



# True Blue Report

Quarterly Newsletter of the Louisiana State Police Insurance Fraud Unit

Volume I, Issue 3  
October 2005

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

This issue contains actual photos of the devastation which occurred in south Louisiana after Hurricanes Katrina and Rita. All photos were personally taken and submitted by Louisiana State Police personnel.

## U.S. Attorney General Gonzales Takes Aim at Disaster-Related Fraud

On Thursday, September 8, 2005, United States Attorney General Alberto R. Gonzales traveled to Mississippi and Louisiana with Vice President Dick Cheney. After touring areas devastated by Hurricane Katrina, the Attorney General outlined priorities for a new Hurricane Katrina Task Force set up in the Justice Department intended to deter, investigate and prosecute disaster-related crimes such as Fraudulent Charities, Identity Theft, Insurance Fraud and Government Benefit Fraud.

The Hurricane Katrina Task Force will be chaired by Assistant Attorney General Alice S. Fisher of the Criminal Division and includes members from the De-



Day Before the Storm Issue of the New Orleans Times-Picayune Newspaper

partment of Justice, FBI, the Federal Trade Commission and the Postal Inspector's Office among others.

The Louisiana State Police Insurance Fraud Unit will act as the

lead screening agency for private insurers. LSP IFU will review cases for federal and/or state violations and, once violations are identified, will refer those cases to the appropriate agency for further investigation and future prosecution.

"We cannot allow the kindness of Americans to be exploited in this time of disaster and crisis," said Attorney General Gonzales. "This Task Force will help ensure that those offering a helping hand do not themselves become the victims of fraud, and that the money and support they so graciously and generously offer goes to the intended recipients - the many victims of Hurricane Katrina."

### In This Issue:

Vehicle Indexing	2
Service Award	3
FEMA Arrests	3
BOLO	4
Officer Arrested	4
Relief Fund	4

### Where Do We Go From Here ....

We have seen the devastation of Hurricanes Katrina and Rita bring out the best in some and the worst in others, but most of all, we have seen the despair of thousands of Louisiana citizens. Unfortunately, I see another potential tragedy on the horizon - Insurance Fraud. The Louisiana State Police Insurance Fraud Unit is tasked to investigate these crimes no matter how devastating the original event may have been.

If we do not take an active stance against fraud during this recovery effort, insurance companies will operate at such a loss that they will not be able to offer affordable insurance to anyone in Louisiana. The financial impact of Hurricanes Katrina and Rita is already greater than any this country has ever seen; it does not need to be compounded due to fraudulent claims. In order to handle the increase in fraudu-

lent claims the LSP Insurance Fraud Unit will centralize all investigative activity and personnel. This will enable the unit to focus all of its resources toward Katrina and Rita related claims. In addition, the partnership with the Department of Justice Task Force will allow a greater investigative response to all types of fraud resulting from the catastrophic storms of 2005.

Lt. Allen Carpenter

## True Blue Report

### NICB and LSP Take Proactive Steps to Protect Consumers and Insurers



**Trooper Keith Phenix of the LSP Insurance Fraud Unit wears protective clothing as he inspects a vehicle which was totally submerged in New Orleans East after Hurricane Katrina**



**NICB agents are interviewed by a reporter from Car and Driver magazine**



**Interior of submerged and contaminated vehicle in New Orleans**

The National Insurance Crime Bureau (NICB) and the Louisiana State Police Insurance Fraud Unit have teamed up with the LSP Vehicle Theft Unit, the insurance industry, local law enforcement and automobile dealers to begin inspecting and cataloging flood damaged vehicles in the New Orleans area. This is an unprecedented physical undertaking intended to prevent the fraudulent resale of these vehicles in the future.

According to the Coalition Against Insurance Fraud, an early industry estimate indicates at least several hundred thousand vehicles were destroyed by Hurricane Katrina alone. In the past, flooded vehicles have found their way into other parts of the country via unscrupulous salvage operators and dealers who “launder” the vehicle’s title.

Once an insurance company determines a submerged vehicle to be a total loss, the vehicle is then given a flood title and may be sold for salvage. Corrupt auto salvagers can purchase a car for a price well below its original value and make a few repairs to render the vehicle operable. The vehicle’s title is then “laundered,” often by registering it in a different state where the flood status is removed. With a clean title, the car can be sold at market price to an unsuspecting buyer. Unfortunately, these vehicles are usually not identified until the

new owner has spent considerable amounts of money on repairs.

Buyers should also be on the look out for dishonest vehicle owners who were not insured and who may make repairs and sell their flood damaged vehicles without disclosing the vehicle’s true condition.

Robert M. Bryant, President and CEO of the NICB said, “By creating a registry of damaged vehicles now, the potential for this type of fraud can be greatly reduced.”

Consumers and insurers alike need to be aware of the potential dangers associated with submerged vehicles. In addition to costly repairs, they may have non-functioning air bags and electrical systems, not to mention possible contamination from e-coli, fecal chloroform and/or petroleum. The Louisiana Department of Environmental Quality has labeled vehicles in Orleans, St. Bernard and Plaquemines parishes as “contaminated debris” subject to the DEQ’s debris removal plan.

As of October 24, 2005, vehicle inspection teams have physically inspected over 8,000 vehicles and nearly 180,000 have been identified and indexed. The sometimes daunting task has received national attention from CBS News, National Public Radio and Car and Driver maga-

zine.

As vehicles are cataloged, a list of the Vehicle Identification Numbers (VIN) will be provided to the Louisiana Office of Motor Vehicles who will flag the vehicle records to ensure proper titling. The list will then be posted and shared around the country with law enforcement, state fraud bureaus, insurance companies and state departments of motor vehicles via the NICB’s online database and through the American Association of Motor Vehicle Administrators (AAMVA).

The NICB is also making the data available to the general public to help protect buyers against fraud. Anyone can log on to [www.nicb.org](http://www.nicb.org) and search a suspected VIN, at no charge, to determine if there is a match. Consumers can also query boat hull identification numbers (HIN) affected by either hurricane.

Lt. Allen Carpenter of the LSP Insurance Fraud Unit indicated, “This is a consumer protection issue and the vehicle inspection initiative will ensure that as many submerged vehicles as possible are flagged as such so they cannot be re-sold to an unsuspecting buyer in this state, or any other. We are taking, and are going to continue to take, a very aggressive, proactive stance in order to fight fraud in Louisiana. “

## Carpenter Named Outstanding Public Servant

The Louisiana State Police is proud to announce that the Insurance Fraud Unit's Lt. Allen Carpenter was recently named the recipient of the 2005 Public Service Award by the International Association of Special Investigation Units. The award was presented during the IASIU's 20th Annual Seminar on Insurance Fraud in Phoenix, Arizona, September 7 - 10, 2005, and is based on the following criteria: Impact made to

the nominee's department; Positive effect the investigation had on the insurance industry; Positive effect the investigation had on the outside community; and, Uniqueness and exceptional qualities of the investigation.

When Lt. Carpenter started with the Insurance Fraud Unit in 2000 as a sergeant supervising investigations, the unit was comprised of 2 supervisors, 2 troopers, an auditor and 150 cases. The fraud unit has

now grown to a staff of 40 in 6 field offices, in part due to Lt. Carpenter's vision and dedication to fighting insurance fraud in the State of Louisiana. And, as the staff has grown so has the caseload, arrests, and restitution ordered.

Lt. Carpenter received well-earned high praise from the IASIU as he exemplifies the Louisiana State Police's leadership and professionalism.



**Arsonists Destroy Two New Orleans Homes**

## Blanco Signs Executive Order Allowing Out-of-State Tow Trucks

Louisiana Governor Kathleen Babineaux Blanco signed Executive Order Number KBB 2005-60 on October 13, 2005, allowing out-of-state tow truck operators to apply for temporary tow truck licenses in Louisiana.

Blanco stated the safety and welfare of the inhabitants of Jefferson, Orleans, Plaquemines and St. Bernard parishes required the immediate removal of abandoned,

flooded and otherwise damaged motor vehicles to clear roads, passage-ways, parking lots and property as part of emergency relief efforts.

An estimated 350,000 vehicles need to be removed immediately and the number of tow trucks currently available is not sufficient to meet these needs. A temporary tow truck license plate issued by the Department of Public

Safety may be accepted in lieu of a license tag, provided the tow truck is properly registered and licensed in the state of origin. In addition, out-of-state towing vehicles must be equipped with all safety and towing equipment required under state statute and regulation. Temporary tow truck licenses will be sold in Slidell, Monroe, Bossier, Baton Rouge, Lafayette, Bogalusa, Hammond and Ruston.



*Submerged New Orleans Uptown area as seen from atop the BellSouth building*

## Two Arrested in Baton Rouge on Federal FEMA Charges

U.S. Attorney David Dugas announced that two Louisiana residents who applied for FEMA relief funds were arrested in Baton Rouge and charged with making false and fraudulent claims. A 19 year old male resident of Baton Rouge and a 33 year old female resident of Baker were arrested by federal law enforcement agents after a judge signed criminal complaints and arrest warrants. The arrests resulted from an investiga-

tion conducted by the U.S. Department of Homeland Security, Office of the Inspector General, and the FBI. Relief officials received a registration request on a FEMA disaster assistance registration website from Dugan. Based on the registration, FEMA mailed Dugan a check that he deposited into his account at a local bank. Subsequent investigation revealed Dugan provided a false address from the affected area.

A similar registration request was received by FEMA from Johnson. A follow-up investigation revealed Johnson filed a false claim in her brother's name using her aunt's address in New Orleans. When Johnson received a check, it is alleged she forged her brother's name and deposited the check into a joint account at a local bank. If convicted, these defendants face a maximum of 5 years imprisonment and a \$250,000 fine.



**A boat comes to rest on top of a car after post-Katrina flooding subsides in Orleans Parish**

## True Blue Report

### BOLO: Types of Disaster Fraud to Expect



Mold Growing Inside an Apartment

**Lost or damaged property** -- Homeowners, renters and business owners will make claims for luxury items (TV's, stereos), inventory or equipment they never owned. Businesses may also inflate claims for lost income.

**Disappearing vehicles** -- People may claim they lost vehicles in the flooding even though their vehicles weren't even near the flood area.

**Home arsons** -- Many Gulf residents lack flood insurance. Their homeowner policies generally don't cover flood losses, but do cover fires, so some people will torch their homes in order to

make illicit fire claims.

**Phantom claimants** -- Some swindlers will impersonate real claimants in order to steal their insurance settlement checks.

**Crooked public adjusters** -- Some adjusters may charge homeowners a large up-front fee then disappear without handling the claim. They also may show owners how to file bogus claims in exchange for a cut of the insurance money. Some adjusters may also refer victims to crooked contractors who bribe the adjuster for referrals. Regulation of public insurance adjusters in this region

is weak or nonexistent.

**Shady contractors** -- Unlicensed or inexperienced contractors may perform shoddy work, but charge a victim's insurer large bills. Some contractors also will charge much of the money up-front, but disappear without completing the work.

**Fake deaths** -- Residents may claim they lost a loved one whose body was never found. Outsiders may claim a spouse "disappeared" while visiting the Gulf region. In either case, they'll make costly life-insurance claims for people who are quite alive.

### Houma Police Officer Arrested for Insurance Fraud



Only pilings remain where houses used to be in Holly Beach

On July 26, 2005, Baton Rouge IFU personnel arrested a Houma police officer on insurance fraud charges. In March 2005, the officer claimed his computer, a modem and a Houma Police Department uniform were stolen when his residence was reportedly burglarized. His insurance company, Farm Bureau, paid his claim which totaled \$5,847.00.

During the course of investigation, however, it was learned the officer had removed the computer from his home and reported it stolen in an attempt to throw off an internal police investigation. The officer was being investigated for alleged misconduct and computer crimes - cyber stalking. In addition, the officer failed to reimburse the Houma Police Depart-

ment for his issued uniform once his insurance claim was paid.

The officer provided a voluntary written confession and ultimately surrendered himself. He found himself on the other side of the handcuffs when he was arrested and booked into the Terrebonne Parish Correctional Center.

### Trooper Relief Fund



Artwork to Benefit Troopers Relief Fund

Over 30 Louisiana State Troopers and their families have been completely displaced in the wake of Hurricane Katrina alone. And, many people have asked how they can help.

In response, the Louisiana State Troopers Association established a Troopers Relief Fund to assist not only Troopers, but all of those within the Department of Public Safety affected by the recent

catastrophic storms.

TFC Stacey Pearson, of the LSP Insurance Fraud Unit, is donating 100% of the monies generated from the sale of her artwork, "True Blue," to the Louisiana Troopers Relief Fund. The limited edition, signed and numbered print measures 18" x 24" and sells for \$100.00.

You can purchase a print by con-

tacting TFC Pearson via e-mail at [spearson@dps.state.la.us](mailto:spearson@dps.state.la.us) or by contacting the LSTA at 1-800-782-5782.

Donations in any amount will be gratefully appreciated and are fully tax deductible. You may send your donation to: Troopers Relief Fund, Louisiana State Troopers Association, 8120 Jefferson Highway, Baton Rouge LA 70809.