

Arkansas Insurance Department

Criminal Investigation Newsletter

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Mike Beebe
GOVERNOR



Julie Benafield Bowman
COMMISSIONER

DIRECTOR:
Cory A. Cox

CHIEF SPECIAL PROSECUTOR:
Daniel Reber

SPECIAL DEPUTY PROSECUTORS:

Raymond Boyles
Greg Sink

INVESTIGATORS:

Curtis Briggs
Bill Bryan

Jacquie Harper
Patrick O'Kelley

Monty Vickers
Brian White

Ken Wilder
Doug Wood

CASE MANAGEMENT ANALYST:
Faith Chamberlain

ADMINISTRATIVE ASSISTANTS:

Debra Baker
Evelyn Brown

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A VERY GOOD YEAR

2007 proved to be a good year for the Criminal Investigation Division of the Arkansas Insurance Department. Not only did the division set a record in the amount of restitution recovered, there were also a number of first time convictions.

First, defendant Shawn Tull took a guilty plea of 60 months in the Arkansas Department of Corrections for an arson in Stuttgart after Investigator Pat O'Kelley obtained a confession. Then, Elesha Martin was sentenced to 20 years and ordered to pay over half a million dollars in restitution on three counts of arson. Investigator Pat O'Kelly put together a concrete case file that allowed Special Deputy Prosecutor Greg Sink to negotiate a plea arrangement that landed Martin a 20-year sentence plus restitution. Maumelle Fire Chief George Glenn was so impressed with the conviction that he wrote Commissioner Julie Benafield Bowman a letter stating, "This is one of the heaviest sentences I have seen for an arson related conviction in Arkansas since coming to the state in 2000." Chief Glenn noted, "It still remains very difficult to get many convictions for arson in Arkansas."

On April 20, 2007, Special Deputy Prosecutor Raymond Boyles successfully negotiated a guilty plea against the Walnut Ridge Nursing Center for failure to secure

workers' compensation coverage for its employees. According to the Arkansas Supreme Court, this conviction was the first such conviction against a corporation. In the past, individual business owners have been convicted, but a corporation had never been successfully prosecuted. This first-time conviction of a business entity is important because in some instances corruption is systemic. In other instances, an employee may have left or died that was critical to our case. If the business cannot be held accountable in criminal courts, that leaves little or no recourse for the injured worker. This case allowed for damages to be paid to injured workers, even though no individual actor was prosecuted. Investigator Brian White put together a strong file under difficult circumstances that allowed for the successful prosecution of the nursing home.

Last year also saw more severe sentences for crimes that we have successfully prosecuted many times before. On May 3, 2007, Special Deputy Prosecutor Raymond Boyles obtained a conviction against Saline County insurance agent Christie Vocque for the theft of client money. Vocque was a first-time offender in that she had never been convicted of a previous crime. Cases of this type usually result in a sentence of probation with restitution. Mr. Boyles was able to convince the

A VERY GOOD YEAR

judge that Vocque should receive jail time. Vocque was sentenced to 60 days in a Department of Community Correction Center. For the first time in our history an insurance agent with no previous record was sentenced to jail time. A lot of this was due to the airtight case developed by Investigator Bill Bryan. Investigator Bryan had previously investigated an insurance agent that had hired Vocque. During the investigation and trial of that agent, Vocque acted as a witness for the state. When Investigator Bryan learned of Vocque's misdeeds, he found himself in the unusual position of investigating a former star witness.

Not to be outdone, Chief Special Deputy Prosecutor Dan Reber successfully argued that a Ft. Smith insurance agent, John Middleton, should be severely

punished, despite his lack of criminal history. Middleton befriended an elderly woman and convinced her to invest her life savings in various accounts and financial instruments that he sold her. Instead of investing the money, Middleton took almost \$137,000 from the lady, leaving her nearly destitute. Middleton was sentenced to 20 years in the Arkansas Department of Correction and ordered to pay restitution. The Middleton case was an excellent example of teamwork among the various divisions of the Arkansas Insurance Department. Criminal Investigation Division Investigator Monty Vickers worked diligently with Taryn Lewis, an investigator in the Insurance Department's Legal Division. Joe Musgrove, a special advisor to the Insurance Commissioner, was able to offer testimony that explained how and

why Middleton was able to steal the money as he did and how that theft had affected the victim financially. Because of the teamwork of the various divisions in the Department, the company that Middleton had been working for agreed to pay the victim the restitution owed by Middleton plus interest. In total, the victim recovered almost half a million dollars.

2007 was a year of firsts; tougher sentences and more media attention proved strong tools to combat insurance fraud. More importantly, it was a year that allowed the division to help many victims who would otherwise have had no way to redress the wrongs visited upon them. 2008 promises to be just as exciting with even more complex and interesting cases being investigated and prosecuted. ■

FRAUD REFERRAL TRENDS

Type of Referral	2007	2006	2005	2004
Application Fraud	35	26	38	20
Arson	57	38	32	49
Disability	19	11	10	5
Healthcare	16	12	19	20
Insurance Agent	43	37	37	42
Insurance Industry	9	18	13	13
Life Insurance	5	5	8	5
Personal Injury - Auto	34	28	22	31
Personal Injury	7	6	7	21
Prepaid Funeral Home	3	2	4	2
Property	31	36	27	38
Property Auto	76	99	95	72
Property Auto Fatality	0	0	1	0
Workers' Compensation Employee	77	46	22	55
Workers' Compensation Employer	2	0	2	1
Workers' Compensation Third Party	2	0	2	1
Commercial General Liability	1	1	3	0

Department facilitates license plate reader donation

In March of this year the Arkansas Insurance Department presented a Mobile Plate Hunter 900 (MPH-900) License Plate Reading (LPR) system to the Pulaski County Sheriff's Office. The Department coordinated the efforts to secure funds from private insurance companies to pay for the system. On hand to make the presentation to Sheriff "Doc" Holladay were Insurance Commissioner Julie Benafield Bowman, Criminal Investigation Division Director Cory Cox, and representatives from the four insurance companies whose generous donations made the acquisition possible. Ellen Withers and Gary Stephenson with State Farm Insurance, Dale Scheu and Rodney Boles with Nationwide Insurance, Rodger Smith and Jimmy Threet with Farm Bureau Mutual Insurance Company of Arkansas, and Charlie Snyder representing Farmers Insurance. Also in attendance was Fred Lohman of the National Insurance Crime Bureau (NICB). The NICB was instrumental in serving as a repository for the funds used to purchase the system.

The MPH-900 unit presented was manufactured by ELSAG North America and is able to read license plates at incoming differential speeds in excess of 120 miles per hour and at passing speeds in excess of 75 miles per hour. It translates the read plate data into a digital image, checks an onboard hot list, and returns an alarm to the operator of the device in milliseconds, allowing for a rapid response. The system has a built-in capability which allows it to communicate with a police operations center for alarm notification and throughout the day for database updating. Mark Windover of ELSAG outlined the system's specifications and capabilities following the presentation.

This LPR system is truly modern technology at its best. The sooner a stolen vehicle is recovered, the less likely serious damage will have been sustained. Damage which an insurer must cover and a deductible which an insured must pay. The MPH-900 LPR is an invaluable tool in its daily operations, and it has the potential to lower insurance costs for Arkansas consumers. ■



Commissioner Julie Benafield Bowman and Pulaski County Sheriff "Doc" Holladay

CRIMINAL

ALEXANDER, ELLA, Perry County. On June 2, 2008, Alexander entered a negotiated plea of guilty to 7 counts of theft of property (Class B felony), 3 counts of theft of property (Class C felony), 13 counts of theft of property (Class A misdemeanor), and 22 counts of fraudulent insurance acts (Class D felony). Alexander was sentenced to 10 years probation and ordered to pay \$49,000 restitution and a \$1,000 fine. She was given 902 days jail credit to be applied to the fine. Alexander had filed multiple claims with AFLAC Insurance based on forged and altered medical documents.

LUEBKER, STEPHANIE, Pulaski County. On May 30, 2008, Luebker was convicted on two counts of conspiracy to commit arson. She was sentenced to 11 years probation and ordered to pay a \$15,000 fine. Luebker did not actually set her house on fire. She left that task to Shawn Tull who entered a negotiated plea of guilty to Arson (Class A felony) and was sentenced to 60 months in the Arkansas Department of Corrections on November 6, 2006.

BRECKENRIDGE, DON "MARK," Pulaski County. On May 12, 2008, Breckenridge pleaded guilty to a fraudulent insurance act (Class D felony). Breckenridge was sentenced to 3 years probation under Act 346 and a \$1,000 fine. He paid restitution of \$58,795.95 to Cincinnati Insurance Company and \$1,500 to the Arkansas Insurance Department for the cost of the investigation. Breckenridge reported his Mercedes stolen, when in fact, he had buried the car to collect the insurance proceeds.

WHITE, CAROL, Washington County. On April 9, 2008, White pleaded guilty to theft of property and attempted theft of property. White was sentenced to 72 months, with 48 suspended. In October 2005, White claimed David Craddock's vehicle struck her truck. Farmers Insurance, Craddock's insurer, paid White for the damage to her truck. No one claimed any personal injury. In February 2006, White made a claim with State Farm under her uninsured motorist coverage. White made representations that she could not locate Craddock and

that she did not receive any money for the damage to her truck or for her personal injuries. White submitted chiropractor bills and State Farm paid \$30,000. On August 15, 2006, White claimed to have hit an abandoned vehicle. She once again submitted chiropractor bills. This time the adjuster requested medical records. When White could not produce the records, the adjuster discovered the chiropractor did not exist.

WHITE, TRACY EUGENE, Garland County. On February 25, 2008, insurance agent Tracy Eugene White pleaded guilty to theft of property (Class A misdemeanor). White was placed on one year probation and ordered to pay court costs. White failed to remit premium money from his

client to an insurer. When questioned by the CID investigator, White refunded the money to his client.

BIZELL, LATRACY, Pulaski County. On October 29, 2007, Bizell entered a plea of guilty to one count of attempted insurance fraud (Class A misdemeanor). Bizell was sentenced to one year probation and payment of a \$500 fine. Bizell was unable to purchase insurance in her own name because her drivers license was suspended. She licensed a car and purchased insurance under a friend's name and then had an accident. Bizell paid restitution in the amount of \$1,330.01 to Progressive Insurance.

RILEY, JAMES, Pulaski County. On October 11, 2007, Riley entered a plea of guilty to one count of insurance fraud (Class D felony). Riley was sentenced

to two years probation, 50 hours of community service, ordered to pay a \$1,000 fine, \$250 DNA fee, and court costs. Riley claimed an illness from eating crab legs at a Red Lobster. He represented to Liberty Mutual Insurance Company that he owned a production company and lost \$34,000 as a result of his illness because he had to cancel contracts, and he knowingly submitted false contracts to prove the loss of money.

ROBINSON, IDA, Crittenden County. On September 17, 2007, Robinson entered a plea of guilty to one count of insurance fraud. Robinson was sentenced to two years probation and ordered to pay a \$250 fine and court costs. In August 2005, Robinson reported to the manager of the Food Giant grocery store in Marion that she had cut her toe on a loose wire on a magazine rack and demanded compensation. She was told she needed to bring in medical documentation reflecting the cost of medical treatment. Periodically she would return to the store and request compensation. Each time was told she needed to bring in medical treatment documentation. In December 2005, she brought in a medical invoice with a treatment date of December 29, 2005. There was no record of her receiving any kind of treatment at any hospital in August 2005.

CRABTREE, JENNIFER, Independence County. On August 14, 2007, Crabtree pleaded guilty to one count of theft (Class B felony). Crabtree was placed on probation for five years and ordered to pay \$13,448 restitution, \$1,000 fine and \$250 DNA fee. Crabtree converted premium checks for her own use.

PICKARD, JAMES, Pulaski County. On July 18, 2007, Pickard pleaded guilty to theft of property (Class A misdemeanor). Pickard was sentenced to one year probation and ordered to pay a \$300 fine plus court costs. Pickard did not forward a premium check to Hartford Insurance for more than a year.

GOWAN, BEVERLY, White County. On June 18, 2007, Beverly Gowan (male)



CONVICTIONS

pleaded guilty to two counts of Attempt to Commit Insurance Fraud (Class A misdemeanor) and one count of Theft of Property (Class C felony). Gowan was sentenced to 18 months in a Department of Community Correction Center plus 18 months suspended sentence, for a total of 36 months, and ordered to pay \$3,600 restitution. Former insurance agent Gowan is a repeat offender, having previously been convicted of insurance fraud in 1999 when he sold insurance to his sister and did not forward the premiums to the insurance company. Her house burned and upon filing a claim, the sister discovered she was not covered. Gowan pleaded guilty in that instance and lost his license. The most recent charges against Gowan stem from an incident occurring in October, 2000. Johnny and Ruthie Foster purchased vehicle insurance from Dairyland Insurance at \$208 per quarter and Gowan provided them with proof of insurance cards. Following an automobile accident in 2005, Johnny Foster filed a claim with Dairyland only to discover the company had never heard of him.

MARTIN, ELESHA, Pulaski County. On May 4, 2007, Martin pleaded guilty to three counts of arson and one count of insurance fraud. On June 22, 2007, Martin was sentenced to 20 years in the Arkansas Department of Corrections (with seven years suspended conditioned upon her paying \$514,928 in restitution) and a \$250 DNA fee. As part of an elaborate scheme, Martin would take out renters insurance on a house and eventually set fire to the property in order to file a claim with her insurance company. Defrauded in the scheme were Farmers Insurance which paid a claim for \$130,802, Encompass Insurance which paid a claim for \$219,783, and Nationwide Insurance which paid a claim for \$164,342. One of the key leads in the investigation was Martin's listing the same \$10,000 designer wedding dress on the content loss inventory she supplied for two different houses.

VOCQUE, CHRISTY, Saline County. On May 3, 2007, Vocque entered a voluntary plea of guilty to one count of Theft of Property in excess of \$2,500 (Class B felony), 13 counts of Theft of Property in an amount less than \$2,500 but greater than \$500 (Class C felony),

and 6 counts of Theft of Property in an amount less than \$500 (Class A misdemeanor). On June 18, 2007, Vocque was sentenced to 60 days in a Department of Community Correction Center, 20 years probation on the Class B felony, and 10 years probation on each of the Class C felonies, which is to run concurrently with the 20 years probation. The first five years of probation are to be supervised. In addition, Vocque was fined \$1,000 and ordered to pay court costs of \$150 and DNA fees. Vocque diverted client funds, including premium payments, for her personal use. As a special condition of probation, Vocque is prohibited from handling other people's money or being in charge of other people's money. This prohibition includes employment situations as well as charitable and recreational activities such as church or school functions. As a result of negotiations with the Arkansas Insurance Department, Vocque has made full restitution to her clients.

JORDAN, GUY (TREY), Garland County. On April 2, 2007, Jordan pleaded guilty to one count of Attempt to Commit Insurance Fraud (Class A misdemeanor). Jordan was sentenced to 12 months suspended sentence and ordered to pay a \$500 fine. Jordan reported to the Garland County Sheriff's Office on December 2, 2005, that some unknown person stole his sailboat and that his wife, who he was in the process of divorcing, may have done it. In February 2006, Jordan filed a claim with Shelter Insurance stating the boat was stolen in January 2006. Jordan told the insurance company that two or three men were seen around the boat, never mentioning that his estranged wife had moved the boat. His ex-wife reported the boat was not stolen, and that Jordan knew she had moved it to another marina.

SHUTTS, DEBORAH, Pulaski County. On February 13, 2007, Shutts pleaded guilty to one count of Attempt to Commit Insurance Fraud (Class A misdemeanor). Shutts was ordered

to pay a \$1,000 fine, \$150.00 court costs, and a \$50.00 sheriff fee. Shutts provided Ohio Casualty Insurance Company false information by stating she was injured in her vehicle at the time of an accident although she was not in the vehicle and did not sustain any injuries.

JOHNSON, COREY, Jefferson County. On January 17, 2007, Johnson entered a negotiated plea of guilty to a Class D felony count of Fraudulent Insurance Acts. Johnson was sentenced to 36 months probation, 120 hours community service, \$750.00 court costs, \$250 attorney fee, \$50.00 sheriff fee, \$250 DNA fee, and a \$25 probation fee. Johnson had run his car off the road into a wooded area and lodged a tree stump into the frame of the car. He got the car back home, called his insurance company, and then found out the coverage he had would not cover his accident. He asked a series of questions to determine what kind of coverage he did have and then hung up. Two days later he called the insurance company back stating his car had been parked on the street when it was run into by a truck driven by an unknown driver and he wished to file a claim. The insurance company had records of his earlier call and put two and two together. They sent an adjuster out to look at the car and found a stump wedged into the frame of the car, which was inconsistent with Johnson's story. The CID investigation was so good, it left the defendant "stumped" on how he could do anything other than pleaded guilty.

BOLDS, LINDA, Pulaski County. On January 8, 2007, Bolds entered a negotiated plea of guilty to one count of Attempted Insurance Fraud (Class A misdemeanor). Bolds was sentenced to one year probation and payment of a \$100.00 fine. Bolds was suspected of making false statements to her insurance carrier concerning the circumstances of the alleged theft of her vehicle. During the investigation, Bolds admitted to State Insurance Department investigators that on the afternoon her Kia Sorento was recovered from the Arkansas River, she had not driven it to the movie theater as she had reported to the police and her insurance carrier, but had traded it in on another vehicle earlier that day. ■

MESSAGE FROM THE DIRECTOR



You'll have to forgive me if I sound like I'm bragging in this newsletter. I am, but with a purpose. One of my goals since coming to the division in 2005 is to venture into new territory and get stronger convictions - not for the purpose of building our reputation, though I'll gladly take that. I want stronger sentences because I want people to understand that this thing is serious. Insurance fraud isn't just some victimless crime. It affects real people.

When a company doesn't carry workers' compensation as required by law, workers suffer...literally. When an insurance agent steals from an elderly lady, she loses more than her life savings, she loses her independence. When a house is intentionally set on fire, firemen risk their lives to put it out.

These are real people affected by actions of individuals who are simply looking to make a buck without working for it. These are real people with dreams, hopes, feelings, desires, and families. Insurance fraud is not a victimless crime, it is a crime that hurts real people.

So, yeah, I'm bragging. I want you and others to know that we take this seriously. I would be lying if I said cases always turn out the way we want them to, and honestly, there are far more cases than we have resources to investigate and prosecute. I hope the message is clear; if you commit insurance fraud, we will do all we can to make sure you get punished for it.

Truthfully, sometimes it is pretty hard to get those convictions. Juries don't always understand insurance fraud. People may have a negative view toward insurance

"You have to do a little bragging on yourself even to your relatives — man doesn't get anywhere without advertising."

Vice President John Nance Garner

companies and, unless you actually place a person at the scene of an arson with a match in his or her hand, it is hard to prove he/she committed the arson. It is an uphill battle. I know, it sounds like I went from bragging to whining, but now I'm whining for a purpose. I want you to understand that it isn't always easy to get these convictions. So if you happen to send us a case and we don't do what you hoped, maybe you will understand.

I hope you can see that we are trying. We are trying to make a difference, not because it is in our best interest to do so, but because it affects real, live people. People who only want to live normal lives.

We are a small division of a state agency that most people don't associate with law enforcement. We've got an uphill battle to convince everyone that we are serious and that this is an issue that matters. Results send that message for us. I hope you can indulge me then, if I brag. I'm trying to send a message. If you commit insurance fraud, we'll try our level best to make you pay for it. There are too many people who pay a price for us not to try.

On a related note, please see the section on our newest staff member, Douglas Wood, our new forensic accountant. Doug is a bright young man with great potential. He has jumped into this fight feet first, asking many questions and showing great resolve. Doug has already proved valuable on several cases. He recently passed the bar exam and also completed training and was sworn in as a Specialized Law Enforcement Officer for the division. Doug's expertise will certainly help us track the dollars and recover money that has been lost or stolen. I'm glad to have Doug on board and know he will make a great impact in the fight against fraud. ■

Meet Doug Wood

Douglas Wood, Jr. joined the division last November. He is the first forensic accountant for the division. Doug is a graduate of the University of Arkansas School of Law. He has an undergraduate degree in accounting from Arkansas State University and, before attending law school, worked as an auditor for the state of Tennessee. Along with passing the bar exam last year, Doug recently completed a law enforcement certification class giving him enough hours to qualify as a specialized law enforcement officer for the Criminal Investigation Division.

Doug lives in Little Rock with his wife Mary Catherine Wood, an attorney with Mitchell, Williams, Selig, Gates & Woodyard. In his spare time, Doug enjoys participating in sports and hanging out with his friends. He is the son of Dr. Doug and Neta Wood of Jonesboro. ■





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1200 West Third Street
Little Rock, AR 72201-1904
Ph.: 1-501-371-2790 Fax: 501-371-2799

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