

INSURANCE FRAUD NEWSLETTER

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Mike Huckabee
Governor



Mike Pickens
Insurance Commissioner

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**Insurance Fraud
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- Martin J. Nevrla
Director
- S. D. Roff
Assistant Director
- Clay Simpson
Chief Counsel
- Raymond Boyles
Staff Attorney
- Greg Sink
Staff Attorney
- Bill Bryan
Investigator
- Patrick O'Kelley
Investigator
- Jacquie Harper
Investigator
- Monty Vickers
Investigator
- Brian White
Investigator
- Ken Wilder
Investigator
- Curtis Briggs
Investigator
- Shirley Pegg
Fiscal/Support Mgr.
- Evelyn Brown
Admin. Assistant
- Faith Chamberlain
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MESSAGE FROM THE DIRECTOR

Winning "the War or Not!?"

On October 14 through 16, 2002, the Insurance Fraud Investigation Division hosted the 2002 Annual State Insurance Fraud Directors' Conference. Despite budgetary limits that many states are experiencing, the conference was the best attended in its five year history. In conjunction with the conference, Governor Mike Huckabee proclaimed Tuesday, October 15th as "Insurance Fraud Awareness Day". [See conference article on page 2.]

Many substantive and timely issues were discussed during the three day meeting. Investigator time management, federal grand jury secrecy, fraudulent mold/water claims and the status of insurance industry SIU's are a few examples; however, it was a philosophical and somewhat esoteric topic which, in my opinion, generated the most impassioned discussion – the concept that the insurance antifraud effort is a "war".

A simply stated but controversial question was posed to the group in regard to the so-called "war" on insurance fraud: Is anybody winning? Initial comments

leaned toward the "good guys" winning based on such measurable criteria as the increasing number of state fraud bureaus and successful criminal prosecutions and the passage of new antifraud legislation. Then the discussion took a decidedly different turn when use of the term "war" was questioned.

America does appear to be enamored of war related terminology when confronted with a threatening problem. We've had a "war on poverty" and a "war of drugs" and now a "war on terrorism", the latter of which seeming to be the only appropriate use of such bellicose terminology. One of the definitions of "war" is "a struggle for a particular end"; in other words, a struggle towards a definable and reachable goal. While the "war on terrorism" is in its early stages and its ultimate goals are still being defined, the other wars referenced, particularly the "war on drugs", have been failures to lesser or greater degrees depending on your point of view. Are we psychologically and emotionally setting ourselves up for frustration and failure if we continue to describe the insurance

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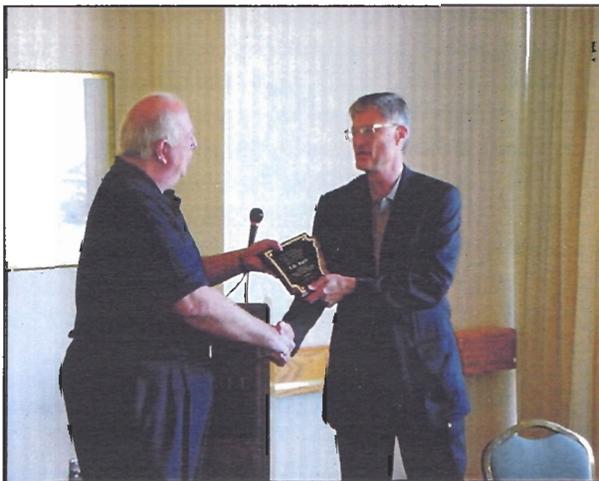
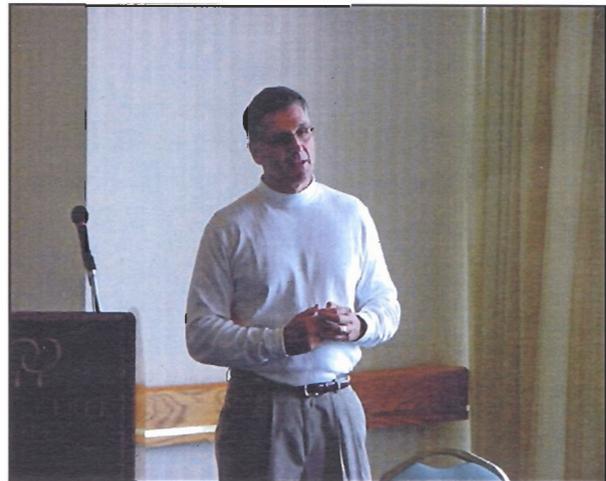
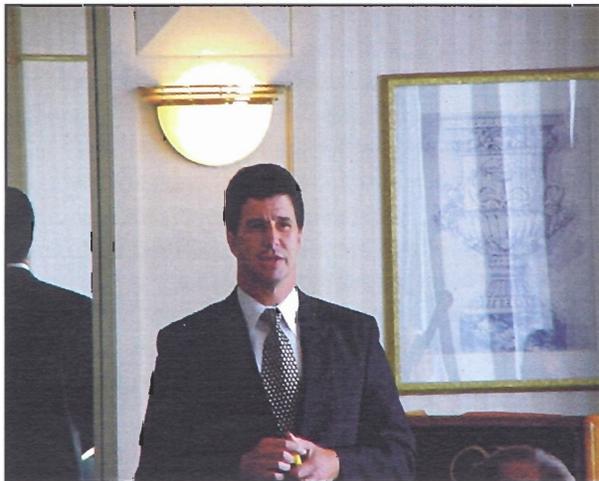
- To remove your name from our mailing list, contact Evelyn Brown at 501-371-2790
- Check our website at: [http:// www.accessarkansas.org/insurance/](http://www.accessarkansas.org/insurance/)
- Our toll-free hotline is 1-866-660-0888

SPOTLIGHT ON FRAUD



5th Annual State Insurance Fraud Director's Conference

On October 14 - 16, 2002, the Insurance Fraud Investigation Division hosted the 5th Annual State Insurance Fraud Directors' Conference in Little Rock. Forty-seven state insurance fraud directors and their senior staff from 25 states heard presentations and held discussions on a wide variety of issues of mutual concern in the ongoing effort against insurance fraud, the second largest economic crime in the country. Among the speakers were special guests Ms. Sandra Cherry, First Asst. U.S. Attorney for the Eastern District of Arkansas and Mr. Peter Vitale of OneBeacon Insurance. Ms. Cherry gave an enlightening presentation on the intricacies of federal grand jury secrecy and Mr. Vitale gave an overview of the status of insurance company SIU's in light of difficult economic times. Besides work, conferees had ample opportunity to socialize and network during several social functions, including a highly acclaimed barbecue on the banks of the Arkansas River. Next year's conference will be hosted by the California Insurance Fraud Bureau in San Diego.



(Top Left Picture) Peter Vitale, the SIU Operations Coordinator of OneBeacon Insurance, Boston, MA, addresses the conference on the status of insurance company special investigation units.

(Top Right Picture) Greg Sacco, Director of the Delaware Insurance Fraud Protection Bureau, addresses the conference on the development of a uniform fraud referral form.

(Lower Left Picture) Asst. Director Dave Roff (left) receives a career achievement award from Director Marty Nevrla.

CRIMINAL CONVICTIONS

The darkest hour of a man's life is when he sits down to plan how to get money without earning it.-- Horace Greeley

DONALD MOON, Sebastian County. As a licensed agent, subject knowingly provided three clients with insurance binders and other paperwork representing that the policies were in effect. Subject never remitted the premium monies to the insurance carrier and the policies were never issued. Subject used the money to pay for personal debts. Entered a plea of guilty to three counts of insurance fraud and was sentenced to three years suspended imposition of sentence, \$150.00 fine, restitution of \$8,161.00, and 200 hours of community service.



DARLENE EDWARDS, Pulaski County. Subject managed the office for her husband, who is a counselor and minister. Edwards knowingly altered and submitted insurance forms reflecting the name and provider number of a licensed psychologist to receive a higher rate of reimbursement from insurance companies. Entered a negotiated plea of no contest and received three years probation, court costs, restitution of \$21,000.00, and one day jail credit.



TDT NAVAJO TRUCKING, Pope County. An employee of TDT Trucking sustained a compensable injury while working. J. D. Wilson, Operations Manager, was contacted and advised of the injury. After receiving treatment, the employee continued having problems and needed surgery. Medical bills were sent to TDT Trucking, but were never paid. Both J. D. Wilson and Toney Moore, owner, have made false statements regarding their coverage and the employee's injuries to avoid paying his medical bills. Subject was charged with Workers' Compensation Fraud and failure to secure payment of compensation. The charges were nolle prossed by the local prosecutor after TDT Navajo agreed to pay a \$4,000.00 civil penalty to the Workers' Compensation Commission and pay all of the victim's medical expenses up to that date (approximately \$10,281.70).



DANIEL STONE, Baxter County. Subject received medical treatment and received time off from work due to an alleged severe back injury. While in an off duty status, subject was observed fishing, bending, stooping, and lifting objects, which went against his medical instructions. Pleaded guilty to one count of Workers' Compensation Fraud (class D felony) and received 24 months probation and payment of court costs.



JAMES YARBROUGH, Pulaski County. Subject knowingly gave someone a key after hiring them to "steal" his pickup truck. He then reported the vehicle stolen and filed an insurance claim. The vehicle was recovered burned. Entered a negotiated plea of guilty to insurance fraud and received three years probation, \$500.00 fine, court costs and restitution of \$18,154.00.



TERRY GILLIAM SR., Pulaski County. As an agent, subject knowingly took out an insurance policy on a lady that did not request it, received a commission, then allowed the policy to cancel for non-payment. Convicted of insurance fraud and received five years probation, \$750.00 fine, and fifty hours community service to be completed within 180 days.



DANIEL WILLIAMSON, Pulaski County. As a licensed agent for an insurance company, subject knowingly prepared dozens of life insurance applications for fictitious persons by completing the applications with fictitious names, social security numbers, and addresses. Subject prepared the false life insurance applications in order to inflate his commissions so he could collect quarterly bonuses of up to \$30,000.00. Subject also set up a bank account to pay for the premiums on the various insurance policies and to deposit commission/bonus checks. Subject was charged in Federal Court with one count of mail fraud (class B felony). Subject pleaded guilty to one count of mail fraud and was sentenced to five years probation, \$100.00 court costs, and ordered to pay restitution in the amount of \$81,574.94.



THOMAS JEFFERSON, Pulaski County. Subject, a licensed physician, filed a disability claim stating that he was not working anywhere or receiving any income when in fact he was working for a clinic and receiving \$9,000.00 per month. Subject pled guilty to attempt to violate the fraudulent insurance act, paid \$41,440.00 in full restitution and received one year probation. The prosecutor reduced charges to a class A misdemeanor and gave expungement pursuant to Act 346.





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**MESSAGE FROM THE DIRECTOR
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antifraud effort in such a simplistic term as a "war"? Will the public become so inured to the concept of another "war" that they won't hear the message on the very real and direct consequences insurance fraud has on their economic well-being?

These questions are important because of their impact on the most important goal of the anti-fraud effort - DETERRENCE. It would be naïve to believe that the underlying moral and ethical fabric of our society will be so transformed by our efforts that we would "win the war" against insurance fraud.

My opinion has always been that the anti-fraud effort should be a matter of public policy and **the right thing to do**. Supporting stronger antifraud laws, increasing the resources available to state insurance fraud bureaus, and sending a grass roots message to the public at large rather than merely using hackneyed buzzwords will have a direct impact on this crime that will be sufficiently measurable to show a tangible economic benefit to society.

There is no one easy or exclusive answer to the problem of insurance fraud; the more it is discussed, the more its effect will be diminished. If you have an opinion, suggestion or comment on the issues raised above that you would like to share, we'd love to hear from you.

Martin J. Nevria

**MEET OUR
 NEW STAFF MEMBERS**

FAITH CHAMBERLAIN joined the Division in December 2002. Faith was employed with the Little Rock Police Department for four years before joining the Division.

GREG SINK joined the Division in January 2003. Greg was a Deputy Prosecuting Attorney for the Sixth Judicial District before joining the Division.

**CRIMINAL CONVICTIONS
 (CONT'D FROM PAGE 3)**

SHEILA BRADLEY, Van Buren County. Subject was accused of falsifying the amount of an estimate for the repair of hail damage to her vehicle. She admitted altering a legitimate estimate to add \$800.00 to the amount shown. Subject was charged with a Fraudulent Insurance Act (class D felony). Subject entered a negotiated plea to a reduced charge of falsifying business records (class A misdemeanor) in Circuit Court and ordered to pay \$150.00 court costs, \$50.00 warrant fee, \$1000.00 fine and suspended sentencing contingent on one year good behavior.

