



# True Blue Report

Quarterly Newsletter of the Louisiana State Police Insurance Fraud Unit

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Louisiana State Police  
Insurance Fraud Unit  
7919 Independence Blvd.  
Box A-19  
Baton Rouge LA 70806  
Phone: 225-925-3818  
Fax: 225-925-3819  
E-mail: insurance.fraud.unit@dps.state.la.us

## National Anti-Fraud Efforts Pay Off:

- Criminal convictions increased 31%
- Cases presented for prosecution rose 14%
- Investigations initiated increased by nearly 18%
- Referrals of suspected fraudulent actions were up 4.5%

See Page 4 for Complete Story

## Teamwork = Success in Louisiana's Fight Against Insurance Fraud

In 2000, the Department of Insurance, the Louisiana State Police, and the Attorney General's Office teamed up to form a joint task force. The mission? To combat insurance fraud. And, as with any successful team, each player has a distinct role to play.

With its role at the foundation, the Department of Insurance not only administers the funding assessment, but also conducts all administrative producer investigations and maintains a database of persons suspected of committing insurance fraud.

The Louisiana State Police Insurance Fraud Unit is given the responsibility of conducting all criminal investigations for suspected insurance fraud related crimes



**Department of Insurance, State Police, and Attorney General's Office Team Up to Create Fraudster's Formidable Foe**

referred to the task force.

Lastly, the Louisiana Attorney General's Insurance Fraud Support Unit accepts the anchoring role - prosecution. Without prosecution, all of the efforts before have been in vain.

Since 2000, the Insurance Fraud Task Force has experienced steady growth and is now nearly

fully staffed with thirty-one commissioned investigators and three civilian employees.

In the four years beginning January 1, 2000, and ending December 31, 2004, the Louisiana State Police arrested 607 insurance fraud criminals. Of those, 196 individuals have been convicted, so far, and over \$3.3 million in restitution has been ordered.

The Social Security Administration's Cooperative Disability Investigations Unit has recently moved under the task force's umbrella and has continued in its role in investigating social security fraud.

With each agency playing at the top of its form, fraudsters in Louisiana have met their match.

## Field Office Highlights:

Alexandria	2
Baton Rouge	2
Lafayette	2
Monroe	3
New Orleans	3
Shreveport	3
SSA/CDI	4

## Staged Crash? Caused Crash? What's the Difference?

Staged or caused crashes are at the core of many vehicle related insurance fraud schemes and, although there are many variations, a staged crash is a bogus accident typically orchestrated by two or more individuals.

Two vehicles may intentionally be driven, pushed, or rolled into each other, or may be positioned in

such a way as to appear to have collided.

Alternatively, a suspect driver may purposely create damage to a vehicle or use a previously damaged vehicle and claim to be the victim of a "phantom" hit and run. These individuals often request a police report to add legitimacy to their subsequent insurance claim.

A caused crash, by contrast, is an actual collision usually involving an unsuspecting driver. Elderly drivers, young females, and commercial vehicles are commonly targeted.

Schemes such as sudden stops, swoop and squats, drive downs, and side swipes are favorites of persons causing crashes.

# True Blue Report

## UPCOMING SIU MEETINGS

May 5  
9:30 a.m.  
LSP HQ  
Baton Rouge

June 1  
9:30 a.m.  
IFU  
Kenner

July 7  
9:30 a.m.  
LSP HQ  
Baton Rouge

## Alexandria - 3654 Government St., Alexandria LA 71302, (318) 484-2423

In April 2002, an employee of a local Marksville casino was driving along LA 115 in Rapides Parish when he lost control of his 1996 Ford Explorer and crashed into a ditch.

Realizing he would not be able to get the vehicle back on the roadway alone, he made contact with a friend to lend him a hand. But, once they pulled the Explorer from the ditch, he took matters into his own hands.

He assumed his insurance company would not deem the vehicle a total loss, so he decided to take a gamble and drive it into a nearby body of water called "Big Creek Bayou." This required the man to disconnect a court ordered "Intoxi-Lock" which had been installed on his vehicle after a previous DWI conviction.

After crashing the Explorer, intentionally driving it into Big Creek, and getting a ride home, the ca-

sino employee reported the vehicle stolen and filed an insurance claim with Progressive. Progressive settled his claim for \$6,748.00.

Alexandria IFU personnel interviewed the man who confessed to his scheme. He said he was simply trying to avoid getting into any more trouble. The Mansura man was arrested and charged with one count of Insurance Fraud.

## Baton Rouge - 7919 Independence Blvd., Baton Rouge LA 70806, (225) 925-3818

After receiving a criminal referral from Farm Bureau Insurance Companies, the Baton Rouge field office began an investigation into an allegation that a local attorney submitted fraudulent medical documents in support of his client's false injury claim.

The attorney's client was awarded \$24,000 from Imperial Fire & Casualty Insurance Company in a civil suit resulting from a April

2004 automobile crash.

When the attorney learned his client had been in a previous crash in March 2004, he altered the dates on several medical documents from the April 2004 civil suit to reflect the March 2004 crash.

Armed with these fraudulent medical records, the attorney then filed an additional civil suit against

Farm Bureau. However, he withdrew the claim when he learned Farm Bureau was questioning the legitimacy of the March 2004 medical records.

The attorney, employed by a prominent law firm in Baton Rouge, surrendered himself to the Baton Rouge IFU. He was booked into the East Baton Rouge Parish Correctional Center on counts of Insurance Fraud and Forgery.

The Department of Insurance estimates insurance fraud is a crime that costs Louisiana citizens alone over 2.3 billion dollars a year, through higher taxes, increased insurance premiums, and higher costs of goods and services.



## Stormy Business Relationship

## Lafayette - 113 Borman Dr., Lafayette LA 70508, (337) 262-2051

In January 2004, the Lafayette IFU field office received a complaint from Sulphur attorney Sid Rosteet. Rosteet alleged his estranged business partner committed insurance fraud by falsifying a claim for storm damage. Rosteet further alleged his partner then stole the money once it was received from the insurance company.

The partner in question was the business manager of a Claiborne

Homes location which he, Rosteet, and one other individual owned.

In December of 2002, a storm came through the area and Rosteet's partner submitted an insurance claim to American Modern Insurance for a mobile home and a shed which he reported were destroyed. His claim also included electrical repairs. American Modern settled for \$5,825.00.

The investigation revealed, however, that the mobile home was sold prior to the storm and, therefore, Claiborne Homes was not entitled to any compensation due to the loss. In addition, the contract worker supposedly responsible for performing \$825.00 worth of electrical repairs denied doing the work.

Rosteet's partner was arrested in Calcasieu Parish on one count of Insurance Fraud.

## Monroe - 3030 Aurora Ave., Suite 107, Monroe LA 71201, (318) 362-4588

On January 28, 2005, Monroe IFU personnel arrested a Bastrop insurance agent on 50 counts of Misappropriation of Insurance Premiums. The arrest stemmed from a criminal referral from the Louisiana Department of Insurance.

The investigation revealed that the individual was employed as a producer by Imperial Fire & Casualty Insurance Company. In that capacity, he was responsible for the

collection of policyholders' insurance premiums and the timely remittance of those monies to Imperial Fire & Casualty.

Because the agent failed to remit premiums he collected, many insureds sustained loss of coverage, lapses in coverage, or had to pay higher premiums when they were forced to obtain insurance with a different agency or company. Unfortunately, some policyholders even had their driver's licenses

suspended through the Office of Motor Vehicles because of the reported lack of coverage.

The agent was booked in to the Morehouse Parish Jail and bond was set at \$6,500.00.



Investigator  
Spotlight:

**DAVID  
BRUCE**

The IFU unit welcomes David Bruce back from Operation Enduring Freedom. He served 14 months in the 528th Engineering Battalion in Kandahar, Afghanistan. He has been with LSP since 1997 and enjoys hunting, fishing, and spending quality time with his wife, Tiffany.

## New Orleans - 2400 Veteran's Memorial Blvd., Suite 200, Kenner LA 70062, (504) 471-2716

The New Orleans IFU field office arrested a local woman on charges of insurance fraud ... AGAIN!

In September 2004, the woman was arrested after she filed a fraudulent flood claim against State Farm worth nearly \$425,000.00.

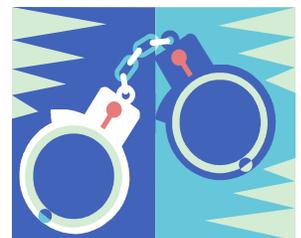
The same woman was arrested again recently for filing another fraudulent claim, this one for stolen jewelry.

The subject reportedly insured two bracelets in May 2001 and then, two months later, claimed they were stolen during a purse snatching.

In deposition, the woman stated she purchased the two diamond bracelets for \$300,000.00 in Switzerland at an estate sale. She claimed to have had the bracelets appraised in New York for \$1.8 million and accepted a settlement

for the "stolen" merchandise in that amount.

Investigators checked the woman's passport and learned she was never in Switzerland. They also discovered she never owned any diamond bracelets. She was, however, fitted with a pair of stainless steel bracelets upon her arrest.



*Diamond Bracelets*

*Land New Orleans*

*Woman in Handcuffs*

## Shreveport - 3010 Knight St., Suite 220, Shreveport LA 71105, (318) 862-9913

The Louisiana State Police Insurance Fraud Unit is continuing in its endeavor to educate law enforcement throughout the state in recognizing the tell-tale signs of staged automobile crashes.

Consequently, the Shreveport field office has recently received a number of complaints from local law enforcement agencies about staged crashes occurring in or around the Shreveport/Bossier City area.

Investigators in the Shreveport office are presently scrutinizing three separate staged crash rings with a cumulative total of 72 suspects. That number is expected to increase as the investigations continue.

Since 2001, Shreveport IFU personnel have investigated five different staged crash rings leading to the arrest of 57 participants.

As a direct result of the hard

work of Mignon Griffing, a prosecutor in the federal court system, these arrests have collectively yielded approximately 40 years in prison, 73 years of supervised probation, more than two years of home confinement, and an estimated \$1.2 million in restitution.



**Education About Staged Crash Indicators Lead to Increase in Complaints in the Shreveport-Bossier City Area**

# True Blue Report

SSA/CDI - 4354 S. Sherwood Forest Blvd., D-125, Baton Rouge LA 70816, (225) 298-5566



A fifty year old Lafayette man is currently under investigation by the CDI unit for filing a fraudulent disability application. The man completed applications for disability in 2002 and again in 2004. Both applications were denied.

In 2002, the man claimed he was disabled because of Hepatitis C, back problems, circulatory problems, and high blood pressure. He stated he could not drive, walk long distances, stoop, or bend.

He stated he needed the use of a crutch due to problems with his left leg.

He was videotaped driving away from his evaluation and, two weeks later, he was videotaped flushing the cooling system of his van including crawling under the van and detailing the vehicle.

When confronted, the man replied that some days were good and some days were bad.

In 2004, he tried again. He applied for SSI disability using the same complaints he used in 2002.

He was sent for an examination and was videotaped walking at a fast pace without the use of crutches. He was also videotaped washing vehicles at an attorney's office.

The man has been notified that he is under investigation for filing a fraudulent disability application.

## Anti-Fraud Efforts are Working

### Adjudications:

- Jerry Lee pleaded guilty to forgery and filing false public records. He was fined, sentenced to 2 years probation, plus community service.
- David Carhee pleaded guilty to Insurance Fraud. He was fined, sentenced to probation, community service, and ordered to pay restitution.

The Coalition Against Insurance Fraud released statistical information in 2004 which indicated that anti-fraud efforts are indeed working.

The Coalition estimated that criminal convictions increased 31 percent, cases presented for prosecution rose 14 percent, investigations initiated increased by nearly 18 percent, and referrals of suspected fraudulent actions were

up 4.5 percent.

In fiscal year 2003, the number of fraud claims filed with the Louisiana Department of Insurance grew to 1,025 from 504 just two years earlier.

In an interview with Louis Rom of The Daily Advertiser in Lafayette, Insurance Commissioner Robert Wooley attributed this increase to two factors. First, insurance com-

panies are increasing enforcement efforts simply because they cannot afford not to. Secondly, those companies have more faith in the system's enforcement capabilities.

Download the Coalition Against Insurance Fraud's new fraud brochure at:

[www.insurancefraud.org/downloads/brochure.pdf](http://www.insurancefraud.org/downloads/brochure.pdf)

## Statistically Speaking - Quarterly IFU Statistics

	Ist Qtr 2004	Ist Qtr 2005	YTD 2005
<b>Cases Opened</b>	53	61	61
<b>Cases Closed</b>	55	59	59
<b>Arrests</b>	34	59	59



**We're on the Web!**

[www.lsp.org/ifu.html](http://www.lsp.org/ifu.html)