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Alphonso Smith  
and Daniel Catanzaro**

Alphonso Smith and Daniel Catanzaro pled guilty to reckless health care claims fraud and on August 6, 2004, they were both sentenced to one year probation and ordered to pay restitution in the amount of \$9,400 each. The Court also ordered Catanzaro to perform 200 hours of community service. A State Grand Jury returned an indictment that charged Smith and Catanzaro with reckless health care claims fraud, attempted theft by deception, and theft by deception. Smith, a licensed medical doctor, and Catanzaro, a licensed chiropractor, operated a medical practice in Wayne known as Quality Care Physicians, or Physicians Plus. The doctors allegedly submitted bills between July of 1997 and March of 1999 in the amount of \$36,000 for anesthesia administered by needle injection when they provided electrical stimulation therapy that did not involve injected anesthesia. Ordinarily, licensed medical service providers can bill more money for needle injected anesthesia than electrical stimulation. The false claims were allegedly submitted to several insurance companies for both health and automobile insurance including Oxford Health Care, New Jersey Manufacturers Insurance Company, United Health Care, and Allstate Insurance Company.

**State v.  
Patrick Manze  
and Michelle Maglione**

Patrick Manze, a medical doctor, and Michelle Maglione, Manze's fiancé and office manager, pled guilty to two separate Accusations charging them with health care claims fraud. The Court sentenced Manze on July 16, 2004, to two years probation conditioned upon his paying a \$5,000 civil

insurance fraud fine. Manze's medical license was also suspended for a period of one year. The Court admitted Maglione into the PTI Program conditioned upon her performing 50 hours of community service and paying a \$5,000 civil insurance fraud fine.

Maglione admitted that she solicited health insurance information from a friend so insurance claims could be submitted under the pretense that the friend planned to become a patient of Manze at a later date. The friend, who was not charged, provided the information, but indicated that she presently had no reason to see the doctor. Manze admitted that he utilized the health insurance information solicited by Maglione to submit two fraudulent health insurance claims to Horizon Blue Cross Blue Shield for approximately \$2,625. Manze allegedly submitted false bills for an office examination and diagnostic tests including a cystoscopy, a cystometrogram, and for two ultrasound studies. The bills were denied by the insurance company because it suspected the bills were fraudulent. The friend detected the alleged fraudulent scheme when she received an Explanation of Benefits Form for tests she knew were not performed by the doctor. She immediately contacted Horizon to report the fraudulent bills.

**State v.  
Roben Brookhim**

The State charged Roben Brookhim with health care claims fraud, and on November 19, 2004, the Court admitted him into the Union County PTI Program conditioned upon paying a \$90,000 civil insurance fraud fine and a penalty in the amount of \$20,000 to the Board of Dentistry representing fines and costs. Brookhim also surrendered his dental license which has been deemed to be a revocation. The charge stemmed from

Brookhim's alleged continued practice of dentistry although he was previously suspended from the practice of dentistry by the Board of Dentistry, which regulates licensed dentists in New Jersey. Brookhim also allegedly continued to bill insurance companies for dental treatments even though he had no license to practice at the time. OIFP alleged that Brookhim concealed his continued practice of dentistry by having his nephew's name, Rony Elyahouzadeh, who was also a licensed dentist, appear on various records relating to Brookhim's treatment of dental patients, including insurance bills and claim forms. Elyahouzadeh was also jointly and severally liable for the civil insurance fraud fines and professional licensing fines. Elyahouzadeh was not criminally prosecuted; however, he received a six-month active suspension of his dental license with an additional 30-month suspension to be stayed.

**State v.  
Virginia Fatato**

Virginia Fatato pled guilty to falsifying records and the Court sentenced her on August 20, 2004, to two years probation and performance of 600 hours of community service. Fatato will serve her sentence in Florida, where she currently resides. A State Grand Jury returned an indictment that charged Fatato with attempted theft by deception and falsifying records. Fatato was convicted in 1999 of theft by deception and falsifying records for submitting fictitious PIP insurance claims to insurance companies from her Hammonton chiropractic practice. The Chiropractic Board suspended Fatato's chiropractic license for a period of five years for her earlier crimes. According to the indictment, after her 1999 criminal conviction, Fatato allegedly submitted a disability claim to Massachusetts Mutual Life Insurance

Company for \$14,982 in disability payments per month for a two-year period. She allegedly decreased the requested amounts as time progressed. Fatato allegedly told the insurance company she was unable to work as a chiropractor following an injury suffered in a 1994 automobile accident. OIFP's investigation revealed that not only did Fatato work out regularly at a Hammonton gym, but she also obtained employment as a chiropractor at another gym located in Turnersville.

### **State v. W. Lance Kollmer**

A State Grand Jury returned a third indictment on October 12, 2004, that charged W. Lance Kollmer, a board-certified plastic surgeon, with theft by deception and attempted theft by deception. The State alleged that Kollmer submitted false claims between August of 2001 and March 2, 2004, to U.S. Life/American General Insurance Company and the Hartford Insurance Company claiming he was totally disabled, unable to practice medicine, and entitled to be reimbursed for office overhead expenses and other disability insurance claims payments. The State alleged that U.S. Life/American General Insurance Company and the Hartford Insurance Company paid approximately \$614,825 for these claims through January of 2004.

The first indictment charged Kollmer with submitting false disability insurance claims to Sentry Insurance Company and American General Insurance Company. The State alleged that Kollmer obtained more than \$300,000 in fraudulent insurance claim money from Sentry Insurance Company and American General Insurance Company by falsely claiming he was totally disabled from practicing as a plastic surgeon. Kollmer allegedly performed, however, dozens of surgical procedures during the claimed disability pe-

riod. The second indictment charged Kollmer with theft by deception. The State alleged that Kollmer falsely claimed he was totally disabled; and, pursuant to a contract between himself and Unum Provident Corporation, he was entitled to \$9,000 in life insurance without having to pay any insurance premiums. Kollmer's cases are pending trial.

### **State v. Barry Vogel**

Barry Vogel pled guilty to health care claims fraud, and on October 22, 2004, the Court sentenced him to five years probation, conditioned upon serving 180 days in county jail. His medical license was also permanently revoked. A State Grand Jury returned an indictment that charged Vogel, a neurologist, with health care claims fraud and theft by deception. According to the indictment, Vogel allegedly submitted fraudulent bills for more than \$54,000 to Prudential Property and Casualty Insurance Company of New Jersey for diagnostic services he failed to render or failed to render properly. The State alleged that Vogel submitted fraudulent health insurance claims for electro-diagnostic tests, known as nerve conduction velocity (NCV) tests, he allegedly performed on victims in automobile accidents. The State also alleged that Vogel fraudulently submitted the same diagnostic test results for multiple patients.

### **Fraudulent Billing by Health Care Providers**

#### **State v. John Marrone**

The Court admitted John Marrone into the PTI Program on November 3, 2004. An Accusation charged Marrone with falsifying or tampering with records. Marrone, a licensed family

therapist, allegedly fraudulently billed insurance carriers for therapy and counseling treatments by misrepresenting that the treatments were performed by licensed doctors.

### **False Health Care Claims**

#### **State v. Paul Scrudato**

Paul Scrudato pled guilty to theft by deception and the Court sentenced him on July 23, 2004, to two years probation conditioned upon paying \$7,047 in restitution to Hunterdon Regional High School, Delta Dental, Horizon Blue Cross Blue Shield, and the New Jersey Division of Pensions and Benefits; a \$1,500 civil insurance fraud fine; and a \$5,000 criminal fine.

A State Grand Jury returned an indictment that charged Scrudato with health care claims fraud and theft by deception. According to the indictment, McManus Middle School, located in Linden, employed Scrudato as an Information Systems Administrator. Although he was entitled to enrollment in the State Health Benefits Program, Scrudato allegedly caused fraudulent health insurance claims to be submitted to Delta Dental and Horizon Blue Cross Blue Shield in the approximate amount of \$21,916. The State alleged that the claims were fraudulent because Scrudato claimed a woman he lived with and her children from a previous marriage were entitled to health and dental benefits as his lawful dependants under the State Health Benefits Program. The State alleged that they were not entitled to the benefits because neither the woman nor her children were the lawful dependants of Scrudato. More than \$11,000 was paid for health insurance-related claims.

Delta Dental and Horizon Blue Cross Blue Shield administer dental

and health insurance claims as third party administrators for the New Jersey State Health Benefits Program. State tax dollars pay the health and dental claims for State employees and their dependants as a benefit of employment with the State of New Jersey.

## **State v. Barry Cohen**

A State Grand Jury returned an indictment on September 8, 2004, that charged Barry Cohen with health care claims fraud, theft by deception, and misconduct by a corporate official. Cohen, a Certified Public Accountant, operated a family-owned corporation known as Headways, Inc. The corporation provided health care services, including therapy, to patients who had suffered brain injuries. According to the indictment, Cohen allegedly caused Headways to submit more than \$350,000 in fraudulent health insurance claims to several insurance companies and self-funded health benefits plans. Among the insurance companies and health benefits plans that allegedly received the false claims were Allstate Insurance Company, Horizon Blue Cross Blue Shield of New Jersey, State Farm Insurance Company, Proformance Mutual Insurance Company, the New Jersey Automobile Full Insurance Underwriting Association, and Key Benefit Administrators, a third party claims administration company that administered health insurance for the Teamsters Union Local 560 Benefit Fund. The State alleged in the indictment the claims were for services that were not rendered by Cohen. Cohen's case is pending trial.

## **Fraud Committed by Pharmacists**

### **State v. John D. Wylie**

The Court sentenced John D. Wylie to two years probation on March 26, 2004, and ordered him to pay \$1,050 in restitution to Horizon Blue Cross Blue Shield, \$17,477 in restitution to Aetna Insurance Company, and a \$135,000 civil insurance fraud fine. Wylie pled guilty to an Accusation that charged him with theft by deception. Wylie admitted he submitted approximately 136 false claims to Horizon Blue Cross Blue Shield of New Jersey and Aetna Life Insurance Company. Wylie, a licensed pharmacist, practiced holistic medicine at the Center for Health Education Research, Inc., (CHER) in Cherry Hill. Wylie was licensed to perform various non-reimbursable, non-medical treatments to include electric stimulation, neuromuscular reeducation, manual manipulation, and body fluid analysis including blood, saliva, and urine. He admitted that, by submitting the claims to insurance carriers on behalf of insured patients, he wrongfully represented that these procedures were covered medical procedures done pursuant to doctor's orders. The investigation revealed that Wylie fraudulently billed Aetna for \$16,426, and Horizon Blue Cross Blue Shield for \$1,051.

## **Fraudulent Disability Claims**

### **State v. Barbara D. Dickens**

Barbara D. Dickens pled guilty on January 12, 2004, to theft by deception. The Court sentenced her to three years in State prison and ordered her to pay \$25,308 in restitution to CIGNA Insurance Company. A State Grand

Jury returned an indictment that charged Dickens with theft by deception and falsifying records. According to the indictment, Dickens allegedly represented to CIGNA Insurance Company that she did not maintain employment because she was totally disabled between April of 1997 and January of 1999. CIGNA Insurance paid Dickens a total of \$25,305 in disability insurance benefits. OIFP's investigation showed that Dickens was continuously employed and ineligible to receive disability insurance benefits.

### **State v. Suzanne Shenk**

Suzanne Shenk pled guilty to theft by deception and was sentenced on April 2, 2004, to five years probation and ordered to pay \$1,247 in restitution to Aetna Insurance Company and a \$5,000 civil insurance fraud fine. A Passaic County Grand Jury returned an indictment that charged Shenk with theft by deception, forgery, and falsifying documents. According to the indictment, Shenk allegedly wrongfully collected disability insurance payments from Aetna Insurance Company by concealing she worked at a physician's office. The State alleged in the indictment that Shenk forged a letter and falsified another letter to support her disability claims to Aetna Insurance.

### **State v. Jasmine Gomez**

On September 13, 2004, a State Grand Jury returned an indictment that charged Jasmine Gomez with theft by deception and uttering a forged document. According to the indictment, Gomez allegedly wrongfully collected approximately \$5,100 in disability insurance claims from Trustmark Insurance Company. The State alleged that Gomez began to receive disability insurance claims money from Trustmark

after a November of 2001 automobile accident. The State further alleged Gomez forged physician statements to falsely indicate that she was still injured and unable to return to work in order to continue receiving the disability insurance payments. Gomez' case is pending trial.

## **Health Insurance Underwriting/Application Fraud**

### ***State v. Barry W. Kallenberg***

The Court sentenced Barry W. Kallenberg on March 26, 2004, to 180 days in county jail as a condition of one year probation and ordered him to pay Horizon Blue Cross Blue Shield \$64,980 in restitution. Kallenberg pled guilty to an Accusation that charged him with theft by deception. Kallenberg admitted that he created a fictitious real estate management business in order to purchase group health insurance and that he applied to Horizon Blue Cross Blue Shield of New Jersey for a small employer health benefits policy in order to provide health coverage at a lower premium employee group rate for five people who were not entitled to the coverage because they were not bona fide employees of a bona fide business. OIFP's investigation revealed that Kallenberg submitted employee health insurance claims totaling approximately \$111,500 to Horizon Blue Cross Blue Shield.

### ***State v. Robert Bloch***

As part of the Barry Kallenberg case, Robert Bloch pled guilty on May 10, 2004, to an Accusation that charged him with theft by deception, and the Court admitted him into the PTI Program conditioned upon performing 40 hours of community service. Bloch ad-

mitted he falsely obtained employer-sponsored group health insurance by falsely representing he was an employee of a real estate management company known as Hill Parking.

### ***State v. Michael S. Sorbello***

Michael Sorbello was sentenced on December 2, 2004, to five years probation, ordered to pay \$18,000 in restitution and a \$2,500 civil insurance fraud fine. Sorbello pled guilty to an Accusation that charged him with theft by deception. Sorbello admitted he stole \$38,299 from New Jersey Manufacturers Insurance Company. Sorbello falsely represented to New Jersey Manufacturers that he was enrolled as a full-time student at Gloucester County Community College and, therefore, entitled to collect approximately \$568 per week in workers' compensation insurance benefits. The insurance benefits were provided pursuant to a workers' compensation insurance policy that provided coverage for Sorbello based on the death of his father. The policy permitted Sorbello to collect the \$568 per week as long as he was enrolled as a full-time student. New Jersey Manufacturers' investigation revealed that Sorbello was not enrolled anywhere as a full-time student. New Jersey Manufacturers referred the matter to OIFP for further investigation and prosecution.

## **Insurance Professional Fraud**

### **Insurance Agent Fraud**

### ***State v. Joseph Binczak***

Joseph Binczak pled guilty to theft by deception, and on January 7, 2004, the Court sentenced him to three

years in State prison and ordered payment of \$573,700 in restitution. A State Grand Jury indicted Binczak for theft by deception and falsifying records. The Ukrainian National Association (UNA) employed Binczak as an insurance sales manager responsible for maintaining life insurance annuity accounts for UNA members. He allegedly wrongfully withdrew over \$600,000 from the annuity accounts of seven members of UNA, deposited the money into his own bank accounts, and used the money for his own purposes. Binczak also allegedly falsified a letter authorizing him to withdraw \$30,000 from an insured's annuity account held at UNA, and he falsified another document authorizing him to withdraw \$45,000 from another insured's annuity account held at UNA.

### ***State v. Vito Gruppuso***

Vito Gruppuso pled guilty on January 30, 2004, to an Accusation that charged him with theft by failure to make required disposition of property received. OIFP investigators arrested Gruppuso, a licensed insurance agent and charged him with three counts of theft by failure to make required disposition of insurance premiums obtained from various insurance customers. The State alleged that Gruppuso wrongfully engaged in insurance premium financing transactions and he embezzled insurance premiums entrusted to him by insureds. Gruppuso is pending sentencing.

### ***State v. Kirti S. Shah***

On May 17, 2004, Kirti S. Shah pled guilty to uttering a forged writing. The Court admitted him into the PTI Program for one year conditioned upon paying a civil insurance fraud fine in the amount of \$5,000 and performing 50 hours of community service. An

Essex County Grand Jury returned an indictment that charged Shah with attempted theft by deception, uttering a forged writing, and falsifying records. According to the indictment, Shah, a licensed insurance agent who worked for Prudential Insurance Company, allegedly falsified receipts in connection with an automobile property damage insurance claim, and he submitted the falsified receipts to Prudential Insurance Company in order to wrongfully inflate the amount of the insurance claim for damage to a 1997 BMW.

### **State v. Peter Clark**

On August 6, 2004, the Court sentenced Peter Clark to four years in State prison and ordered him to pay \$385,944 in restitution. He also forfeited his insurance agent's license. Clark, an independent licensed insurance agent, purchased several fictitious insurance-based annuities for himself and family members in order to collect commissions for the sales. OIFP's investigation revealed that premium payment checks were returned for insufficient funds, while Clark collected over \$100,000 in commissions for the sale of fictitious annuities.

Clark pled guilty to an Accusation that charged him with theft by failure to make required disposition of property received and theft by deception. Clark admitted he purchased several annuity policies for himself and family members in order to receive the commissions for the sales. Clark admitted stealing commissions from the following insurance companies:

- American National Insurance Company - \$56,034;
- Allianz Life Insurance Company - \$36,125;
- Conseco Services LLC - \$38,500;
- American Equity Investment Life Insurance Company - \$9,400,
- American Investors Life - \$6,717;

- ING USA Annuity & Life Insurance Company - \$44,603;
- Midland National Life-Annuity Division - \$15,961
- North American Company Life & Health Insurance - \$9,948

Clark also admitted that he defrauded approximately ten persons by convincing them to invest a lump sum of money in a fictitious investment he promised would pay the investor 12 percent interest. Clark repaid six of the victims but owes four victims approximately \$169,000.

### **State v. Joseph Birnie and Michael Delisi**

A State Grand Jury returned an indictment on April 30, 2004, that charged Joseph Birnie and Michael Delisi with conspiracy and theft by failure to make required disposition of property received. The State also charged Birnie with a separate count of theft by failure to make required disposition of property received. According to the indictment, Birnie allegedly received residential insurance property damage claim money from insureds who suffered either fire losses or who were building modular homes. He allegedly stole the money and used it for his own purposes. The State alleged that Birnie did very little or no work for the insureds, but he retained all the insurance claim and other money. The State alleged in a separate count of the indictment that Birnie conspired with co-defendant Delisi, a licensed public insurance adjuster who did business as Anton Adjustment, Inc., and a building contractor. The State alleged in the indictment that Birnie and Delisi obtained insurance claim money from an insured for restoration of a home damaged by fire. They allegedly stole over \$185,000 from the victim insureds and used the money for their own purposes. The case is pending trial.

### **State v. Jeffrey Hall**

A Union County Grand Jury returned an indictment on May 19, 2004, that charged Jeffrey Hall with theft by failure to make required disposition. According to the indictment, Hall allegedly accepted insurance premiums from four insurance customers but failed to obtain their insurance coverage. The State alleged that Hall stole the insurance premium money and used it for his own purposes. The State further alleged that the Valvano Insurance Agency in Linden employed Hall as an insurance agent. While employed at Valvano, Hall allegedly accepted insurance premiums of approximately \$6,963 from Congruent Machine, Inc.; \$4,200 from John and Elaine Rafanello; \$1,800 from VSI Distributors, Inc.; and \$3,664 from PAC Tool & Supply Company. The State alleged that none of these customers received insurance coverage. Hall's case is pending trial.

### **State v. Robert Stone**

Robert Stone, a licensed insurance agent in the State of New Jersey who was the owner/operator of Stone Insurance Company located in Camden, pled guilty on November 15, 2004, to failure to make required disposition of property received. He is scheduled to be sentenced in early 2005. A State Grand Jury returned an indictment that charged Stone with failure to make required disposition of property received. According to the indictment, Stone allegedly stole approximately \$22,585 in premium money from insurance customers or from the Standard Funding Corporation (SFC), a company in the business of lending insurance premium money to people for the purchase of insurance policies. The State alleged that Stone,

rather than using the insurance customers' money or SFC's money to purchase insurance policies, stole the money and used it for his own benefit.

**State v.  
Stanley Span  
and Paul Kaplan**

Paul Kaplan pled guilty on August 2, 2004, to theft by deception and theft by failure to make required disposition of property received. The Court sentenced him to three years probation conditioned upon paying restitution in the amount of \$7,740. Stanley Span pled guilty to theft by deception and was sentenced to three years probation and ordered to pay \$6,740 in restitution. Both defendants are licensed insurance agents and officers of the now defunct Span Associates Insurance Agency located in Springfield. Span and Kaplan were charged in a State Grand Jury indictment with stealing approximately \$20,000. They allegedly sold fictitious insurance policies, collected insurance premium monies from the purchasers, and failed to remit the monies to the insurance companies. Span also allegedly distributed fictitious New Jersey Personal Automobile Insurance Plan (NJPAIP) automobile insurance identification cards. Kaplan also allegedly knowingly cashed a \$4,000 check drawn on a closed account in November of 2000.

**State v.  
Michael Chamberlain**

A State Grand Jury returned an indictment on November 5, 2004, that charged Michael Chamberlain with theft by unlawful taking, forgery, and misapplication of entrusted property. Chamberlain was a licensed securities dealer selling investments for a company known as American Skandia. Prudential Insurance Company later purchased American Skandia. The

State alleged that Chamberlain stole \$300,000 from a 78-year-old victim by forging documents related to three annuity accounts in connection with the American Skandia/Prudential company. The Prudential Insurance Company reported the matter to OIFP for further investigation. At OIFP's request, the Marion County, Florida Sheriff's Department assisted in the arrest of Michael Chamberlain. OIFP extradited Chamberlain from Florida to New Jersey on August 4, 2004. Chamberlain's case is pending trial.

**State v.  
Ralph Malek  
a/k/a Raafat Abdel Malek**

Ralph Malek was sentenced on December 17, 2004, to five years probation and ordered to pay restitution in the amount of \$43,648. Malek, a licensed insurance agent, pled guilty to an Accusation that charged him with theft by deception. Malek, who was also known as Raafat Abdel Malek, admitted he stole \$43,648 from Fidelity and Guaranty Life Insurance Company (Fidelity). Malek admitted he submitted an annuity insurance application using the name of a fictitious applicant to Fidelity. Malek also allegedly submitted to Fidelity a worthless check in the amount of \$87,500 drawn on the bank account of a business he formerly owned known as Contaldo's Specialties. Fidelity advanced Malek his insurance agent commissions in the amount of \$7,875, but the bank dishonored the premium check used to purchase the annuity insurance and Fidelity cancelled the policy. Malek also allegedly submitted an annuity application to Fidelity with a premium payment check in the amount of \$436,487 using the name of a second fictitious applicant. The premium payment check and replacement check from a third business formerly operated by Malek turned out to be

worthless. Fidelity advanced Malek his insurance agent sales commission of \$35,773.

Malek allegedly stole approximately \$43,648 from Fidelity and Guaranty Life Insurance Company by sending worthless insurance premium checks and insurance applications containing fraudulent information in order to receive unearned insurance sales commissions.

**State v.  
Louis Polite  
(Polite Insurance Agency)**

OIFP investigators executed a search warrant on November 22, 2004, at the offices of the Polite Insurance Agency in Burlington County. Louis Polite, who owned and operated Polite Insurance Agency and who was an insurance agent licensed in the State of New Jersey at the time of the search warrant, was suspected of theft of insurance premiums. It is alleged that Polite accepted premium money but failed to forward the money to the insurance company which may have left the insurance customers of the Polite Insurance Agency without insurance coverage. OIFP and the Philadelphia Police Department arrested Polite on November 23, 2004, and charged him with theft by deception and issuing fraudulent motor vehicle insurance identification cards. Polite waived extradition from Pennsylvania and was returned to New Jersey on November 24, 2004. The investigation is continuing.

**Insurance Carrier  
Employee Fraud**

**State v.  
Rosemarie Padilla**

The Court sentenced Rosemarie Padilla to five years probation on October 15, 2004, conditioned upon serving 60 days in county jail and ordered her

to pay \$12,000 in restitution to Prudential Insurance Company. Padilla pled guilty to an Accusation that charged her with theft by deception. Padilla admitted she used the identification and password of a co-worker to enter the Prudential Insurance employee overtime computer system and fraudulently entered overtime hours between January of 2001 and May of 2003. Based on her fraud over a three-year period, Padilla stole approximately \$34,040 in overtime pay from the Prudential Insurance Company.

**State v.  
Lola Ruth Byrd**

A State Grand Jury returned an indictment on March 31, 2004, that charged Lola Ruth Byrd with theft by deception. According to the indictment, Byrd allegedly used her position at State Farm Insurance to generate ten State Farm Insurance drafts payable to Sherman McNeil. The State alleged that Byrd used closed insurance claim files and generated insurance claim checks as if McNeil had sustained property losses and was entitled to insurance claim money. McNeil had no connection to any of the old property loss files that Byrd allegedly used to create the fictitious claims checks. State Farm became aware of the fraud when McNeil allegedly attempted to cash the fraudulently issued claims checks. It then conducted an internal investigation, contacted OIFP, and fully cooperated with the continuing criminal investigation. Byrd's case is pending trial.

**State v.  
Wanda Reeves  
and Clifford T. Baskerville**

Wanda Reeves was sentenced on October 29, 2004, to three years in State prison and ordered to pay restitution in the amount of \$25,000. Clifford

T. Baskerville was sentenced on the same day to five years in State prison and ordered to pay \$25,000 in restitution. Reeves and Baskerville had previously pled guilty to theft by deception. A State Grand Jury returned an indictment that charged Reeves and Baskerville with conspiracy and theft by deception. According to the indictment, the Robert Plan Corporation in Edison employed Reeves as a claims adjuster/processor. The Robert Plan Corporation owns several insurance companies that included Eagle Insurance Company, GSA Insurance Company, and Newark Insurance Company. The Robert Plan audited Reeves' claims processing work and determined that Reeves allegedly issued eight fraudulent insurance claims checks to either herself and/or Baskerville in the approximate amount of \$25,000 so they could cash the checks and steal the money.

Additionally, a Morris County Grand Jury returned an indictment charging both Reeves and Baskerville with theft of approximately \$120,000 from Cambridge Integrated Services located in Whippany. Cambridge also employed Reeves as a claims adjuster and, similar to her conduct at the Robert Plan Corporation, she allegedly issued fraudulent claims checks to Baskerville so they could cash the checks and steal the money.

**State v.  
Rashonda Clark**

Rashonda Clark pled guilty to theft by deception, and the Court sentenced her on November 5, 2004, to two years probation and ordered her to pay restitution in the amount of \$12,678. A Union County Grand Jury returned an indictment that charged Clark with theft by deception and forgery. According to the indictment, Clark allegedly falsely certified to Palisades Safety and Insurance Management Corpora-

tion that she had been called to active military duty by the United States Army. Clark allegedly submitted a forged copy of Army active duty military orders to support her claim. A joint investigation by OIFP and Palisades revealed, however, that Clark had commenced employment at AIG Insurance Company and her fraud enabled her to receive salaries from both companies. Clark stole approximately \$12,678 from Palisades.

**State v.  
Linda Clements-Wright,  
Neville L. Holder, Lisa Givens,  
George Givens, Bruce Alston,  
Neville Louis Holder, Marsha  
Alston Walker and Michael  
McCormick**

Following a three-week trial, a jury convicted Linda Clements-Wright on December 16, 2004, of conspiracy, theft by unlawful taking, and money laundering. She is scheduled to be sentenced in 2005.

According to a State Grand Jury indictment, for almost three-and-a-half years, Clements-Wright issued approximately 150 Allstate insurance claim checks totaling approximately \$594,369 to 11 persons with whom she was acquainted, but who allegedly were not entitled to the insurance claim money. The State alleged that Clements-Wright conspired with her acquaintances to cash the checks, keep 10 percent for themselves, and return the remaining money to her. Clements-Wright worked for Allstate in Burlington County as a claims processing specialist. The State charged Clements-Wright with conspiracy, theft by unlawful taking, and money laundering.

**State v.  
Bruce Baez and Eddie Perez**

A State Grand Jury returned an indictment on September 13, 2004, that

charged Bruce Baez and Eddie Perez with conspiracy and theft by deception. The State also charged Baez with uttering a forged document. According to the indictment, Perez and Baez allegedly conspired to steal six disability checks issued by New Jersey Manufacturers Insurance Company to Juan "Marcial" Perez, who died on March 15, 2000. Juan "Marcial" Perez had been receiving insurance disability checks pursuant to a workers' compensation insurance policy from New Jersey Manufacturers Insurance Company. New Jersey Manufacturers, unaware that Juan "Marcial" Perez died, continued to send checks to his Millville home. The State alleged the defendants stole the disability checks, forged them, and cashed them. The case is pending trial.

## **Public Insurance Adjuster Fraud**

### ***State v. Marc Rossi***

The Court sentenced Marc Rossi on March 19, 2004, to eight years in State prison for his role in a conspiracy that involved arson and vandalism and enabled Rossi to earn commissions through his insurance adjusting business. The Court also ordered Rossi to pay restitution in the amount of \$306,209 to Providence Washington; \$90,318 to Zurich Insurance Company; \$31,176 to Penn Millers Insurance Company; \$2,054 to Farmers Mutual Insurance Company; \$59,201 to NJUI; \$48,895 to Liberty Mutual Insurance Company; and \$5,000 to East Windsor PAL. Finally, the Court ordered Rossi to pay a \$50,000 civil insurance fraud fine.

A State Grand Jury returned an indictment that charged Rossi, a licensed public insurance adjuster, with conspiracy, arson for hire, theft by de-

ception, forgery, and falsifying records. Four other defendants were also charged in separate indictments. According to one indictment, Rossi, president of Rossi Adjustment Services, allegedly conspired with and paid several of his employees to commit arson fires or acts of vandalism causing property damage so he could obtain commissions through Rossi Adjustment Services by adjusting the arson and vandalism insurance claims. In some cases, the owners of the properties allegedly were aware of the fraudulent nature of the insurance claims. In other cases, the owners did not know the properties were purposely damaged. Rossi pled guilty to arson, conspiracy to commit arson, bribery, theft, and theft by deception.

### ***State v. Fire Chief***

The Court admitted the fire chief of a Hamilton Township fire company, implicated in the Jeffrey Nemes/Marc Rossi investigation, into the Mercer County PTI Program conditioned upon his continued cooperation with the State. The fire chief pled guilty to a charge of obstructing the administration of law for giving false statements to law enforcement during the Nemes/Rossi investigation. Nemes and Rossi were allegedly paying bribes to and soliciting fire chiefs to allow fires to burn longer and do more damage. Nemes allegedly would benefit in that his home repair contracting business (Nemes Enterprises) would have the potential for bigger contracts and Rossi's public adjusting insurance business would be awarded bigger fees based on higher insurance claims. Nemes' case is pending trial.

### ***State v. Samuel Siligato***

The Rossi investigation also led to a State Grand Jury charging Samuel

Siligato on February 17, 2004, with theft by deception, attempted theft by deception, and conspiracy. According to the indictment, Siligato allegedly conspired to submit false insurance claims in connection with a suspicious arson fire at a commercial building he owned in Hammonton. The commercial building contained office space, retail space, and apartments. Siligato allegedly submitted several insurance claims as the result of the fire. First Trenton Insurance Company paid a \$15,000 insurance claim for the building's contents and \$165,000 for the building itself. The State alleged that Samuel Siligato also submitted a \$206,900 claim to the Farmers Mutual Insurance Company for the contents of the building. Siligato allegedly retained Marc Rossi's Rossi Adjustment Services company to adjust the insurance claims. Siligato's case is pending trial.

### ***State v. Jeffrey Nemes and John Fiore***

A State Grand Jury returned an indictment on June 9, 2004, that charged Jeffrey Nemes and John Fiore with conspiracy and bribery in official and political matters. Fiore, the Executive Vice President of the East Windsor Police Athletic League (PAL) and a former East Windsor police detective, was also charged with misapplication of entrusted property and official misconduct. The State named Marc Rossi as an unindicted co-conspirator in this case.

According to the indictment, Nemes and Fiore allegedly conspired with Rossi to defraud the East Windsor PAL. The State alleged in the indictment that Fiore used his position as Executive Vice President of the East Windsor PAL to contract with Nemes to build a concession stand/administration building in East Windsor. Nemes operated a construction com-

## Employee convicted of theft

pany known as Nemes Enterprises. The State alleged that the East Windsor PAL paid Nemes approximately \$274,046 for construction of a building, which at most should have cost \$224,900 to erect. The State also alleged that in return for Fiore's influencing the PAL Board of Directors to contract with Nemes for an inflated price to construct the building, Fiore received construction of a deck on his home free of charge. The State intends to show that Rossi received \$5,000 for his role in arranging the alleged deal between Fiore and Nemes Enterprises. The case is pending trial.

### **State v. Oscar Medina**

The Court sentenced Oscar Medina on July 23, 2004, to three years probation and ordered him to perform 50 hours of community service. Medina was also required to surrender his insurance license. Medina previously pled guilty to theft by deception. A State Grand Jury returned an indictment that charged Medina with theft by deception and commercial bribery for accepting a \$5,700 bribe to provide advice, services, and assistance in connection with the adjustment and settling of an automobile insurance claim. Medina was an insurance claims adjuster employed by Liberty Mutual Insurance Company. Medina allegedly contacted insurance claimants involved in automobile accidents and advised them that they would be able to obtain a larger claim settlement by paying him a fee rather than hiring an attorney. In one in-

stance, Medina allegedly stole \$5,700 by falsely creating the impression that he was entitled to 15 percent of the claimant's bodily injury insurance settlement money as a Liberty Mutual Group claims adjuster.

### **Insurance Premiums Fraud**

#### **State v. Philip A. McKeaney**

Philip A. McKeaney pled guilty to theft by failure to make required disposition of property received and to a related but separate charge of misapplication of entrusted property. On May 21, 2004, the Court sentenced McKeaney to seven years in State prison and ordered him to pay a total of \$1,163,831 in restitution to nine companies he deceived by stealing and laundering money. OIFP's investigation revealed that McKeaney allegedly defrauded the following companies:

1. Memorial Hospital of Salem County, \$541,737;
2. Christiana Health Care Services, Wilmington, DE, \$32,612;
3. Goodwill Industries of Southern New Jersey, \$185,775;
4. New Jersey American, Inc. (NJA), Blackwood, NJ, \$180,912;
5. Concord Engineering Group, Inc., Voorhees, NJ, \$70,615;

6. Eagle Affiliates of Harrison, Harrison, NJ, \$52,860;
7. King Limousine, King of Prussia, PA, \$30,942;
8. Rodento Management, Wilmington, DE, \$11,465; and
9. Young Volkswagen, Easton, PA, \$20,289.

A State Grand Jury charged McKeaney with financial facilitation of criminal activity (money laundering), theft by failure to make required disposition of property received, and theft by deception. McKeaney operated Haddon National Companies, Inc. (HNC), a corporation that served as a third party health insurance administrator. Third party health insurance administrators receive money from employers, corporations, and sometimes government entities that self-fund and self-insure employee health insurance plans. HNC contracted with the companies to receive money for health insurance benefits, to deposit that money, and to pay the health insurance claims of its clients. HNC earned fees based on paid health insurance claims. HNC also received money from its clients to purchase special re-insurance policies to provide health insurance coverage.

According to the indictment, McKeaney allegedly stole in excess of \$1 million from nine clients that should have been used to pay health insurance claims or purchase re-insurance policies. McKeaney allegedly used some of the stolen money to pay personal debts and expenses. He also allegedly transferred money to Cambria Corporation, a business in which McKeaney had an interest. McKeaney also allegedly laundered money earmarked for health care claims on policies by transferring approximately \$494,188 from HNC to Cambria Corporation.

## Miscellaneous Insurance Fraud

### False Homeowners Insurance Claims

#### **State v. Barsis Asaad**

Barsis Asaad pled guilty on March 8, 2004, to an Accusation that charged her with attempted theft by deception. The Court admitted her into the PTI Program for three years conditioned upon payment of a \$5,000 civil insurance fraud fine. Asaad submitted a homeowners insurance claim for approximately \$33,000 to New Jersey Manufacturers Insurance Company for flood damages at her condominium caused by her neighbor's pipe or hot water heater bursting. Asaad admitted that she inflated her claim by submitting fraudulent receipts to New Jersey Manufacturers Insurance Company.

#### **State v. Crystal Sims**

Crystal Sims pled guilty on December 13, 2004, to insurance fraud. Sims admitted to submitting a false property damage claim to Germantown Insurance Company/The Philadelphia Contributionship Insurance Company for a damaged skylight after she had already been reimbursed by the insurance company for the damage. Sims is scheduled to be sentenced in 2005.

### Fraudulent Stolen/Damaged Property Claims

#### **State v. Solomon Bouzaglou and Joseph Benlolo**

The Court sentenced Joseph Benlolo on January 16, 2004, to five years probation and ordered him to

pay a \$5,000 civil insurance fraud fine. The Court sentenced his co-conspirator Solomon Bouzaglou on February 6, 2004, to five years probation and ordered him to pay a \$5,000 civil insurance fraud fine and perform 150 hours of community service. Bouzaglou and Benlolo previously pled guilty to separate Accusations that charged each of them with conspiracy and attempted theft by deception. Bouzaglou and Benlolo admitted they conspired with others, including a public insurance adjuster, to intentionally cause water damage to costume jewelry stored in an Irvington warehouse. Fireman's Fund Insurance Company insured the jewelry for \$1 million. The defendants admitted they submitted an insurance claim to Fireman's Fund for approximately \$973,638, knowing they intentionally damaged the jewelry. Fireman's Fund, suspecting the claim was fraudulent, denied the claim and referred the matter to OIFP for investigation.

#### **State v. Mitchell Markowitz, Sol Zaltz, Yehudah Berger, Sam Nisser and David Nisser**

As part of the Bouzaglou and Benlolo investigation, Mitchell Markowitz, Sol Zaltz, Yehudah Berger, Sam Nisser, and David Nisser, who were charged in a State Grand Jury indictment with conspiracy and attempted theft by deception, pled guilty in 2004 to theft by deception. The defendants allegedly conspired to purchase 20,000 pieces of inexpensive costume jewelry, produce phony receipts, store the jewelry in a warehouse, and purposely damage the jewelry in order to collect on the insurance policy. Markowitz, a licensed public insurance adjuster, allegedly conspired with Bouzaglou and Benlolo and submitted an inflated insurance claim in the amount of \$973,638 to Fireman's Fund. Markowitz pled guilty to attempted

theft by deception and the Court sentenced him on April 27, 2004, to five years probation conditioned upon serving 180 days in county jail and paying a \$10,000 civil insurance fraud fine. Markowitz was also required to permanently surrender his public adjuster's license in New Jersey and New York. Zaltz, Berger, Sam Nisser, and David Nisser all pled guilty to attempted theft by deception. The Court sentenced Zaltz and Berger on August 6, 2004, to three years probation and ordered each to pay a \$2,500 criminal fine and a \$5,000 civil insurance fraud fine. The Court sentenced Sam Nisser to three years probation on August 2, 2004, and ordered him to pay a criminal fine in the amount of \$5,000 and a civil insurance fraud fine in the amount of \$5,000. The Court admitted David Nisser into the PTI Program on August 2, 2004, conditioned upon his performing 50 hours of community service and ordered him to pay a \$2,500 civil insurance fraud fine.

#### **State v. Jill Ravitz**

The Court admitted Jill Ravitz into the PTI Program on February 6, 2004, for a period of one year. Ravitz pled guilty to an Accusation charging her with attempted theft by deception. Ravitz submitted a homeowners insurance claim falsely claiming a \$10,000 diamond ring was missing. Ravitz submitted the claim after she received an appraisal for the diamond ring, which she falsely claimed she purchased. The carrier denied the claim and referred the matter to OIFP for investigation and prosecution.

#### **State v. Lorraine DeMauro**

The Court admitted Lorraine DeMauro into the PTI Program on September 27, 2004, conditioned upon her paying a \$3,000 civil insurance fraud

# OIFP Criminal Case Notes – *Insurance Fraud*

fine and performing 50 hours of community service. DeMauro pled guilty to an Accusation that charged her with forgery. DeMauro admitted she submitted a fraudulent receipt from Nationwide Computers & Electronics in support of her property damage insurance claim to Selective Insurance Company that her computer had been damaged by lightning.

## **State v. Jack DiCristofalo**

Jack DiCristofalo was charged in an Accusation on December 15, 2004, with attempted theft by deception. It is alleged that DiCristofalo, the owner of a security monitoring company known as IDS Security, submitted inflated and false invoices to Merchants Insurance Group in connection with an insurance claim for repairs to his company's computers, which had pur-

portedly been damaged by lightning. DiCristofalo was pending admission in 2005 into the PTI Program.

## **State v. Dean Marletta**

Dean Marletta was admitted into the PTI Program on December 1, 2004, and ordered to pay a \$15,000 civil insurance fraud fine. Marletta pled guilty to an Accusation charging him with attempted theft by deception. Marletta admitted that he submitted a fraudulent property loss claim to Harleysville Insurance Company. The claim Marletta submitted to Harleysville was for property loss consisting of approximately \$24,000 to \$27,000 worth of tools and equipment Marletta used in his business as a self-employed general contractor. Marletta traded as Master Craftsmen. Marletta admitted that, in support of

his claim, he submitted false receipts reflecting the purchase of various tools and other equipment for which he sought reimbursement from Harleysville as the result of an alleged theft.

## **Life Insurance Fraud**

### **State v. Mary Ann McCue**

The Court sentenced Mary Ann McCue on March 18, 2004, to two years probation conditioned upon her paying \$2,628 in restitution to Wachovia Bank, \$312 in restitution to Kamy Dental, and a civil insurance fraud penalty in the amount of \$1,500. McCue pled guilty to an Accusation that charged her with health care claims fraud, theft by deception, and uttering a forged instrument. McCue admitted she used a false identity, claiming to be the widow of a man who had died in February of 1999, to submit a fraudulent life insurance claim to Metropolitan Life Insurance. Metropolitan Life sent McCue a check in the amount of \$2,628 to satisfy the life insurance claim. McCue admitted she forged the widow's name when she endorsed the claim check. McCue also admitted she used her roommate's name without permission on a patient information form and dental insurance card to have dental work done at Kamy Dental in Toms River. Kamy Dental submitted a bill in the amount of \$312 to Horizon Blue Cross for payment of McCue's dental treatment.

### **State v. Michelle Kush**

Michelle Kush pled guilty to an Accusation on March 26, 2004, that charged her with theft by deception. The Court admitted her into the PTI Program. Kush admitted she fraudulently used her mother's name to collect her father's death benefits. Kush's mother was the legal beneficiary of her

## Why should OIFP be interested in stolen vehicles?

Luxury SUV  
Example of what happens to high-end stolen cars...



Stolen from a new car dealership...  
Re-tagged, insured and registered, then fraudulently reported stolen (give-up)  
Re-tagged again, sold through an on-line auction.  
Thousand of dollars in insurance claims, that should not have happened...

father's death benefits that were to be terminated upon the death of her mother. Kush admitted that, in her capacity as Attorney-in-fact pursuant to a Power of Attorney, she endorsed and cashed the checks from CIGNA Insurance Company payable to her deceased mother. The checks totaled \$7,921.

***State v. Kofi Boakye, Irene Addai and "Jane Doe"***

Irene Addai pled guilty on August 31, 2004, to theft by deception and falsifying documents. The Court sentenced her to two years probation and ordered her to pay a \$5,000 civil insurance fraud fine. A State Grand Jury returned an indictment that charged Kofi Boakye and Irene Addai with conspiracy, attempted theft by deception, theft of identity, theft by deception, hindering prosecution, and falsifying records. "Jane Doe" was charged with conspiracy, attempted theft by deception, theft of identity, and falsifying records. According to the indictment, Boakye who allegedly used the aliases Kofi Boachie and James Boachie, Irene Addai, and another woman identified simply as "Jane Doe," allegedly conspired to falsify a life insurance application to obtain a life insurance policy, submit a false death claim, and steal the claim money. The State also alleged that Boakye and Irene Addai falsified student loan applications in order to steal approximately \$38,000 in student loan money from ITT Skills Company by falsely indicating that Irene Addai, Kofi Boakye, Alberta Addai, and James Addai were students at Bloomfield College. The State alleged that after the defendants obtained student loan money from ITT Skills Company, they used some of it to pay for \$500,000 Massachusetts Mutual life insurance policies on the lives of Kofi Boakye and Irene Addai. The State further al-

leged the defendants obtained the life insurance policies for Kofi Boakye and Irene Addai by falsifying their identities, Social Security numbers, and income levels on the policy applications. The State also alleged that Boakye and "Jane Doe" submitted a false life insurance claim to Massachusetts Mutual misrepresenting that James Boachie, one of the persons whose life was insured, died in Ghana, Africa, on March 12, 2001. Boakye's case is pending trial.

**Phony Certificates of Insurance**

***State v. William Tompkins***

William Tompkins pled guilty to theft by deception and the Court sentenced him on November 8, 2004, to two years probation, ordered him to pay restitution in the amount of \$6,000 to Monument Contractors, Inc., and \$3,141 to Global Risk Management Services, Inc. An Essex County Grand Jury returned an indictment that charged Tompkins with theft by deception and theft of services. Tompkins, the owner of DMT Consultants, Inc., allegedly fraudulently obtained a surety insurance bond for Newark building contractor, Monument Contractors, by fraudulently representing himself as a licensed insurance broker to Global Risk Management, a retail surety bond agency. Monument Contractors contracted with Bernards Township to build park pavilions in Harry Dunham Park. Contractors, such as Monument, must provide a performance insurance bond in order to do construction work for local governments. Cumberland Casualty and Surety/The Saint Paul Company issued the surety bond to Global Risk Management. In addition to allegedly fraudulently representing himself as a licensed insurance bro-

ker, Tompkins allegedly overcharged Monument for the surety insurance bond and stole approximately \$6,000 due to Cumberland Casualty and Surety that Monument paid Tompkins for the bond.

***State v. George Shampatore***

George Shampatore pled guilty to an Accusation that charged him with forgery and on March 25, 2004, the Court admitted him into the PTI Program. Shampatore, who owns and operates a siding and roofing business, presented a forged Certificate of Insurance from The Hartford Insurance Company to a potential customer while bidding on a roofing job in Linden. Contractors often must present proof of insurance when bidding on projects. Shampatore's Certificate of Insurance had been cancelled in March 2001.

***State v. Michael Serghides***

Michael Serghides pled guilty to forgery and the Court admitted him into the PTI Program on August 6, 2004, for one year conditioned upon performing 75 hours of community service. A Morris County Grand Jury returned an indictment that charged Serghides with forgery. According to the indictment, Serghides allegedly presented a forged Zurich North America Insurance Company Certificate of Insurance to Framan Mechanical, Inc., in an attempt to secure a subcontracting job through a contract with Lakeland High School. Contractors are frequently required to provide proof of insurance when working on public contracts.

## **State v.**

### **Keith Corliss**

The Court admitted Keith Corliss into the PTI Program on August 16, 2004, conditioned upon performing 50 hours of community service. In an Accusation filed charging him with forgery, the State alleged that Corliss presented a fraudulent Highlands Insurance Company Certificate of Insurance falsely showing he had insurance coverage for performing boat repairs at Lentze Marina in West Keansburg.

## **State v.**

### **Frank Costello**

A Camden County Grand Jury returned an indictment on July 29, 2004, that charged Frank Costello with forgery. According to the indictment, Costello, the owner of a roofing company, allegedly knowingly provided a fraudulent Northwestern Mutual Certificate of Insurance to a client for whom he was repairing a roof. Costello's case is pending trial.

## **State v.**

### **Troy McMahon**

Troy McMahon was sentenced on December 17, 2004, to one year probation and ordered to perform 50 hours of community service. McMahon pled guilty to an Accusation that charged him with forgery. McMahon, the owner of McMahon Sanitation, Inc., admitted he presented a forged Certificate of Insurance to Crown Hearth and Patio, Inc., who had hired McMahon for demolition and removal of debris on its property. Contractors are frequently required to present proof of insurance before starting contracting work.

## **State v.**

### **Rueben Stewart**

An Atlantic County Grand Jury returned an indictment on August 11, 2004, that charged Rueben Stewart

with forgery. According to the indictment, Stewart allegedly issued an altered Certificate of Insurance to Contemporary Environmental Management of Bedford Hills, New York. Boyarin Hourigan Blundell Insurance Agency of Toms River properly issued the Certificate of Insurance, but Stewart allegedly altered it to show that he had insurance coverage provided by Ohio Casualty Insurance Company, which was no longer represented by Boyarin Hourigan Blundell. Stewart's case is pending trial.

## **State v.**

### **Robert Huber**

Robert Huber pled guilty on November 12, 2004, to forgery. He is scheduled to be sentenced in 2005. A Hunterdon County Grand Jury returned an indictment that charged Huber with forgery. According to the indictment, Huber allegedly provided a phony Certificate of Insurance in connection with the lease of rental property. Landlords sometimes require persons to offer proof of insurance before they rent property. In this case, the State alleged that Huber falsified a Vreeland Insurance Agency Certificate of Insurance that allegedly indicated it provided insurance to Huber by Selective Insurance Company.

## **State v.**

### **William Cheney**

The Court sentenced William Cheney on December 10, 2004, to 18 months probation and ordered him to pay a \$1,000 criminal fine. Cheney pled guilty to an Accusation that charged him with forgery. Cheney, who operated Painting and Home Improvements, admitted he presented a phony Ohio Casualty and Legion Insurance Company Certificate of Insurance to Hometown Builders. Hometown Builders hired Cheney's company as a painting subcontractor.

## **State v.**

### **Nicholas Barbella**

An Essex County Grand Jury returned an indictment on November 15, 2004, that charged Nicholas Barbella with forgery. According to the indictment, Barbella, a roofing contractor who did business as Dr. Frank-n-Stein, Inc., allegedly issued a phony Cumberland Mutual Fire Insurance Company Certificate of Insurance. The State alleged that Barbella issued the phony Certificate of Insurance to the management of and mortgage holder of the Lawton Arms Apartments located in West Orange. Barbella's case is pending trial.

## **State v.**

### **Wayne Kellum**

A State Grand Jury returned an indictment on November 5, 2004, that charged Wayne Kellum with forgery. According to the indictment, Kellum, who owned and operated WK Trucking, a subcontractor, allegedly presented a fraudulent Certificate of Insurance to general contractor Marone Contracting. Frequently, subcontractors have to prove they have the appropriate insurance when working for general contractors. The State alleged that the fraudulent Certificate of Insurance

falsely indicated WK Trucking had general liability and automobile insurance from Selective Insurance Company. Kellum's case is pending trial.

***State v.  
Joseph Curto***

The Court sentenced Joseph Curto on December 20, 2004, to an 18-month suspended sentence. Curto pled guilty on the same date to an Accusation that charged him with forgery. Curto admitted he presented Merit Developers with a phony Certificate of Insurance indicating he had purchased general liability and workers' compensation insurance. The Certificate of Insurance reflected Curto had commercial general liability insurance coverage from Freemont Insurance Company and workers' compensation insurance from Pawtucket Mutual Insurance Company. Both Pawtucket and Freemont Insurance Companies no longer do business in New Jersey. The case was referred to OIFP for investigation and prosecution after Abnet, Inc., Insurance Company of Piscataway was contacted by Travelers Insurance Company who was auditing insurance coverage for Merit Developers.

## **Insurance-Related Tax Cases**

***State v.  
Richard Nardone  
and Donna M. Januik***

Richard Nardone pled guilty on October 4, 2004, to filing false and fraudulent New Jersey Income Tax returns, failure to pay New Jersey Gross Income Tax with intent to evade, and misconduct by a corporate official. On the same date, Donna M. Januik pled guilty to filing false and fraudulent New Jersey Income Tax returns and failure to pay New Jersey Gross Income Tax

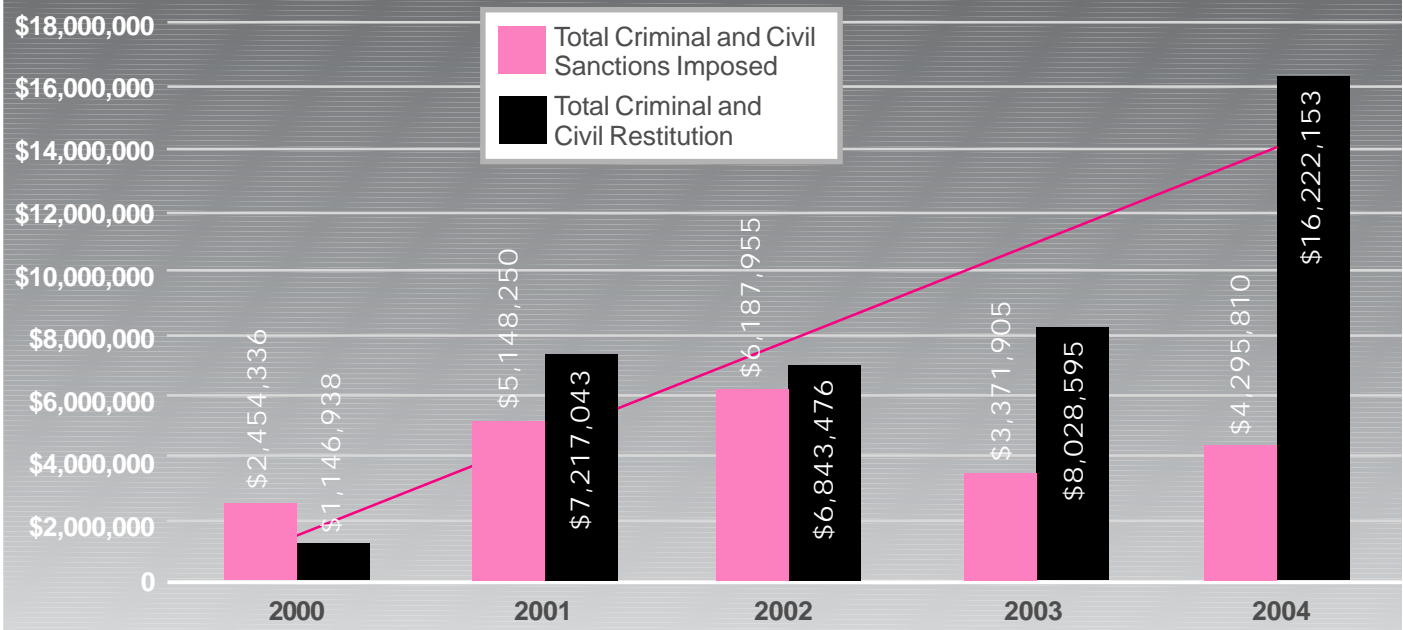
with intent to evade. A State Grand Jury returned an indictment that charged Nardone and Januik, his sister, with conspiracy, filing false and fraudulent New Jersey Income Tax returns, filing false and fraudulent New Jersey Corporate Tax returns, and failure to pay New Jersey Gross Income Tax with intent to evade. The State also charged Nardone with misconduct by a corporate official.

According to the indictment, to avoid paying New Jersey corporate business and income taxes, Nardone and Januik allegedly transferred and withdrew large sums of money from Nardone's chiropractic business and from related medical treatment, diagnostic, or rehabilitation facilities owned, operated, and controlled by Nardone. Furthermore, Nardone and Januik allegedly created three fictitious employees identified as Brian Taylor, Jeanne Pierre, and Mark Wallace for issuing at least 144 corporate checks exceeding \$400,000. Nardone then allegedly instructed an employee to endorse and cash the checks at an unlicensed check cashing business in Irvington. The employee allegedly returned the cash to Nardone. Nardone and Januik also allegedly utilized corporate accounts to pay for more than \$180,000 in personal expenses without reporting the funds as income.

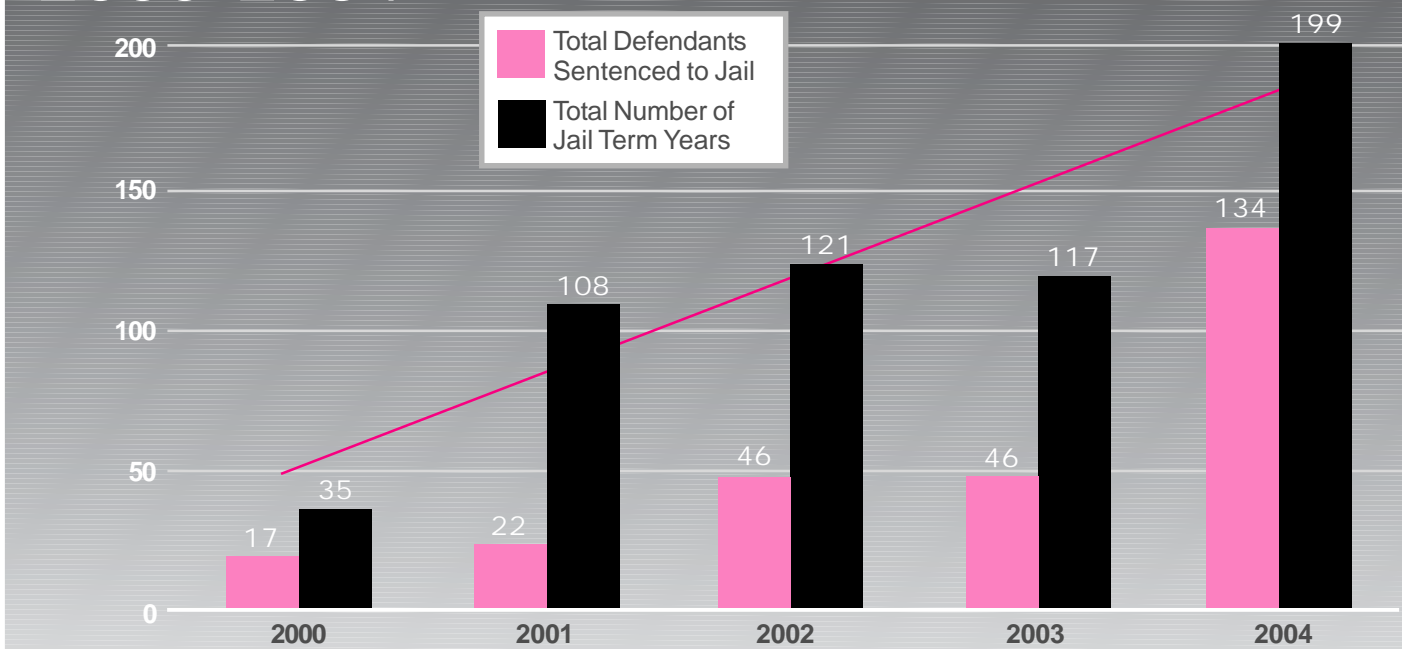
Nardone's chiropractic office was located in Orange. Nardone's related businesses were identified as: Professional Medical Technologies, Inc. (PMT), located in Mountainside; Camino Rehabilitation, Inc., located in Springfield; Hermosa Medical Services, Inc., located in Mountainside; Advanced Diagnostic, Inc., located in Roselle Park; and Medical Diagnostic, Inc., located in Mountainside. Januik also operated a billing and collection agency known as ZNS Billing. The chiropractic practice and the related businesses ceased operations.



## OIFP Criminal and Civil Monetary Sanctions and Restitution Summary 2000–2004



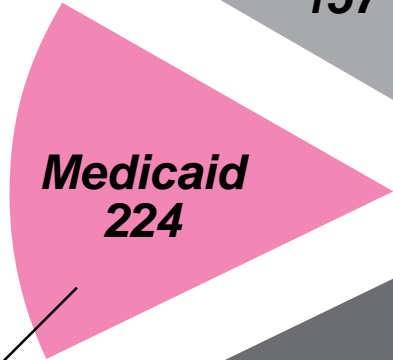
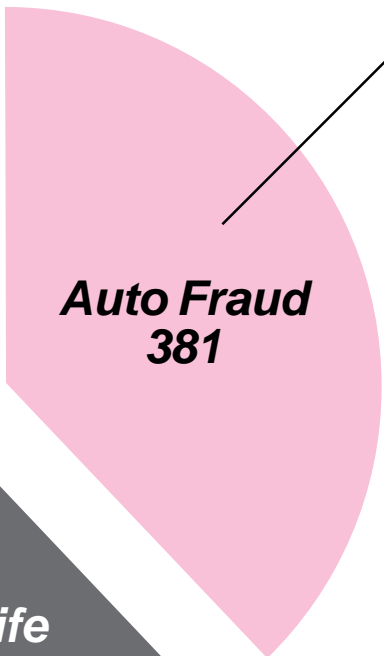
## OIFP Defendants Sentenced to Jail Time and Total Number of Jail Term Years 2000–2004



# Criminal Cases Investigated in 2004 by Fraud or Provider Type

- False Documents 41
- Agent Fraud 34
- Miscellaneous 18
- Premium Theft 15
- Homeowners Insurance 14
- Liability Insurance 14
- False Claims 13
- Property 8

- Staged Thefts/Give-Up Schemes 102
- Fraudulent Insurance Cards 82
- Other 41
- False Claims 38
- Staged Accidents 28
- False Documents 26
- Health Care/PIP/BI 25
- Theft 22
- Fraudulent Drivers' Licenses 17



- Medical Support Other 46
- Pharmacy 33
- Patient Abuse 29
- Practitioners 25
- Facility Other 22
- Transportation 18
- Program Other 18
- Clinic 11
- Facility/Institution 11
- Laboratory 6
- Home Health 5

- Health Care Claims Fraud 158
- Disability Insurance/Workers' Compensation 57
- Other 35
- Misappropriation/Embezzlement 17
- False Claims 16
- Agent Fraud 12
- Application Fraud 9
- Life Insurance 7