

This Page Was  
Intentionally  
Left Blank

New Jersey  
Insurance Fraud Case Notes





# New Jersey Insurance Fraud Case Notes

OIFP has the authority and responsibility to investigate all types of insurance fraud and for conducting and coordinating criminal, civil, and administrative investigations and prosecutions of insurance and Medicaid fraud throughout New Jersey. The most formidable way to take action against insurance cheats is through criminal prosecutions. Criminal prosecutions may result in penalties ranging from the imposition of State prison or county jail sentences to probationary or diversionary dispositions. These sentences may also include criminal fines and restitution. Summaries of some of the most significant criminal cases brought by OIFP and County Prosecutors in 2004 are set forth in this section of the Report.

Those who defraud the Medicaid Program are subject to the same criminal sanctions as those who defraud private insurance carriers. In addition to the imposition of criminal penalties, however, other sanctions may be imposed upon Medicaid defendants, such as debarment from participation in the Medicaid Program as a Medicaid provider. Where a criminal prosecution is not viable, Medicaid providers may also be sued under civil Federal or State false claims statutes. Oftentimes, these cases result in settlements involving restitution and the imposition of civil fines. Highlights of such cases are included herein.

The Insurance Fraud Prevention Act (Fraud Act), N.J.S.A. 17:33A-1, et seq., specifically provides OIFP with authority to impose civil fines on insurance fraud violators in addition to, or as an alternative to, criminal prosecution. Summaries of cases in which OIFP entered into Consent Orders providing for the voluntary payment of such fines, as well as cases in which OIFP's civil attorneys pursued such violators through civil litigation, are also included.

When persons who are licensed by the State commit insurance fraud, action may be taken by the appropriate licensing board against the person's license. Such actions may include the suspension or revocation of the license, or provide for a voluntary surrender of the license. Summaries of cases in which licensing authorities and OIFP coordinate their efforts in order to effect a licensing sanction are also included in this Report.

The following tables summarize OIFP's 2004 statistics in criminal and civil actions. Also included is a table of licensing actions taken by the licensing authorities against professional licensees who committed insurance fraud.

As reflected in the criminal table, in 2004, OIFP opened 464 new criminal investigations and filed criminal charges by Accusation or indictment against 214 defendants. OIFP prosecutions during the year resulted in the

# OIFP Criminal Investigations and Prosecutions Statistics

## January 1, 2004 - December 31, 2004

New Cases Opened	464
Indictments/Accusations Filed	146
Number of Defendants Charged	214
Number of Defendants Convicted	177
Number of Defendants Sentenced	223
Number of Defendants Sentenced to State Prison	34
<b>Total Number of Years</b>	<b>189</b>
Number of Defendants Sentenced to County Jail	100
<b>Total Number of Years</b>	<b>10</b>
Total Criminal Fines Imposed	\$361,300
Total Criminal Penalties Imposed	\$37,010
Total Civil Penalties/Fines Imposed in Medicaid Cases	\$6,475,165
<b>Total Restitution Imposed</b>	<b>\$16,222,153<sup>1</sup></b>

<sup>1</sup> This total includes restitution imposed in criminal and civil actions

conviction of 177 defendants. Of the 223 defendants sentenced in 2004, 134 received jail terms totaling 199 years. Further, a total of over \$16 million in restitution was ordered, including restitution imposed in civil actions.

As indicated in the civil table, OIFP opened 8,236 new civil insurance fraud cases in 2004 and assigned 4,646 for further investigation. OIFP issued 427 Administrative Consent Orders totaling \$3,897,500 during 2004. OIFP obtained 325 Executed Consent Orders totaling \$1,684,230 in which subjects voluntarily admitted

# OIFP Civil Investigations and Litigation Statistics<sup>1</sup>

## January 1, 2004 - December 31, 2004

CIVIL Investigations	Number	Dollar Amount
New Cases Opened	8,236	
Number Forwarded for Investigation	4,646	
No Investigation Warranted	3,590	
Sanctions Imposed		
Insurance Fraud Letters of Admonition	1,029	
Administrative Consent Orders Issued	427	\$3,897,500
Administrative Consent Orders Executed	325	\$1,684,230
Settlements Entered	103	\$361,630
Judgments Entered	234	\$1,593,345
Complaints Filed	139	
Collections (Department of Banking and Insurance) <sup>2</sup>		
Number of OIFP Accounts Paid in Full	577	
Total Amount Received		\$1,815,039

<sup>1</sup> These statistics comprehensively reflect the number of discrete actions undertaken by the Office of Insurance Fraud Prosecutor in pursuing civil sanctions against insurance fraud violators. It should be noted that, in some instances, more than one action was taken against a single violator or for a single violation.

<sup>2</sup> These figures were reported by the Department of Banking and Insurance which is responsible for the Collections function.

committing insurance fraud and agreed to pay the civil fine imposed. In addition, OIFP effected 103 settlements totaling \$361,630 and obtained 234 judgments totaling \$1,593,345. Further, OIFP civil attorneys filed 139 lawsuits against Fraud Act violators in 2004.

**Note:** *An indictment, complaint, or other charge is merely an accusation. A defendant is presumed to be innocent of the charges unless and until proven guilty beyond a reasonable doubt.*