

**STAMP OUT
FRAUD**

VIRGINIA STATE POLICE
INSURANCE FRAUD PROGRAM

StampOutFraud.com

INSURANCE FRAUD PROGRAM

VIRGINIA DEPARTMENT OF STATE POLICE
2023 ANNUAL REPORT

TABLE OF CONTENTS

Report from the Superintendent	3
Infographic	4
Education and Training	5
Marketing and Promotions	7
2023 Fraud Fighters Awards	9
2023 IFP Highlights	13
Annual Activity Report	14
Annual Budget	15





Colonel Gary T. Settle
Superintendent,
Virginia State Police

REPORT FROM THE SUPERINTENDENT

Stamping out insurance fraud has been the mission of the Virginia State Police (VSP) Insurance Fraud Program (IFP) since its inception in 1999. Successfully fighting insurance fraud requires a team effort—IFP special agents and analysts, members from the insurance industry, commonwealth’s attorneys, and law enforcement partners must work together. The IFP assists local law enforcement and insurance professionals with investigations and provides support through training and continuing education programs.

Insurance fraud is a widespread crime that affects us all with a heavy financial impact. The Coalition Against Insurance Fraud estimates that insurance fraud costs Americans nearly \$309 billion annually—and these costs do not stop with insurers. False claims against insurance companies ultimately mean increased premiums for every Virginian.

In 2023, there were 380 insurance fraud investigations initiated, more than \$11 million in attempted insurance fraud claims filed, and over \$65,000 in restitution ordered.

The IFP continues to provide public education and outreach through multiple communication channels, educating citizens on how to identify insurance fraud, what to do if they suspect this type of crime is being committed, and ways to protect themselves from becoming victims.

Citizens are encouraged to join law enforcement in combatting insurance fraud. Anyone with knowledge of suspected insurance fraud can submit a confidential tip by visiting StampOutFraud.com or calling (877) 62-FRAUD. Tips that lead to arrests can potentially earn an award of up to \$25,000.

Through the years, the IFP has compiled impressive results, including 39,609 notifications received yielding 12,283 full investigations, 2,928 arrests, and over \$25,532,701 ordered in restitution.

It is vital that citizens understand that insurance fraud is not a victimless crime—in fact, it costs the average Virginia family \$1,000 annually. That is why it is important that we work together to continue to stamp out fraud in Virginia.

Sincerely,

Colonel Gary T. Settle



First Sergeant Peter Lazear
Insurance Fraud
Program Coordinator

\$11,185,890

fraudulent insurance claims were attempted in Virginia in 2023

23.9%

decrease from 2022

1,416

cases were received in 2023

18.9%

decrease from 2022

380

investigations were initiated in 2023

38.6%

decrease from 2022

\$1,073,198

fraudulent insurance claims were collected in Virginia in 2023

81.1%

decrease from 2022

1,197

cases of attempted fraud in 2023

12.3%

decrease from 2022

1,129

cases involving property fraud in 2023

13.2%

decrease from 2022

EDUCATION AND TRAINING



Michael Burton presenting the VA IASIU Covington Award to First Sergeant Peter Lazear, Insurance Fraud Program Coordinator



Lieutenant David Beckner, Senior Special Agent Shannon Pinto, and First Sergeant Peter Lazear show off their VA IASIU Challenge Coins

31ST ANNUAL VA IASIU FRAUD SEMINAR

The Virginia Chapter of the International Association of Special Investigation Units (VA IASIU) is a nonprofit organization that promotes a coordinated effort within the industry to combat insurance fraud. VA IASIU provides insurance fraud-focused annual training to benefit fraud fighters from law enforcement and the insurance industry.

With the support of the Virginia State Police, VA IASIU presented a two-day insurance fraud seminar—delivering training on a variety of topics critical for today's fraud investigators. The seminar was held March 15–16, 2023, at the DoubleTree by Hilton Hotel in Richmond.

The training program included a presentation from Gary Reinhardt, General Counsel for the IASIU, and a session on workers' compensation by Matt Smith, Coalition Against Insurance Fraud. Missy Coyne helped attendees hone their telephone interviewing and investigating skills.

First Sergeant Peter Lazear, Insurance Fraud Program Coordinator, presented an overview of the VSP Insurance Fraud Program and served on an expert panel with members from the Commonwealth's Attorney's Office, the Bureau of Insurance, and a legal representative. First Sergeant Lazear also received the VA IASIU 2023 Covington Award.

VA IASIU Challenge Coins were presented to Lt. David Beckner, Senior Special Agent Shannon Pinto, and First Sergeant Lazear.

124
FRAUD FIGHTERS
BENEFITED FROM
THIS PROGRAM.

IN 2014, IFP BEGAN SPONSORING THE VA IASIU ANNUAL SEMINAR. IFP CONTRIBUTED \$50,000 FOR A REGISTRATION GRANT AND PROMOTIONAL SUPPORT FOR THE 2023 SEMINAR

EDUCATION AND TRAINING



RED FLAG TRAINING PROGRAM

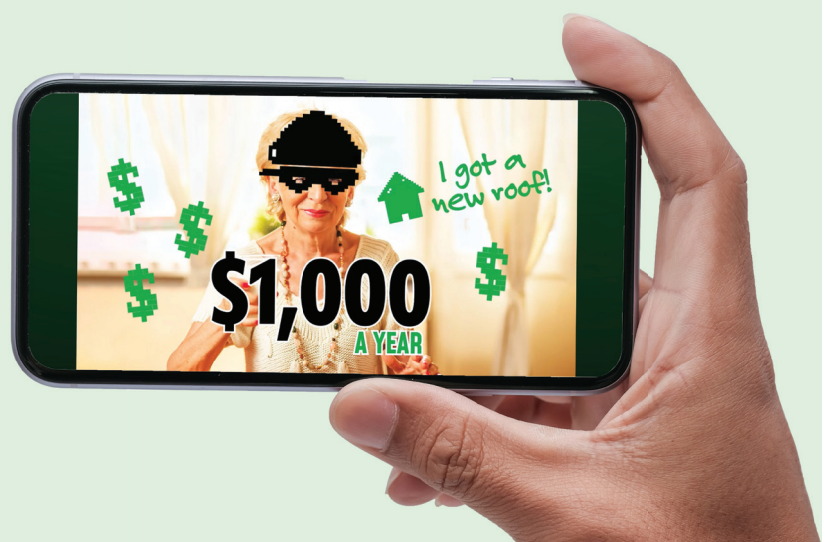
In 2010, the IFP, the Commonwealth's Attorney's Services Council, and the Virginia Chapter of the International Association of Special Investigation Units developed the Red Flag Training Program. Each year, the program brings together insurance fraud investigators—SIU, NICB, and VSP—and the commonwealth's attorneys to train in a team-based environment for the sole purpose of prosecuting insurance fraud.

The focus for the 2023 Red Flag Training Program—held Feb. 6–10, 2023, at Great Wolf Lodge in Williamsburg—was arson. The five-day training session included a live burn demonstration.



IFP CONTRIBUTED
\$50k
IN SUPPORT OF THE
RED FLAG TRAINING
PROGRAM

MARKETING AND PROMOTIONS ADVERTISING CAMPAIGN



IFP maintains a strong presence across the commonwealth, thanks to targeted multimedia advertising campaigns. Informed by consumer research, the 2023 advertising strategy targeted adults aged 25–54 who own a vehicle or home. Messaging highlights the facts that insurance fraud costs us all and that citizens can receive a reward for reporting insurance fraud.

The spring campaign—May 15–June 30—included radio, connected TV (CVT), YouTube, digital (banner ads, video, native ads), and paid social media.

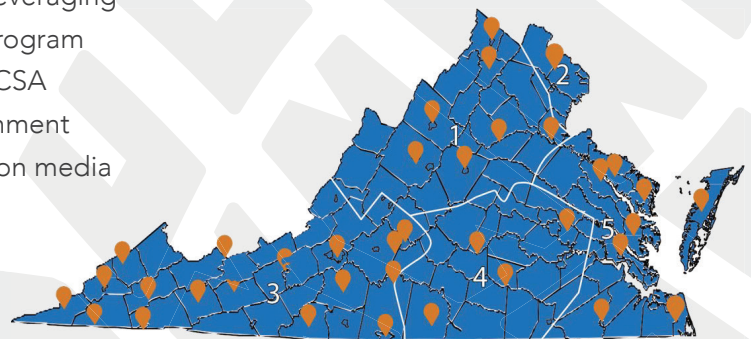
The fall campaign—Oct. 30–Nov. 19—deployed radio, YouTube, digital (OTT, banner ads, native ads), and paid social media.

IFP MESSAGES APPEAR ON BROADCAST TV AND RADIO

In 2023, for the first time, IFP’s advertising campaign was aired on network television and radio across the commonwealth—leveraging the Non-Commercial Sustaining Announcement (NCSA) program offered by the Virginia Association of Broadcasters. The NCSA program delivers public service announcements for government and nonprofit entities, guaranteeing a 3:1 or better return on media dollars invested.

The broadcast campaign launched on Oct. 30, 2023, and will continue running through May 31, 2024.

The three waves of advertising produced more than 21 million advertising impressions and reached consumers of all ages in every corner of Virginia.

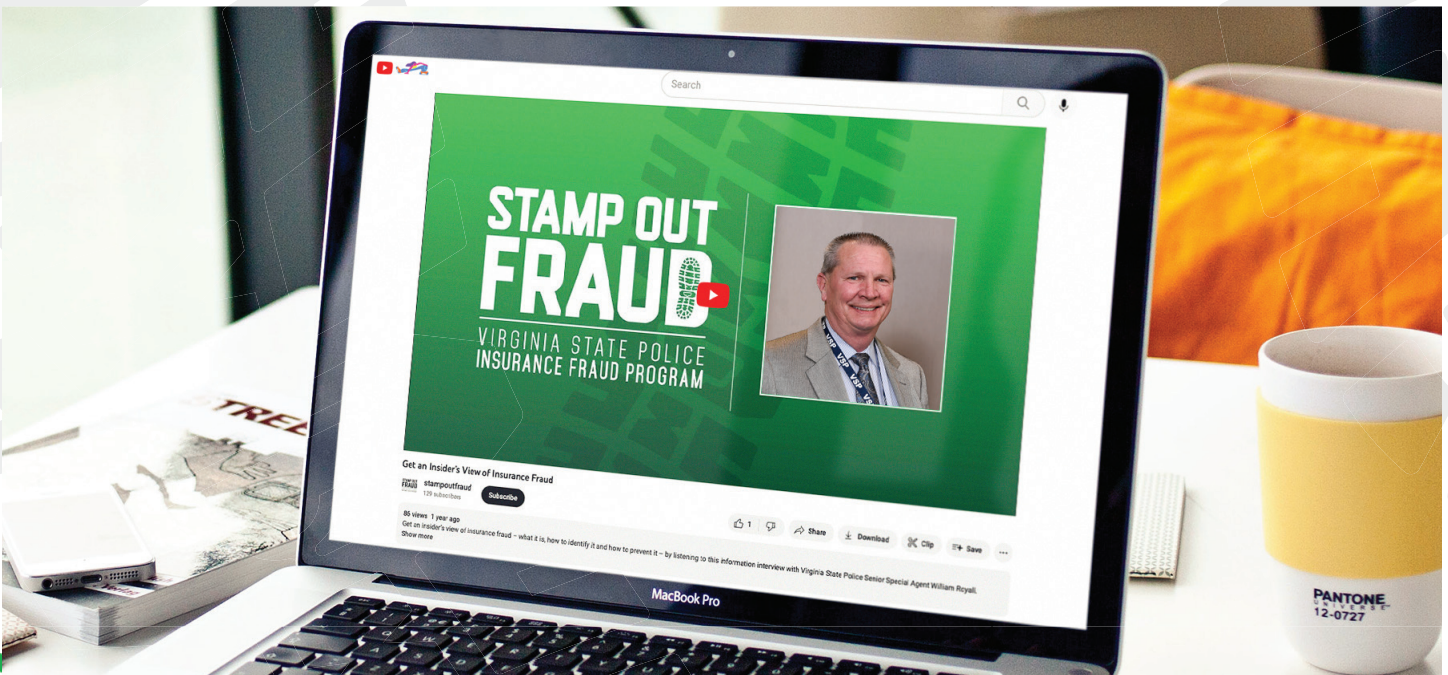


NCSA TV and radio coverage reaches every corner of Virginia.



STATENETS RADIO INTERVIEWS

As part of the advertising campaign, StateNets Radio produced informative interviews with VSP Senior Special Agent William Royall on identifying and preventing insurance fraud. The interview aired four times across Virginia in 2023.



RECOGNIZING PARTNERS FOR STAMPING OUT FRAUD 2023 FRAUD FIGHTERS AWARDS



THE VIRGINIA STATE POLICE FRAUD FIGHTERS AWARDS PROGRAM, ESTABLISHED IN 2005, RECOGNIZES THOSE WHO GO ABOVE AND BEYOND TO STAMP OUT FRAUD. THE AWARDS ARE BASED ON THE NOMINEES' CONTRIBUTIONS TO THE VIRGINIA INSURANCE INDUSTRY ANTI-FRAUD EFFORTS, WHICH INCLUDE THEIR INVOLVEMENT AND CONTRIBUTION TO INVESTIGATIONS, PREVENTION, AND PROACTIVE ACTIVITIES, ENFORCEMENT, INTERACTION WITH THE INSURANCE COMMUNITY, AND FINANCIAL IMPACT BY RECOVERIES AND RESTITUTION.

Five Fraud Fighters Awards were presented by First Sergeant Peter Lazear, Insurance Fraud Program Coordinator, during the Virginia Chapter of the International Association of Special Investigation Units (VA IASIU) annual seminar, held March 15, 2023, at the DoubleTree by Hilton Hotel in Richmond.

2023 FRAUD FIGHTERS AWARD RECIPIENTS

Investigator Richard Popielarz

Cincinnati Insurance Companies

One criterion for Fraud Fighters awards is a “proven commitment to assisting the insurance community in fighting fraud,” and Investigator Rich Popielarz certainly demonstrates that. Here are just three examples of why he was selected to be honored this year:



Richard Popielarz

- In March 2022, Investigator Popielarz initiated an investigation on a slip and fall claim. Something on the medical bill just looked wrong, so he traveled three hours from his office to have the medical bill verified by the medical facility. His observation was correct, and he was told the bill had been altered.
- In May 2022, he again traveled out of his territory to verify a receipt for windshield damage that once again looked suspicious. He discovered that the claimant had altered an older receipt and submitted it for fictitious damage.
- In July 2022, Investigator Popielarz initiated a training program for new adjusters in Virginia to help them understand and identify questionable circumstances in their claim files and when to involve SIU.



Shelly Koziana



Joshua Jenkins

Detective Shelly Koziana

Suffolk Police Department

Senior Assistant Commonwealth's Attorney Joshua Jenkins

Norfolk Commonwealth's Attorney's Office

The National Insurance Crime Bureau (NICB) received a referral from New Jersey Manufacturers Insurance Co. alleging that an individual who was receiving disability benefits had passed away in 2018, but the insured's daughter continued to collect the benefits.

The insurance company investigator provided Detective Koziana with supporting documents including the obituary of the insured and handwriting samples of the mother and daughter. Detective Koziana pursued the investigation by applying for and obtaining court orders for the daughter's bank records. When she interviewed the daughter, the daughter admitted that the signatures were hers and that she had continued receiving the benefits after her mother's death.

Detective Koziana presented her case to the Suffolk Commonwealth's Attorney's Office and Insurance Fraud Prosecutor Joshua Jenkins took over the matter.

Mr. Jenkins presented the case to the Suffolk Grand Jury and the daughter was indicted on 12 felonies. The defendant pleaded guilty to one count of Obtaining Money by False Pretense and was sentenced to five years in prison—which was suspended—and ordered to pay \$38,406 in restitution to New Jersey Manufacturers Insurance Co.



Kelli Burnett



Christopher Hatcher



Michael Valentine

Deputy Commonwealth's Attorney Kelli Burnett

Richmond Commonwealth's Attorney's Office

Special Investigator Christopher Hatcher

National General Insurance Company

Detective Michael Valentine

Henrico County Police Division

Combating insurance fraud is all about collaboration between law enforcement, insurance, and the prosecutor's office—and this is a great example of just such a partnership.

Mr. Hatcher was assigned by National General to investigate a case involving a two-vehicle crash with five occupants who all claimed injuries. He quickly determined that most of the injured had been involved in multiple prior claims with other insurance carriers—he suspected this was an organized group of criminals. However, previous investigations didn't uncover any relationship between the parties.

Mr. Hatcher has a background in law enforcement and even as a member of the insurance industry is actively involved with our Richmond Auto Theft Investigators group, so he reached out to Detective Valentine for assistance.

Through their joint investigation, the pair uncovered video footage, social media posts, and phone calls that helped establish links showing that the injured parties did, in fact, know each other. Better yet, video evidence was recovered that showed the claimants standing around talking for an hour before the crash; it showed them actually staging the crash and then standing around the scene for nearly an hour and a half after the crash.

Even worse, the reported damage to one of the vehicles was from a previous claim that had already been handled by National General, the company for which Mr. Hatcher works.

Thanks to this combined investigation, all five individuals were arrested for attempted insurance fraud that would have resulted in an insurance payout of more than \$100,000.

The case—based on solid investigative information—is now being prosecuted by our Insurance Fraud Special Prosecutor and Deputy Commonwealth's Attorney Kelli Burnett with the City of Richmond Commonwealth's Attorney's Office.

2023 IFP HIGHLIGHTS



Intelligence Analyst Senior
Craig "CJ" Walton

IFP welcomed Intelligence Analyst Senior Craig "CJ" Walton to the team.

First Sergeant Peter Lazear, IFP Program Coordinator, attended the National Fraud Directors' Conference in St. George, Utah, meeting with fraud program directors from 37 other states.

Special Agents presented an overview of IFP at three Certified Crime Prevention Specialist courses, furthering the partnership between VSP and local law enforcement agencies.

IFP gave a citizen a reward of \$17,000 for providing information that led to multiple convictions of a corrupt roofing contractor. This is the first reward paid in more than eight years.

IFP team members participated in three community outreach programs designed to educate the public about insurance fraud.

First Sergeant Peter Lazear presented an overview of the program and how insurance fraud referrals are handled to executives from the Central Mutual Insurance Company and WBA Insurance and students attending the University of Virginia School of Continuing and Professional Studies' National Criminal Justice Command College—a first for IFP.

ANNUAL ACTIVITY REPORT

January - December 2023

Number of notifications received	1,416
Number of notifications declined	1,069
Number of investigations initiated	380
Number of notifications referred to other BCI divisions	4
Number of notifications referred to other agencies	1
Number of notifications involving property fraud	1,129
Motor vehicle / auto	794
Homeowners	263
Commercial	33
Other	86
Number of notifications involving injury / casualty fraud	181
Motor vehicle / auto	116
Homeowners	8
Commercial	20
Workers' comp	27
Other	12
Number of notifications of actual fraud (collected)	115
Number of notifications of attempted fraud	1,197
Total amount of claimed loss (collected)	\$1,073,197.69
Total amount of claimed loss (attempted)	\$11,185,889.93
Number of cases presented to Commonwealth's Attys / SP	36
Number of cases adjudicated	25
Number of arrests for insurance fraud	52
Number of convictions for insurance fraud	43
Felonies	18
Misdemeanors	26
Number of arrests for related offenses	8
Number of convictions for related offenses	1
Amount of restitution ordered	\$65,259.56
Number of fraud awareness presentations	5
Number of closed cases	505

ANNUAL BUDGET SUMMARY

January - December 2022

Balance January 1, 2023 \$6,868,543.64

Fund Proceeds & Transfers

SCC-Rec'd July 2023	\$8,422,021.89
Interest Earned	\$172,195.63
Internal Cash Transfers In	-
Proceeds Received	\$8,594,217.52
Cash Reversions	-
Transfers to Compensation Board	(370,284.01)
Internal Cash Transfer Out	(175,000.00)
Total Proceeds	<u>\$8,048,933.51</u>

Fund Disbursements

Accruals - Accounts Payable	\$27,051.17
Employee Travel Advance	-
Personnel Services (Salaries & Fringes)	\$4,696,274.17
Contractual Services (Postage, Telecommunications, Vehicle Repairs, Travel)	\$1,664,352.97
Supplies & Materials (Apparel, Office Supplies, Gasoline, Law Enforcement Supplies)	\$43,811.05
Transfer Payments (Reward Payments)	\$55,426.00
Continuous Charges (Insurances, Office Rent)	-
Equipment (Computers, Electronic, Vehicles, Office Furniture, Law Enforcement Equipment)	\$2,623,759.56
Plant and Improvements	-
Total Disbursements	<u>\$9,110,674.92</u>

Balance December 31, 2023 \$5,806,802.23