



Florida Department of Financial Services Division of Insurance Fraud Annual Report Fiscal Year 2010/2011



Our Mission

To serve and safeguard the public and businesses operating in the State of Florida against acts of Insurance Fraud.

Deputy Chief Financial Officer's Message

On behalf of CFO Jeff Atwater, and the men and women of the Division of Insurance Fraud, I am pleased to present the annual report for the Division of Insurance Fraud for Fiscal Year 2010/2011.



Since 1971, when Florida implemented a “no fault” automobile insurance plan, the Florida Legislature has relied upon the Division of Insurance Fraud to enforce that plan. When the legislative session begins this January, our legislators will be at a disadvantage—they will not have the benefit of Director John Askins’ wise counsel. Director Askins re-retired this year, finally bringing a close to an incredible 32 year career in fraud fighting. John’s dedication to the Division as well as his emphasis on service, his management skills and his tenacity as a fraud investigator, will be greatly missed.

This year’s *Annual Report* shows that insurance fraud has continued to plague our communities. Luckily, the Division and the people of Florida have the unyielding support of CFO Atwater who is determined to do whatever it takes to bring to justice those who choose to defraud the people of this state.

To that end, detectives in the Division responded to many thousands of tips of suspected insurance fraud, almost half of which were referrals of “PIP” fraud. These PIP referrals represent a 21 percent increase over last year. Fortunately, the combined effort of the Division’s detectives and prosecutors throughout the state resulted in 1,214 cases being presented for prosecution, 997 arrests and 840 convictions. More than \$156 million in restitution was ordered by courts around the state.

I am extremely proud that this Division continues to be identified as a leader in the national fight against insurance fraud. This honor is reflective of the years of leadership provided by Director Askins, the support of CFO Atwater, and especially, the dedication and hard work of each of the Division’s employees. We have many partners in this struggle, our friends in the insurance industry, our partners in law enforcement and the dedicated prosecutors who bring our cases to court. I look forward to another year of working with our partners to protect the people of Florida from those fraudsters who would take the peoples’ hard earned money out of their pockets. The citizens of Florida deserve nothing less than our best efforts.

Sincerely,

A handwritten signature in black ink that reads "Thomas Kirwin".

Thomas Kirwin
Deputy Chief Financial Officer
Department of Financial Services





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Fiscal Year 2010/2011 Statistics

Since its inception in 1976, the Division of Insurance Fraud (DIF) has served as a national leader in the fight against insurance fraud, continuously ranking in the top five among all states' fraud bureaus and divisions in every key measurement of success established by the Coalition Against Insurance Fraud. These measurements include:



- **Number of Referrals**
- **Number of Cases Opened for Investigation**
- **Number of Cases Presented for Prosecution**
- **Number of Arrests**
- **Amount of Court Ordered Restitution**

Fiscal Year 2010/2011 Statistics

Referrals.....	13,452
Arrests.....	997
Cases Presented for Prosecution.....	1,214
Convictions	840
Court Ordered Restitution.....	\$156,258,674.74



Detective of the Year

At the 2011 Florida Insurance Fraud Education Committee (FIFEC) Conference, held in Orlando, Detective Carl Reschke from the St. Petersburg Field Office was honored by being presented with the 'Detective of the Year' award for his work with Agent & Agency and his success regarding complaints from AFLAC Insurance Company. Detective Reschke developed 19 cases to present to the Manatee State Attorney's Office in which he identified participants in an organized fraud ring that had victimized AFLAC of almost \$430 thousand. Detective Reschke was also recognized in December 2010 with the 'Outstanding Teamwork' award.



Detective Reschke is the lead detective for the St. Petersburg Field Office and has the highest number of arrests for his office. He attended numerous Safeguard our Seniors meetings this year to educate senior citizens about insurance fraud. Detective Reschke also participated in a radio talk show called Senior Voice America to speak about insurance fraud issues and trends, representing DIF with distinction. Additionally, he was recognized by former CFO Alex Sink for one of his investigations involving an elderly victim, and was selected as Employee of the Quarter for the West Central Region for the third quarter of 2010.

To date, Detective Reschke has presented 13 of his AFLAC investigations to prosecutors, has obtained 11 warrants and has made arrests on all 11 of his warrants. He is still investigating 6 of his 19 cases. He has interviewed numerous suspects and has obtained confessions from nine of them, who have also implicated others in the fraud. He has already obtained convictions from two of his defendants so far.

In spite of his heavy case load, Detective Reschke never displays a negative attitude. He is upbeat and willing to assist his lieutenant with extra duties, such as being the evidence room assistant coordinator, attend special meetings, or assisting other detectives with their investigations. He is also considered the wind mitigation expert for the office and does an excellent job investigating these types of frauds.

Detective Reschke is a very valuable detective and is an excellent investigator. He has a very good reputation in the law enforcement community, and is well respected by his peers in the St. Petersburg Field Office, always displaying a positive attitude and working hard to combat insurance fraud.

DIF Training

Since January 2011, the training section completed the Criminal Justice Standards and Training Commission (CJSTC) mandatory high liability training required for officer certification in all regions in the state. This included the required firearms qualification for the Division, First Aid, OCAT (pepper spray) certification, ASP (police baton) certification, patrol rifle qualification, use of force/control policies and statutes. In addition, a Detective Training Program (DTO) was provided for detectives wishing to become trainers for new employees. All sworn members within the division maintained their required law enforcement certification as required by CJSTC.



Force on Force training is being developed for a more realistic training experience which includes building searches and clearances as well as suspect control. This training system (known as MILO) will be utilized during firearms training. MILO training will provide detectives with high definition branching video scenarios; graphics-based firearms exercises and drills; and all applications will have settings to accommodate the skill level of the shooter.



The training section continues to research agency specific training for the detectives to further enhance their overall skill sets.

Bureau of Workers' Compensation Fraud

Due to a shift in crime trends and conditions, the Bureau of Workers' Compensation Fraud was reduced in Fiscal Year 2010-2011 to 30 members, 23 sworn personnel, and 7 support staff (down from 37 sworn two years ago), as Division resources needed to be allocated to other critical areas. As trends and conditions change, it is anticipated that some resources will be shifted back to the Bureau. In spite of the reduction in dedicated workers' compensation fraud resources, the Bureau nearly matched last year's workers' compensation fraud related arrests (271 compared to 280 for Fiscal Year 2009-2010). The Bureau now consists of four dedicated squads located in Miami, West Palm Beach, Orlando, and Tampa, with Lt. Doreen Rivera's Tampa squad leading the Bureau this fiscal year with 63 arrests.

Money service business facilitated workers' compensation premium fraud continues to be the largest area of concern in the workers' compensation fraud arena. To that end, efforts during the last fiscal year led to the creation of two significant entities. The first, a money service business facilitated workers' compensation premium fraud working group comprising interested/affected parties, created by CFO Jeff Atwater. It was tasked with developing some recommendations/solutions which will be presented to the Financial Services Commission in the Fall of 2011. The second, a first of its kind, is the DIF Investigative Task Force staffed with one Division detective and one Broward Sheriff's Office detective, supervised by a Division lieutenant. The Task Force is situated in the Plantation DIF Field Office and is tasked with the investigation of money service business facilitated workers' compensation fraud. Significant enforcement activity is underway.

The year 2012 will mark the 20th year for which The Florida Workers' Compensation Fraud Task Force has been in existence. This long-running collaborative effort between government and industry representatives, chaired by the bureau chief of Workers' Compensation Fraud, continues to be one of the largest and most effective information exchanges currently available in the workers' compensation fraud realm. Attendance remains strong at the quarterly meetings and, starting this year, the meetings are being held in conjunction with the newly formed Property & Casualty Insurance Fraud Task Force which allows further interaction across responsibilities and lines of insurance.

Another significant achievement during the past fiscal year was the creation of a quarterly *Workers' Comp Insider* newsletter, published by the Bureau of Workers' Compensation Fraud, which contains informational articles, workers' compensation fraud related updates, significant arrests, and Division contacts. This informative and relevant document is distributed at the end of each quarter and in conjunction with the quarterly Workers' Compensation Fraud Task Force meeting.



Jacksonville/Ocala Field Offices Highlight

The detectives of the Jacksonville/Ocala Field Offices are to be commended for their continued hard work, excellent productivity and outstanding results for this past year. The seven detectives, Anissa Baker, Tom Clark, Tony DeFalco, Ed Johnson, Dwight Murphy, Maureen Owens and Seth Schiefer, handle all types of insurance fraud within the 19 counties in northeast Florida. In Fiscal Year 2011, the detectives completed 113 presentations for prosecution, 94 arrest warrants with 97 arrests. In addition, the squad obtained 82 convictions resulting in \$102,558,907.48 in court ordered restitution and \$54,601.07 in court ordered investigative costs.

While all the detectives made significant contributions to the year's statistics, Detectives Clark and Murphy were both nominated for the FIFEC Law Enforcement Investigator of the Year. Working with the Federal Bureau of Investigation (FBI) Mortgage Fraud Task Force, Detective Clark teamed with the FBI to investigate a case involving a company arranging bogus house purchases utilizing straw buyers that resulted in 16 arrests (14 of which have pled guilty). During the same period of time, Detective Clark was spearheading a case with the North Florida High Intensity Drug Trafficking Area (HIDTA) Task Force, targeting individuals who were running a shell company scheme using undocumented foreign national laborers to avoid paying workers' compensation insurance premiums and federal and state taxes. The suspects were documented to have cashed checks totaling approximately \$4 million at a check cashing store to pay the workers *under the table*. The suspects were arrested; three vehicles and \$67 thousand in cash were seized. Detective Murphy was jointly nominated by Geico, Allstate and State

Farm insurance companies for his continued dedication and hard work primarily in the area of personal injury protection (PIP) fraud. Detective Murphy is a member of the FBI Joint Healthcare Task Force and he is involved in a number of significant PIP cases and other complex health care cases in the Jacksonville area.

In addition, Joe Licandro, the dedicated prosecutor for the Fourth Judicial Circuit in Jacksonville, received the 'Prosecutor of the Year' award from the Coalition Against Insurance Fraud in December 2010. Assistant State Attorney (ASA) Licandro was also recognized by the Florida Cabinet in June of 2011 with a resolution by Chief Financial Officer Jeff Atwater. Clearly, ASA Licandro did an outstanding job in the prosecution of insurance fraud cases; and as he said in his award acceptance speeches, he could not have achieved that level of success without the outstanding, high quality casework presented by the detectives of the Jacksonville Field Office.



Pensacola/Tallahassee Field Offices Highlight

The Panhandle Region consists of two field offices, one located in Pensacola and the other in Tallahassee. The two offices cover 19 counties from the Alabama line to the eastern side of Tallahassee. Though the Panhandle Region typically receives the fewest number of suspected fraud referrals, the detectives continue to show outstanding productivity in their cases. This fiscal year, the eight detectives were very successful presenting 110 cases for prosecution, making 104 arrests, and receiving 96 convictions.



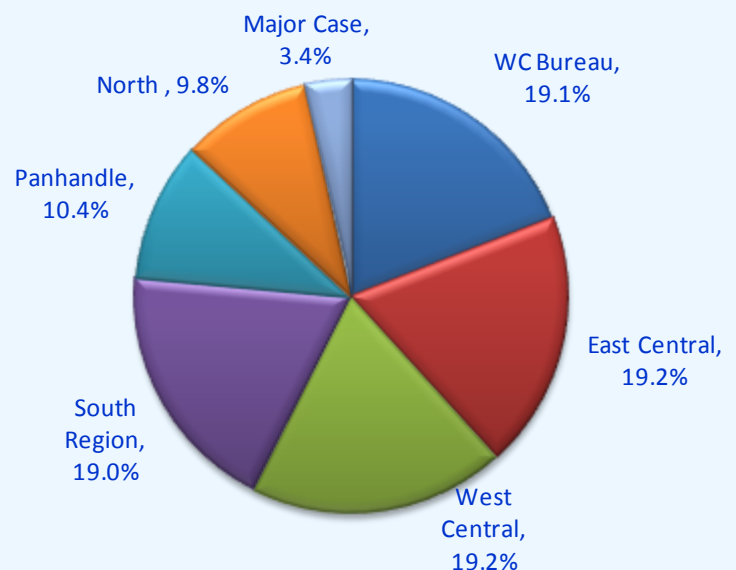
In particular, Detective Sandra Fitzsimons, who is a member of the North Florida Health Care Fraud Task Force comprising federal, state and local agencies working together to fight health care fraud, received an 'In

Appreciation' award presented by U.S. Attorney's Office Northern District of Florida for her work on the Dr. Robert Bourlier case, highlighted later in the annual report. Additionally, she received an award for her work on a case involving a husband and wife, who conspired together to commit life insurance fraud. As part of the scheme, the husband and wife traveled to Mexico to fake the husband's death in order to collect approximately \$2 million in life insurance proceeds. Detective Fitzsimons was also awarded the 'Davis Productivity' award on June 7, 2011.

Of the many accomplishments this year, the Tallahassee and Pensacola detectives showed one of the highest arrest average with 13 arrests per detective. The combined 104 arrests made by the detectives accounted for more than 10 percent of the total amount of arrests for the Division during this time period.

Detectives Maurice Austin, Thomas Eberhart, Sandra Fitzsimons, David Lindsay, David Loy, Raimund Manzo, Robert Vose and Taylor Wells, under the leadership of Captain Buddy Hand and Lieutenant Joseph Holokan, are working diligently to combat insurance fraud in the region as criminal elements continue to become more sophisticated.

% of Arrests Each Region made for the Division



Tampa Field Office Highlight

Fighting PIP Fraud in Tampa

Due to the rise in personal injury protection referrals, the Tampa Field Office expanded into two PIP squads under the supervision of Lieutenants Carlos Rosario and Darrell Wilson.

In Hillsborough County alone the squads received over 1,400 suspicious referrals submitted by the insurance industry and the general public. The team decided to take new approaches at policing the problem, one of which was the emphasis on the financial investigation regarding the ownership and financial activity of the medical clinics. This type of investigation is time consuming and requires in-depth knowledge of the seizure and forfeiture laws in the State of Florida. Further, the office uses more confidential informants than the rest of the DIF field offices combined. This can be very productive, as well as very labor intensive for field investigations.

The Tampa Field Office is working closely with dedicated prosecutors from the Hillsborough State Attorney's Office and local law enforcement agencies in an attempt to make these new strategies effective. They are expecting to have a very productive year with expectations of several long term investigations coming to completion in 2012.

Former Clinic Manager Arrested For Staged Accident in Tampa

Detectives arrested two subjects for a staged accident that occurred in October 2010. One of the drivers was allegedly treated along with her three minor children by TLC Medical Rehab LLC, a clinic in Tampa, which billed Assurance America for nearly \$50 thousand. The alleged organizer was a former manager of TLC Medical Rehab.

A new law championed by CFO Jeff Atwater that went into effect on July 1 means that these fraudsters may also face civil penalties if convicted of auto insurance fraud or staging an accident. CFO Atwater also helped secure additional funding for fraud prosecutors in Tampa, the number-one city in the state for staged auto accidents according to the National Insurance Crime Bureau. "It is always a great day when we are able to track down these fraudsters who, by their actions, cause each and every Floridian to pay more for auto insurance," said CFO Atwater. "With the support and assistance of consumers and our partners in the insurance industry, my department will continue to bring these criminals to justice."

"It is always a great day when we are able to track down these fraudsters who, by their actions, cause each and every Floridian to pay more for auto insurance..."

-CFO Jeff Atwater



Fighting Personal Injury Protection Fraud in Fort Myers

The prominent type of insurance fraud experienced in the Ft. Myers area is related to staged motor vehicle accidents and the chiropractic clinics that continue to file fraudulent medical claims to insurance companies for PIP automobile insurance coverage. This type of fraud has grown substantially in the past five years in Collier and Lee counties, migrating into Charlotte County. Over 80 percent of the fraud complaints submitted through the Florida Department of Financial Services online Fraud Reporting Website for the Fort Myers area are related to PIP fraudulent claims.



As a result of these referrals, Lieutenant Mark Fritz has developed a strategy to target individuals possessing a medical license who engage in fraudulent billing practices. Without these licensed medical providers, this crime could not propagate.

From 2010 through 2011, the Fort Myers Field Office has targeted several chiropractic clinics which resulted in the arrests of many chiropractic clinic staff members in Lee and Collier coun-

ties. The following four clinics have since discontinued business in Lee and Collier counties.

- **West Coast Chiropractic Center**, formerly located in Fort Myers, was the subject of one of these investigations. This case ended with the arrest of the massage therapist and the office manager. The office manager was convicted of patient brokering, and the massage therapist was convicted of insurance fraud. Lee County State Attorney's Office reported that this was the first successful prosecution for patient brokering in the 20th Judicial District.
- **Fils Chiropractic** also known as Health Park Chiropractic, located in Naples, was involved in billing for medical services not provided to the patients. This investigation resulted in the arrest of a massage therapist for insurance fraud. This massage therapist pled guilty and was placed in a pre-trial diversion program.
- **Fort Myers Chiropractic Center**, formerly located in Fort Myers, was involved in billing for medical services not provided to the patients. Two licensed massage therapists and a clerical staff member were arrested, and subsequently pled guilty and was placed in a pre-trial diversion program.
- **Bayshore Chiropractic Center**, located in Naples, was involved in billing for medical services not provided to the patients with two massage therapists being arrested.

During the last fiscal year, detectives in the Ft. Myers Field Office submitted 78 presentations to the State Attorneys' Offices and made 46 arrests.

Fighting Healthcare Fraud in North Florida

The Division of Insurance Fraud is part of the North Florida Healthcare Fraud Task Force comprising federal, state, and local law enforcement agencies that investigate allegations of health care fraud.



This task force received complaints that Robert Bourlier, a 55 year old physician operating an internal medicine clinic in Destin, Florida, was prescribing controlled substances to patients without a sufficient medical necessity.

An investigation revealed Dr. Robert Bourlier prescribed these controlled substances in quantities and dosages that caused his patients to abuse, misuse, and become addicted to the drugs. Dr. Bourlier continued to prescribe addictive controlled substances to patients even after learning that the

patients overdosed, were selling the drugs, or were "doctor shopping." As a result of his over prescribing without medical necessity two of his patients died.

Dr. Bourlier prescribing excessive and inappropriate quantities of controlled substances to patients outside the usual course of professional practice caused his patients to fill prescriptions at various pharmacies, which resulted in Medicaid, Medicare, Tricare, and Blue Cross/Blue Shield paying for medically unnecessary prescriptions. In addition, he submitted fraudulent insurance claims for medical services to health care benefit organizations.

Subsequently, Dr. Bourlier was arrested, and convicted of 17 counts of health care fraud and 126 counts of unlawful dispensing of controlled substances. His office manager and wife, Victoria Burlier, was charged and pled guilty to obstructing and impeding an official investigation.



"Bourlier prescribed medicines to patients without sufficient medical necessity, and did so in quantities and dosages that caused his patients to abuse, misuse and become addicted to the drugs."
US Attorney's Office

Fraud News

CFO Delivers Fraud Message

During the last week of June, CFO Jeff Atwater attended the Auto Insurance Fraud Summit in Orlando. The summit was held in an area known for rising fraudulent activity—the Pine Hills neighborhood. Three area legislators, Representative Bryan Nelson, Senator Gary Siplin and Representative Geraldine Thompson, addressed the audience and heard stories from some of the more than 100 Orlando residents about how this fraudulent activity has impacted their ability to find and obtain auto insurance at a reasonable rate.

Auto insurance fraud is hardly isolated to the Orlando area. The National Insurance Crime Bureau (NICB) currently ranks Florida number one in the country for staged accidents, and three Florida cities rank in the nation's top five: Tampa (2), Miami (3) and Orlando (4). As a result, the Insurance Information Institute found that the average two-car Florida family is paying about \$100 in extra premiums annually—which amounts to a fraud tax—because insurers are forced to spread the costs associated with fraud across all of their insured drivers.



"Unscrupulous individuals have taken advantage of the no-fault system for too long, and honest drivers are paying the price," said CFO Jeff Atwater. "Forums, such as this one, give us the opportunity to work with our partners to brainstorm and develop new ways to combat this pervasive crime and give Floridians the relief they deserve on their auto insurance premiums."

"Today's summit was a unique opportunity to inform residents about how rampant auto insurance fraud affects the affordability and availability of auto insurance, while also giving them a platform to educate us about how they've been impacted by this criminal activity," said Ron Poindexter, area director of operations for the NICB's southeast office. "Auto insurance fraud is a serious problem in Florida, and it is hurting all consumers."

DIF Testifies at Florida Bar Hearing

DIF detectives testified before the Florida Bar's Special Committee on Lawyer Referral Services at a hearing held in Orlando in June. Captain Steven Smith and Senior Attorney Howard Pohl discussed criminal aspects of the referral services and its potential for fraud. Representative Rick Kriseman from St. Petersburg also testified about the bill he drafted that failed to pass during the 2011 Legislative session, and vowed to present it again next year. Also present at the hearing were attorneys representing 1-800-ASK-GARY and 1-800-411-PAIN. According to an article in the Florida Bar news written by Gary Blankenship, the committee was appointed by immediate past President Mayanne Downs in response to concerns that Bar rules were being ignored and clients harmed by a plethora of referral services that have sprung up in recent years. One of the main issues involves how many lawyer referral services are properly registered with the Florida Bar, and whether they are in compliance with the rules and law.

"Unscrupulous individuals have taken advantage of the no-fault system for too long, and honest drivers are paying the price."

- CFO Jeff Atwater

DIF Institutes Several Key Innovations

The Division of Insurance Fraud has instituted several key innovations to the way we target different types of crime that we encounter by:

- Increasing the use of undercover operations, specifically, fabricating accidents to see if unscrupulous medical providers will solicit our law enforcement personnel to claim fake injuries.
- Infiltrating organized rings through the use of cooperating defendants so the criminals in some instances are dealing directly with undercover law enforcement officers.
- Utilizing link analysis programs to identify associations among suspects and suspect businesses to ensure efficiency in our investigative process. Additionally, the Division is presently looking into the possibility of obtaining and using analytical software (data mining) to assist with these investigations.
- Establishing dedicated PIP squads in Broward, Palm Beach, Orange, and Hillsborough to supplement the squads that were already operating in Miami-Dade.
- Continuously working to increase the number of dedicated prosecutors throughout the state, and we now have dedicated prosecutors in Miami, Broward, Palm Beach, Orlando and Tampa to help in the prosecution of PIP fraud. The Division is the first law enforcement agency to obtain funding for dedicated prosecutors who focus solely on Division investigations/prosecutions, making cases like this more successful.
- Increasing the number of local law enforcement agencies that the Division includes in the different types of investigations, further educating them as to PIP crimes and activity that their road patrol officers will undoubtedly encounter.
- Working closely with NICB who provides resources and other logistical support which otherwise would have been cost prohibitive.
- Utilizing the different components of the crime analysis function, by implementing the concepts of Intelligence-Led Policing as an agency policing strategy by:
 - Exposing crimes and threats
 - Producing warnings and alerts
 - Providing direction
 - Supporting prevention/deterrence
 - Recommending strategies and responses



Noteworthy Insurance Fraud Cases

Operation Dark Horizon

DIF arrested 23 subjects in Miami as a result of "Operation Dark Horizon," an undercover investigation into a scheme that exposed a PIP fraud ring involving five clinics.

The investigation, which led to the arrests of a clinic owner, two doctors, a chiropractor and 19 others, involved two staged accidents. Following the staged accidents, the participants signed documents for treatment they never received, and clinic employees fabricated treatment forms which were then submitted to the insurance companies for payment.

Thirteen clinic employees were among those charged, including five massage therapists and an x-ray technician.

The case was filed by the dedicated insurance fraud prosecution unit of Miami-Dade State Attorney Katherine Fernandez Rundle's office, and charges included racketeering, staged accident, insurance fraud, grand theft, patient brokering and scheme to defraud.

Operation Dark Horizon uncovered nearly \$100 thousand in fraudulent billings by five clinics in Miami-Dade County.

Massage Therapist Arrested for False Billing

A massage therapist was arrested and charged with insurance fraud for allegedly treating a patient. The therapist worked at a clinic in Tampa, which billed an insurance company for over \$8 thousand for the treatment of the patient. The insurance company had tried to take an examination under oath of the patient regarding the treatment, but he failed to show up on two different dates. DIF verified that the patient had been arrested and was incarcerated on two separate occasions during the treatment period, showing that he had not been treated at the clinic.

Using Stolen Credit Cards

The DIF Miami Field Office busted a long-time operating staged accident ring that included recruiting participants from a bingo hall in Hialeah.

To date, eight defendants have been charged as participants and/or recruiters involving more than \$119 thousand in fraudulent claims.

Some of the unusual aspects of this ring included the purchase of insurance policies over the Internet, using false information and at times stolen credit cards, known in some circles as the Roxy3434 group. One of the subjects involved in the Internet purchase of insurance was arrested in July 2010, while another died before charges were filed.

The ring evolved from doing actual staged crashes to creating paper accidents, which they then used to sell to multiple clinics for each claim. Many of these clinics were not paid by the insurance companies because of the duplicate billings for the same crash by different providers. At least four accident clinics were duped by the ring.



Noteworthy Insurance Fraud Cases



Public Adjuster Arrested

Abraham Blumberg, a former public adjuster, was arrested on one charge of first-degree organized scheme to defraud for pocketing more than \$360 thousand in funds from 82 clients and using the money to pay personal debts.

With the assistance from the Division of Agent and Agency and the Division of State Fire Marshals, detectives determined that from May 2009 through June 2010, Blumberg, as CEO and primary adjuster for National Loss Consultants, LLC, located in North Miami Beach, took \$363,617 in clients' funds that were to be held in trust and instead used them to cover internal thefts from the business and illegal gambling and drug debts for employees and a family member. Detectives obtained statements from 82 victims and analyzed insurance claim files and records from a series of bank accounts before presenting their findings.

Upon his arrest, Blumberg, 35, was taken directly to Miami-Dade Circuit Court where he pleaded guilty to the charge. Blumberg was sentenced to 364 days in Miami-Dade County Jail and 30 years probation.

Insurance Agents Arrested for Grand Theft

Nina Alvarez Strul, a licensed insurance agent in the state of Florida and former owner of Insurance Answers of Tampa Bay, accepted a payment of \$2,146.28 from the victim and agreed to provide a homeowner's insurance policy. Ms. Alvarez deposited the victim's payment check into the business account of Insurance Answers of Tampa Bay, but failed to make any payment to the insurance carrier. The carrier sent numerous invoices to Alvarez requesting payment, but no payment was ever received. As a result, the homeowner's insurance policy was cancelled. Strul was arrested for insurance fraud and grand theft.



In another case, Insurance Agent Bella Jenkins opened Insurance Plus located in Temple Terrace, Florida, and employed David Ball and Torrance Blake. DIF detectives developed evidence that the agency was not forwarding premiums for automobile insurance to the perspective insurance carriers which resulted in consumers not having insurance coverage. Jenkins was arrested for insurance fraud; Blake and Ball were arrested for acting as customer service agents without a license.

Noteworthy Insurance Fraud Cases

Insurance Agent Steals over \$33 Thousand

DIF was notified of suspected fraudulent activity by a Florida licensed Insurance Agent Erik Fernandez. It was alleged that Fernandez stole \$33,419.84 from a premium finance company in a fraudulent scheme. Fernandez approached the company employee and asked to write insurance premium finance contracts for customers that Fernandez would develop. The business employee agreed and provided blank premium finance contracts and blank bank drafts in order to finance the customers' insurance policy premiums.

Fernandez subsequently created a shell insurance corporation named FMGA and a corresponding bank account for FMGA. Fernandez then created fictitious customers and finance contracts in an attempt to conceal that he was fraudulently issuing bank drafts to FMGA Insurance Corporation.

Fernandez admitted to incorporating FMGA, and also admitted to opening a bank account for FMGA. Fernandez further admitted that he wrote and deposited the seven drafts payable to FMGA.

As a result of generating fake policies on fictitious customers and his creation of FMGA in an attempt to conceal his crimes, Fernandez gained \$33,419.84, and spent the proceeds for personal benefit.

Fernandez was arrested on June 14, 2010 and charged with scheme to defraud. Fernandez was convicted on December 20, 2010 in Duval County and was ordered to pay \$33,419.84 in restitution to the victim and ordered to serve seven years of probation.



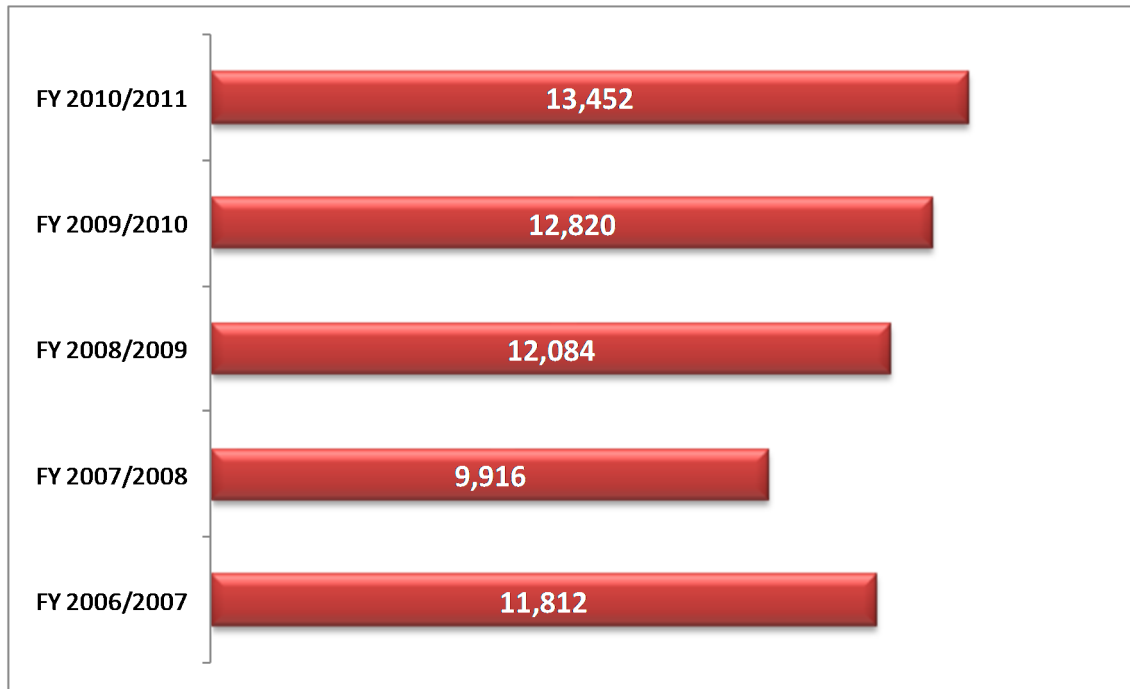
Repeated Slip and Fall Claims

Tabitha Garrison claimed 12 slip and falls and 12 vehicle damage claims since 2003. Garrison was charged with three counts of claim fraud, and one count of application fraud.

The Division had received numerous complaints from various insurance carriers showing that Tabitha Garrison had a pattern of filing insurance claims at various locations within a relatively short period of time from each other. These claims were repeatedly for slip and fall accidents and for vehicle damage claims, all of which showed a distinct pattern of activity. The DIF investigation was able to show that Garrison made material misrepresentations rising to the level of criminal fraud on several of the claims she filed over the past two years.

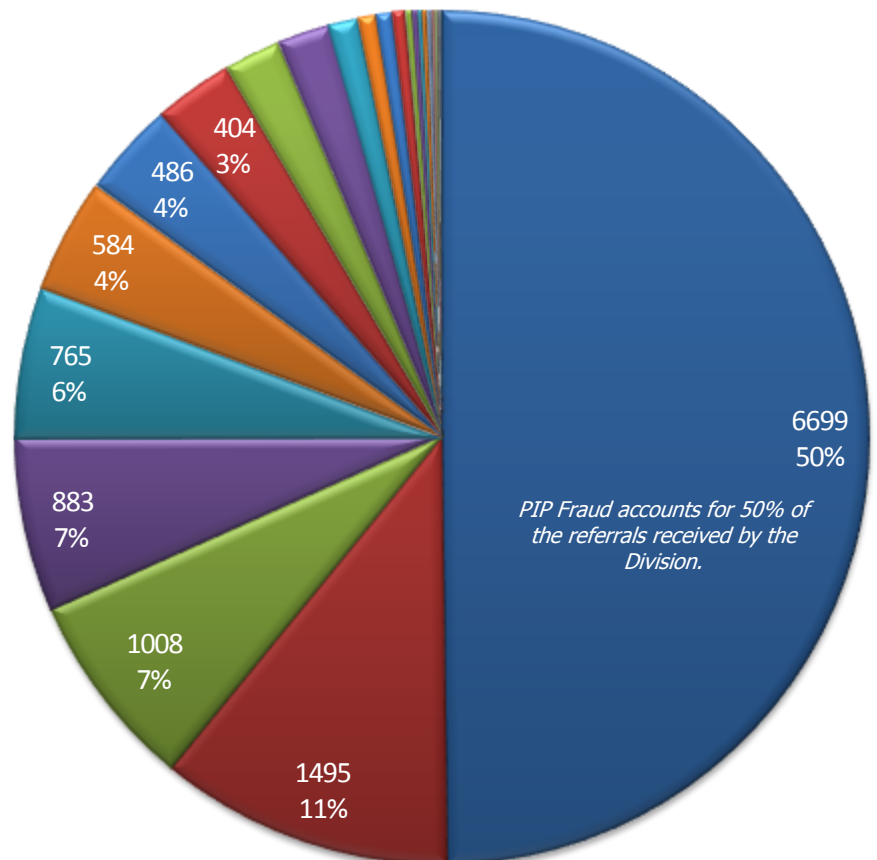
Garrison was arrested in Alachua County on March 30, 2011 for four counts of insurance fraud. She is awaiting trial at this time.

Suspected Fraud Referrals (Tips)



The Number and Percentage of Suspected Fraud Referrals Received for each Fraud Type

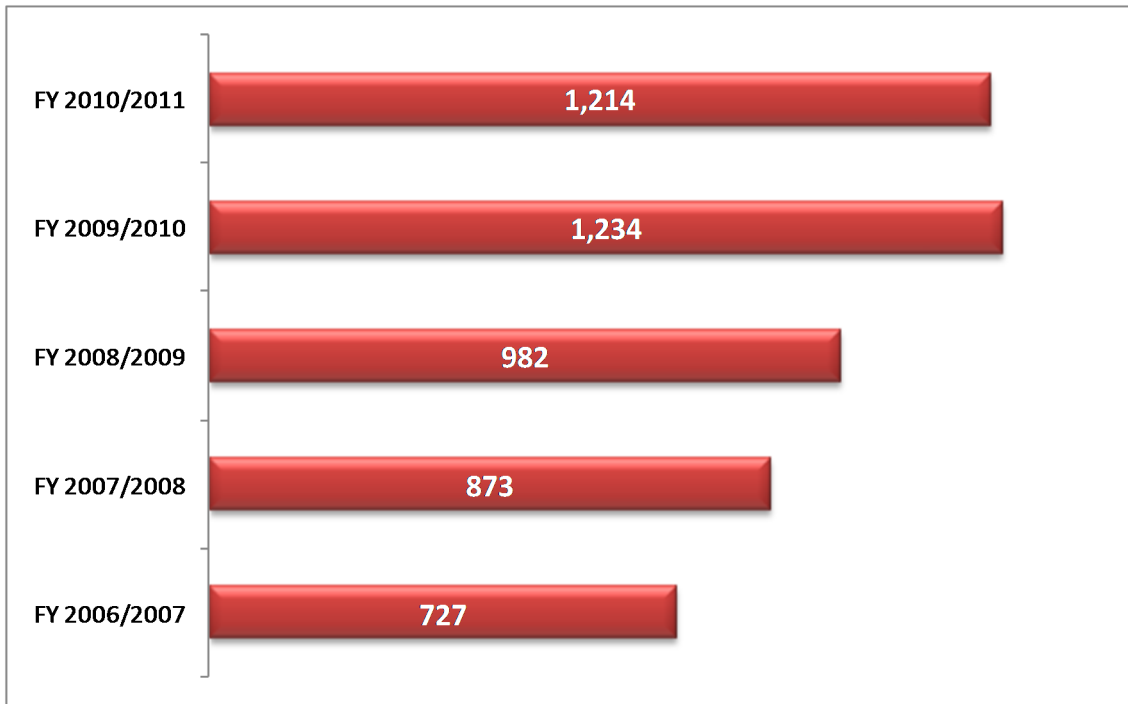
- PERSONAL INJURY PROTECTION FRAUD
- WORKERS' COMPENSATION FRAUD
- VEHICLE FRAUD
- APPLICATION FRAUD
- LICENSEE FRAUD
- HOMEOWNERS
- HEALTHCARE
- COMMERCIAL
- BANKING AND SECURITIES
- DUPLICATE ENTRIES
- ARSON FOR PROFIT
- FINANCIAL INVESTIGATION
- DISABILITY FRAUD
- UNAUTHORIZED ENTITIES FRAUD
- LIFE INSURANCE FRAUD
- MARINE FRAUD
- INFORMATION ONLY
- OTHER AGENCY ASSISTANCE
- IDENTITY THEFT
- WARRANTY FRAUD
- NON-INSURANCE FRAUD RELATED REFERRAL
- TITLE FRAUD
- MY SAFE FLORIDA HOME
- BONDS
- RISK MANAGEMENT



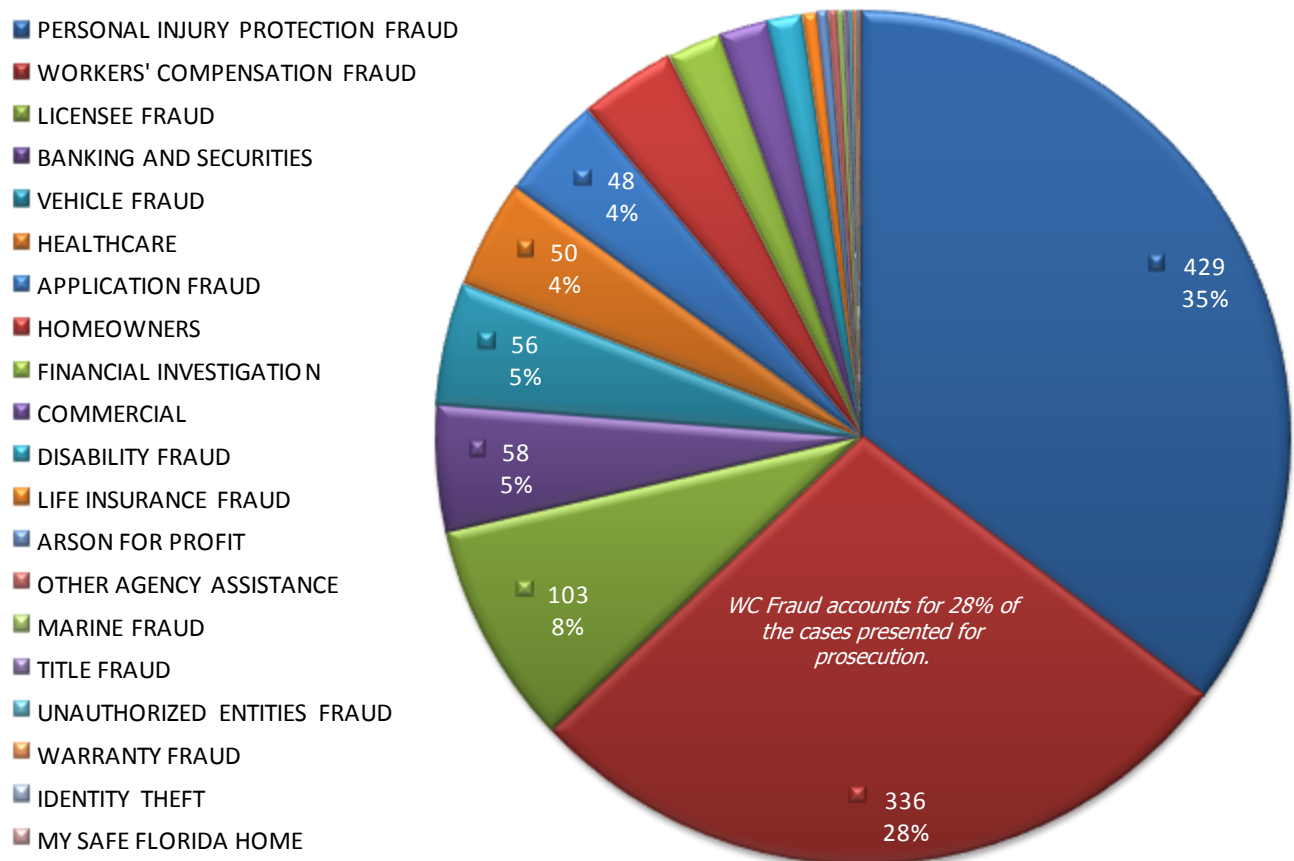
Suspected Fraud Referrals (Tips)

Suspected Fraud Referrals: Increase/Decrease			
CASE TYPE	FY 09/10	FY 10/11	% Increase/Decrease
PIP FRAUD	5,543	6,699	21%
WORKERS' COMPENSATION FRAUD	1,676	1,495	-11%
VEHICLE FRAUD	1,237	1,008	-19%
APPLICATION FRAUD	821	883	8%
LICENSEE FRAUD	706	765	8%
HOMEOWNERS	644	584	-9%
HEALTHCARE	433	486	12%
COMMERCIAL	494	404	-18%
BANKING AND SECURITIES	286	287	0%
ARSON FOR PROFIT	149	152	2%
FINANCIAL INVESTIGATION	76	94	24%
DISABILITY FRAUD	86	81	-6%
UNAUTHORIZED ENTITIES FRAUD	66	64	-3%
LIFE INSURANCE FRAUD	51	35	-31%
MARINE FRAUD	32	30	-6%
IDENTITY THEFT	34	20	-41%
WARRANTY FRAUD	14	19	36%
TITLE FRAUD	24	8	-67%

Cases Presented for Prosecution



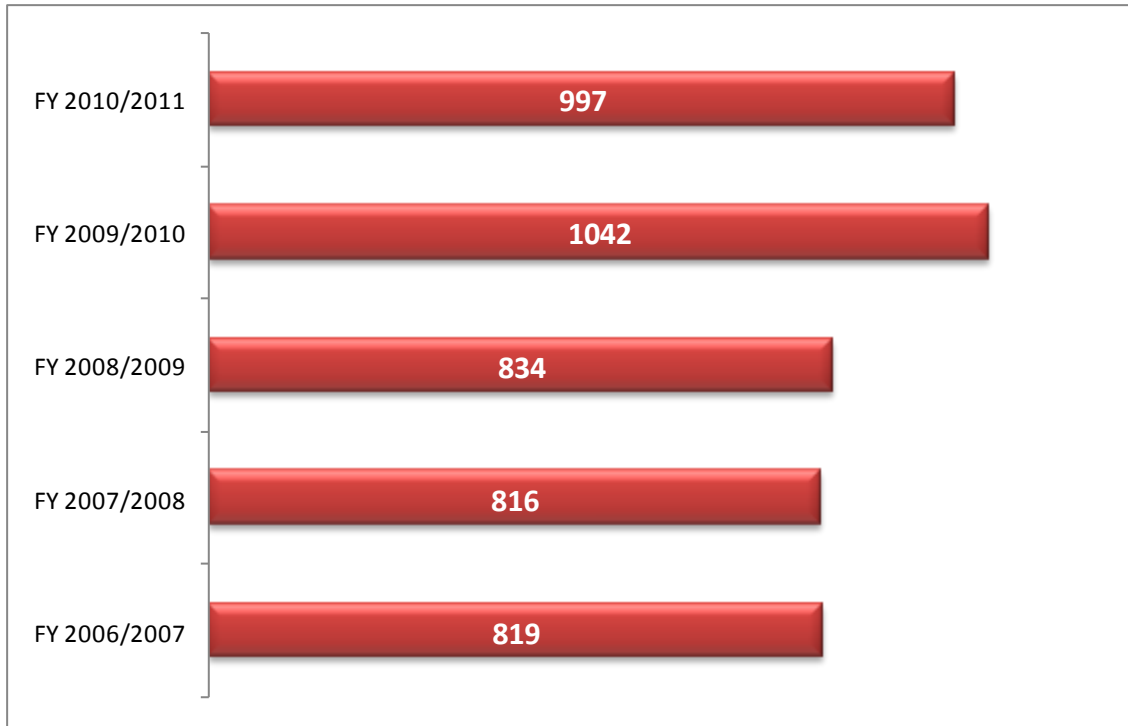
The Number and Percentage of Cases Presented for Prosecution for each Fraud Type:



Cases Presented for Prosecution

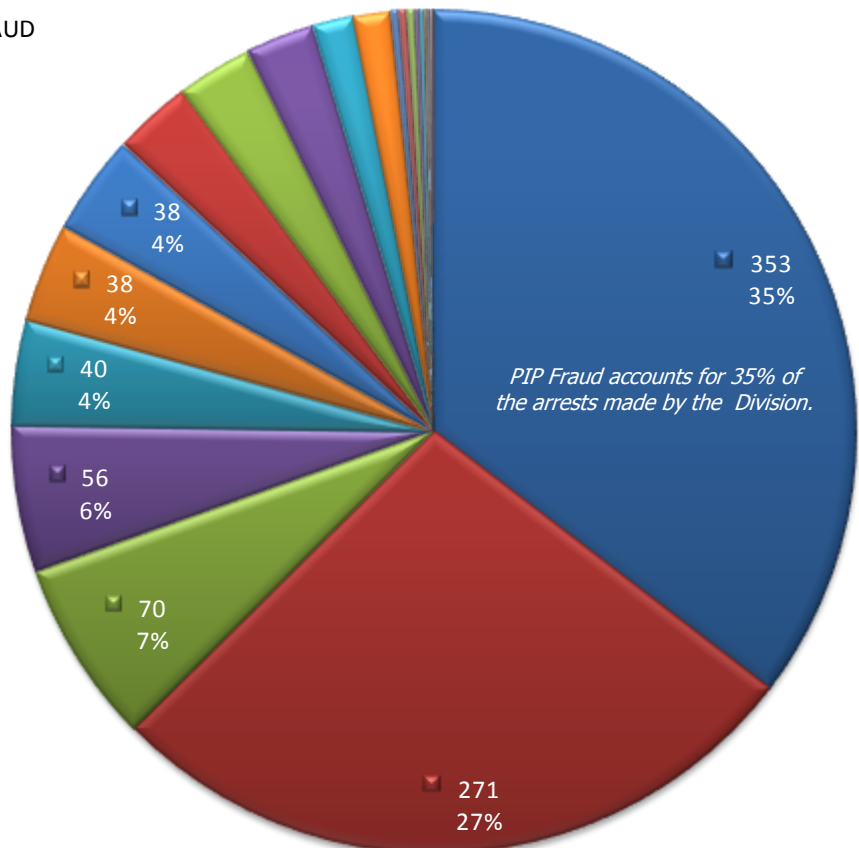
Cases Presented for Presentations: Increase/Decrease			
CASE TYPE	FY 09/10	FY 10/11	% Increase/ Decrease
PIP FRAUD	442	429	-3%
WORKERS' COMPENSATION FRAUD	303	335	11%
LICENSEE FRAUD	114	103	-10%
BANKING AND SECURITIES	52	58	12%
VEHICLE FRAUD	90	56	-38%
HEALTHCARE	21	50	138%
APPLICATION FRAUD	35	48	37%
HOMEOWNERS	52	44	-15%
FINANCIAL INVESTIGATION	26	25	-4%
COMMERCIAL	35	23	-34%
DISABILITY FRAUD	23	16	-30%
LIFE INSURANCE FRAUD	6	7	17%
ARSON FOR PROFIT	5	5	0%
OTHER AGENCY ASSISTANCE	11	4	-64%
MARINE FRAUD	1	3	200%
TITLE FRAUD	6	2	-67%
UNAUTHORIZED ENTITIES FRAUD	6	2	-67%
WARRANTY FRAUD	0	2	200%
IDENTITY THEFT	6	1	-83%
MY SAFE FLORIDA HOME	0	1	100%

Arrests



The Number and Percentage of Arrest Made for each Fraud Type

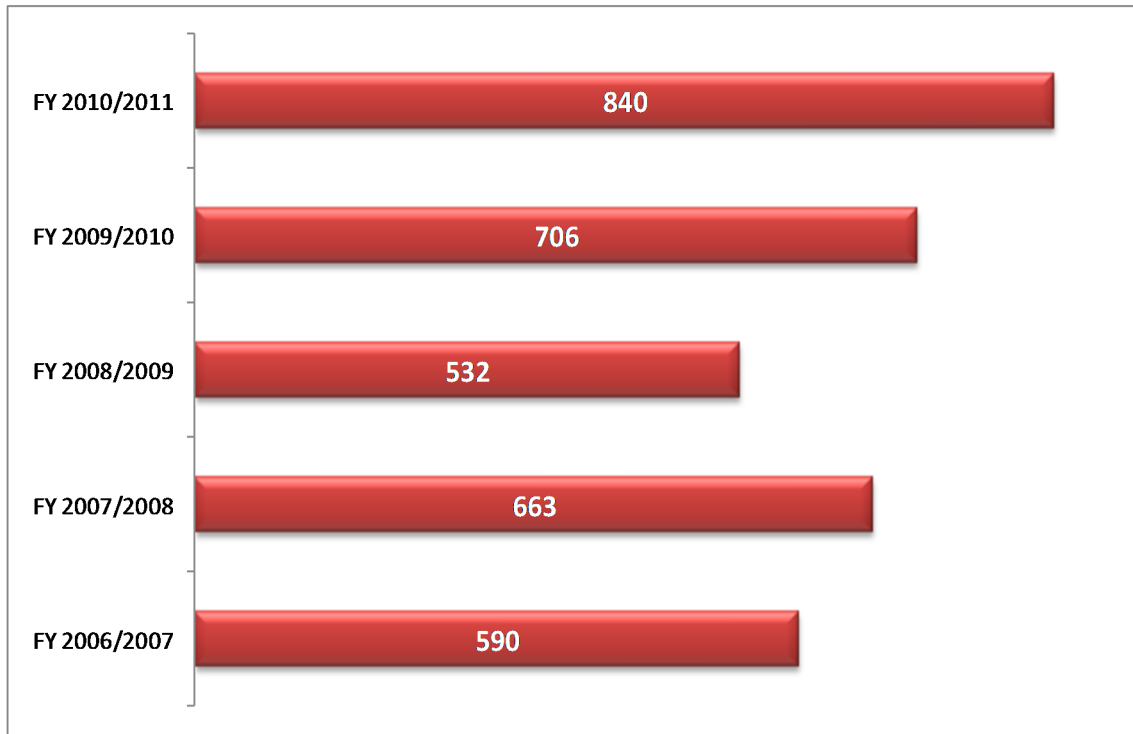
- PERSONAL INJURY PROTECTION FRAUD
- WORKERS' COMPENSATION FRAUD
- LICENSEE FRAUD
- VEHICLE FRAUD
- APPLICATION FRAUD
- BANKING AND SECURITIES
- HEALTHCARE
- HOMEOWNERS
- FINANCIAL INVESTIGATION
- OTHER AGENCY ASSISTANCE
- COMMERCIAL
- DISABILITY FRAUD
- ARSON FOR PROFIT
- TITLE FRAUD
- LIFE INSURANCE FRAUD
- MARINE FRAUD
- WARRANTY FRAUD
- IDENTITY THEFT
- MY SAFE FLORIDA HOME
- UNAUTHORIZED ENTITIES FRAUD



Arrests

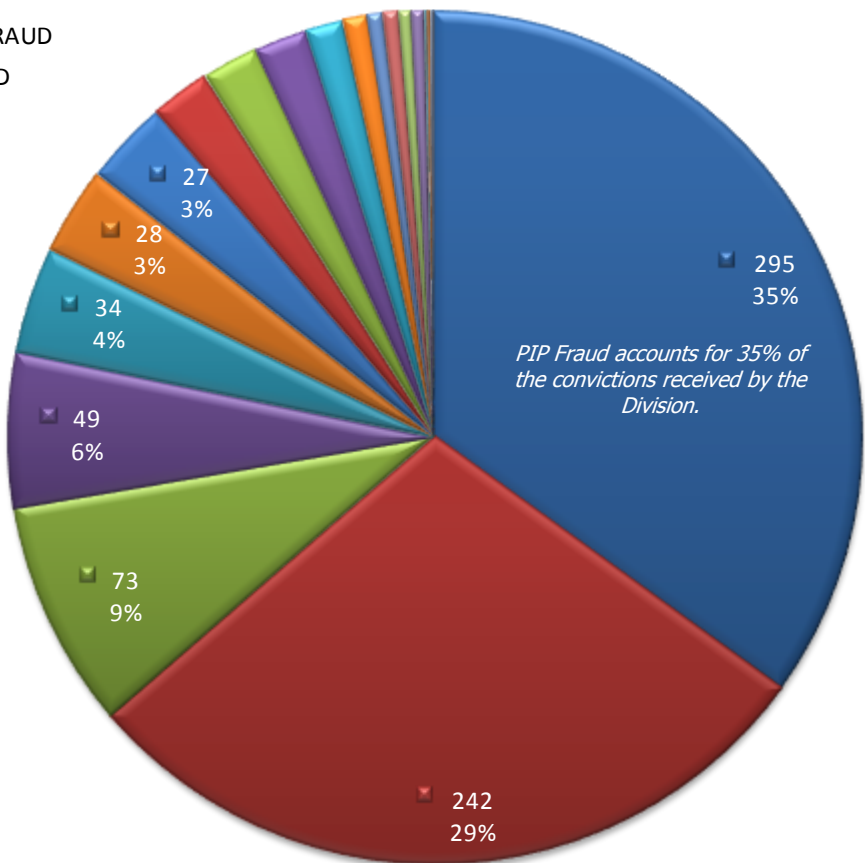
Arrests: Increase/Decrease			
CASE TYPE	FY 09/10	FY 10/11	% Increase/ Decrease
PIP FRAUD	337	353	4%
WORKERS' COMPENSATION FRAUD	280	271	-3%
LICENSEE FRAUD	67	70	4%
VEHICLE FRAUD	77	56	-27%
APPLICATION FRAUD	24	40	67%
BANKING AND SECURITIES	33	38	15%
HEALTHCARE	26	38	46%
HOMEOWNERS	37	30	-19%
FINANCIAL INVESTIGATION	25	29	16%
OTHER AGENCY ASSISTANCE	73	26	-64%
COMMERCIAL	23	16	-30%
DISABILITY FRAUD	17	14	-18%
ARSON FOR PROFIT	8	3	-63%
TITLE FRAUD	5	3	-40%
LIFE INSURANCE FRAUD	2	3	50%
MARINE FRAUD	1	2	100%
WARRANTY FRAUD	0	2	200%
IDENTITY THEFT	2	1	-50%
MY SAFE FLORIDA HOME	0	1	100%
UNAUTHORIZED ENTITIES FRAUD	4	1	-75%

Convictions



The Number and Percentage of Convictions Received for each Fraud Type

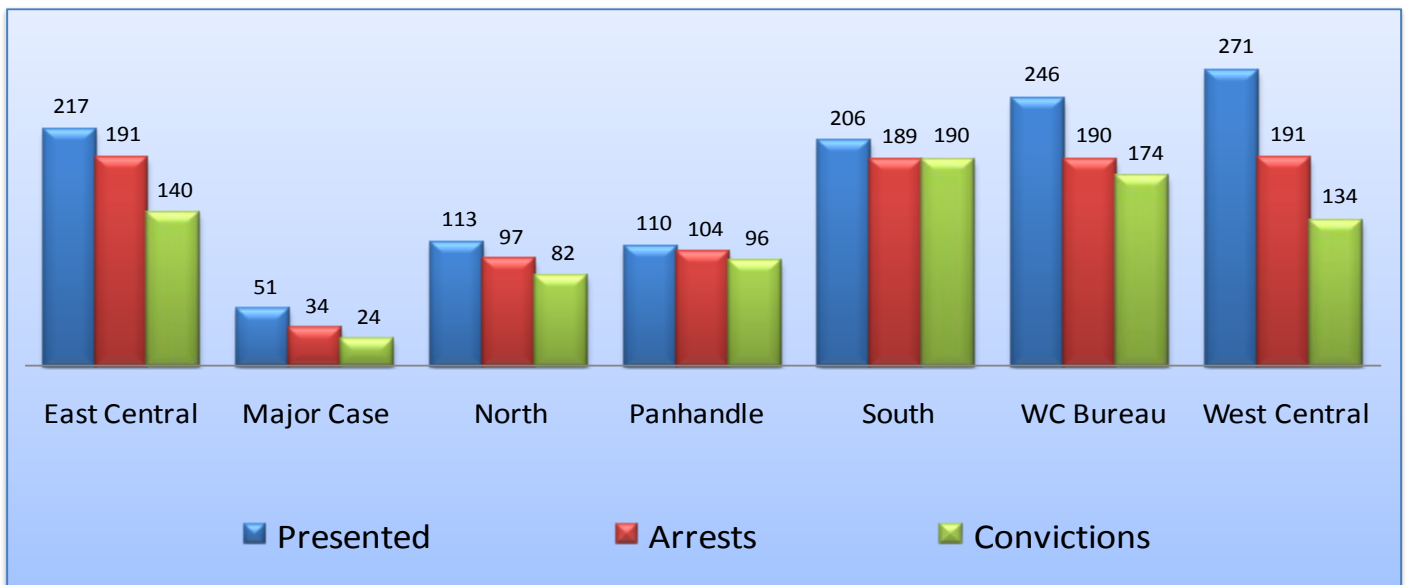
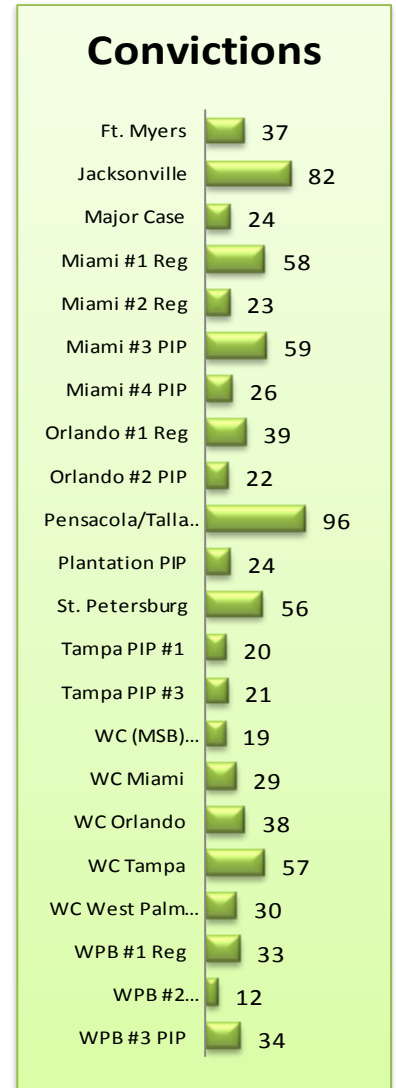
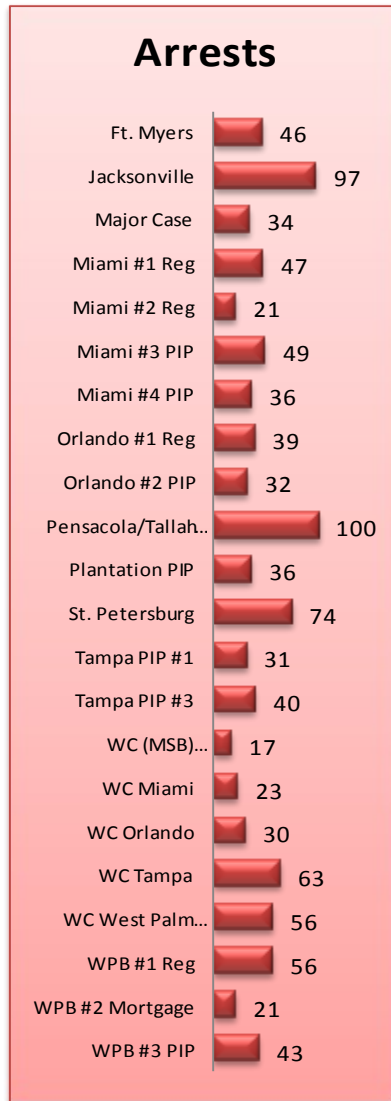
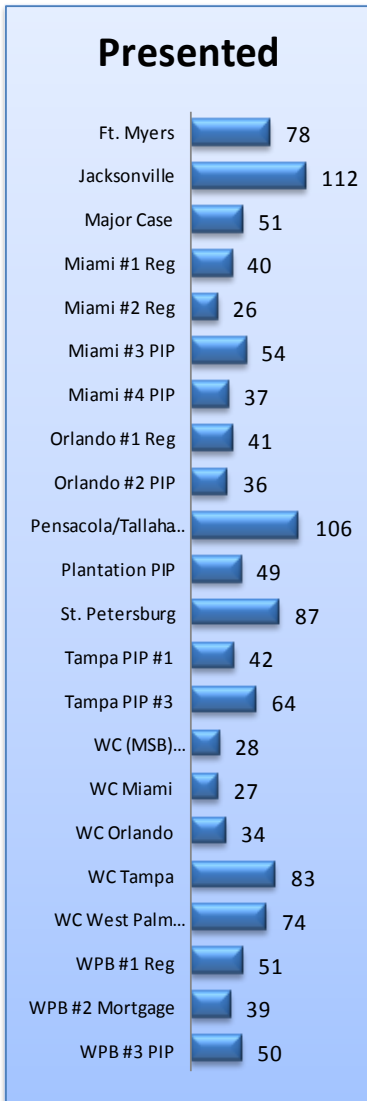
- PERSONAL INJURY PROTECTION FRAUD
- WORKERS' COMPENSATION FRAUD
- VEHICLE FRAUD
- LICENSEE FRAUD
- HOMEOWNERS
- APPLICATION FRAUD
- HEALTHCARE
- FINANCIAL INVESTIGATION
- DISABILITY FRAUD
- COMMERCIAL
- TITLE FRAUD
- BANKING AND SECURITIES
- ARSON FOR PROFIT
- IDENTITY THEFT
- LIFE INSURANCE FRAUD
- OTHER AGENCY ASSISTANCE
- MY SAFE FLORIDA HOME
- UNAUTHORIZED ENTITIES FRAUD
- WARRANTY FRAUD
- BONDS
- MARINE FRAUD



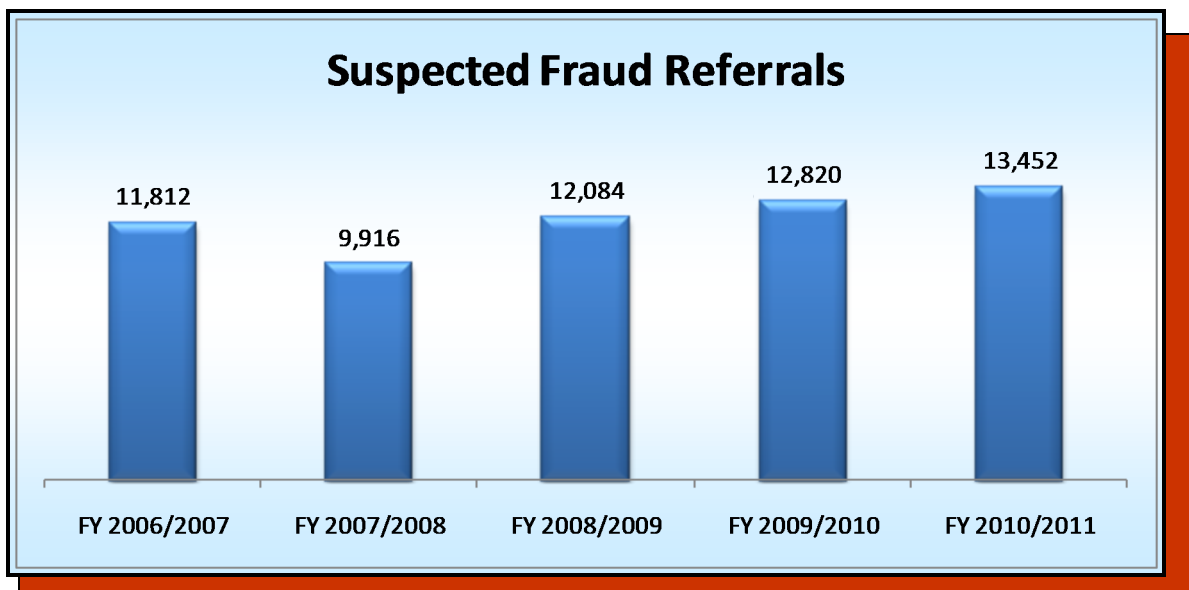
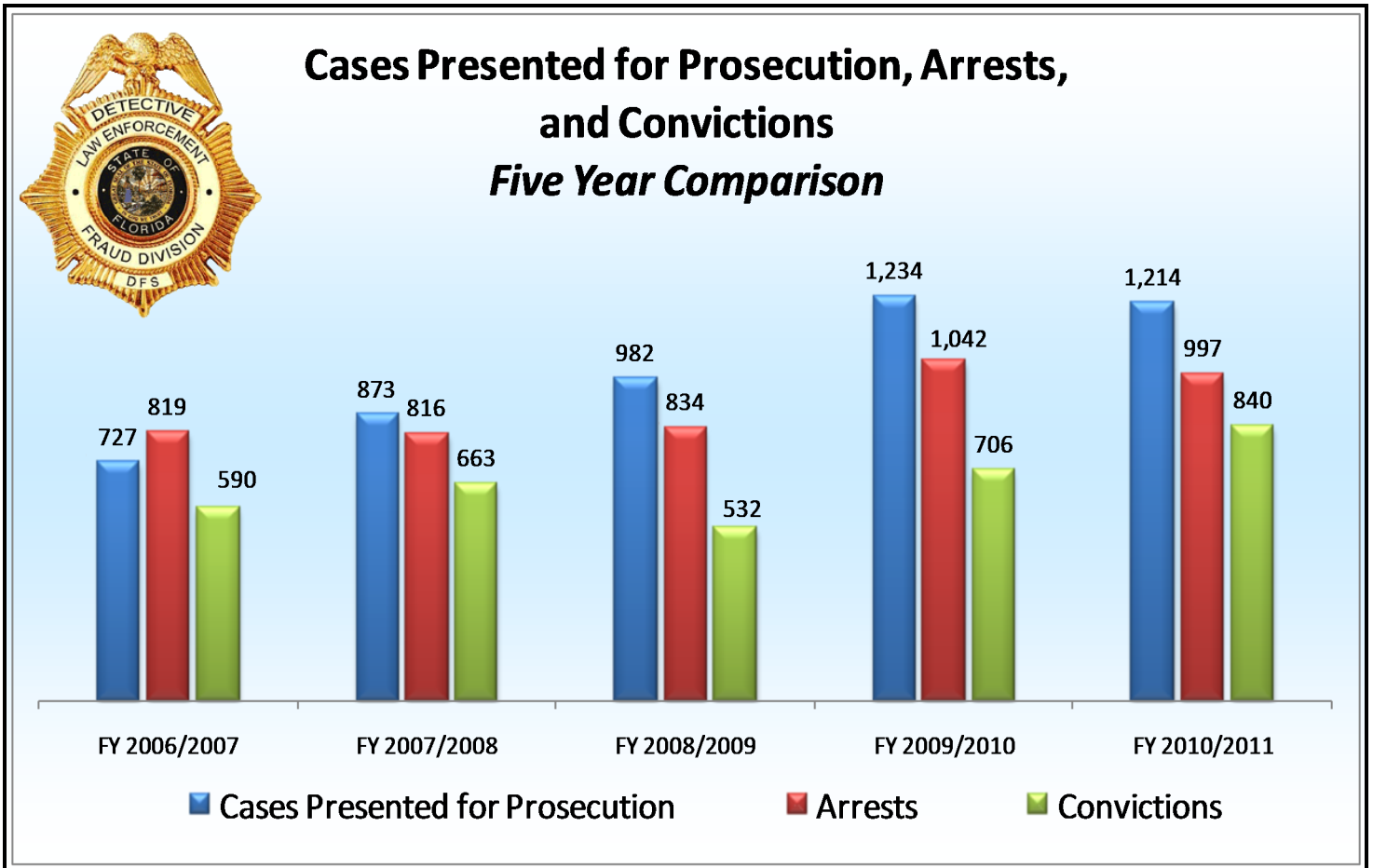
Convictions

Convictions: Increase/Decrease			
CASE TYPE	FY 09/10	FY 10/11	% Increase/ Decrease
PIP FRAUD	240	295	23%
WORKERS' COMPENSATION FRAUD	199	242	22%
VEHICLE FRAUD	54	73	35%
LICENSEE FRAUD	49	49	0%
HOMEOWNERS	22	34	55%
APPLICATION FRAUD	18	28	56%
HEALTHCARE	21	27	29%
DISABILITY FRAUD	15	18	20%
COMMERCIAL	20	17	-15%
FINANCIAL INVESTIGATION	20	16	-20%
TITLE FRAUD	15	12	-20%
BANKING AND SECURITIES	22	8	-64%
ARSON FOR PROFIT	0	5	500%
IDENTITY THEFT	1	5	400%
LIFE INSURANCE FRAUD	3	4	33%
OTHER AGENCY ASSISTANCE	4	4	0%
MY SAFE FLORIDA HOME	0	1	100%
UNAUTHORIZED ENTITIES FRAUD	1	1	0%
WARRANTY FRAUD	0	1	100%

Performance and Productivity (Squad and Region)



Five Year Comparison



Types of Referrals, Presentations, Arrests, and Convictions

Case Type/Case Sub Type	Referrals	Cases Presented for Prosecution	Arrests	Convictions
APPLICATION FRAUD	883	48	40	28
COMMERCIAL	11	0	0	1
CREDIT LIFE	3	0	0	0
DISABILITY	16	0	0	0
HEALTH	17	1	1	0
HOME	0	0	0	0
HOMEOWNERS	26	6	4	4
LIFE	231	7	7	6
VEHICLE	578	34	28	17
VESSEL	1	0	0	0
ARSON FOR PROFIT	152	5	3	5
COMMERCIAL	3	0	0	1
HOME	74	2	0	1
VEHICLE	74	3	3	3
VESSEL	1	0	0	0
BANKING AND SECURITIES	287	58	38	8
BANK FRAUD	2	0	0	0
FINANCE FRAUD	9	0	1	0
MORTGAGE FRAUD	275	58	37	8
SECURITIES FRAUD	1	0	0	0
COMMERCIAL	404	23	16	17
FICTITIOUS CERTIFICATE OF INSURANCE	17	2	2	2
FICTITIOUS CLAIM OR DAMAGE	59	6	2	3
FICTITIOUS LIABILITY CLAIM	77	3	2	1
INFLATED CLAIM	37	3	0	0
SLIP & FALL	214	9	10	11
DISABILITY FRAUD	81	16	14	18
FICTITIOUS CLAIM	56	11	9	14
WORKING WHILE COLLECTING	25	5	5	4
FINANCIAL INVESTIGATION	94	25	29	16
FINANCIAL	94	25	29	16

Types of Referrals, Presentations, Arrests, and Convictions

Case Type/Case Sub Type	Referrals	Cases Presented for Prosecution	Arrests	Convictions
HEALTHCARE	486	50	38	27
BY PATIENT	79	24	20	14
BY PROVIDER	270	13	5	5
DENTAL HEALTHCARE FRAUD	46	3	4	0
DENTAL HEALTHCARE FRAUD BY CLAIMANT	2	0	0	0
DISABILITY	5	2	2	0
EMPLOYER POCKETING PREMIUMS	11	0	0	0
FICTITIOUS PROVIDER	4	1	1	0
MEDICAL DISCOUNT CARDS	3	0	0	0
OTHER MEDICAL PROVIDER	23	1	1	0
PRESCRIPTION FRAUD	39	6	5	8
SERVICES BY UNLICENSED PERSON	4	0	0	0
HOMEOWNERS	584	44	30	34
FICTITIOUS CLAIM OR DAMAGE	265	20	12	19
FICTITIOUS LIABILITY CLAIM	8	1	1	4
INFLATED CLAIM	311	23	17	11
IDENTITY THEFT	20	1	1	5
BY ENTITY	3	0	0	0
BY PERSON	17	1	1	5
LICENSEE FRAUD	765	103	70	49
ADJUSTER	18	1	0	3
AGENCY	66	23	7	0
AGENT	278	49	34	36
ANNUITY	26	7	4	1
BAIL BOND AGENT	33	5	5	4
CARRIER	36	0	2	0
HEALTH MAINTENANCE ORGANIZATION	1	0	0	0
INSOLVENCY	1	0	0	0
PUBLIC ADJUSTER	222	9	8	2
SERVICE WARRANTY COMPANY	1	0	0	0
THIRD PARTY ADMINISTRATOR	1	0	0	0
TITLE INSURANCE	21	1	1	0
UNLICENSED AGENT OR ADJUSTER	58	8	9	3
VIATICAL BROKER	0	0	0	0
VIATICAL PROVIDER	3	0	0	0

Types of Referrals, Presentations, Arrests, and Convictions

Case Type/Case Sub Type	Referrals	Cases Presented for Prosecution	Arrests	Convictions
LIFE INSURANCE FRAUD	35	7	3	4
BENEFICIARY FORGERY	32	5	1	0
CREDIT LIFE	1	0	0	0
MURDER FOR PROFIT	2	0	0	0
QUESTIONABLE DEATH	0	2	2	4
MARINE FRAUD	30	3	2	0
FICTITIOUS CLAIM	13	3	2	0
INFLATED CLAIM	17	0	0	0
MY SAFE FLORIDA HOME	6	1	1	1
CONTRACTOR	3	0	0	0
CONTRACTOR WIND RESISTANT IMPROVEMENTS	1	1	1	1
HOME INSPECTION APPLICATION	1	0	0	0
HOME INSPECTOR	1	0	0	0
HOMEOWNER WIND RESISTANT IMPROVEMENTS	0	0	0	0
OTHER AGENCY ASSISTANCE	21	4	26	4
ASSISTANCE	21	4	26	4
PERSONAL INJURY PROTECTION FRAUD	6699	429	353	295
BY ATTORNEY	28	0	0	2
BY CLAIMANT	2675	61	40	29
BY PROVIDER	1941	44	42	35
FICTITIOUS INSURANCE CARD	187	23	24	24
ILLEGAL POSSESSION OF ACCIDENT REPORT	3	2	2	0
JUMP IN	146	22	17	24
LOST WAGES	9	0	0	0
PAPER ACCIDENT	41	3	3	1
PATIENT BROKERING	26	18	6	4
SOLICITATION	136	10	10	1
STAGED ACCIDENT	1416	242	207	171
UNLICENSED ACTIVITY	91	4	2	4
TITLE FRAUD	8	2	3	12
HOME	5	1	3	9
PROPERTY	1	0	0	3
VEHICLE	2	1	0	0
VESSEL	0	0	0	0

Types of Referrals, Presentations, Arrests, and Convictions

Case Type/Case Sub Type	Referrals	Cases Presented for Prosecution	Arrests	Convictions
UNAUTHORIZED ENTITIES FRAUD	64	2	1	1
FICTITIOUS BONDS	2	0	0	0
HEALTH	30	2	0	0
LIFE AND ANNUITIES	10	0	0	0
PROPERTY/CASUALTY	11	0	1	1
PROVIDER	4	0	0	0
VEHICLE	7	0	0	0
VEHICLE FRAUD	1,008	56	56	73
ACCESSORIES	71	2	1	2
BODY SHOP	84	6	1	13
DAMAGE TO VEHICLE	330	19	20	21
DITCHING	499	27	32	37
FAILURE TO RETURN (THEFT)	24	2	2	0
WARRANTY FRAUD	19	2	2	1
CELL PHONE	2	0	0	0
COMMERCIAL	1	1	1	0
HOME	7	1	1	1
VEHICLE	9	0	0	0
WORKERS' COMPENSATION FRAUD	1,495	335	271	242
AGENT PREMIUM	2	0	0	0
BY ATTORNEY	4	0	0	0
BY EMPLOYEE CLAIMANT	617	91	63	65
BY EMPLOYER	82	11	9	5
BY PROVIDER	6	0	0	1
EMPLOYEE PAYROLL DEDUCTION	1	0	0	0
EMPLOYER PREMIUM	52	14	22	12
FICTITIOUS CERTIFICATE OF EXEMPTION	11	2	1	2
FICTITIOUS CERTIFICATE OF INSURANCE	33	10	13	12
ID THEFT OF NUMBER OR NAME	408	126	87	73
LEASING COMPANY	0	0	0	1
VIOLATION OF STOP WORK ORDER	100	34	34	25
WORKING WITHOUT COVERAGE	179	47	42	46

DIF Budget

Salaries.....	\$12,758,628
OPS (Other Personnel Services Funds).....	\$45,000
Expenses	\$2,035,321
OCO (Operating Capital Outlay Funds).....	\$1,700
Acquisition of Motor Vehicles	\$297,000
Contracted Services	\$214,617
Transfer to JAC	\$1,251,257
Risk Management Services	\$218,602
Salary Incentive Payments	\$216,256
Human Resources	<u>\$81,432</u>
Total	\$17, 119,813



DIF Staffing



During Fiscal Year 2010/2011, DIF employed 196 full-time members statewide:

150 sworn members (37 supervisors; 113 detectives)

46 non-sworn members (6 supervisors; 40 support staff)

Office of the Director

Lieutenant Colonel Jack Kelley
Senior Attorney Charles Hughes
Senior Attorney Phil Payne
Senior Attorney Howard Pohl

Operations and Investigations

Major Simon Blank

Statewide PIP Coordinator

Captain Steve Smith, South Region

General Fraud

Captain Michael Byrne, West Central Region
Captain Buddy Hand, Panhandle Region
Captain Glenn Hughes, East Central Region
Captain Brian McCoy, North Region

Bureau of Workers' Compensation Fraud

Bureau Chief Geoffrey Branch
Captain Vance Akins

Office of Professional Standards and Training

Captain Robert Brongel
Lieutenant Burt Himmer

Bureau of Crime Intelligence and Analytical Support

Bureau Chief Lori Rodabaugh
Crime Intelligence Analyst Supervisor Janice Caballero
Crime Intelligence Analyst Supervisor Kathy Morris
Crime Intelligence Analyst Supervisor Bonita Taitt

Hotline Unit and Insurer Anti-fraud/Special Investigations Compliance Section

Senior Management Analyst Denise Prather



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**Division of Insurance Fraud
Florida Department of Financial Services
<http://www.myfloridacfo.com/fraud/>**