
DIVISION OF INSURANCE FRAUD ANNUAL REPORT

Fiscal Year 2014-2015

FLORIDA DEPARTMENT OF FINANCIAL SERVICES



STANDARDS

PROFESSIONALISM

ETHICAL BEHAVIOR

PURSUIT OF FRAUD
AND ABUSE



DIVISION OF INSURANCE FRAUD

ANNUAL REPORT 2014-2015

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LETTER FROM CFO JEFF ATWATER

Dear friends,

Serving as the Chief Financial Officer (CFO) of Florida's Department of Financial Services, I get to make a difference in the lives of Floridians every single day by fighting financial fraud, erasing abuse and waste in government, reducing government spending and, promoting accountability. In this role, I have the unique opportunity of overseeing the operations of the Division of Insurance Fraud, and as such, I'm able to make these priorities a reality.

In this year's annual report, I'm excited to tell you about the Division of Insurance Fraud's achievements. I would like to share a few unique cases and to also share how the detectives and prosecutors are working together to investigate, prosecute and hold accountable, those who would commit crimes and take advantage of Florida's citizens and businesses.

In fact, it is through valued partnerships with prosecutors, the insurance industry, local citizens willing to report fraud and other law enforcement in the community, that we are able to take down dishonest fraudsters who scheme to defraud all of us.

With our anti-fraud reward program we're financially able to give back to those who assist our efforts. To date, the Department has awarded almost \$342,000 to more than 50 citizens who provided us with key information leading directly to arrests and convictions.

I encourage you to take a moment to read about some of our achievements in the following pages.

Sincerely,



Jeff Atwater
Chief Financial Officer
State of Florida

Pictured (left) Division of Insurance Fraud Director Simon Blank with (right) Chief Financial Officer Jeff Atwater.



SIMON BLANK, DIVISION OF INSURANCE FRAUD DIRECTOR

The Florida Division of Insurance Fraud (DIF) remains faithful to its commitment to safeguard Florida's residents from the costly impact of insurance fraud. Operating under the direction of Chief Financial Officer Jeff Atwater and with the guidance of Deputy Chief Financial Officer Jay Etheridge, the Division completed another outstanding year.

DIF vetted over 17,000 referrals, arrested over 1,300 suspects and realized incredible conviction rates this past year, measuring more than 90 percent, which means the cases investigated and the work product presented to our partners at the State Attorneys' Offices continue to be meaningful, enduring and proof that we are making a difference. The accounts and statistics found in this year's annual report affirm the Division's impact in the fight against insurance fraud in our state and are a testimony to the diligence of those sworn and non-sworn members working to fight fraud. In addition, we continue to find new ways to add efficiency

and value when combating insurance fraud by being conscious of evolving criminal trends, specifically investing in specialized training, computer forensics, financial analysis and financial investigative software.

The Division also underwent a vigorous organizational evaluation this past fiscal year, which ultimately resulted in rezoning districts to further enhance the regions they serve as well as some highly-merited strategic internal advancements which are included in this report.

I would be remiss if I did not recognize and thank our many partners within the industry as well as local, state and the federal government who provide their support in the fight against fraud.

This is an organization I am honored to represent as we work together to be part of the solution, striving for excellence to eliminate fraud.

The Division of Insurance Fraud serves and safeguards the public and businesses operating in the state of Florida, against acts of insurance fraud.

Director Simon Blank



DIVISION OF INSURANCE FRAUD

The Division of Insurance Fraud (Division) is a law enforcement organization operating within the Department of Financial Services (Department) and is commanded by a law enforcement colonel and a lieutenant colonel. The operations of the Division are carried out by two bureau chiefs heading the Bureau of General Fraud and the Bureau of Workers' Compensation Fraud.

The Bureau of Workers' Compensation Fraud investigates alleged acts of intentional false representation of a material fact to obtain or to deny workers' compensation benefits or avoiding responsibility under the law, including when an employer misrepresents the amount of payroll or classification of its employees. The Bureau of General Fraud investigates alleged acts of insurance fraud not categorized under workers' compensation fraud, including; licensee, healthcare, application, vehicle, homeowners, commercial, disability, arson, and life insurance fraud. Within these categories

are; organized schemes to defraud the public and insurers, insolvency of insurance companies due to internal fraud, criminal activity by unauthorized entities illegally doing business in Florida, and viatical related fraud. The State is divided into two districts overseen by majors. Law enforcement captains manage six regions, with lieutenants overseeing 23 squads. There are 151 detectives who are sworn law enforcement officers with the ability to make arrests, conduct searches and seizures, serve subpoenas and carry firearms as they investigate all types of insurance fraud and 43 civilian support staff.

Operational Support Services is the team that offers complete support to the Division's investigative mission. This section is responsible for selection and promotion processes, purchasing, budget, legislative tracking, accreditation, policy development, informational technology resources, and training.

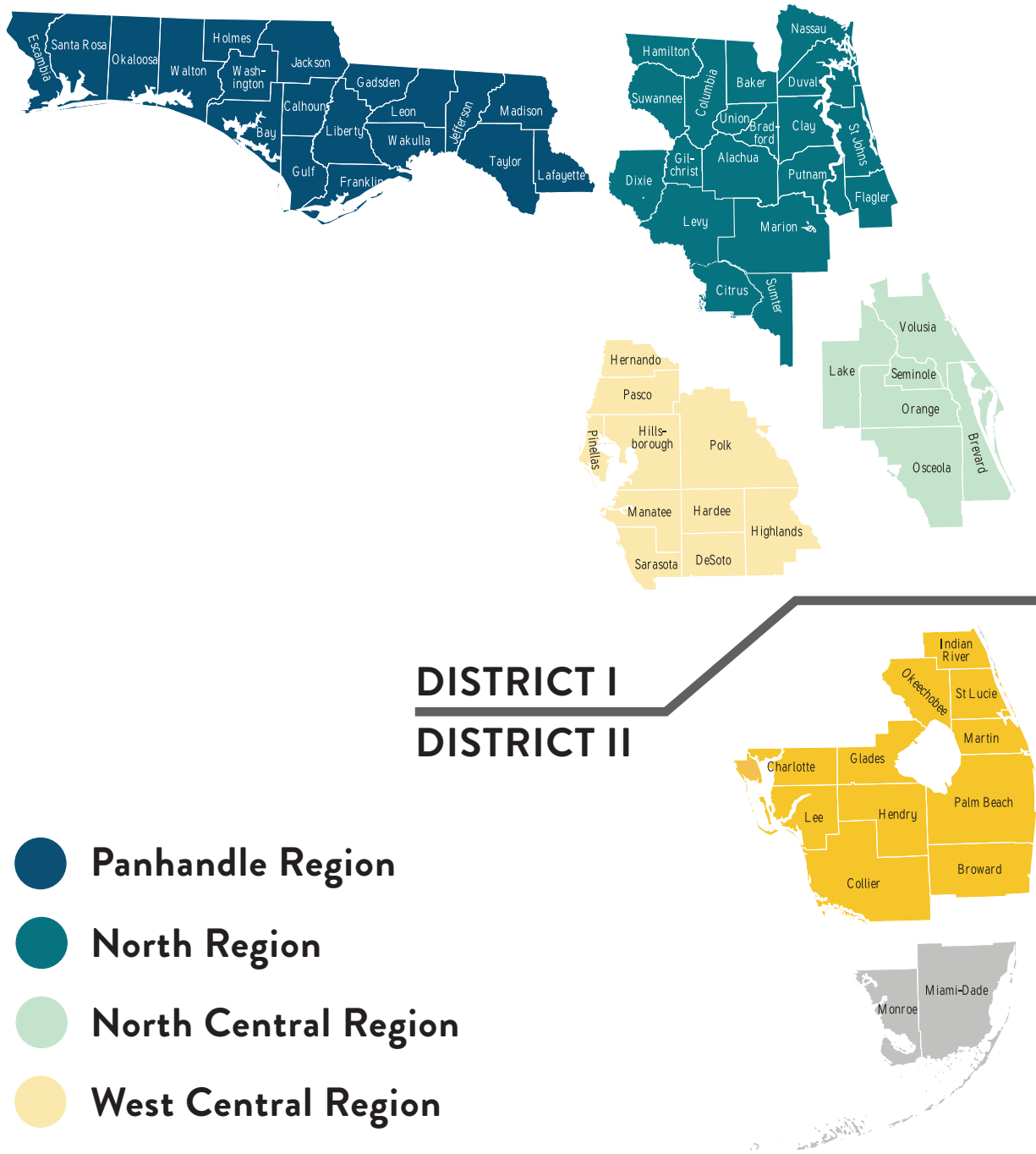


FISCAL YEAR 2014/2015 STATISTICS

17,392	Suspected Fraud Referrals
1,590	Cases Presented for Prosecution
1,318	Arrests
1,195	Convictions
\$37,980,841.83	Restitution Requested
\$51,203,744.42	Court Ordered Restitution

To report suspected insurance fraud, call 1-800-378-0445.

DISTRICT AND REGIONAL BOUNDARIES



- Panhandle Region
- North Region
- North Central Region
- West Central Region
- South Central Region
- South Region

OFFICE OF THE DIRECTOR



**Colonel
Simon Blank**



**Lieutenant Colonel
Timothy Cannon**



BUREAU OF GENERAL FRAUD



Chief Buddy Hand



Major Mike Byrne
District I



Major Rafael Delgado
District II

BUREAU OF WORKERS' COMPENSATION FRAUD



Chief John Dygon

OPERATIONAL SUPPORT SERVICES



Major Janet Hartman

LEGAL COUNSEL



Legal Counsel
Howard Pohl

OPERATIONAL SUPPORT SERVICES

Operational Support Services helps the division carry out its commitment to fight insurance fraud. This section is responsible for the selection and promotion processes, purchasing, budget, legislative tracking, accreditation, policy development, information technology (IT) resources, and training.

Career development and continuing education are essential functions of the section. It develops training programs to maintain sworn law enforcement certifications, and provides demanding firearms training as well as vehicle operations and defensive tactics.

In addition to the development of these topic areas, the section coordinates:

- The operation and maintenance of the

- Division's vehicle fleet,
- The field training officer program,
- Quartermaster functions,
- Armor, test and evaluation program,
- Applicants' physical agility testing,
- The radio program,
- Inventory and mutual-aid as part of Emergency Support Function (ESF) 16.

Members also serve within the State (ESF) 16, as part of the disaster response function to serve and deploy to disaster areas.

The section also provides IT functions including maintaining the Division's case management system, records and ensuring security of databases and networks.





The Division was initially accredited by the Commission of Florida Law Enforcement Accreditation in February of 2009, and received its reaccreditation status both in June 2012 and again in 2015. An accreditation program has long been recognized as a means of maintaining the highest standards of professionalism. This independent reviewing authority certifies that an entity has met specific requirements and prescribed standards. The Division maintains its accreditation status by conducting staff inspections, staying informed of changes in Florida Statutes, case law, accreditation standards and updating the Division's policies to address these changes. Additionally, the Division's accreditation manager attends the Commission of Florida Law Enforcement Accreditation meetings where state, county and city law enforcement agencies participate with training and discussions related to ongoing accreditation matters.



PANHANDLE REGION

Insurance Agent Found Guilty of Racketeering and Money Laundering

In April 2015, a Cantonment insurance agent was found guilty of racketeering and money laundering. An investigation revealed the insurance agent conspired with others during 2010 and 2011 to defraud insurance companies out of more than \$891,000.

His scheme enticed victims to attend employment seminars in Florida, Georgia and Mississippi using fraudulent job listings placed on Craigslist. When potential applicants were identified, the applicants were invited to seminars where the insurance agent took their personal information and life insurance applications, which were presented as employee life insurance policies funded by payroll deductions. In reality, he simply paid their initial premiums in order to generate commissions and bonuses in excess of \$891,000. His license to transact insurance in the state of Florida is now suspended.

Fraudulent Insurance Claims

In January 2015, a Gadsden County resident was convicted of healthcare fraud, grand theft and organized scheme to defraud. The resident submitted fraudulent insurance claims under a vision indemnity policy and a cancer indemnity policy. The suspect submitted 395 fraudulent claims under his cancer indemnity policy on his current wife, ex-wife, himself, as well as 49 dependent children for a reimbursement total of \$29,550.

In addition, under his vision policy, he submitted 155 fraudulent claims on 30 claimants for a reimbursement total of \$5,850. In total he defrauded the insurance company of \$35,400 by submitting the fraudulent reimbursement documents for “Wellness Visits” that never occurred. The investigator verified the doctor visits never took place, and no medical records for treatment existed. He was convicted in January 2015 of healthcare fraud, grand theft and organized scheme to defraud.



PANHANDLE REGION

Captain David Lindsay

PENSACOLA FIELD OFFICE

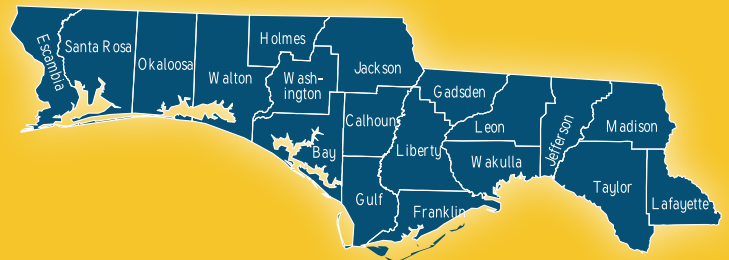
(850) 453-7802
610 Burgess Road
Pensacola, FL 32504

Lieutenant Sandra Fitzsimons

TALLAHASSEE FIELD OFFICE

(850) 413-3115
200 East Gaines Street
Tallahassee, FL 32399

Lieutenant Ernie Stoll



NORTH REGION

Alachua County Man Arrested for Grand Theft and Unlicensed Bail Bonds Activity

In February 2015, North Region officers arrested a 33-year-old Lake City resident for grand theft of a vehicle and unlicensed bail bonds activity. An investigation found the suspect acted as a bail bond agent despite having his license revoked following a 2011 arrest for aggravated assault. He was also accused of illegally confiscating the vehicle of a client used for collateral.

The Division of Agent and Agency Services revoked his bail bond agent license in 2012 following an incident when he held three individuals at gunpoint during an attempt to locate a bail jumper. He is permanently ineligible for future licensure as a bail bond agent as part of the revocation order. In addition to operating without a license, he is

accused of illegally taking the vehicle of a client who used her vehicle as collateral when she was bonded out of jail. The Eighth Judicial Circuit State Attorney William Cervone will prosecute the case.

North Florida Man Arrested for Insurance Fraud After Faking Death

In March 2015, regional officers arrested a former Jacksonville resident on seven counts of insurance fraud because he allegedly faked his own death to cash in on \$9 million in life insurance policies. A joint state and federal investigation revealed the insured was alive despite a 2013 insurance claim stating he died of “mad cow disease,” in Venezuela. The filing claimed he traveled to seek treatment and later died while still in Venezuela. He was arrested at his North Carolina home. The 4th Judicial Circuit State Attorney’s Office will prosecute his case and he faces up to 20 years in prison.

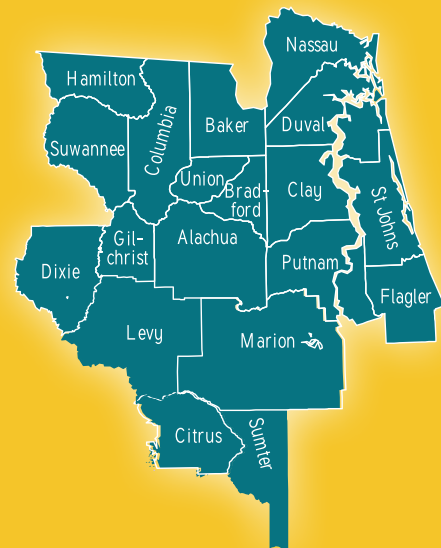


NORTH REGION Captain Brian McCoy

JACKSONVILLE FIELD OFFICE

(904) 798-5802
921 North Davis Street, Bldg. B, Ste.149,
Jacksonville, FL 32209

Lieutenant Kevin Jones, Auto Fraud
Lieutenant Edward Johnson, General Fraud



NORTH CENTRAL REGION

Arrest of Orange County Insurance Agent for Stealing More Than One Million Dollars of Client Funds

In December, 2014, regional officers arrested a Orange County insurance agent for defrauding his clients out of more than \$1 million in life insurance premium payments. An investigation discovered between July 2009 and March 2014 the agent stole more than \$750,000 from one client's life insurance premium payments and an additional \$427,000 from another client. Once he gained their trust, he persuaded both clients to write their insurance premium checks payable to his company instead of their respective insurance

companies, claiming doing so would allow him to more effectively manage their investments.

To conceal the theft, the agent changed the clients' policy mailing addresses to his own address, so they would not know payments were not received. His fraud succeeded until the clients contacted their carriers to inquire about their policies, which had lapsed. The investigation indicated he deposited the checks into his own account.

The suspect's bond was set at \$1 million and he faces up to 60 years in prison. The Orange County State Attorney's Office will prosecute the case. In addition, the Division of Agent & Agency Services permanently revoked his professional license.



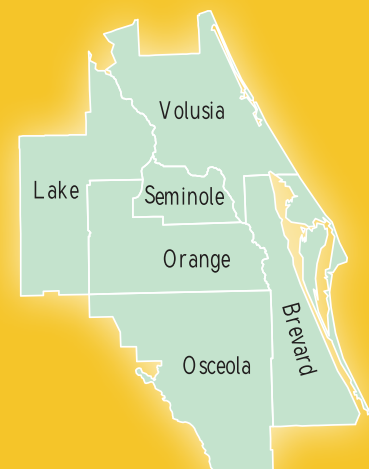
NORTH CENTRAL REGION

Captain Evangelina Brooks

ORLANDO FIELD OFFICE

(407) 835-4402
400 West Robinson Street, Suite S-823
Hurston Building
Orlando, FL 32801

Lieutenant Kurt Harmon, General Fraud
Lieutenant Laquanda Green, Auto Fraud
Lieutenant John Savino, Auto Fraud



WEST CENTRAL REGION

Central Florida Clinic Owner and Co-Conspirators Arrested for PIP Fraud

In June 18, 2015, the Region effected the arrest of an Auburndale doctor, who owned an injury clinic along with three others on charges related to the operation of a complex PIP fraud scam. The doctor and his alleged coconspirators are accused of recruiting patients to visit the clinic for treatment of fake injuries following staged accidents.

The suspects offered participants \$500 for 15 clinic visits and an additional \$500 after 25 visits for treatment of non-existing injuries. In addition, the suspects offered additional money for recruiting additional participants. One suspect unknowingly recruited an undercover police officer to assist with the scheme, requesting the officer visit the clinic to report fraudulent injuries and stated that he would

be compensated for doing so.

The investigation also uncovered evidence that the clinics located in Auburndale and Tampa engaged in patient brokering, and clinic staff performed treatments they were not qualified or licensed to perform.

The charges filed against the suspects include patient brokering, a 3rd degree felony and unlicensed practice of healthcare. The National Insurance Crime Bureau, the Winter Haven, Haines City and Auburndale Police Departments, along with the Polk County Sheriff's Office and Bristol West Insurance Company assisted with the investigation. The case is being prosecuted by Attorney General Pam Bondi's Office of the Statewide Prosecutor.



WEST CENTRAL REGION

Captain Darrell Wilson

TAMPA FIELD OFFICE

(813) 972-8602
8600 Hidden River Parkway, Suite 100
Tampa, FL 33637

Lieutenant Carlos Rosario, Auto Fraud
Acting Lieutenant Miguel Mora, General Fraud

ST. PETERSBURG FIELD OFFICE

(727) 563-1142
St. Lucie Building
9800 4th Street, Suite 100
St. Petersburg, FL 33702

Lieutenant Carl Lane, General Fraud



SOUTH CENTRAL REGION

Title Agent Arrested for Stealing More than \$705,000

In March, 2015, region staff arrested a former Estero title agent for stealing more than \$705,000 in client funds intended for real estate transactions. The underwriter for the funds covered the losses as a result of her fraudulent actions. An investigation by the Division of Agent and Agency Services and Division of Insurance Fraud found the title agent stole (through the business) funds from clients in May 2010 and August 2010.

She faces up to 15 years in prison for first degree grand theft and fraud charges and her title agent license has been revoked. The office of 20th Judicial Circuit State (Attorney Stephen Russell) will prosecute her case.

Two Fort Lauderdale Residents Arrested for PIP Fraud Following Staged Accident

In March, 2015, region staff arrested two Fort Lauderdale residents for staging an auto accident, patient brokering and personal injury protection (PIP) insurance fraud. An investigation by the Division, in partnership with the Federal Bureau of Investigation, Broward County Sheriff's Office and the Fort Lauderdale Police Department revealed two subjects organized and participated in a staged accident in September 2012. These subjects recruited participants to intentionally drive a rented U-Haul truck into them. Fraudulent insurance claims were subsequently submitted to insurers who paid the claims.



SOUTH CENTRAL REGION

Major Glen Hughes

FT. LAUDERDALE FIELD OFFICE

(954) 958-5402
1400 West Commercial Boulevard, Suite 135, Ft. Lauderdale, FL 33309

Lieutenant William Lee, Auto Fraud
Lieutenant Stacey Spirn, General Fraud

WEST PALM BEACH FIELD OFFICE

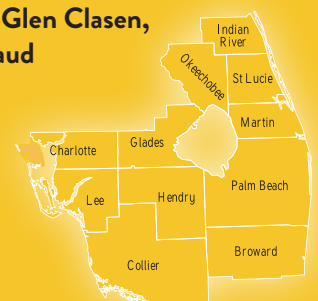
(561) 837-5601
3111 S. Dixie Hwy., Suite 310, West Palm Beach, FL 33405

Lieutenant Ted Padich, General Fraud
Lieutenant James Feeney, Auto Fraud

FT. MYERS FIELD OFFICE

(239) 278-7527
4700 Terminal Drive, Suite #5, Fort Myers, FL 33907

Lieutenant Glen Clasen, General Fraud



SOUTH REGION

Nine Miami Personal Injury Protection Fraud Arrests

In January, 2015, the region affected the arrest of nine subjects charged in eight separate cases involving seven staged motor vehicle accidents. These individuals allegedly filed more than \$242,000 in fraudulent billings submitted to 11 insurance carriers. Most PIP fraud rings involve several components that are each monetarily driven – the organizer, who recruits and arranges for individuals to stage, or intentionally cause, motor vehicle accidents; the patient broker, who convinces the participants to seek post-accident medical treatments for non-existent injuries; and sometimes licensed medical providers, who agree to sign off on falsified medical treatment documents in exchange for payments billed under

“While their injuries may have been fake, PIP fraud is real and it is not a victimless crime,” said CFO Jeff Atwater. “When insurance carriers absorb such high-dollar losses to fraud, we all pay in the form of higher insurance premiums. I’m thankful to our dedicated investigative team for shutting down this fraud ring.”

the participants’ personal injury protection benefits as part of their automobile insurance policies.

Arrest of Miami Man for Stealing Nearly \$1.1 Million in Insurance Premiums

In July 2014, the region affected the arrest of a former president and owner of a Miami underwriting company on grand theft and fraud charges after an investigation revealed he stole nearly \$1.1 million in insurance premiums from seven insurance and premium finance companies. A joint investigation with Division and the Division of Agent & Agency Services found the suspect directed his staff to divert insurance premiums between March and August 2012 to pay his own business debts. The owner, his agency and top staff are permanently banned from conducting insurance business in Florida. If convicted on both charges, he faces up to 60 years in prison.

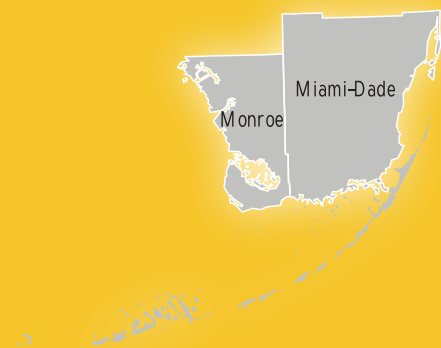


SOUTH REGION Captain Steve Smith

MIAMI FIELD OFFICE

(305) 536-0302
401 N.W. 2nd Avenue, Suite N-321,
Miami, FL 33128

- Lieutenant Violeta Serrano, Auto Fraud
- Lieutenant Stanley Jean-Felix, General Fraud
- Lieutenant Missael Diaz, Auto Fraud
- Lieutenant Oscar Sigler, General Fraud



WORKERS' COMPENSATION BUREAU

Arrests in Fraud Scam

In June, 2015, bureau staff affected the arrest of six people for a large-scale premium fraud scheme where multiple shell corporations systematically concealed payroll amounts for the purposes of obtaining low-cost workers' compensation policies. The suspects opened and operated shell companies using "straw owners," or individuals who, for a fee, agree to serve as the legal owner of a business because they have a clean criminal record. These businesses were actually run by organizers who directed the day-to-day activities and illegal operations.

Payroll amounts were concealed through the use of check cashing stores, which circumvented proper bookkeeping measures. After securing certificates of insurance, organizers would 'rent' the certificates to work crews for a fee. Since the policies were obtained fraudulently, employees were not covered and therefore left vulnerable to high-dollar medical costs in the event of an on-the-job injury.

To further their scheme, organizers allegedly printed and provided fake business cards to these work crews and instructed them to present them to workers' compensation compliance investigators. This cycle of fraud would continue until an insurance policy expired or was cancelled, at which time organizers would open another shell company under a different name and begin the process again.

The defendants were booked on organized scheme to defraud charges in their respective jurisdictions,

either Hillsborough or Orange County, and if convicted, face a maximum possible sentence of 15–30 years in prison.

Unlicensed Contractors Sting

In September, 2015, the bureau apprehended 11 individuals in Manatee County for unlicensed contracting and engaging in construction work without workers' compensation insurance. In partnership with the Department of Business & Professional Regulation (DBPR), the Manatee County Sheriff's Office, Holmes Police Department and Manatee County Code Enforcement, the team executed the sting over a three-day period, calling for contractors to perform services at an uninhabited home in Manatee County. All 11 defendants were charged with unlicensed contracting and workers' compensation fraud. Each was also fined by local code enforcement and issued a Cease and Desist order by DBPR. If convicted, the arrested individuals face up to five years prison for each workers' compensation charge and an additional year for a first time unlicensed contractor charge or five years for repeat offenders.

The WC Bureau has investigators assigned throughout the state to deter, detain and arrest anyone involved in illegal activity, such as avoiding premiums or hiring employees without obtaining the proper insurance.

MIAMI (305) 536-0302
Lieutenant Gina Narcisse

TAMPA (813) 972-8602
Lieutenant Doreen Rivera-Rapp

ORLANDO (407) 835-4402
Lieutenant Ruthell Harris

WEST PALM BEACH (561) 837-5601
Acting Lieutenant Leisa Valerio

DEDICATED PROSECUTORS

The dedicated prosecutor program was created to focus direct, specialized attention to insurance fraud prosecutions by providing standardized treatment of cases and handling by assistant state attorneys with unique training and expertise while also expanding public awareness to the ever increasing problem of insurance fraud.

Beginning in September 2003, the Florida Automobile Joint Underwriting Association (FAJUA), the Division of Insurance Fraud and the Miami-Dade County State Attorney's Office agreed to fund the first dedicated prosecutor position. The program provides the funding and positions to those State Attorney's Offices identified within the jurisdictions with the highest incidences of insurance fraud.

The program has proven to be very successful and has expanded on a yearly basis. There are a total of 35 full time positions within the program with 19 dedicated prosecutors and 16 support staff, being located in the following locations:

- Jacksonville (4th Circuit-two)
- Orlando (9th Circuit-three)
- Miami-Dade (11th Circuit-four)
- Tampa (13th Circuit-four)
- West Palm Beach (15th Circuit-one)
- Fort Lauderdale (17th Circuit-one)

Of the 19 dedicated prosecutors, Fort Lauderdale, Miami-Dade, Tampa, and West Palm Beach each have one position devoted solely to workers' compensation fraud.



OUTREACH INITIATIVES

Created in 1992, the Workers' Compensation Fraud Task Force was initiated by the insurance commissioner to combat insurance fraud by enhancing legislation and providing education of both the public and prosecutorial agencies.

Since then, the task force has evolved from ten members to over 130 members consisting of representatives from:

- insurance companies and their special investigative units,
- Department of Financial Services employees,
- Professional Employee Organizations,
- union representatives,
- workers' compensation insurance adjusters,
- the Florida Workers' Compensation Joint Underwriters Association, and
- the National Council on Compensation Insurance and

attorneys.

Over the years the task force has proposed many legislative advancements and championed many projects including increasing penalties for employers who operate workers' compensation insurance from a



misdemeanor to a felony; requiring claimants to list all earnings while receiving benefits; and creating a prosecutorial handbook on both claimant and premium fraud. The group continues to actively meet to address issues that face the state of Florida and discuss ways to combat workers' compensation fraud.



The Division is also a member of the Florida Property and Casualty Insurance Fraud Task Force which meets once a quarter to discuss fraud trends seen in the state. The Task Force was created by the Division in 2010. The mission of the Task Force is to reduce, deter or eliminate Property and Casualty (P&C) Insurance Fraud, including but not limited to homeowners, apartment, rental dwelling, condominium, boat, commercial, personal articles and church insurance. For more information, navigate to: <http://fighting-fraud.wix.com/stompoutfraud>

Throughout the year, members actively seek out opportunities to share these topics and more. The Division also participates in Nationwide Fraud Awareness Week offering insights about combating insurance fraud.



AWARDS AND RECOGNITIONS

STATE LAW ENFORCEMENT CHIEFS' ASSOCIATION AWARD NOMINEES



Congratulations to the Division's nominees at the State Law Enforcement Chief's Association this year. These employees were honored by peers and command staff for their contributions in leadership, training and investigations.



Detective Billy Brantley (center), with the Tampa Division of Insurance Fraud field office, through rigorous investigative work took down an organized criminal network involving numerous healthcare clinics with over 40 subjects which used straw companies to launder money in excess of \$6 million.



Program Manager Lori Rodabaugh (center) was recognized for her contributions to the Division of Insurance Fraud in analytical processes and program measurement. Her expertise in statistical analysis and program oversight not only provides public accountability but also promotes organizational effectiveness for all members.



Captain Burt Himmer (center) was recognized for his distinguished service to all members of the Division of Insurance Fraud; implementing cost-saving measures for Operational Support Services; coordinating and often personally training nearly 200 personnel; tripling the number of training events held each year, and doing so with enthusiasm and dedication.

FLORIDA INSURANCE FRAUD EDUCATION COMMITTEE AWARD RECIPIENTS

Detective of the Year Award went to Detective Bryan McGuinness of Jacksonville for his exceptional qualities as a detective and the impact that his investigations contributed to the fight against insurance fraud. Bryan helped dismantle a major workers' compensation fraud scheme which involved a money service business and several "shell corporations" that defrauded insurance companies. The enforcement resulted in 10 arrests and \$1.3 million dollars in seizure from the money service business bank account. A search warrant resulted in the seizure of \$413K cash and \$89K in checks. All suspects involved are facing criminal prosecution and a large portion of the money seized was forfeited for use by the Division and the State Attorneys' Office to fight fraud. He has distinguished himself as an exceptional and productive investigator and was recently appointed to lead detective of the Jacksonville Region's General Fraud Squad. The Division is proud of his hard work and excited that he was honored by FIFEC.



The prestigious **Jerry Zappolo Distinguished Service Award was presented to Captain Steven Smith** of Miami for his long-time service and his coordinated efforts to provide training and education to local communities and to law enforcement. This award acknowledges his exceptional contributions to the insurance industry as he joins a host of exceptional leaders receiving this award over the years. Our Division has benefited from his experience, knowledge and mentoring skills. Not only is Captain Smith guiding and directing the South Region, but in addition maintains the PIPSource newsletter each month, which the industry relies on for significant news and updates. He has led multiple investigative teams and countless operations leading to high level arrests. He perfected the handling of investigations in a methodical manner leading to those at the top of the fraud pyramid. His efforts continue to play a significant role in the decrease of PIP fraud in Florida. He remains vigilant of evolving schemes and methods to defeat them. Captain Smith was a member of the Law Enforcement Advisory Committee for NICB and although his tenure ended he remains active providing guidance on a national level. We are proud that his efforts were recognized by his peers and honored to have him on our team.



The Division has a formal networking and training relationship with The Florida Insurance Fraud Education Committee (FIFEC) which was created to foster a favorable working environment between the public and private sectors involved in the fight against insurance fraud.



EMPLOYEE SPOTLIGHT

Lorie Wiese Recruited for Senior Management Analyst Position Workers' Compensation Bureau

Lorie Wiese, joined the Division in November 2014 as the Senior Management Analyst for the Special Investigative Units section. Ms. Wiese is the Division liaison for special investigative units with insurance companies, overseeing the anti-fraud plan reporting that is legislatively mandated by Florida Statutes, specifically Chapter 686. Her experience as a former police officer, law enforcement analyst and securities investigator offers the Division an informative perspective with a specialized skill set.

With Ms. Wiese's assistance, the Division will continue to be heavily involved in the yearly production of the Florida Insurance Fraud Education Committee's conference. This includes assisting with proctoring and coordinating education for law enforcement, state attorneys and the insurance industry. It is a long-time partnership that the Division is proud to take part.



Janet Hartman Appointed Major, Operational Support Services

Newly appointed Major Hartman came to the Division in October 2014 from the Bureau of Fire and Arson Investigations (BFAI) within the Department of Financial Services where she served as a captain and accreditation manager. In her role as special operations captain for BFAI, she was responsible for supporting field operations through analytical support, procurement, training, selection and promotion processes, disaster response and administration of specialty teams.

She has served as a law enforcement trainer for over 16 years. In addition, she was responsible for the accreditation process at the Florida Department of Environmental Protection and became an assessor for the Commission for Florida Law Enforcement accreditation in 2008. Janet is a 2009 graduate of the FDLE Senior Leadership Program, a 2011 recipient of a Davis Productivity Award and DFS' Exemplary Performance Award, and this year, she was awarded the State Law Enforcement Chiefs' Association Leadership Award.



INTERNAL PROMOTIONS

The Division is proud when one of its own makes strides in his or her professional goals. The following members made internal advancements during this recent fiscal year:

Timothy Cannon Promoted to Division Lieutenant Colonel

The assistant director oversees the Bureau of General Fraud, Bureau of Workers' Compensation Fraud and Operational Support Services. He possesses 30 years of law enforcement experience from both the state and county level. Prior to joining the Division, he worked with the Florida Department of Law Enforcement and with the Orange County Sheriff's Office in Orlando. He holds a bachelor's degree from Columbia College in Criminal Justice Administration and a master's degree in Public Administration from Florida State University. He is a graduate of the 234th Session of the FBI National Academy, the Southern Police Institute Command Officers Development Course, the DEA Drug Unit Commanders Academy, and the FBI's Domestic Security Executive Academy.



John Dygon Promoted to Chief, Bureau of Workers' Compensation Fraud

Chief Dygon started in November of 1999. In 2012, the South Central Region was created, and Captain Dygon was selected for this position. He was then re-assigned from the captain of the South Central Region to the captain of the Bureau of Workers' Compensation Fraud, in January 2014. He has been an officer in several Florida police departments, the Lucas County Sheriff's Department in Ohio, State Attorney's Office and the Florida Department of Law Enforcement. He is a graduate of the University of Louisville Southern Police Institute Command Officers Development Course and has 38 years of diverse law enforcement experience and has supervised and investigated complex investigations for nearly 28 years.



Buddy Hand Promoted to Chief, Bureau of General Fraud

Chief Hand has over 25 years of law enforcement experience. He came to our Division in January 1994 in the Pensacola office where he was promoted to lieutenant in 2007. In 2009 he was promoted to the rank of captain supervising the Pensacola and Tallahassee offices. In April of 2012 he was promoted to major over Training and Special Operations in the Tallahassee office and in August of 2013 he was appointed to the position of Bureau Chief of Workers' Compensation Fraud. Prior to working with the Division, he was with the Santa Rosa County Sheriff's Office. He has an associate's degree in Criminal Justice from Pensacola Junior College, is a Certified Fraud Examiner through the Association of Certified Fraud Examiners and is a graduate of the University of Louisville, Command Officers Developmental Course (SPI CODC).





Mike Byrne Promoted to Major of District I

This district encompasses the offices of Pensacola, Tallahassee, Jacksonville, Orlando, Tampa and St. Pete. Major Byrne joined the Division in November 2003. He worked in the St. Petersburg Office until September of 2006 when he was promoted to lieutenant and assigned to the Tampa Office. He was promoted to captain in August of 2008, supervising the West Central Region. He received a Bachelor of Science degree in Police Science from Central Missouri University and served in the U.S. Army Military Police from 1971 through 1973. In 1973 he was employed as a police officer with the Hillside Police Department, Hillside, New Jersey. In 1974 he joined the New York State Police where he worked uniform road patrol and was later promoted to sergeant in the Bureau of Criminal Investigations.



Rafael Delgado Promoted to Major of District II

Since joining the Division in 2005, Captain Delgado has held every sworn role, meeting the unique challenges of each. He is a career law enforcement veteran with more than 30 years of experience. Prior to joining the Division, he served 21 years with New York City Police Department in Uniformed Patrol, Organized Crime Control Bureau, on the Detective Bureau and on an FBI Task Force, retiring in 2002. While working in Miami, he contributed to the general fraud, personal injury protection, and the workers' compensation squads offering great insight as a detective and as a leader.



Darrell Wilson Promoted to Captain of West Central Region

Darrell Wilson was promoted to captain of the newly formed West Central Region, which was formerly part of the North Central Region and is made up of the Tampa and St. Petersburg offices. Captain Wilson joined our Division in 2010 after serving two decades in local law enforcement, serving in significant investigative and management roles. He holds a Bachelor of Arts degree in Organizational Management and a Master of Science degree in Management from Warner University.



Evangelina Brooks Promoted to Captain of North Central Region

Evangelina Brooks began her law enforcement career in 2002 as a road patrol officer with the Vero Beach Police Department. She joined the Division in May 2006 and was assigned to the Miami Region Personal Injury Protection Squad (PIP). In January 2009, she was promoted to lieutenant of the newly formed West Palm Beach PIP Squad. She received her undergraduate degree in April 1999 from Bethune-Cookman College and in 2008 completed her graduate degree from The University of Louisville. She is a certified instructor specializing in the areas of high liability. Captain Brooks is currently an adjunct instructor at the Treasure Coast Public Safety Training and is a Certified Fraud Examiner.

Glen Clasen Promoted to Lieutenant of Fort Myers Squad

Prior to joining the Division, Mr. Clasen served for the United States Navy aboard the USS John F. Kennedy (CV-67) serving as a Boatswains Mate/Rescue Swimmer and as a police officer with the Fort Myers Police Department. He began his career here in 2006 as a detective assigned to the Fort Myers field office; he was promoted to lead detective in 2013. He has investigated a variety of complex fraud cases, acted as a field training officer and is currently appointed as a Special Deputized U.S. Marshal sponsored by the Federal Bureau of Investigation. He holds a Bachelor of Science degree in Criminal Justice from Florida Gulf Coast University and became a Certified Fraud Examiner in 2009.

**James Feeney Promoted to Lieutenant of WPB Auto Fraud Squad**

James Feeney served on the Jupiter Police Department as a patrol commander, sergeant, detective and officer, while fostering deep community connections on the neighborhood enhancement team. Prior to that, he gained experience with the Palm Beach County Sheriff's Department. He is also an instructor at the Palm Beach Community College. He joined the Division more than four years ago, bringing with him an extensive background in law enforcement investigations and training. He received a bachelor's degree in Criminal Justice in 1993 from Florida Atlantic University and a bachelor's degree in Public Management in 2005 from Florida Atlantic University.

**Gina Narcisse Promoted to Lieutenant of Miami WC Fraud Squad**

Gina Narcisse has over 10 years of law enforcement experience. She joined our Division in June 2008 as a detective at the Miami field office. Since then, she has actively assisted Miami team members with investigations, utilizing surveillance and covert electronic video and audio recording devices leading to the take down of several significant cases, resulting in numerous arrests. Prior to joining the Division, she served four years as a state trooper with the Florida Highway Patrol where she worked in the patrol and criminal investigation sections. She has earned a Bachelor of Arts in Criminal Justice from Johnson & Wales University.

**Sandra Fitzsimons Promoted to Lieutenant of Pensacola Squad**

Sandra Fitzsimons is a career law enforcement officer with over 20 years of experience. Prior to joining the Division, she served six years with the Santa Rosa County Sheriff's Office where she served in Uniformed Patrol, Major Crimes Division and the SWAT Team, as a negotiator. In 2000, she began her career with the Division as a detective assigned to the Pensacola office working a variety of cases including major healthcare fraud and doctor cases with the Healthcare Task Force. She has an Associate of Arts degree from Pensacola Junior College and became a Certified Fraud Examiner in 2010.





Oscar Sigler Promoted to Lieutenant of Miami General Fraud Squad

Oscar Sigler has over 33 years of law enforcement experience. Prior to joining the Division, he served 26 years with the City of Miami Police Department. During his career at Miami PD, he served in Uniformed Patrol, Special Police Unit, Neighborhood Resource Officer, and Internal Affairs Corruption Unit before retiring in 2007. In 2008, he began his career here as a detective assigned to the Miami Personal Injury Protection Squad. He has been nominated twice for Law Enforcement Detective of the Year by the Florida Insurance Fraud Education Committee (FIFEC) in 2012 & 2013. In 2012, he was appointed to the position of lead detective.

LEAD DETECTIVE PROMOTIONS

Pablo Abril, Miami (Auto Fraud)

Erik Cruz, Miami (Auto Fraud)

Francisco Gonzalez, Ft. Lauderdale (Auto Fraud)

William Griffin, West Palm Beach (General Fraud)

Bryan McGuinness, Jacksonville (General Fraud)

Kevin Lashells, Miami (General Fraud)

Michael Smith, Tallahassee (General Fraud)

Lawrence Taddeo, Miami (WC)



**Yvonne Peters Promoted to
Administrative Assistant II
(Operational Support Services)**



**Sheila Johnson Promoted to
Administrative Assistant II
(Operational Support Services)**



**Rebecca Bosco Promoted to
Government Analyst
(Operational Support Services)**

THE PIPSOURCE

First published in June 2011, The PIPSource newsletter has been a vital tool for law enforcement and the insurance industry. The newsletter publicizes recent personal injury protection auto-related arrests, legislative efforts, the reward program and statewide PIP contacts. The newsletter establishes a network with law enforcement and the insurance industry regarding current PIP fraud efforts across the state. To view the current PIPSource or historical issues, navigate online to:

<http://www.myfloridacfo.com/Division/Fraud/Resources/PIPSourceNewsletter.htm>



THE PIP SOURCE

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

CERTIFICATE OF MERITORIOUS SERVICE

The Division thanks the following retirees for
their commitment and investment of time:

Detective William Santner
25 years

Major John "Glen" Hughes
22 years

Special Investigative Unit Liaison Denise Prather
22 years

Lieutenant Colonel Jack Kelley
21 years

Detective James Cooper
17 years

Administrative Secretary Jackie Pittman
13 years

Detective James "Jim" Bartoszak
7 years

Detective Gene Cashier
7 years

Word Processing Systems Operator Ming Chen
6 years

Administrative Secretary Pat Dove
6 years

DFS POLICY ON FRAUD REPORTING STATUTE

Policy Relating to the Reporting of Suspected Fraud and Claim Denial Based Upon Fraud

Section 626.9891(8), Florida Statutes, authorizes the Department of Financial Services, Division of Insurance Fraud (DIF) to adopt rules relating to Insurer Special Investigative Units (SIUs) and Anti-Fraud Plans. These rules are set forth in Ch. 69D-2, F.A.C.

Rules 69D-2.003(1) and 2.004(1), F.A.C., specifically require each insurer to file, as applicable, with the Division a detailed description of its SIU or its Anti-Fraud Plan, which filing must also include an acknowledgment that the insurer shall report all suspected fraudulent insurance acts directly to the Division.

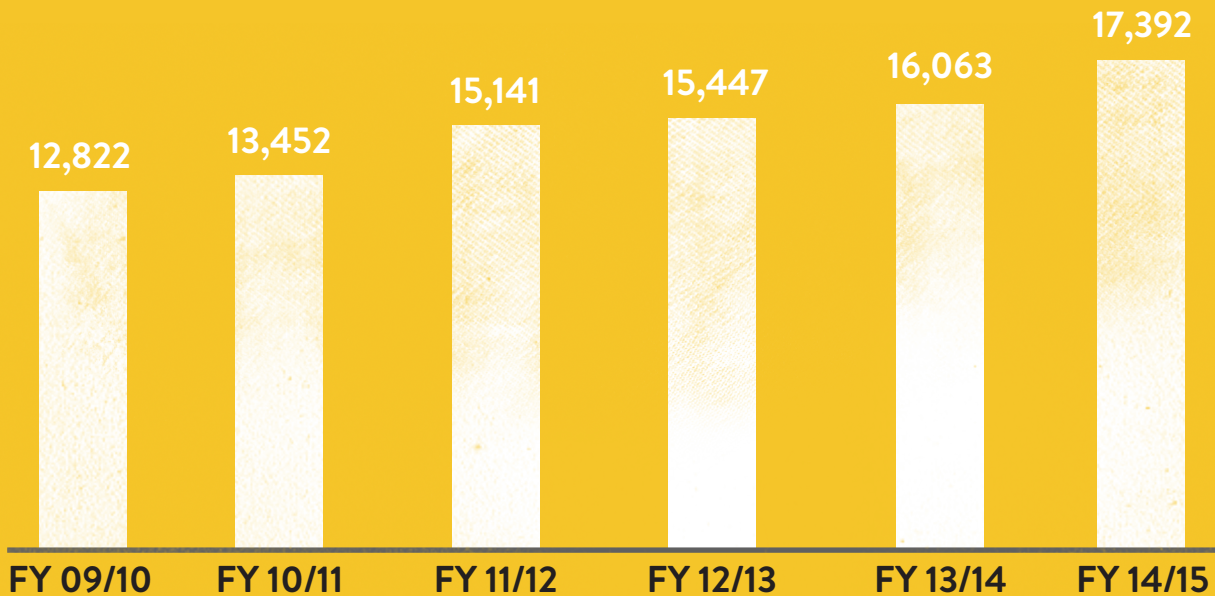
Further, Section 627.736(4)(i), Florida Statutes, provides that “[a]ll claims denied for suspected fraudulent insurance acts shall be reported to the Division of Insurance Fraud.”

Section 626.989(4)(c), Florida Statutes, grants civil immunity, in the absence of fraud or bad faith, for providing the aforementioned required reports of suspected fraudulent insurance acts. In an effort to eliminate the reporting of duplicate suspected fraudulent insurance acts, it shall be the policy of the Division, consistent with the procedures established in Ch. 69D-2, F.A.C., that:

- 1) The reporting of all suspected fraudulent insurance acts shall continue to be processed electronically on the “Suspected Fraud Referral Form” on the Division’s website as in the past;
- 2) An electronically generated response with a Tip # (T#) will acknowledge receipt of the report of the suspected fraudulent insurance act and that such electronically generated response will continue to have the Law Enforcement Captain’s identifying information indicating the individual who is responsible for reviewing the information (Tip) provided;
- 3) The insurer, if it determines at any time after initially reporting suspected fraud that evidence has been developed that the suspected fraudulent insurance acts and/or claims **are not** fraudulent, will notify the responsible Law Enforcement Captain by email of such evidence and information;
- 4) The insurer, if it determines at any time after initially reporting suspected fraud that evidence has been developed that the suspected fraudulent insurance acts and/or claims *are* fraudulent and, therefore, the claim will be denied for the suspected fraudulent insurance acts, will notify the responsible Law Enforcement Captain by email of such evidence and denial; and
- 5) The insurer, to avoid duplication of reports, shall not provide case updates through the online “Suspected Fraud Referral Form” once an initial report of a suspected fraudulent insurance act has been made online through such form. Updates on cases referred in scenarios 3) and 4) above shall only be made by direct email to the responsible Law Enforcement Captain.

¹ Pursuant to s. 626.9891, Florida Statutes, each insurer admitted to do business in this state must either: (a) establish, if the insurer received \$10 million or more in direct premiums during the previous calendar year, a unit, commonly referred to as a Special Investigations Unit (SIU), to investigate possible insurance fraud or to contract with others to investigate such fraud; or (b) submit, if the insurer received less than \$10 million in direct premiums during the previous calendar year, an anti-fraud plan to the Division, which describes its procedures to detect, investigate, and report suspected insurance fraud, its plan for anti-fraud training for its personnel, and its organizational arrangement of anti-fraud personnel.

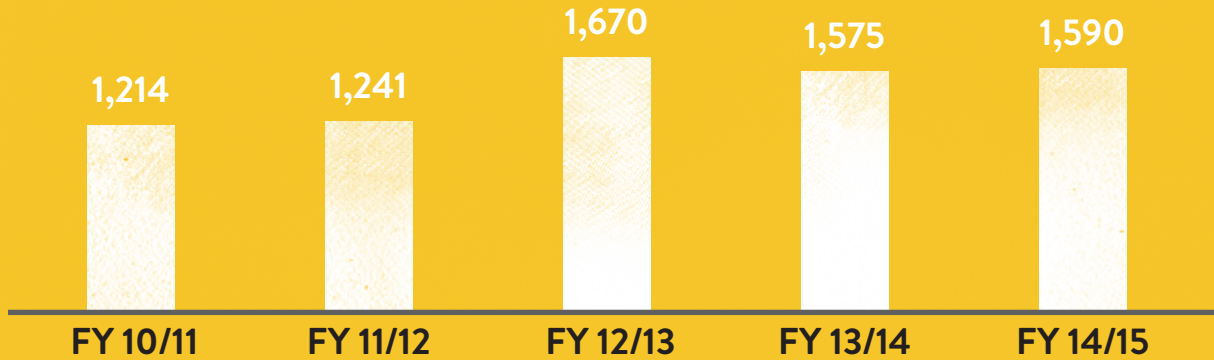
SUSPECTED FRAUD REFERRALS (TIPS)



NUMBER OF SUSPECTED FRAUD REFERRALS FOR EACH FRAUD TYPE

	REFERRALS								
	PIP	WC	Vehicle	Application	Health	Home	Licensee	Other	Total
FY 06/07	3,608	2,195	1,398	650	1,805	610	458	1,098	11,822
FY 07/08	3,158	1,984	1,215	533	853	436	493	1,242	9,914
FY 08/09	3,624	1,497	1,513	726	680	445	577	3,022	12,084
FY 09/10	5,543	1,676	1,237	823	433	644	706	1,760	12,822
FY 10/11	6,699	1,495	1,008	883	486	584	765	1,532	13,452
FY 11/12	7,748	1,388	1,167	974	426	663	704	2,071	15,141
FY 12/13	7,346	1,733	1,390	1,227	536	765	905	1,545	15,447
FY 13/14	6,639	2,162	1,465	1,445	1,289	788	832	1,443	16,063
FY 14/15	7,240	2,038	1,545	2,830	864	832	596	1,447	17,392

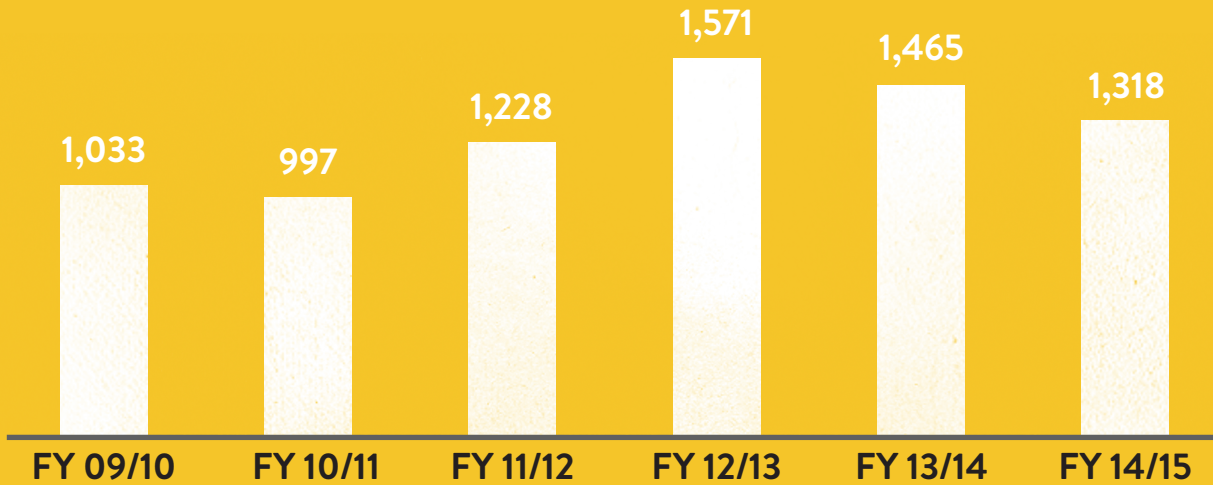
CASES PRESENTED FOR PROSECUTION



NUMBER OF CASES PRESENTED FOR PROSECUTION BY FRAUD TYPE

PRESENTATIONS									
	PIP	WC	Vehicle	Application	Health	Home	Licensee	Other	Total
FY 06/07	187	259	55	25	34	52	52	75	739
FY 07/08	228	324	54	61	37	40	45	109	898
FY 08/09	368	258	78	40	44	24	61	115	988
FY 09/10	440	306	91	35	21	52	114	178	1,237
FY 10/11	429	336	56	48	50	44	103	148	1,214
FY 11/12	526	352	42	29	73	41	50	128	1,241
FY 12/13	802	474	58	34	39	50	86	127	1,670
FY 13/14	610	530	86	68	32	58	78	113	1,575
FY 14/15	502	661	78	45	34	57	90	123	1,590

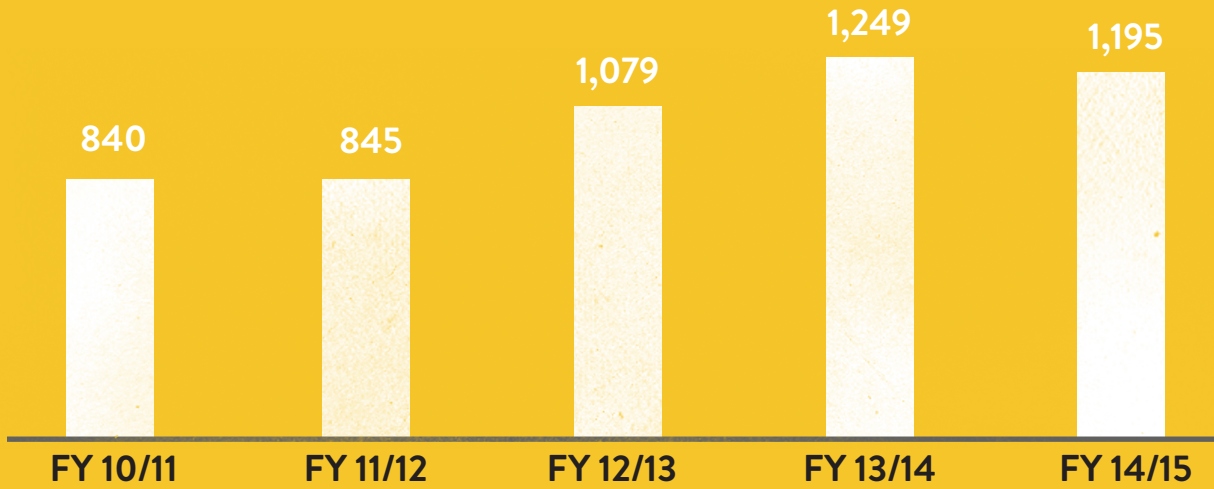
ARRESTS



NUMBER OF ARRESTS MADE BY FRAUD TYPE

ARRESTS									
	PIP	WC	Vehicle	Application	Health	Home	Licensee	Other	Total
FY 06/07	318	234	51	18	32	54	36	74	817
FY 07/08	221	325	56	45	42	31	51	69	840
FY 08/09	329	237	60	19	32	21	43	93	834
FY 09/10	336	274	76	25	26	37	63	196	1,033
FY 10/11	352	271	56	40	38	30	70	140	997
FY 11/12	496	274	42	28	60	35	151	142	1,228
FY 12/13	651	418	57	34	43	41	141	186	1,571
FY 13/14	558	480	73	58	29	45	59	163	1,465
FY 14/15	402	549	65	30	27	46	87	112	1,318

CONVICTIONS

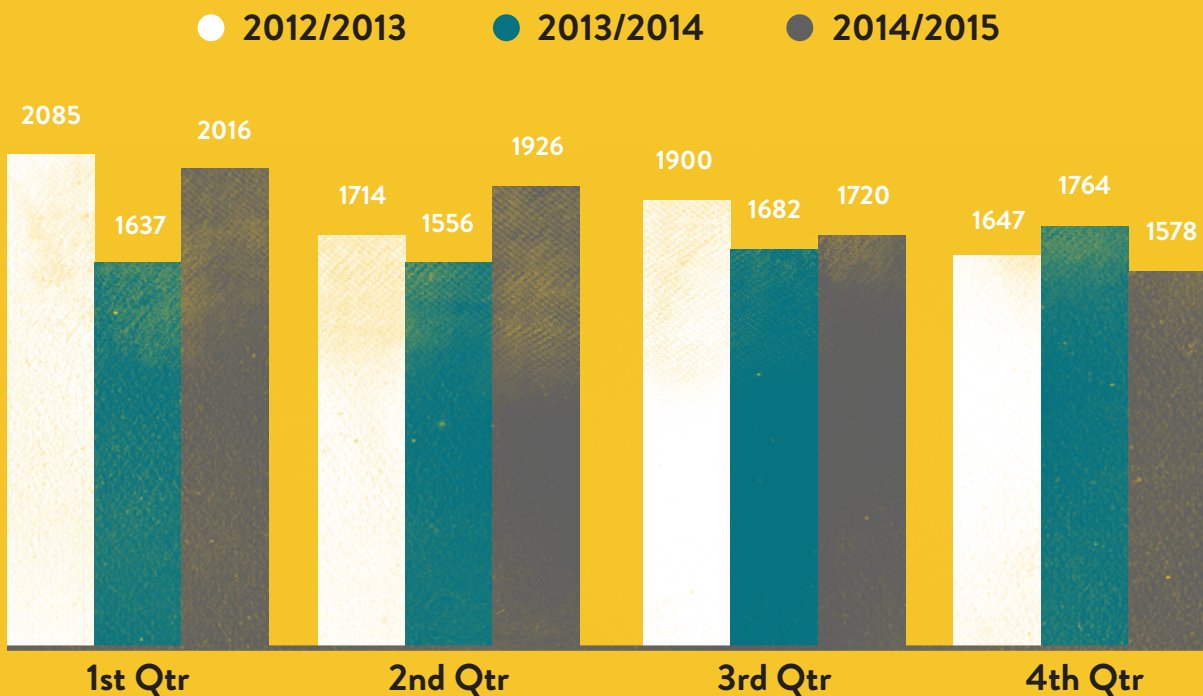


NUMBER OF CONVICTIONS RECEIVED BY FRAUD TYPE

CONVICTIONS									
	PIP	WC	Vehicle	Application	Health	Home	Licensee	Other	Total
FY 06/07	203	187	41	13	25	18	45	59	591
FY 07/08	259	184	44	26	24	40	51	43	671
FY 08/09	169	179	42	20	30	23	27	46	536
FY 09/10	240	198	54	18	21	22	49	102	704
FY 10/11	295	242	73	28	27	34	49	92	840
FY 11/12	355	208	32	32	33	27	55	103	845
FY 12/13	442	259	44	19	43	26	146	100	1,079
FY 13/14	574	360	49	41	21	23	72	109	1,249
FY 14/15	424	452	52	35	28	42	75	87	1,195

THE DIVISION'S AUTOMOBILE/PERSONAL INJURY PROTECTION FRAUD STATISTICS

PIP REFERRALS BROKEN DOWN BY FISCAL YEAR/QUARTER					
Fiscal Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Grand Total
2003/2004	233	146	172	148	699
2004/2005	749	646	575	655	2,625
2005/2006	718	513	1,143	992	3,366
2006/2007	973	843	989	803	3,608
2007/2008	758	776	904	720	3,158
2008/2009	751	869	940	1,064	3,624
2009/2010	1,083	1,351	1,455	1,654	5,543
2010/2011	1,662	1,467	1,706	1,864	6,699
2011/2012	2,048	1,734	1,920	2,046	7,748
2012/2013	2,085	1,714	1,900	1,647	7,346
2013/2014	1,637	1,556	1,682	1,764	6,639
2014/2015	2,016	1,926	1,720	1,578	7,240



FISCAL YEAR 2014-2015 GENERAL APPROPRIATIONS ACT FOR THE DIVISION

Salary and Benefits	\$13,561,410.00
Other Personal Services	\$45,000.00
Expenses	\$2,347,251.00
Operating Capital Outlay	\$1,700.00
Transfer to Justice Administration Commission	\$1,537,908.00
Contracted Services	\$384,617.00
Operation of Motor Vehicles	\$96,600.00
Risk Management Insurance	\$406,294.00
Salary Incentive Payments (CJIP)	\$202,496.00
Lease or Lease -Purchase of Equipment	\$47,247.00
Transfer to Human Resources	\$61,245.00
TOTAL ALL FUNDS	\$18,691,768.00

194 FULL TIME EMPLOYEES

DOG TIRED OF YOUR INSURANCE RATES?

LOWER THEM

REPORT INSURANCE FRAUD!

You may be eligible for a
REWARD 1-800-378-0445



 FOAA



CHIEF FINANCIAL OFFICER
JEFF ATWATER
FLORIDA DEPARTMENT OF FINANCIAL SERVICES



HOW YOU CAN HELP FIGHT INSURANCE FRAUD IN FLORIDA

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

Mailing address:

Department of Financial Services
Revenue Processing Section
P.O. Box 6100
Tallahassee FL, 32314-6100

Note: Please include “Code 1201F” on the memo line of your check

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.

MAKE A DIFFERENCE.

JOIN THE FIGHT.

BE A PART OF THE SOLUTION.

STANDARDS

PROFESSIONALISM

ETHICAL BEHAVIOR

PURSUIT OF FRAUD
AND ABUSE

CHIEF FINANCIAL OFFICER
JEFF ATWATER

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

