

WEEKLY FRAUD NEWS & REVIEW

Friday, January 13, 2017

FRAUD CONVICTIONS

Cutting up patients with botched spinal surgeries earned a neuro doctor nearly 20 years in federal prison to correct his technique. Dr. Aria Sabit launched a \$2.8-million insurance scam. The Detroit-area doctor promised to insert implants to help stabilize patient spines, reduce their pain, and allow them to live happier lives. Many trusting patients generally did not need the invasive life-altering implants. Sometimes he sliced open patients and sewed them up making zero repairs. Sabit created a fantasy world of counterfeit surgical records to back up his fraudulent insurance billings. Tonocca Scott languished with painful bulging discs from working at a car wash. Sabit cut him open and claimed he performed a spinal fusion. Scott remained in pain so Sabit prescribed painkillers, yet his recovery stalled. In fact Sabit never did the fusion, opening Scott up twice just for insurance money. Scott suffered from chronic discomfort, could sit for only a few minutes, wears a back brace with a DVD case taped inside to keep his spine straight, and is worried he will need yet more surgery.

An insurance agent will serve 30 days of home confinement for stealing premiums intended to cover the street festival of St. George, Utah. Sommer Bowler also gave up her license. She inflated the event premiums and pocketed the extra money. Bowler said she provided \$4 million coverage yet only bought \$2 million which was not enough to insure the City of St. George and the event's vendors. Bowler also failed to buy coverage for two months though she billed the festival for premiums and gave the city a forged insurance certificate. Bowler served on the boards of several local nonprofits at the time

An engineering firm altered engineering reports to rig claims involving damaged homes after Hurricane Sandy. The reports were used to determine structural damage to homes after the megastorm swept through several states in 2012. Homeowners were reimbursed based on the reports. Many flood claims may have been undervalued or denied under the National Flood Insurance Program as a result. HiRise exec Matthew Pappalardo backdated documents and urged reluctant parties to go along with the scam. The engineers who originally surveyed the home damage were unaware their reports were altered. Pappalardo pleaded guilty and received three years of probation. HiRise was bounced from future work with the federal flood program.

Ira Bernstein needed to find a quick fix to his money problems. The Ramapo, New York foot doctor lost two malpractice lawsuits totaling more than \$2 million. He also had other pending



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lawsuits and judgments. He agreed to pay costs plus transfer ownership of four properties to his estranged wife Susan Bernstein for dropping their divorce. Ira and his lover Kelly Gribeluk plotted to have Susan murdered, the DA's office says. The pair hired a local businessman to run Susan over for \$100,000 and make it look like an accident. They paid him installments of \$2,500 to beat up two insurance investigators planning to help bring fraud charges against Ira's foot practice. The hitman turned on the couple, working as a police informant to help nab the couple and halt the murder plot. The pair pled guilty to conspiracy for the planned hit. Ira also pled to stealing insurance money through his podiatry practice.

Yet another doctor is charged in the largest lab bribery con in history. Salvatore Conte allegedly took in \$130,000 of bribes from Biodiagnostics Laboratory Services to steer patients to the blood testing outfit. The Parsippany, New Jersey lab stole \$525,000 of fraudulently billed blood business from Conte's referrals, feds say. The wide-reaching investigation has produced 41 guilty pleas — 27 from doctors. Biodiagnostics stole more than \$100 million from private health insurers and Medicare. Monthly kickbacks were disguised as sham rental agreements and "consulting" payments. Conte faces a variety of federal charges.

FRAUD CHARGES

An office building collapsed amid the flames to sooty pile of rubble. Tenant Jeremy J. Neumann started the fire for insurance money, feds in Oshkosh, Wisconsin charge. Some small businesses in the building lost everything. Neumann's firm was a building tenant, along with 20 other businesses. His GPS shows he was in the area of the building about when the fire started. Security cameras caught someone wearing clothing that looked like his. Neumann increased his business liability coverage to \$130,000 from \$100,000 a week before the blaze. He will spend up to 40 years in prison if convicted.

Two cohorts recruited hundreds of non-union consumers for coverage by a local auto union health plan, feds allege in the Passaic, New Jersey area. Sergio Acosta was an official with the United Auto Workers Local 2326. Broker Lawrence Ackerman created shell companies, making it seem his sales prospects worked for the shells and wanted health insurance coverage. Acosta and Ackerman tried to defraud Horizon Insurance of \$6.6 million by covering 700 to 800 ineligible people Ackerman recruited across the country. Horizon discovered the fraud and pulled its union coverage. Ackerman permitted the people to continue to be covered by the union's self-insurance care plan. Acosta and Ackerman each could each spend up to 20 years in prison and a \$500,000 fine if convicted.

People trooped into Arizona hospitals with seeming maladies when in fact the patients invented the illnesses to stiff the hospitals, the state AG charges. The nine suspects complained of



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fainting, chest pain, and abdominal pain. Some said they fell down stairs or fell in a bathroom and hit their heads on the toilet bowl. Nicholas Scafidi ran the ring, once refusing to leave the ER unless he got a diagnostic test. Ring members bilked out-of-network medical facilities, using Obamacare coverage they bought. Blue Cross Blue Shield sent the checks to customers who paid the medical bills. The checks went to mailboxes then were deposited into bank accounts. The reputed ring rolled up \$1.8 million of insurance bills, receiving \$850,000 of insurance checks. They have been going from state to state, pulling the same con each time.

Oil technician Kyle Fontaine kept on working in the oil change business while hauling in workers' comp money, prosecutors charge in Connecticut. The Naugatuck man said he was hurt as an oil-change technician and was unable to work. Fontaine received \$10,000 of comp money while allegedly doing the same work for another local firm. Potential state prison term: 20 years.

A city's public safety director made unsafe health insurance claims, prosecutors charge in Michigan. Greenville safety chief Mark Reiss allegedly kept his wife on his health policy without telling the insurer they had divorced. The suspected scam lasted more than a year. Reiss and former wife Christine both are charged.

Chambre J. Frazier was a customer service rep with Highmark Insurance. The Nanticoke, Pennsylvania woman's insider job allowed her to access patient info. Frazier stole their identifiers to fill 16 fraudulent scripts for drugs such as Promethazine, Xanax, and Alprazolam. She called pharmacies using the names of patients and docs. The claims were made against Highmark. Frazier faces insurance fraud, forgery, ID theft, and other charges. She is considered a fugitive on the run, the Pennsylvania AG says.

RELATED NEWS

Allstate and the state of New Jersey are going after two chiropractors convicted of heading a personal injury mill. Brothers Anhuar and Karim Bandy ran chiropractic clinics in seven counties. The scheme involved 78 doctors, lawyers, and recruiters. The Bandys hired runners to recruit crash victims and illegally refer them to the lawyers and doctors. Insurers were falsely billed millions of dollars. The new joint civil suit accuses the Bandys of masterminding the operation. A personal-injury attorney David Walker and his paralegal Alexandra Gallegos also are named. The suit contends they paid kickbacks to the Bandys for referrals to the law firm. The state of New Jersey seeks fines. Allstate wants an unspecified recouping of the money it paid out.



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The former owner of a firm whose defective dump truck fatally barreled into 19 vehicles at an intersection is back in jail. David Wilcox was tossed into jail for insurance fraud, manslaughter, and other charges in 2005. One of the Avon, Connecticut man's trucks was poorly maintained and roared down a mountainside without brakes. The collision killed five people and wounded 23. The truck was uninsured. Wilcox and his wife tried to falsely reinstate a liability policy minutes after the tragedy. He had let the policy lapse six months prior. Wilcox served his 10 year jail term yet allegedly failed multiple drug tests afterward.

LEGISLATION

Runners for crash rings will be in the crosshairs of a bill in the New York legislature. Bills criminalizing recruiting car passengers or hiring runners for setup crashes have stalled in Albany for years. SB 424 is identical to the prior bills and the outlook is uncertain at best. The Assembly routinely blocks the measures, mostly because members are leery of packing more criminal laws onto the books.

Privacy concerns and speedy fraud investigations are dueling in Virginia's legislature. HB 1614 has a provision that would require law enforcement to get a subpoena before the DMV releases info about suspects. It is touted as a privacy issue yet the bill also could delay related fraud investigations. Richmond just opened its 45-day session.

Roofers must be licensed and registered in Missouri under a bill the statehouse is debating. SB 216/HB 425 sets licensing and registering standards. The first violation would be a misdemeanor and additional infractions within 10 years would be felonies.

Indiana could subpoena records during workers' comp misclassifying cases if SB 135 clears the Indiana legislature. The state also could issue stop-work orders until the business complies with state comp laws. Violations could mean a \$1,000 fine each day the employer violates the stop-work. The bill has little chance this year and has gone belly-up in past years.



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