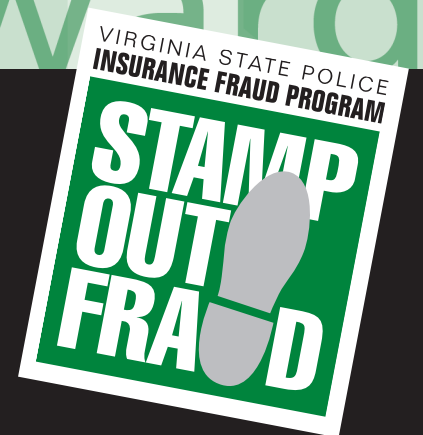


Virginia State Police  
Insurance Fraud Program

fraud fighters award  
first reorganization  
**YEAR OF FIRSTS**  
reorganization

fraud fighters rewards  
**2005**  
ANNUAL REPORT



# Insurance Fraud Program Activity Report

January 1, 2005 through December 31, 2005

1. Number of notifications received	1,638	8. Number of cases of actual fraud (collected)	318
2. Number of notifications sent to unopened case file	737	9. Number of cases of attempted fraud	670
3. Number of investigations initiated	357	10. Total Amount of claimed loss (collected)	\$3,606,294
4. Number of notifications referred to other BCI Divisions	28	11. Total Amount of claimed loss (attempted)	\$7,525,539
5. Number of notifications referred to other agencies	56	12. Number of cases presented to Commonwealth's Attorneys	87
6. Number of cases involving property fraud	1,058	13. Number of cases adjudicated	108
A. Motor Vehicle/Auto	741	14. Number of arrests for insurance fraud	203
B. Homeowners	165	15. Number of convictions for insurance fraud	57
C. Commercial	77	A. Felonies	22
D. Other	75	B. Misdemeanors	35
7. Number of cases involving injury/casualty fraud	583	16. Number of arrests for related offences	103
A. Motor Vehicle/Auto	226	17. Number of convictions for related offences	15
B. Homeowners	22	18. Amount of restitution ordered	\$745,822
C. Commercial	40	19. Number of calls to Fraud Hotline	399
D. Workers' Compensation	203	20. Number of fraud awareness presentations	25
E. Other	92	21. Number of persons contacted	51,632

## Report from the VSP Superintendent and IFP Coordinator

The Insurance Fraud Program (IFP) of the Virginia State Police (VSP) has just completed its seventh year, and it's turned out to be quite a "Year of Firsts." The first "Sharp Eye" rewards were paid in 2005; the first Fraud Fighters Awards were presented in 2005; and the Support Services Division (SSD) and the IFP completed their first year under the restructuring of the VSP.

Over the past seven years, since the establishment of the Insurance Fraud Program in 1999, the total amount of court-ordered restitution has topped \$11 million. In 2005 alone, court-ordered restitution realized a gain of 102 percent over 2004. In addition, the VSP received over 1,600 notifications of suspected insurance fraud this past year – more than double the number received when the program began in 1999. This represents an increase in notifications from 2004 to 2005 of almost 18 percent.



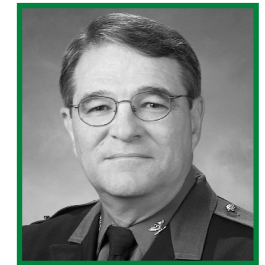
Lieutenant W. Roger Rector  
Coordinator  
Virginia State Police  
Insurance Fraud Program

"The Virginia State Police has seen record-breaking numbers this year in insurance fraud notifications received, the number arrests and the number of convictions for insurance fraud,"

said Colonel W. Steven Flaherty, Virginia State Police Superintendent. "The Insurance Fraud Program, the special agents and the analysts

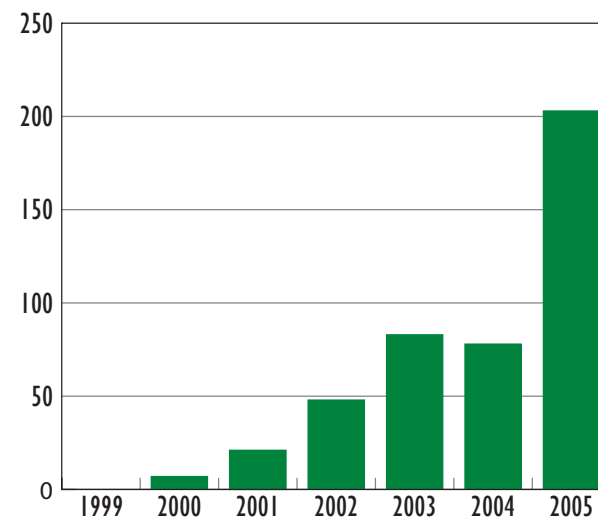
are to be commended on their continued focus of reducing property and casualty fraud in the commonwealth."

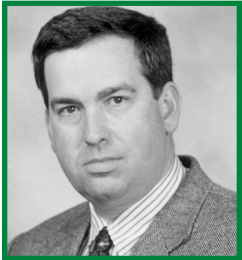
The establishment of the dedicated program in 1999 has resulted in more than 666 arrests for insurance fraud and other related offenses



Colonel W. Steven Flaherty  
Superintendent  
Virginia State Police

### Number of Arrests for Insurance Fraud





Captain Robert L. Tavenner  
Virginia State Police  
Support Services Division

combined in just seven years. The number of total arrests reached 306 in 2005 alone, an increase of 150 percent from 2004 arrests.

In addition to a record number of notifications, 2005 was also the first full year of operation for the Support Services Division (SSD). This division includes the Insurance Fraud and Help Eliminate Auto Theft (H.E.A.T.) support staffs as well as the Counter-Terrorism & Criminal

Interdiction (C.C.I.) unit, and Bomb and Arson. Captain Robert L. Tavenner oversees SSD, and Lieutenant W. Roger Rector directs the day-to-day operation of the IFP.

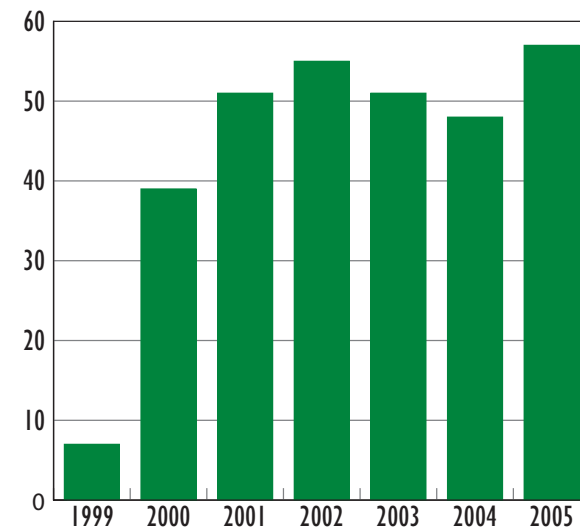
“Even though the name has changed, the mission remains the same – to stamp out fraud,” said Lieutenant Rector. “As insurance investigators, citizens and law enforcement have learned more about the program and the program’s accomplishments, we have experienced an increase in almost all areas of insurance fraud investigations and anticipate that growth will continue.”

The Insurance Fraud special agents are continuing in their current investigative capacities operating out of their field offices. In their efforts to stamp out fraud, agents initiated more than 357 investigations during 2005, up more than 26 percent from 2004. In seven years, 1,118 fraud investigations have been undertaken, and 362 cases have been presented to the commonwealth’s

attorneys for prosecution. In addition to court-ordered restitution surpassing \$11 million, false insurance claims reported to IFD since 1999 have reached \$40 million.

The VSP investigates insurance fraud related to property and casualty lines of insurance and property fraud cases continue to show greatest increase in 2005 – up more than 13 percent. Cases involving injury and casualty fraud increased by 11 percent over 2004.

## Number of Convictions for Insurance Fraud



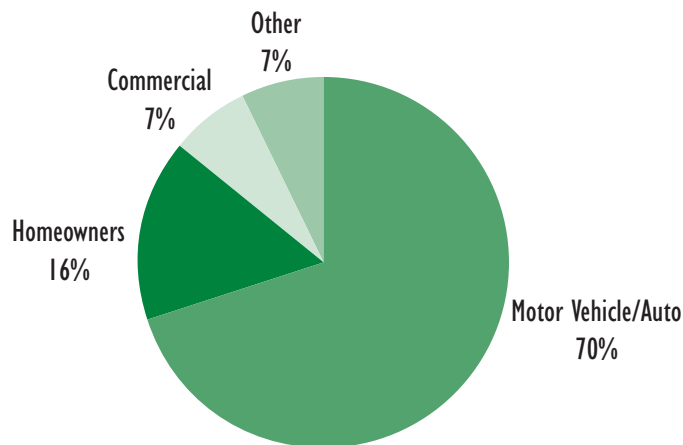
Governor Mark R. Warner again issued a proclamation declaring May 8 - 14 as “Insurance Fraud Awareness Week.” The proclamation was presented to Support Services Division director, Captain Robert Tavenner, by Philip Wong, president of the Virginia Chapter of the International Association of Special Investigation Units (VAIASIU), during the 13th annual VAIASIU Seminar.

The “Sharp Eye” reward fund public awareness campaign maintained its presence throughout Virginia with existing television ads featuring the blinking eye. The “Sharp Eye” reward message was also carried on billboards in the spring and again

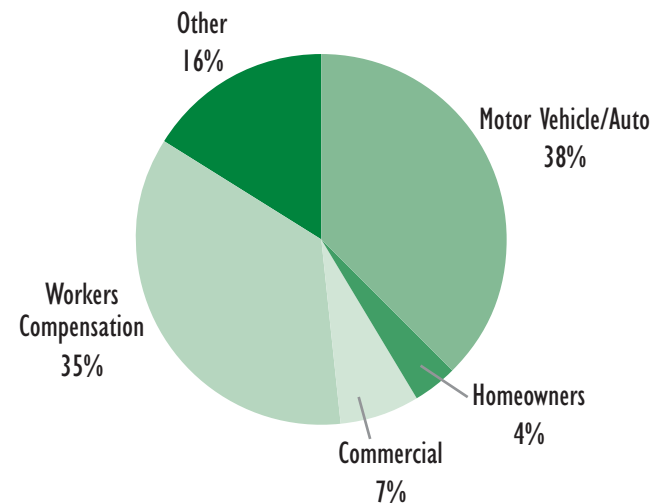
in the fall to complement the broadcast campaign. In May, 2005, market research was conducted to measure the effectiveness of the public awareness campaign and determine if there has been a change in behavior and/or public opinion about insurance fraud since the benchmark study was done in 2000.

The IFP thanks everyone from law enforcement, the insurance industry, legislators, commonwealth’s attorneys and most of all the citizens of Virginia for their efforts to combat insurance fraud. Working together, we can continue to Stamp Out Fraud in Virginia.

## Property Fraud



## Injury & Casualty Fraud



## Insurance Fraud Pays First Sharp Eye Rewards

**S**even Virginia residents discovered it pays to have a sharp eye for suspected insurance fraud. As a result of the information shared with the Insurance Fraud Program (IFP) and the arrests that followed, these tipsters received a total of \$11,500 in rewards.

The amounts of the 2005 rewards ranged from \$500 to \$5,000. The types of insurance fraud reported to the IFP included arson, workers' compensation, a slip-and-fall scheme and the filing of a false accident claim.

“Virginians are ultimately the winners because these citizens were willing to come forward and report what they thought were fraudulent insurance claims,” said Lieutenant W. Roger Rector, coordinator for the Insurance Fraud Program.

The “Sharp Eye” reward fund was established in 2004 and can pay up to \$25,000 for information leading to the arrest of individuals who commit insurance fraud in the state of Virginia. Anyone who reports suspected insurance fraud to the IFP, whether or not they are eligible to receive a reward, may remain anonymous.



**A sharp eye  
can earn up  
to \$25,000.**

Rewards for insurance fraud tips | **1-877-62FRAUD**



## First Virginia Fraud Fighter Awards Recognize Outstanding Contributions

**T**he Insurance Fraud Program (IFP) established the annual Fraud Fighters Award in 2005 to recognize those individuals who set the standard for fighting insurance fraud in Virginia. Seven Virginia “Fraud Fighters” were honored by the IFP during the Virginia Chapter of the International Association of Special Investigation Units (VAIASIU) Annual Fraud Seminar.

Nominees for the Fraud Fighters Award came from the Virginia insurance industry, the law enforcement community and from the commonwealth’s attorneys. The awards were based on the nominees’ contributions to the Virginia insurance industry anti-fraud efforts, which included their involvement and contribution to investigations; their prevention and pro-active activities; enforcement; their interaction with the insurance community; and the financial impact – recoveries/restitution – of their fraud fighting efforts.

The recipients of the first Fraud Fighters Award were Bruce Hiatt, president of Virginia Farm Bureau Federation; Detective Michael Martin in the Washington County Sheriff’s Office; D. Wayne Stone, insurance fraud senior special agent with the VSP; Ron Verwers, special agent with Nationwide Insurance;



**Fraud Fighters Award recipients** (from left) Virginia State Police Senior Special Agent D. Wayne Stone, Detective Michael E. Martin of the Washington County Sheriff’s Office, Ron S. Verwers, Special Investigator with Nationwide Insurance, Bruce L. Hiatt (fifth from left), President and CEO of the Virginia Farm Bureau Federation, and Tom Weidner, Assistant Commonwealth’s Attorney for the City of Waynesboro, posed with actor David Browning, Captain Robert Tavenner (second from right), Virginia State Police Support Services Division, and Lieutenant W. Roger Rector (far right), Coordinator, Virginia State Police Insurance Fraud Program.

Tom Weidner, Assistant Commonwealth’s Attorney in Waynesboro; Diana H. Wheeler, Commonwealth’s Attorney for the County of Orange; and retired VSP Captain Frank Williams, the first director of the Insurance Fraud Program.

**Bruce Hiatt,  
President and CEO, Virginia Farm Bureau Federation**

Hiatt is a leader in one of the state's largest industries, agriculture. The Virginia Farm Bureau Federation is comprised of several different companies, one of which is an insurance company. In his role as president and CEO, Hiatt became a leader in Virginia's insurance industry and an advocate for the Insurance Fraud Program of the Virginia State Police. His recent pro-active involvement resulted in increasing the size of the company's special investigation unit and placing the unit under his command. Hiatt supports fraud training for all Virginia Farm Bureau employees who may have to deal with fraud issues. He's served on numerous agricultural and economic development boards as well as on the board for Southern Farm Bureau Life Insurance. He is a past member of the board of directors for Blue Cross and Blue Shield of Richmond and Blue Cross and Blue Shield of Virginia.

**Detective Michael E. Martin,  
Washington County Sheriff's Office, Virginia**

In 2002, the Washington County Sheriff's Office received a report that a statutory burglary, grand larceny and vandalism occurred at a local ice cream shop. One of the co-owners alleged that the loss was estimated to be around \$25,000. A

claim was filed with the business's insurance company and payments were made based upon purchase invoices submitted by the co-owner. Martin and insurance investigators were dubious about the alleged offense and began to investigate the matter. As a result of Martin's exhaustive efforts and reviewing documentation, it was determined that the co-owner had manufactured and falsified the purchase invoices of equipment that he claimed was missing. Some of the missing equipment was being stored at a different location. The co-owner was confronted with the information and subsequently arrested. As a result, the court mandated restitution to the insurance company in the amount of \$23,994.

**W**orking together, we can  
continue to Stamp Out  
Fraud in Virginia.



## **Senior Special Agent D. Wayne Stone, Insurance Fraud Program, Virginia State Police**

Since the program began in 1999, Stone has been committed to the fight against insurance fraud. From 1999 through 2004, Stone has worked 137 insurance fraud criminal cases. In 2003, Stone had 11 felony arrests, accounting for nearly one-third of the IFP's total. Even more impressive were Stone's felony arrest figures for 2004. With 13 arrests, Stone had exactly half of the felony arrests reported by the IFP for that year. In addition to Stone's contributions to enforcement, he has also been involved in pro-active and preventative activities for the insurance industry. In 2003 and 2004, Stone logged 213 hours participating in crime prevention activities. During this same period, he continued to enhance his fraud fighting abilities by taking 240 hours of specialized training. Aside from Stone's insurance fraud efforts, he has provided the Commonwealth of Virginia nearly 37 years of law enforcement expertise and service.

## **Special Investigator Ron Verwers, Nationwide Insurance**

Verwers came to Nationwide 12 years ago after retiring from the Washington, DC Police Department as a detective. Verwers' focus while on the DC police department and at Nationwide was auto theft investigations. He took his

expertise to claims associates and special investigators through anti-theft training programs, keeping abreast of auto theft trends in the markets and actively working auto theft cases in northern Virginia. In 2003, Ron was instrumentally involved in a two-year investigation along with members of the VSP IFP, the FBI, Postal Inspector's Office, Arlington County Police, NICB, the US Attorney's Office and investigators from other insurance companies. The investigation resulted in indictment and conviction of fifteen individuals who victimized insurance companies for more than \$1 million dollars in claims payments and \$400,000 in pending claims.

*Note: Ron Verwers lost his battle with cancer on November 28, 2005. In addition to being one of the first recipients of the Fraud Fighters Award, Ron was presented a special commendation by the FBI for his fraud fighting efforts. Ron served as a director of the Southeast International Association of Auto Theft Investigators and was an active member of the Virginia Chapter of the International Association of Special Investigation Units. Ron will be missed by many.*

## **Tom Weidner, Assistant Commonwealth's Attorney**

Weidner prosecutes insurance fraud cases in the Waynesboro area. One of these cases was a very complicated case involving

Claude L. Rose as defendant and several insurance carriers. Weidner put considerable time and effort into the preparation and prosecution of this case. The prosecution was successful, the conviction was subsequently appealed and the State Supreme Court upheld the conviction. Weidner has supplied training to groups of insurance adjusters and currently serves on the reward committee for the Insurance Fraud Program of the VSP.

**Diana H. Wheeler,  
Commonwealth’s Attorney, Orange County**

Wheeler was presented with three cases of insurance fraud involving four defendants in November 2004. In the first case a couple tried to collect insurance money to replace their old air conditioning unit that was supposedly destroyed by lightning. In the second case, the owner of a car that had been totaled by a friend didn’t have insurance at the time of the accident, so she obtained coverage the following day and filed a fictitious claim. In the third case, the defendant was paid twice by two different insurance companies for the same damage to his car. Wheeler conducted all the preliminary hearings in General District Court. She prepared the indictments to be presented to the Grand Jury, then handled the cases once they were presented in Circuit Court.

**Captain Frank A. Williams, Jr.  
Director, Insurance Fraud Division (Retired)**

Captain Williams served as commander of the Virginia State Police Insurance Fraud Division from its inception in 1998 until his retirement in 2004 after more than 41 years with VSP. Under his leadership, the number of special agents working insurance fraud cases increased from 14 agents in 1999 to 19 agents in 2004, and the number of notifications received since that first year have more than doubled. In addition, insurance fraud arrests since 1999 totaled more than 590, and over 460 insurance fraud and fraud-related cases have been prosecuted. Williams was responsible for implementing the “Stamp Out Fraud” awareness program, toll-free hotline and [www.stampoutfraud.com](http://www.stampoutfraud.com) Web site. The “Sharp Eye” reward program for reporting insurance fraud was launched in 2003. The Virginia Chapter of the International Association of Special Investigation Units awarded its first Covington Award for Distinguished Service to Williams in May 2004.



## New Insurance Fraud Research Study Finds Changes in Virginians' Attitudes

In May 2005, the Insurance Fraud Program (IFP) of the Virginia State Police (VSP) completed a statewide research project on Virginians' attitudes regarding insurance fraud and its implications. The study was designed to track attitude changes since benchmarking research was conducted in 2000.

"The survey results will help us identify our strengths as well as our weaknesses in getting the insurance fraud message and reward information out to the citizens of Virginia," said Lieutenant W. Roger Rector, IFP coordinator. "One of the things we learned was that while Virginians are more likely now than in the past to report insurance fraud, they may not always know where to report it."

With a few minor changes, the questionnaire used for this year's survey duplicated the 2000 survey questions. Six key issues were covered, which included evaluation of fraudulent behaviors; perceived prevalence of fraudulent behaviors; knowledge and awareness of insurance fraud; personal experience with fraud; likelihood of reporting suspected fraud cases; and awareness of the Virginia State Police Insurance Fraud Program.

The findings of the survey revealed that nearly half of Virginians, 48 percent, have been a victim of fraud or know someone who has. In addition, a higher percentage of Virginians said they are more likely to report suspected insurance fraud than they did in the previous study. In 2005, almost one-half of the respondents were very likely to report insurance fraud as compared to one-third of the respondents in the 2000 survey. In 2000, one out of six Virginians claimed they knew someone who received workers' compensation for an injury that did not occur on the job. In 2005, that number jumped to one out of four.

Respondents were given a list of ten behaviors, five of which involved insurance fraud, and were asked to assess each behavior on a scale ranging from "always wrong" to "not wrong at all." In relation to the 2000 survey, there was a significant increase in the percentage of respondents who felt certain behaviors were "always wrong." The specific insurance fraud-related behaviors that showed significant increases in the "always wrong" category included working with a doctor to stage phony car accidents in order to get money from insurance companies for false injuries; inflating the amount of an

insurance claim to cover the deductible; providing inaccurate information regarding medical history when applying for health or life insurance; and claiming that a non-work related injury actually occurred on the job.

New questions added to this year's survey relate to the respondents' awareness of the IFP, the toll-free phone number, Web site and reward fund. Forty percent of the survey respondents said they would contact the insurance company to report suspected insurance fraud, while 26 percent said

they would contact the police. One in five was not sure how to report insurance fraud. Awareness of the IFP was greatest in the western and central regions of Virginia; and of those respondents who were aware of the IFP, most of them received their information from television.

The telephone survey was conducted among 400 Virginia residents in all regions of the state during a two-week period in May. The survey has a maximum statistical error of plus or minus 4.9 percent.

Nearly half of Virginians, 48 percent, have been a victim of fraud or know someone who has.

## Public Awareness Campaign Keeps a Sharp Eye on the Reward Program

**R**aising public awareness of insurance fraud and promoting the toll-free hotline and Web site as well as the “Sharp Eye” reward program is the backbone of the Insurance Fraud Program’s public relations and advertising campaigns. In 2005, the IFP’s public awareness efforts continued in the direction of the “Sharp Eye” reward program.

The IFP continued to use the “Sharp Eye” television commercials, which featured the signature blinking eye and promoted the \$25,000 reward program. The television commercials ran statewide from February through May and September through November. As a complement to the television advertising, a “Sharp Eye” billboard campaign promoted the insurance fraud reward program in the Richmond, Roanoke and Tidewater markets.

The traditional elements of the IFP’s “Stamp Out Fraud” campaign continue to be used and gain recognition from the public. These include:

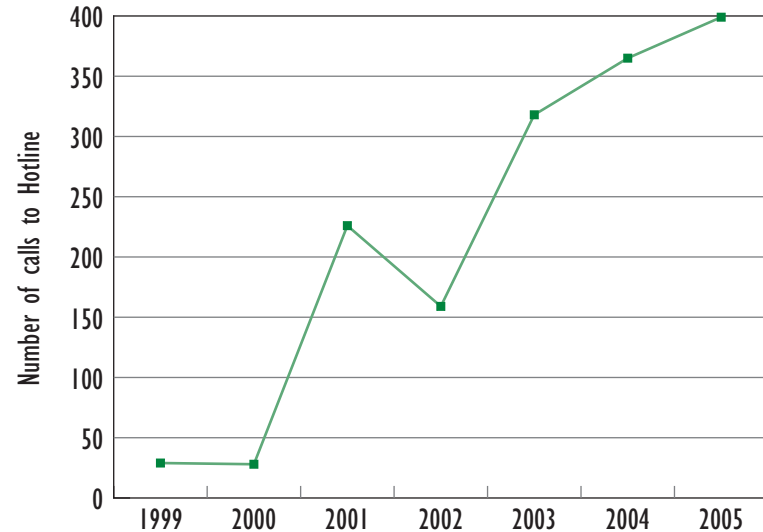
### STAMP OUT FRAUD Logo

Associated with the IFP and its mission, this logo is applied to all promotional materials including brochures, displays, the Web site and news release letterhead.

### I-877-62FRAUD (I-877-623-7283)

In 2005, more than 399 citizens, insurance investigators/ personnel and law enforcement officers called the IFP toll-free hotline. This represents more than a 9 percent increase over 2004.

### Yearly Comparisons (1999-2005)



## www.StampOutFraud.com

Suspected insurance fraud can also be reported online at the IFP Web site, or the notification form can be downloaded and mailed or faxed to the VSP. More than 850 notifications were received from the Web site in 2005, which is a more than 40 percent increase over the previous year. Again, the IFP received more notifications of suspected fraud via the Internet than through the toll-free telephone hotline. The Web site also provides an overview of insurance fraud and its implications and is updated regularly with case histories. Law enforcement and insurance professionals can order IFP brochures, posters and law enforcement guides online. The Web address is included on all of IFP's promotional and media-related materials.

## BROCHURES

Brochures continue to be distributed to law enforcement, the insurance industry and Virginia citizens. The Stamp Out Fraud brochure provides a comprehensive overview of insurance fraud and the IFP in addition to information about the "Sharp Eye" reward program.

## IFP NEWSLETTER

IFP continues to produce its newsletter, "Fraud Facts," twice a year. The publication features IFP-related issues, case histories and other information of interest to Virginia insurance investigators.



## INSURANCE FRAUD AWARENESS WEEK

Governor Mark R. Warner again issued a proclamation declaring May 8-14, 2005, as Insurance Fraud Awareness Week. The proclamation was presented to Captain Robert Tavenner during the Virginia Chapter of the International Association of Special Investigation Units (VAIASIU) annual training seminar. The event was also supported with statewide media releases.

## PRINT AND BROADCAST MEDIA COVERAGE

During 2005 the IFP distributed 19 news releases to in-state media as well as trade media. Topics included Insurance Fraud Awareness Week, the new Fraud Fighters Award, insurance fraud cases and disaster fraud related to the 2005 hurricane season.

## EXHIBITS

IFP had the opportunity to promote insurance fraud awareness and the reward program at several public venues. These included the State Fair of Virginia with an attendance of more than 200,000, the Virginia Farm Bureau Annual Meeting where approximately 1,000 attendees received anti-fraud information, Ducks Unlimited, several insurance companies' employee Fraud Awareness Days and Virginia State Police Public Safety Day at Culpeper Division Headquarters.

## Special Agents Join in the Fight Against Insurance Fraud



### Special Agent Christopher E. Blosser

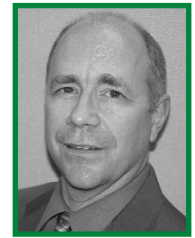
Chris Blosser, a 24-year veteran of the Virginia State Police (VSP), has seen a lot. Blosser has spent his entire career in one of the busiest areas of the Commonwealth – Northern Virginia. As a trooper he was involved with major hazardous material incidents, providing protection for the president and visiting heads of state as well as patrolling the interstates on a motorcycle for 10 years.

Blosser joined the VSP in 1981 where he worked as a trooper in Fairfax, Arlington and Prince William counties. In 1998 he was promoted to sergeant and returned to Arlington where he was working during the attacks on Sept. 11. He was assigned to the VSP Motor Carrier/Hazardous Material Unit as well as the Motorcycle Unit. Before joining the Insurance Fraud Program, Blosser worked as the domestic and foreign terrorism coordinator for the Department's Criminal Intelligence Division office in Fairfax.

### Special Agent Durwin Powell

Durwin Powell also began his career with the VSP in Fairfax. Powell came on board in 1979, and patrolled the roads as a trooper in Fairfax and Culpeper counties. In 1993 Powell transferred back to Division 7 and Arlington County. Promoted to Sergeant in 1997, his assignment took him to Albemarle County.

Powell went back to Arlington in 1998. As a result of his assignment in Arlington, he assisted in coordinating additional security for the Pentagon and Reagan National Airport following the Sept. 11 attack. Powell also assisted with coordinating and supervising the response to the Muhammad/Malvo sniper incidents while in Arlington. Powell has been a firearms and driving instructor since 1995. He transferred to Prince William County in 2003, and joined the Insurance Fraud team in Northern Virginia, January 2005.



### Special Agent Joe Diamond

Joe Diamond started his career with the VSP in 1988. As a trooper, he was assigned to Division 7 working out of Arlington County before transferring to Southwest Virginia. Diamond was promoted to Senior Trooper in 2000 and Special Agent in 2001.

As special agent, Diamond was assigned to the Highway Interdiction Unit and was later transferred to Drug Enforcement Division, Salem, and was assigned to the New River Regional Drug Task Force and the Rockbridge County Drug Task Force. In March 2005, Diamond transferred to the Insurance Fraud Program and continues to work out of the Salem office.

## Insurance Fraud Cases

**T**hese examples of insurance fraud cases that made it into the Virginia courts in 2005 illustrate the types of property and casualty fraud cases investigated by the Virginia State Police. These include staged accidents, health care fraud, falsified and exaggerated claims as well as fraudulent disability claims and falsified documents.

### Virginia State Police and FBI Break Up Insurance Fraud Ring

The cooperative efforts of the Virginia State Police (VSP) Insurance Fraud special agents and the FBI brought to justice eleven individuals who were bilking insurance companies out of thousands of dollars. The eleven ultimately pleaded guilty to Health Care Fraud.

The suspects were the targets of a long-term staged auto crash investigation operating in Southampton and Isle of Wight counties and the City of Suffolk. Each of the suspects arrested was charged with one count of Conspiracy to Commit Health Care Fraud and between one and five additional counts of Federal Health Care Fraud for each individual staged accident in which they were involved. The five insurance companies involved paid out in excess of \$67,000 for fraudulent claims. Six of the sus-

pects are still awaiting sentencing. The remaining five were ordered to pay restitution and received sentences ranging from three to 14 months.

The arrests were based on investigations conducted by the VSP Insurance Fraud special agents and the FBI. Assistant U.S. Attorney Alan M. Salsbury, who prosecuted the earlier cases, was also involved.

### State and Federal Agencies Make Major Insurance Fraud Arrests

As a result of a two-year criminal investigation, VSP Insurance Fraud special agents working closely with the FBI broke a major northern Virginia insurance fraud ring.

The investigation uncovered an insurance fraud scheme carried out by individuals who claimed damage to their vehicles in order to defraud money from





insurance companies. The suspects would take a vehicle with pre-existing damage to an insurance claim center and make a false claim for the damage. The policyholder would falsely acknowledge they were at fault in the accident. In most cases, the person making the claim did not own the vehicle for which the false claim was filed. On several occasions, the same vehicle would be used by another individual who fraudulently claimed they were involved in an accident that had not occurred.

The investigation identified more than 50 individuals involved in this insurance scheme. Of the 15 individuals arrested, 12 have received sentenced ranging from 180 days to 84 months and ordered to pay restitution in excess of \$400,000. Three remain fugitives.

The FBI, VSP, Immigration and Customs Enforcement, U.S. Postal Inspectors and the National Insurance Crime Bureau (NICB) participated in this investigation.

### **Podiatrist Gets the Boot**

A Fredericksburg doctor could receive up to 24 months in jail for bilking insurance companies out of more than \$270,000. In 1999, he set up a fake surgery center, Central Park Ambulatory Surgery Center, which in reality was the Parcel Plus office next door to his podiatry office in the Central Park shopping center. The foot doctor plead guilty in federal court to one count of

mail fraud and was ordered pay restitution to the insurance companies he defrauded. The investigation, initiated by the Virginia State Police (VSP), Insurance Fraud special agents in 2002, was based upon a notification received by the Insurance Fraud Division from a patient allegedly billed \$218 by the Fredericksburg physician for surgery that was not performed. Results of the initial investigation by the VSP led to the involvement of the FBI and other federal agencies.

The VSP, the Virginia Department of Health Professions, FBI--Fredericksburg office, U.S. Health & Human Services--Office of the Inspector General, and U.S. Office of Personnel Management--Office of Inspector General participated in the joint investigation.

### **Lack of Insurance Leads to Fraudulent Claim**

A Harrisonburg man found out the hard way the best time to buy full insurance coverage for a vehicle is before a crash – not after. The suspect was arrested for attempted insurance fraud, found guilty and had to shell out more than \$1,100 to cover fines and court costs.



Around 3 a.m. on May 7, 2004, the Harrisonburg man dozed off while driving to work, drifted off the highway and struck a guard rail. He decided not to go to work and returned home. Since the insurance coverage on his vehicle was for liability only and would not pay for the repairs to his car, he contacted his insurance company around 9 a.m. to obtain a quote to add full coverage. He then called back about an hour later to add the coverage. Approximately an hour after gaining full coverage, the suspect called the insurance company back to submit a claim for the damage to his vehicle that resulted from his having fallen asleep while driving.

The suspect was subsequently arrested and charged with Attempting to Obtain Money under False Pretense. He pled guilty, and his fines and court costs totaled \$1,172. He was also sentenced to 60 days in jail, all suspended, and one year unsupervised probation.

### **Sprinkler Contractor “Sprayed” With Fraud Charges**

A Suffolk, Va. contractor, who installs lawn irrigation systems, alleged his business was on the verge of drying up after an alleged theft. He claimed that a Ditch Witch trenching machine and trailer were stolen from a job site. The claim resulted in a paid settlement of \$13,400.

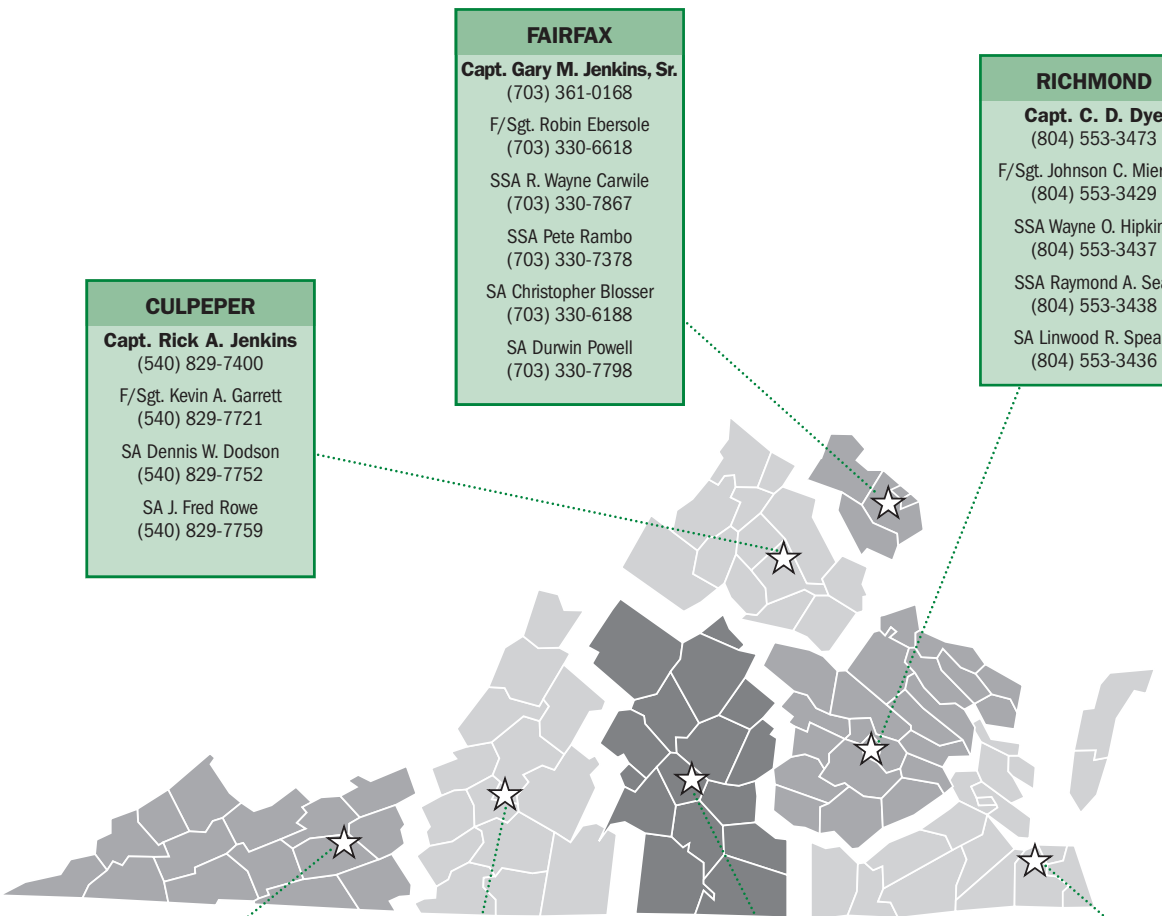
A joint investigation conducted by the Suffolk Police and the Insurance Fraud special agents watered down his claim. Miraculously, it was determined that the equipment was used to install a sprinkler system at a home in Chesapeake during the time that the items were alleged to have been stolen. Special Agent Tony Royall, Chesapeake Field Office, said “his business sprang another leak when he was arrested on two counts of Obtaining Money by False Pretense.” The contractor pled guilty in Suffolk Circuit Court and was given a five year sentence with five years suspended and ordered to pay a \$1,000 fine. He had already made restitution.

### **Fraudulent Certificate Nails Unlicensed Contractor**

An unlicensed contractor, whose scheme involved fabricating a certificate of insurance, ended up building himself a court date. Insurance Fraud Special Agents in Fifth Division arrested the man at the conclusion of a civil trial where he was found to have bilked another victim in a construction scam. “The exposure that uninsured and unlicensed contractors pose to both citizens and the insurance industry is enormous,” said Special Agent Russell L. Eley, III, Chesapeake. Eley said “this arrest should serve as a warning to unscrupulous contractors who attempt to operate outside the boundaries of fair business practices.”



# VIRGINIA RAUD divisions



**FAIRFAX**  
**Capt. Gary M. Jenkins, Sr.**  
 (703) 361-0168  
 F/Sgt. Robin Ebersole  
 (703) 330-6618  
 SSA R. Wayne Carwile  
 (703) 330-7867  
 SSA Pete Rambo  
 (703) 330-7378  
 SA Christopher Blosser  
 (703) 330-6188  
 SA Durwin Powell  
 (703) 330-7798

**RICHMOND**  
**Capt. C. D. Dye**  
 (804) 553-3473  
 F/Sgt. Johnson C. Miers III  
 (804) 553-3429  
 SSA Wayne O. Hipkins  
 (804) 553-3437  
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