



True Blue Report

Quarterly Newsletter of the Louisiana State Police Insurance Fraud Unit

Volume II, Issue I
April 2006

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.la.gov



The Insurance Fraud Unit's 2005 Annual Report is ready and available for viewing at the LSP/IFU website ...

www.lsp.org/ifu.html

Vegas Gamblers Lose Big in LA

On January 6, 2006, the Louisiana State Police Insurance Fraud Unit arrested two men from Las Vegas, Nevada, on multiple counts of Insurance Fraud, Conspiracy, Burglary, Criminal Damage and Theft. One of the men is an out of state contractor and Owner of a water removal service in the Las Vegas area. The other man, who eventually acted as an Employee of the first, gained a job with a private adjusting firm contracted by a local insurance company. Days before Hurricane Katrina made landfall, the Owner and his Employee conspired to come to Louisiana for the sole purpose of defrauding storm victims and their insurance companies.

When the two men's conspiracy became apparent, the insurance company's Special Investigative Unit began looking into their alleged fraudulent acts and after an initial investigation, the insurance company referred the case to the Louisiana State Police Insurance



"You don't want to know how we handle situations like this in Vegas."

Fraud Unit and the National Insurance Crime Bureau (NICB) for further investigation.

LSP's investigation revealed the two men were co-workers at the water removal company in Las Vegas. As the storm approached, one of the not-so-dynamic duo (the Employee) left the water removal company and obtained a job with a private adjusting firm contracted with the insurance company to assist with insurance claims resulting from Hurricane Katrina. He was later assigned to

adjust claims in the Slidell/St. Tammany Parish area. The LSP Insurance Fraud Unit investigation examined at least seven complaints levied by the insurance company's policyholders regarding suspicious activities on the part of the water removal company and the two men, as well as their quality of work and billing practices.

Troopers believe the Employee contacted policyholders during the claims adjusting process and recommended the water removal company from Las Vegas as the company to rid their homes of mold contamination. Residents hesitant about using the company were allegedly threatened with litigation for delaying the clean up process, thereby increasing the loss to the insurance company. Once authorization was received from the homeowner, the water removal company Owner responded to the residence within minutes. ...story continued on page 4

Satellite Imagery Used in Fighting Fraud



Satellite Imagery is being used in the fight against fraud. Following Hurricane

Katrina in August of 2005, various agencies used satellites to relay high-resolution images of flooded areas. Most of the images were taken around the first part of September when the flood waters

were still high and residents were not allowed in the city. Many people viewed the images to see the damage that was done by Hurricane Katrina.

The images that are taken by satellite are extremely accurate and have the ability to zoom into neighborhoods to identify patches of rooftop as small as 2 square feet. Louisiana State Police Insurance Fraud Unit is able to obtain satellite images from days after the storm and compare these images

to the damage that is being claimed. Hard copies of the images are available and can be used as evidence in fraud cases.

In March of 2006, the Louisiana State Police Insurance Fraud Unit made its first arrest using the technology of satellite imagery. The Insurance Fraud Unit plans to use satellite imagery in their investigation of cases in the future.

Field Office Highlights:

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

**UPCOMING
SIU
MEETING**

**Wednesday, May 10, 2006
9:30am
Baton Rouge LSP/HQ**



**AND THE AWARD
GOES TO:**

SGT. STACEY PEARSON
Trooper of the Year

In March of 2006, Sgt. Stacey Pearson, Insurance Fraud Unit, received the Louisiana State Police's "Trooper of the Year" award. Sgt. Pearson received the honor because of her zealous arrests record. In the past year, Sgt. Pearson initiated 10 criminal investigations, resulting in 23 arrests. Sgt. Pearson is a leader among her peers and her dedication and innovation have helped the Insurance Fraud Unit gain national recognition.

Way to go Stacey!!

True Blue Report

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

Former Insurance Agent Arrested for Unfair Trade Practices & Theft



A former Lafayette insurance agent sold bogus liability and accidental death policies to owners and pilots of Ultralight airplanes and pocketed the premiums in a number of instances beginning in 2000 and continuing until 2003. The former insurance agent held an active property and casualty

producer license from November 1997 until it was suspended in June 2003 by the Department of Insurance. The property and casualty license which the former agent held, however, would not have authorized him to sell liability and accidental death policies on aircrafts. The former insurance agent sold the Ultralight policies through a bogus company out of Costa Rica, with a legitimate company in Louisiana as the underwriter.

The former insurance agent's actions are particularly egregious

considering a pilot was killed in a crash in April 2003 and there was no valid company or policy to pay the \$50,000 accidental death coverage the aircraft's owner bought in good faith. In addition to pocketing the premium money, the former agent robbed the pilot's beneficiaries of \$50,000 they were entitled to. In March 2006, the former agent was arrested in Florida and extradited back to Louisiana where he was booked into the Lafayette Parish Correctional Center on charges of Unfair Trade Practices and Theft.

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

Businessman Arrested

On March 16, 2006, the LSP Insurance Fraud Unit arrested a long-time Baton Rouge businessman on 38 counts of Worker's Compensation Fraud, 7 counts of Insurance Fraud and 7 counts of Willful Misrepresentation.

It was discovered that the businessman had been submitting falsified insurance documents to the Office of the State Fire Marshal.

Troopers with the Insurance Fraud Unit determined the businessman tried to conceal the fact he intentionally failed to provide worker's compensation coverage for at least 38 employees over a four year period. He also misrepresented the fact that he did not have liability insurance coverage for his business as required by State Fire Marshal regulations.

Approximately three weeks prior to his arrest, the businessman was

issued a Cease & Desist order for operating without a valid license to install or service electronic security alarm systems. At that time, the businessman was banned and prohibited from any and all future activities in the alarm industry, as a result of an order issued by the State Fire Marshal's Office.

The businessman's sister was also arrested for participating in the scheme.

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

Woman Arrested

On February 6, 2006, the Lafayette field office of the Louisiana State Police Insurance Fraud Unit arrested a Lafayette Parish woman after she pretended to be a victim of Hurricane Rita.

The investigation into the woman's claim revealed she was renting a mobile home in the Youngsville area but moved out prior to the storm because she could no longer pay the rent. The

mobile home was partially furnished. Upon learning that the mobile home sustained damage due to Hurricane Rita, the woman made an insurance claim on her renter's policy. She even went so far as to take photographs of damaged property, property which did not belong to her, and submitted the photographs to her insurance company. She also attempted to solicit witnesses to support her claim.

An alert claims adjuster was first

tipped off to the possibility of the woman's claim being fraudulent when the adjuster noticed the woman gave a false social security number during a recorded interview.

Upon her arrest, the woman refused to give her current address. She was, therefore, provided "temporary housing" in the Lafayette Parish Correctional Center when she was booked on one count of felony insurance fraud.



True Blue Report

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

Who Does The Bail Bondsman Call To Get Out Of Jail?

On Monday, April 5, 2006, the Monroe field office arrested the owner of a local bail bonds company on a warrant for 24 counts of insurance fraud. His employee was also arrested on a warrant for the same charges. Both subjects were also served with Cease and Desist Orders by investigators with the Louisiana Department of Insurance. Ironically, bond was set at \$5,000.00 each.

The arrests evolved from a criminal referral from Louisiana Department of Insurance and the State Police North District Detectives Section. Investigation revealed the employee, on numerous occasions, bonded out arrestees at the Richland Parish Detention Center while acting as an agent for the bail bonds company. He was writing and signing bail bonds on behalf of the company even though he held no license as required by state law. The owner committed insurance fraud by allowing his employee, an unlicensed bondsman, to write and

negotiate bonds to affect the release of inmates at the Richland Parish Detention Center.



Investigator
Spotlight:

**BELINDA
MURPHY**

Tpr. Belinda Murphy has been with LSP since 2001 and transferred to IFU in 2005. Belinda is married to M/T Robert Murphy (HAZMAT) and expecting her first child, Maria "Mia" Elizabeth Murphy on June 3, 2006. She has two stepchildren Jeremy(17) and Kara(10). Belinda enjoys working out, running, and spending time with her family and friends.

"I love working Insurance Fraud, the investigations keep me on my toes and motivated. I believe that if you maintain a good attitude you can conquer any obstacle and overcome anything thrown your way. Have Faith and you will succeed."

NEW FLOOD MAPS

FEMA will be issuing new flood maps for most parishes in Louisiana in the next six to eighteen months. New maps for Orleans, Plaquemine, St. Bernard and Jefferson are expected to be issued sooner, due to many people waiting to see what new elevations will be required before rebuilding.

www.fema.gov

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

Wrecker Operator Arrested

Troopers in the New Orleans IFU field office identified a wrecker operator suspected of towing hurricane damaged vehicles out of the New Orleans area without the vehicle owner's consent. The wrecker operator was interviewed and it was discovered he did not have any documentation for the vehicles he had in his possession. He consented to a search of his property by LSP IFU, LSP Auto Theft and NICB which uncovered forty-seven (47) hurricane damaged vehicles from New

Orleans. The wrecker operator admitted he had been transporting vehicles out of the hurricane devastated area for approximately three (3) months. The operator said he did not have any documentation or permission from the owners stating he could have the vehicles.

The operator was arrested and charged with thirty-three (33) counts of Theft and booked into the St. James Parish Jail. He was charged for each vehicle and fourteen vehicles were discovered

after he was booked. The charges will be amended at a later date to reflect the additional vehicles.

Upon arriving at the wrecker operator's property, personnel discovered vehicles being crushed and transported for salvage by an auto crusher company. It was determined that the company was in blatant violation of several administrative rules. The investigation is continuing in order to determine if the owner of the auto crusher's company acted in a criminal manner.

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

Shreveport Woman Uses Altered Insurance Card to Reduce OMV Fines

In March 2005, a Shreveport resident, after having enjoyed the city's night life, climbed in her 2003 Nissan Altima and started her journey home. She was soon stopped by a Shreveport Police Officer and arrested for Driving While Intoxicated. A short time later, she began a ninety day suspension of her driver's license and with that a new problem emerged

– the need for a hardship license. But wait, there is \$250 in insurance cancellation fees on her driving record and those would have to be remedied before the Office of Motor Vehicles would issue the hardship license. What to do? In August 2005, with solution in hand, she entered the Bossier City Office of Motor Vehicles and applied for her hardship license. With a friend nearby offering her unlimited cash to clear the fines, admittedly her pride led her to present an altered auto insurance card to the OMV employee in an effort to save \$150 in owed fees.

She was soon arrested for Forgery and Filing False Public Records and now faces more legal trouble. As for the altered insurance card ... she made it in the comfort of her living room using her PC and scanner.



**NEIASIU-NEAIFI
 Annual Training
 Seminar
 June 6-8, 2006**

This New England training seminar is going to be packed full advanced training with refresher programs. These subject will sharpen your skills and help you perform your job more effectively.

www.nicb.org

**Flooded Vehicles
 Database**

Search the NICB database for vehicles and watercraft affected by Hurricanes Katrina, Rita and Wilma. The Vehicle Identification Number (VIN) can be found on dashboards, driver's side door jamb stickers, and title documents. The Hull Identification Number (HIN) can be found on the right rear of the watercraft hull.

www.nicb.org



**We're on the
 Web!**

www.lsp.org/ifu.html

True Blue Report

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

The SSA/CDI Unit received 12 new allegations and opened 15 cases, with a re-opening of 2 cases for Civil Monetary Penalty (CMP) and 1 for prosecution. The unit

closed 10 cases, 3 of which were closed by CMP's. There were 4 closed cases with fraud or similar fault. One defendant was sentenced to 3 years probation (of

which 6 months is under house arrest) for Social Security Fraud, plus was ordered to pay the remainder of the \$43,342 overpayment as restitution.

Vegas Gamblers Lose Big in LA ...continued from page 1

To continue with the ruse, the Employee issued the policyholder a check for \$5,000 to begin clean up and instructed them to issue the Owner a check from their personal account for the same amount. The Owner then instructed them to make their check payable to him personally and not his business name as he did not have a bank account in the area. In reality, the company did not have a business license or permit to operate in Louisiana.

Based on their investigation, the LSP Insurance Fraud Unit believes the Owner brought in crews to begin the work, but either did a poor job or left without completing the work. The Owner would then submit a bill to the policyholder for amounts ranging from \$13,000 to \$16,000 for a task normally worth \$3,000 to \$6,000. In addition, his billing invoices exaggerated fees for "remediation technicians," equipment, and personnel that was never used or not used during the billing period.

Witnesses told Troopers that when they refuted the bill, the Owner threatened to place liens on their property and turn them over to collection agencies to ruin their credit if they failed to pay within a short time frame. Witnesses also said that in some instances they were threatened with losing their houses completely. Still others said he alluded to physically harming them for non-payment by stating, "You don't want to know how we handle situations like this in Vegas." The Owner ultimately did turn the policyholders over to a collection agency in an attempt to receive fraudulent monies.

One witness told Troopers his family evacuated to Shreveport and based on the Employee's recommendation, the Owner was contracted to remove a tree from their house. To pay for the service, a family member agreed to pay him \$1,000 by credit card over the phone from his tempo-

rary housing in Shreveport, but declined any further work. The family later learned the Owner forced entry into their home without their consent and gutted the homes interior which was not flooded. He removed interior wallboard and belongings and later demanded payment from them for this service. When they refused to pay, he reportedly took the money from their credit card account.

Following their investigation, the Louisiana State Police Insurance Fraud Unit obtained felony warrants for the two men. On December 21, 2005, they were taken into custody by the Las Vegas Police Department on these warrants and were held pending extradition. Troopers returned both the Owner and the Employee of the water removal company to Louisiana where they were booked into the St. Tammany Parish Jail to face the charges against them.

Statistically Speaking - Quarterly IFU Statistics

	Ist Qtr 2005	Ist Qtr 2006	YTD 2006
Cases Opened	61	44	44
Cases Closed	59	42	42
Arrests	59	26	26