



**ARKANSAS INSURANCE DEPARTMENT**



# INSURANCE FRAUD



## NEWSLETTER

**Mike Huckabee**  
Governor

**Mike Pickens**  
Insurance Commissioner

### *Message From The Director*

*Auto insurance premiums are an expensive fact of life for virtually every adult in the State of Arkansas. It's a budget item that we must plan for on a regular basis and is affected by events both within and outside our control. As safely as we may drive, the "other guy" can directly or indirectly cause our premiums to go up.*

*That's because the "other guy" may be committing insurance fraud by doing such things as deliberately running into another vehicle (perhaps in collusion with the owner of the other vehicle) or reporting his/her vehicle stolen or damaged when the owner has concealed its whereabouts or the damage was preexisting. This type of criminal activity inches up everyone's rates because it comes to a staggering \$13.7 billion dollars annually nationwide (over \$200 million in Arkansas alone).*

*Auto insurance fraud is an economic crime that is committed not only by professional criminals but by ordinary citizens who find themselves in financial difficulty and think there is no other way out. Either way, it costs the honest vehicle owner in the pocketbook. For this reason, the Fraud Investigation Division is making special efforts in this area of auto insurance fraud and addressing the problem in this edition's Spotlight on Fraud on page 2. If you're an insurance professional or a member of the public with an interest in fighting fraud, make yourself familiar with the warning signs of possible auto insurance fraud and make sure the facts are checked when a claim appears suspicious. This Division is always available if you have any questions concerning this or any other area of insurance fraud.*

*Martin J. Nevrla*

**INSURANCE FRAUD  
INVESTIGATION DIVISION  
ARKANSAS INSURANCE  
DEPARTMENT  
1200 West Third Street  
Little Rock, AR 72201-1904  
1-501-371-2790  
1-800-282-9134  
1-501-371-2799 Fax**

- Martin J. Nevrla . . . . . Director
- Danny Broadrick . . . . . Chief Counsel
- Tom Pendowski . . . . . Senior Staff Attorney
- Cindy Robinson . . . . . Staff Attorney
- S. D. Roff . . . . . Chief Investigator
- Bill Bryan . . . . . Investigator
- Patrick O'Kelley . . . . . Investigator
- Todd Shaddox . . . . . Investigator
- Ken Wilder . . . . . Investigator
- Brian White . . . . . Investigator
- Shirley Pegg . . . . . Administrative Assistant
- Evelyn Brown . . . . . Legal Secretary
- Jeannie LaCour . . . . . Legal Secretary

### CONTENTS

<i>Message From The Director</i>	1
Spotlight on Fraud	2
Fraud Referral Update	2
Insurance Fraud Highlights	3
Workers' Comp Fraud Highlights	3
Division Profiles	4



# Spotlight on Fraud



A guide to identifying and responding to possible insurance fraud. This edition:

## Auto Insurance Fraud

### Schemes:

- ☑ Owner Give-Up -- vehicle reported stolen and then discovered burned or submerged
- ☑ Staged Low Impact Accidents
- ☑ Export Fraud
- ☑ Phantom Vehicles

There are many warning signs of possible auto insurance fraud. The most frequent and important warning signs to look for are:

- Theft, fire or accident occurs shortly after vehicle is purchased, financed or insured for additional amounts.
- A vehicle reported stolen is found burned or submerged in water.
- Vehicle owner pushes for a quick investigation and report in order to make an insurance claim.
- Claimed injuries in a collision are suspicious because there was relatively minor vehicle damage.
- Evidence that insured is having financial difficulty.
- Insured's address is a post office box and he/she has no telephone or a cell phone only and is generally difficult to contact.
- Insured has a temporary, recently issued, or out-of-state driver's license.
- Insured is unemployed or vague about details of self-employment.
- Insured cancels scheduled appointments regarding claim or uses intermediaries.

These and other warning signs are only indicators of possible fraud. No one sign or combination of signs means fraud has actually been committed; it means only that further inquiry may be justified before paying a claim. The National Insurance Crime Bureau ("NICB") has published material thoroughly detailing the indicators of auto insurance fraud. For copies of this information, contact the Insurance Fraud Investigation Division or the NICB directly at 708-430-2430.

**NEXT EDITION:**  
*APPLICATION FRAUD*



## Fraud Referral Update



- **WORKERS' COMPENSATION REFERRALS FALLING. CREDIT GIVEN TO EDUCATION OF EMPLOYEES AND EMPLOYERS ON POSSIBLE CRIMINAL CONSEQUENCES OF FALSE STATEMENTS.**
- **AUTO APPLICATION FRAUD REFERRALS IS SINGLE HIGHEST CATEGORY. SEE THE NEXT EDITION FOR DETAILS ON THIS CONTINUING PROBLEM.**



# Insurance Fraud Highlights



**Stacie Cardine**, Blytheville. Subject misrepresented prior damage to her vehicle in an application for auto insurance. Pleaded guilty to one felony count of attempted theft of property and received 3 years probation and court costs.

**Dr. Lee Nayles**, Little Rock. Physician filed claim for loss of jewelry valued at \$8,232 and received a settlement. The jewelry was later found to still be in his possession. Pleaded "no contest" to one count of felony theft of property and received 5 years probation, a \$5,000 fine, court costs, \$8,232 in restitution and 250 hours of community service.

**Nicholas Plastiras**, Little Rock. Claimant made false representations in pursuit of an insurance settlement regarding the alleged loss of a diamond/sapphire ring. Pleaded guilty to attempting to commit a fraudulent insurance act and received 1 year probation, a \$250 fine, court costs, \$100 in restitution and 50 hours of community service.



# Workers' Comp Fraud Highlights



**Jeff Reed**, Ash Flat. Employee made false representations regarding the cause of an accident that allegedly occurred on the job, but actually resulted from a canoeing accident. Pleaded guilty to attempted workers' compensation fraud and received 1 year probation, a \$500 fine, court costs, \$1,354 in restitution and 100 hours of community service.

**Roger Peevey**, Pine Bluff. Employee made false representations to pursue additional workers' compensation benefits. Pleaded guilty to attempted workers' compensation fraud and received one year probation, a \$250 fine and court costs.

**Alonzo Harris**, Little Rock. State employee made false representations to pursue workers' compensation benefits through Public Employee Claims Division of Arkansas Insurance Department. Pleaded guilty to workers' compensation fraud and received 5 years probation, a \$500 fine, court costs and \$2,140 in restitution.

**Connie Prause**, Little Rock. Corporate officer made false representations to avoid proper workers' compensation insurance premium for Prause Construction, Inc. Pleaded "no contest" to conspiracy to commit workers' compensation fraud and received 1 year probation, \$14,301 in restitution and 50 hours of community service.

**Prause Construction, Inc.**, Little Rock. Corporation paid lower workers' compen-

sation insurance premiums due to misrepresentations by corporate officer. Pleaded "no contest" to 2 felony counts of workers' compensation fraud and received a \$2,500 fine and \$14,301 in restitution.

**Fred Kimball**, Bentonville. Employee made material false representations in pursuit of workers' compensation benefits. Pleaded "no contest" to attempting to commit workers' compensation fraud and received 1 year probation, a \$100 fine, court costs and \$1,754 in restitution.

**Toni Needham**, Fort Smith. Employee was videotaped performing activities outside her medical restrictions. Pleaded "no contest" to theft by deception and received a 1 year suspended sentence, a \$500 fine, court costs and \$282 in restitution.

**Danna Hodge**, Pocahontas. Employee failed to disclose prior injury to same area of the body. Pleaded "no contest" to theft by deception and received 3 years suspended sentence, a \$250 fine, court costs and \$606 in restitution.

**John Campbell**, Hot Springs. Employee failed to disclose prior injury to same area of the body. Pleaded "no contest" to workers' compensation fraud and received 6 years probation, court costs and \$7,911 in restitution.

**Pamela Brown**, Newport. Employee made material false statements in filing

for mileage reimbursement in a workers' compensation claim. Pleaded guilty to misdemeanor theft of property and received a 6 month suspended sentence, a \$250 fine and court costs.

**Willard W. Fagan**, Trumann. Employee made false representations to physician concerning extensive injuries in pursuit of workers' compensation benefits. Pleaded guilty to misdemeanor theft by deception and received a \$500 fine, court costs and \$62 in restitution.

**Vernon Lewis**, Texarkana. Employee made false representations to physician regarding shoulder injury in pursuit of workers' compensation benefits. Pleaded guilty to workers' compensation fraud and received 3 years probation, court costs and \$10,000 in restitution.

**William L. Brown**, Forrest City. Employee made material false representations concerning outside employment while pursuing workers' compensation benefits. Pleaded guilty to workers' compensation fraud and received 5 years suspended sentence, a \$100 fine, court costs and \$6,158.79 in restitution.

**Tammy Davidson**, Harrison. Employee made material false statements in filing for medical reimbursement when her employer had advanced her monies to cover such costs. Pleaded guilty to theft by deception and received 12 months probation, court costs and \$795 in restitution.

# Division Profiles

This edition and the next will briefly profile the staff of the Insurance Fraud Investigation Division. Below are the Investigation and Legal staffs. Next edition: Administrative staff.

**Bill Bryan**, Investigator, 48, has been with the Workers Comp Fraud Investigation Unit for 3 years. Bill retired as a homicide detective with the North Little Rock Police Department after 20 years of service. He was born and raised in Century, Florida and is married and has one son and two grandchildren. Bill enjoys camping, Dodge Diesel Trucks and working in his garden. He is also the man to see if any type of equipment needs fixing.

**Danny Broaddrick**, Chief Counsel, 32, has been with the Insurance Fraud Investigation Division for 1 ½ years. Danny has worked with the U.S. Treasury Department and Pulaski County Prosecuting Attorney's Office where he specialized in enforcing drug forfeiture laws. He was born and raised in Little Rock and is married and has 3 year old twin girls. Danny enjoys hunting, fishing, camping and most outdoor sports.

**Patrick O'Kelley**, Investigator, 43, has been with the Insurance Fraud Investigation Division for 6 months. Pat retired as a detective sergeant with the North Little Rock Police Department after 21 years of service. Pat was born and raised in Forrest City, Arkansas, is married and has 2 daughters, 3 stepchildren and 3 step-grandchildren. He enjoys boating, fishing, hunting and outdoor activities.

**Tom Pendowski**, Senior Staff Attorney, 41, started with the Workers' Comp Fraud Investigation Unit 4 years ago and is now assigned to the Insurance Fraud Investigation Division. Tom was a trial attorney in private practice before joining the Unit and often served as a special judge in the juvenile court system. He was born and raised in Brown Deer, Wisconsin and is single. Tom enjoys softball, playing drums with a local band and spending time at his cabin near Clinton, Arkansas.

**Cindy Robinson**, Staff Attorney, 31, has been with the Insurance

Fraud Investigation Division for 6 months. Cindy worked as a judicial law clerk for Circuit Judge John Plegge, Pulaski County, Arkansas for 3 ½ years before joining the Division. She is from Harrison, Arkansas and is married and has a 2 year old son with another child on the way. Cindy enjoys antiques, volunteer work and is a big Arkansas Razorback fan.

**Dave Roff**, Chief Investigator, 47, joined the Workers' Comp Fraud Investigation Unit as its first staff member 5 years ago and is now assigned to the Insurance Fraud Investigation Division. Dave retired from the U.S. Army (rank of Major) as Provost Marshal, Director of Law Enforcement and Security in the Military Police at the Pine Bluff Arsenal, after 21 years of service. He was born and raised in Holdenville, Oklahoma and is married and has a 21 year old son. He enjoys travelling, fishing and working in the yard.

**Todd Shaddox**, Investigator, 29, joined the Workers' Comp Fraud Investigation Unit 3 ½ years ago and is now assigned to the Insurance Fraud Investigation Division. Todd worked with the Narcotics Division of the Jacksonville Police Department for 8 years. He was born and raised in North Little Rock and is married and has a 3 year old son with another child on the way. Todd enjoys reading, playing music and writing in his spare time.

**Brian White**, Investigator, 36, has been with the Workers' Comp Fraud Investigation Unit for 7 months. Brian has been in law enforcement for 15 years, most recently with the Pulaski County, Arkansas Sheriff's Department. He was born and raised in Dallas, Texas and is married and has a 5 year old son. Brian enjoys boating, scuba diving, playing in a local band and is a big Arkansas Razorback fan.

**Ken Wilder**, Investigator, 51, has been with the Workers' Comp Fraud Investigation Unit for 3 ½ years. Ken retired as a detective with the North Little Rock Police Department after 20 years of service. He was born and raised in Jackson, Georgia and is married and has three grown children. Ken enjoys black and white photography, antique cars and genealogy.

