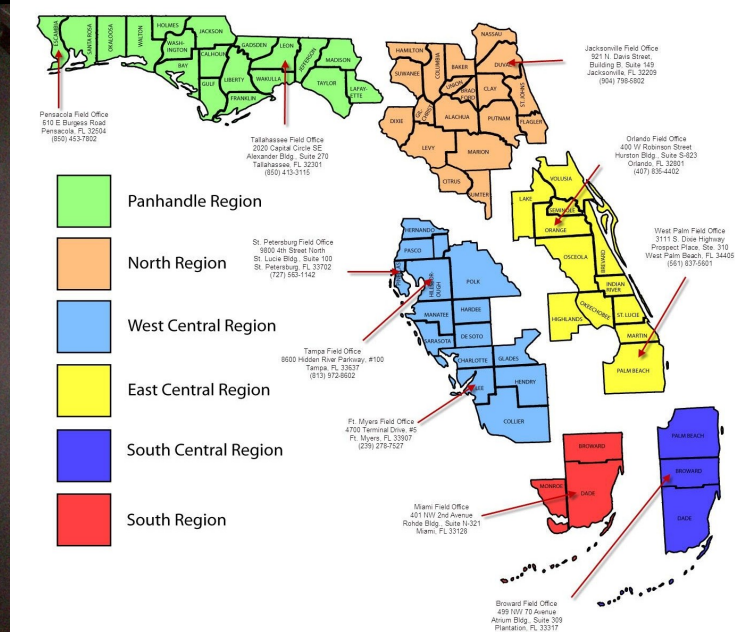
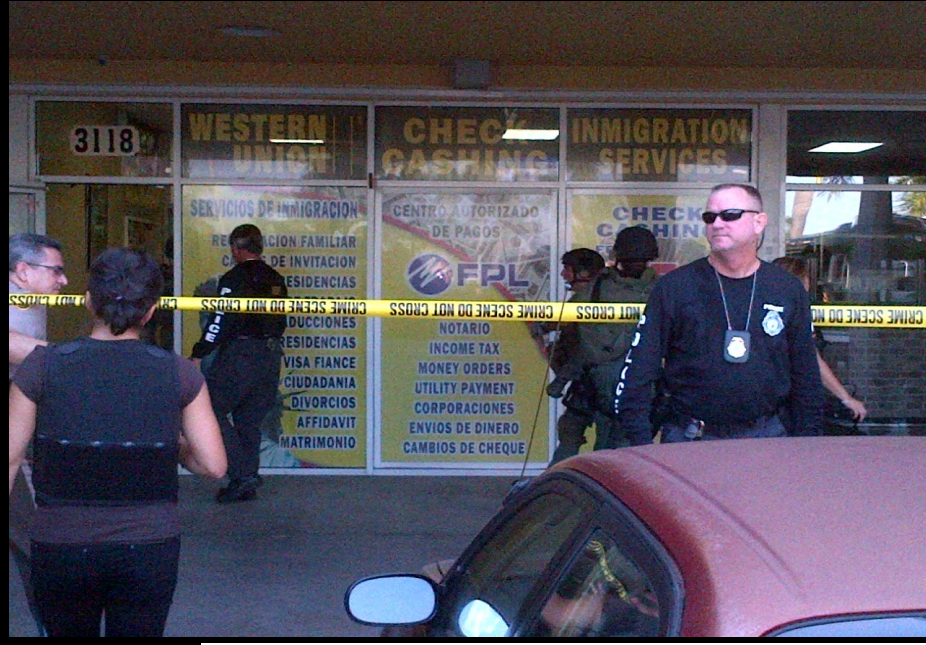


Florida Department of Financial Services Division of Insurance Fraud Annual Report Fiscal Year 2011/2012



Our Mission

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



MISSION

The Division of Insurance Fraud, guided by our values, will serve and safeguard the public and businesses operating in the state of Florida, against acts of insurance fraud.

VISION

The Division of Insurance Fraud, guided by our “Commitment to Excellence,” will strive to be the premier insurance fraud unit in the nation, leading the way in education, detection and prosecution of insurance fraud cases.

VALUES

Professionalism

We conduct ourselves in a professional, ethical and courteous manner at all times. We maintain a high level of integrity. We encourage professional and individual growth through training opportunities.

Accountability

We are held accountable for our own actions or inactions. We continuously search for more efficient ways of processing our work. We fix the problem, not fix the blame.

Commitment

We promote excellence and provide quality services to the public and our co-workers. We recognize that we are here to serve the public and private sectors as well as other law enforcement agencies and we consider that to be an honor.

Teamwork

We effectively communicate with our co-workers, supervisors and members of the public. We are respectful to our co-workers and members of the public. We evaluate and elicit other opinions and contributions. We pledge to share our knowledge and to assist each other in achieving the mission of the agency.



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Director's Message

On behalf of CFO Jeff Atwater and the outstanding detectives and support staff from the Division of Insurance Fraud (DIF); I am pleased to present the Annual Report for DIF for Fiscal Year 2011/2012.



I had the privilege of being named the Director of DIF at the end of January. I am pleased to report that although insurance fraud is still a major issue in the State of Florida; DIF closed the year in record setting fashion. With the never ending support from CFO Atwater; DIF will continue to be extremely progressive and nationally recognized in combating the felons who steal from our honest citizens.

With the fiscal year coming to an end, DIF Detectives continued to push forward and made more than 700 arrests in just five months, ending the year with 1,228 arrests. The previous record was in FY 2009/2010 at 1,042 arrests. Even more impressive, for five consecutive months, detectives made more than 110 arrests each month, which has never been done before. Additionally, four of the highest monthly arrests totals made by DIF in the past four years took place in the last five months.

Since DIF received "law enforcement" status in 1993, DIF had never made more than 136 arrests in a single month. This record was broken in March when DIF made 148 arrests. Fortunately, that record stood for only a month because in April, DIF made 178 arrests. DIF Detectives averaged more arrests per Detective on board than DIF has ever averaged in a year. The majority of these arrests took place in significant investigations, and for the year, DIF arrested more than 288 "enablers." Enablers are a class of criminals that we now track in which the insurance fraud could not have happened without their vital role being played.

DIF made 1,242 court presentations for the year. This is the most that DIF has ever made in a year. The increase in presentations played a large part in the increase in arrests. DIF made 496 personal injury protection (PIP) arrests for the year. The previous record for PIP arrests in a year was 353. DIF shut down a significant number of PIP clinics (55) this year.

DIF and the Broward Sheriff's Office recently took down a big part of Operation Dirty Money in the arena of workers' compensation fraud. This was an extremely successful operation in that we charged more than \$140 million in insurance fraud (avoidance of workers' compensation premium insurance). To date, we have seized approximately \$2.5 million in assets in the case and have arrested a large number of very significant violators.

I am extremely proud of the dedication of our employees and our partnerships with the insurance industry; federal, state and local law enforcement, and federal, state and local prosecutors. The magnitude of insurance fraud indicates that no lone agency can successfully go it alone.

We have kicked off the new year in a very productive manner and I look forward to continuing to provide the citizens of Florida with nothing but our best efforts.

Sincerely,

A handwritten signature in black ink that reads "Daniel S. Anderson". The signature is written in a cursive, flowing style.

Daniel S. Anderson

Director

Florida Division of Insurance Fraud

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.

Fiscal Year 2011/2012 Statistics

15,141 Suspected Fraud Referrals

1,228 Arrests

1,242 Cases Presented for Prosecution

845 Convictions

\$47,067,306.33 in Restitution Requested

The Division of Insurance Fraud Highlights

- *DIF had a record breaking year with 1,228 arrests being made;*
- *DIF made more than 100 arrests each month for five consecutive months;*
- *DIF logged 178 arrests in April (the highest number of arrests made during a one-month period in DIF's history), 132 arrests in May and 131 arrests in June, closing a record setting quarter with 441 arrests;*
- *DIF showed a significant 41 percent increase in PIP arrests from 353 last fiscal year to 496 PIP arrests this year;*
- *DIF shut down 55 clinics as a result of law enforcement investigations;*
- *DIF received 845 convictions resulting in over \$42.7 million in court ordered restitution; and,*
- *DIF responded to thousands of suspected insurance fraud tips, over half of these referrals were related to PIP fraud. These referrals represented a 13 percent increase over the previous fiscal year.*

CFO Jeff Atwater Commends Fraud Division for Record-Setting First Quarter

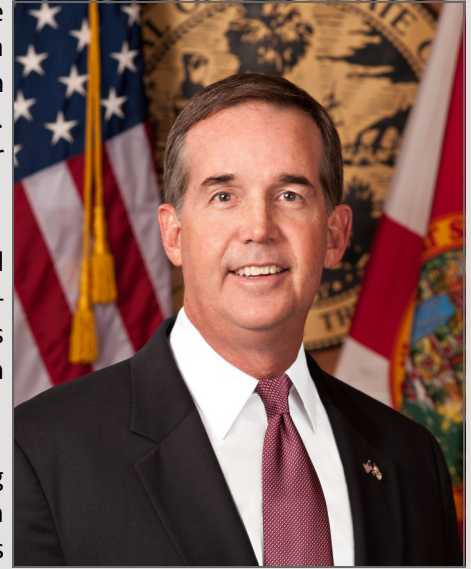
On April 30, 2012 Florida Chief Financial Officer Jeff Atwater commended the Florida Department of Financial Services' Division of Insurance Fraud (DIF) for a record-setting first quarter in 2012. For three consecutive months, the Division has recorded over 100 arrests each month, the first time in the division's history. Additionally, in March the division recorded the highest number of arrests for one month in almost two decades.

"We are committed to solving these costly crimes and untangling large organized-crime networks. It is important that we get at the root of the fraud by going after the ring leaders and enablers who orchestrate the scams that cost Floridians over a billion dollars each year," CFO Atwater said. "I am proud of the Division and all of our law enforcement partners who helped make this possible."

In addition to these arrests, the division's investigations have led to the shutting down of more than 55 medical clinics due to intensive Personal Injury Protection (PIP) fraud investigations. PIP fraud constitutes the highest number of referrals to the division, and is a high priority for CFO Atwater.

CFO Atwater, along with Governor Rick Scott, worked tirelessly with legislative leaders this session to pass reforms to the state's PIP system. Reforms championed by CFO Atwater passed this session target staged-accident fraud, strengthen billing practices so appropriate services are provided to those who need care, tighten requirements for clinic ownership and provide rate relief for Florida's consumers.

Anyone with information about these or any other incidents of suspected insurance fraud is asked to call 1-800-378-0445. Citizens who provide tips can remain anonymous. The Department of Financial Services to date has awarded almost \$275,000 to more than 40 citizens as part of its Anti-Fraud Reward Program. The program rewards individuals up to \$25,000 for information that directly leads to an arrest and conviction in an insurance fraud scheme.



The Division Receives Reaccreditation

On June 28, 2012, The Division of Insurance Fraud was reaccredited as a law enforcement agency through the Commission for Florida Law Enforcement Accreditation, Inc. (FCA)

The Division of Insurance Fraud was first accredited by the Commission for Florida Law Enforcement Accreditation (CFA) in February of 2009.

Since that time, the Division has maintained its accredited status and has kept abreast of changing standards, which reflect the "best practices" concept embraced by the Commission. Additionally, a representative of the Division has been appointed to the "Standards Review and Interpretation Committee" (SRIC) to represent the interests of state law enforcement agencies.



L to R: DIF Captain Robert Brongel, DIF Lt. Colonel Jack Kelley, DIF Director Daniel Anderson, FCA Chief Albert Arenal, FCA Executive Director Lori Mizell

Panhandle Region Highlights



The Panhandle Region has two offices located in Pensacola and Tallahassee, covers 19 counties, 4 judicial circuits and is supervised by Major Buddy Hand.

During the last fiscal year, the Panhandle Region received more than 473 referrals resulting in 175 cases opened, 109 presentations to prosecutors and 92 arrests.

Pensacola and Tallahassee

The Pensacola and Tallahassee Office is supervised by Lieutenant Joseph Holokan, who manages eight detectives. The office is responsible for all referrals for Escambia, Santa Rosa, Okaloosa, Walton, Holmes, Washington, Bay, Jackson, Calhoun, Gulf, Liberty, Gadsden, Franklin, Leon, Wakulla, Jefferson, Madison, Taylor and Lafayette Counties.

Highlight Cases of 2011-2012

Highlight #1

A Navarre business owner falsified payroll information to avoid over \$271,000 in workers' compensation insurance premiums.

The investigation by Pensacola detectives revealed that the owner intentionally and systematically underreported his corporations' true payroll to his insurance carrier for the purpose of avoiding and delaying appropriate workers' compensation premium amounts. The owner reported the salary information of five employees when in fact his construction company employed over 70 individuals.

The Department of Financial Services Division of Workers' Compensation, Bureau of Compliance, issued a stop work order against the construction company that resulted in a penalty assessment of more than \$3.6 million.

The investigation revealed that the owner established a shell corporation under another business name to intentionally violate the stop work order in order to continue to operate his construction business. Many of the workers were later found to be undocumented employees who were paid in cash to further avoid workers' compensation insurance costs.

The business owner was arrested and convicted in Santa Rosa County on three counts of workers' compensation fraud and one count of grand theft. He was ordered to serve five years probation, pay the Division over \$3,000 in investigative cost, as well as pay the insurance carrier restitution in the amount of \$271,734.

Highlight #2

A Tallahassee employee falsified a health insurance application in order to add his girlfriend to his policy. The Tallahassee Field Office received the fraud referral from an insurance health carrier, indicating that their insured enrolled his girlfriend as a dependant spouse when the two were not legally married.

The investigation disclosed the employee filled out two enrollment applications for health care coverage through his employer. The employee marked that he was a married employee, supplied his girlfriend Social Security Number, and even provided her primary care physician on the application. This document, which contained a Florida Fraud Warning, was signed and submitted to his employer for enrollment. The other application provided to the employer showed the employee's status as single.

The discrepancy between two enrollment applications triggered the carrier to conduct an investigation into his marital status.

Additionally, the Tallahassee Police Department (TPD) received a 911 call from the defendant concerning a deceased person. *(continued on page 8)*

Panhandle Region Highlights

The Incident Report noted that defendant described his relationship with the deceased as living together as a couple, boyfriend and girlfriend, for approximately five years.

During this time period, the insurance carrier paid over \$100,000 in health care benefits that were not entitled to the defendant's girlfriend.

The defendant was arrested and convicted with one count of insurance fraud, a first degree felony. The defendant was sentenced to 30 years probation and ordered to pay full restitution in the amount of \$104,343.23 to the insurance carrier.

Highlight #3

A federal fugitive was arrested during an insurance fraud investigation. The Madison County resident, a fugitive since 1983, was an alleged sexual predator wanted in Douglas County, Georgia for three counts of child molestation and two counts of incest. A description of the fugitive was aired on the popular television show, "America's Most Wanted," in March 2006.

Tallahassee detectives contacted the fugitive's wife for a suspicious home fire claim that she had filed. As detectives were approaching the homeowner's residence, the fugitive arrived home. When the fugitive failed to provide proper identification to Madison County Sheriff's Office deputies, he was arrested for driving without a license. Later, a fingerprint check revealed his true identity as a federal fugitive for 29 years, wanted by the United States Marshal's Office. The federal fugitive was taken into custody by the U.S. Marshal's Service.

The Division of Insurance Fraud has also filed additional felony insurance fraud charges against the couple.



North Region Highlights



The North Region has two offices and covers 19 counties and 4 State Circuit Courts.

During the last fiscal year, the North Region received over 900 referrals resulting in 184 opened cases, presented 85 cases for prosecution and made 79 arrests.

Jacksonville and Ocala

In the Jacksonville Office, Lieutenant Kevin Jones supervises seven detectives and is responsible for referrals in Alachua, Baker, Bradford, Citrus, Clay, Columbia, Dixie, Duval, Flagler, Gilchrist, Hamilton, Levy, Marion, Nassau, Putnam, St. Johns, Sumter, Suwannee and Union Counties.

Highlight Cases of 2011-2012

Highlight #1

The Jacksonville Office received a referral of mortgage fraud from the Office of Financial Regulation citing various discrepancies with mortgages done by a mortgage company. Jacksonville detectives teamed with the Federal Bureau of Investigation (FBI) to investigate the complaint as a part of the Mortgage Fraud Task Force in Jacksonville involving DIF and the FBI, which was established to address mortgage fraud in the area. The investigation revealed that employees of the company were involved with numerous individuals to arrange house purchases utilizing straw buyers. Fraudulent information was provided on the Uniform Residential Loan Application and the HUD1 settlement statements to trick and deceive

lenders out of more than two million dollars. Detectives conducted numerous interviews, from northern Virginia to south Florida, and determined who was involved and in what capacity. The case was presented to a Federal Grand Jury and indictments were obtained for 16 people, all charged with conspiracy to commit mail and wire fraud. Arrest teams of DIF detectives and FBI agents executed arrest warrants on the 16 suspects. Those arrested included mortgage brokers, title agents, the owner of the company, and the straw buyers.

On June 13, 2012, 16 defendants were convicted and sentenced in federal court and ordered to pay restitution in the amount of \$2,218,086.82

On August 22, 2012, another defendant was convicted of conspiracy to commit mail and wire fraud, and was ordered to pay restitution in the amount of \$90,000. The defendant was sentenced to 5 months in federal prison, 10 months home detention, and 3 years of supervised probation.

Highlight #2

A Marion County Insurance Agent manufactured information to establish accounts for her and other agents that were assigned to her under an insurance company. As a result of this activity, the agent was paid \$302,410.42 in advance commissions and credits. The agent admitted to investigators that she manufactured the applications. It was determined that a total of 2,111 fraudulent applications were submitted.

This case was presented to the Marion County State Attorney's Office, charging the defendant with one count of grand theft over \$100,000. The defendant was sentenced to 20 years probation and ordered to pay restitution to the insurance company in the amount of \$302,410.42.

North Region Highlights

Highlight #3

A Jacksonville businesswoman's primary business model was to engage in the purchase of high interest motor vehicle retail installment finance contracts (car notes). Her business purchased car notes from automobile dealers at a discounted price. To fund the purchase of the car notes, the business solicited private investment of capital from private investors and in exchange for the loan, they would issue a promissory note to the private investor. The promissory note was secured by the car notes purchased by the business. Private individuals loaned money to them as an investment for terms of one to two years at a guaranteed return rate of between 15 and 20 percent. The defendant represented that the assigned notes were genuine and valid, had never been assigned before, and would not be assigned in the future. She also represented that she would use the funds that were loaned by the investors to purchase new car notes. All of these representations were false. DIF detectives learned that in addition to making false representations about the quality of the investors' collateral, evidence also showed that the defendant used new investor funds to pay interest to old investors and to fund her lavish lifestyle. By March 31, 2010, the date on which the FBI served a search warrant on the business, the existing performing car notes she owned had dwindled to just under \$4 million, while the outstanding loans to investors exceeded \$90 million. The defendant would encourage investors to roll over their returns into additional investments rather than take a payout, knowing that adequate funds did not exist to meet the obligations of existing promissory notes.

The Grand Jury returned a 14 count indictment against the defendant for conspiracy to commit mail and wire fraud.

On January 26, 2012, the defendant was found guilty in federal court on all charges. She is facing 20 years per count, as well as paying up to \$44 million in restitution.

Highlight #4

A radiologist technician, at the Mayo Clinic in Jacksonville, admitted in court that he stole syringes of Fentanyl during patients' procedures and replaced them with syringes of saline contaminated with the hepatitis C virus. The technician's tampering occurred at the Mayo Clinic's radiology

unit.

The first patient discovered to have hepatitis C linked to the defendant was a liver transplant patient. During a radiology procedure, the defendant took this patient's Fentanyl and infected him with hepatitis C. The patient battled hepatitis C for almost four years before dying from complications; never knowing how he contracted the virus.

On May 11, 2012, the defendant pled guilty to one count of tampering with a consumer product resulting in death, four counts of tampering with a consumer product resulting in serious bodily injury, and five counts of stealing a synthetic narcotic by deception. The former radiologist technician faces a maximum penalty of life in federal prison.

Highlight #5

A task force was formed at the FBI consisting of the Drug Enforcement Administration (DEA), FBI, DIF and the Jacksonville Sheriff's Office. The concern was that a "pill mill," previously located in the Miami area, had moved into the Jacksonville area, and people from other states were obtaining large quantities of controlled substances at that clinic.

The owner of the clinic moved to Jacksonville to save out-of-state travelers time in driving the long distance to Miami. The buyers of highly addictive Oxycodone and Xanax traveled primarily from Ohio, Tennessee and Kentucky. Many returned home to sell the drugs at a profit. The owner also identified himself as a "legal" drug dealer.

The investigation targeted the illegal dispensing and distribution of pharmaceutical drugs by physicians working at two pain management clinics in Jacksonville, Duval Wellness and First Coast Pain and Urgent Care—both owned by Rose.

Eighteen federal search warrants were served on two businesses, one residence, one bank safe deposit box, and other storage devices.

Approximately \$3.45 million in currency was seized during this search.

North Region Highlights

Federal indictments were obtained for the defendant and he pled guilty on one count of conspiracy to distribute Oxycodone and Alprazolam. His maximum sentence is 30 years in prison and a \$2 million fine. As a result of the plea, the owner agreed to forfeit all funds previously seized during the investigation, totaling \$3,457,036.

Subjects associated to the clinics advised that they were in the process of accepting insurance, and were only weeks away from actually completing that task, before being arrested.

Highlight #6

A Jacksonville licensed Life Insurance Agent was arrested for committing theft by presenting and cashing a stolen death beneficiary check.

An elderly mother purchased a death annuity from an insurance company for a one-time payment of \$5,413.70. The mother purchased the annuity to pay for her own funeral expenses, naming her daughter the lone beneficiary.

Two months after the mother's death, the daughter submitted a death claim. Later, the daughter requested the closure of the beneficiary checkbook account and a transfer of all proceeds into her personal bank account. The insurance company advised the daughter that the account was already closed, and that a check was written for the entire annuity amount, totaling \$5,834.10. The insurance company also informed the daughter that the check was issued to the Insurance Agent.

Later, the agent provided a voluntary confession that he stole the beneficiary's checkbook and cashed the check in question.

The insurance agent entered into a felony pretrial program. He was ordered to pay restitution of \$5,834.10 and \$518 in investigative costs. His license was revoked on January 20, 2012.

Highlight #7

In the early morning hours on September 15, 2011, the Jacksonville Fire and Rescue Department responded to a series of fires at the Columns Apartments, located in Jacksonville, Florida. Upon arrival, firemen discovered five vehicles on fire, as well as two separate fires within the occupied apartment building.

Alcohol, Tobacco and Firearms and the State Fire Marshal's Office conducted an investigation and concluded that an ignitable liquid, later identified as gasoline, was introduced to the outside of the vehicles and lit with an open flame. The examination of the building also revealed that gasoline was poured in two separate entrances of the apartment building. The gasoline was poured in a manner consistent with intentionally distributing the fuel to ensure the fire would spread to the other apartment units.

Just one day prior to the fire being set, an apartment renter had obtained a Renters Policy raising the policy from the standard limits of \$50,000 to \$70,000. The renter participated in an Examination Under Oath, and during the examination, he gave misleading and incomplete information regarding his claim.

The defendant was arrested on six counts of arson and one count of insurance fraud; bond was set at \$375,000.



West Central Region Highlights



The West Central Region has three offices and covers 13 counties and 5 State Circuit Courts and is supervised by Captain Michael Byrne.

During the last fiscal year, the West Central Region received more than 3,100 referrals resulting in 405 cases opened, 266 presentations to prosecutors and 241 arrests.

Tampa Office

In Tampa, the office consist of two PIP Squads supervised by Lieutenants Carlos Rosario and Darrell Wilson. The office is responsible for Personal Injury Protection referrals in Pasco, Pinellas, Hillsborough, Polk, Sarasota, Manatee and Hernando Counties.

Highlight Cases of 2011-2012

Highlight #1

Members of Tampa PIP Squad #1 were able to infiltrate two clinics in the Tampa Bay area with the use of confidential sources and undercover detectives. The clinics were involved in billing for services not rendered. The detectives uncovered evidence that the clinic owner, massage therapists, clinic front desk personal, and runners were all involved in patient brokering and insurance fraud.

Recordings were obtained that showed that the confidential sources and undercover were paid to go to the clinics. The recordings also showed that clinic personnel routinely had them sign for treatment they did not receive, and coached them on what to tell the insurance carriers about the different modalities (such as cold packs, ultrasound or

electrical stimulation) they were alleged to have received. This investigation led to the arrest of five defendants, saving the insurance industry a substantial amount of exposure from fraudulent claims.

Highlight #2

Based on information received from a Tampa police informant, a joint investigation was opened on a clinic identified as Tampa Rehab Center LLC located in Tampa.

Undercover officers were introduced to a runner who in turn brought them to the subject clinic, where after being examined by a doctor, were paid money. Throughout this investigation all treatments received by operatives were monitored and recorded, documenting the crimes of patient brokering and insurance fraud. The clinic subsequently billed insurance carriers for services that were never provided.

As a result of this investigation, a total of four subjects were arrested on various charges, including patient brokering and insurance fraud. Based on the fraudulent practices of this clinic, it is estimated that the clinic would have fraudulently billed insurance carriers well over \$35,000. As a result of this investigation, the clinic has since closed. It is estimated the insurance industry was saved exposure to over \$200,000 in fraudulent billing.

Highlight #3

Detectives from Tampa PIP Squad #2 were able to develop a confidential source who provided credible information that led to the closing of two fraudulent medical PIP clinics. These clinics were billing for services not rendered, patient brokering, and insurance fraud. During both undercover investigations, a confidential source provided evidence that the management of Aesthetic & Rehabilitation Center and CPS Medical Center, both located in Tampa, were paying patients to treat at their respective clinics. The patients were recruited by individuals, or "clinic runners," working for the clinics.

After the investigation was concluded, charges were filed against the office managers, licensed massage therapists and runners. All were charged with patient brokering and multiple counts of insurance fraud.

West Central Region Highlights

Highlight #4

The Tampa PIP Squad #2 was able to re-energize an old investigation previously presented to the Hillsborough County State Attorney's Office in 2009 involving Underwood Medical Center. Detectives were able to re-establish sufficient probable cause and arrest three co-conspirators, one being the clinic owner, the office manager, and the office clerk. The subjects were charged with insurance fraud and patient brokering. During the follow-up of this investigation, DIF was able to establish and gather sufficient evidence that patients were recruited to attend the clinic and learned that most, if not all, were never treated as alleged by signed documents submitted to multiple insurance carriers for payment.

As a result of the investigation, a spin off case was developed which resulted in the arrest of 25 additional offenders charged with multiple counts of insurance fraud. DIF has requested restitution for the insurance carriers in the amount of \$205,338 based on submitted fraudulent claims.

During the course of this fiscal year, the West Central Region has experienced a significant reduction in fraudulent personal injury claims as a result of vigilant efforts from insurance carriers' special investigation units, the initiation of a new strict Hillsborough County PIP ordinance, and increased initiatives by DIF detectives and the Hillsborough County State Attorney's Office.

Ft. Myers Office

In the Fort Myers Office, Lieutenant Mark Fritz supervises five detectives and is responsible for referrals in Lee, Collier, Hendry, Charlotte, Highlands, Glades and Desoto Counties.

Highlight #1

DIF detectives and the Office of the Attorney General—

"...the West Central Region has experienced a significant reduction in fraudulent personal injury claims as a result of vigilant efforts by insurance carriers' special investigation units, the initiation of a new strict Hillsborough County PIP ordinance and increased initiatives by DIF detectives and the Hillsborough County State Attorney's Office."

Statewide Prosecutor, along with the assistance of the National Insurance Crime Bureau (NICB), Direct General Insurance Company, Nationwide Insurance Company, and GEICO Insurance Company began an investigation into criminal activities of Cardinal Chiropractic Center in Naples. This investigation revealed that the amount of fraudulent billing was in excess of \$100,000.

The investigation uncovered a large organized scheme to defraud insurance companies by submitting false medical treatment forms to insurance companies for treatments that were either not administered to patients, or treatments billed to the insurance companies which were administered by employees who did not possess a valid Florida Department of Health medical professional license.

This investigation further revealed that the true owner of Cardinal Chiropractic Center paid two licensed chiropractors a monthly fee to claim that they were the owners of this clinic to circumvent Florida Agency for Health Care Administration (AHCA) licensing requirements for a health care clinic. These two licensed chiropractors enabled this criminal enterprise to flourish.

During May 2012, arrest warrants were served on the Cardinal Chiropractic business owner, the chiropractic doctor, the licensed massage therapist, and two managerial staff members. The subjects were charged with several felony criminal offenses.

Highlight #2

On April 13, 2012, after the execution of a search warrant at the office of the Naples Acupuncture and Health Clinic, a capias from Collier County was obtained for the owner, charging grand theft and criminal use of personal identification. The investigation developed convincing evidence that the owner, a licensed acupuncturist, intentionally submitted billing to the State Farm Insurance Company for treatment to a patient on dates when the patient was docu-

West Central Region Highlights

mented by employment records to be out of town or incarcerated in a correctional facility.

In an additional investigation, the same doctor was charged with submitting false insurance claims to Safeco Insurance Company for treatment that a patient did not receive.

St. Petersburg Office

In the St. Petersburg Office, Lieutenant John Womer supervises seven detectives and is responsible for General Fraud referrals in Pasco, Pinellas, Hillsborough, Hernando, Polk, Sarasota and Manatee Counties.

Highlight #1

An Amtrak passenger train was headed west towards Tampa from its previous stop in Lakeland when it was involved in a major accident at US Highway 92 in Plant City. The Mack Truck collided with the train, which resulted in the death of the truck driver and injury to 20 train passengers. An alleged accident victim made two insurance claims, stating she was injured while being a passenger on the train.

The passenger boarded Amtrak Train "92" in Delray Beach with a one-way ticket to Lakeland. According to Amtrak records, the passenger disembarked, as ticketed, in Lakeland. The passenger later made a claim against Amtrak and settled the claim for \$20,000.

The passenger also filed suit against Gateway Brokers, the company that owned the Mack Truck, alleging that she suffered bodily injury as a result of this train crash. The passenger provided sworn testimony alleging that she was a passenger on the train, and that she had sustained a compensable injury.

Evidence and testimony from witnesses and family members proved the passenger was not on the train when the crash occurred, and in fact, she had left the train at her designated stop in Lakeland.

The investigation conducted by DIF was submitted to the Hillsborough County State Attorney's Office. On May 8, 2012, the defendant was arrested and charged with two counts of grand theft and insurance fraud.

Highlight #2

After receiving several citizen complaints about having purchased fraudulent insurance cards, an investigation was initiated involving the individuals who were selling these fake cards.

An undercover operation developed evidence that the criminal operation was organized by a career criminal known to DIF. The career criminal would place advertisements in the Hillsborough County area with a phone number to call to purchase vehicle insurance.

The investigation involved informants and undercover personnel resulting in a buy-bust, and as a result, spin off cases were developed. In the end, four subjects were arrested on felony charges. The main player in the scheme pled guilty and is awaiting sentencing.

It was also learned in this investigation, the defendant had used the Social Security Numbers of deceased individuals to file income tax forms. This information was turned over to the federal authorities.



East Central Field Offices Highlights



The East Central Region includes 13 counties spanning from Ft. Lauderdale to Daytona Beach and is supervised by Captain Glen Hughes.

During the last fiscal year, the East Central Region received more than 3,600 referrals resulting in 317 cases opened, 227 presentations to prosecutors and 231 arrests.

The East Central Region includes three General Fraud Squads in Ft. Lauderdale, West Palm Beach and Orlando. The General Fraud Squads investigate complaints including homeowner's claims, slip and falls, healthcare, life insurance, marine, vehicle, licensee fraud and more. General Fraud referrals account for approximately 40 percent of the complaints made to the Division.

Additionally, the East Central Region has two PIP Squads located in Orlando, supervised by Lt. Jewel Cameron and Lt. Paul Meyers, and one PIP Squad in West Palm Beach, supervised by Lt. Evangelina Brooks. These squads accounted for over 230 of DIF 1228 arrests. Although impressive numbers, the real value may be in the closures of the clinics that enabled the staged crashes and participated in billing insurance companies for services not rendered.

The West Palm Beach PIP Squad, working with NICB, targeted these groups during Operation "Look Out". Operation "Look Out" yielded 10 arrests including two licensed massage therapists. The enforcement effectively closed

Elite Rehabilitation Inc., Progressive Rehab., Coral Therapy and Medical Center, and D&A Rehabilitation Center. These enforcement actions resulted in a staggering decline in the PIP claims; and an increase in claim withdrawals on PIP claims associated with these clinics.

Although claim fraud represents the majority of the Division's suspected fraud referrals, one of the most egregious crimes the Division investigate are licensed insurance agents who prey on consumers. Licensee Fraud represents approximately six percent of the referrals made to the Division.

Highlight Cases of 2011-2012

Highlight #1

The Orlando General Fraud Squad, supervised by Lt. Kurt Harmon, investigated a complaint alleging a licensed insurance agent sold what were purported to be annuity policies to two elderly women in Central Florida. Based upon the language of the policy, the women believed they would receive a return on their investments. When this did not happen, and the agent became hard to contact, it was discovered that there were no policies ever issued.

The investigation showed the agent perpetrated a scheme to defraud these two women of \$249,000 by selling bogus insurance products as investments. The investigation also showed the agent kept the premium money for herself.

The insurance agent was convicted of two counts of grand theft and was ordered to pay \$240,000 in restitution to the two women. Additionally, the agent's license was revoked.

Highlight #2

In another Licensee Fraud case, a New Smyrna Beach investment service advisor misappropriated funds in the amount of \$16,000 from an 83-year old Insurance annuity account holder. The Division of Insurance Fraud was notified of the violation and began to investigate transactions made by the advisor.

During the course of the investigation, it was revealed that the advisor had stolen over \$36,000 of the elderly woman's funds without her knowledge for his own personal benefit.

East Central Field Offices Highlights

The investigation also discovered two additional annuitants had their funds misappropriated from their accounts by the defendant. These elderly victims were unaware the funds had been stolen by their advisor, who had created a level of trust as their financial advisor.

The defendant was arrested on one count of exploitation of the elderly and two counts of grand theft. The bond was set at \$70,000. The case is being prosecuted by the Volusia County State Attorney's Office.

Highlight #3

The West Palm Beach Office arrested an Insurance Agent for committing acts of organized fraud, grand theft and insurance fraud. The investigation revealed that agent operated a premium financing "Ponzi Scheme" from his home based insurance business. The defendant borrowed nearly two million dollars from a financial corporation for insurance policies on entities that never existed. When the scheme unraveled, it left the financial corporation with \$500,000 in outstanding premium loans.

The Division of Insurance Fraud received another complaint on the insurance agent, which indicated that he misappropriated additional insurance premium funds between the date of his courtroom plea and his scheduled sentencing. In this case, the insurance agent submitted a fraudulent application for liability coverage which resulted in the issuance of an insurance policy. The defendant received premium financing in the amount of \$12,760.73. The insurance agent was again arrested for submitting a false application and for misappropriating the premium finance funds.

Additionally, the Division received a third complaint alleging the agent submitted over 200 fraudulent Premium Finance Agreements to 2 licensed premium finance companies. These supposed "insurance policies" were funded with \$2.4 million dollars in financed premiums. The defendant had been making the installment payments on the loans until his arrest in March 2012, when the payments all stopped. The outstanding balance on the installment loans exceeded one million dollars.

Currently, the defendant is a resident of the Palm Beach County Jail and is awaiting trial.

Highlight #4

The West Palm Beach PIP Squad, in conjunction with the National Insurance Crime Bureau and Allstate Insurance Company, identified a group of Palm Beach County clinics that were charging for services not rendered.

Several of the clinics were owned by the same person; the clinics were identified as Universal Rehab Med Group Inc., Progressive Rehab, Elite Rehabilitation Inc., Coral Therapy and Medical, and a fifth related clinic D & A Rehabilitation Center.

Several operations were set in place beginning with Operation "Look Out," which focused on Universal Rehab Med Group. During this operation, 10 individuals were arrested including 2 Licensed Massage Therapists. The enforcement effectively closed this clinic and has not reopened their doors since the arrests occurred.

Operation "Easy Street" was initiated and targeted Elite Rehabilitation Inc. During this operation, seven individuals were arrested. These arrests included one Licensed Massage Therapist.

Operation "Small Change" was put into effect and focused on Progressive Rehab. During this operation, four individuals were arrested including one Licensed Massage Therapist, who is expected to be deported upon conviction.

The individuals involved with Coral Therapy and Medical Center were taken down one by one. One of the individuals arrested included a Licensed Massage Therapist who owned D & A Rehabilitation Center.

This enforcement effectively closed the clinics, causing these clinics to stay closed. Once word got out that the Division of Insurance Fraud was actively working clinics in the Palm Beach area, there was a staggering decline in PIP claims being filed. Additionally, there was an increase in PIP claim withdrawals that were associated with these closed clinics.

East Central Field Offices Highlights

Highlight #5

DIF detectives teamed up with Polk County Sheriff's Office when a vehicle owner solicited an undercover police officer to stage the theft of his Chevy pick up truck in order to make an insurance claim. The vehicle owner, a tool vendor, agreed to let the payment for "stealing" his truck to be the tools that would be left inside the truck at the time of the staged theft.

As planned, the vehicle owner left his truck in his mother's driveway. A set of truck keys was hidden in an agreed upon location. The Polk County Sheriff's Office undercover officer completed the "theft" of the truck.

The vehicle owner filed a stolen vehicle report with the Lakeland Police Department, and then contacted his insurance company to file an insurance claim.

The defendant was arrested for grand theft, filing a false police report, and insurance fraud. If convicted, he faces up to five years in prison.



South Region Highlights



The South Region has two offices and covers three counties, Miami-Dade, Broward and Monroe. Captain Steven Smith is also the statewide PIP coordinator and publishes a monthly newsletter called *The PIP Source*.

During the last fiscal year, the South Region received more than 4,800 referrals resulting in 262 cases opened, 244 presentations to prosecutors and 308 arrests.

Miami Office

In the Miami Office, there are four squads, three dedicated to investigating PIP Fraud and one General Fraud Squad.

The three PIP Squads, each with four detectives, are directed by Lieutenant Violeta Serrano, Lieutenant Stanley Jean-Felix, and Lieutenant John Dygon, who was recently promoted to Captain. The General Fraud Squad consisting of six detectives is directed by Lieutenant Bill Santner.

Highlight Cases of 2011-2012

Highlight #1

The Miami Office continued to follow up on its Dark Horizon investigation that started last year. Three additional subjects were arrested, including a massage therapist who posed as a straw owner and the two true clinic owners. All three were crimes ranging from racketeering, insurance fraud, grand theft, patient brokering, organized scheme to

defraud and operating an unlicensed clinic. The case has resulted in 28 arrests including doctors, clinic owners, and clinic employees. The arrests stem from fraudulent billings by five clinics, including New Horizon Practice, Medico de la Familia, Coral Way Rehabilitation Services, Therapium Health Corp. and AB Diagnostic. Two doctors charged in the case surrendered their medical license as part of a plea bargain.

Highlight #2

The Miami Office arrested a Hialeah accident clinic owner on five separate cases which involved organizing staged accidents, filing of false claims and the use of a deceased doctor in billing documents. The owner operated at least two clinics, Better Life Medical Center LLC and Quality Life Rehabilitation Center, LLC. The owner instructed clinic employees to have patients sign blank forms which the owner then fabricated to appear as if treatments were provided. The owner also never applied for or received a license to operate the Better Life Medical Center, as required by AHCA. The total fraud alleged in these cases exceeds \$339,000.

Highlight #3

The Miami Office arrested a Miami clinic owner for insurance fraud and for operating an unlicensed clinic. The owner, who operated several clinics under a false identity, was a fugitive from a 1999 conviction for Medicaid fraud. He obtained a driver's license in 2009 under a fake name using a birth certificate from Puerto Rico. The owner was charged with \$53,000 of insurance fraud and the unlicensed operation of Venetian Rehab Center. He was arrested while opening another clinic; Therapy-Diagnostic Tech Medical.

South Region Highlights

Highlight #4

The Miami Office assisted the Miami-Dade School Board in an investigation of school bus drivers who participated in a scheme designed to defraud the school district's self-insured health care plan. The scheme worked like this: the clinic would pay the school district employee patients up to \$400 a visit, and then file a claim, ranging from \$3,000 to \$20,000, for medical exams and procedures which never occurred. Working with the Miami-Dade Schools Police Department, United States Secret Service, the Office of Management and Compliance Audits and the Miami-Dade State Attorney's Office, eleven subjects were arrested, including school bus drivers, the clinic owner and clinic employees.

Highlight #5

The Miami Office completed a two-year investigation and arrested 17 subjects for their roles in an organized ring that used lunch trucks to stage more than a dozen accidents and file more than \$800,000 in fraudulent property damage and PIP claims. The investigation revealed that a lunch truck company catering to construction sites found itself on tough financial times and created the scheme to improve cash flow. The owners of the lunch trucks recruited participants to pose as the owners and stage auto accidents. The real truck owners then filed fraudulent claims and paid the fake owners several thousand dollars for their roles. Between 2008 and 2010, the ring staged more than a dozen accidents and also filed false stolen truck claims.

Highlight #6

The Miami Office, working with the Miami-Dade Police Department Public Corruption Investigations Bureau, arrested a Licensed Massage Therapist, a Physician's Assistant and 15 massage clinic patients for insurance fraud and grand theft. The massage therapist, owner of Flamingo Health Corp in Miami, allegedly billed insurance companies nearly \$250,000 in fraudulent insurance claims and coached patients on how to commit insurance fraud. The massage therapist directed undercover officers posing as patients to sign blank treatment forms and later coached them in preparation for any questions they might be asked by their insurance company. The massage therapist, licensed since 2006, previously owned and operated at least three other clinics in Miami including Fontainebleau Center Corp, Theramed Service Corp and Westchester Service Corp. DIF

was also assisted in this case by the U.S. Secret Service during the execution of a search warrant.

Highlight #7

The Miami Office arrested the organizer of a staged accident while he was out on bond after being arrested two months earlier for another staged accident. In a twist that is occurring with more frequency, the organizer referred the participants to multiple clinics for treatment. One of the participants in an accident decided to end his involvement and refused to go to any more clinics. A runner associated with one of the clinics allegedly attempted to take this participant to the clinic by force, and when the participant resisted, he was pepper-sprayed.

Another of the accidents staged by this runner resulted in the admitted owner of K & A Medical Rehabilitation Center being sentenced to five years in state prison for actions against another of the staged accident participants. The clinic owner was arrested along with a co-defendant for his involvement in the kidnapping of a patient from a clinic in Miami. The patient had been sold to multiple clinics in a scheme devised by the runner to maximize his earnings. These two defendants held the patient against his will and, according to his testimony, threatened to kill him. The patient in turn pulled out his own firearm and shot the two kidnappers. The co-defendant was sentenced to two years in prison.

This organizer was charged in four staged accidents that resulted in more than \$193,000 in fraudulent claims.



South Region Highlights

Highlight #8

DIF Detectives arrested a Miami boat captain on a first-degree grand theft charge for allegedly sinking a \$1.86 million yacht in 2009 off the Bahamas.



The Division initiated an investigation into the sinking of the 80-foot yacht “Star One” reported stolen from Key Biscayne, one day after it was discovered scuttled in an area known as the “Tongue of the Ocean” offshore from the Bahamas.

Suspicious of captain’s involvement were initially raised by a statement from his ex-girlfriend, who told police that he had bragged to her that he had sunk the boat deliberately. The captain gave a sworn statement to the insurance company that he had no knowledge of the theft, and he was completely unaware of who had taken the Star One.

The defendant was booked into the Miami-Dade County Jail. If convicted on the charge, he faces up to 30 years in prison. Miami-Dade State Attorney is prosecuting the charge.

Plantation Office

In the Plantation Office, Lieutenant Bill Lee, supervises a dedicated PIP Squad with four detectives. During the last fiscal year, the Plantation Squad received more than 330 referrals resulting in 96 cases opened, 68 presentations to prosecutors and 52 arrests.

Highlight #1

The Plantation PIP Squad arrested a clinic owner for patient brokering after he allegedly paid a patient \$2,000 to get treatment at his clinic, Therapeutic Health Center located in Tamarac. The patient had been involved in a car accident with his two children. After treating for several weeks, the patient and his children felt better and did not want to continue with treatment. The clinic owner offered the patient \$2,000 for treating at his clinic, and another \$4,000 if he and his children would continue to get treatment. When the patient decided against continuing treatment, contact was made with his family and allegedly threats were made to continue with treatment or return the money.

Highlight #2

The Plantation PIP Squad arrested a former detention deputy and a police officer for insurance fraud. A street sweeper struck the officer’s unoccupied truck in a parking lot. The officer later claimed to have been in the truck and went to a clinic for treatment of alleged injuries. An investigation by DIF showed that the officer was not in her vehicle at the time it was struck.



Workers' Compensation Bureau Highlights

In the fall of 2011, and at the request of CFO Atwater, the Department of Financial Services convened a work group to review the practices of certain bad actors in the check cashing industry who were aiding in complex workers' compensation premium fraud schemes.

Since inception, the task force's investigative efforts have led to criminal charges against 21 individuals and the confiscation for forfeiture of approximately \$2.5 million.

In November, the work group released its report recommending reforms to combat this scheme to the Legislature. Here's how the scheme works. Ringleaders solicit participants to create shell companies, typically in the construction industry, in order to obtain a minimal workers' compensation policy. With the minimal insurance policy in hand, the shell companies are able to operate and cash checks at check cashing stores while reporting activities and profits back to the ringleader of the scam. By using shell companies, the ringleader is able to run a large operation and avoid paying workers' compensation premiums, leaving their employees at risk and scamming legitimate businesses.

Coinciding closely with the date of the first work group meeting, DIF entered into a first-of-its-kind Memorandum of Understanding (MOU) with the Broward Sheriff's Office. This partnership calls for two full-time Broward detectives to work in conjunction with DIF so that they can aggressively investigate money service businesses who were engaged in this scheme



The culmination of the first wave of enforcement activities took place on July 27. At a press conference, CFO Atwater along with Broward Sheriff Al Lamberti announced the arrests of eight individuals, including the ringleader of the criminal enterprise, who was responsible for approximately \$70 million in fraudulent transactions. That day, the CFO also announced an additional seizure from a separate money service business of approximately \$1 million.

Thanks to some new tools and tougher sanctions signed into law during the past Legislative Session, along with a strong partnership with Sheriff Lamberti and his team, DIF will continue to make inroads.

A similar partnership is in the works with neighboring Palm Beach County and Sheriff Ric Bradshaw. By sharing intelligence and resources, this joint task force will continue to make great strides in protecting Florida's workers' compensation laws and honest businesses.



The evidence bags in front of the podium contain approximately \$1 million in US Currency seized the morning of the 27th.

Workers' Compensation Bureau Highlights

DEDICATED WORKERS' COMPENSATION SQUADS

The Bureau of Workers' Compensation has five dedicated squads located throughout the state. Additionally, the Bureau received over 1100 Workers' Compensation referrals this past fiscal year.

Major Geoffrey Branch 954.321.2902
Captain Vance Akins 561.837.5601

Miami 305.536.0302
 Lt. Rafael Delgado

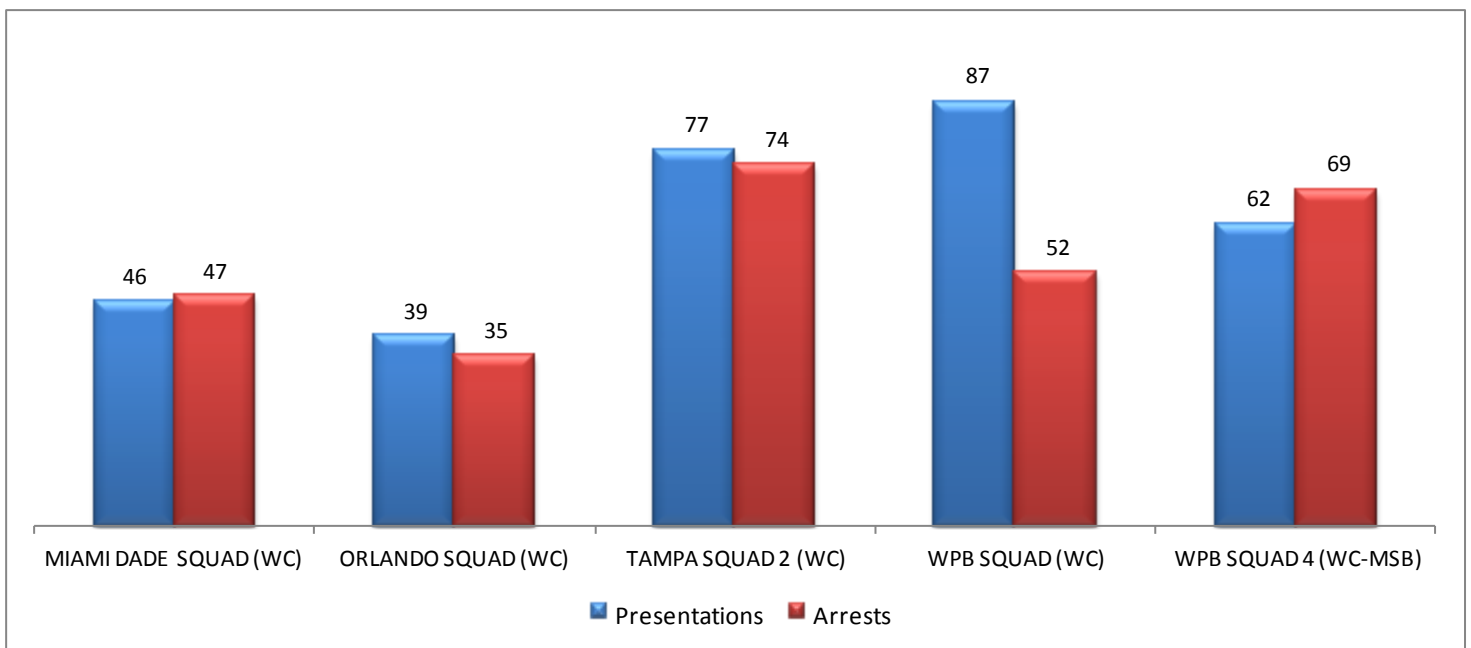
Orlando 407.835.4402
 Lt. Ruthell Harris

Tampa 813.972.8602
 Lt. Doreen Rivera-Rapp

West Palm Beach 561.837.5601
 Lt. Gregory Whipple

West Palm Beach MSB 561.837.5601
 Lt. Deborah DeLa Paz-Boxer

Statistics for the WC Bureau



Office of Special Operations & Training



Since July 2011, the Office of Special Operations and Training completed the Criminal Justice Standards and Training Commission (CJSTC) mandatory re-training in all regions in the state. This training included, but was not limited to the following high liability training required for a detective’s certification: firearms qualification, First Aid, handcuffing, defensive tactics, flex-cuffing, patrol rifle qualification, use of force, policies and statutes. During this period of time, all sworn members within the Division maintained their law enforcement certification as required by CJSTC.

The Training Section has also developed and administered several New Employee Orientations during this time period. The NEO training consists of high liability topics required by accreditation standards. In addition, the training section also developed and delivered several webinars to address the training needs for all members of the Division throughout the state. This method of training was developed to reduce the need for travel and associated costs. Some of these training courses included: Detective Training Officer (DTO) CrownPoint system; Eyewitness Identification; and Background Investigations. The training section will continue to develop and release more webinars in the coming year.



“The training section continues to research, develop, and coordinate agency specific training for all members of the Division to further enhance their overall skill sets.”

The training section continues to research, develop, and coordinate agency specific training for all members of the Division to further enhance their overall skill sets. Career development is a priority of the Office of Special Operations and Training. Due to this priority mission, the training section coordinated the following career development courses for the crime intelligence analysts and sworn members of our Division: Dr. Jack Enter Challenging the Law Enforcement Organization; Unum Disability Insurance Training; and Surveillance Van Operations. In an effort to enhance our communication with the field offices, the training section has also developed and designed a training calendar listing all career development training available to all members of the Division.



In addition to career development, the Office of Special Operations and Training is responsible for the following areas: fleet management, quart-master (supplies), armory, and the state law enforcement radio system (SLERS).

The Bureau of Crime Intelligence and Analytical Support

The Bureau of Crime Intelligence & Analytical Support provides analytical and investigative support to the Division of Insurance Fraud.

When the Bureau was created in 2009, there was a marked increase in the quality of the work product, with better central coordination of functions. Each analyst reported to an analyst supervisor, which eliminated the disparity that previously existed in duties and responsibilities. The concept of better analytical processes were developed. Analysts evolved from “support” personnel status to become integral parts of the criminal investigative process. This greatly enhanced the ability of our detectives to fight fraud through better assessments of trends, patterns and organized criminal activity. The analysts throughout the state have a common direction and are a cohesive unit designed to work together and in tandem with DIF detectives.

Crime intelligence analysis focuses on the identification, apprehension and enrollment of offenders into the records management system. The referrals received by the Division are first reviewed and updated for identifying information by members of the Bureau, before forwarded to squad supervisors for case opening determination. The crime intelligence analysts identify investigative leads regarding the relationships between entities of interest and the flow of commodities, money, and events. They also produce link charts, flow charts and other analytical products, which many times are used in presentations to the prosecutors.

Besides the investigative support to detectives, the Bureau provides statistical reports to command staff, collects and reports Uniform Crime Reports and Hate Crime Reports, as well as prepares intelligence bulletins and conducts fugitive checks.

More than 75 percent of DIF’s analysts, including supervisors, are certified law enforcement analysts. The Bureau had two analysts, Lorie Wiese and Tonya Motley, graduate from the Florida Law Enforcement Analyst Academy which is sponsored by the Florida Department of Law Enforcement.

Additionally, Bureau Chief Lori Rodabaugh was awarded the Analyst of the Year Award at the 2012 Florida Insurance Fraud Education Conference in June 2012.



December 2011—Crime Intelligence Analyst Lorie Weise graduated from Class XVII of the Florida Law Enforcement Analyst Academy.



June 2012—Crime Intelligence Analyst Tonya Motley (third to right) graduated from Class XVIII of the Florida Law Enforcement Analyst Academy.



June 2012—Bureau Chief Lori Rodabaugh (front), Bureau of Crime Intelligence and Analytical Support, is presented with the Analyst of the Year award at the 2012 Florida Insurance Fraud Education Conference.

The Florida Workers' Compensation Fraud Task Force

The Florida Workers' Compensation Fraud Task Force (Task Force) is currently in its 20th year of existence. Created in 1992 by the then Florida Department of Insurance (now the Florida Department of Financial Services) with the mission of reviewing industry standards, processes, procedures, laws, administrative rules, and regulations for the purpose of making recommendations for the prevention, investigation, and prosecution of various types of workers' compensation insurance fraud. The original task force started with approximately 10 to 15 members from the insurance industry, employers, Division of Insurance Fraud personnel and interested citizens. When first formed the Task Force was chaired by the Director of the Division of Insurance Fraud.

The Task Force has evolved into a self-governing body composed of two Standing Committees; Claims and Premium. Currently the task force membership stands at approximately 130 members and it's chaired by the Division's Bureau Chief of Workers' Compensation Fraud, Major Geoffrey Branch. Normal attendance at its quarterly meetings ranges from 60 – 100 members. The membership consists of representatives from insurance carriers and their Special Investigative Units, employers, Division of Insurance Fraud (DIF) personnel, Division of Workers' Compensation, Bureau of Compliance personnel, Professional Employee Organizations (PEO), union representatives (Carpenters and Steel Workers), workers' compensation insurance adjusters, the Florida Workers' Compensation Joint Underwriters Association (FWCJUA), the National Council on Compensation Insurance (NCCI) and attorneys. All members have some interaction or connection with and to the insurance industry.

The quarterly forum allows for exchange of information between industry personnel, business leaders, regulators, and law enforcement in furtherance of identifying current and future workers' compensation insurance fraud trends with the overall goal of combining the vast knowledge and experience of the members to develop solutions to combat the rising cost of insurance fraud.

Over the years, the Task Force has proposed legislative revisions and administrative rule changes which, when ultimately adopted, have enhanced Division of Insurance Fraud's ability to identify, investigate, and prosecute criminal acts of insurance fraud and have helped insurance carriers prevent fraud.

The Florida Property & Casualty Insurance Fraud Task Force

The Florida Property & Casualty Task Force Started in April of 2010 as the vision of 3 insurance companies (Citizens, Liberty Mutual and Tower Hill), a third party administrator (Insurance Network Services), an SIU company (SIU Compliance) and DIF. 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.

In April 2011, the Task Force implemented its own Bylaws and started operating as a self governing body with four Committees; Claims, Underwriting, Public Awareness and Outreach, and the Joint Legislative Committee. The Task Force is chaired by DIF's Operations Major, Simon Blank. Current membership is at 236 and it includes representatives from DIF, the Florida Bureau of Fire and Arson Investigations, the Florida Bureau of Agent and Agency, the Florida Department of Business and Professional Regulations, the State Fire Marshal's Office, insurance companies, law firms, special investigative units, third party administrators and multiple private businesses.

The Task Force meets on a quarterly basis and during its short existence has already implemented an outreach & communications program, established and presenting a training course on Fraud in Property Loss Claims, worked with DIF to start tracking additional categories related to Property & Casualty for better assessment of criminal trends, and developed suggestions for legislative changes.

The Florida Insurance Fraud Education Committee (FIFEC)



In 1992 the Florida Insurance Fraud Education Committee (FIFEC) began its existence as the first joint DIF/SIU Annual Training Seminar. DIF hosted this first seminar which consisted of a one-day open forum workshop with no agenda other than to foster a favorable working environment between the public and private sectors involved in the fight against insurance fraud. The representatives attending this seminar were from DIF and the Special Investigations Unit (SIU) community.

The earliest seminars were co-hosted by DIF and various carriers. By June 1997, the seminar had grown far too large and the leadership of the Florida Chapters of the International Association of Special Investigation Units (IASIU) and DIF decided to form FIFEC, a non-profit organization specifically established to direct the operations of the seminar each year.

Today, FIFEC is comprised of special investigative unit investigators, law enforcement personnel and dedicated individuals whose purpose is to organize and present an annual statewide educational seminar related to deterring, detecting, investigating and prosecuting insurance fraud.

In June of 2012, FIFEC celebrated its 20th anniversary. In that time, FIFEC has led the country in proving a forum where Insurance Professionals, Law Enforcement Investigators and Prosecutors come together to build relationships and learn from each other. FIFEC's annual training conference has evolved into one of the most comprehensive and meaningful conferences in the state with an attendance exceeding 700 from all disciplines.

DIF is proud of its continued relationship with FIFEC and its mission to provide up to date and relevant insurance fraud education and training.



Commissioner Kevin Beckner (center), Hillsborough County Commission, was given special recognition for his leadership and support in getting the county ordinance passed last year in Hillsborough County to combat PIP fraud.

DIF's Mission to Combat and Reduce PIP Fraud

The nature of fraud and theft crimes is evolutionary and uncertain. Criminal tactics are ever changing and constantly moving from one location to another, for convenience, ease of operation, increased patrol of areas, increased knowledge and training of local insurance and law enforcement, or simply to expand a successful, income producing, fraud scheme. The number of suspicious auto accidents that were staged or deliberately caused by criminals in Florida has increased dramatically the past several years, and is expanding throughout the state.

Insurance fraud scammers have turned Florida into the top state for staged accidents, particularly in the Miami and Tampa areas. The Insurance Information Institute estimates that such fraud could cost up to \$1 billion in the Sunshine state this year.

Safeguarding the residents and visitors of Florida and their assets by aggressively fighting to reduce, with a goal of eliminating, fraudulent activities related to personal injury protection insurance will be done through enforcement, education and advocacy with the cooperation of other law enforcement agencies and insurance companies.

The Division of Insurance Fraud's Goals:

1. Target and close medical clinics involved in filing fraudulent PIP claims
2. Target and arrest the enablers who organize, finance and operate the "PIP Rings"
3. Develop and/or implement the latest technology to help identify enablers and organizations
4. Provide a professional, well educated, and well equipped team to combat PIP fraud by providing current, up to date training and the use of the latest technology and analytics for the detectives and the crime intelligence analysts
5. Develop standards and policies and procedures to attract high quality candidates for employees and retain them

Governor Scott Signs PIP HB 119

On May 4th, in Jacksonville, Governor Rick Scott signed legislation to reform auto accident fraud in Florida, this year's number one consumer protection issue. This meaningful legislation will lower the cost of auto insurance premiums for Florida drivers by limiting fraud in PIP insurance. It is estimated that accident-related fraud would have cost average Floridians over \$1 billion this year if PIP reform was not passed.

The new law aims to reform Florida's broken PIP system by targeting staged accident fraud, strengthening billing practices so appropriate services are provided to those who need care, tightening requirements for clinic ownership and providing rate relief for Florida's consumers.

In 1972, Florida passed the PIP law to make sure people injured in an auto accident would quickly get money to treat their injuries. The legislation provided that a driver's insurance company pay up to ten thousand to cover medical bills and lost wages after an accident, no matter who is at fault. There have been numerous attempts to tighten the law since then, and it briefly sunset in 2007 for three months before being reenacted.

As of January 1, 2013, the new legislation will require an accident victim to obtain treatment within 14 days in an ambulance or hospital, or from a physician, osteopathic physician, chiropractic physician or dentist. The full ten thousand PIP benefit can be used only if it is determined that the insured has an emergency medical condition. If not, the PIP benefit is limited to \$2,500. Massage therapists and acupuncturists were both eliminated from eligibility for PIP benefits and only certain medical providers will be eligible to treat PIP patients. The parts of the law that have already taken effect (July 1, 2012) includes that an insured must submit to an examination under oath. (continued on page 28)

The bill also....

- requires clinics to be licensed to treat auto crash passengers;
- makes it a crime to run a clinic without a license;
- requires a fraud warning on all clinic license forms;
- revokes a provider's license for five years and boots the provider from the no-fault system for 10 years if convicted of insurance fraud;
- allows insurers 90 days to investigate claims (up from 30 days). Insurers also must report suspected fraudulent claims to the state fraud unit;
- requires police crash reports to list names and addresses of all passengers; and,
- creates a support agency under the CFO to accept grants and gifts to assist with investigating and prosecuting fraud.

The law also required that insurance companies reduce their PIP premiums at least 10 percent by October 1st or provide ample documentation why they cannot. It also requires companies to reduce PIP premiums 25 percent by the year 2014.

In August 2012, Florida CFO Jeff Atwater released the following statement regarding the independent analysis, prepared by Pinnacle Actuarial Resources, Inc., of the impact of HB 119 on Florida's consumers.

HB 119 directed the Office of Insurance Regulation to contract with an independent consultant to calculate the savings expected as a result of reforms.

"Through reforms passed last legislative session, we were able to target the fraud in Florida's auto insurance system that has caused rates to skyrocket for Florida drivers. The independent analysis released today reflects my firm belief that getting at the root of the fraud in our personal injury protection system will give Florida's consumers the rate relief they deserve."

"I am eager to see these projected savings, if not more significant savings, passed on to Florida's insurance consumers. Florida's drivers deserve to see the full impact of these policy changes through lower auto insurance rates."

To read more, visit <http://www.flor.com/siteDocuments/HB119ImpactAnalystFINAL08202012.pdf>

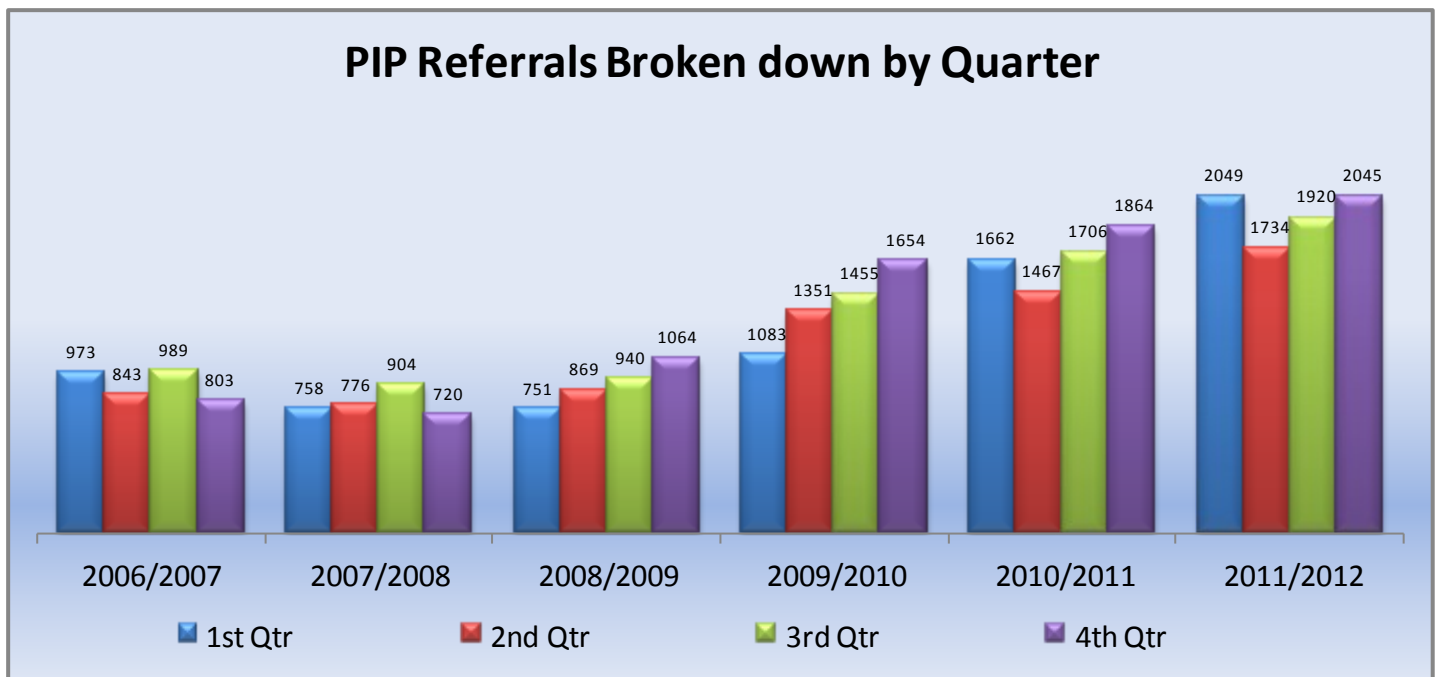
"Through reforms passed last legislative session, we were able to target the fraud in Florida's auto insurance system that has caused rates to skyrocket for Florida drivers. "

CFO Jeff Atwater

DIF's PIP Fraud Statistics

The Division has experienced continued growth in the number of insurance fraud related referrals over a 10 year span. Last fiscal year, DIF received 15,141 referrals, showing a 13 percent increase over the previous year. Of these referrals 7,748 were PIP fraud referrals, accounting for 51 percent of the referrals received by the Division.

PIP Referrals Broken down by Fiscal Year/Quarter					
Fiscal Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Grand Total
2006/2007	973	843	989	803	3608
2007/2008	758	776	904	720	3158
2008/2009	751	869	940	1064	3624
2009/2010	1083	1351	1455	1654	5543
2010/2011	1662	1467	1706	1864	6699
2011/2012	2049	1734	1920	2045	7748

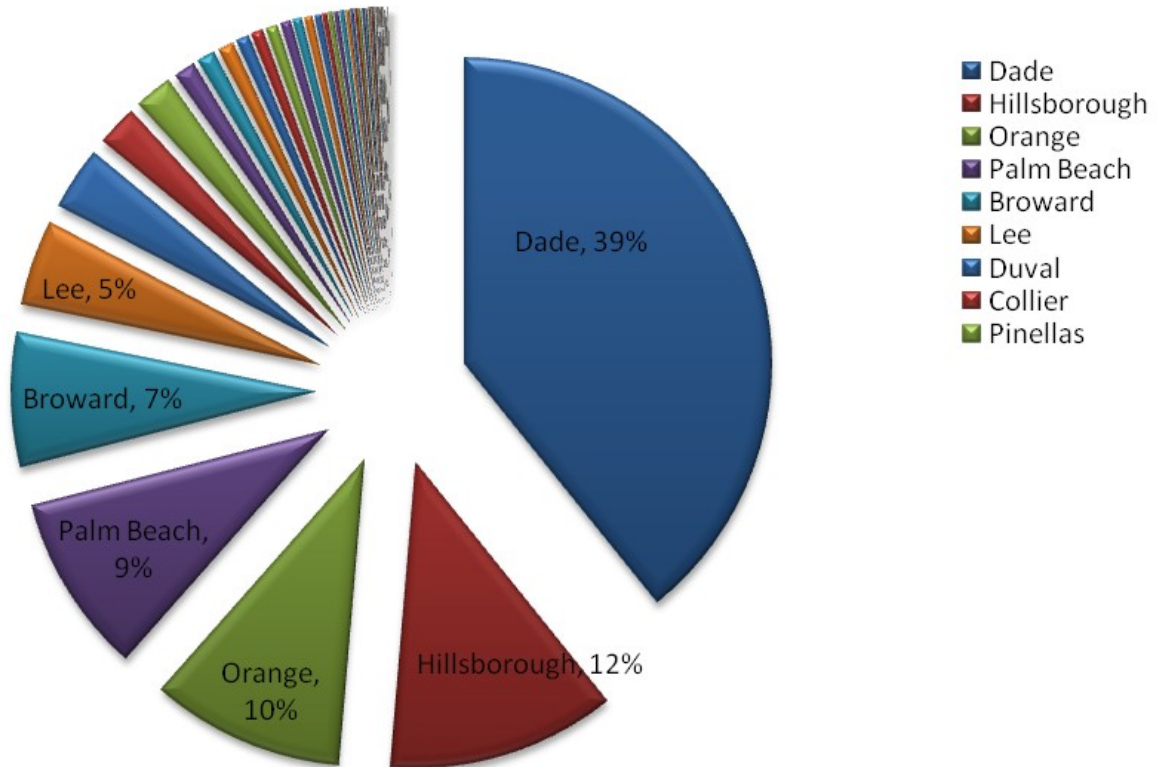


PIP Fraud TOP Counties

Last Fiscal Year, the top ten cities to receive the most PIP fraud referrals were:

- Dade, 3,039
- Hillsborough, 938
- Orange, 789
- Palm Beach, 736
- Broward, 553
- Lee, 350
- Duval 260
- Collier, 168
- Pinellas, 156
- Polk, 89

PIP Referrals FY 2011/2012 (By County)



PIP Investigative Efforts

The Division of Insurance Fraud's PIP fraud investigative efforts are enhanced through active participation with two Medical Fraud Task Forces, one in South Florida and one in Central Florida. Attendees include NICB agents, local, state, and federal law enforcement officers, and members of the insurance industry. The continued support of the Bureau of Crime Intelligence and Analytical Support contributed to greater participation by DIF; crime intelligence analyst supervisors and crime intelligence analysts from 10 field offices across the state attend task force meetings regularly and contribute to joint task force initiatives.

Additionally, DIF and the Florida Highway Patrol (FHP) have collaborated to help stop staged crashes in Florida. FHP launched a new Webpage on its site called "Protect Yourself Against Staged Crashes." The new site provides information, videos and links from its partners regarding staged accidents and insurance fraud. Included are brochures from both DIF and NICB and data forecast reports from NICB. The Website includes three informative videos of caused crashes, including the swoop and squat, the panic stop and the drive down. The new site also posts the hotline numbers for DIF (1-800-378-0445). You may be eligible for a reward of up to \$25,000 for reporting fraud to DIF.

Statewide PIP Contacts

PANHANDLE REGION

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

Tallahassee Field Office - 850.413.3115

Major Buddy HAND

Pensacola Field Office - 850.453.7802

Lt. Joseph HOLOKAN

NORTH REGION

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

Jacksonville Field Office - 904.798.5802

Capt. Brian McCOY

Lt. Kevin JONES

WEST CENTRAL REGION

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

Tampa Field Office - 813.972.8602

Capt. Michael BYRNE

Lt. Carlos ROSARIO

Lt. Darrell WILSON

Fort Myers Field Office - 239.278.7527

Lt. Mark FRITZ

EAST CENTRAL REGION

Counties: Brevard, Indian River, Lake, Martin, Orange, Osceola, Seminole, Volusia

West Palm Beach Field Office - 561.837.5601

Major Simon BLANK

Capt. Glen HUGHES

Orlando Field Office - 407.835.4402

Lt. Jewel CAMERON

Lt. Paul MEYERS

SOUTH REGION

Counties: Dade, Monroe

Miami Field Office - 305.536.0302

Capt. Steven SMITH

Lt. Violeta SERRANO

Lt. Raphael DELGADO

Lt. Stanley JEAN-FELIX

SOUTH CENTRAL REGION (New Region)

Counties: Broward, Okeechobee, St. Lucie, Martin, Palm Beach

Capt. John DYGON

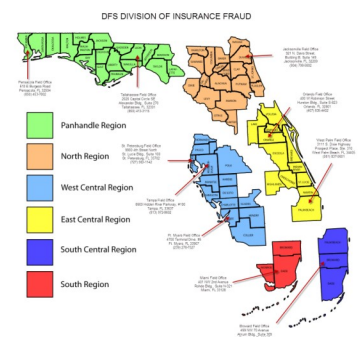
West Palm Beach Field Office - 561.837.5601

Lt. Evangelina BROOKS

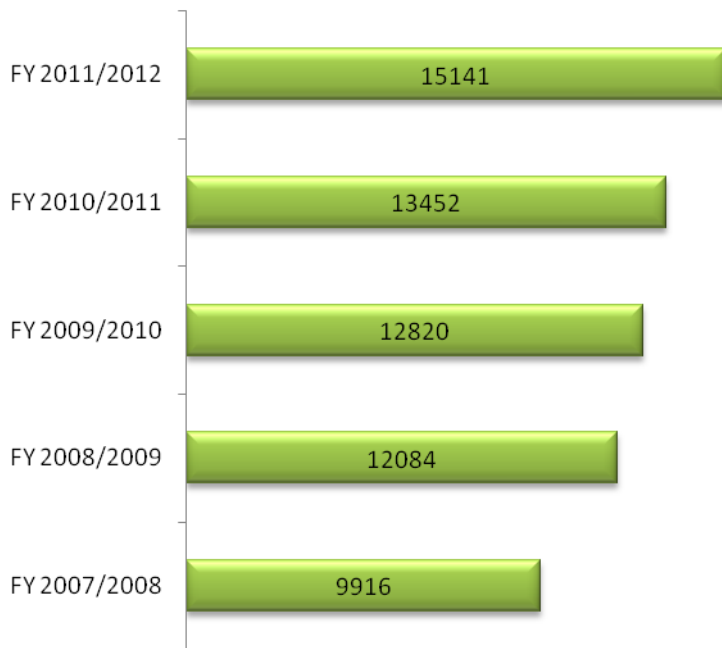
Plantation Field Office -

954.321.2902

Lt. Bill LEE

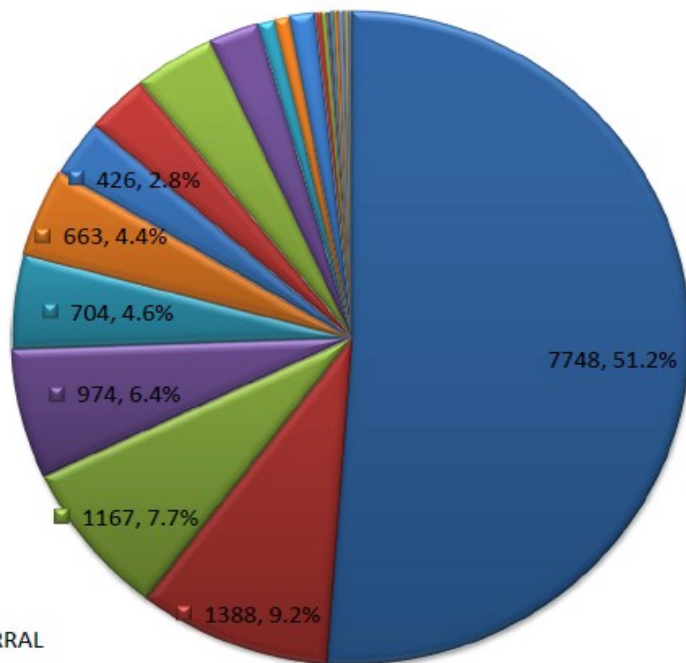


Suspected Fraud Referrals (Tips)



Number of Suspected Fraud Referrals for Each Fraud Type

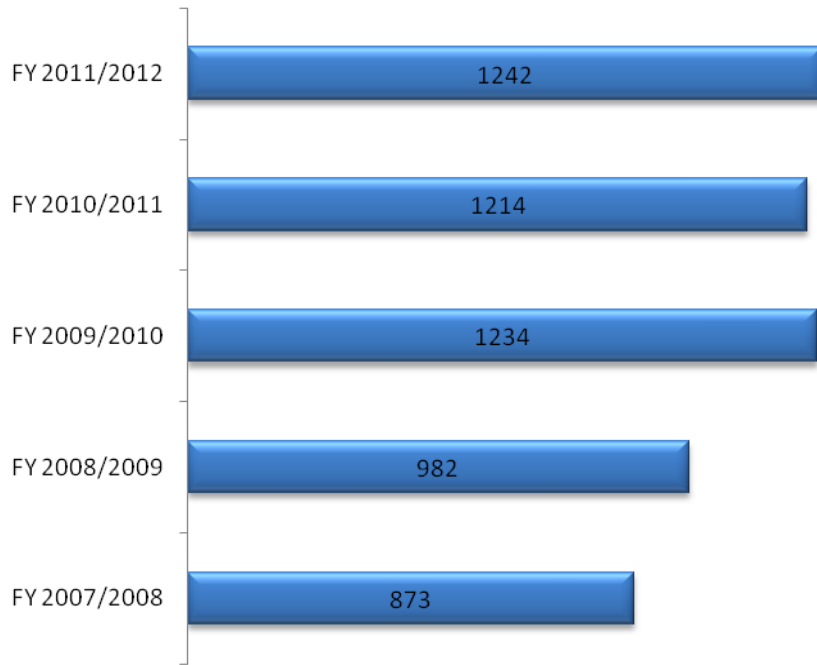
- PERSONAL INJURY PROTECTION FRAUD
- WORKERS' COMPENSATION FRAUD
- VEHICLE FRAUD
- APPLICATION FRAUD
- LICENSEE FRAUD
- HOMEOWNERS
- HEALTHCARE
- COMMERCIAL
- BANKING AND SECURITIES
- DUPLICATE ENTRIES
- ARSON FOR PROFIT
- FINANCIAL INVESTIGATION
- DISABILITY FRAUD
- UNAUTHORIZED ENTITIES FRAUD
- LIFE 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



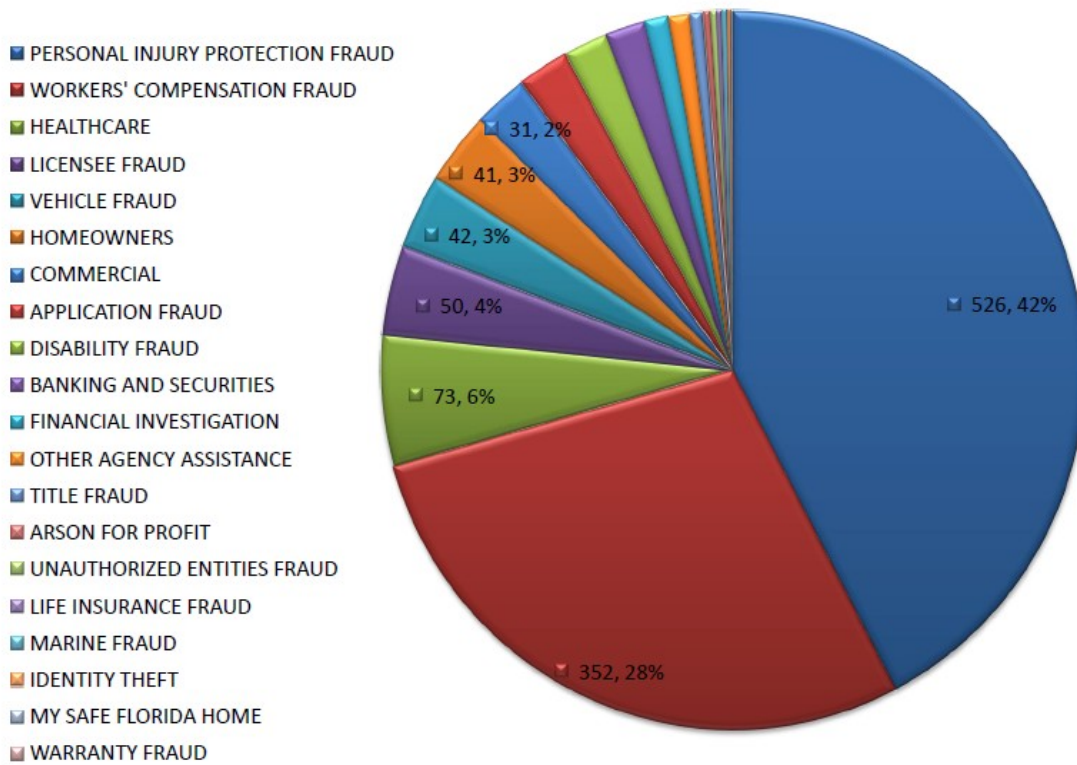
Suspected Fraud Referrals (Tips) Comparison

CASE TYPE	FY 10/11	FY 11/12
PERSONAL INJURY PROTECTION FRAUD	6699	7748
WORKERS' COMPENSATION FRAUD	1495	1388
VEHICLE FRAUD	1008	1167
APPLICATION FRAUD	883	974
LICENSEE FRAUD	765	704
HOMEOWNERS	584	663
BANKING AND SECURITIES	287	590
COMMERCIAL	404	451
HEALTHCARE	486	426
DUPLICATE ENTRIES	272	359
DISABILITY FRAUD	81	180
ARSON FOR PROFIT	152	124
FINANCIAL INVESTIGATION	94	109
UNAUTHORIZED ENTITIES FRAUD	64	45
IDENTITY THEFT	20	37
LIFE INSURANCE FRAUD	35	37
OTHER AGENCY ASSISTANCE	21	32
INFORMATION ONLY	22	28
NON-INSURANCE FRAUD RELATED REFERRAL	15	25
MARINE FRAUD	30	23
WARRANTY FRAUD	19	14
TITLE FRAUD	8	11
MY SAFE FLORIDA HOME	6	3
BONDS	1	2

Cases Presented for Prosecution



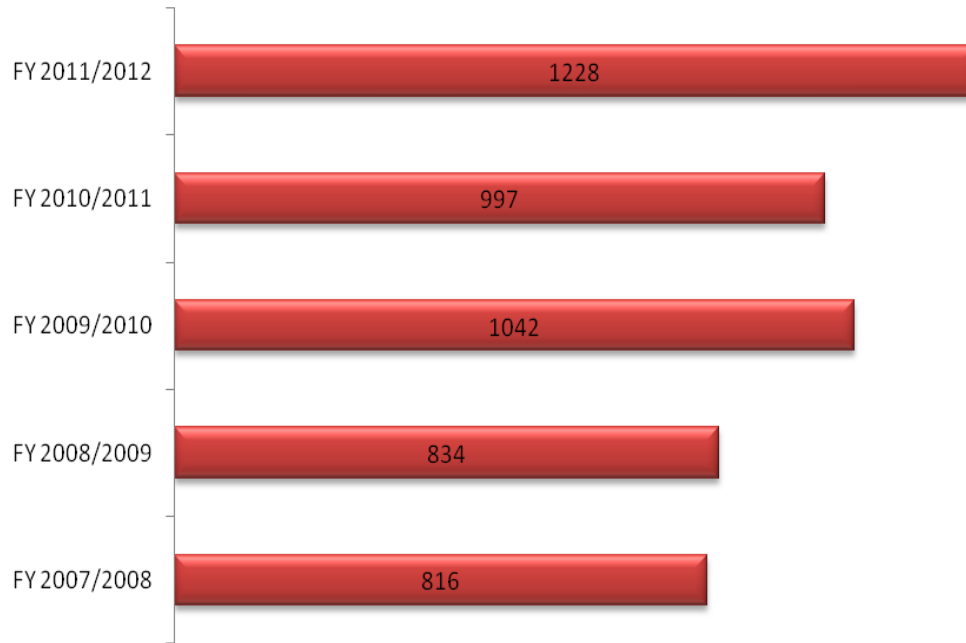
Number of Cases Presented for Prosecution by Fraud Type:



Cases Presented for Prosecution Comparison

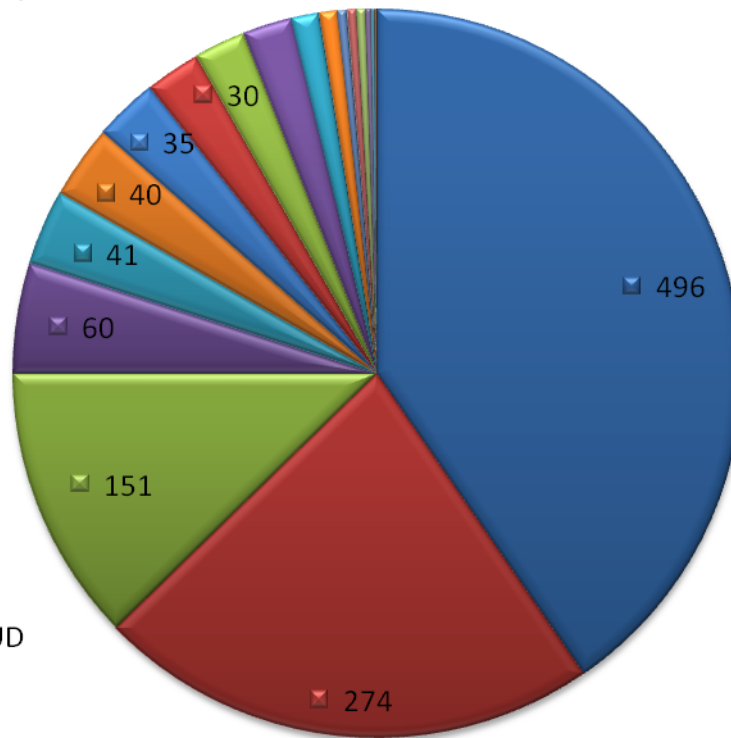
CASE TYPE	FY 10/11	FY 11/12
PERSONAL INJURY PROTECTION FRAUD	429	526
WORKERS' COMPENSATION FRAUD	336	352
HEALTHCARE	50	73
LICENSEE FRAUD	103	50
VEHICLE FRAUD	56	42
HOMEOWNERS	44	41
COMMERCIAL	23	31
APPLICATION FRAUD	48	29
DISABILITY FRAUD	16	25
BANKING AND SECURITIES	58	23
FINANCIAL INVESTIGATION	25	14
OTHER AGENCY ASSISTANCE	4	12
TITLE FRAUD	2	7
ARSON FOR PROFIT	5	4
UNAUTHORIZED ENTITIES FRAUD	2	4
LIFE INSURANCE FRAUD	7	3
MARINE FRAUD	3	3
IDENTITY THEFT	1	2
MY SAFE FLORIDA HOME	1	1
WARRANTY FRAUD	2	0

Arrests



Number of Arrests Made by Fraud Type

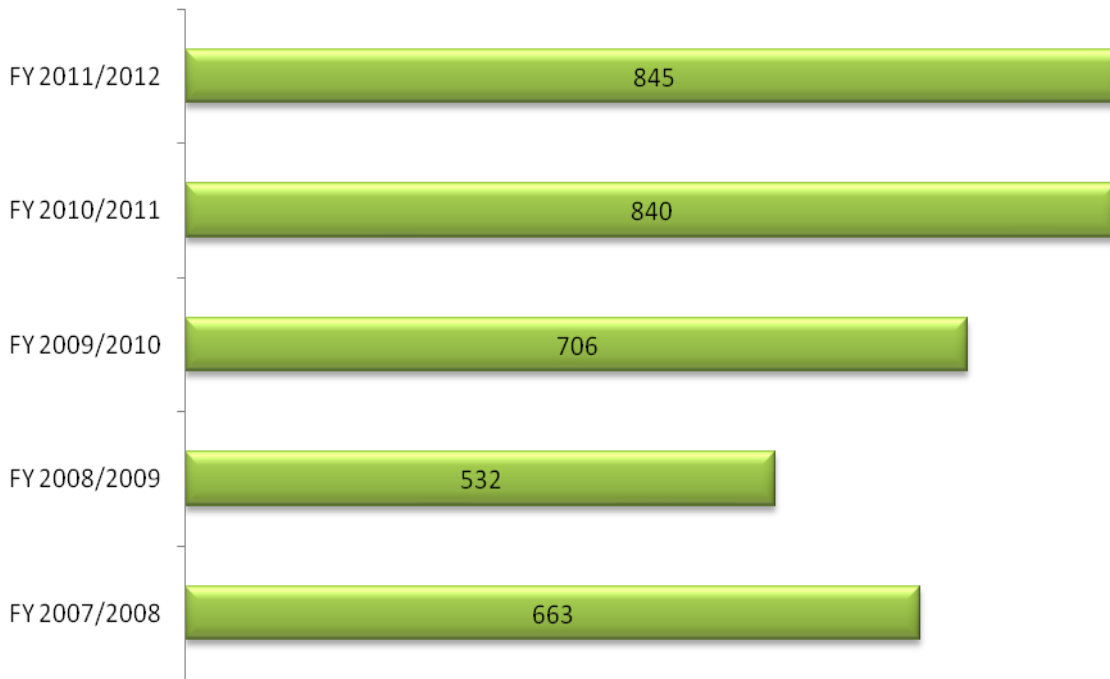
- PERSONAL INJURY PROTECTION FRAUD
- WORKERS' COMPENSATION FRAUD
- LICENSEE FRAUD
- HEALTHCARE
- VEHICLE FRAUD
- OTHER AGENCY ASSISTANCE
- HOMEOWNERS
- BANKING AND SECURITIES
- APPLICATION FRAUD
- COMMERCIAL
- DISABILITY FRAUD
- FINANCIAL INVESTIGATION
- ARSON FOR PROFIT
- MARINE FRAUD
- TITLE FRAUD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



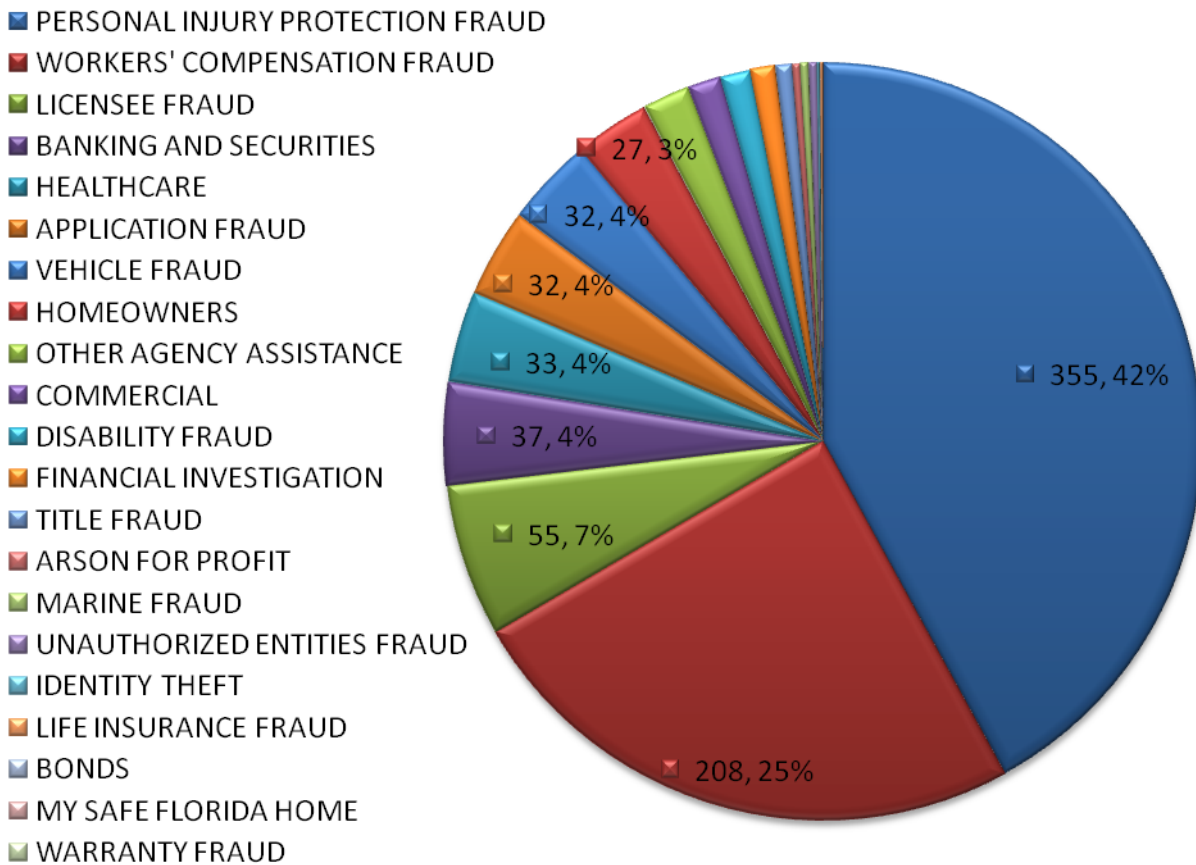
Arrests Comparison

CASE TYPE	FY 10/11	FY 11/12
PERSONAL INJURY PROTECTION FRAUD	352	496
WORKERS' COMPENSATION FRAUD	271	274
LICENSEE FRAUD	70	151
HEALTHCARE	38	60
VEHICLE FRAUD	56	41
OTHER AGENCY ASSISTANCE	26	40
HOMEOWNERS	30	35
BANKING AND SECURITIES	38	30
APPLICATION FRAUD	40	28
COMMERCIAL	16	27
DISABILITY FRAUD	14	15
FINANCIAL INVESTIGATION	29	10
ARSON FOR PROFIT	3	5
MARINE FRAUD	2	5
TITLE FRAUD	3	5
IDENTITY THEFT	1	3
UNAUTHORIZED ENTITIES FRAUD	1	2
LIFE INSURANCE FRAUD	3	1
BONDS	0	0
MY SAFE FLORIDA HOME	1	0
WARRANTY FRAUD	2	0

Convictions



Number of Convictions Received by Fraud Type

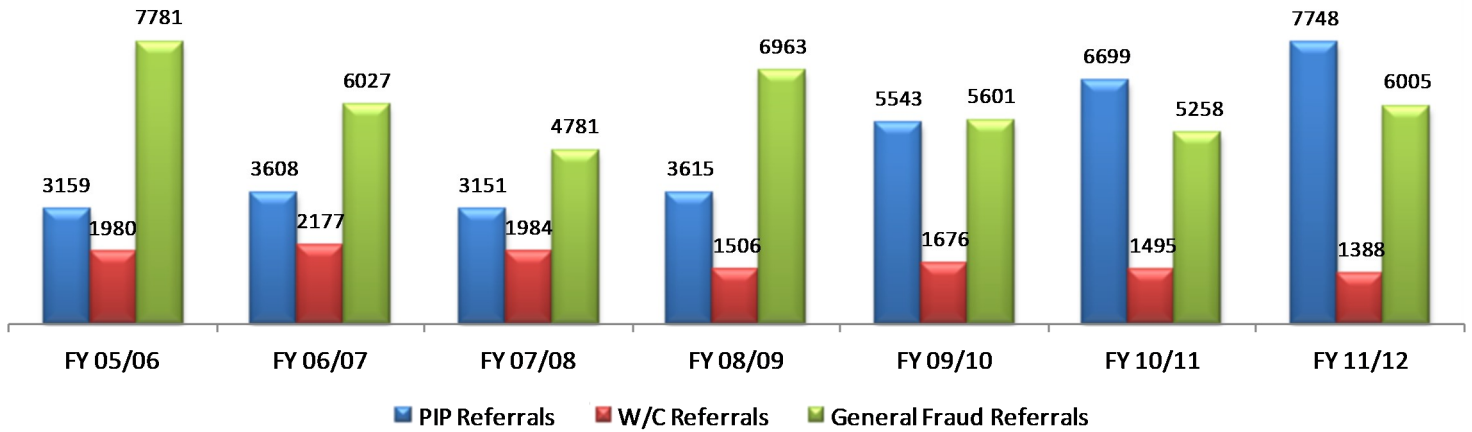


Convictions Comparison

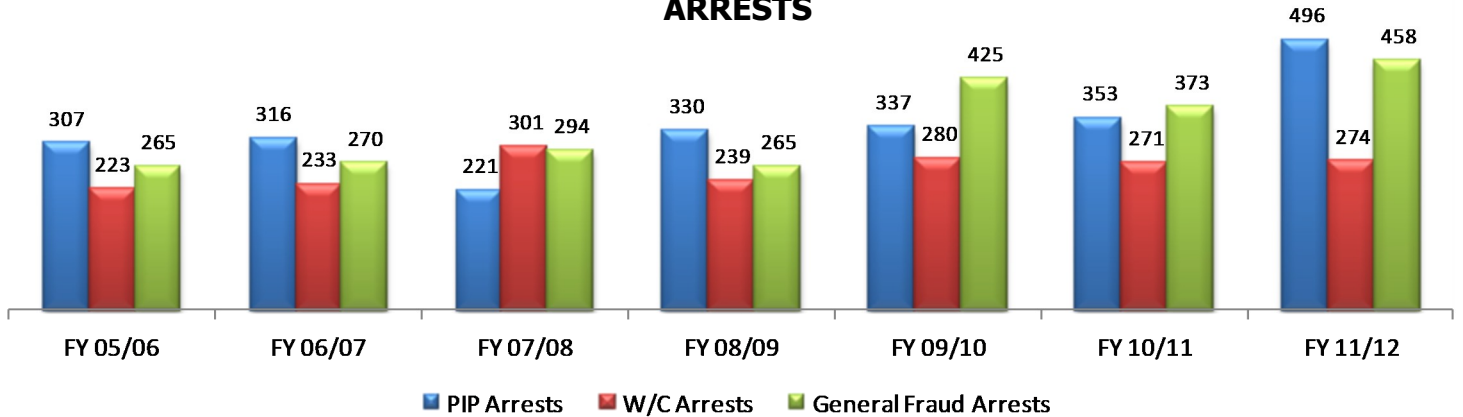
CASE TYPE	FY 10/11	FY 11/12
PERSONAL INJURY PROTECTION FRAUD	295	355
WORKERS' COMPENSATION FRAUD	242	208
LICENSEE FRAUD	49	55
BANKING AND SECURITIES	8	37
HEALTHCARE	27	33
APPLICATION FRAUD	28	32
VEHICLE FRAUD	73	32
HOMEOWNERS	34	27
OTHER AGENCY ASSISTANCE	4	17
COMMERCIAL	17	12
DISABILITY FRAUD	18	11
FINANCIAL INVESTIGATION	19	9
TITLE FRAUD	12	6
ARSON FOR PROFIT	5	3
MARINE FRAUD	0	3
UNAUTHORIZED ENTITIES FRAUD	1	3
IDENTITY THEFT	5	1
LIFE INSURANCE FRAUD	4	1
BONDS	0	0
MY SAFE FLORIDA HOME	1	0
WARRANTY FRAUD	1	0

Seven Year History for PIP, WC and General Fraud

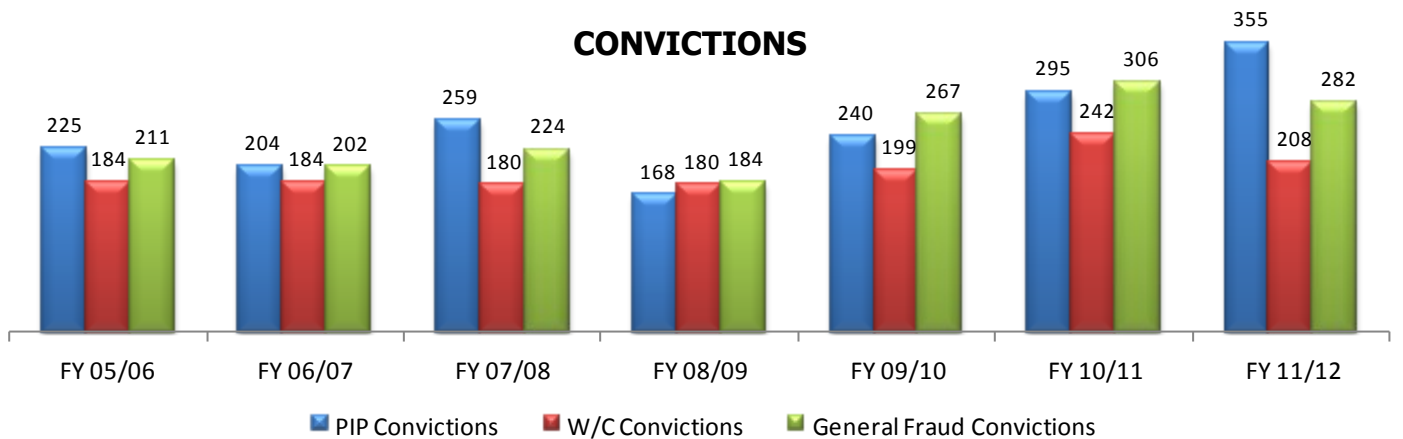
REFERRALS



ARRESTS



CONVICTIONS



DIF Budget

Salaries and Benefits	\$12,607,652
OPS (Other Personnel Services)	\$45,000
Expenses	\$1,830,664
OCO (Operating Capital Outlay)	\$1,700
Acquisition of Motor Vehicles	\$297,000
Transfer to Justice Administration Commission	\$1,263,669
Contracted Services	\$214,617
Operation of Motor Vehicles	\$96,600
Risk Management Insurance	\$149,090
Salary Incentive Payments	\$216,256
Human Resources	<u>\$70,559</u>
Total	\$16,792,807

DIF Staffing



During Fiscal Year 2011/2012, DIF had 196 positions statewide:

150 sworn positions

46 non-sworn positions



Front row: Lori Rodabaugh, Brian McCoy, Simon Blank, Dan Anderson, Geoffrey Branch, Michael Byrne, Glen Hughes
Second row: Burt Himmer, Linda Brooks, Steve Smith, Vance Akins, Jack Kelley, Buddy Hand, Robert Brongel

Office of the Director

Director Dan Anderson
 Lieutenant Colonel Jack Kelley
 Senior Attorney Charles Hughes
 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
 Major Buddy Hand, Panhandle Region
 Captain Glen Hughes, East Central Region
 Captain Brian McCoy, North Region
 Captain John Dygon, South Central Region (*new region*)

Bureau of Workers' Compensation Fraud

Bureau Chief Geoffrey Branch
 Captain Vance Akins

Office of Professional Standards and Training

Major Buddy Hand
 Captain Burt Himmer

Bureau of Crime Intelligence and Analytical Support

Bureau Chief Lori Rodabaugh

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

Senior Management Analyst Denise Prather



DOG TIRED OF YOUR INSURANCE RATES? LOWER THEM REPORT INSURANCE FRAUD!

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

Department of Financial Services

FOAA



How You Can Help Fight Insurance Fraud in Florida

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

Payments should be made payable to: [The Department of Financial Services](#)
(Please write "Code 1201F" on the memo line of your check.)

The mailing address is:

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

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

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