

# 2009

ANNUAL REPORT



## Report from the Superintendent and the IFP Coordinator



*Colonel W. Steven Flaherty  
Superintendent  
Virginia State Police*



*Lieutenant Verlan R. Hall, Jr.  
Coordinator  
Virginia State Police  
Insurance Fraud Program*

The Virginia State Police (VSP) Insurance Fraud Program (IFP) is entering its eleventh year and continuing to make significant strides against the crime of insurance fraud. Since the IFP was established in 1999, the insurance industry, law enforcement and private citizens have submitted more than 15,000 notifications of suspected insurance fraud to the IFP.

The impact of insurance fraud can be felt on all levels of the economy in both Virginia and the U.S. With the exception of tax

evasion, no other white collar crime robs Virginians more than insurance fraud.

“Insurance fraud is a serious crime that affects all citizens of Virginia through higher premiums and increased costs for everyday purchases,” said Colonel W. Steven Flaherty, Virginia State Police Superintendent. “I am proud of the work done by the Department’s special agents and analysts and by our allies in the fight against insurance fraud in the commonwealth.”

Insurance Fraud special agents opened 686 cases in 2009 and made 158 arrests for insurance fraud. Since the IFP was established in 1999, 3,438 fraud investigations have been undertaken, and agents have made 1,658 arrests for insurance fraud and related offenses.

The IFP received 2,076 notifications in 2009, an increase of 8 percent over 2008. More than 1,500 of those notifications, up 16 percent from 2008, were received through the secure reporting system on the IFP Web site, StampOutFraud.com.

“The number of notifications received by the Department about suspected insurance fraud has reached an all-time high. These figures may reflect the current economy as people seek to get out from under mortgage and vehicle payments they can no longer afford,” the Superintendent added.

In July, a new High Tech Crimes Division was created to address computer-related crime in Virginia. The creation of this new Division entailed the restructuring of existing entities within the Support Services Division (SSD), which was eliminated, and within the Criminal Intelligence Division.

“The Insurance Fraud and Help Eliminate Auto Theft programs, along with several other sections within the SSD, were transferred directly under the Bureau of Criminal Investigation (BCI) Director’s Office,” said Lieutenant Verlan R. Hall, Jr., Insurance Fraud Program Coordinator. “This will provide a more structured alignment of services and responsibilities for all of those sections affected, which also includes the Arson/Bomb Unit, Marijuana Eradication, and Counterterrorism and Criminal Interdiction.”

The VSP is required by Virginia law to investigate property and casualty lines of insurance, as well as suspected workers’ compensation fraud. The 2009 statistics show property fraud cases continuing to experience the greatest increase; those cases were up 13.4 percent in 2009. Cases involving injury and casualty fraud also saw an increase – 11.8 percent; and workers’ comp cases dropped by a little

## Report from the Superintendent and the IFP Coordinator (cont.)

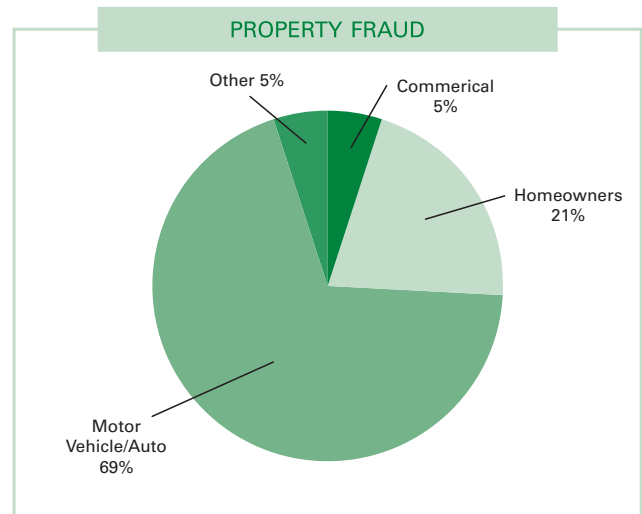
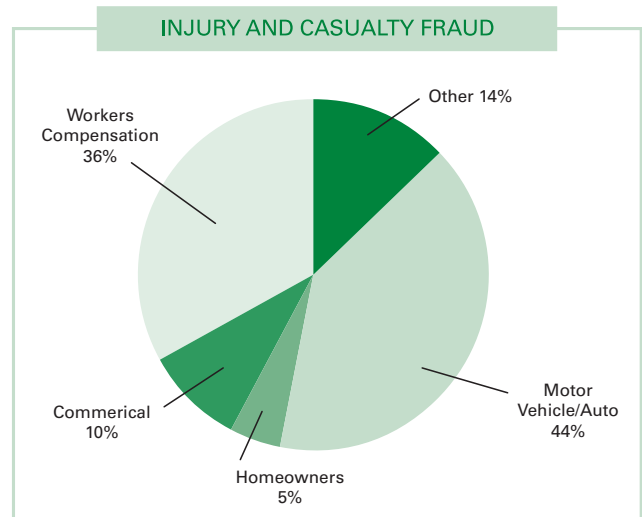
more than 14 percent. In 2009, the courts ordered restitution of almost \$500,000 to victims of insurance fraud. Since 1999, court-ordered restitution has reached \$13.9 million, and false insurance claims reported to the IFP, both attempted and collected, have topped \$100 million.

Governor Timothy M. Kaine again issued a Certificate of Recognition proclaiming the week of May 10, 2009 Insurance Fraud Awareness Week. The proclamation was presented at the Virginia Chapter of the International Association of Special Investigation Units (VA IASIU) Annual Seminar.

The IFP continued to partner with the Help Eliminate Auto Theft (H.E.A.T.) Program – sharing “billboard” space on the H.E.A.T. salvage examination vehicle and participating in several VIN etching activities. Race fans also saw the Stamp Out Fraud message on the Martin Racing trailers hauling their dirt track cars to a variety of racing events throughout southwest Virginia. Martin Racing also ran the H.E.A.T. late-model cars in the southwestern region of the state.

In 2009, the IFP broadened its “new media” marketing and public awareness efforts by producing two short videos based on real cases and posting them on the IFP YouTube Channel and Facebook Fan pages that were created last year. The videos are intended to be a unique way to educate the public about insurance fraud and to emphasize the IFP’s “Sharp Eye” Reward Program.

When the IFP began in 1999, 14 special agents were on the job investigating insurance fraud. Today, there are 25 special agents on the VSP ‘fraud squad’ as well as three analysts and a legal specialist.



We look forward to 2010 and continuing the fight against insurance fraud. As the number of notifications, arrests and prosecutions continues to rise, the IFP would like to thank everyone who has contributed to our success – citizens; Commonwealth’s Attorneys; local, state and federal law enforcement officials; legislators; and insurance industry personnel. Working together, with a “sharp eye” for criminals, we can continue to Stamp Out Fraud in Virginia.

## New Leadership Announced for Insurance Fraud Program



*Major Michael E. Frank  
BCI Deputy Director  
Virginia State Police*

The restructuring of the Virginia State Police Bureau of Criminal Investigation brought a change in leadership to the Insurance Fraud and Help Eliminate Auto Theft programs.

Major Michael E. Frank, BCI deputy director, oversees the Insurance Fraud Program, as well as the Auto Theft Unit and the H.E.A.T. Program; and Lieutenant Verlan R. Hall, Jr., will direct the day-to-day operations of these programs.

Major Frank has enjoyed a storied 39-year career with the Virginia State Police. He began his career with the State Police in 1970, after serving three years in the United States Marine Corps. He was honorably discharged from the Marine Corps in 1969, after achieving the rank of sergeant.

Major Frank served as Division Commander of the Chesapeake Field Division for five years before transferring to Division Commander in the Criminal Intelligence Division. After three years in this position, he was promoted to the rank of major in the Bureau of Field Operations. And a year later, he transferred into his current position as the Deputy Director of the Bureau of Criminal Investigation. He has held this position for six years.

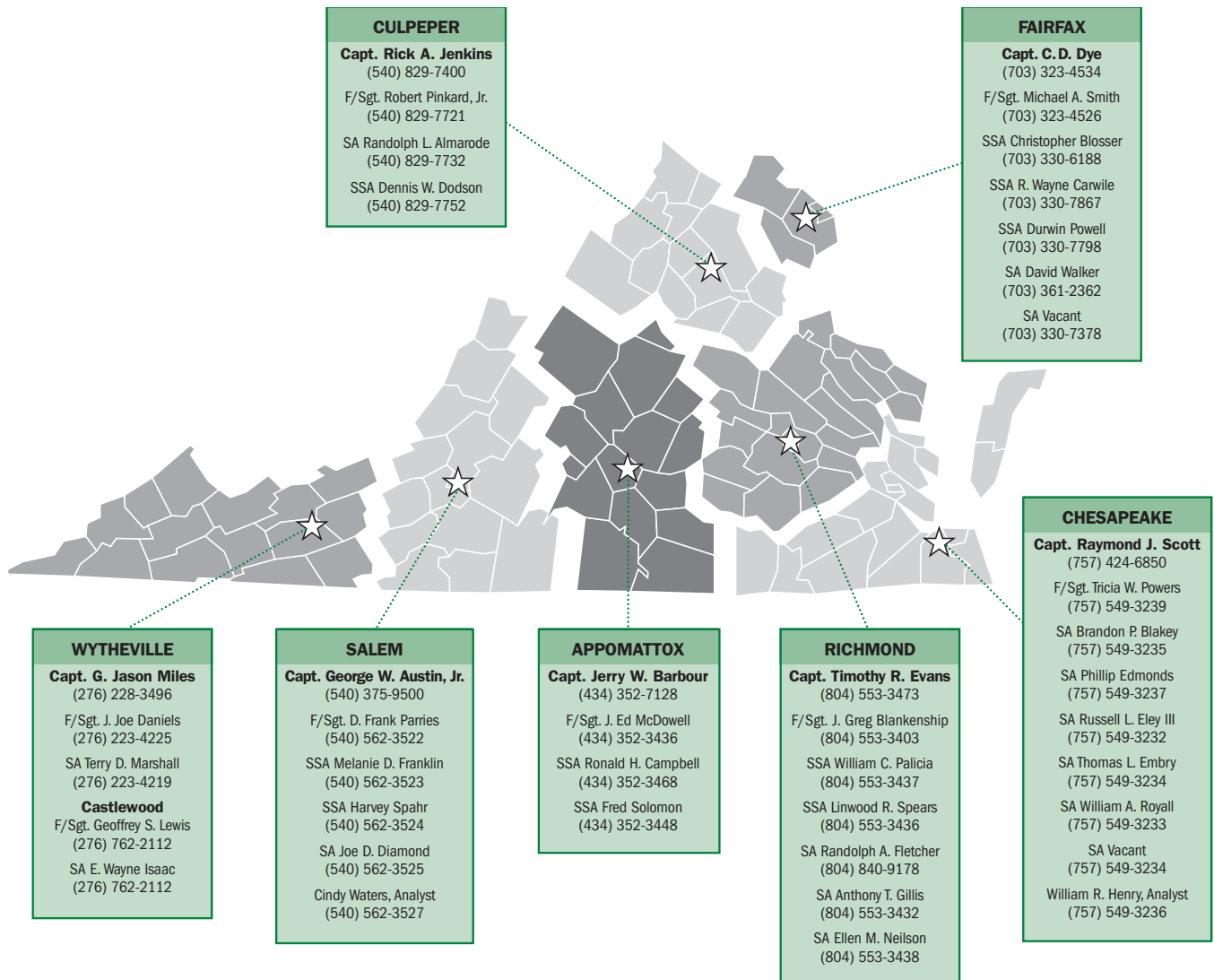
Lieutenant Verlan Hall (pictured in Report from the Superintendent and the IFP Coordinator Section) has been in law enforcement for 24 years – 22 of them with the Virginia State Police. He came to the Department in 1987, after serving two years with the City of Williamsburg Police Department.

Lieutenant Hall has enjoyed a well-rounded and varied career with the State Police. He was assigned to the very first City/State Partnership in Richmond in 1990. A year later he was loaned to the Bureau of Criminal Investigation as a trooper/agent serving on the Drug Interdiction Unit. After two years, Hall was promoted to special agent and assigned to the Department's Planning Unit.

In 1994, he transferred to the Richmond Field Office, where he spent two years in the Violent Crimes Unit and two years in the Fugitive Apprehension Unit. He was promoted to first sergeant in 1999 and supervised the Arson/Bomb Unit.

Hall transferred to the BCI Director's Office in 2007 as the BCI Staff Assistant. In April 2009, he was promoted to lieutenant and supervises the Insurance Fraud Program, H.E.A.T. Program and the Arson/Bomb Program.

# Division Map



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## Sharp Eye Reward Fund Update



*An anonymous tipster earned a reward in 2009 for submitting information to the Virginia State Police Insurance Fraud Program. She's shown here with Mike Nichols, a Special Investigator with Progressive Insurance, and Special Agent Rick Elgin with the Virginia State Police.*

The year 2009 illustrated once again how citizens can make a difference when it comes to insurance fraud. Four Sharp Eye rewards, totaling \$24,500, were presented to citizens who came forward to report suspected insurance fraud to law enforcement. The information provided by these citizens led to the arrests of individuals who tried to defraud insurance companies and were caught.

Since the Sharp Eye Reward Fund was established in 2004, \$73,250 has been paid to 18 recipients in 17 cases. Applications for rewards can be submitted by insurance companies, local and federal law enforcement, as well as State Police.

The Reward Committee, comprised of 12 members from the VSP, the insurance industry, local law enforcement and a commonwealth's attorney, determine if applicants are eligible to receive a reward, as well as the reward amount.

The reward amount is based on the following criteria:

- The importance of the information
- The nature of the crime
- The risk to the source
- The importance of the witness

Only property and casualty lines of insurance are addressed by the Committee, and the investigation must be complete and an arrest made before the reward is considered. If more than one person furnished information about the same incident, the reward is divided based primarily upon the relative importance of each source's information.

Insurance professionals, the perpetrator or co-perpetrator of the crime, the crime victim, and Virginia sworn law enforcement officers, jailers, corrections officers and members of their immediate family are ineligible for a reward. The final determination on the Sharp Eye Reward is made by the VSP Superintendent.

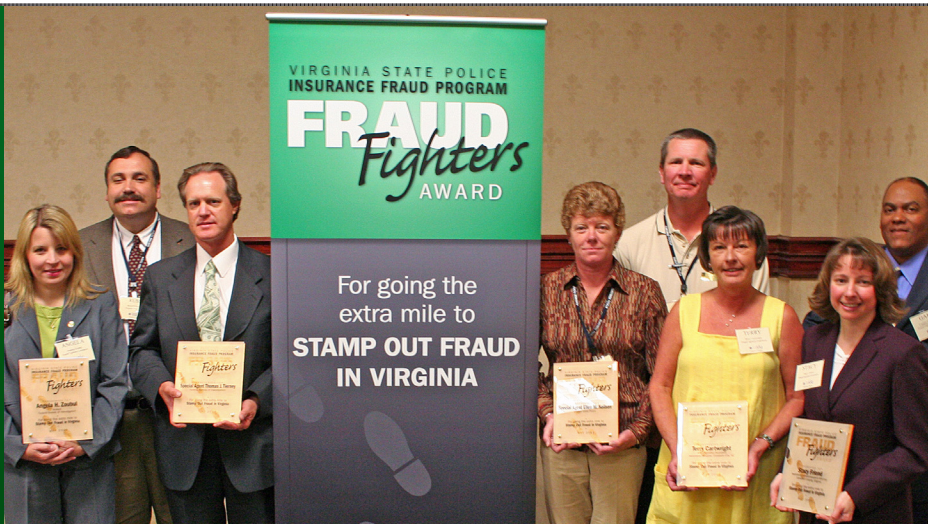
The Sharp Eye Reward Fund can pay up to \$25,000 for information leading to the arrest of

AMOUNT OF LOSS	REWARD AMOUNT
\$1,000,000 or more	up to \$25,000
\$100,00 to \$999,999	up to \$15,000
\$25,000 to \$99,999	up to \$5,000
Less than \$25,000	up to \$1,000

individuals who commit insurance fraud in the commonwealth of Virginia.

Anyone who reports suspected insurance fraud to the IFP, whether or not they are eligible to receive a reward, will remain anonymous.

## Virginia's Outstanding Fraud Fighters Receive Awards



The awards are based on the nominees' involvement and contribution to insurance fraud investigations; prevention and pro-active activities; enforcement; interaction with the insurance community; and financial impact by recoveries and restitution resulting from their fraud-fighting efforts.

### *A Dozen Receive Fraud Fighters Awards*

Twelve "Fraud Fighters" were recognized recently by the Insurance Fraud Program. Winners pictured here include: (left to right) **Analyst Angela H. Zoubul**, Federal Bureau of Investigation; **Special Agent Russell L. Eley III**, Virginia State Police; **Special Agent Thomas J. Tierney**, Federal Bureau of Investigation; **Special Agent Ellen M. Neilson** and **Special Agent William A. Royall**, Virginia State Police; **Terry Cartwright**, Administrative Assistant, Albemarle Hospital, Elizabeth City, N.C.; and **Stacy Friend**, Assistant Commonwealth's Attorney, Campbell County. Captain Gary Payne (far right), accepted the award for **Lt. W. Roger Rector**, Virginia State Police. Other award winners not present include: **Detective Mike Martin**, Washington County Sheriff's Office; **Marianne L. Wolf**, Deputy Commonwealth's Attorney, Washington County. **Katherine L. Martin** and **Alan M. Salsbury**, Assistant United States Attorneys, Eastern District of Virginia are shown on next page.

Twelve Virginia "Fraud Fighters" were recognized in 2009 by the Insurance Fraud Program (IFP) for their contributions to the Virginia insurance industry anti-fraud efforts. Nominees for the Fraud Fighters Award came from the Virginia insurance industry, the law enforcement community, and state and federal prosecutors. The Fraud Fighters Award was established in 2005 by the IFP to recognize those individuals who set the standard for fighting insurance fraud in Virginia.

- **FBI Special Agent Tom Tierney** and **Intelligence Analyst Angela Zoubul** were recognized for their expertise in conducting a health care fraud investigation. Their work with Virginia State Police insurance fraud agents and the U.S. Attorney's Office resulted in the arrest and successful prosecution of Teresa Gallop, the mastermind of multiple staged accidents and fraudulent insurance claims.
- **Terry Cartwright**, an administrative assistant in Albemarle Hospital's Patient Financial Services, assisted special agents with both the Virginia State Police and the FBI in two staged accident ring investigations involving career criminal Teresa Gallop. These occurred in Virginia, but involved medical treatment received at Albemarle Hospital in Elizabeth City, N.C. In both cases, Cartwright took the time to assist the investigating agents in their efforts to decipher multiple fraudulent medical bills and was also able to provide technical assistance. Her willingness to testify at trial in both cases made the arrests in these complex cases possible.

## Fraud Fighters (cont.)

- **Assistant U.S. Attorneys Katherine Martin** and **Alan Salsbury** were recognized for their successful prosecution of fraudster Teresa Gallop in the U.S. District Court in Norfolk. Because of their hard work, Gallop was found guilty of one count of Healthcare Fraud and six counts of False Statements Relating to HealthCare Matters. Martin and Salsbury organized the evidentiary exhibits in a clear and concise manner and thoroughly prepared numerous witnesses for their testimony. After a two-and-a-half-day trial, the jury returned a guilty verdict on all seven counts after only two hours of deliberations.



*Special Agent William A. Royall presented the awards to Martin and Salsbury, who were unable to attend the awards event.*

- **VSP Special Agent Russell L. Eley III** is one of the original Insurance Fraud Unit Fraud Fighters. He was a Certified Crime Prevention Specialist with ten years experience with the Department and spent more than three years conducting criminal investigations. Eley once said that he enjoyed dealing specifically with insurance fraud because “it allows you to be focused.” During the past ten years this focus has brought down countless criminals. Eley is to be commended for his hard work and dedication bringing fraudsters to justice, as well as for his public awareness activities and training programs conducted for the VSP and the insurance industry.
- **Assistant Commonwealth’s Attorney Stacy Friend** went beyond the call of duty on a Virginia Farm Bureau case involving one of their insureds who was the victim of several break-ins and vandalisms. The insured had a replacement cost policy; however, after he purchased the replacement items, he returned them, keeping the original receipts as proof-of-purchase in order to get reimbursed. After assessing all of the investigative documents and researching that type of insurance policy, Friend determined the claimant’s actions rose to the level of criminal intent. He was indicted on two felony charges of Obtaining Money By False Pretense. The charges were eventually reduced through a plea agreement to two misdemeanors. This case has shown Friend to be an asset in prosecuting insurance fraud – determined to learn about the particular issues that are unique to proving insurance fraud.
- **Detective Mike Martin**, Washington County Sheriff’s Office, and **Deputy Commonwealth’s Attorney Marianne Woolf’s** fraud-fighting efforts led to the arrest and successful prosecution of a fraudster and arsonist. Detective Martin was assigned an arson that was initially reported by a Virginia Farm Bureau member as a house fire on property he owned, but was lived in by his daughter and son-in-law. The house was a total loss, and a cause was never determined.



## Fraud Fighters (cont.)

The homeowner told the Sheriff's Office he thought his son-in-law set the fire. Martin discovered the couple purchased a personal property insurance policy online approximately three weeks prior to the fire, thinking they would be the beneficiaries of that policy. As a result of his thorough investigation, Martin had enough evidence to seek an Arson Warrant for the son-in-law. Woolf's willingness to prosecute this case led to the arrest and conviction of the fraudster. The suspect was ultimately sentenced in Circuit Court to 10 years in prison, 10 suspended with three years active probation, and restitution to Virginia Farm Bureau for \$60,000.

- Virginia State Police **Special Agent Ellen Neilson** was instrumental in the investigation, arrest and conviction of fraudster Rachelle Wilson. Wilson was alleged to have attempted to defraud multiple insurance carriers through automobile and homeowners claims. Neilson conducted extensive investigations into a residential fire claim and multiple automobile claims. Neilson's vigorous exploration of leads and tips led to fraud charges being filed against Wilson and resulted in her subsequent plea agreement. Neilson's contributions go beyond the success of her investigation. Her willingness to work closely with the insurance industry speaks volumes about her passion to combat insurance fraud issues in Virginia. It is readily apparent to anyone who has worked directly with Neilson, she has a zeal "for getting to the bottom" of the cases she handles.
- Virginia State Police **Lieutenant Roger Rector** has been the Insurance Fraud Program's Coordinator since 1999, shortly after the program began. Under his direction, the IFP grew from 14 to 25 special agents. The IFP has increased its public awareness efforts from just news releases and occasional television advertising to a Web site with online reporting of suspected insurance fraud, as well as a presence on Facebook and YouTube. Rector's always endeavored to make sure the agents and analysts alike received all of the necessary training and required equipment for them to be at the top of their game.
- **Special Agent William A. (Tony) Royall** came to work in the Insurance Fraud Unit after being a trooper for 13 years and spending a year in narcotics. One of his early cases dealt with a woman who tried to get her chipped tooth repaired – several times! Now he's working more sophisticated bodily injury claims and staged accidents. Royall was part of the team that brought down Teresa Gallop. Staged accident rings are a huge problem in the Tidewater area and cost the insurance companies countless dollars as a result. An investigator with Allstate said, "For several years Russ and Tony have been riding herd on the local scene busting the friends-and-family staged accident rings that are so popular."

## Robert J. Covington Distinguished Service Award



*Jeff Spencer (State Farm, retired) presents the Covington Award to Lieutenant W. Roger Rector.*

Virginia State Police Lieutenant W. Roger Rector was awarded the Robert J. Covington Distinguished Service Award in recognition of his fight against insurance fraud. The award was presented to Rector by the Virginia Chapter of the International Association of Special Investigation Units during their annual Fraud Seminar.

"I am very pleased to present this award to Roger in recognition of his outstanding leadership and commitment to the fight against insurance fraud," said Jeff Spencer, chairman of the VA IASIU Awards Committee.

Rector has been with the VSP almost 40 years, beginning his career as a trooper and working in areas of arson and bomb, narcotics, white collar crime, and conspiracy investigations.

The award was named for Robert J. Covington, an associate vice president for Virginia Mutual Insurance, in honor of his service and work with the VA IASIU. He was instrumental in the formation of the VA IASIU and remained active in the organization until his death in 1998.

Rector, former coordinator of the IFP, also received a Fraud Fighters Award from the VSP.

## Public Awareness Efforts Move to Social Media

Public awareness continues to play an important role in reaching out to Virginia's citizens in an effort to increase their understanding of insurance fraud – what it is, how it affects them and what they can do to reduce the amount of fraud in the commonwealth.

In 2009, following the successful launch of the IFP Facebook Fan Page and YouTube Channel, the IFP expanded their social networking endeavors by producing two short videos that were posted on YouTube and Facebook.

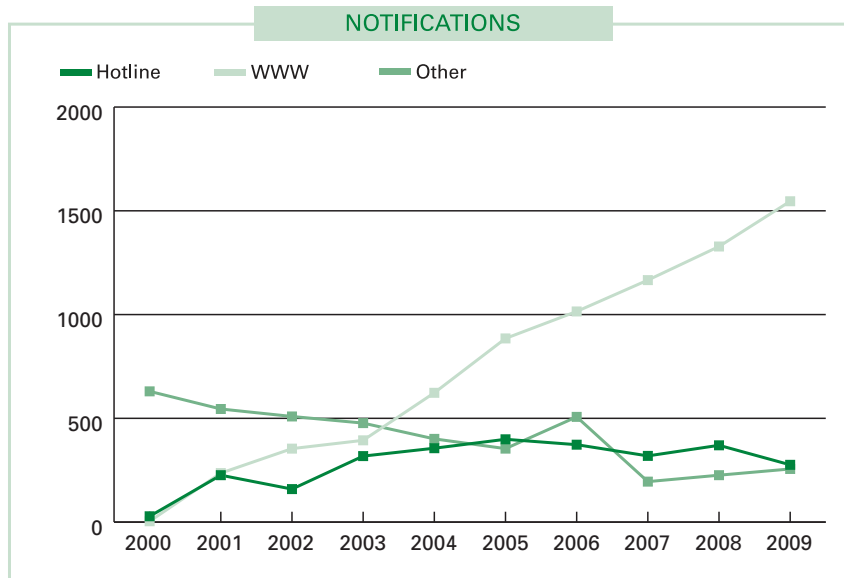


*On location filming "The Dog Did It" video.*

In each video Special Agent William A. Royall and Pamela Jewell pose as Virginia's nosy insurance fraud fighters who eavesdrop on conversations about tipsters who are rewarded for turning in fraudsters. The first video, "[The Dog Did It](#)," is based on an actual arson when the dog took the "heat" for the fraudster. "[Overheard in the Coffee Shop](#)" centered around an actual case about a fraudster who faked a disability in an attempt to bilk an insurance company out of some big bucks.

From July to December 2009, there have been more than 1,000 views.

## Public Awareness Efforts Move to Social Media (cont.)



The IFP's online presence has meant a substantial increase in the number of notifications received via the Internet. In 2009, the IFP received almost 1,550 notifications from citizens, insurance investigators and members of law enforcement through the Web site, [www.stampoutfraud.com](http://www.stampoutfraud.com). This is a 16.4 percent increase over the previous year. Fraud-related calls to the toll-free hotline declined by 25.4 percent in 2009, while notifications received by the

IFP via fax, direct phone call, email and regular mail increased 13.3 percent. This represents an overall eight percent increase in notifications received by the IFP.

The IFP's public awareness campaign continues in the direction of the "Sharp Eye" Reward Program. In July, Neathawk, Dubuque & Packett, the advertising/public relations agency that developed both the Stamp Out Fraud and Sharp Eye Reward awareness programs, was once again awarded the IFP public relations and advertising contract through the competitive bid process.

From January 26 through March 15, the IFP aired the blinking "Sharp Eye" television commercial, which emphasizes the \$25,000 insurance fraud reward. Placement for the commercial was on network and cable outlets in Richmond, Roanoke, Harrisonburg, Tidewater and the Tri-Cities area. Pay-Per-Click advertising for [stampoutfraud.com](http://stampoutfraud.com) ran through June. This allows the Web site to achieve cost-effective exposure on major search engines such as Google, Yahoo and MSN.

One-page advertorials were again purchased to coincide with Insurance Fraud Awareness Week and the announcement of the Fraud Fighters Award recipients. The purchase of the advertorials included the Richmond Times Dispatch, the Virginian Pilot, the Roanoke Times and newspapers published by the Washington Suburban Press. The advertorial was also translated into Spanish and placed in Hispanic newspapers in Northern Virginia.

The IFP's communication efforts also received recognition in 2009 from the SIAA, Service Industry Advertising Awards, for its public relations achievements and the work of Neathawk, Dubuque & Packett. Two gold awards were received for the StampOutFraud.com home page and the Insurance Fraud Facebook and YouTube pages, along with a silver award for video production. The annual report received a merit award.

## Insurance Fraud Cases Bring Jail Time and Stiff Fines

The following are actual insurance fraud-related cases that made it into the Virginia courts in 2009 and illustrate the types of property and casualty fraud cases investigated by the Virginia State Police.

### **NORFOLK WOMAN FOUND GUILTY OF HEALTH CARE FRAUD**

Teresa R. Gallop of Norfolk, Va., already a convicted felon, was found guilty in U.S. District Court of seven counts of insurance fraud related to health care. Gallop was sentenced to seven years in prison, following a two-year investigation by the Virginia State Police and the FBI.

Gallop was arrested by the VSP and the FBI in December, 2008, on one count of Health Care Fraud and six counts of False Statements Relating to Health Care Matters. Assistant United States Attorneys Alan Salsbury and Katherine L. Martin prosecuted the case on behalf of the United States.

This case was the result of three staged accidents occurring in Norfolk, Chesapeake and Elizabeth City, N.C. where bodily injury was claimed. A fourth alleged accident reported as a result of a neighborhood shooting was also submitted with altered medical bills. The total bodily injury payments in the first three crashes was \$51,855.09. The fourth claim was denied by the insurance company; however, Gallop filed civil suits attempting to collect \$80,000 in that claim.

Investigation of the claims by VSP Insurance Fraud special agents William A. Royall and Russell L. Eley III revealed vehicles were deliberately crashed into each other. Passengers, including Gallop's children, were added to the claims at a later date to increase the bodily injury payments. Gallop and her kids were standing by as the wrecks occurred and then jumped in to appear as if they were passengers.

Many of the medical bills were altered, either to inflate the amount of the charge or to make it appear as if she had paid the hospital bill out-of-pocket, when in fact she had not. Some of the bills were completely fabricated.

Gallop has filed many more claims in her "career" and already has 60 felony convictions. She has also served a five-year term for Voluntary Manslaughter. At the close of the three-day trial, Salsbury in his final rebuttal said, "Teresa Gallop conned the insurance companies; don't let her con you!"

## Insurance Fraud Cases (cont.)

### **VIRGINIA MAN'S ATTEMPTED INSURANCE FRAUD FOILED BY NURSERY RHYME**

Most of us learned the number of days in a month with the childhood rhyme, "Thirty days hath September, April, June and November..." However it was a lesson a Virginia fraudster had to learn the hard way when he altered the date on a receipt, changing it from May 31 to June 31.

As a result of the altered date on the receipt and other misrepresentations, a Hanover County Circuit Court jury found Gordon Scott Keso guilty of Attempting to Obtain Money by False Pretense – a felony – and he received a four-month jail sentence, as well as a \$2,500 fine and court costs of \$1,220.

On June 30, 2006, Keso notified his insurance company, State Farm, about damage sustained to his truck after running over a six-inch wide, eight-foot long I-beam on north bound I-95 in Caroline County, Va. Keso claimed the I-beam splintered, damaging his truck. Police were never notified about the accident.

According to testimony, Keso claimed to have handled the repairs himself after becoming disenchanted with the insurance company. In January 2007, Keso notified the insurance company that he was submitting receipts for the alleged repairs. He said he made a claim and was told by his insurance agent to repair the vehicle and submit the receipts to the insurance company. Keso was advised by State Farm that since they had not been able to view the damaged vehicle, some of the repairs might not be covered.

After receiving the receipts for the alleged repairs, State Farm sent an adjuster out to inspect the truck. By this time, the truck had an additional 60,000 miles on it, and the wheel fenders had been replaced and painted. The adjuster was unable to determine which parts, if any, had been replaced as a result of the crash seven months earlier.

The legitimacy of the receipts, which totaled approximately \$7,000, was questioned. One of the receipts was dated June 31, 2006. Investigation by VSP Insurance Fraud Special Agent William C. Palicia revealed the original date of the receipt was May 31, 2006, and that of the five receipts Keso submitted to State Farm from that particular vendor, only one was legitimate. The receipts in question were for items that fit a truck larger than the one Keso claimed was damaged. The State Police investigation also found Keso had purchased a larger truck on Aug. 30, 2006, and the items on the altered receipts fit the new truck.

When confronted with the facts, Keso claimed he was being set up by the insurance company because they did not want to pay his claim. Prior to his trial, Keso also changed the accident date to May 17, 2006. Keso was ultimately found guilty of Attempting to Obtain Money by False Pretense by a jury following a two-and-a-half day jury trial.

## Insurance Fraud Cases (cont.)

### **VIRGINIA WOMAN'S MISSING RING LOSES ITS SPARKLE**

A Newport News woman's second insurance claim for lost jewelry not only resulted in a denied claim, but also a fraud conviction and a sentence with a different twist.

Only months after receiving an insurance payment for lost jewelry, Nicole Wallace of Newport News submitted an almost identical claim for lost jewelry to the same insurance company – USAA. Wallace claimed she lost a \$900 ring she purchased at K-Mart. Special Agent Russell L. Eley III, Virginia State Police Insurance Fraud Program, reviewed the Newport News K-Mart store records, which contradicted her statements.

As a result, Wallace was convicted in Newport News General District Court of Attempting to Obtain Money by False Pretense and sentenced to 12 months in jail. The sentence was suspended upon her payment of a \$500 fine and completion of 50 hours of community service by April 23, 2010.

### **VIRGINIA BEACH INSURANCE AGENT ATTEMPTS FRAUD SCHEME**

A Virginia insurance agent who tried to take advantage of senior citizens in order to line his pockets was found guilty on Apr. 6, 2009, in Virginia Beach Circuit Court of four forgery-related counts.

A joint investigation by the Virginia State Police Insurance Fraud Unit and the State Corporation Commission Bureau of Insurance revealed insurance agent Peter L. Holbert was signing insurance applications without the policyholder's permission in an effort to increase his commissions. Four senior citizens had their Medicare Advantage policies switched to a different provider after forged applications were unknowingly submitted on their behalf, a procedure known as churning in the insurance industry.

Holbert was sentenced to 12 consecutive months in jail for each of the four forgery-related counts. The sentence was suspended upon his successful completion of a term of probation.

## New Faces in the Department's Fight Against Insurance Fraud

The IFP welcomed two new special agents and a new first sergeant in 2009. This year also saw three of the IFP's original fraud fighters retire – Senior Special Agents Bill Whitt, Steve Taylor and Ray Seal. Their determination and commitment to fighting insurance fraud helped make this program the success it is today.



### **SIXTH DIVISION FIRST SERGEANT D. FRANK PARRIES**

First Sergeant Frank Parries brings more than 30 years experience in law enforcement to the Insurance Fraud Unit. During his career, Parries has worked in both Richmond and Salem, with most of his career spent in Salem. While in Richmond, Parries was assigned to the Training Division at State Police Headquarters, the Executive Protection Unit and served as duty sergeant. In addition to his assignment as trooper in Salem, Parries also worked as a special agent assigned to narcotics and

was promoted to sergeant and first sergeant. Parries transferred to Salem's Insurance Fraud Unit in May, 2009.

Parries said he wanted to transfer to the Insurance Fraud Unit because "I have an interest in being involved in criminal investigations, and I enjoy working with the different insurance companies' SIU personnel."



### **FOURTH DIVISION SPECIAL AGENT TERRY D. MARSHALL**

Marshall joined the Department in 1989 and spent 10 years as a trooper patrolling in Warren County. He was promoted to sergeant in 1999 supervising the troopers in Wythe, Smith and Bland counties. Marshall transferred to the Counter-Terrorism and Criminal Interdiction Team in 2003 and in June, 2009, he joined the Insurance Fraud Unit in Wytheville as a special agent.

Marshall said he wanted to become a member of the Insurance Fraud Unit because he wanted to have a position where he could see measurable results (keeping insurance premiums low) that directly affected him and others in the community.

"With this position," said Marshall, "I am able to accomplish a lot while at the same time having time for my family. I see the results of my work ... and it is very rewarding."

## New Faces (cont.)



*“So the way I look at it, if I can somehow work a case and get a conviction, not only did I help the insurance company, but I helped everyone who pays insurance premiums.”*

### SECOND DIVISION

#### SPECIAL AGENT RANDOLPH L. ALMARODE

Almarode began his career with the Virginia State Police in October 1996 as a trooper assigned to the Luray area. He was promoted to special agent in Second Division and to the bomb/arson unit in 2002. In August of 2009, Almarode transferred to the Insurance Fraud Unit. He worked for the Warren County Sheriff’s Department for two years prior to joining the VSP. Almarode was in the Navy for four years before beginning his career in law enforcement. While Almarode was a trooper, he was on the Honor Guard Unit, and he’s currently a member of the Second Division Shooting Team.

Almarode said he transferred to the Insurance Fraud Unit in order to gain more knowledge of this side of the insurance industry. Having worked hand-in-hand with insurance companies as an agent in bomb/arson investigating fire and explosive scenes, Almarode feels the extra knowledge gained about insurance fraud will assist him later in life.

“When I look at insurance fraud, I feel like I see something different from what other people see,” said Almarode. “On a lot of cases that are not insurance fraud-related, those cases only affect a certain amount of individuals usually,” he remarked. Almarode then went on to say, “But when you look at an insurance fraud case, that case affects everyone who has insurance and pays a premium. Maybe their premiums go down if we can put an end to insurance fraud claims... if we can make people think twice before they make a claim, I feel like I did my job.”



# 16 Activity Report January through December 2009

January 01, 2009 through December 31, 2009

# of notifications received	2,078
# of notifications received – Hotline	276
# of notifications received – Web	1,546
# of notifications received – Other	256
# of notifications sent to UCF	1,085
# of investigations initiated	686
# of notifications referred to other BCI division	20
# of notifications referred to other agencies	49
# of cases involving property fraud	1,342
motor vehicle / auto	932
homeowners	276
commercial	70
other	64
# of cases involving injury / casualty fraud	730
motor vehicle	321
homeowners	38
commercial	71
workers' comp	197
other	103
# of cases of actual fraud (collected)	288
# of cases of attempted fraud	923
Total amount of claimed loss (collected)	\$3,084,235
Total amount of claimed loss (attempted)	\$15,791,295
# of cases presented to Commonwealth's Attys	138
# of cases adjudicated	109
# of arrests for insurance fraud	96
# of convictions for insurance fraud	60
felonies	30
misdemeanors	30
# of arrests for related offenses	62
# of convictions for related offenses	14
Amount of restitution ordered	\$495,527
# of fraud awareness presentations	13
# of persons contacted	2,984

## Financial Status Report January through December 2009

<b>Balance:</b>	January 1, 2008		<b>\$ 7,060,254.33</b>
<b>Revenue:</b>			
	SCC-Rec'd July 2008	\$5,156,253.30	
	Interest Earned	<u>204,256.36</u>	
	<b>Total Revenue:</b>		<b>\$ <u>5,360,509.66</u></b>
			<b>\$12,420,763.99</b>
<b>Disbursements:</b>			
	<b>Personnel Services</b> (Salaries & Fringes)	\$2,981,891.56	
	<b>Contractual Services</b> (Postage, Telecommunications, Vehicle Repairs, Travel)	553,755.98	
	<b>Supplies &amp; Materials</b> (Apparel, Office Supplies, Gasoline, Law Enforcement Supplies)	75,283.27	
	<b>Transfer Payments</b> (Reward payments)	16,141.96	
	<b>Continuous Charges</b> (Insurances, Office Rent)	274,857.80	
	<b>Equipment</b> (Computers, Electronic, Vehicles, Office Furniture, Law Enforcement Equipment)	(853,114.63)	
	<b>Plant and Improvements</b>	53,483.74	
	<b>Cash Reversions</b>	310,139.00	
	<b>Total Disbursements:</b>		<b>\$ <u>3,412,438.68</u></b>
<b>Balance:</b>	December 31, 2008		<b>\$ 9,008,325.31</b>