are taking Floridians for a ride."

Auto Insurance Claim Costs on the Rise Again

A new report from the Insurance Research Council (IRC), "Trends in Auto Injury Claims, 2011 Edition," documents auto injury claim trends, both countrywide and by state, using private passenger auto claim data from national and state-level statistical reporting agencies.

The report says that much of the deterioration in PIP trends has been concentrated in three of the largest states with no-fault approaches to compensating auto injuries—Florida, Michigan and New York. In Florida, the average PIP claim cost per insured vehicle in the state jumped 62 percent in just two years (2008 - 2010). PIP costs per vehicle in Michigan have been increasing rapidly for several years now—rising more than 120 percent over the last decade. The New York system has been on a roller coaster of rising and falling costs driven by a surge in suspected claim abuse in the New York City area, according to IRC.

Above article from the Insurance Journal is found at - <http://www.insurancejournal.com/news/national/2011/12/28/228875.htm>.

The press release by the IRC can be found at - http://www.insurance-research.org/sites/default/files/downloads/2011TrendsNR_0.pdf.

One More Editorial About PIP Fraud by Captain Steven Smith

This legislative session, there is focus once again on PIP reform. The usual suspects on both sides are having their say; after all, it is a billion-dollar business in Florida and there is a lot at stake. As the Division of Insurance Fraud's Captain in Miami, I see the fraud involved in PIP each and every day.

I have conducted criminal investigations involving PIP fraud in my time with DIF, and in my nine years as a Captain, I have overseen more than 1,500 arrests in Miami-Dade County. As the Division's PIP Coordinator, I have also kept an eye on more than 300 arrests around the rest of the state, as PIP fraud has spread like a plague, constantly seeking new, uncharted territory in its insatiable greed to bleed every possible benefit from the state's required PIP coverage.

In the nearly 24 years I have been with the Division, I can say without hesitation that the current level of fraud is the worst I have ever seen. There is an incredible arrogance on the part of some players in the aggressive manner in which they participate in the fraud. For example, earlier this year when the Hillsborough County Commission held public hearings on its proposed clinic ordinance, one owner complained that the cost of the new rules would be unfair to her business. A short time thereafter, she was under arrest for the type of fraud the ordinance is intended to stop.

The main offenders in this criminal game of greed are what we call accident clinics. These are not medical facilities where you would seek help for a stomach ache, the flu, broken bones or a serious illness. More often than not, these are businesses opened with no other purpose than to steal PIP benefits. I have often made the statement that if a clinic exists only to treat auto accident victims, there is probably fraud being perpetrated at that establishment. They are either staging accidents to obtain patients; offering runners money to bring in patients; offering patients money to come in and sign for treatment; or inflating the bills for more treatment than they are providing. When I started with DIF in 1988, the going rate paid by clinics for patients was several hundred dollars. Today, competition is so fierce that clinics are offering more than \$2,000 per patient.

One of the most difficult things for law enforcement to do is to accurately portray the scope of the problem. The Division has issued reports on arrests and trends; we publish a monthly newsletter which lists every person charged with a PIP-related charge; and our partners at the National Insurance Crime Bureau (NICB) have published numerous reports showing the increase in PIP fraud in Florida. While the numbers can be staggering at times, none of the reports do the problem justice.

I often use several cases investigated by my office as examples to more accurately portray the magnitude. We have investigated staged accident rings, identifying a dozen fake accidents involving dozens of participants and hundreds of thousands of dollars in false claims. To us, these are major cases, taking time and manpower to successfully dismantle. But more often than not, in talking to the participants or organizers, we learn that what we identified as a dozen- accident operation was really a ring that organized hundreds of staged accidents. Some of these accidents were flagged as such by the insurance companies, but the vast majority of them do not appear in any statistical report.

The truth is the same for the massive level of fraud perpetrated at accident clinics. We have executed search warrants at different clinics over the years and seized hundreds of files at a time. One major case in the mid 1990s involved more than \$6 million in fraud, which at the time was the largest case of its kind. The majority of cases made against defendants at these clinics usually involve several dozen charges and hundreds of thousands of dollars. Again, after talking with employees and owners, we learn that there was fraud in each and every file. Even in cases where the patient came to "all the treatments", the clinics would inflate the bills and charge for modalities not provided.

Common sense dictates that if someone is truly injured in an auto accident, they will most likely go to the hospital or to their family doctor. They will not wait at home for 60 to 90 days until a lawyer or clinic contacts them with an offer to help with their suffering. In most cases, the reason a claim is initiated after that kind of delay is greed on the part of lawyers, clinics or accident victims envisioning a pot of gold after a minor fender bender.

Another clue to fraud is how patients end up in a particular clinic. How many of you have been in an auto accident with a friend? If either of you were injured, what are the odds you went to the same doctor for a check-up or treatment? It's even less plausible if you don't know the other persons in your car. Four strangers in the same car ending up at the same clinic is an everyday occurrence that keeps Florida number one in PIP fraud.

Every player has a role in the PIP fraud, from the staged accident participants, to the organizers and recruiters, to the massage therapists, doctors and chiropractors, to the clinic owners. And each of us who fights fraud has a role as well. As fraud fighters, we all must do a better job. The police have to make more cases against more players, the licensing boards must take stronger action against those who are caught using their licenses to commit fraud, the courts must sentence those who are convicted to harsher penalties, and if we are going to continue with PIP, the legislature must give us every possible tool we need for this fight.

Statewide PIP Arrests – December 2011

Each issue will provide a list of PIP arrests made by the offices throughout the State. Along with each defendant's name and age, we will include: the type of scheme involved; the fraud dollar amount; clinic name(s); victim insurance company name(s); and the arresting office. If you need additional details on any of these arrests, please contact Capt. Smith.

Anthony David Petrillo, 26 - jump-in - \$0 (Geico) **B**

Jesenia Perez, 24 - staged acct 08/01/10 (passenger) \$45,400 - St Jude Rehab (Geico / State Farm) **M**

Rebeca Fara Velazco, 61 - clinic owner / unlicensed clinic / RICO - New Horizon Practice (Gainsco / State Farm) **M**

Daisy Delcarmen Sarmiento, 41 - clinic owner / unlicensed clinic / RICO - Coral Way Rehabilitation (Imperial Fire & Casualty) **M**

Yanisleidy Quintanilla Denis, 31 - pip patient - \$1,019 - Performance Health & Wellness Center (Allstate) **W**

Lisbety Rodriguez Gonzalez, 19 - pip patient - \$1,050 - ChiroSolutions of Palm Beach (Allstate) **W**

Karen Eliana Ramos, 25 - clinic employee - \$0 - Universal Rehab Clinic (First Acceptance) **T**

Nejay Elai Prince, 27 - paper acct 10/05/10 (driver) \$1,301 - Personal Medical Center (Farmers) **T**

Gayle Ann Staber, 49 - paper acct 10/05/10 (driver) \$1,301 - Personal Medical Center (Farmers) **T**

Brian O'Neil Davis, 41 - runner patient brokering - Columbus Rehab (State Farm) **B**

Bridgid Mary Lattin, 25 - false receipt - \$802 (Progressive) **W**

Shenika Latoya Richardson, 30 - staged acct 05/01/11 (passenger) \$1,285 - KJ Chiropractic Center (Geico) **O**

Esdras Pierre-Louis, 30 - staged acct 05/01/11 (recruiter) \$1,285 - KJ Chiropractic Center (Geico) **O**

Roberto Martinez, 28 - paper acct 08/23/10 (recruiter) \$18,671 - Lorena de Jesus Rehabilitation (State Farm) **M**

Techelet Bellevue, 35 - jump-in - \$0 - Alternative Medical Center (Geico) **B**

Edner Rosier, 52 - staged acct 01/29/05 (unknown) **W**

Luis A Sinsajoa, 49 - staged acct 06/21/10 (passenger) \$69,608 - Quality Life Medical Center / Centinel Medical Center (Allstate / Progressive / RAC / United Auto) **M**

Juan Carlos Rodriguez-Rivera, 35 - staged acct 11/16/09 (passenger) \$0 - Advanced Pain Management (First Acceptance) **T**

Statewide PIP Contacts

PANHANDLE REGION

Counties: Bay, Calhoun, Escambia, Franklin, Gadsden, Gulf, Holmes, Jackson, Jefferson, Lafayette, Leon, Liberty, Madison, Okaloosa, Santa Rosa, Taylor, Wakulla, Walton, Washington

Pensacola Field Office - 850.453.7802

Capt. Buddy HAND

Lt. Joseph HOLOKAN

NORTH REGION

Counties: Alachua, Baker, Bradford, Citrus, Clay, Columbia, Dixie, Duval, Flagler, Gilchrist, Hamilton, Levy, Marion, Nassau, Putnam, St. Johns, Sumter, Suwannee, Union

Jacksonville Field Office - 904.798.5802

Capt. Brian McCOY

Lt. Kevin JONES

WEST CENTRAL REGION

Counties: Charlotte, Collier, DeSoto, Glades, Hardee, Hendry, Hernando, Highlands, Hillsborough, Lee, Manatee, Pasco, Pinellas, Polk, Sarasota

Tampa Field Office - 813.972.8602

Capt. Michael BYRNE

Lt. Carlos ROSARIO

Lt. Darrell WILSON

Fort Myers Field Office - 239.278.7527

Lt. Mark FRITZ

EAST CENTRAL REGION

Counties: Brevard, Indian River, Lake, Martin, Okeechobee, Orange, Osceola, Palm Beach, Seminole, St. Lucie, Volusia

West Palm Beach Field Office - 561.837.5601

Major Simon BLANK

Capt. Glen HUGHES

Lt. Evangelina BROOKS

Orlando Field Office - 407.835.4402

Lt. Jewel CAMERON

SOUTH REGION

Counties: Broward, Dade, Monroe

Miami Field Office - 305.536.0302

Capt. Steven SMITH

Lt. Violeta SERRANO

Lt. John DYGON

Lt. Stanley JEAN-FELIX

Plantation Field Office - 954.321.2902

Lt. Bill LEE

South Florida Major Medical Fraud Task Force

Supervisory Special Agent Fred Burkhardt 954.329.7427

Central Florida Major Medical Fraud Task Force

Supervisory Special Agent Dennis Russo 863.967.6904

Editor's Corner

2012 — And so we begin another year. This month, the Florida Legislature is in session, and PIP is one of the main topics on their agenda. We try to provide some information on what may be in the works with a report on the Insurance Consumer Advocate's report on page two.

On page one we have an update on more arrests in Operation Dark Horizon, a major undercover operation against a group of PIP clinics in Miami.

We bring you the latest on PIP in the News, and of course, we include all PIP related arrests from around the state.

Finally, we hope everyone had a wonderful holiday and wish each of you a prosperous and safe new year.

HAPPY NEW YEAR

