STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004

Andrew M. Cuomo
Governor

James J. Wrynn
Superintendent

March 15, 2011

To the Governor and the Legislature:

I am pleased to submit the Annual Report of the Superintendent of Insurance on the operations of the Insurance Frauds Bureau and an assessment of the insurance industry's anti-fraud efforts for 2010. Consistent with past history, the Frauds Bureau collaborated with other law enforcement agencies and the insurance industry to aggressively investigate and prosecute insurance fraud throughout New York State during the past year.

I am also pleased to report that in 2010, Frauds Bureau investigations led to a total of 668 arrests for insurance fraud and related crimes and 449 criminal convictions, with $6.6 million in court-ordered restitution obtained by prosecutors handling Frauds Bureau cases.

This report highlights some of the major investigations undertaken this past year, including an investigation conducted jointly with fellow law enforcement agencies as part of the Medicare Fraud Strike Force, which led to the arrest of a surgeon on charges that he overbilled Medicare, Medicaid and private insurance carriers by $3.5 million.

In the coming year, the Frauds Bureau will continue to aggressively combat health care fraud, as we prepare for the changes to the health care system that will result from the implementation of the Patient Protection and Affordable Care Act, signed into law by President Obama on March 23, 2010. We will also direct our focus on mortgage and title fraud, no-fault fraud and other systemic and complex insurance fraud schemes.

Sincerely,

James J. Wrynn
Superintendent of Insurance

The Annual Report

to the Governor

and the Legislature

of the State of New York

on the Operations

of the Insurance Frauds Prevention Act

(Article 4 of the Insurance Law)

Table of Contents

		Page
I.	2010 Highlights ……..……..…….	1
II.	The Insurance Frauds Bureau	
	A. Team Building ……..	3
	B. Multi-Agency Investigations ……..	3
	C. Task Force/Working Group Participation …….....	4
III. Operational	Overview	
	A. Administration ……..	5
	B. The Staff ……..…..	5
	C. Investigations ..……...	6
	D. Arrests ……	6
	E. Civil Enforcement, Restitution and Forfeitures …….	6
	F. Deputy Superintendent Nachman Goes to the Middle East ..……	7
	G. Training …….…….	7
	H. Continuing Education ……..	8
	I. Fraud Prevention Plans ……....…….….....	9
	J. Public Awareness Programs ……	9
	K. Electronic Filing of SIU Annual Reports ……..……	10
IV.	The Year in Review	
	A. Major Cases ..……	10
	B. No-Fault Fraud …….	23
	C. Special Prosecutor Program ……	23
	D. Health Care Reform 2010 ……	24
	E. Recognition Awards …….	25
	F. NAIC Internship Program …….…..	26
	G. Moving On …….	26
	H. Mobile Command Center ……	27
	I. Web-Based Case Management System …….....	28
V.	Directions for 2011	
	A. Amendment to Insurance Law Section 405/Rate Evasion Reports ..	28
	B. Proposed Revision to Regulation 68 ……	29
	C. Life Settlements …….	29
VI. Legislation	……	31
VII. Appendices	……...	32

Graphs

1.	Number of Suspected Fraud Reports v. Number of Suspected No-Fault Reports – 2006-2010 ….……...	23
2.	Suspected Fraud Reports Received 2006 – 2010 …….	32

I. Insurance Frauds Bureau
2010 Highlights

- **Investigations conducted by Frauds Bureau staff resulted in 668 arrests during 2010.**

- **A total of 1,236 new cases were opened for investigation in 2010.**

- **The number of criminal convictions obtained by prosecutors in Frauds Bureau cases totaled 449 for the past year.**

- **Court-ordered restitution totaled $6.6 million during the past year as a result of Frauds Bureau criminal investigations, up by more than 29 percent over the total for 2009.**

- **Upstate Frauds Bureau investigators were part of a group that received the Arson Team of the Year Award for the successful investigation and prosecution of a man convicted of setting a fire at a home he owned in which a tenant died.**

- **Arrests for the Bureau's Auto Unit reached 252 at year-end 2010, up from 219 in the prior year, an increase of 15 percent.**

- **The Bureau's Medical Unit recorded 159 arrests during 2010.**

- **An investigation into illegal activities at Oriska Insurance Company concluded in May 2010 with the sentencing of three defendants. As part of the resolution, more than $860,000 was forfeited to the U.S. government. The Frauds Bureau received $346,000 of the forfeiture as a full partner with the FBI in the investigation.**

- **Beginning this year, insurers will report annually to the Frauds Bureau information concerning the incidence of misrepresentations by New York residents of the principal place where their vehicles are driven and/or garaged.**

- **An investigation by the Medicare Fraud Strike Force led to the arrest of a surgeon on charges that from 2/09 to 1/10, he overbilled Medicare, Medicaid and five private insurance carriers by $3.5 million.**

II. The Insurance Frauds Bureau

A. Team Building

Continued team building was high on the Frauds Bureau's agenda during the past year. Our-multi-agency activities included working with the insurance industry, prosecutors and law enforcement agencies on the federal, state and local levels who increasingly seek our expertise in the development and investigation of their cases.

B. Multi-Agency Investigations

The Bureau continued to conduct successful multi-agency investigations during 2010. Several of these joint investigations are summarized below:

Jeffrey Alnutt, who was convicted on 5/10/10 of charges that he set a fire in 2007 at a home he owned in which a tenant died, was sentenced on 8/19/10 for those charges. Alnutt received a sentence of 25 years to life on a murder conviction; 5-to-15 years on second-degree manslaughter; 25 years on second-degree arson; 5-to-15 years on third-degree arson; and time served on second-degree reckless endangerment. He had previously been convicted of setting fire to another home he owned in 2004 and is serving 5-to-15 years in that case. All the sentences are to be served concurrently. Alnutt's daughter and son-in-law also got jail time for their part in the 2004 scheme. An investigation conducted by the Frauds Bureau, the Fulton County DA's Office, the Gloversville Police and Fire Departments, the State Police and the State Office of Fire Prevention and Control resulted in successful conclusions in these cases. (See Section *IV.* D for information about the Arson Team of the Year Award presented for the investigation of this case.)

The Frauds Bureau and the Suffolk County DA's Office conducted an investigation that led to the arrest of five defendants charged with 300 thefts of luxury auto wheel rims and tires from cars parked in residential driveways and auto dealership lots across Suffolk County. Investigators executed 11 search warrants and recovered 65 rims. The crew members divided the stolen goods among themselves for resale. The cost of the thefts and damage to the affected businesses and vehicles is estimated at more than $250,000. On 3/8/10, the leader of the ring and four other defendants were re-arrested and arraigned on weapons charges. Between June 2009 and January 2010, they sold 15 illegally possessed guns to undercover detectives. A subsequent investigation determined two of the guns had been used in the commission of felonies.

An investigation by the Medicare Fraud Strike Force, of which the Frauds Bureau is a member, led to the arrest of a surgeon on charges that from 2/09 to 1/10, he overbilled Medicare, Medicaid and five private insurance carriers by $3.5 million. On 9/22/10, investigators executed search warrants on the doctor's office at the same time he was being arrested and bank records were seized.

These cases and many others in which the Frauds Bureau collaborated with fraud-fighting partners are summarized in Section *IV.* A of this Report.

The Bureau also teamed up with the NYPD's Fraudulent Accident Investigation Squad and Auto Crime Division in the investigation of many no-fault and other auto-related fraud cases, and with the Workers' Compensation Board's Office of the Fraud Inspector General and the State Insurance Fund on cases involving workers' compensation fraud.

Additionally, Arson Unit investigators worked closely with the Bureau of Alcohol, Tobacco, Firearms and Explosives, the FDNY's Bureau of Fire Investigations and the NYPD's Arson Explosion Squad. The Frauds Bureau also acts as a liaison with the New York State Office of Fire Prevention and Control, as well as local arson units and fire departments throughout the State.

Moreover, DA's Offices, the New York State Attorney General's Office, the U.S. Attorney's Offices, the New York State DMV, the U.S. Postal Inspection Service and the FBI New York Health Care Fraud Task, as well as local police departments and sheriff's offices across the State, are partners in many Frauds Bureau investigations of all types of insurance fraud.

C. Task Force/Working Group Participation

The Frauds Bureau is an active participant in numerous task forces and working groups designed to foster cooperation and collaboration among the many agencies involved in fighting insurance fraud. Participation provides the opportunity for joint investigations, information sharing, networking and honing investigative skills. Among the groups of which the Bureau is a member are the following:

- Western New York Health Care Fraud Task Force
- Central New York Health Care Fraud Working Group
- Monroe County Auto Crime Task Force
- FBI/U.S. Attorney Health Care Fraud Working Group
- FBI New York Health Care Fraud Task Force
- NICB Medical Working Group
- Motor Vehicle Theft and Insurance Fraud Prevention Board (DCJS)
- High Intensity Drug Trafficking Area (HIDTA)
- High Intensity Financial Crimes Area (HIFCA)
- New York State Banking Department Mortgage Fraud Working Group
- Medicare Fraud Strike Force

The Medicare Fraud Strike Force supplements the health care fraud enforcement activities of the U.S. Attorneys' Offices by targeting chronic fraud, as well as emerging or migrating schemes perpetrated by criminals operating as health care providers or suppliers. In addition to the Frauds Bureau, Strike Force members include the Department of Justice Criminal Division's Fraud Section, law enforcement partners in the Department of Health and Human Services (HHS), and state and local law enforcement agencies.

The Department of Justice announced on 9/22/10 that from the inception of operations in March 2007, the Strike Force has obtained indictments of more than 810 individuals and

organizations that falsely billed the Medicare program for more than $1.85 billion. Moreover, the HHS Centers for Medicare & Medicaid Services is working together with its Office of the Inspector General to take steps to increase accountability and decrease the presence of fraudulent providers. (Several investigations conducted by the Medicare Fraud Strike Force are summarized in Section *IV.* A of this Report.)

III. Operational Overview

A. Administration

The Frauds Bureau was established by an act of the Legislature in 1981 as a law enforcement agency within the New York State Insurance Department. The Bureau's primary mission is the detection and investigation of insurance fraud and the referral for prosecution of persons or groups that commit acts of insurance fraud. The Bureau is headquartered in New York City, with six additional offices across the State: Mineola, Albany, Syracuse, Oneonta, Rochester and Buffalo. A full list of office locations, including addresses and telephone/fax numbers, appears in the Appendices to this Report.

B. The Staff

The Director of the Bureau is responsible for all of the Bureau's operations, with the assistance of the Deputy Director. In addition, the Bureau's Assistant Director of Research reports to the Director and the Deputy Director.

Bureau staff consists of 16 Senior Investigators and 18 Investigators who staff the Bureau's specialized units: Major Case, Arson, General, Auto, Workers' Compensation, Medical, No-Fault, Mortgage and Title (established in 2009) and Upstate. Each Unit is supervised by a Deputy Chief Investigator. General oversight of the investigative staff is the responsibility of the Chief Investigator with the assistance of two Assistant Chief Investigators.

A Counsel and an Assistant Counsel are responsible for all legal matters as they relate to fraud investigations. In addition, the Bureau has a Manager of Information Technology Services who coordinates the activities of the Department's Mobile Command Center.

The Bureau's Training Officer provides in-service training for Bureau staff and conducts training for law enforcement, insurance industry and community groups. (The Bureau's Director, Deputy Director and members of the investigative staff also provide training to these groups throughout the year.) The Training Officer reports to the Chief Investigator. Section *III.* G provides more information about the Bureau's training program.

In addition, the Bureau has a unit that includes a Senior Insurance Examiner and an Insurance Examiner who report to a Principal Insurance Examiner. The examiner staff are responsible for insurer compliance with Article 4 of the New York Insurance Law and Department Regulation 95. The examiner staff may also perform market conduct examinations of insurer Special Investigations Units.

The Bureau also has one support staff member who reports to the Secretary to the Director.

C. Investigations

The Frauds Bureau received 24,161 reports of suspected fraud in 2010, versus 24,920 reports received the year before. Of the 2010 total, the vast majority – 23,409 – were received from licensees required to submit such reports to the Department and 752 were received from other sources, such as consumers and anonymous tips. A total of 1,236 new cases were opened for investigation during the past year. Investigations also continued in numerous cases opened in prior years. Tables showing the number of fraud reports received, investigations opened and arrests by type of fraud appear in the Appendices to this Report.

During 2010, the Bureau referred 412 cases to prosecutorial agencies for criminal prosecution.

D. Arrests

Frauds Bureau investigations led to 668 arrests for insurance fraud and related crimes during the past year. In one case, a former employee of an insurance agency that wrote policies for National Income Life Insurance Company received a 1099 form for commissions he purportedly received based on policies that were written after he left the agency. He reported the matter to the Nassau County Police Department who notified the Frauds Bureau and an investigation was initiated. Evidence indicated that five agents were involved in a scheme that used identity theft, falsifying business records and forgery to establish fake insurance policies, earning commissions and guaranteed bonuses based on selling those policies. The five defendants were arrested on 5/13/10 and charged with using the company-issued agent code of the former employee to write the policies and forging his signature to cash the commission checks.

In another case resulting in an arrest in 2010, a Norwich, NY, property owner failed to obtain workers' compensation insurance coverage for an employee who managed several of his apartment buildings. The employee was raped and murdered inside an apartment in one of the buildings in 2007. The tenant of that apartment was sentenced to life in prison for the crime. Authorities learned of the defendant's failure to secure the coverage when the employee's estate filed a death benefit claim with the Workers' Compensation Board. The defendant reimbursed the Board $50,000 that it had paid the employee's estate, $5,000 in funeral expenses and another $6,000 in penalties. He also has an outstanding $30,000 penalty for operating without insurance in 2010. He is disputing that penalty, claiming he has no employees.

E. Civil Enforcement, Restitution and Forfeitures

Section 403 of the New York Insurance Law authorizes the Insurance Department to levy civil penalties of up to $5,000 plus the amount of the claim on individuals who commit fraudulent insurance acts. Under the provisions of Section 2133 of the New York Insurance Law, the Department is also permitted to levy a civil fine of up to $1,000 for possession of a

fraudulent automobile insurance identification card and up to $5,000 for each additional card possessed.

The Frauds Bureau commenced 31 civil fine proceedings in 2010. Of those, 24 were settled by stipulation and 7 went to hearings. Fraudulent homeowners, workers' compensation and disability claims were among the types of civil fine cases in 2010, in addition to fraudulent auto theft and vehicle arson. As a result of the Bureau's civil enforcement activities, $370,405 in penalties was imposed during 2010.

Court-ordered restitution totaled $6.6 million during the past year as a result of Frauds Bureau criminal investigations, up by more than 29 percent over the total for 2009. Moreover, insurers saw savings of $9.3 million in connection with fraudulent claims investigated by the Bureau versus $4.0 million the year before, or more than twice the 2009 total and the highest savings total since 2004.

F. Deputy Superintendent Nachman Goes to the Middle East

Deputy Superintendent Steven Nachman traveled to the Middle East in February 2010, where he conducted a two-week Insurance Anti-Fraud Seminar for insurance regulators in Egypt and Jordan. The seminar was sponsored by the U.S. Treasury Department's Office of Technical Assistance and covered topics ranging from the history of insurance regulation in the United States to specific areas of insurance fraud, including automobile insurance fraud, arson and workers' compensation fraud. Deputy Superintendent Nachman conducted the seminar from February 7 to 11 in Amman, Jordan, and from February 14 to 18 in Cairo, Egypt.

Mr. Nachman left the Insurance Department in January 2011. He served for nearly three and a half years as Deputy Superintendent for the Frauds and Consumer Services Bureaus, overseeing the handling of fraud investigations, consumer complaints and licensing.

G. Training

Investigators participate in the Bureau's In-Service Training Program designed for all investigative staff. In addition, newly hired investigators participate in an Entry-Level Training Program. Both programs were developed by the Training Officer and comply with the standards and curriculum established for professional police officers by the Bureau of Municipal Police of the New York State Division of Criminal Justice Services (DCJS). Frauds Bureau investigators are seasoned professionals with broad law enforcement experience and often exceed the high standards set by DCJS.

Frauds Bureau Training Officer John Marcone and Senior Investigator Mark Sirkin are Certified Firearms Instructors and provide both upstate and downstate investigators with appropriate instruction in firearms safety and proficiency. Yearly recertification in firearms aptitude is required by the Division of Criminal Justice Services. However, all Frauds Bureau investigators must recertify semi-annually, demonstrating the importance the Bureau attaches to the responsibilities involved in carrying and using firearms.

The Bureau's Training Officer conducted three training sessions at the New York City Police Academy during 2010, attended by 1,102 recruits. In addition, two sessions were given to 56 recruits at the Westchester County Police Academy. The Bureau has placed great emphasis on the training of police recruits because police officers are often the first responders to auto accidents and other emergency situations and their ability to recognize insurance fraud can be critical to an investigation.

Frauds Bureau Director Frank Orlando, Deputy Director Angelo Carbone and members of the investigative staff also provided training to members of the insurance industry and local police and fire departments throughout the State. In addition, investigators joined the Department's Deputy Superintendent for Community Affairs, Ivan Lafayette, to give presentations to a number of community groups during 2010. Deputy Superintendent Lafayette is responsible for planning and directing the Department's outreach and community affairs initiatives, services and programs on issues affecting a broad spectrum of consumers, including the senior population.

On January 28, 2010, Director Orlando attended the National Summit on Health Care Fraud at the Natcher Conference Center at the National Institutes of Health in Bethesda, MD. The day-long Summit, sponsored by the U.S. Department of Human Services and the U.S. Department of Justice, was the first national gathering on health care fraud between law enforcement and the public and private sectors.

Director Orlando, Deputy Superintendent Lafayette and Assistant to the Superintendent Joseph Placide participated in a public hearing sponsored by Nassau County Health and Human Services on 11/10/10. The three officials met with Nassau County residents to answer their questions about insurance fraud and discuss what consumers should know to avoid becoming victims of insurance fraud. Other issues on the agenda were federal health care reform, homeowners and renters insurance and what to consider when buying annuities.

In 2010, the Bureau provided training for 26 groups comprising 1,971 participants. A complete list of the groups for which the Frauds Bureau provided training during 2010 appears in the Appendices to this Report.

H. Continuing Education

Investigators, examiners and support staff routinely attend career development seminars and training programs to increase their proficiency in investigative procedures, use of Department/industry/law enforcement databases as investigative tools and problem-solving techniques in order to stay current with emerging developments in the area of insurance fraud.

During 2010, Bureau staff took advantage of many of the educational opportunities offered by the New York Anti-Car Theft and Fraud Association, the New York Prosecutors Training Institute and the Governor's Office of Employee Relations, among others. An annual course in driver safety is also available to all Department staff and is required every three years for the investigative staff.

I. Fraud Prevention Plans

Section 409(a) of the New York Insurance Law (NYIL) and Department Regulation 95 require all insurers writing automobile, workers' compensation and accident and health insurance that write at least 3,000 policies annually to submit to the Department a Fraud Prevention Plan (Plan) that includes establishing a Special Investigations Unit (SIU) separate from claims and underwriting. The SIU is responsible for investigating cases of suspected fraud and for implementation of the fraud prevention and reduction activities.

Affiliated insurers writing the same lines of business may submit one Fraud Prevention Plan covering the entire group of insurers. Additionally, some insurance carriers submit multiple separate Plans which address different products. At year-end 2010, there were 137 approved Plans on file. A complete list of insurer or group Plans on file as of 12/31/10 appears in the Appendices to this Report.

Insurers submitted 25 new or revised Fraud Prevention Plans to the Frauds Bureau in 2010, covering 58 insurers.

Plans submitted by two newly licensed life settlement providers were approved during 2010. Fraud Prevention Plans are required to be submitted with each life settlement provider's application for licensing. During the past year, 40 life settlement providers submitted Fraud Prevention Plans to the Department with their license applications. (For more information on life settlements, see Section *V.* D of this Report.)

J. Public Awareness Programs

Regulation 95 and Section 409(c)(5) of the NYIL require that insurers develop a public awareness program focused on the cost and frequency of insurance fraud and the methods by which the public can assist in its prevention. The programs must be geared to reach a wider audience than an insurer's policyholders and applicants. In an effort to achieve that goal, the New York Alliance Against Insurance Fraud (NYAAIF), a coalition of insurers, carries out advertising campaigns using newspapers, radio and television to target insurance consumers. NYAAIF members included 88 New York-licensed insurers or insurer groups with Fraud Prevention Plans on file. An additional 14 insurers that were not required to file Plans with the Department also participated in the NYAAIF's public awareness program.

During the past year, 26 health plans or groups of affiliated health plans with filed Fraud Prevention Plans participated in the National Health Care Anti-Fraud Association's public awareness program which carries out campaigns using newspapers and radio advertising. Moreover, several individual insurers have ongoing programs to heighten awareness and reduce public tolerance for insurance fraud. As a result, these anti-fraud messages reach millions of New Yorkers during the course of the year.

The Life Insurance Settlement Association, an organization representing life settlement providers, has developed a public awareness program in which licensed life settlement providers may participate.

The Frauds Bureau also has a fraud hotline (1-888-FRAUDNY) and consumers are encouraged to report suspected insurance fraud. Calls to the hotline averaged 21 a week during 2010.

K. Electronic Filing of Annual SIU Reports

According to the provisions of Section 409(g) of the New York Insurance Law, those insurers with Fraud Prevention Plans on file must also file an Annual Report describing their Special Investigations Units' (SIU) experience, performance and cost effectiveness in implementing the Plans. Legislation passed in 2008 changed the reporting date of the Report from January 15 to March 15 of each year. Since 2008, insurers are required to complete an electronic Annual SIU Report. The Report form is accessed and submitted through a secured portal environment on the Department's Web site.

IV. The Year in Review

A. Major Cases

The Frauds Bureau was involved in a number of multi-agency investigations during 2010. These operations, in addition to the day-to-day investigations conducted by Frauds Bureau investigators, contributed to the total number of arrests for the year. Some of these cases are summarized below.

January

SENTENCED IN TITLE INSURANCE FRAUD CASE

- On 1/27/10, Joseph DeVito and his wife, Mary Ann Palladino-DeVito, were sentenced to 1 2/3-to-5 years in prison. They were arrested on 7/1/09 and charged with stealing more than $1 million from clients of the title insurance agency they operated. They accepted payments for mortgage fees, mortgage taxes, customer fees, real property filing fees and escrow account funds and misappropriated the funds for their own purposes. They were also charged with failing to pay New York State personal income taxes from 2002 through 2004. On 1/19/10, they had pleaded guilty to grand larceny in the 2nd degree and allocuted to failure to pay income taxes for 2002, 2003 and 2004.

MISCLASSIFIED

- An investigation by the Frauds Bureau, the Queens DA's Office, the DMV's Office of Fraud Investigation and the New York Auto Insurance Plan resulted in the 1/20/10 arrest of a licensed insurance broker who worked out of his home on Long Island. According to the charges, he and another person not yet apprehended conspired to file fraudulent paperwork with several insurance companies. The defendant was accused of intentionally classifying 21 commuter vans, known as dollar vans, as vanpools. Vanpools cost thousands of dollars less to insure than dollar vans. As a result, he allegedly defrauded the insurers out of more than $150,000 in owed premiums.

BLACK MARKET PURCHASE

- A Columbia County woman – who admitted buying a Social Security number on the black market to create a false identity when she entered the U.S. from Mexico more than a decade ago – was arrested on 1/6/10 and charged with fraudulently collecting more than $12,000 in workers' compensation benefits. Following an injury she sustained while working as a laborer in 2001, the defendant began collecting benefits and continued to accept the benefits even after gaining employment with a medical clinic as a driver and interpreter for Spanish-speaking immigrants traveling to medical appointments. She worked at this job using an alias and the stolen Social Security number which belonged to a deceased person. An investigation was initiated after the State Insurance Fund conducted a routine check and discovered she was working. The Frauds Bureau, the State Fund and the Workers' Compensation Board's Office of the Fraud Inspector General pooled resources in the investigation.

February

EXPIRED AGENT STEALS PREMIUMS

- Complaints made by two property owners prompted an investigation by the Insurance Department's Frauds and Consumer Services Bureaus that led to the arrest on 2/8/10 of a former licensed insurance agent who was accused of stealing $15,400 in premiums. The defendant allegedly collected premiums from property owners in 2008 and 2009 but failed to remit them to an insurer. The policies were subsequently cancelled. One of the property owners lost $25,000 as a result of damage that occurred to the roof of a commercial structure that he had paid the agent to insure. The agent's license to sell insurance expired in 2008 when he failed to renew it.

NONEXISTENT COVERAGE

- On 2/4/10, a Suffolk County business owner was arrested for allegedly stealing $50,000 from his employees. The money was purportedly for the purchase of workers' compensation insurance. However, an investigation by the Frauds Bureau and the Workers' Compensation Board's Office of the Fraud Inspector General uncovered evidence that the money was never turned over to an insurer and no coverage for the employees existed.

RIM REAPERS

- Following a seven-month investigation conducted by the Frauds Bureau and the Suffolk County DA's Office, five defendants were arrested on 2/3/10 and charged with 300 thefts of luxury auto wheel rims and tires from cars parked in residential driveways and auto dealership lots across Suffolk County. Investigators executed 11 search warrants and recovered 65 rims. The crew members would allegedly steal a van and strip it of its seats to make room for the rims and wheels they had targeted for the night's activities. They

divided the stolen goods among themselves for resale. The cost of the thefts and damage to the affected businesses and vehicles is estimated at more than $250,000. On 3/8/10, the leader of the ring and four other defendants were re-arrested and arraigned on weapons charges. Between June 2009 and January 2010, they sold 15 illegally possessed guns to undercover detectives. A subsequent investigation determined two of the guns had been used in the commission of felonies.

March

SENTENCED

- Eagle River Inc., a Colonie-based trucking company that pleaded guilty on 2/17/10 to underreporting its payroll by $2.2 million over a three-year period to avoid paying adequate workers' compensation premiums, was sentenced on 3/5/10 to make $315,600 in restitution to the State Insurance Fund. The company has already paid $150,000 in restitution and has agreed to pay the balance over the next three years. The discrepancy was discovered during an audit of the company's records by investigators from the Frauds Bureau and the State Fund.

IDENTITY THEFT

- Following a back injury incurred while employed as a housekeeper at a senior citizens' residence, a Kingston woman began collecting workers' compensation benefits. However, she accepted the benefits over a two-year period while continuing to work at what had been her second job at a fast food restaurant. She testified at a workers' compensation hearing in 2008 that she was no longer working. However, some time after the hearing, her former employer at the senior citizens residence noticed her working in a fast food restaurant in the area where, investigators discovered, she had been working for two years using the name of a distant relative, as well as a fictitious address and Social Security number. As a result of the fraud, she collected $34,900 in benefits to which she was not entitled. The Frauds Bureau pooled resources with the Town of Ulster Police Department in the investigation that led to her arrest on 3/24/10.

OWNER BURNS LANDMARK

- An investigation by the Frauds Bureau, the State Police and the State Office of Fire Prevention and Control led to the 3/11/10 arrest of the owner of a Cortland County landmark hotel and restaurant for allegedly setting fire to the property in the early morning hours of 8/28/07. No one was hurt in the fire. The suspect was paid $137,000 on an insurance claim he filed with Penn-Star Insurance Company. Investigators learned that the holder of a mortgage on the building was expected to bring foreclosure actions against the suspect two weeks before the fire. Moreover, two days before the fire, the suspect allegedly removed NASCAR mementos that he owned and stored in the restaurant. Arson investigators used an accelerant detection canine to uncover evidence at the scene.

FAKE CLAIMANT

- An investigation conducted jointly by the Frauds Bureau, the Queens DA's Office and Progressive Insurance Company's SIU resulted in the arrest of a Staten Island man formerly employed as a senior claims specialist for Progressive charged with stealing more than $80,000 from the insurer. On 26 separate occasions between 11/1/06 and 12/31/08, he re-opened closed cases and added new fake claimants who were, in fact, his friends and relatives. He issued checks ranging from $975 to more than $8,000, with the money winding up in his pocket. He began working for Progressive in October 2002 but was terminated in January 2009 when the company discovered an unusual pattern of activity in the claims he was supervising. Progressive referred the matter to the Frauds Bureau for investigation.

April

RATE EVASION

- An investigation by the Frauds Bureau resulted in the arrest on 4/29/10 of a husband and wife who operated two livery transportation businesses. The couple reported to The Robert Plan that their vehicles were airport limousines and the businesses were run out of Suffolk County. However, evidence gathered by investigators indicated that the vehicles were ordinary limousines operating throughout the five boroughs of New York City. As a result, The Robert Plan was defrauded of more than $50,000 in premiums.

TRUMPED UP

- A two-year investigation conducted jointly by the Frauds Bureau, the Town of Kent Police Department and the Putnam County DA's Office led to the arrest on 4/19/10 of a liquor-store owner accused of arson and insurance fraud. He originally reported that he was assaulted, robbed, tied up and left in his burning store by four unknown persons on 5/24/08. However, the investigation revealed that his business was in financial ruin. The bank had begun foreclosure proceedings and he owed $39,000 in unpaid state taxes. He was seen running from the store before the fire triggered an alarm at 11:40 p.m. When the police arrived, they found him standing outside the store with his hands bound behind his back. He was charged with setting the fire deliberately in an unsuccessful attempt to collect an insurance payment.

May

TRIO SENTENCED

- James Kernan, former president of Oriska Insurance Company, and his wife, Marlene Kernan, former president of Monument Agency which acted as the agent for Oriska, had pleaded guilty on 3/20/09 to one count of knowingly and willfully permitting Robert "Skip" Anderson, a three-time convicted felon, to be engaged in the business of insurance. In addition to Oriska, James Kernan ran two other insurers and an agency from

his headquarters in Oriskany, NY. On 1/29/10, he was sentenced to five years' probation, 400 hours of community service and a $250,000 fine. Marlene Kernan was sentenced to two years' probation and a fine of $182,708. Anderson pleaded guilty in July 2008 to conspiracy to commit mail fraud and wire fraud. He was sentenced on 5/10/10 to five years' probation and paid a fine of $5,000. As part of the case resolution, Anderson forfeited $865,000 to the U.S. government on 8/24/08. The Frauds Bureau received $346,000 of the total forfeiture amount as a full partner with the FBI in the investigation. James Kernan and Anderson were indicted on 1/30/08 on charges that they schemed to collect millions of dollars in premiums from professional employer organizations (PEOs) on behalf of Oriska in Arizona, California and Pennsylvania, where they are not licensed, for workers' compensation policies that provided no real coverage. Both men have claimed that the policies were issued in New York, where Oriska is licensed, and transferred by the PEOs to affiliates in other states. In July 2006, the FBI raided Kernan's offices in Oriskany and a motel that Anderson was using as a business office. Within several days, the Superintendent of the New York Insurance Department took over Oriska with court approval. However, the company was returned to Kernan by the New York Supreme Court. Kernan subsequently resigned his positions as CEO and member of the boards of directors of the three insurance companies. Oriska and one other insurer were given over to new management and the third company was sold.

GUILTY OF WIRE FRAUD

- Jonathan Boxman, who controlled a real estate title insurance company licensed in New York and various other title abstract companies and agents, pleaded guilty in early May 2010 to wire fraud for bilking clients of more than $1.7 million, including almost $385,000 from a church in Queens. His companies acted as settlement or escrow agents in real estate deals. They received large sums of money to pay mortgage recording fees, real estate taxes and other fees attendant to the purchase of commercial and residential properties. However, an investigation by the Frauds Bureau and the FBI revealed that Boxman instead used the money collected to pay the operating expenses of his companies. As a result, several mortgages and deeds went unrecorded. He faces up to 20 years in prison when he is sentenced.

PERSONAL INFO STOLEN

- A former employee of an insurance agency that wrote policies for National Income Life Insurance Company received a 1099 form for commissions he purportedly received based on policies that were written after he left the agency. He reported the matter to the Nassau County Police Department who notified the Frauds Bureau and an investigation was initiated. Evidence indicated that five agents were involved in a scheme that used identity theft, falsifying business records and forgery to establish fake insurance policies, earning commissions and guaranteed bonuses based on selling those policies. The five defendants were arrested on 5/13/10 and charged with using the company-issued agent code of the former employee to write the policies and forging his signature to cash the commission checks.

June

MAJOR HEALTH CARE FRAUD/MONEY LAUNDERING SCHEME

- An investigation by the Frauds Bureau, the Office of the U.S. Attorney for the Eastern District and the NYPD led to the 6/15/10 arrest of 17 defendants (an 18th defendant who had fled to Florida was arrested on 6/17) for their participation in health care fraud and money laundering schemes. Agents from Immigration and Customs Enforcement, the IRS and the FBI executed search warrants at the offices of 12 durable medical equipment retail companies that were operated by the defendants in Brooklyn and seized bank account assets. The defendants allegedly used their companies to submit fraudulent invoices to private no-fault insurers for reimbursable expenses for durable medical equipment at prices much higher than the price paid by the defendants, as well as for durable medical equipment that was never obtained. They laundered the proceeds by issuing checks to their companies which were cashed at various check-cashing facilities and the cash was delivered back to the defendants.

SUSPICIOUS POSTMARKS

- A former New York State resident began collecting wage-replacement benefits after he reported a back injury while employed as a truck driver in 1990. During the benefit period, he submitted 13 Work Activity reports stating that he was unable to work as a result of his injury. Many of these reports bore Florida postmarks, arousing suspicion that resulted in an investigation by the Frauds Bureau, the State Insurance Fund and the State Police. Through surveillance, investigators found that the suspect was living and working full-time as a mechanic in Florida. Between 2005 and 2010, he collected $39,000 in benefits to which he was not entitled. On 6/28/10, he was arrested on charges of insurance fraud, offering a false instrument for filing and violation of the Workers' Compensation Law.

2007 MURDER LEADS TO ARREST FOR WORKERS' COMP FRAUD

- An investigation by the Frauds Bureau and the Workers' Compensation Board's Office of the Fraud Inspector General resulted in the 6/17/10 arrest of a Norwich, NY, property owner for failing to obtain workers' compensation insurance coverage for an employee who managed several of his apartment buildings. The employee was raped and murdered inside an apartment in one of the buildings in 2007. The tenant of that apartment was sentenced to life in prison for the crime. Authorities learned of the defendant's failure to secure the coverage when the employee's estate filed a death benefit claim with the Workers' Compensation Board. The defendant reimbursed the Board $50,000 that it had paid the employee's estate, $5,000 in funeral expenses and another $6,000 in penalties. He also has an outstanding $30,000 penalty for operating without insurance in 2010. He is disputing that penalty, claiming he has no employees.

July

ILLEGAL ASBESTOS REMOVAL CASE

- Ronald Mancuso, the last family member to be sentenced in a case involving conspiracy and mail fraud-related charges, was given three years' probation on 7/29/10. He testified against the other family members at trial. His father, Lester Mancuso, and two brothers, Steven and Paul, were sentenced on 6/9/10 in the same case after pleading guilty on 10/28/09 to conspiring to cover up an illegal asbestos removal operation throughout the Mohawk Valley region. Lester Mancuso was sentenced to a term of 3 years, Steven Mancuso to 3 2/3 years, and attorney Paul Mancuso, the mastermind behind the operation, to 6 ½ years and a fine of $20,000. The fine was levied for allowing asbestos to be dumped in a field and washed down a drain at a Utica school. All three were also sentenced to three years of supervision once released from prison. The arrests were the result of an investigation by the Frauds Bureau, the Environmental Protection Agency and the Workers' Compensation Board's Office of the Fraud Inspector General.

OWNER GIVE-UP

- In a case involving an owner give-up, a Brooklyn man reported to the NYPD that he had last seen his 2006 Mitsubishi Endeavor on 1/6/10 and discovered it missing the next day. He subsequently filed a claim with Farmers Insurance Group for the loss. However, an investigation by the Frauds Bureau, the FDNY Fire Marshals and the NYPD's Auto Crime Division uncovered evidence that on 1/4/10, units from the FDNY had responded to a passenger vehicle fire in the Bronx. The vehicle was identified as the Mitsubishi Endeavor reported stolen by the suspect. He was arrested on 7/27/10.

VIDEO TAPE EVIDENCE

- Following a bus accident involving the Niagara Frontier Transportation Authority, an Erie County man reported that while a passenger on the bus, his head struck a pole when the accident occurred, causing injuries to his back, neck, forehead and shoulders. However, video surveillance on the bus during the accident showed that the suspect never struck any pole. An investigation conducted jointly by the Frauds Bureau and the NFTA resulted in the arrest of this defendant on 7/23/10. He was charged with insurance fraud, grand larceny and offering a false instrument for filing.

  In two additional occurrences, defendants were arrested on 7/14/10 and charged with insurance fraud, offering a false instrument for filing and attempted grand larceny when they falsely claimed injuries related to accidents involving the Niagara Frontier Transportation Authority. One defendant reported that while waiting for a bus, he was struck in the head by a lighting fixture after the bus collided with a light pole. However, an investigation conducted jointly by the Frauds Bureau and the NFTA turned up video surveillance tapes showing the lighting fixture never struck the defendant.

In the second incident, the defendant reported that while she was a passenger on a bus, an accident caused her to strike her head numerous times on poles. During an investigation by the Frauds Bureau, the NFTA, the Erie and Niagara County DA's Offices and the Niagara Falls Police Department, video surveillance tapes again showed the incident reported by the suspect never occurred. In fact, she did not hit her head nor did she move at all during the accident. (Also see October 2010 arrest summary (Bus-Ted!) for a fourth case involving the NFTA.) This investigation is continuing.

CHIROPRACTOR SENTENCED

- Dr. Anthony LaTona, a Queens chiropractor, was sentenced on 7/14/10 to a conditional discharge and waived his rights to future claims totaling $8.5 million. He was convicted on 6/3/10 of insurance fraud in the 3rd degree after investigators found that he convinced a "patient" to fabricate injuries and then billed Empire Blue Cross and Blue Shield more than $26,000 for medical treatments over a three-month period. He paid a $1,000 kickback to the "patient" who was actually a Frauds Bureau undercover investigator. At a meeting on 9/16/08, LaTona instructed the undercover to fake back and knee injuries in order to obtain insurance payments. The undercover operation commenced as a result of information received that Dr. LaTona had paid kickbacks to Verizon employees in order to use their medical information to bill insurance companies.

August

SENTENCED FOR MURDER, MANSLAUGHTER, ARSON

- Jeffrey Alnutt, who was convicted on 5/10/10 of charges that he set a fire in 2007 at a home he owned in which a tenant died, was sentenced on 8/19/10 for those charges. Alnutt received a sentence of 25 years to life on a murder conviction; 5-to-15 years on second-degree manslaughter; 25 years on second-degree arson; 5-to-15 years on third-degree arson; and time served on second-degree reckless endangerment. He had previously been convicted of setting fire to another home he owned in 2004 and is serving 5-to-15 years in that case. All the sentences are to be served concurrently. Alnutt's daughter and son-in-law also got jail time for their part in the 2004 scheme. The jury convicted them of conspiring to set fire to the home in order to collect an insurance payment of $210,000 on a claim they filed for the loss. An investigation conducted jointly by the Frauds Bureau, the Fulton County DA's Office, the Gloversville Police and Fire Departments, the State Police and the State Office of Fire Prevention and Control resulted in successful conclusions in these cases.

$6.7 MILLION STOLEN

- The owner and president of a title abstract company and his company were indicted on charges of stealing more than $6.7 million in connection with more than 105 real estate transactions. His company acted as a title agent for various title insurance companies, primarily Stewart Title Insurance Company. Between November 2006 and April 2008, he and his company allegedly failed to record the deeds, mortgages and other documents on

105 real estate closings, diverted the money to various accounts and then depleted the accounts. Stewart Title, having been obligated by the defendant and his company to insure the transactions, ultimately sustained the loss from the thefts and paid nearly $5.4 million to cover unpaid fees and taxes. The Frauds Bureau and the Manhattan DA's Office pooled resources in the investigation that led to the arrest on 8/5/10.

September

SENTENCED IN FRAUDULENT REAL ESTATE SCHEME

- Aaron Dare, an Albany mortgage broker, was sentenced on 9/30/10 to two consecutive sentences of 4½ years in state prison. In addition, a confession of judgment for $1,741,609 was entered. He had pleaded guilty in April 2009 to two counts of grand larceny for his participation in a scam in which he sold properties to individuals who were financially unfit to purchase them. He fronted the down payments and submitted all the applications for the mortgages and title/homeowners insurance policies. He used fictitious information to have the properties appraised at inflated values. Both the buyers and sellers lost on the deals, liens on the properties did not get paid off and Dare pocketed the mortgage money. The Frauds Bureau initiated a case when the State Police requested assistance with their investigation in connection with a fraudulent mortgage/real estate scheme.

STRIKE FORCE SUCCESS

- An investigation by the Medicare Fraud Strike Force, of which the Frauds Bureau is a member, led to the 9/22/10 arrest of a surgeon on charges that from 2/09 to 1/10, he defrauded Medicare and numerous other health care benefit programs of at least $3.5 million. Investigators began reviewing the doctor's practice after receiving complaints from patients who said the doctor had submitted claims for services they had not received. He allegedly consistently filed claims for office visits, examinations and subsequent surgical procedures as if he were treating unrelated conditions, when in fact he was providing follow-up services related to an initial procedure. In addition, he often billed for working more than 24 hours in a day. A search warrant was executed at his office on the day of his arrest and bank records were seized.

PREMIUM FRAUD

- The owner of a painting business reported to the State Insurance Fund that his sales for the 2006-2008 period totaled $956,827 and was billed accordingly for workers' compensation coverage. However, an investigation by the Frauds Bureau and the State Fund revealed that his sales for that period actually totaled $2,621,757. As a result of the fraud, he avoided paying the Fund $180,191 in additional premiums due. He was arrested on 9/9/10 and charged with insurance fraud, grand larceny, falsifying business records and violation of the Workers' Compensation Law.

October 2010

BUS - TED!

- An upstate resident was the fourth defendant arrested in 2010 for allegedly faking injuries after minor accidents involving Niagara Frontier Transportation Authority (NFTA) buses. The other three were arrested in July. This most recent defendant, arrested on 10/22/10, reported that she was injured when she was thrown about the inside of the bus. Video images showing each of the four behaving casually during and after three separate low-speed accidents contrasted with insurance claims they later filed reporting that they suffered severe head, neck and back injuries. The arrests were the result of an investigation into the accidents by the Frauds Bureau, the NFTA, the Erie and Niagara County DA's Offices and the Niagara Falls Police Department.

REVOKED PHYSICIAN GETS PRISON SENTENCE

- Akiva Abraham, a former physician whose license was revoked in 2005, was sentenced on 10/15/10 to 4-to-12 years in prison following his 8/25/10 conviction on a charge of insurance fraud. At trial, he was acquitted on charges of arson and reckless endangerment. The case revolved around a fire at The Saratoga Winners nightclub, a commercial property he owned in Colonie, NY. The property was closed at the time of the fire and had been vacant for three years prior to Abraham's purchase. He over-valued the property in order to obtain a $475,000 mortgage and insured the property based on the bogus mortgage. After the fire, he filed a property loss notice with his insurer in an attempt to collect more than $380,000 in insurance proceeds. The case was investigated by the Frauds Bureau, the Town of Colonie Police and Fire Departments, the State Police, the Albany County DA's Office, the State Office of Fire Prevention and Control and the Albany County fire coordinator.

NO PROOF

- An allegedly fraudulent homeowners insurance claim filed with Allstate Insurance Company led to the 10/19/10 arrest of an upstate woman who was charged with insurance fraud. Her claim stated that several Harley Davidson motorcycle parts had been stolen from a storage shed on her property. In support of the claim, she submitted receipts from a local cycle shop as proof that she had purchased the parts for $18,525. However, investigators from the Frauds Bureau and the Irondequoit Police Department obtained statements from the cycle shop and from a Harley Davidson dealership stating that the receipts were fraudulent. The defendant voluntarily met with investigators and during an interview admitted that she knew the receipts were false when she submitted them.

NONEXISTENT PRESCRIPTIONS

- A Rochester woman was charged with submitting allegedly fraudulent documents to Kemper Insurance Company from 8/7/06 to 5/18/09 in support of her claim for workers' compensation benefits. She began collecting benefits following a job-related injury and

later contacted Kemper stating that she did not realize prescription drugs would be covered. She informed Kemper that she had been paying cash for her prescriptions for several years and the insurer advised her to submit her receipts for payment. At that point, she started faxing paperwork to Kemper documenting prescriptions she claimed to have had filled between 2006 and 2009. An investigation by the Frauds Bureau, the Workers' Compensation Board's Office of the Fraud Inspector General and the Monroe County Sheriff's Office turned up evidence that the defendant was reimbursed more than $245,900 by Kemper for prescriptions she never obtained. She was arrested on 10/8/10 and accused of insurance fraud.

MORTGAGE FRAUD

- In February 2008, the New York State Attorney General's Office requested the Frauds Bureau's assistance in a mortgage fraud investigation that led to the arrest on 10/6-7/10 of five suspects – namely, the owner, manager, mortgage broker, office manager/realtor and attorney – affiliated with the same mortgage company in Colonie, NY. They allegedly targeted homeowners who were having financial difficulties. They tricked the victims into executing "leaseback" agreements with the mortgage company which then took possession of the homes and sold them to straw buyers at inflated prices. The company kept the proceeds of the sales and the homeowners usually were evicted because either the mortgage was never paid by the mortgage company, or the leaseback agreement included penalties for late payments that increased the rent owed to an amount typically too costly for the lessees.

November 2010

BROKER CAUGHT

- An investigation conducted jointly by the Frauds Bureau and the Queens DA's Office led to the 11/22/10 arrest of a licensed insurance broker who was the president and owner of two insurance brokerages in Queens. According to the charges, the defendant failed to remit $606,770 in premium payments that she had received from more than 400 clients between 1/1/09 and 12/31/09. Her actions defrauded four insurance companies – Maya Assurance, American Transit, Hereford and Fiduciary Insurance Company of America – of premiums owed. In addition, she submitted 43 checks totaling $121,750 to two of the insurers in an attempt to conceal the crime. The checks were returned because of insufficient funds.

ORTHOPEDIST CONVICTED

- Michael Palmieri, an orthopedist who was arrested on 5/28/09, was convicted on 11/19/10 of insurance fraud, offering a false instrument for filing and petit larceny in connection with a scheme to defraud the workers' compensation system. From 2001 to 2006, the doctor filed 55 reports stating a patient (former correction officer Leo Coletti) was totally disabled, was not working and should continue to receive benefits. In exchange, the patient, who owned a general contracting and home repair business, agreed

to do renovations on the doctor's home and office. Coletti pleaded guilty in 2006 to grand larceny and filing a false tax return and was ordered to pay $131,853 in restitution. Palmieri's sentencing is scheduled for 2/12/11. An investigation by the Frauds Bureau, the Workers' Compensation Board and the Westchester County DA's Office led to the arrests in this case.

ARSON FIRE

- An investigation by the Frauds Bureau, the Mt. Kisco Police Department Detective Squad and the Westchester County Arson Task Force led to the arrest of two defendants on 11/19/10 in a case involving an auto give-up. Investigators uncovered evidence indicating that defendant #1 paid defendant #2 to destroy his 2008 Saturn Astra by fire because he could no longer afford the payments. Defendant #1 left the car in the parking lot at his work place with the windows open. Defendant #2 allegedly poured gasoline through the open windows and set the car on fire. Defendant #1 was charged with insurance fraud and conspiracy. Defendant #2 was charged with arson.

POLICE OFFICER NABBED

- A City of Newburgh police officer was arrested on charges that while off duty at 12:20 a.m. on 10/11/09, he slammed his truck into the back of a car on a road in Marlboro, a hamlet in upstate New York, and fled the scene. The car rolled, trapping one of the four occupants inside. When police and firefighters arrived at the scene, they freed the trapped passenger who had suffered broken vertebrae and serious cuts. He and another passenger were taken to a nearby hospital for treatment. Nineteen hours later, the defendant reported having had an accident but stated that his car had struck a deer in the Town of Newburgh, a few miles south of the true accident scene. He subsequently filed a claim for the damage to his truck. However, an investigation by the Frauds Bureau, the Marlboro Police Department, the DMV, the State Police and the Ulster County DA's Office tracked the truck to the body shop that had done the repair work and that, together with a forensic examination and numerous interviews, led to the arrest on 11/16/10.

December

GUILTY PLEA IN MORTGAGE/TITLE FRAUD

- Brian Madden, the president and co-founder of Liberty Title Agency, pleaded guilty on 12/14/10 in Manhattan federal court to one count of wire fraud and one count of insurance fraud. He also controlled and operated two other title insurance agencies. Madden misappropriated millions of dollars of escrow and other client funds and embezzled a part of those funds for his personal use. In particular, between January 2008 and April 2009, he withdrew more than $2 million in cash from Liberty, one of the largest independently-owned title insurance agencies in New York State. The withdrawals at times totaled more than $300,000 in a single month. To sustain Liberty's operations, Madden essentially used new funds from clients to pay off the debts to older clients. In addition, he failed to record dozens of real estate transactions in a timely

fashion in spite of the fact that he had already been paid to record those transactions. He faces a statutory maximum sentence of 20 years in prison on the wire fraud charge and ten years on the insurance fraud charge. Sentencing is scheduled for 3/29/11. The investigation was conducted by the Frauds Bureau, the Office of the U.S. Attorney for the Southern District and the FBI.

NOT DISABLED

- The defendant in this case began collecting workers' compensation wage-replacement benefits after being classified with a permanent partial disability resulting from a work-related back injury on 10/5/88. In January 1989, he advised the State Insurance Fund that he had returned to work for a roofing company earning $400 a week. During the benefit period, he submitted 19 documents stating that his salary was $400 a week. During the same period, his employer submitted 16 reports confirming the $400 salary. However, W-2 forms and other documents revealed that he was earning substantially more than $400 a week, thus allowing him to collect $83,400 to which he was not entitled. Both he and the roofing company were charged in this case. The Frauds Bureau, the State Police and the Workers' Compensation Board's Office of the Fraud Inspector General pooled resources in the investigation that led to the arrest on 12/17/10.

PERSISTENT FRAUDSTER

- A Brooklyn woman and her friend were caught shoplifting. When officials tried to apprehend them, a fistfight ensued and the two women attempted to flee in the defendant's car. They were caught and charged with robbery. The car was impounded and the NYPD gave the defendant a voucher for the vehicle. She subsequently tried to report the car stolen at her local police precinct but when the police learned the car had been impounded, they would not take the report. The defendant then went directly to Liberty Mutual Insurance Company and again falsely reported the car stolen. Her 12/14/10 arrest for insurance fraud was the result of an investigation by the Frauds Bureau and the NYPD's Auto Crime Unit.

AT HOME

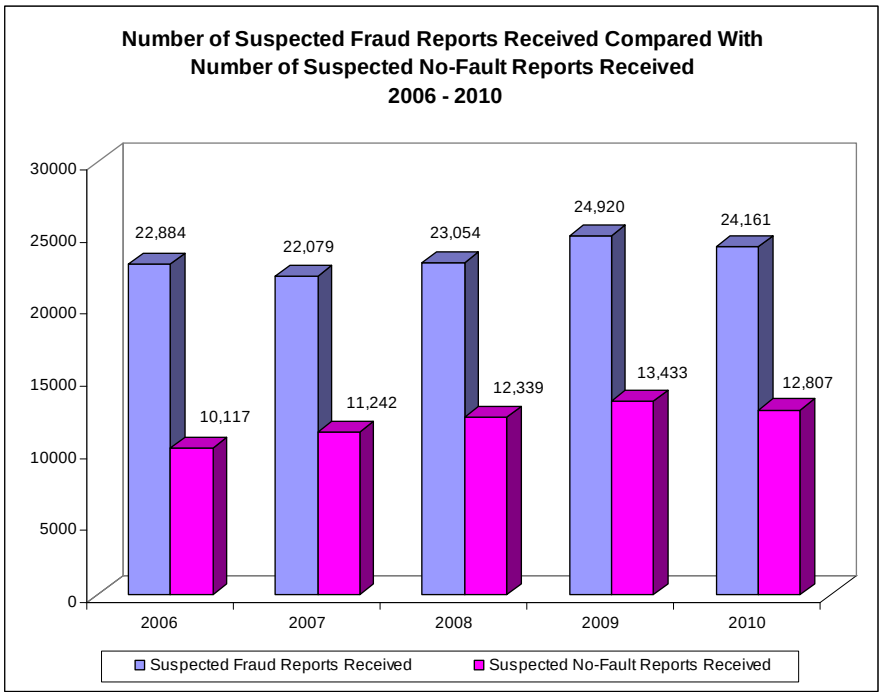
- The home of a Lewis County couple was damaged after a fire started in a downstairs closet on 9/9/09 while they were out. They filed a claim for living expenses under their homeowners policy with New York Central Mutual Insurance Company. In support of the claim, they submitted a lease agreement showing that they had rented temporary living quarters and included receipts for $2,400 a month in rent from 10/09 to 6/10. The couple was paid $17,360 in rent and additional expenses by the insurer. However, investigators learned that the lease and receipts were fraudulent and the couple was in fact still living in the home that was damaged by the fire while repairs were being made. In addition, they submitted to the insurer a $1,125 invoice for 15 cords of firewood that they claimed had been delivered to the "rented" home to supplement the heat. In fact, evidence determined that this premises did not have provisions for burning wood but was

heated by propane gas. The arrests on 12/8/10 were the result of an investigation by the Frauds Bureau.

B. No-Fault Fraud

After several years of decline, the number of suspected no-fault fraud reports began to rise in 2007, evening off in 2010. Suspected no-fault claims totaled 12,807 in 2010, accounting for 53 percent of all fraud reports received during the year.

Graph 1



Combating no-fault fraud is an important component in mitigating increases in auto insurance rates. The Frauds Bureau's Medical/No-Fault Unit is dedicated to stamping out no-fault fraud and all other forms of health insurance fraud.

C. Special Prosecutor Program

Created in 2006, the Special Prosecutor Program is a pilot program initiated by the Insurance Department in which Frauds Bureau attorneys assist local DA's Offices with insurance fraud prosecutions. In 2010, the program expanded to 14 participating county prosecutor's offices that have executed Memorandums of Understanding with the Department. As part of the program, Frauds Bureau attorneys are cross-designated as assistant district attorneys and assist in all aspects of the cases to which they are assigned. Rensselaer and Dutchess Counties are the two

most recent District Attorney's Offices to participate in the program. A case prosecuted in Rensselaer County under the program in 2010 is summarized below:

- Heidi Laviolette was seriously injured in an automobile accident after she attempted to drive home from a party intoxicated. She was taken to an area hospital where she was treated for a broken ankle, a fractured rib and a collapsed lung. She was later charged with DWI (Driving While Intoxicated). Several months later, she was arrested and again charged with DWI in connection with another incident. As part of her plea bargain, she pleaded guilty to the second DWI charge and the earlier charge was dismissed. Laviolette then filed a $62,000 insurance claim with GEICO Insurance Company for the medical bills associated with her initial accident, stating that she was not the driver but a passenger in the car when the accident occurred. Under New York's then-existing no-fault insurance law, which was applicable in this matter, drivers can be denied coverage for medical bills that result from injuries incurred in accidents that are caused by the fact that they are driving while intoxicated. GEICO referred the matter to the Frauds Bureau for investigation which revealed that Laviolette was in fact the intoxicated driver in the initial DWI charge. On 9/8/10, she was arrested and charged with insurance fraud. Under the Special Prosecutor Program, Laviolette admitted to driving intoxicated and pleaded guilty to felony insurance fraud on 12/6/10. She also agreed to enter an 18-month drug and alcohol treatment program. If she fails any part of the program, she will face seven years in prison.

In addition, under a program initiated in 2003, Frauds Bureau investigators are assigned to prosecutors' offices to work side-by-side with their investigative staff. During 2009, investigators were assigned to the Suffolk and Westchester Counties DA's Offices.

D. Health Care Reform 2010

The Patient Protection and Affordable Care Act, signed into law by President Obama on March 23, 2010, will put in place comprehensive reforms to the health care system in the United States. Each state will be required to implement its provisions as outlined in the law. Although this is a federal law, the regulation of insurance, including health insurance, remains the responsibility of the states.

After the U.S. Department of Health and Human Services noted an increase in health care-related crime only weeks after enactment of the legislation, the New York State Insurance Department issued a warning to consumers to be aware of bogus health insurance plans. The fake insurance plans are being peddled by scammers hoping to take advantage of public confusion over the new health care provisions. The Department urged consumers to keep in mind certain red flags to recognize health insurance fraud, such as high-pressure sales tactics, door-to-door sales and TV ads with toll-free numbers, adding that what seems too good to be true often is.

In addition, the Department advised senior citizens to be on the lookout for fraud as they began to receive their $250 rebates for Medicare Part D prescription drug costs under the new federal reforms. The one-time, tax-free rebate is being sent to eligible senior citizens to help them pay for the gap above the initial prescription drug coverage limit but below the point where

catastrophic coverage begins, known as the "doughnut hole." There have been some reports of seniors being contacted and told they must disclose personal information in order to receive their rebates or that rebates must be transferred to a third party. This is simply not true but these tactics can be confusing and intimidating.

The Frauds Bureau is monitoring reports of suspected fraud in these areas to ensure that any potential fraud schemes are promptly investigated and handled appropriately.

E. Recognition Awards

The Arson Team of the Year Award for 2010 was presented to the Arson Team for the successful two-and-a-half-year-long investigation and subsequent prosecution of Jeffrey Alnutt. Alnutt was convicted of setting a fire at a home he owned in which a tenant died. (See case summary on p. 17.) The Arson Team comprised members of the Frauds Bureau, the Gloversville Police and Fire Departments, the Johnstown Police, the State Police, the New York State Arson Bureau, State Farm Insurance Company and the Fulton County DA's Office. The Frauds Bureau played an instrumental role in these investigations, including significant investments of manpower and resources. During her presentation at the November 4, 2010 Annual Dinner of the New York State Fire Investigators Association, Fulton County DA Louise Sira said, "I had the honor and privilege in being part of the best our government agencies have to offer. . . . These cases show that governmental agencies can bypass bureaucratic bull and rise above to achieve a greater good."

Pictured at the Awards ceremony are (top row from l.) Insurance Frauds Bureau (IFB) Deputy Chief Investigator Chris Lehenbauer; Office of Fire Prevention & Control (OFPC) Investigator Bill McGovern; Gloversville Fire Department (GFD) Chief Douglas Edwards and Captain Jim Anderson; OFPC Investigator John Fairclough; (front row from l.) Fulton County DA Louise Sira; IFB Assistant Chief Investigator Sean Ralph; New England Fire Cause & Origin Investigator Pat Dugan; GFD Firefighter Bill King (holding award); GFD Battalion Chief Beth Whitman-Putnam; and IFB Investigator Philip D'Angelo. Not pictured are IFB Investigator David Towne and Counsel Edward Ferrity who also received certificates of commendation.

The New York Anti-Car Theft and Fraud Association presented their Annual Certificate of Achievement to Frauds Bureau Investigators Erik Cruz and Philip D'Angelo on November 16, 2010 at their Annual State Education Conference. The awards were given "in recognition of outstanding achievement in the areas of auto crime and insurance fraud investigation and apprehension."

On December 2, 2010, the National Insurance Crime Bureau presented a Certificate of Recognition to Senior Investigator Hugh Brickley at a Training Seminar in Smithtown, NY, to acknowledge his "perseverance, determination and contribution in combating insurance fraud throughout the State of New York."

F. NAIC Internship Program

Now in its seventh year, the National Association of Insurance Commissioners' International Internship Program seeks to advance working relations with foreign markets with an emphasis on the exchange of regulatory techniques and technology. During two sessions held in April and May 2010, the Frauds Bureau hosted NAIC intern Jan Bursa of the Czech Republic. Intern Atika Kriamorn of Thailand (pictured at left flanked by the Bureau's Principal Insurance Examiner Kathleen Grogan and Training Officer John Marcone) participated in a third session in October. John Marcone provided the interns with an overview of the Frauds Bureau and its operations. Kathleen Grogan discussed insurer compliance with fraud-fighting mandates, including establishment of Special Investigations Units and fraud reporting provisions as required by Article 4 of the New York Insurance Law.

G. Moving On

Senior Investigator Gary Anderson left the Insurance Department in November 2010 to take a position at American Transit Insurance Company. Gary joined the Frauds Bureau in September 1999 and spent the next eleven and a half years doing outstanding investigative work on some of the Bureau's major cases. He's pictured here with former Deputy Superintendent of Frauds Steven Nachman (l.) and Frauds Bureau Director Frank Orlando.

After more than nine and a half years with the Frauds Bureau, Keyboard Specialist Irina Karas decided to retire and pursue other interests. Pictured here with Irina (c.) at her send-off reception are (from l.) Frauds Bureau Counsel Edward Ferrity, Deputy Chief Investigator John McDonald, Senior Investigator Arthur Masinski, Director Frank Orlando, Investigator Jack Becaccio, Deputy Director Angelo Carbone and (front row) Deputy Chief Investigator August D'Aureli.

H. Mobile Command Center

In response to a tornado that touched down in Queens on 9/16/10, the Department deployed its Mobile Command Center to the area. The vehicle proved worthy of the name "Mobile," staging at four separate sites during the five days of its deployment. The first stop was busy Queens Boulevard on September 21. Frauds Bureau Investigator John Toucher and Nikki Brate, Technical Manager of the MCC, were on board to set up shop.

During the disaster recovery efforts, staff from the Consumer Services Bureau, Mohammed Huda, Clivell Wilson and Timoi Small, were available to answer questions regarding insurance policies and coverage, as well as to assist with insurance-related complaints. In addition, the Department activated its Disaster Hotline to provide additional assistance to those consumers who were unable to travel to the MCC sites.

The 36-foot MCC is equipped with the latest in computer and communications technology, including broadband and broadcast satellite, as well as police and ham radio communications. Moving the MCC within the city required close coordination with the New York Police Department and the New York City Office of Emergency Management. These arrangements were handled under the direction of Deputy Director Angelo Carbone. Pictured here (clockwise from top left) First Deputy Superintendent Martin Schwartzman; Frauds Bureau Deputy Director Angelo Carbone with the MCC; Superintendent James Wrynn; Superintendent Wrynn with (from l.) Timoi Small, Clivell Wilson and Mohammad Huda; the MCC on Queens Blvd where trees were downed; Frauds Bureau Director Frank Orlando (l.) with First Deputy Schwartzman. Deputy Director Carbone appears in the center.

I. Web-Based Case Management System

The Frauds Bureau's Web-Based Case Management System, known as FCMS, was fully implemented in the first quarter of 2007. In 2010, approximately 90 percent of the Bureau's fraud reports (IFBs) were electronically transmitted and received remotely from insurers. Insurers have access to FCMS through the Department portal using secure accounts.

The benefits of FCMS to insurers include automatic acknowledgment of fraud reports, and automatic notification of case assignments and eventual case disposition. Insurers also benefit from on-line help screens and an on-line manual of operations, as well as search and cross-reference features. Staff from the Frauds and Systems Bureaus regularly monitor the system and make improvements and changes as necessary.

V. Directions for 2011

A. Amendment to Insurance Law Section 405/Rate Evasion Reports

On March 23, 2010, Insurance Law Section 405 was amended to require the Insurance Frauds Bureau to include in its Annual Report to the Governor and Legislature the incidence of misrepresentations by insureds of the principal place where their vehicles are driven and/or garaged.

In order to compile information to comport with the amended law, the Insurance Frauds Bureau issued a data call on December 10, 2010 to all licensed property/casualty insurers writing private passenger automobile insurance with 3,000 or more policies in effect. The data call requested specific information concerning misrepresentations by New York residents that involved locations within New York State as well as locations outside of New York State.

Approximately 92 percent of the personal line automobile insurance market responded to the data call. An analysis of the data revealed that in 2010, over 10,000 New York residents misrepresented where their vehicles were either garaged or driven, resulting in a loss of $23.8 million in insurance premiums.

The data analysis also revealed that 77 percent of the aforementioned misrepresentations involved a location within New York State and 23 percent involved a location outside of New York State.

Nassau, Westchester and Suffolk were the top three counties used by those New York residents who misrepresented the principal place where their vehicles were garaged and/or driven and used a location within New York State for those misrepresentations.

Florida and Pennsylvania were the top two states used by those New York residents who misrepresented the principal place where their vehicles were garaged and/or driven and used a location outside of New York State for those misrepresentations.

The vast majority of those New York residents who made the aforementioned misrepresentations resided in Kings County followed by Queens and Bronx counties respectively.

A summary of all the data collected appears in the Appendices to this Report.

B. Proposed Revision to Regulation 68

Following extensive consultation with insurers, medical providers and trial attorneys, the Department issued a working draft of an amendment to Regulation 68 to help reduce fraud and abuse associated with no-fault claims, while making the no-fault system more user-friendly to injured parties and to health care providers. The Department posted the working draft on its Web site and has received an array of comments from all interested parties. The Department is reviewing the comments and is conducting further discussions with the stakeholders in order to ensure that the new rules eventually promulgated will effectively address the issues that are driving automobile insurance loss costs in a manner that is fair and equitable to all.

C. Life Settlements

In November 2009, legislation pertaining to life settlement providers was passed by the Assembly and Senate and signed into law by then-Governor of New York State David A. Paterson. The law marks the first time the life settlement industry has been regulated in New York.

The Life Settlement Act provides a comprehensive framework for the Department to regulate the life settlement business, including enhanced consumer protections. The new law also amended the Penal Law to create new crimes of life settlement fraud and aggravated life settlement fraud.

A life settlement is the sale of a life insurance policy to a third party called a life settlement provider. The owner of the life insurance policy sells the policy for an immediate cash benefit. The life settlement provider becomes the new owner of the life insurance policy, pays future premiums and collects the death benefit when the insured dies.

The Act created a new Penal Law section that defines a fraudulent life settlement act as well as the new crime of life settlement fraud. The law provides that a fraudulent life settlement act is committed when a person knowingly and with intent to defraud presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by a life settlement provider, broker, intermediary, agent or owner, any written statement or other physical evidence as part of, or in support of, an application for a life settlement contract that contains materially false information concerning any material fact, or conceals for the purpose of misleading, any information concerning any material fact. The Frauds Bureau will collaborate with the industry and law enforcement in the investigation and prevention of life settlement fraud.

The provisions of the life settlement fraud statute range from the fifth degree, a class “A” misdemeanor, to the first degree, a class “B” felony, based on the value of the property that was

wrongfully taken, withheld or obtained as a result of the fraudulent life settlement act. If an individual commits a fraudulent life settlement act and does not obtain any property as a result thereof, that individual has committed the crime of life settlement fraud in the fifth degree. Individuals are guilty of life settlement fraud in the first degree when they commit a fraudulent life settlement act and as a result thereof obtain property having a value greater than $1 million.

The Department licensed two life settlement providers in 2010 – FairMarket Life Settlements Corp. and Magna Life Settlements, Inc.

VI. Legislation

The Frauds Bureau requests and/or supports the following legislative changes:

- Upgrading the status of Insurance Frauds Bureau investigators from peace officers to police officers, enabling them to act independently in the execution of such tasks as search and arrest warrants, court orders relating to electronic surveillance and summary arrests;
- Making it a crime to intentionally present materially false statements on an insurance application for personal lines insurance;
- Making it a felony for third parties, known as "runners," to recruit patients and clients for health care providers and attorneys in insurance fraud schemes;
- Adding language to Section 176.05 of the New York State Penal Law to specifically include electronic and oral communications in the definition of insurance fraud;
- Requiring a periodic certification of continued eligibility by recipients of workers' compensation or disability benefits;
- Creating a class E felony for unlicensed insurance activity by any individual;
- Creating a class E felony for possessing or uttering a false insurance document/instrument; and
- Increasing penalties in the Vehicle and Traffic Law to reduce the number of uninsured or unlicensed motorists in New York State.

VII. Appendices

IFBs Received by Year	**2006**	**2007**	**2008**	**2009**	**2010**
Boat Theft *	0	2	4	6	5
Auto Theft	1,360	1,679	1,610	1,429	1,084
Theft From Auto	90	62	38	34	33
Auto Vandalism	326	198	185	248	205
Auto Collision Damage	1,287	1,260	1,388	1,318	1,654
Auto Fraudulent Bills	39	145	79	114	98
Auto Miscellaneous	1,125	1,045	1,092	1,388	1,938
Auto I.D. Cards**	0	180	10	5	11
No-Fault Insurance***	10,117	11,242	0	0	0
Total - Auto Unit	**14,344**	**15,813**	**4,406**	**4,542**	**5,028**
Workers' Compensation	1,034	1,472	1,428	1,486	1,352
Total - Workers' Comp Unit	**1,034**	**1,472**	**1,428**	**1,486**	**1,352**
Disability Insurance	129	245	382	242	193
Health Accident Insurance	1,495	1,212	1,421	1,488	1,625
No-Fault Insurance***	0	0	12,339	13,433	12,807
Total - Medical/No-Fault Unit	**1,624**	**1,457**	**14,142**	**15,163**	**14,625**
Boat Fire *	0	2	1	2	1
Auto Fire	310	460	444	399	278
Fire – Residential	157	120	180	213	170
Fire – Commercial	24	23	29	40	40
Total - Arson Unit	**491**	**605**	**654**	**654**	**489**
Burglary - Residential	228	336	509	504	362
Burglary - Commercial	72	159	140	127	176
Homeowners	705	727	569	889	1,038
Larceny	56	43	44	45	33
Lost Property	256	158	254	154	108
Robbery	20	26	28	15	24
Bonds	1	4	8	9	15
Life Insurance	130	180	199	392	378
Ocean Marine Insurance	18	12	7	13	9
Reinsurance	0	1	0	2	0
Appraisers/Adjusters	3	5	9	5	8

Agents	41	46	47	69	50
Brokers	29	85	72	106	100
Ins. Company Employees	3	7	12	5	3
Insurance Companies	29	36	34	27	23
Title/Mortgage *	0	6	13	326	208
Commercial Damage*	0	18	41	85	70
Auto I.D. Cards**	73	0	0	0	0
Unclassified	881	883	438	302	62
Total - General Unit	**2,545**	**2,732**	**2,424**	**3,075**	**2,667**

IFBs Received	**2006**	**2007**	**2008**	**2009**	**2010**
Auto Unit Totals^	14,344	15,813	4,406	4,542	5,028
Workers Comp Unit Totals	1,034	1,472	1,428	1,486	1,352
Medical/No-Fault Unit Totals^^	1,624	1,457	14,142	15,163	14,625
Arson Unit Totals	491	605	654	654	489
General Unit Totals	2,545	2,732	2,424	3,075	2,667
Unassigned	2,846	0	0	0	0
Grand Total	**22,884**	**22,079**	**23,054**	**24,920**	**24,161**

*** New categories added in 2007.**
**** Auto ID Card Unit merged into Auto Unit in January 2007.**
***** Medical and No-Fault merged in January 2008.**
^ Data prior to 2008 reflects Auto and No-Fault Unit totals.
^^ Data prior to 2008 reflects Medical Unit total only.

Cases Opened by Year	**2006**	**2007**	**2008**	**2009**	**2010**
Boat Theft *	0	0	0	2	3
Auto Theft	124	219	204	152	119
Theft From Auto	4	1	3	3	1
Auto Vandalism	8	6	16	19	14
Auto Collision Damage	41	51	62	66	63
Auto Fraudulent Bills	1	3	12	11	5
Auto Miscellaneous	29	31	25	85	61
Auto I.D. Cards**	0	8	1	0	3
No-Fault Insurance***	142	160	0	0	0
Total - Auto Unit	**349**	**479**	**323**	**338**	**269**
Workers' Compensation	440	219	445	717	537
Total - Workers' Comp Unit	**440**	**219**	**445**	**717**	**537**
Disability Insurance	21	21	31	35	18
Health Accident Insurance	57	56	103	98	80
No-Fault Insurance***	0	0	128	101	72
Total - Medical/No-Fault Unit	**78**	**77**	**262**	**234**	**170**
Boat Fire *	0	0	0	2	0
Auto Fire	52	59	64	69	59
Fire – Residential	24	23	47	53	28
Fire – Commercial	8	5	7	12	12
Total - Arson Unit	**84**	**87**	**118**	**136**	**99**
Burglary – Residential	8	19	26	15	15
Burglary – Commercial	6	20	3	6	5
Homeowners	24	45	51	52	25
Larceny	8	4	15	9	13
Lost Property	3	4	7	3	4
Robbery	1	1	0	1	0
Bonds	1	0	2	3	4
Life Insurance	7	8	16	26	9
Ocean Marine Insurance	4	4	4	4	1
Reinsurance	0	0	0	0	0
Appraisers/Adjusters	2	3	5	2	2
Agents	7	18	11	28	18

Brokers	12	18	11	42	15
Ins. Company Employees	1	3	5	3	1
Insurance Companies	1	9	9	9	9
Title/Mortgage *	0	3	3	18	21
Commercial Damage*	0	3	3	8	7
Auto I.D. Cards**	10	0	0	0	0
Miscellaneous	55	48	48	53	12
Total - General Unit	**150**	**210**	**219**	282	161
Grand Total	**1,101**	**1,072**	**1,367**	**1,707**	**1,236**

Investigations	**2006**	**2007**	**2008**	**2009**	**2010**
Auto Unit Totals^	349	479	323	338	269
Workers Comp Unit Totals	440	219	445	717	537
Medical/No-Fault Unit Totals^^	78	77	262	234	170
Arson Unit Totals	84	87	118	136	99
General Unit Totals	150	210	219	282	161
Total	**1,101**	**1,072**	**1,367**	**1,707**	**1,236**

*** New categories added in 2007.**
**** Auto ID Card Unit merged into Auto Unit in January 2007.**
***** Medical and No-Fault merged in January 2008.**
^ Data prior to 2008 reflects Auto and No-Fault Unit totals.
^^ Data prior to 2008 reflects Medical Unit total only.

2006	**IFBs**	**Cases**	**Arrests**
No-Fault/Auto Unit Total	14,344	349	334
Workers' Comp Unit Total	1,034	440	142
Medical Unit Total	1,624	78	26
General Unit Total	491	150	81
Arson Unit Total	2,545	84	21
Grand Total		**1,101**	**604**

2007	**IFBs**	**Cases**	**Arrests**
No-Fault/Auto Unit Total	15,813	479	352
Workers' Comp Unit Total	1,472	219	149
Medical Unit Total	1,457	77	57
General Unit Total	2,732	210	85
Arson Unit Total	605	87	65
Grand Total	**22,079**	**1,072**	**708**

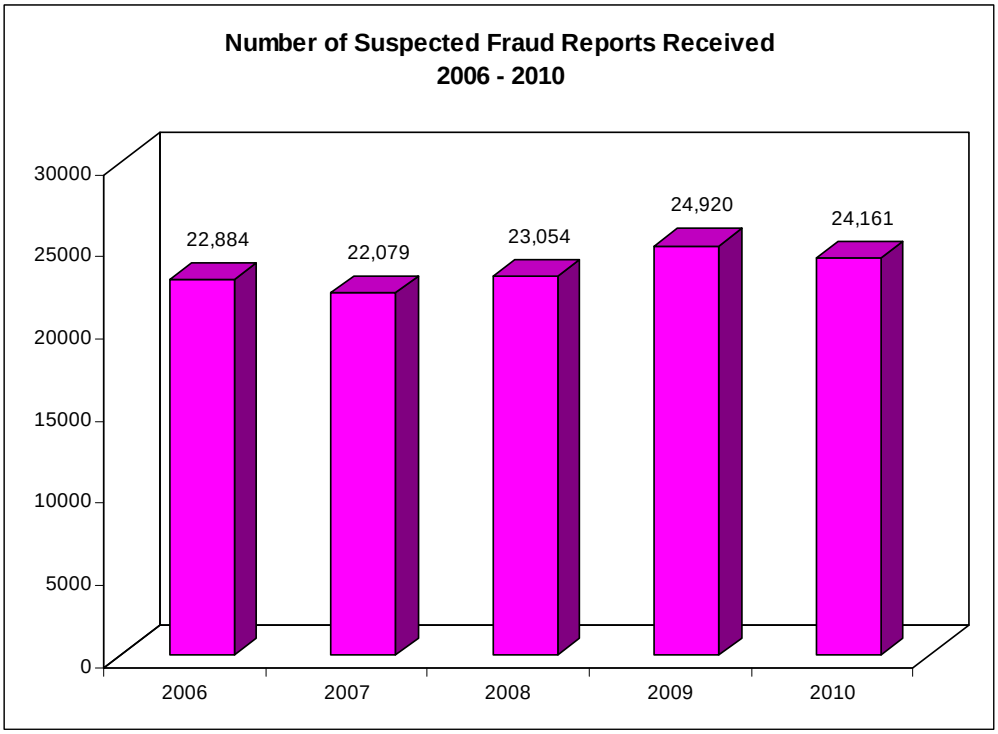
2008	**IFBs**	**Cases**	**Arrests**
Auto Unit Total	4,406	323	294
Workers' Comp Unit Total	1,428	445	159
Medical/No-Fault Unit Total	14,142	262	171
General Unit Total	2,424	219	69
Arson Unit Total	654	118	62
Grand Total	**23,054**	**1,367**	**755**

2009	**IFBs**	**Cases**	**Arrests**
Auto Unit Total	4,542	338	219
Workers' Comp Unit Total	1,486	717	184
Medical/No-Fault Unit Total	15,163	234	157
General Unit Total	3,075	282	110
Arson Unit Total	654	136	68
Grand Total	**24,920**	**1,707**	**738**

2010	**IFBs**	**Cases**	**Arrests**
Auto Unit Total	5,028	269	252
Workers' Comp Unit Total	1,352	537	119
Medical/No-Fault Unit Total	14,625	170	159
General Unit Total	2667	161	82
Arson Unit Total	489	99	56
Grand Total	**24,161**	**1,236**	**668**

After several years of decline, the number of suspected fraud reports increased in 2009 and leveled off in 2010.

Graph 2



2010 Summary of Data Reported Pursuant to December 10, 2010 Data Call Concerning Misrepresentations by New York Insureds of the Principal Place Where Their Vehicles Were Garaged and/or Driven

- Approximately 92% of the personal line automobile insurance market responded to the data call.

- The total number of reported New York insureds who misrepresented the principal place where their vehicles were garaged and/or driven in 2010 was 10,246.

- The total amount of reported premium lost in 2010 as a result of New York insureds who misrepresented the principal place where their vehicles were garaged and/or driven was $23,807,709.

- In 2010, 7,854 (77%) of the reported misrepresentations involved a location within New York State and 2,392 (23%) of the reported misrepresentations involved a location outside of New York State.

2010 Misrepresentations that Involved a New York State Location

- Total amount of reported premium lost in 2010 due to misrepresentations that involved a location (county) within New York State was $15,619,637.

- The following table lists the top reported New York counties where the insureds actually garaged and/or drove their vehicles in 2010:

Kings	34.2%
Queens	20.7%
Bronx	14.3%
New-York	4.0%
Nassau	3.9%
Suffolk	3.1%
Westchester	2.6%
Erie	2.3%
Monroe	2.2%
Albany	1.8%
Richmond	1.3%
Onondaga	1.2%
Orange	0.8%

- The following table lists the top reported New York counties that were used by insureds to misrepresent where their vehicles were garaged and/or driven in 2010:

Nassau	11.6%
Westchester	9.1%
Suffolk	8.3%
Queens	8.1%
New-York	6.2%
Kings	5.0%
Orange	4.7%
Erie	4.4%
Monroe	4.2%
Bronx	3.9%
Albany	3.6%
Dutchess	3.0%
Richmond	2.7%

Onondaga	2.5%
Rockland	2.4%
Schenectady	2.3%
Sullivan	2.0%
Broome	1.7%
Oneida	1.5%
Ulster	1.3%
Rensselaer	1.1%
Delaware	1.0%
Saratoga	0.9%
Greene	0.9%
Putnam	0.8%

2010 Misrepresentations that Involved a Location Outside of New York State

- Total amount of reported premium lost in 2010 due to misrepresentations that involved a location outside of New York State was $8,188,072.

- The following table lists the top reported New York counties where the insureds actually garaged and/or drove their vehicles in 2010:

Kings	40.5%
Queens	21.3%
Bronx	14.0%
New York	6.9%
Nassau	6.0%
Suffolk	3.6%
Richmond	2.3%
Wyoming	1.3%
Rockland	0.6%
Erie	0.5%
Westchester	0.5%

- The following table lists the top reported states that were used by insureds to misrepresent where their vehicles were garaged and/or driven in 2010:

Florida	26.2%
Pennsylvania	23.6%
Georgia	7.0%
New Jersey	6.0%
Connecticut	5.9%
Maryland	5.8%
South Carolina	3.8%
North Carolina	3.3%
Ohio	2.3%
Delaware	1.7%
California	1.6%
Illinois	1.3%
Texas	1.3%

Insurance Frauds Bureau
Training Program
Insurers, Law Enforcement and Community Groups
2010

Date	Group	Location	Number of Attendees
02/08/10	American Association of Retired People	Bronx, NY	175
02/12/10	NYS Office of Fire Prevention and Control	Montour Falls, NY	22
03/02/10	Eastern Claims Conference	New York, NY	93
03/15/10	NYS Office of Fire Prevention and Control	Montour Falls, NY	23
04/02/10	NYPD Police Academy (Recruits)	New York, NY	112
04/19/10	National Association of Insurance Commissioners (Intern)	New York, NY	1
05/06/10	National Association of Insurance Commissioners (Intern)	New York, NY	1
05/20/10	Westchester County Police Academy (recruits)	Valhalla, NY	29
05/27/10	Public Employee Risk Management Assn.	Bolton Landing, NY	37
06/03/10	New York Assn. of Independent Adjusters, Inc.	Watkins Glenn, NY	20
08/12/10	Inwood Senior Citizens Center	Lawrence, NY	9
08/13/10	Middle Village Older Adult Center	Middle Village, NY	75
08/21/10	Rego Park Senior Center	Rego Park, NY	30
09/01/10	Corsi Senior Center	New York, NY	60
09/10/10	Central Harlem Senior Center	New York, NY	80
09/13/10	General Insurance Association of Korea	South Korea	5
09/27/10	NYS Office of Fire Prevention and Control	Montour Falls, NY	33
10/25/10	National Association of Insurance Commissioners (Intern)	New York, NY	1
10/28/10	Albany Claims Association – Education Day	Albany, NY	25
11/04/10	NYS Office of Fire Prevention and Control	Montour Falls, NY	100
11/10/10	Nassau County Health and Human Services	New York, NY	30
11/12/10	St. Charles Jubilee Senior Center	New York, NY	15
11/19/10	Chubb Insurance Company (claims, SIU)	New York, NY	15
12/10/10	Westchester County Police Academy (recruits)	Valhalla, NY	27
12/20/10	NYPD Police Academy (recruits)	New York, NY	560
12/21/10	NYPD Police Academy (recruits)	New York, NY	430
TOTALS	GROUPS 26	PARTICIPANTS	1,971

137 Fraud Prevention Plans on File as of 12/31/10

ACE USA Group of Companies
Aetna Life Insurance Company
AIG Companies
Allstate Insurance
Allstate Life Insurance Company of New York
AM Trust Financial
Amalgamated Life Insurance Company
American Family Life Assurance of New York
American General Life Companies, LLC
American Medical and Life Insurance Company
American Modern Insurance Group
American Progressive Life and Health Insurance Company of New York
American Transit Insurance Company
Americhoice of New York, Inc.
Amex Assurance Company
Amica Mutual Insurance Company
Arch Insurance Company
Assurant Group
AutoOne Insurance Company
Balboa Life Insurance of New York
Capital District Physicians' Health Plan
Central Mutual Insurance Company
Central States Indemnity Company of Omaha
Centre Life Insurance Company
Chubb Group of Insurance Companies
CIGNA
Cincinnati Insurance Company
Clarendon National Insurance Group
CNA Insurance Companies
Combined Life Insurance Company of New York
Countryway Insurance Company
Country-Wide Insurance Company
CUNA Mutual Insurance Society
Dairyland Insurance Company
Delta Dental Insurance Company
Delta Dental of New York
Dentcare Delivery Systems
Eastern Vision Service Plan
Electric Insurance Company
EmblemHealth
Erie Insurance Group
Esurance Insurance Company
Eveready Insurance Company
Excellus BlueCross BlueShield
Farm Family Casualty Insurance Company

Farmers' New Century Insurance Company
Fiduciary Insurance Company of America
Fireman's Fund Insurance Company
First Ameritas Life Insurance Company of New York
First Central National Life Insurance Company of New York
First Rehabilitation Life Insurance Company of America
First Reliance Standard Life Insurance Company
Fort Dearborn Life Insurance Company of New York
GEICO
General Casualty Insurance of Wisconsin
Gerber Life Insurance Company
Global Liberty Insurance Company of New York
GMAC Insurance
Great American Insurance Group
Guard Insurance Group
Guardian Life Insurance Company of America
Hanover Group
Harleysville Insurance Company
Hartford Fire and Casualty Group
Hartford Life Insurance Company
Health Net
HealthNow of New York Inc.
Hereford Insurance Company
HM Life Insurance Company of New York
IDS Property Casualty Insurance Company
Independent Health Association, Inc.
Infinity Property Casualty Company
ING Insurance Company of North America
Interboro Insurance Company
John Hancock Life Insurance Company of New York
Lancer Insurance Company
Liberty Mutual Insurance (Agency Markets)
Liberty Mutual Insurance (Commercial Lines)
Liberty Mutual Insurance (Personal Lines)
Life Insurance Company of Boston and New York
Lincoln General Insurance Company
Lincoln Life & Annuity Company of New York
Magna Carta Companies
Main Street America Group
MassMutual Financial Group
Merchants Insurance Company
Mercury Insurance Group
Metropolitan Life Insurance Company
Metropolitan Property and Casualty Insurance Group
Mutual of Omaha Insurance Company
MVP Health Plan

National Benefit Life Insurance
Nationwide Insurance Group
New York Automobile Insurance Plan
New York Central Mutual Fire Insurance Company
New York Life Insurance Company
New York State Insurance Fund
Nippon Life of America
Northwestern Mutual Life Insurance Company
Nova Casualty Company
Ocean Harbor Insurance Company
OneBeacon Insurance Company
Oxford Health Plans
Preferred Mutual Insurance Company
Principal Life Insurance Company
Progressive Group of Insurance Company
QBE Insurance Group Limited
Response Insurance
Safeco Insurance Company
SBLI Mutual Life Insurance Company
Security Mutual Life Insurance Company of New York
Selective Insurance Group, Inc.
Standard Life Insurance Company of New York
Standard Security Life Insurance Company of New York
State Farm Insurance
State-Wide Insurance Company
Sun Life Insurance and Annuity Company of New York
The Prudential of America Group
Torchmark
Tower Group of Companies
Travelers
Tri-State Consumer Insurance Company
Triton Insurance Company
Trustmark Insurance Company
Unicare Life and Health Insurance Company
Unimerica Insurance Company of New York, Inc.
Union Labor Life Insurance Company
Union Security Life Insurance Company of New York
United Concordia Insurance of New York
United Healthcare Insurance Company of New York
United Healthcare of New York, Inc.
Unitrin Direct Insurance Company
Unum Provident Company
USAA Group
Utica National Insurance Group
Wellpoint, Inc.
Zurich North American

Insurance Frauds Bureau Staff – December 31, 2010

NEW YORK CITY OFFICE
Director
Deputy Director

1 Counsel
1 Assistant Chief Investigator
7 Deputy Chief Investigators
10 Senior Investigators
6 Investigators

1 Principal Insurance Examiner
1 Senior Insurance Examiner
1 Insurance Examiner

1 Senior Training Officer

1 Assistant Director of Research

1 Secretary I
1 Calculations Clerk 2

MINEOLA OFFICE
1 Deputy Chief Investigator
2 Senior Investigators
2 Investigators

ALBANY OFFICE
1 Assistant Counsel
1 Deputy Chief Investigator
2 Senior Investigators
4 Investigators
1 Manager of Technical Services

BUFFALO OFFICE
1 Deputy Chief Investigator
1 Investigator

ROCHESTER OFFICE
2 Investigators

SYRACUSE OFFICE
1 Senior Investigator

ONEONTA OFFICE
1 Assistant Chief Investigator
3 Investigators

Insurance Frauds Bureau Offices

NEW YORK OFFICE
25 Beaver Street
Suite 542
New York, NY 10004
(212) 480-6074
Fax # (212) 480-6066

MINEOLA OFFICE
163 Mineola Blvd.
Mineola, NY 11501
(516) 248-5770
Fax # (516) 248-5727

ALBANY OFFICE
One Commerce Plaza
Albany, NY 12257
(518) 473-0833
Fax # (518) 473-0369

BUFFALO OFFICE
Walter J. Mahoney State Office Bldg.
65 Court Street - Room 7
Buffalo, NY 14202
(716) 847-7622
Fax # (716) 847-7925

ROCHESTER OFFICE
189 North Water Street
Rochester, NY 14604
(585) 325-1681
Fax # (585) 325-6746

SYRACUSE OFFICE
620 Erie Blvd., West
Suite 105
Syracuse, NY 13204
(315) 423-1248
Fax # (315) 423-3742

ONEONTA OFFICE
Homer Folks Facility
28 Hill Street, Room 210
Oneonta, NY 13820
(607) 433-3628
Fax # (607) 433-3623