

# WEEKLY FRAUD NEWS & REVIEW

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## FRAUD CONVICTIONS

**A nosy neighbor busted Thomas Butera's** home arson. The Ringwood, New Jersey man was 17 months behind on his mortgage and had taken out \$300,000 by refinancing his home. A neighbor saw Butera's car parked outside his home just before the fire started. The car was gone right after the fire broke out, he said. Butera's dog died in the fire. Insurance arson did not make sense because he would have used up the money to rebuild the damaged home, he argued at trial. The court did not buy it. Butera faces up to 10 years in prison when sentenced.

**Forging theft photos fooled no one.** Bryan G. Robb claimed \$27,000 worth of electronics were stolen from his North Spokane, Washington home. He provided his insurer photos of the supposedly stolen items, including DVDs, computers, and video game consoles. A fraud investigator ran the photos through a computer program that showed the pictures were time-stamped after the police report, which listed losses at only \$800. He had also filed a police report in 2004 listing the same items stolen. Robb received a week in jail and \$1,000 fine.

**Home contractor Robert Decker was decked.** The Fonda, New York man presented a forged certificate of liability insurance to bamboozle homeowners into signing repair contracts. He left many jobs unfinished and in some cases did no work. Decker stole \$5,000 last summer from a Malta homeowner who hired him to replace a roof. Decker never deposited the money into the required escrow account, did no work, and refused to refund the money. Decker also stole nearly \$1,000 from a Saratoga homeowner and filed false documents with the Town of Clifton Park claiming his roofing company was exempt from state-required workers' comp coverage. He had already been booted from working in New York unless he posted a \$100,000 performance bond, which he failed to do. Decker will serve up to nine years in prison and must pay as much as \$375,000 to the bilked homeowners.

**Chip Kyle Bolton said he was injured** on the job and unable to work. He could not stand for more than an hour, Bolton told an adjuster. The-Salinas, California man also had a numbing sensation from his hips to his knee and could not hold his baby daughter, he claimed. But Bolton was filmed the same day cavorting at the YMCA —exercising on an elliptical machine and playing basketball. At his deposition, he denied engaging in the very activities that were captured on film. He stole nearly



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\$60,500 in comp money plus up to \$110,000 in other benefits. The judge came down hard, handing Bolton 8 years and 8 months in prison.

**Two black men broke into the home** of Jonathan and Mandy Courson, tied them up, ransacked the place, and strangled Mandy with a rope. All the while their toddler slept in the next room. Investigators concluded the Baxley, Georgia man killed his wife for life-insurance money. He called his agent just three days after Mandy died to check on how to make the life-insurance claim. Courson also removed items such as a TV from the house to give the appearance of a robbery. And he drugged their toddler with adult allergy meds so she would sleep through the violent ordeal. Courson received life in prison without parole.

## FRAUD CHARGES

**Billy Gale Bailey allegedly burned down a friend's home** as a favor so she would receive insurance money to build a new home. And of course she would gratefully hand him a slice of the payout. The Redding, California man burned up Kandace Kalinowski's house without her knowledge and the next evening told her what happened. At first Kalinowski went along with Bailey because she was afraid of what he might do if she turned him down. But she later met with detectives and agreed to wear a recording device. The recordings allegedly revealed these comments: Bailey used a blowtorch to start the fire behind a refrigerator. But after driving away, he suddenly remembered he had forgotten to push the refrigerator back into place and so returned to the house. The fire was "going pretty good" when he reached the house. Bailey also told Kalinowski to relax. "It'll all be over, they can't prove (expletive)," he said. "They can't prove (expletive) dog (expletive) from China." Bailey rejected a plea deal for 5 years in prison, and will slug it out in court.

**Considered a flight risk to his native China**, David Ming Pon was jailed without bail for allegedly performing \$7 million worth of needless eye surgeries. The Jacksonville, Florida, doctor scared Medicare patients into thinking they had wet macular degeneration requiring laser surgery to prevent blindness, prosecutors charge. The age-related chronic eye disease is caused by abnormal blood vessels leaking fluid or blood into the center of the retina, leading to vision loss. Pon diagnosed and treated one patient and then allegedly pulled the patient's spouse in from a waiting area and did the same procedure. A federal agent said Monday that Pon used the laser at such a low level for the duped patients that the work had no impact. Missing in picture after picture of those patients was any scarring or leaking veins that should have been cut by the laser. The feds are trying to confiscate four homes, plus a Lexus and Porsche convertible.



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## RELATED NEWS

**Did you know that vehicle fires account** for nearly 27 percent of all fires in the U.S.? Torched vehicles are in the crosshairs of a national public-awareness campaign spearheaded this week by the U.S. Fire Administration. The theme is *Vehicle Arson Awareness Week* with the tagline “Vehicle arson — a combustible crime.” The Coalition is an official partner and worked closely with the USFA to write the tagline, plus provide insurance cases and other guidance on the fraud part of vehicle burnings. State fire marshals, local fire departments, and other agencies have adopted the event as a springboard to spread local anti-arson messages. The Tallahassee fire department and Florida state fire marshal, for example, have launched an outreach effort. Statehouses also have issued official proclamations. News outlets and bloggers around the U.S. have published articles in response. A *Google* search uncovers about 74,500 hits, meaning the insurance-fraud message is reaching consumers.

**Allstate paid New York clinic Nara Rehab** Medical about \$500,000 for “electrodiagnostic testing.” The insurer then filed a federal RICO action, arguing the tests were either fabricated or had no diagnostic value. Dr. David Mun then moved to compel Allstate into arbitration under the policy contract. But Allstate had promptly paid Mun’s claims. The policy and New York statute give medical providers a right to arbitrate pending claims, not ones already paid. The federal appeals court unanimously affirmed the lower-court decision.

**New York City is losing millions of dollars** a year in auto premiums to local drivers who illegally register their vehicles in states with lower rates. Vehicles with license plates from lower-premium states Pennsylvania, South Carolina, Virginia, and North Carolina are parked in large numbers, according to news reports. The average auto-liability premium in New York in was \$751 in 2011, according to the news report. Premiums are far less in Pennsylvania (\$488), South Carolina (\$470), Virginia (\$395), and North Carolina (\$358), news reports say. NYPD typically avoids investigating tips about auto-premium cheaters because the force uses its hard-pressed resources chasing more-serious crimes. Cops also cannot pull over drivers on Staten Island simply because their vehicles carry out-of-state plates because the motorists may be able to technically prove residence in the state of the plate. By contrast, the California Highway Patrol has an active program to enlist citizen help in busting cheaters. Tipsters can fill out an anonymous online form that asks for basics such as plate number and state; make, model and color; plus when and where the vehicle was spotted.



**Nevada police are warning crash victims about** suspicious characters who show up at crash scenes and try to extract personal information. Two men at one crash site told victims they were taking vehicle collision reports for police. The pair extracted driver license, insurance card, and

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other vehicle documents that can lead to insurance fraud or other forms of ID theft. The men did not work for law enforcement. They drove vehicles with no insignia and had official-looking forms but none of their info checked out, police say. The men said they worked for a firm called Nevada Car Accident Reports. The phone number on their business cards did not work and appeared to come from a prepaid phone. Las Vegas police generally do not respond to crashes unless there is an injury.

**A convicted insurance fraudster has become** an internationally popular inspirational force for al-Qaeda-linked fighters in Syria. Ahmad Jibril and his father defaced some of their dozen rental properties around Dearborn, Michigan to collect insurance money. During jury selection, Ahmad Jibril recruited three cohorts to approach a seated juror at her business. They spoke with the juror's boyfriend and offered to pay for the couple's wedding and buy them a house if she could get the jury to acquit the Jibrils. Jibril spent 6 ½ years in federal prison. Part of that was at a facility called Guantanamo North because many prisoners are Muslims prosecutors have tried to link to terror cases. Jibril began encouraging jihadists just weeks after his release in 2012. Today, Jibril has more than 23,000 followers on *Twitter*, a *Facebook* page with 211,000 likes, and a *YouTube* account whose videos attract thousands of views.

**Swiftcover.com is the first major insurer** in the UK to offer auto policyholders a 10-percent dash-cam premium discount. The insurer says it expects a boom in dash cams over the next year. They are already widely used in Russia, where criminals routinely set up innocent drivers for roadway crashes to steal insurance money. One in five UK motorists involved in a road crash faces a rise in auto premiums thanks to bogus or misleading info from crooked drivers during the claims process, according to research. Half of the people surveyed said driving standards in general will improve if more vehicles were fitted with dash cams. Well over a third (39%) said they would feel safer behind the wheel knowing that a dash cam is onboard to verify events. Almost 6 of 10 said that they would install a camera if it helped lower their premiums.

## LEGISLATION

**Louisiana is the sixth state to pass a bill** (SB 32) criminalizing the use of counterfeit airbags in auto repairs. The language tracks laws in New York, Connecticut, Ohio, and Alabama. A similar Florida bill awaits the governor's expected signature. Crooked body shops usually buy knockoff airbags at a very low price and charge insurers full price for an expensive new airbag. Neither the driver nor insurer knows that a phony airbag was installed.



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**The Louisiana legislature continued its** busy work on fraud issues by passing a bill exempting smaller insurers and HMOs from having state-required anti-fraud plans. SB 281 clarifies that small insurers and HMOs licensed in the state are exempt.

**The New York Senate continued its tradition** of passing no-fault reform bills then sending them to the Assembly this week. The Assembly has its own tradition. The chamber is a longstanding graveyard for the Senate-passed no-fault bills despite nearly universal agreement that the reforms are needed to help reign in widespread crash gangs, sham clinics and other auto-insurance cheaters.

- SB 3547: makes staging a crash a specific crime. The bill is named after Alice Ross, a grandmother who was killed after being maneuvered into a botched staged auto crash more than a decade ago.
- SB 3033: makes it a felony to hire a runner or act as a runner to solicit patients for bogus treatment by crooked health providers who bill auto insurers for worthless or phantom “whiplash” treatments.
- SB 2373: targets drivers who lie about where they garage their auto to lower their premiums and shift higher insurance costs to honest drivers.

The New York legislature is scheduled to adjourn for the year at the end of June. The governor’s active backing is essential to breaking Albany’s extended logjam on these bills.



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