

FRAUD FACTS



Newsletter of the Insurance Fraud Program of the Virginia State Police

Recent Changes in the Virginia Code Related to Insurance Fraud

Eight years ago, the General Assembly passed legislation to create the Insurance Fraud Unit in the Virginia State Police. The GA recently completed its business for another year, and as a result of ongoing efforts to create an insurance fraud-specific law, the current law under which insurance fraud is prosecuted, Code §18.2-178 Obtaining money or signature, etc., by false pretense, was amended.

The amended code establishes venue for prosecuting the crime of obtaining money by false pretense. This means that for crimes committed after July 1, 2006, the person charged with obtaining money by false pretense can be tried in one of two places—the jurisdiction in which the person lived when the crime was committed or in the jurisdiction where the crime was actually committed.

I want to thank all of you for your efforts in reaching out to the General Assembly this year, and I hope this clears up any misunderstanding about the Virginia legislature having created insurance fraud legislation. There is not an insurance fraud law on the books in Virginia; the current law used to prosecute insurance fraud was simply amended to address the issue of venue.

§ 18.2-178. Obtaining money or signature, etc., by false pretense.

A. If any person obtain, by any false pretense or token, from any person, with intent to defraud, money, a gift certificate or other property that may be the subject of larceny, he shall be deemed guilty of larceny thereof; or if he obtain, by any false pretense or token, with such intent, the signature of any person to a writing, the false making whereof would be forgery, he shall be guilty of a Class 4 felony.

B. Venue for the trial of any person charged with an offense under this section may be in the county or city in which (i) any act was performed in furtherance of the offense, or (ii) the person charged with the offense resided at the time of the offense.

(Code 1950, § 18.1-118; 1960, c. 358; 1975, cc. 14, 15; 2001, c. 131; 2006, c. 321.)

I'm always available if you have any questions or concerns you would like to address. I can be reached at (804) 674-2706 or Roger.Rector@vsp.virginia.gov. Keep up the good work and together we can make a difference and stamp out fraud in Virginia.

W. Roger Rector

Lt. W. Roger Rector
Insurance Fraud Program Coordinator



It's The Law

You need to know the following information. Insurance fraud, i.e. obtaining money by false pretense, whether it has been committed or attempted, must be reported to the Virginia State Police. This is in addition to any other reporting procedures your company may require.

§ 52-40. Duties of insurers, their employees and insurance professionals.

A. If any insurer, any employee thereof, or any insurance professional has knowledge of, or has reason to believe that a violation of § 18.2-178 will be, is being, or has been committed, that person shall furnish and disclose

any information in his possession concerning the fraudulent act to the Department, subject to any legal privilege protecting such information.

B. All applications for insurance and all claim forms provided and required by an insurer or required by law as a condition of payment of a claim shall contain a statement, permanently affixed to, or included as a part of the application or claim form, that clearly states in substance the following:

"It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits."

VSP Special Agents Receive Public Service Award

Insurance fraud special agents Russell L. Eley III and William "Tony" Royall were recent recipients of the Eastern District of Virginia U.S. Attorney's Office Public Service Award.

The agents received the awards for their efforts in breaking up a staged accident ring. Five insurance companies paid out in excess of \$67,000 for fraudulent claims. As a result of the hard work of special agents Eley and Royall, eleven individuals were convicted for conspiring to stage automobile accidents and file fraudulent personal injury claims.



From left to right, US Attorney Chuck Rosenberg, Special Agent William Royall, Special Agent Russ Eley, and Assistant US Attorney Alan Salsbury.

"The challenge," said U.S. Attorney Chuck Rosenberg, "was to prove the claimed accidents didn't occur. These agents shut down an ongoing staged accident ring."

The VSP special agents worked closely with FBI Special Agent Jeremy V. Barnes, who also received a Public Service Award, and Assistant U.S. Attorney Alan M. Salsbury, who prosecuted the cases.

The awards were presented during a special ceremony at the U.S. Attorney's Office in Norfolk, July 24.

Who Will Be the Next Fraud Fighter?

The third annual Fraud Fighters award winners will be recognized at the 2007 VA IASIU Seminar. It's not too early to start thinking about who you would like to nominate. Those individuals who are Virginia's Fraud Fighters have gone the extra mile to reduce insurance fraud. Information and nomination forms will be sent out in February 2007. Nominees can come from law enforcement, the insurance industry and Commonwealth's attorneys.

For more information contact Pam Jewell at Pamela.Jewell@vsp.virginia.gov or (804) 674-2777.

FRAUD *Fighters*

2007 VA IASIU Training Seminar—Save the Date!

Plans are already underway for the 2007 Virginia Chapter International Association of Special Investigation Units Seminar. **The dates for the 2007 Seminar are Thursday and Friday, May 10 and 11**, at the Holiday Inn Koger Center South in Richmond. The golf tournament will take place at Providence Golf Club on Wednesday, May 9. This is

a change from previous years, when the golf tournament was on Tuesday and the seminar took place on Wednesday and Thursday. Tina Bowen, Virginia Farm Bureau, is the seminar chair this year. Program and speaker suggestions should be sent to her at tina.bowen@vafb.com. Mark your calendar now and check your mailbox for more information.

The Insurance Fraud Program's new "traveling billboard" is a 2006 Ford Expedition.



Check out the Insurance Fraud Program's newest promotion—a 2006 Ford Expedition.

This traveling billboard can be seen on Virginia's highways and byways reminding citizens they can help stamp out fraud when they report suspected insurance fraud to the Virginia State Police, and they might be eligible for a reward as well.

If you have an upcoming event and would like to include the Insurance Fraud Program's Expedition as part of your anti-fraud message, contact Pam Jewell at Pamela.Jewell@vsp.virginia.gov at least two months prior to the event. Include the name of the event, date(s) and time. Don't forget, IFP also has brochures in both English and Spanish available for distribution along with other promotional material such as pens, pencils, magnets and post-it notes.

Numbers, Numbers, Numbers

A review of the statistics from the first half of 2006 reveals an increase in numbers in almost all areas in which the Insurance Fraud Program maintains data. From January through June of 2006, the IFP received 1,050 notifications of suspected insurance fraud. This represents a 29 percent increase over the same time frame last year. Of the notifications received, 221 came in from the Hotline, 494 from the Website, and the remainder, 335, came in through other sources such as the US Mail or Fax. Notifications from the Website show the greatest increase at 19.6 percent, whereas the number of notifications received from the Hotline increased only 2.8 percent.

The number of investigations initiated the first half of this year jumped by more than 50 percent. While the number of arrests for insurance fraud dropped, the number of arrests for related offenses increased significantly—more than 100 percent. The number of convictions is holding steady—44 for the first half of 2005 vs. 48 for 2006.

The year-end statistics will be published in the 2006 Annual Report, which will be available in February.

Sharp Eye Reward Fund Update

The Insurance Fraud Sharp Eye Reward Fund was established in 2004 and can pay up to \$25,000 for information leading to the arrest of individuals who commit insurance fraud in the state of Virginia. In two years the fund has paid out \$11,500 in rewards to seven tipsters. The IFP would like to see that number increase. To nominate someone who has gone over and

above the call of duty by reporting suspected fraud and providing information that leads to an arrest for insurance fraud or an insurance fraud-related crime, contact Lt. Roger Rector at (804) 674-2706 or Roger.Rector@vsp.virginia.gov. To receive a nomination form, email Lindsey Kluender at InsuranceFraud@vsp.virginia.gov or give her a call at (804) 674-2771.

Public Awareness Campaign for 2006-2007

Television and billboards will continue to play a significant role in the IFP's marketing and advertising efforts. The "Antiques" television spot can be seen again this fall in the following markets: Richmond/Central Virginia; Tidewater/Hampton Roads; Roanoke/Southwest Virginia; and Tri-Cities/Far Southwest Virginia. To reach the northern Virginia market, bilingual outdoor boards will be placed on the Virginia Railway Express and Metro in 2006 and 2007.

Advertorials for Insurance Fraud Awareness Week will run in the following newspapers: *Richmond Times-Dispatch* (Richmond/Central Virginia market); *Virginian Pilot* (Tidewater/Hampton Roads market); *Roanoke Times* (Roanoke/Southwest Virginia market); *Washington Suburban Press* (Northern Virginia market); and *Washington Hispanic* (Northern Virginia Hispanic market).



The headline on the English version of this outdoor board reads "Reward: Earn up to \$25,000 for tips on Insurance Fraud."