

Virginia State Police
Bureau of Criminal Investigation

Insurance Fraud Division
808 Moorefield Park Drive, Suite 300
Richmond, Virginia 23236

I-877-62FRAUD(37283)
www.stampoutfraud.com



Virginia State Police
Insurance Fraud Division

ANNUAL REPORT



Did You Know?

- ! Insurance fraud is the second most costly white-collar crime in the U.S., behind tax evasion. (Coalition Against Insurance Fraud)
- ! Insurance fraud costs the average Virginia household \$1,000 a year. (Coalition Against Insurance Fraud - 2001)
- ! Nationwide, insurance fraud robs us of nearly \$80 billion a year. (Coalition Against Insurance Fraud - 2001)
- ! 4 out of 5 Virginians believe instances of fraud are wrong. (IFD Statewide Survey on Insurance Fraud by Southeastern Institute of Research, Inc. – 2000)
- ! 2 out of 5 Virginians say they know someone who has committed fraud. (IFD Statewide Survey on Insurance Fraud by SIR – 2000)
- ! 1 out of 6 Virginians claim they know someone who has received workers' compensation for an injury that did not occur on the job. (IFD Statewide Survey on Insurance Fraud by SIR – 2000)
- ! More than 1 of every 3 bodily-injury claims from car crashes involve fraud. (Insurance Research Council - 1996)
- ! Arson and suspected arson account for nearly 500,000 fires a year, or 1 of every 4 fires in the U.S. (National Fire Protection Association – 1998)

Front Cover (from left to right): Wade Wickre, IASIU Virginia Chapter President, Colonel W. Gerald Massengill, Virginia State Police Superintendent, Governor Mark R. Warner, Captain Frank Williams, IFD Commander, at the signing of the 2002 Insurance Fraud Awareness Day Proclamation.

Hard Work Pays Anti-Insurance Fraud Dividends

Report from the VSP Superintendent and IFD Division Commander

There is a saying that the harder you work, the luckier you get. We are proud to say that 2002 proved to be a most fortunate year for the Virginia State Police Insurance Fraud Division and ultimately the citizens of the Commonwealth of Virginia. We credit that success to the insurance industry, the IFD staff, the public, and the support of the Governor and General Assembly.

Since the IFD was established in 1999, more than \$22 million in false insurance claims have been reported to the division. As a result of our investigations during those four years, an estimated \$8.5 million has been ordered in restitution to the insurance industry. Last year alone, the IFD initiated 191 investigations that resulted in 97 arrests.

Although property fraud continued to be the most common type of crime investigated by the IFD, 2002 saw a 20% increase from 2001 in the number of cases involving personal injury and casualty fraud. Workers' compensation fraud investigations rose by almost 35%.



Colonel W. Gerald Massengill
Superintendent,
Virginia State Police

As citizens, insurance companies, and law enforcement learn more about the IFD and the results our investigators produce, we anticipate our activity and types of cases to continue to climb. For that reason, the IFD last year committed substantial resources and time to public education. We have made our "STAMP OUT FRAUD" toll-free hotline and Web site as accessible and user-friendly as possible. More than 3,900 individuals have already been introduced to and trained in the detection and prevention of insurance fraud.



Captain Frank A. Williams
Division Commander,
Insurance Fraud Division

In recognition of our progress, the General Assembly during the 2002 session unanimously passed legislation to eliminate the IFD's "sunset" provision that would have terminated the division's operation as of January 1, 2003. Governor Mark R. Warner then signed the legislation into law that established the IFD as a permanent division of the Virginia State Police Bureau of Criminal Investigation.

New Horizons

With the official “setting” of the sunset clause, the IFD continues to leave its impression across the Commonwealth.

Virginia recognized its first “Insurance Fraud Awareness Day” on May 9, 2002, with a proclamation from Governor Warner. The IFD and insurance industry applauded this honor during the 10th annual conference of the Virginia Chapter of the International Association of Special Investigation Units (IASIU) held in May in Richmond.

As the notifications of fraudulent claims and number of investigations continue to increase, so does our need for resources to address this crime. With the General Assembly’s approval, the IFD in December was able to add a supervisor, three special agents, two analysts, and a program support manager/public relations coordinator. Each of these positions is essential to the development and advancement of a successful IFD. There are now 16 full-time special agents committed to investigating suspected insurance fraud cases.

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As we set our course of action for the year 2003, the IFD is raising the bar once again.

With our additional manpower, the IFD is able to stamp out even more organized crime rings and conspirators operating complex insurance scams in the Commonwealth. For too long these crimes have gone unchecked as a result of limited resources, focus, and awareness.

Virginia recognized its first “Insurance Fraud Awareness Day” on May 9, 2002, with a proclamation from Governor Warner.

This year the division is also in the process of establishing a monetary reward for those citizens who provide information that leads to an arrest. Rewards have proven to be an effective tool in motivating public involvement in law enforcement’s efforts to fight crime.

As the IFD continues to fight insurance fraud and heighten the public’s awareness, we extend our appreciation to the citizens, Commonwealth Attorneys, local, state and federal law enforcement officers, legislators, and insurance industry personnel who have cooperated with us to achieve this mission. Thanks to these consolidated efforts, we truly can make the commonwealth a safer place in which to live and work.

Presentation of the Insurance Fraud Awareness Day Proclamation: Captain Frank A. Williams, Division Commander, Insurance Fraud Division, Virginia State Police; Kathy Kent, Neathawk Dubuque Public Relations; Virginia Governor Mark R. Warner; and Colonel W. Gerald Massengill, Superintendent, Virginia State Police.

New Faces Help Stamp Out Fraud



Assistant Special Agent-In-Charge Rollin V. Rosser, Fairfax In his 31 years with the Virginia State Police, Rollin Rosser has just about seen it all. From his involvement with the recent sniper shootings to helping bring down one of Virginia's largest methamphetamine rings, Rosser has a comprehensive background of supervisory and investigative experience.

Rosser came to the IFD from the Fairfax office of the Bureau of Criminal Investigation's (BCI) Drug Enforcement Division (DED). Having spent six years as a lieutenant for the Fairfax and Culpeper DED offices, Rosser served as liaison between local, state, and federal law enforcement agencies and multi-jurisdictional narcotics task forces. His involvement in narcotics investigations began in 1985 with his promotion to special agent in the Chesapeake DED office. In 1993 he was promoted to the DED office in Richmond as an assistant special agent-in-charge. Rosser also spent six years as a DARE coordinator for the department.

Rosser began his career as a trooper in 1971 working in Arlington and New Kent County. He is a certified training instructor, has been a member of the department's scuba team, and has served as a security police superintendent for the Virginia Air National Guard.



Senior Special Agent John K. Rowland, Fairfax With 30 years of law enforcement experience, J.K. Rowland has made a name for himself in the Commonwealth as a distinguished criminal investigator. Rowland has been an agent in the Fairfax General Investigation Division's Violent Crimes Unit since 1985. He has been involved in some of Virginia's most notorious cases including the Culpeper County investigation of the U.S. Route 29 stalker and killer of Alicia Showalter Reynolds.

Rowland joined the State Police in 1972 and was assigned to Stafford County as a trooper. He has also served on the State Police scuba and tactical teams.

**Special Agent Bronwyn D. Morris, Chesapeake**

Bronwyn “Bobbie” Morris has a knack for finding people, specifically criminals. Having spent several years working in the Virginia State Police Fugitive Unit, Morris is no stranger in tracking down suspects and bringing them to justice. Morris joined the Virginia State Police in 1987. As a trooper, she patrolled the roadways of Virginia Beach and Tidewater. She was assigned to work with the Fugitive Unit in Chesapeake in

1992 and continued to work with the unit after being promoted to special agent two years later.

In 1996 she transferred to the Drug Enforcement Division’s Chesapeake office and into the world of marijuana eradication as a member of the Governor’s Initiative Against Narcotic Trafficking (G.I.A.N.T.) task force. Morris has spent most of her career in undercover assignments and looks forward to utilizing her many skills in seeking out those Virginians committing insurance fraud crimes in the Hampton Roads region.

**Special Agent David R. Copley, Chesapeake**

Dave Copley, a 23-year veteran of the Virginia State Police, not only brings his extensive criminal investigative experience to the IFD but also an inside knowledge of the insurance industry. Copley is a former Virginia-licensed insurance agent. Copley said he has always had an interest in investigating insurance fraud and is enjoying his new position in the Chesapeake IFD office.

Copley joined the State Police in 1974 and worked as a trooper in Chesterfield County, Norfolk, Virginia Beach, and Chesapeake. In 1999, he was promoted to the Bureau of Criminal Investigation and became a Drug Enforcement Division task force coordinator. Most recently Copley worked as the domestic and foreign terrorism coordinator for the Department’s Criminal Intelligence Division office in Chesapeake.

Behind-the-Scenes Work Assists Investigations

Each IFD notification starts out in the hands of one of the division's two new analysts. As the notifications and number of investigations have increased, so has the need for researchers. The IFD analyst assists the special agents in preparing their cases, tracks crime trends, and maintains IFD data banks. The analysts' positions were geographically placed to best serve the IFD offices and special agents.



Analyst Linda L. Drane, Richmond Linda Drane likes to look at the “big picture” when it comes to fighting crime, especially insurance fraud. “Analyzing and researching are fun and very interesting to me,” said Drane. “I like compiling data to create a picture. The more I can find out, the more interesting it becomes to me.”

Joining the IFD in 2000, Drane became the division's first analyst. Her most memorable case was the one in which a husband and wife team received extensive prison sentences for staging auto crashes and “slip-and-fall” accidents during the past decade. For Drane, seeing justice served is reward enough for her job.

Drane transferred to the IFD from the Virginia State Police Communications Division. She has also worked in the Virginia State Police Property and Finance Division and as a procurement analyst with the Virginia Department of Criminal Justice Services.

“I like that we are able to give back to the community what law breakers take away!”



Analyst Cynthia S. Waters, Salem Cynthia Waters may be new to the Virginia State Police, but not to law enforcement and the justice system. Prior to joining the IFD in November 2002, Waters worked as a research assistant for the Virginia Department of Juvenile Justice. She has experience as a juvenile and domestic relations probation officer aid and as a counselor at the Roanoke Valley Juvenile Detention Center. Waters also recently earned a master's

degree with her master's thesis on urban and rural court sentencing disparities.

“Before working for [IFD] I was unaware of the large impact insurance fraud has on our society, as well as the large amount of money that is fraudulently claimed each year,” said Waters. “Knowing that these crimes are eventually paid for out of our own pockets, makes me even more pleased to be part of such an important division.”

Contact IFD

Moorefield

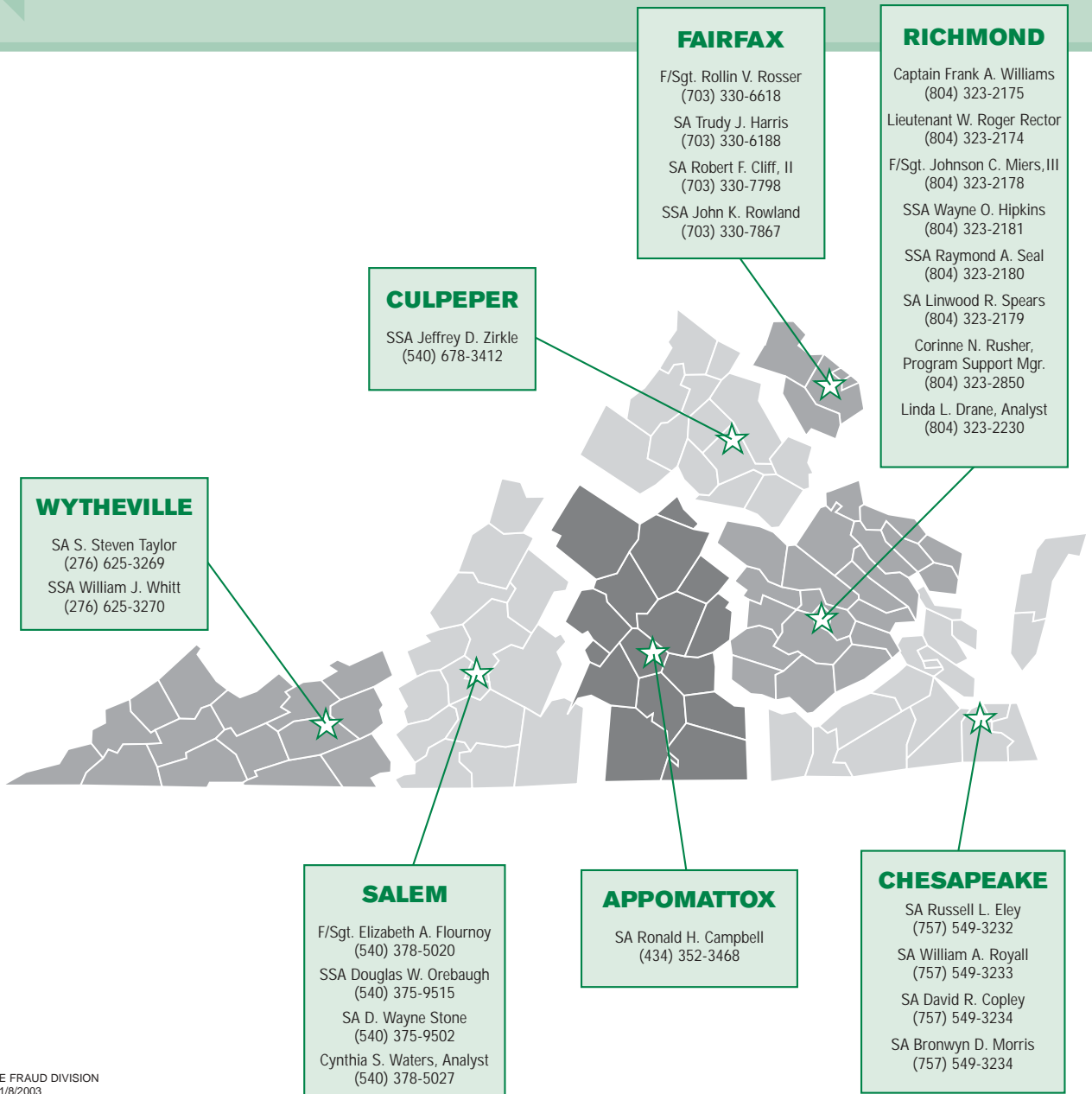
ADDRESS: 808 Moorefield Park Drive
Suite 300
Richmond, Virginia 23236

E-MAIL: VSPifd@vsp.state.va.us

WEB: www.stampoutfraud.com

FAX: (804) 323-2183

HOTLINE: 1-(877) 623-7283



IFD Investigation Causes Virginia Couple's Decade of Bad Luck To Run Out

During the last decade, a Chesterfield County couple has had the worst luck. Since 1990 Millard and Sharon Germain Thomas have been injured in 28 separate single-vehicle crashes and “slip and fall” accidents. They have had to visit various doctors and health care providers to seek extensive medical treatment more than 300 times between 1990 and 1996. Fortunately the Virginia State Police Insurance Fraud Division stepped into the picture and found out that they, in fact, were not as unlucky as they appeared to be.

A three-year investigation by the IFD Richmond office revealed that the Thomases were simply bilking health and automobile insurance companies by staging auto crashes and “slip and fall” accidents. Both would report soft-tissue injuries and use various aliases to hide their identities when filing their insurance claims.

Millard Thomas or an accomplice would intentionally drive a vehicle off the roadway into a fixed object, usually a brick wall or tree. He would then tell the responding police officer that he had been forced off the road by an oncoming vehicle. Using the “phantom vehicle” excuse would insure that the crash would



be processed under the uninsured motorist provision of Thomas' auto policy.

But the Thomases' bad luck returned when they appeared in U.S. District Court to be sentenced in April 2002. The federal judge was so appalled by their behavior that he exceeded the normal range of federal sentencing guidelines and put Millard Thomas in prison for five years for committing mail fraud and 87 months for the health care fraud. The sentences are concurrent. Millard was also ordered to pay \$215,000 in restitution to his victims.

Sharon Thomas pled guilty to mail fraud. For cooperating with authorities, she received a sentence of five years probation with no jail time. Sharon Thomas was also ordered to pay restitution in the amount of \$82,118.

The Insurance Fraud Division recognized those involved in bringing the Thomas case to justice. (from left to right) FBI Special Agent R. Dale Garvin, Assistant U.S. Attorney David T. Maguire, Judith M. Parsons, who previously worked with Sentry-Dairyland Insurance Company and is now with the National Grange Insurance Special Investigation Unit, and Virginia State Police IFD Special Agent Raymond A. Seal.

IFD Helps Acquire New High-Tech Fingerprint Finders

Sherlock Holmes, eat your heart out! Gone are the days of messy dusting powders, lighting restrictions and hours of dusting in search of a single latent fingerprint.

“When it comes to investigating insurance fraud, our ‘smoking gun’ is often in the form of a document, receipt, check, or form,” said Capt. Frank A. Williams, Insurance Fraud Division commander. “Dusting for prints is a tedious process, and the powders and chemicals can damage or destroy our evidence.”



Now IFD investigators can locate and identify fingerprints through a telescopic lens known as a Krimesite Imager. The instrument utilizes Reflective Ultra-Violet Imaging System technology to scan and locate latent prints. It can be used on most non-porous surfaces and can function in bright sunshine and darkness. From soda cans to vehicles to documents, the imager can be used at practically any crime scene.

“This new technology will not only speed up the process for our agents, but also help them locate evidence that might have otherwise gone unnoticed,” added Williams.

With partial funding from the IFD, the State Police purchased seven Krimesite Imagers. The imagers were distributed statewide for use by investigators and forensic technicians in the IFD and Bureau of Criminal Investigation General Investigation Divisions.

IFD Special Agent Lin Spears uses a Krimesite Imager to examine a handgun for fingerprints.

Spreading the Word About Insurance Fraud



Corinne Geller Rusher, Richmond After three-and-a-half years of handling media and public relations for the Virginia State Police Richmond Division, Corinne Rusher transferred to the IFD to take on the newly created position of program support manager and public affairs coordinator. Rusher has an extensive background in media relations, public speaking, and training. Prior to joining the Virginia State Police, she spent six years as a television news reporter in Virginia and Tennessee.

Getting the word out to the insurance industry, law enforcement, and general public is essential in IFD's mission to raise awareness of the financial burden and issues surrounding insurance fraud.

Rusher works closely with the IFD investigators to solicit media coverage and publicity. She is also responsible for coordinating projects, publications and the IFD Web site with Neathawk Dubuque. Rusher is currently assisting with the 2003 Insurance Fraud Conference that the IFD is co-sponsoring with the Virginia Chapter of the International Association of Special Investigation Units.



The position also supports the IFD criminal investigation efforts by helping coordinate presentations and public speaking engagements. Having conducted 44 introductory training sessions and presentations in 2002, the IFD reached 1,915 individuals, 400 more than in 2001.

Continuing activities also play a vital role in IFD's public awareness mission.

STAMP OUT FRAUD The simple, but powerful logo with a bold and contemporary look continues to gain recognition from the public as being associated with the IFD and its mission.

1-877-62FRAUD (1-877-623-7283) Since 1999, more than 265 citizens, insurance investigators/personnel, and law enforcement officers have been helped through the IFD hotline. The toll-free number is easy to use and available at any hour.

Roger Neathawk, chairman/CEO of Neathawk Dubuque, (right) presents IFD Lt. Roger Rector a Communicator Award for the IFD "Stamp Out" Web site and a Communicator Crystal Award for the IFD Annual Report. Both publications received special honors for their premiere layout and content.

www.stampoutfraud.com In compliance with the goal to make state government accessible via the Internet, Virginians can also report suspected insurance fraud online at the IFD Web site.

TV AND RADIO IFD public service announcements (PSA) continue to play on radio and television stations throughout Virginia. The PSAs were created to educate citizens about insurance fraud and to encourage them to call the toll-free telephone number if they have helpful information.

The IFD made print and television news headlines in 2002 with a federal judge's conclusion to the Millard and Sharon Thomas case. In its coverage, WWBT-TV12 even featured IFD surveillance video used for evidence in the prosecution of the Thomas's.

Central Virginians got a chance to familiarize themselves with the IFD last year when the division was spotlighted twice on "Police Beat," a thirty-minute Comcast cable show dealing with law enforcement topics. IFD special agents

showcased several cases to illustrate the variety of insurance fraud crimes being committed in our communities and informed citizens about how they can help prevent insurance fraud while protecting themselves.



ANNUAL REPORTS Annual reports have been dutifully produced annually since the IFD was established in 1999.

BROCHURE Continue to distribute; provides excellent overview on all aspects of insurance fraud and the IFD.

BUSINESS CARDS FOR TROOPERS For the past year, the IFD has made business cards available to Virginia State Police troopers, special agents, sergeants and first sergeants. Until the IFD program, business cards had to be purchased by the individual. Because a survey of those using the cards showed tremendous support and appreciation for the program, the IFD business cards will be continued for at least another year.

Capt. Frank Williams presents Senator Charles J. Colgan, District 29-Manassas, a plaque of appreciation for his continuing support. Senator Colgan was the initial sponsor of legislation to establish the Insurance Fraud Division.

The cards are preprinted with the following IFD information on the back of the card: the “STAMP OUT FRAUD” logo, Web site address, toll-free telephone number, and E-mail address for reporting insurance fraud crime. The troopers’

information on the front of the card can be added or changed as needed at area offices. More than 400,000 have been printed so far.



IFD NEWSLETTER Production has begun on the spring 2003 IFD newsletter, “Fraud Facts.” The goal this year is to expand its circulation to reach even more insurance and law enforcement

personnel. The publication features actual insurance fraud cases and other current IFD-related issues.

IFD POSTER The first IFD poster was distributed to all local law enforcement agencies and the insurance industry in 2002. The poster illustrates a popular magic trick with a warning to consumers to not be fooled by the illusion that insurance fraud doesn’t hurt anyone. It also features a list of insurance fraud indicators.

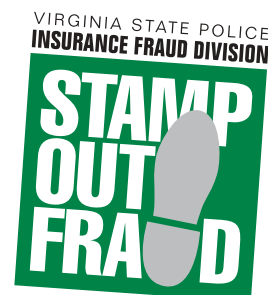
ONGOING PUBLICITY Continue to publicize the IFD with presentations, news conferences, TV and radio appearances, and at special events. Provide media with news stories related to successful investigations and prosecutions. To keep the IFD message fresh and current, new brochures, poster and PSA are in the works for the near future. A follow-up study to the 2000 consumer study will be conducted in the future to determine changes in awareness levels and attitudes about insurance fraud.

The IFD was one of several exhibits included in the Virginia State Police display at the 2002 State Fair of Virginia. With a record attendance at the fair last fall, the IFD was able to spread its message to thousands of Virginians.

Getting the word out to the insurance industry, law enforcement, and general public is essential in IFD’s mission to raise awareness of the financial burden and issues surrounding insurance fraud.

www.stampoutfraud.com

1-877-62FRAUD



Department of State Police

Insurance Fraud Investigation Unit

Activity Report

January 1, 2002 through December 31, 2002

1.	Number of notifications received	1,021
2.	Number of notifications sent to unopened case file	543
3.	Number of investigations initiated	191
4.	Number of notifications referred to other BCI Divisions	22
5.	Number of notifications referred to other agencies	20
6.	Number of cases involving property fraud	575
	A. Motor Vehicle/Auto	337
	B. Homeowners	142
	C. Commercial	46
	D. Other	50
7.	Number of cases involving injury/casualty fraud	440
	A. Motor Vehicle/Auto	137
	B. Homeowners	23
	C. Commercial	29
	D. Workers Compensation	196
	E. Other	55
8.	Number of cases of actual fraud (collected)	197
9.	Number of cases of attempted fraud	337
10.	Total Amount of claimed loss (collected)	1,770,356
11.	Total Amount of claimed loss (attempted)	6,853,579
12.	Number of cases presented to Commonwealth's Attorneys	77
13.	Number of cases adjudicated	67
14.	Number of arrests for insurance fraud	70
15.	Number of convictions for insurance fraud	45
	A. Felonies	19
	B. Misdemeanors	25
16.	Number of arrests for related offences	27
17.	Number of convictions for related offences	10
18.	Amount of restitution ordered	107,974
19.	Number of calls to Fraud Hotline	94
20.	Number of training presentations	44
21.	Number of personnel trained	1,915

Everyone Can Help

Insurance fraud is a crime, and the Virginia State Police Insurance Fraud Division is working to stamp it out.

Here's how you can help:

- Be aware of staged accidents, such as intentional sideswiping or cars that cut in front of other vehicles, forcing collisions due to quick stops.
- Be aware of individuals that try to get you to leave the scene of an accident without calling police or obtaining a police report.
- Be aware of individuals that claim no previous injuries or continue unnecessary medical treatment which inflates medical benefits.
- Be aware of fraud rings that specialize in “slip and fall” schemes with fake injuries and faked claims.
- Be aware of individuals reporting fake burglary or theft claims.
- Be aware that some individuals report damage as vandalism in an attempt to cover deliberate or previous damage to one's own property.
- Be aware of individuals making a false stolen vehicle claim to cover previous damage to a vehicle or to dispose of the vehicle.
- Be aware of individuals that fake an on-the-job injury or stay off work after healing to collect workers' compensation benefits.
- Be aware of the possibility that someone may set a small fire in their home to obtain a new paint or remodeling job.
- Be aware that individuals may change a genuine claim to inflate the loss to recover past premiums.
- Be aware of individuals that inflate genuine claims to cover a policy deductible.
- Be aware of attempts to convince you that “everybody is getting rich” so you may as well try to get additional money also.

Action You Can Take

If you suspect you may be the victim or have knowledge of a fraudulent scheme, notify your insurance company and report the activity to the Virginia State Police by calling 1-877-62FRAUD (1-877-623-7283) or visiting www.stampoutfraud.com.