



**2018 PA INSURANCE FRAUD PREVENTION AUTHORITY**

# **ANNUAL REPORT**

# EXECUTIVE DIRECTOR'S MESSAGE

Respectfully,



Thomas A. Donahue III  
Executive Director



## **To the Honorable Governor Tom Wolf and Members of the PA General Assembly**

On behalf of the board of directors of the Pennsylvania Insurance Fraud Prevention Authority (IFPA), a legislatively crafted public-private partnership, I am pleased to present the annual report for the calendar year 2018.

Since 1995, the IFPA has been charged with determining the scope of Pennsylvania's insurance fraud problem and directing resources to prevent and prosecute fraud crimes statewide. It receives funding from insurers and disperses it in the form of grants to state and local law enforcement agencies. The IFPA's approach, and that of its grantees, is to investigate and aggressively prosecute all insurance fraud crimes and educate the public about the many types and consequences of insurance fraud. In 2018, 915 insurers paid a total of \$15,071,670 into Pennsylvania's Insurance Fraud Prevention Trust Fund, and \$14,428,077 in grants was given to aid the work of 27 prosecutors, 61 investigators, and 15 support staff in attacking insurance fraud across Pennsylvania. The IFPA also invested \$900,000 to continue the momentum of its statewide public education program.

In 2018, 81 percent of all insurance fraud arrests were auto-related. In fact, the number one insurance fraud crime in Pennsylvania is what I call "crash and buy." In this instance, an uninsured driver is involved in an accident. Immediately following the accident, the driver calls an insurance company to purchase insurance coverage and then reports a claim, stating that the accident occurred after the coverage went into effect. In October, the IFPA filmed a new television commercial with a "crash and buy" scenario, which will debut in early 2019.

Most of the auto insurance frauds appear to have been opportunistic crimes, committed to avoid monetary loss or obtain unwarranted financial gain; involving unwise decisions made by people who had no prior criminal history; and with defendants 18 to 34 years of age comprising nearly half of all offenders. Reaching and deterring younger auto insurance users from engaging in fraud continues to be the IFPA's public outreach priority.

Last year, the IFPA and its grantees again made gains in enforcement and prosecution. In 2018, a total of 3,978 complaints of suspected insurance fraud (fraud referrals) were received by IFPA grantees, an increase in overall fraud referrals of 9 percent over 2017. Grantees made 467 arrests of individuals involved in one-time thefts and those involved in long-running fraud schemes, having stolen millions of dollars. The IFPA grantees prosecuted 438 defendants, yielding \$5,614,412 in restitution to insurance fraud victims and \$467,670 in civil penalties to the trust fund. A total of \$670,287 in court costs and fines was also ordered to be paid by defendants to the courts.

The Commonwealth's insurance fraud problem impacted all lines of insurance, with:

- 57% auto insurance
- 10% workers' compensation
- 13% homeowners
- 9% healthcare
- 7% commercial property/liability
- 2% life insurance
- 2% other

The IFPA continues its steadfast commitment to reducing insurance fraud in all parts of Pennsylvania. I appreciate this opportunity to share its accomplishments and challenges with you. I thank you, your administration, and all members of the General Assembly for your past and future support of the IFPA in combatting Pennsylvania's insurance fraud problem.

## 2018 PUBLIC AWARENESS CAMPAIGN

During 2018, the IFPA continued to promote its “Know the Risks, Know the Penalties” message to Pennsylvania consumers through radio, and television and moved further into the realm of digital advertising. To take greater advantage of the shorter formats of online viewing, it created two new 15-second versions of two of its most popular television spots, “Bad Day” and “Asking for Trouble.”

The IFPA also continued its “real-life” storytelling designed to appeal to younger audiences. The “See How They Lie” campaign used high-octane videos, radio and digital ads that feature “real life, real lies, real foolish” insurance fraud schemes and their legal, financial, and social consequences. These were deployed through paid digital and social media channels throughout the year.

**SEE HOW THEY LIE**



## INVESTIGATING NEW STORYTELLING PATHS

Part of the campaign activity in 2018 involved developing new messages based on ongoing research and feedback. The IFPA worked with its marketing agency, PPO&S, to create a new television spot that emphasizes the role of insurance fraud investigators. The new spot, “Crash and Buy,” and companion materials will launch in 2019.

## GO PHILLIES!

During 2018, the IFPA expanded its successful radio partnership with the Philadelphia Phillies. Starting with spring training on February 19, the IFPA aired one of the “See How They Lie” 60-second radio spots every weekend until the end of the season on October 7. One of its “See How They Lie” videos was played in the ballpark before each home game.

With a lower media spend than in the previous year, and no statewide digital campaign, the media campaign still managed to drive consumers to places where they could view messages and learn more about insurance fraud. The campaign’s [helpstopfraud.org](http://helpstopfraud.org) landing page drew 59,578 visitors, and its “See How They Lie” YouTube channel garnered 2,200 views.



## PENN STATE NITTANY LIONS

In 2018, the IFPA continued its relationship with Penn State Sports Properties to air our 60-second radio commercials during Penn State football games. Due to the success of the team, the IFPA was also able to reach thousands of viewers through the Fiesta Bowl broadcast.

## GO EAGLES!

Philadelphia continued to be designated the priority geographic market during 2018. The IFPA started its advertising year by riding a ratings bonanza: the Eagles’ historic Super Bowl win. Its TV ads aired during Super Bowl special programming, starting January 22, and during the game itself, on February 4 – garnering 3.8 million viewer impressions in the Philadelphia market.

The IFPA kicked off a five-week run of television spots and on-demand video in the Philadelphia region on March 5. Its radio ads were aired on the Top Ten radio stations in winter/spring, from March 5 through April 8, and summer/fall, from September 17 through October 12.

# “DON’T BE A WEASEL”

In September of 2018, the IFPA rebranded its “Don’t Be a But” campaign to “Don’t Be a Weasel” in order to capitalize on the use of its main character and mascot, Weasy the Weasel. The new “Only Weasels Commit Insurance Fraud” campaign includes live-action videos, animated cartoon clips, and comics to attract a younger generation that may not view insurance fraud as a serious crime.

One of the strengths of the “Don’t Be a Weasel” campaign and of the Weasy character is that they appeal both to the IFPA’s target demographic of 18- to 35-year-olds and to younger kids. This allows the IFPA to plant early the idea that insurance fraud is a serious crime, with serious consequences – sparking conversations between kids and parents about insurance fraud.

In 2018, the IFPA created several live-action videos to depict different insurance fraud schemes, including alleged hail damage to a vehicle and arson for profit. These videos, along with the IFPA’s prior videos, can be found on the website and on the additional video website, [weasycam.com](http://weasycam.com).

During 2018, there were 99,033 views of the Weasy videos; to date, there have been 330,080 total views of Weasy videos on YouTube since the campaign’s inception in December 2014. There have been 84,571 impressions on the IFPA’s Twitter page for 2018: an increase of 5,271 impressions from 2017. On Facebook, the IFPA has had a total reach of 131,124 users for the year 2018, compared to 122,607 in 2017.

In 2018, the IFPA began using Instagram, in addition to other social media platforms. For the year, there were 1,378 Instagram video views.

Also during 2018, the IFPA continued its partnership with the Reading Phillies Minor League Baseball team, where it sponsored foul balls throughout the game. Whenever a batter hits a foul ball, a video displays on the scoreboard – along with the PA announcer stating, “This foul ball, brought to you by the PA Insurance Fraud Prevention Authority.”

New in 2018 was the IFPA’s partnership with Carvertise, in which it has two vehicles wrapped in “Only Weasels Commit Insurance Fraud” and Weasy decals, driving throughout Philadelphia and the surrounding counties. In 2018, the campaign elicited more than 5.7 impressions.



As the Weasy campaign grows, so will awareness of the seriousness of insurance fraud and its consequences. Ultimately, the IFPA’s goal is to decrease the amount of insurance fraud in Pennsylvania by educating younger generations to be more conscious of the true repercussions of fraud and to shift their mindset surrounding this issue. Hopefully, when presented with an opportunity to make a bad decision and commit insurance fraud, they will think of Weasy and decide NOT to be a weasel.

**Find more information at [dontbeaweasel.com](http://dontbeaweasel.com).**

# ELEVEN CASE FILES

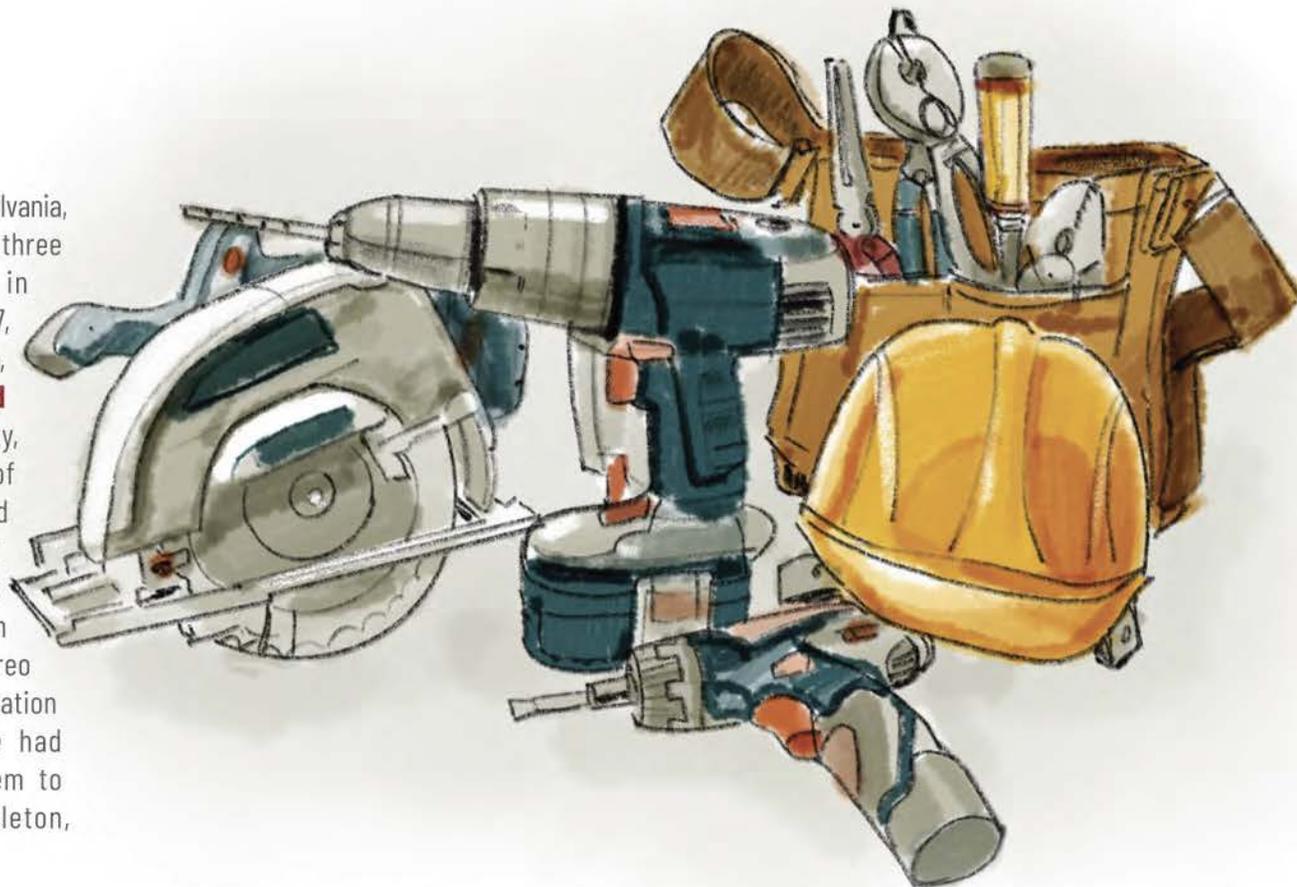
What compels unwise, hasty decision-making? Why do ordinary citizens become overnight criminals or, over time, become architects of complex fraud schemes? For those of us combatting insurance fraud, these questions offer a constant source of debate, conversation, and water cooler talk. The answers are as different as the crimes perpetrated. It's the age-old question: "Why do good people do bad things?"

No matter the reason, our job is to protect the consumers of the Commonwealth. The IFPA remains steadfast in its efforts to reduce this behavior through prevention, detection, and prosecution. In the following stories, we hope to articulate the diverse range of insurance fraud being committed in our communities.

## STOLEN TOOLS

WHITE HAVEN, PA

On November 17, 2017, Carlos J. Laurel of White Haven, Pennsylvania, pleaded guilty to insurance fraud, was sentenced to serve three years of confinement, and was ordered to pay \$500 in restitution and court costs of \$797.50. On April 25, 2017, from a referral received by the **Merchants Insurance Group**, detectives of the **Northeast Pennsylvania Insurance Fraud Task Force** filed a criminal complaint in Lackawanna County, charging Laurel with insurance fraud and two counts of theft by deception. According to the complaint, it is alleged that on September 9, 2016, Laurel submitted a fraudulent claim to Merchants Insurance Group, along with bogus supporting documentation for the theft of \$18,522.25 in tools. In addition, he claimed that a \$10,000 check and stereo components were also stolen from his truck. An investigation revealed that Laurel had himself taken the tools he had claimed had been stolen and then sold several of them to Valdez Buy and Sell and Manolo's Pawn Shop in Hazleton, Pennsylvania. Merchants had not paid Laurel's claim.



# FALSE CLAIMS

BURLINGTON, NJ



On February 16, 2018, Ishmael A. Burk of Burlington, New Jersey, pleaded guilty to insurance fraud, attempted theft by deception, theft by deception, bad checks, identity theft, dealing in proceeds unlicensed activity, and criminal use of communication facility; was sentenced to serve a maximum of 134 months of confinement; and was ordered to pay \$22,994 in restitution and court costs of \$1,212.27. On December 6, 2017, **Office of Attorney**

**General** special agents arrested Burk and charged him with two counts of insurance fraud and one count each of attempted theft by deception, identity theft, criminal use of a communication facility, dealing in proceeds of unlawful activities, and bad checks. According to the criminal complaint, from January 31, 2014, to September 3, 2015, it had been alleged that Burk had engaged in a scheme to defraud **Allstate, Farmers/21st Century, GEICO, Infinity, Liberty Mutual, Nationwide, Progressive, Safe Auto, State Farm, and Travelers Insurance** by reportedly submitting 32 different false claims

for vehicle damage. Burk's scheme involved obtaining insurance for a vehicle and subsequently filing a vandalism claim several days later.

Reportedly, Burk had then taken the vehicle to an insurer-approved inspection facility in hopes of receiving an immediate payment, and if he suspected that the claim would be questioned or investigated by the insurer, he would immediately withdraw the claim. The complaint states that Burk had received a total of \$21,956.67 from the victim insurers as a result of the scam. According to the complaint, Burk had submitted additional claims totaling \$85,000, which were not paid.

# WHEN LIGHTNING STRIKES

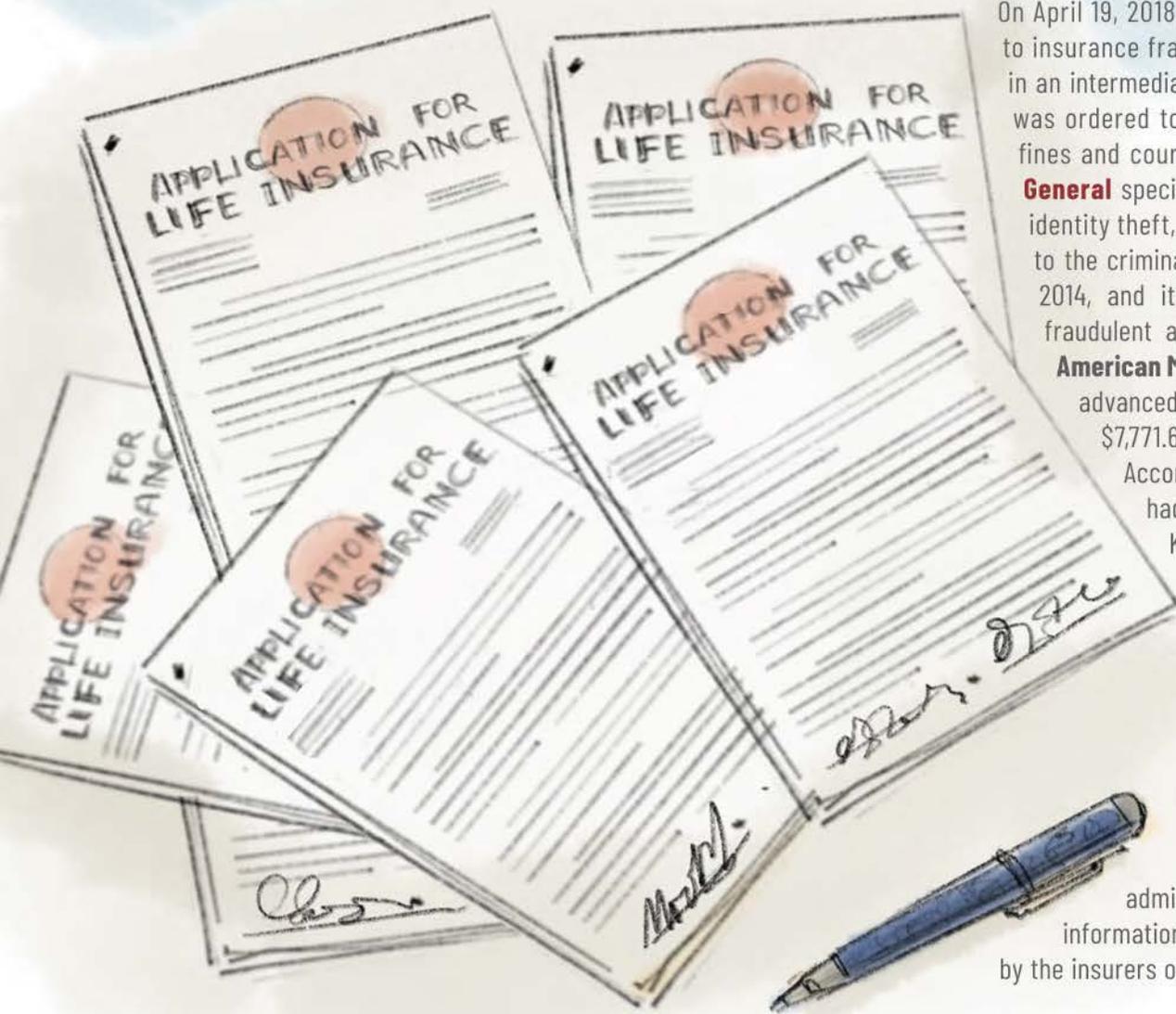
ELVERSON, PA

On April 12, 2018, Mary L. Gara of Elverson, Pennsylvania, pleaded guilty to theft by deception and forgery, was sentenced to serve 23 months of confinement, followed by six years of probation, and was ordered to pay \$70,139 in restitution and court costs of \$4,763. The result of a joint investigation with the **Pennsylvania State Police**, detectives from the **Philadelphia District Attorney's Office Insurance Fraud Unit** arrested Gara in March 2017 and charged her with one count of identity theft and two counts each of insurance fraud, dealing in proceeds of unlawful activities, forgery, identity theft, theft by deception, receiving stolen property, criminal use of a communication facility, unlawful use of computer, and securing execution of documents by deception. According to the criminal complaint, it had been alleged that Gara and a codefendant, Sara Deputy, had filed 18 fraudulent renter's insurance claims, totaling \$70,000, which were paid out by multiple insurance companies. The two defendants had reportedly filed claims for damage to properties from lightning strikes; however, neither defendant resided in nor rented the properties but had allegedly stolen the identities of acquaintances to file these claims. For every storm that had occurred, Gara had filed a claim with the help of her ex-girlfriend, Deputy. Deputy had signed the various insurance claim forms so that the handwriting would look different and not suspicious. Deputy had also deposited various checks from insurance companies into her bank account. Detectives interviewed Gara regarding these fraudulent insurance claims, and reportedly, she admitted that she had started filing fraudulent claims after a power surge damaged her TV and surround sound system. She stated that she had claimed that more appliances were damaged than those two items. After that, she stated that it just became easier and easier to file these fraudulent claims. Detectives also interviewed Deputy, who stated that she felt threatened by Gara into helping with these claims. When asked if she had faxed and signed these claims and deposited the checks into her account, Deputy reportedly admitted that she had, at the direction of Gara. Deputy pled guilty to insurance fraud in February 2018 and was sentenced to serve 23 months of confinement, followed by two years of probation, and was ordered to pay \$70,139 in restitution, \$50 in fines, and court costs totaling \$3,595.75.



# LIFE INSURANCE

HARRISBURG, PA

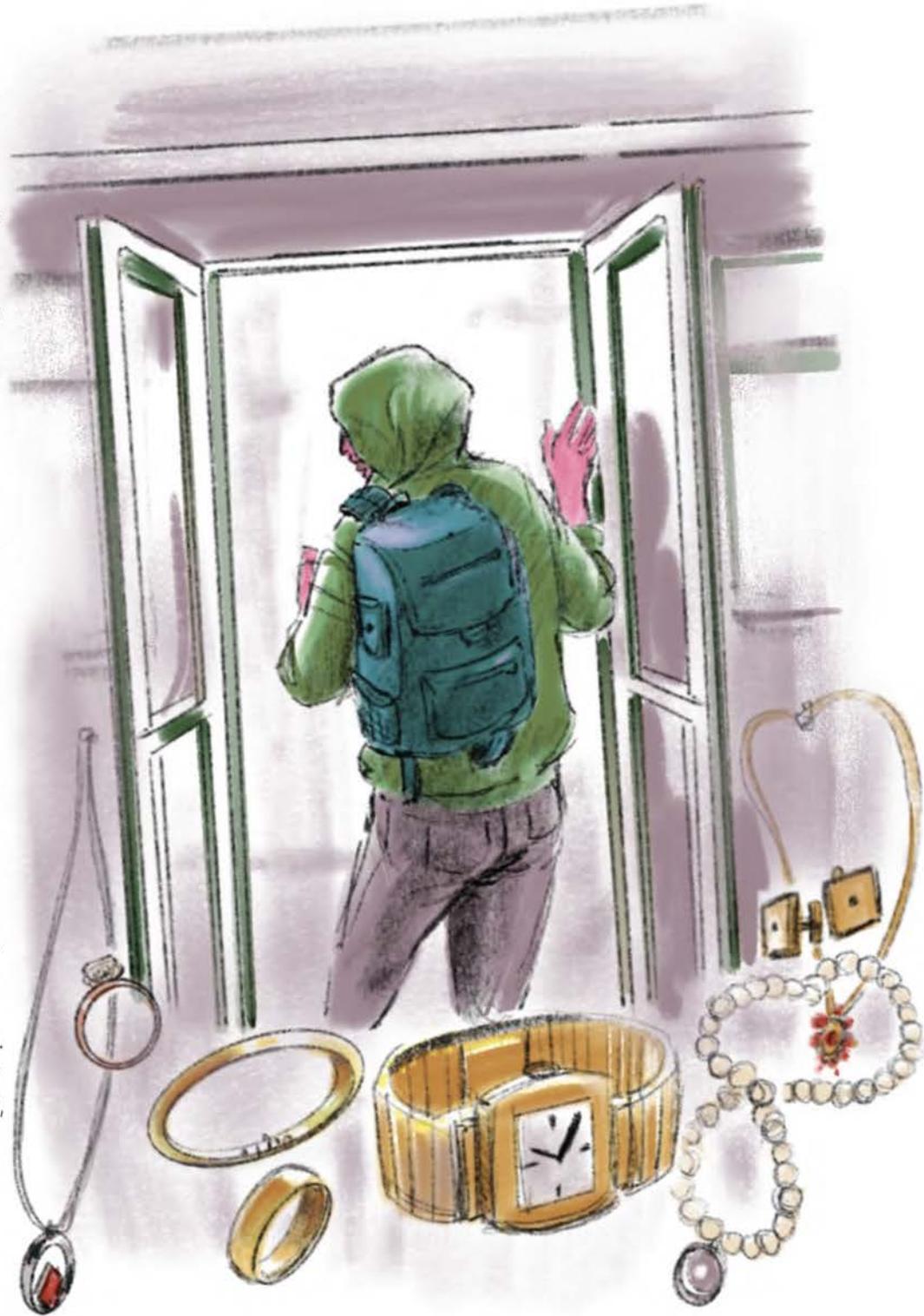


On April 19, 2018, Keynan A. Kinard of Harrisburg, Pennsylvania, pleaded guilty to insurance fraud and theft by deception, was sentenced to serve 23 months in an intermediate punishment program, followed by 23 months of probation, and was ordered to perform 75 hours of community service and to pay \$550 in fines and court costs of \$3,069.25. On October 12, 2017, **Office of Attorney General** special agents arrested Kinard and charged him with insurance fraud, identity theft, theft by deception, forgery, and criminal solicitation. According to the criminal complaint, Kinard was a licensed insurance agent in 2013 and 2014, and it had been alleged that he had submitted approximately 29 fraudulent applications for life insurance policies to **American Amicable, American Memorial, and Transamerica Life Insurance Companies** to obtain advanced commissions. Kinard reportedly had received a net total of \$7,771.65 in commissions from American Memorial and Transamerica. According to the complaint, the **Pennsylvania Insurance Department** had launched an investigation after receiving complaints about Kinard from several insurance companies. The Insurance Department and Kinard had entered into a consent agreement in 2014, wherein Kinard allegedly agreed to surrender his insurance producer's license. The matter had been subsequently referred to law enforcement. An investigation revealed that Kinard had used the personal identifying information of friends, acquaintances, and former clients to complete applications for life insurance, which he had then submitted to insurers. The complaint further stated that many of the applications had also contained false or misleading information. Kinard allegedly admitted that he had frequently included fictitious bank account information in the bogus applications to ensure that policies were not issued by the insurers or would lapse when the premium payments did not go through.

# STOLEN JEWELRY

PHILADELPHIA, PA

On April 20, 2018, from a negotiated guilty plea to insurance fraud, Anthony Foster of Philadelphia, Pennsylvania, was sentenced to serve 23 months of confinement, followed by three years of probation, and was ordered to pay \$2,224.50 in court costs. On January 22, 2016, and February 4, 2016, detectives of the **Philadelphia District Attorney's Insurance Fraud Unit** arrested Foster and Cameron C. McCary of Cherry Hill, New Jersey. Foster was charged with insurance fraud, attempted theft by deception, conspiracy, and false reports. McCary was charged with two counts of insurance fraud, attempted theft by deception, criminal conspiracy, and false reports. According to the criminal complaints, on May 13, 2015, McCary had contacted **Jewelers Mutual Insurance Company** and reported that his book bag, which had contained 16 pieces of jewelry – valued at approximately \$55,000 – had been stolen from a SEPTA bus where he had been a passenger on May 12, 2015. McCary had then filed a lost & found report with SEPTA and a claim with Jewelers Mutual Insurance Company. Insurance Fraud Unit detectives had reviewed SEPTA surveillance footage from the SEPTA bus, which showed McCary boarding the bus, sitting in an aisle seat facing the center of the bus, and placing his book bag on the step to the right of his seat. At the next stop, a male in a gray, hooded sweatshirt – later identified as Foster – was seen boarding the bus and standing in the rear exit door near McCary's seat and then moving to a seat directly behind McCary. Foster was seen minutes later, exiting the bus with McCary's book bag. According to the complaints, further investigation revealed that McCary had allegedly staged the theft of his jewelry by arranging for his roommate, Foster, to board the SEPTA bus and pretend to steal his book bag to file a fraudulent insurance claim. Jewelers Mutual Insurance Company had not paid McCary's claim. McCary was sentenced in September 2017 to serve 23 months of probation, followed by 12 months of probation, and was ordered to pay \$795.94 in court costs.



An illustration of a hand holding a lit red lighter. The lighter is red with a silver top and a blue flame. The background is a large, stylized flame in shades of orange and yellow. The hand is rendered in a sketchy, artistic style.

## PLAYING WITH FIRE

### KITTANNING, PA

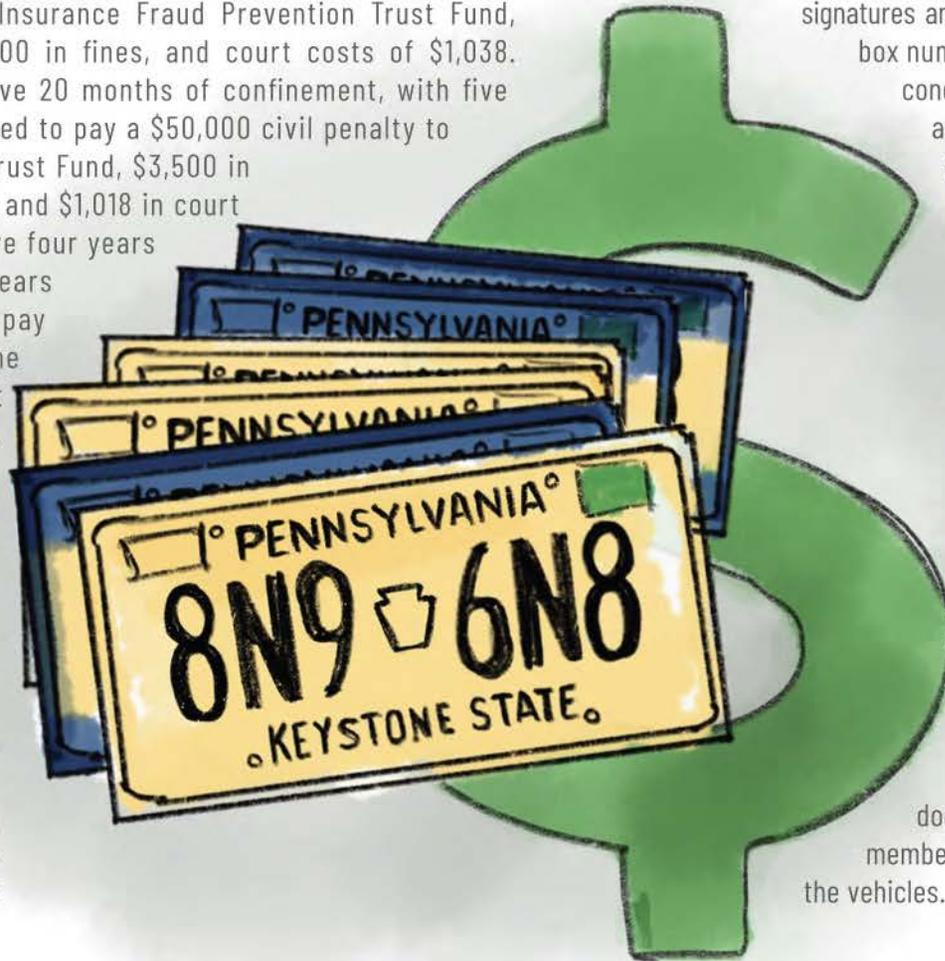
On May 22, 2018, Emmajean J. Mowery of Kittanning, Pennsylvania, pleaded guilty to arson and insurance fraud, was sentenced to serve two years of confinement, and was ordered to pay \$58,302.02 in restitution, a \$100 fine, and court costs of \$635. On March 29, 2017, **Office of Attorney General** special agents arrested Mowery and charged her with insurance fraud, attempted theft by deception, arson, and endangering the welfare of children. According to the criminal complaint, on April 28, 2016, Mowery had obtained a renter's policy with **TIE Insurance**. After a fire occurred at her home on April 29, 2016, Mowery had reportedly told the insurer that the fire had destroyed or damaged personal property valued at \$18,375. According to the complaint, the **Pennsylvania State Police Fire Marshal** and two other independent fire examiners determined that the blaze was intentionally set. On April 29, 2017,

Mowery had reported that two separate fires occurred at her residence. The initial fire had done only minor damage to a bedroom and might have been caused by an electrical problem. Shortly after the fire department left the scene, the same bedroom had become fully engulfed in flames, and the authorities had determined that the second fire was intentionally set. Reportedly, Mowery had told them that her 3-year-old grandson had been playing with a lighter and had accidentally started the fire; however, when they had observed that the little boy could not operate a lighter, Mowery had claimed that her landlord or someone else must have started the fire. TIE denied Mowery's claim.

# PASSING PLATES

BROOKLYN, NY

On June 21, 2018, from guilty pleas to insurance fraud, theft by deception, conspiracy, corrupt organizations, and washing vehicle titles, Rafael Levi, Edward Leyberman, and Victor Lalo – each of Brooklyn, New York – were sentenced for their roles in the “Operation Car Wash” investigation led by the **Pennsylvania Office of Attorney General**. Levi was sentenced to serve 10 years of confinement, with five years of probation, and was ordered to pay a \$100,000 civil penalty to the Insurance Fraud Prevention Trust Fund, \$1,300,309.78 in restitution, \$7,500 in fines, and court costs of \$1,038. Leyberman was sentenced to serve 20 months of confinement, with five years of probation, and was ordered to pay a \$50,000 civil penalty to the Insurance Fraud Prevention Trust Fund, \$3,500 in fines, \$1,300,309.78 in restitution, and \$1,018 in court costs. Lalo was sentenced to serve four years of confinement, followed by five years of probation, and was ordered to pay a \$50,000 civil penalty to the Insurance Fraud Prevention Trust Fund, \$1,300,309.78 in restitution, \$6,000 in fines, and court costs of \$1,038. According to a grand jury presentment, New York resident Levi and his associates had conspired and engaged in a massive fraud and theft scheme involving thousands of illegally obtained Pennsylvania license plates. From 2008 to the present, Levi’s organization had allegedly submitted forged and fraudulent documents to the **Pennsylvania Department of Transportation** (PennDOT)



and to the **Pennsylvania Department of State** to obtain thousands of dealer and transporter license plates. The organization had profited significantly from illegally renting and/or selling each plate for as much as \$400 in New York City and elsewhere. It is alleged that the organization had submitted documents to PennDOT, which contained, among other things, fictitious or nonexistent insurance policies, false proof of insurance cards, forged notary signatures and stamps, and various addresses or post office box numbers. The information had been submitted to conceal the existence of the criminal organization and any connection between the organization and its members. The scheme had allegedly enabled individuals and businesses that purchased or rented the license plates to avoid paying parking fees or fines for E-ZPass violations, which totaled more than one million dollars. The organization had allegedly utilized businesses in New Jersey, Delaware, and Pennsylvania to submit the forged and fraudulent documents to PennDOT and to wash vehicle titles. According to the presentment, the scheme had enabled members of the organization to obtain Pennsylvania vehicle titles, which contained false odometer information and which omitted information about lienholders who had security interests in the vehicles. In some instances, the forged and fraudulent documents had allegedly enabled organization members to avoid paying Pennsylvania sales tax on the vehicles.

# IMPERSONATING

CLIFTON HEIGHTS, PA

On August 9, 2018, from a negotiated guilty plea to insurance fraud and impersonating a public servant, Harris Smith of Clifton Heights, Pennsylvania, was sentenced to serve two years of confinement, followed by two years of probation, and was ordered to pay \$1,248.25 in court costs. On May 1, 2018, detectives of the **Delaware County District Attorney's Criminal Investigation Division** filed a criminal complaint, charging Smith with insurance fraud, theft by deception, and impersonating a public servant. According to the complaint, on June 5, 2017, Smith had been operating his 1998 Chevrolet Van Express when he was rear-ended by another vehicle. At the time of the accident, police had reportedly not been contacted, as Smith had identified himself as a Pennsylvania State Trooper to the individual driving the vehicle that rear-ended him. Later the same day, Smith had contacted the driver of the other vehicle and reportedly demanded that the individual pay for the damage to his van and had advised that his body shop quoted him a price of \$2,200 for repairs. Subsequently, the other driver had contacted police to report the accident. According to the complaint, an investigation revealed that Smith was not a Trooper and, further, that he did not have a valid driver's license, as his was suspended from a DUI. In addition, Smith had attempted to submit a damage claim to **Allstate Insurance Company** for \$2,200, and Allstate's estimator had determined that the damage to Smith's vehicle was old damage and not the result of being rear-ended by its insured. Lastly, the complaint reflects that Smith had provided **Bristol West Insurance Company** as his auto insurer; however, investigators reportedly confirmed with Bristol West that the company did not insure Smith or his vehicle.



# ADVANCED COMMISSIONS

ALLISON PARK, PA



On September 18, 2018, from a negotiated guilty plea to unlicensed broker/agent activity, Jeffrey L. Ingram of Allison Park, Pennsylvania, was sentenced to serve three years of probation and was ordered to pay a \$300 fine and court costs of \$3,312. On August 21, 2017, **Office of Attorney General** special agents arrested Ingram, a licensed insurance broker who had worked in the insurance industry for over 20 years. Between March 2015 and October 2016, Ingram had been employed with **Success Financial Solutions** and had sold various insurance products, including Medicare supplement policies through Medico Insurance Company, with the understanding that he would receive a commission payment prior to the Medicare supplement policies taking effect. During the period of March 2016 and October 2016, Ingram had submitted approximately 252 Medicare supplement policy applications through **Medico Insurance Company**. An investigation was conducted by Medico when the company began

receiving policy notices, which were returned in the mail as undeliverable.

One of the policy notices indicated that the policyholder was deceased.

During the investigation by Medico, a policyholder contacted the company and informed it that she had received policy billing notices

in the mail for herself and her husband, when neither of them had applied for a Medicare supplement policy. When Medico

attempted to process the payments based upon the banking information contained in the applications, the financial

institution indicated that the account information was invalid.

Medico determined that approximately 252 applications submitted by

Ingram were fraudulent. The fraudulent activity of Ingram resulted in

Medico paying advanced commissions in the total amount of \$88,636.55. Ingram admitted that he had submitted fictitious Medicare supplement policies so that he could obtain advanced commission payments.

Ingram advised that, in many of the applications, he had used the phone book, a deceased person, or just his imagination when creating identifying personal information for the policy applications. Ingram had submitted all of the

applications to Medico via an online system from his computer.

# ASSISTANCE NOT NEEDED

SHIPPENSBURG, PA

On January 23, 2018, Gina M. Shatzer of Shippensburg, Pennsylvania, pleaded guilty to insurance fraud, was sentenced to serve three years of probation, and was ordered to pay a \$100 fine, \$38,934 in restitution, and court costs of \$3,456.68. On January 13, 2017, from a referral received from **Aging and Community Services** and **MetLife Insurance Company**, detectives of the **Cumberland County District Attorney's Office** filed a criminal complaint against Shatzer for insurance fraud, theft by deception, and attempted theft by deception. According to the complaint, a primary care manager at Aging and Community Services had reportedly received an allegation of financial exploitation from Citizens Bank Security on May 18, 2016. Subsequently, on May 24, 2016, the Cumberland County District Attorney's Office had received the referral from **MetLife** after the company reportedly discovered that a long-term care claim made by a patient contained false information in regard to Shatzer, a registered certified nursing assistant. The complaint states that a friend of the patient had requested that Shatzer provide care and that Shatzer had received payments totaling \$8,841.93 from the patient's Citizens Bank checking account in 2014 for care she had provided the patient. Reportedly, in March 2015, Shatzer was made aware of a MetLife long-term care reimbursement policy, and on April 2, 2015, she had submitted an application to MetLife to begin receiving benefits. Shatzer had also submitted several invoices to MetLife and, reportedly, was paid \$32,734 by the company. According to the complaint, photos were taken, and surveillance was conducted, which showed that Shatzer had not worked and provided care to the patient on the days or during the hours that she had reported to MetLife. Furthermore, it was learned that the patient Shatzer had claimed to have cared for was physically and mentally able to bathe, medicate, and housekeep on his own, without assistance. The complaint states that over and above the \$32,734 Shatzer received from MetLife, she additionally had received checks totaling \$44,248 and cash payments totaling \$172,434 from April 2014 through July 2016.



# MAC 'N CHEESE EXPLOSION

## DILLSBURG, PA

On February 8, 2018, from a negotiated guilty plea to insurance fraud, Katherine D. Kempson of Dillsburg, Pennsylvania, was sentenced to serve 23 months of confinement and was ordered to pay \$30,284.82 in restitution and court costs of \$1,317.21. On October 24, 2017, detectives of the **York County District Attorney's Office** filed a criminal complaint, charging Kempson with insurance fraud, theft by deception, and forgery. According to the complaint, Kempson had claimed that a fire had occurred at her residence after she placed macaroni and cheese in the microwave, which had then exploded. Kempson had reported to her insurer, **USAA Insurance**, that a MacBook and an iPhone had been on the kitchen counter at the time and were destroyed by the fire. Subsequently, she had submitted a receipt totaling \$392.84 for the rental of two heaters; an estimate in the amount of \$2,336.24 for a refrigerator she claimed she needed to replace in order to store her medications; an estimate in the amount of \$3,365.71 for the rental of an RV to live in while her residence was being repaired; and a receipt in the amount of \$1,911 for the boarding fees of her dogs after the fire. USAA had reportedly paid Kempson a total of \$10,231.76 for the replacement of a MacBook and iPhone and for the purchase of a refrigerator; rental of heaters; RV; and the boarding of her dogs. According to the complaint, the investigation had revealed that neither Kempson's MacBook nor iPhone had been destroyed as she had claimed and that she had never purchased a refrigerator or rented an RV. Further, it was discovered that the boarding invoice Kempson had submitted to USAA had been forged and that Kempson had never boarded her dogs at the veterinary center stated on the invoice.



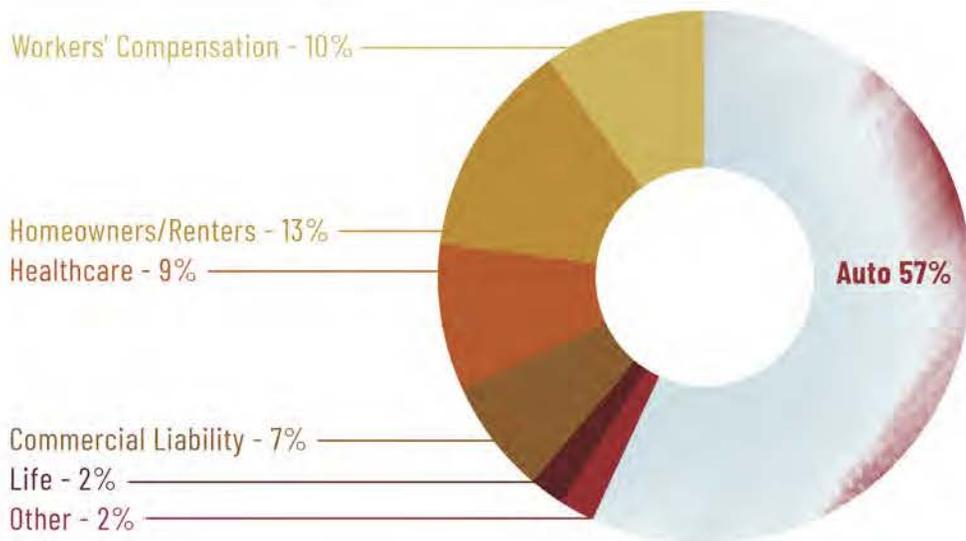
# 2018 STATISTICS

	2014	2015	2016	2017	2018
FRAUD REFERRALS	3,162	3,266	2,880	3,719	3,978
ARRESTS	447	436	490	426	467
CONVICTIONS	207	201	216	192	200
COURT-ORDERED RESTITUTION*	\$4,539	\$1,529	\$2,622	\$1,933	\$5,614

(\* in thousands)

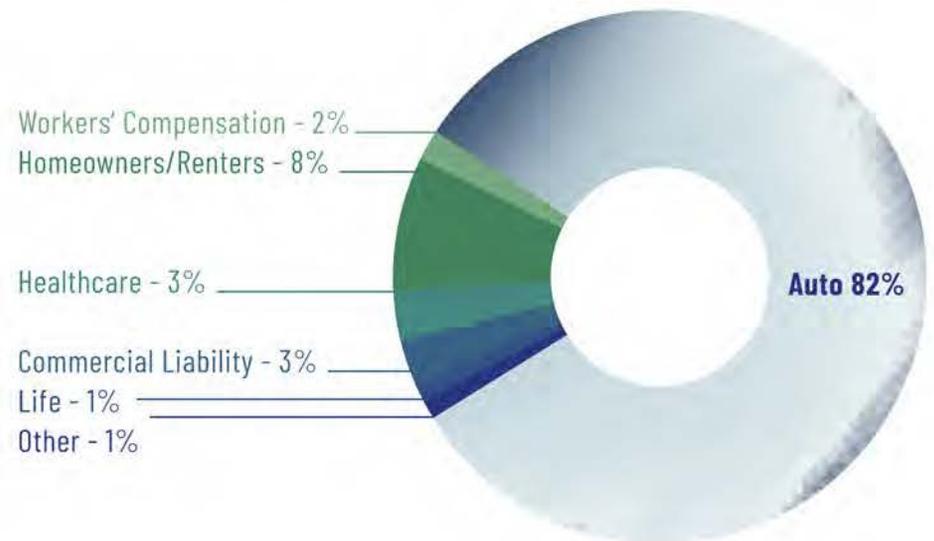
## 2018 TOTAL FRAUD REFERRALS

3,978 Total Fraud Referrals



## 2018 TOTAL FRAUD ARRESTS

467 Total Fraud Arrests



# IFPA GRANTEES

The IFPA fights fraud by supporting law enforcement personnel who aggressively investigate and prosecute insurance fraud criminals. While the anti-fraud efforts of many other states are centralized in a single agency, Pennsylvania has a decentralized program. This enables insurers and consumers as victims an increased access to law enforcement. In addition to 11 insurance fraud units, funding is also provided to two agencies for arson investigation.

From the \$20.2 million fiscal year 2017-2018 funds, a total of \$14,428,077 in grants was extended to the following agencies for personnel, training, equipment, and expenses:

## **Pennsylvania Office of Attorney General Insurance Fraud Section**

- Grant amount: \$8,532,933
- Grantee since 1995
- Phone: (717) 787-0272

## **Philadelphia District Attorney's Office Insurance Fraud Unit**

- Grant amount: \$2,982,800
- Grantee since 1995
- Phone: (215) 686-8723

## **Allegheny County District Attorney's Office**

- Grant amount: \$457,794
- Grantee since 1997
- Phone: (412) 461-2328

## **Allegheny County Police Department**

- Grant amount: \$270,408
- Grantee since 1997
- Phone: (412) 473-1254

## **Bucks County District Attorney's Office**

- Grant amount: \$274,238
- Grantee since 2015
- Phone: (215) 348-6344

## **Cumberland County District Attorney's Office**

- Grant amount: \$241,524
- Grantee since 1997
- Phone: (717) 240-7764

## **Dauphin County District Attorney's Office Arson Grant**

- Grant amount: \$19,738
- Grantee since 2004
- Phone: (717) 255-2770

## **Delaware County District Attorney's Office Criminal Investigation Division**

- Grant amount: \$471,004
- Grantee since 2004
- Phone: (610) 891-4700

## **Erie Bureau of Police**

- Grant amount: \$126,757
- Grantee since 2004
- Phone: (814) 870-1258

## **Lehigh County Insurance Fraud Task Force**

- Grant amount: \$420,463
- Grantee since 1996
- Phone: (610) 264-8758

## **Northeastern Pennsylvania Regional Task Force**

- Grant amount: \$319,218
- Grantee since 1996
- Phone: (570) 963-5177

## **Pennsylvania State Police Fire Marshal Division Arson Grant**

- Grant amount: \$200,000
- Grantee since 1997
- Phone: (717) 346-4597

## **York County District Attorney's Office**

- Grant amount: \$111,200
- Grantee since 2004
- Phone: (717) 771-9600

# FINANCIAL HIGHLIGHTS

The IFPA operates on a fiscal-year basis that runs from July 1 through the following June 30. The IFPA is annually audited by an outside independent audit firm.

**Fiscal year July 1, 2017-June 30, 2018**

## TREASURY ACCOUNT

• Assessments \$14,632,688.00 • Interest Earned \$124,651.00 • Fines and Penalties \$229,389.00 • Miscellaneous \$0.00

### Total Revenue

**\$14,986,728.00**

### Balance Carried Over

(from previous year)

**\$5,165,147.00**

### Total Funds Available

**\$20,151,875.00**

• Grants Paid \$12,956,050.00 • Public Relations \$872,094.00 • Training \$102,264.00 • Operating Expenses \$102,515.00 • Operating Account Transferred \$541,946.00

### Balance in Treasury Account

(to be applied to future grants)

**\$5,577,006.00**

## OPERATING ACCOUNT

### Beginning Balance

**\$258,054.00**

### Funds Received from Treasury

**\$541,946.00**

### Total Funds Available

**\$800,000.00**

• Interest Earned \$7.00 • Miscellaneous Income \$0.00 • Personnel Expenses \$330,593.00 • Operating Expenses \$188,619.00 • Capital Asset Expenses \$7,162.00

### Total Operating Expenses

**\$526,374.00**

### Balance in Operating Account

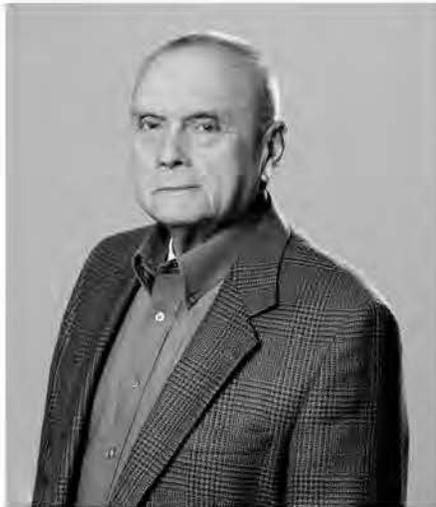
(to be carried over for next year's operating expenses)

**\$273,633.00**

# IFPA STAFF

**Thomas A. Donahue III**, Executive Director  
**Joan A. Dockery**, Associate Executive Director  
**Christine E. Cassel**, Grants Administrator

## BOARD OF DIRECTORS



### CHARLES G. WILKER

Mr. Wilker serves as **chairman** and consumer representative of the IFPA Board of Directors. He joined the board as the workers' compensation representative in 2001. Early in his career, he worked for the Pennsylvania State Police and then managed investigations for a major carrier for more than two decades. He retired from that role in 2016 and from the IFPA board in 2017. Per governor's reappointment, he immediately returned to the board, this time as the consumer representative and has served in that capacity since.



### CHRISTOPHER SLOAN

Mr. Sloan serves as **secretary** of the IFPA Board of Directors. He has been a member since 2015, with an expertise in insurance fraud investigations. He is the corporate Special Investigative Unit Coordinator for PMA Companies, working to deter, detect, and report insurance fraud. Mr. Sloan is a Certified Insurance Fraud Investigator and a member of the International Association of Special Investigation Units.



### LEE B. AFFEL

Mr. Affel served as **treasurer** of the IFPA Board of Directors, with an expertise in Pennsylvania's insurers and investigative operations. He was section manager of State Farm Mutual Automobile Insurance Company's Special Investigative Unit. Mr. Affel served on the board from 2007 until his retirement in January of 2019.



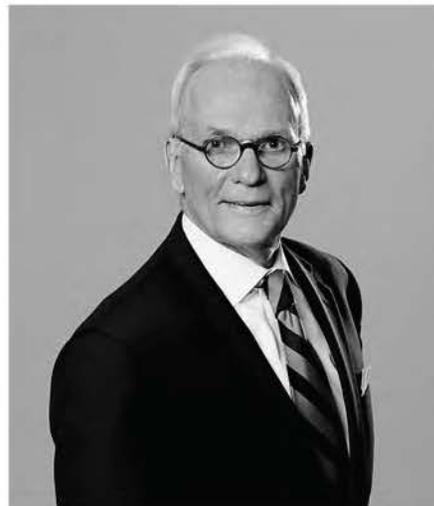
### **DANIEL BRUBAKER**

Mr. Brubaker joined the IFPA Board of Directors in 2017. He is the Inspector in Charge of the Philadelphia Division of the United States Postal Inspection Service, responsible for enforcing more than 200 federal statutes relating to the protection of employees and assets and the ensuring of public trust in the U.S. mail. Mr. Brubaker is a proud former U.S. Marine, who has been employed by the U.S. Postal Inspection Service since 1999, specializing in violent crimes, identity fraud, and narcotics investigations.



### **CHRISTOPHER E. DEERY**

Mr. Deery joined the IFPA Board of Directors in 2018. He has spent the last 14 years in various investigative roles with Independence Blue Cross and currently serves as the director of corporate and financial investigations. Prior to joining Independence, Mr. Deery spent four years on active duty in the United States Army, achieving the rank of captain. He is a graduate of Lehigh University (B.S. Accounting '01), and Drexel University (MBA '08) and is a Certified Fraud Examiner and an Accredited Healthcare Fraud Investigator.



### **JAMES FITZPATRICK**

Mr. Fitzpatrick has been a member of the IFPA Board of Directors since 2014, with an expertise in insurance fraud investigations and prosecutions. He supervises the Pennsylvania Attorney General's Insurance Fraud Section as the Chief Deputy Attorney General. Formerly, Mr. Fitzpatrick was the Assistant Chief of the Insurance Fraud unit of the Philadelphia District Attorney's Office.



### **DIANE L. SVEC**

Ms. Svec joined the IFPA Board of Directors in 2018, with an expertise in Pennsylvania's workers' compensation. She is an ISS Supervisor within the Special Investigations Department of Erie Insurance Group, overseeing Pennsylvania, Maryland, and West Virginia territories. She has more than 31 years of insurance experience, 17 of which involve property, casualty, commercial, life, and workers' compensation. She has also served as President of the Greater Pittsburgh IASIU chapter and Vice President of both the Greater Pittsburgh and West Virginia IASIU chapters.

# MISSION & RESOURCES

The IFPA was legislatively created in 1994 through Act 166, Pennsylvania's Insurance Fraud Prevention Act, to arm law enforcement with the resources, and insurance consumers with the knowledge, necessary to reduce insurance fraud in the Commonwealth. For more information on the IFPA's work, visit [helpstopfraud.org](http://helpstopfraud.org).

"Report Insurance Fraud!" is a listing of Pennsylvania law enforcement agencies that investigate and prosecute insurance fraud and can be found under "Reporting Insurance Fraud" at [helpstopfraud.org](http://helpstopfraud.org). To report suspected insurance fraud, anonymously or otherwise, call the National Insurance Crime Bureau's tip line at **1.800.TEL.NICB**.



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