



2023 PA INSURANCE FRAUD PREVENTION AUTHORITY

ANNUAL REPORT

EXECUTIVE DIRECTOR'S MESSAGE

To the Honorable Governor Josh Shapiro and Members of the Pennsylvania General Assembly

On behalf of the board of directors of the Pennsylvania Insurance Fraud Prevention Authority (IFPA), I am pleased to present the IFPA's annual report for the calendar year 2023.

Since 1995, the IFPA has been responsible for assessing the scope of Pennsylvania's insurance fraud problem and directing resources to prevent and prosecute insurance fraud crimes. Funding is received from annual insurance carriers' fraud assessments and distributed in grants to local and state law enforcement agencies. These grants fund prosecutors, investigators, investigative support staff, and administrative staff. Grantees investigate and prosecute insurance fraud crimes. The IFPA's public awareness campaign educates Pennsylvania residents on the types and consequences of insurance fraud.

In 2023, 945 insurers paid a total of \$16,339,764 into Pennsylvania's Insurance Fraud Prevention Trust Fund, and \$14,874,926 in grants was awarded to support the work of grantees. The IFPA invested \$875,000 in a statewide public awareness program.

In 2023, IFPA grantees received 4,272 complaints of suspected insurance fraud (fraud referrals). Grantees made 378 arrests; 140 individuals were found guilty, and an additional 177 entered into accelerated rehabilitative dispositions (ARD) programs. Prosecutions saw defendants ordered to pay \$2,714,460 in restitution to insurance fraud victims, and \$513,934 in court costs. An additional \$86,733 was paid to Pennsylvania's Insurance Fraud Trust Fund.

Insurance fraud in the Commonwealth impacted all lines of insurance, with referrals reflecting:

- 1,979 auto insurance
- 459 homeowners and/or renters insurance
- 454 commercial property/liability
- 337 healthcare
- 238 workers' compensation
- 30 life insurance
- 775 other

I thank you, your administration, and the General Assembly for your support of the IFPA.



Respectfully,

A handwritten signature in red ink that reads "Christopher Sloan". The signature is written in a cursive, flowing style.

Christopher Sloan, CIFI, SCLA
Executive Director

2023 PUBLIC AWARENESS CAMPAIGN

Throughout 2023, the IFPA used widespread consumer advertising to address auto insurance fraud and rogue auto towing activity. The “Know the Risk, Know the Penalties” and the “Know Your Tow” campaigns were deployed across the Commonwealth on social media, broadcast TV, and over-the-top media, print, and billboards.

MINI-MEDIA BLITZ

Insurance fraud prevention messaging reached Pennsylvanians through a wide variety of campaigns and effective media channels. For instance, the IFPA launched a mini-media blitz in the greater Pittsburgh area to educate consumers, law enforcement, and legislators about the towing problem and its effects on the industry, rates, fees, and consumers.

Avoid Outrageous Fees



MINOR LEAGUE BASEBALL

The IFPA targeted smaller markets through a presence at AA Baseball games in Erie, Wilkes-Barre/Scranton, Altoona, Harrisburg, Lehigh Valley, Reading, and Washington. New in 2023, the IFPA also engaged with the Riverhounds Soccer Club in Pittsburgh to reach fans at Highmark Stadium. Similar anti-fraud messaging appeared in the Riverhounds Development Academy indoor facility, with an annual attendance of more than two million youth athletes and families.

PENN STATE NITTANY LIONS

The IFPA continued its relationship with Penn State Sports Properties, placing its message on signage inside the popular Bryce Jordan Center on Penn State's campus, as well as a full-page ad in the *Penn Stater* Magazine. Multiple radio commercials were aired during Penn State football games. Radio spots were also aired during the weekly Inside Penn State Athletics program and digital advertising on goPSUsports.com.

INSURANCE FRAUD

Know the RISKS. Know the PENALTIES.

helpstopfraud.org



INSURANCE FRAUD PREVENTION AUTHORITY

Follow us:   

CARVERTISE

The IFPA public awareness message hit the road with wrapped vehicles carrying the IFPA's message. The cars and advertising ran all year in Philadelphia and Pittsburgh. This cost-effective exposure raises awareness of insurance fraud and may change perceptions surrounding it.



2023 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 combating 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 case highlights, we hope to articulate the diverse range of insurance fraud activities being committed in our Pennsylvania communities and the actions our grantees are taking to curb them.

AGENT FRAUD, HEALTHCARE FRAUD, WORKERS' COMPENSATION, AUTO FRAUD, LIFE INSURANCE FRAUD & MORE



HAMMER STRIKE

NEWTOWN, PA

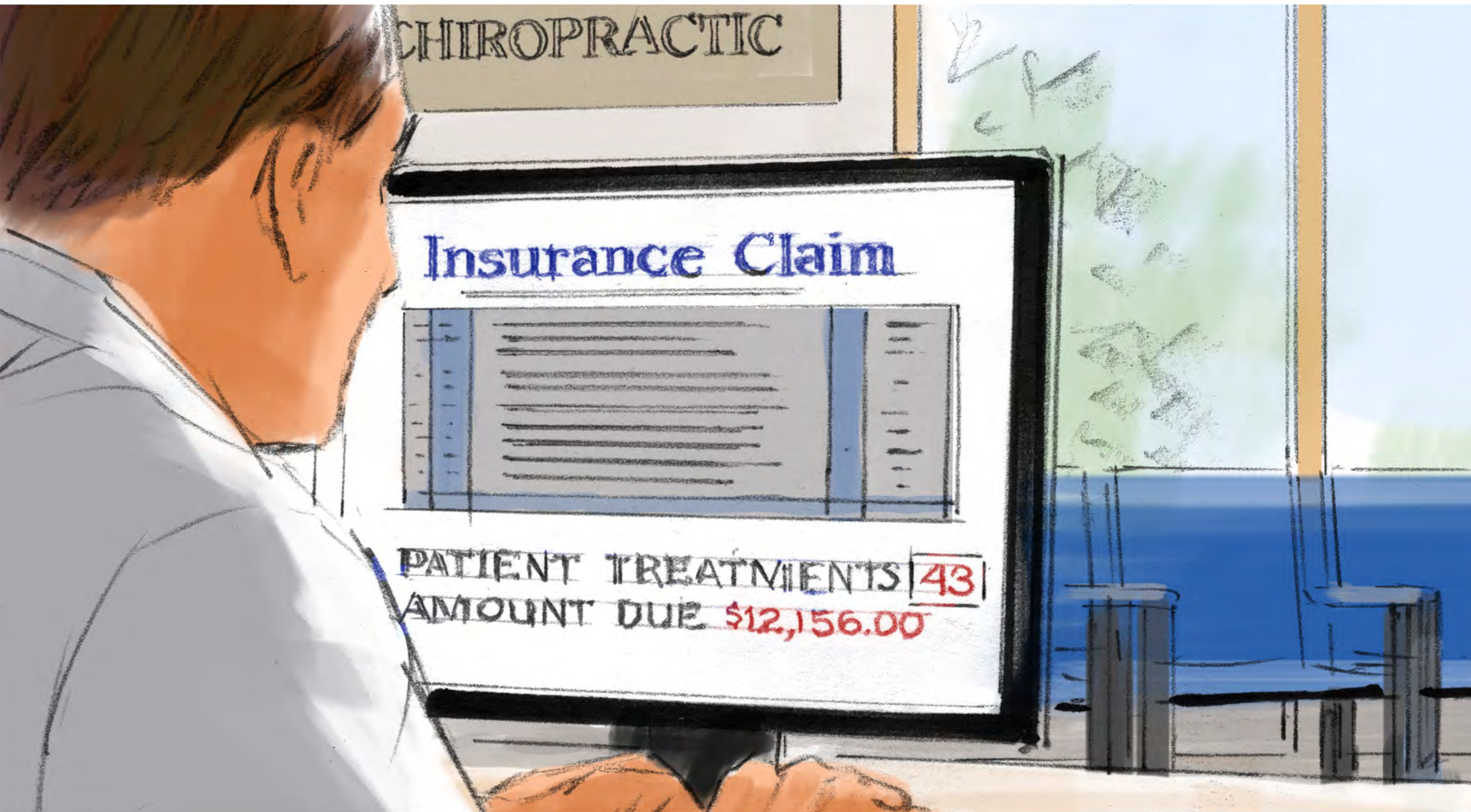
On July 10, 2023, from non-negotiated guilty plea to insurance fraud, deceptive business practices, forgery, and theft by deception, John P. Reis of Newtown, Pennsylvania, was sentenced to four months' confinement and seven years' probation and was ordered to pay \$435,246.69 in restitution and court costs of \$4,396.25.



FIRST CASE

The investigation by the **Bucks County District Attorney's Office** found that Reis, the owner of Chalfont Collision Center, created an insurance fraud scheme where he would wipe a compound mixture onto the body of vehicles and sometimes strike them with a hammer to make it appear that they had been involved in an accident so he could bill insurance companies for more money. **Erie, Nationwide, CSAA, and Liberty Mutual Insurance Companies** reportedly identified 289 estimates that contained artificial or inflated damages; \$426,233.64 in fraudulent claims was paid to Chalfont Collision Center.

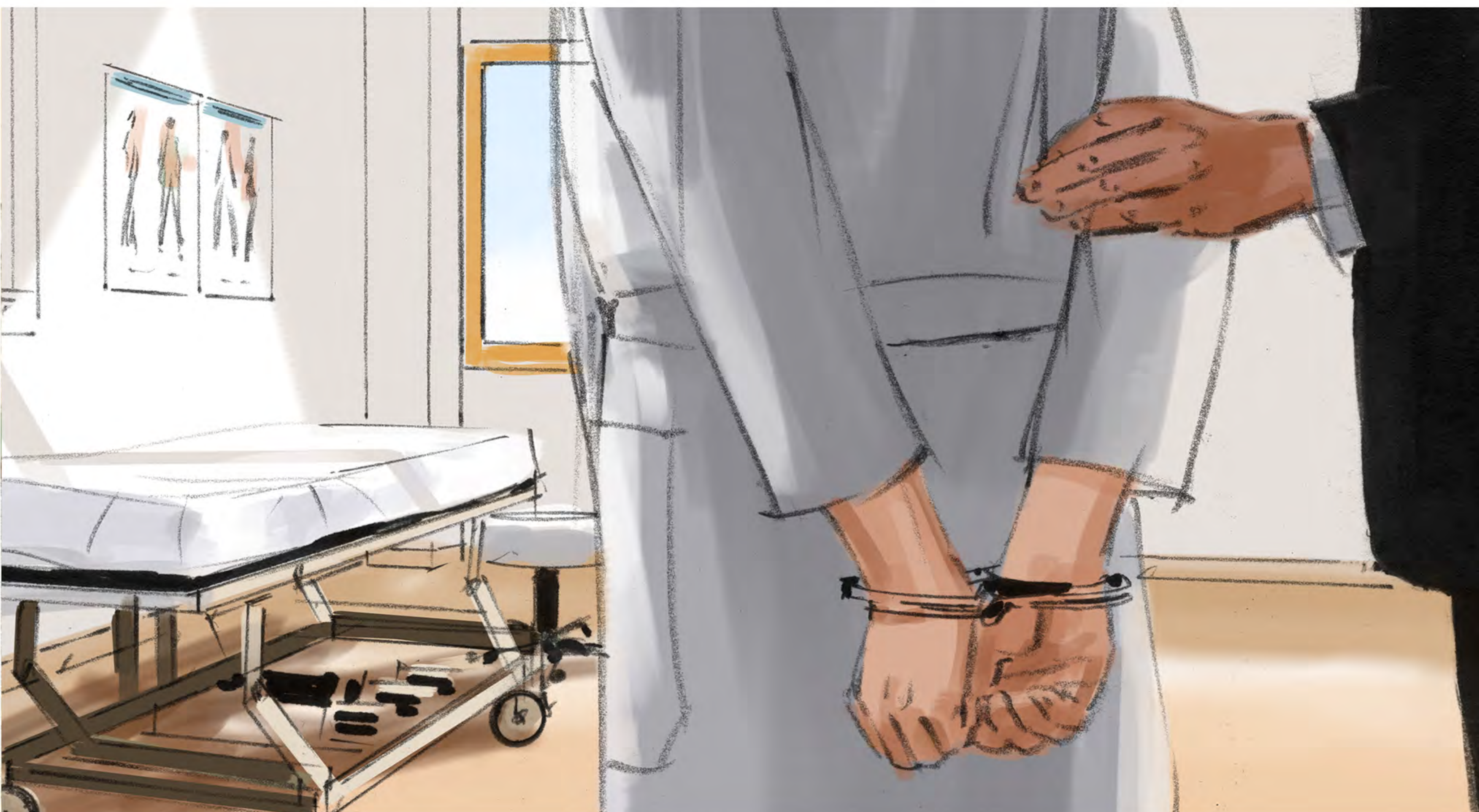




SECOND CASE

CHIROPRACTIC CLAIM HELLERTOWN, PA

On July 11, 2023, Nicholas A. Bufanio of Hellertown, Pennsylvania, pleaded guilty to tampering with evidence. Detectives from the **Lehigh County District Attorney's Office** filed a criminal complaint charging Bufanio with insurance fraud, attempted theft by deception, and tampering with/fabricating physical evidence. According to the complaint, a **Capital Blue Cross** member sought treatment five times from a nonparticipating provider, Community Chiropractic, which is Bufanio's practice. However, according to the complaint, Community Chiropractic submitted claims for 43 visits on the patient's behalf. Bufanio's practice submitted \$12,156 in claims for services the patient had not received.



UNAUTHORIZED PRESCRIPTIONS

LEEPER, PA

On April 5, 2023, Eugene J. Lewis of Leeper, Pennsylvania, pleaded guilty to theft by deception and procurement for self/other drug by fraud, was sentenced to three years' probation, and was ordered to pay \$890.62 in restitution and court costs of \$1,202.50. On October 24, 2022, **Office of Attorney General** special agents arrested Lewis and charged him with insurance fraud, theft by deception, and pharmacy act/unlawful acts. Lewis was employed by the Department of Veterans Affairs as a certified registered nurse practitioner. Investigators audited prescriptions issued by Lewis and found that he had issued 58 unauthorized prescriptions, primarily for himself. The prescriptions were purchased utilizing prescription drug insurance from **CVS Caremark**, the third-party prescription administrator for **Blue Cross Blue Shield**.

THIRD CASE

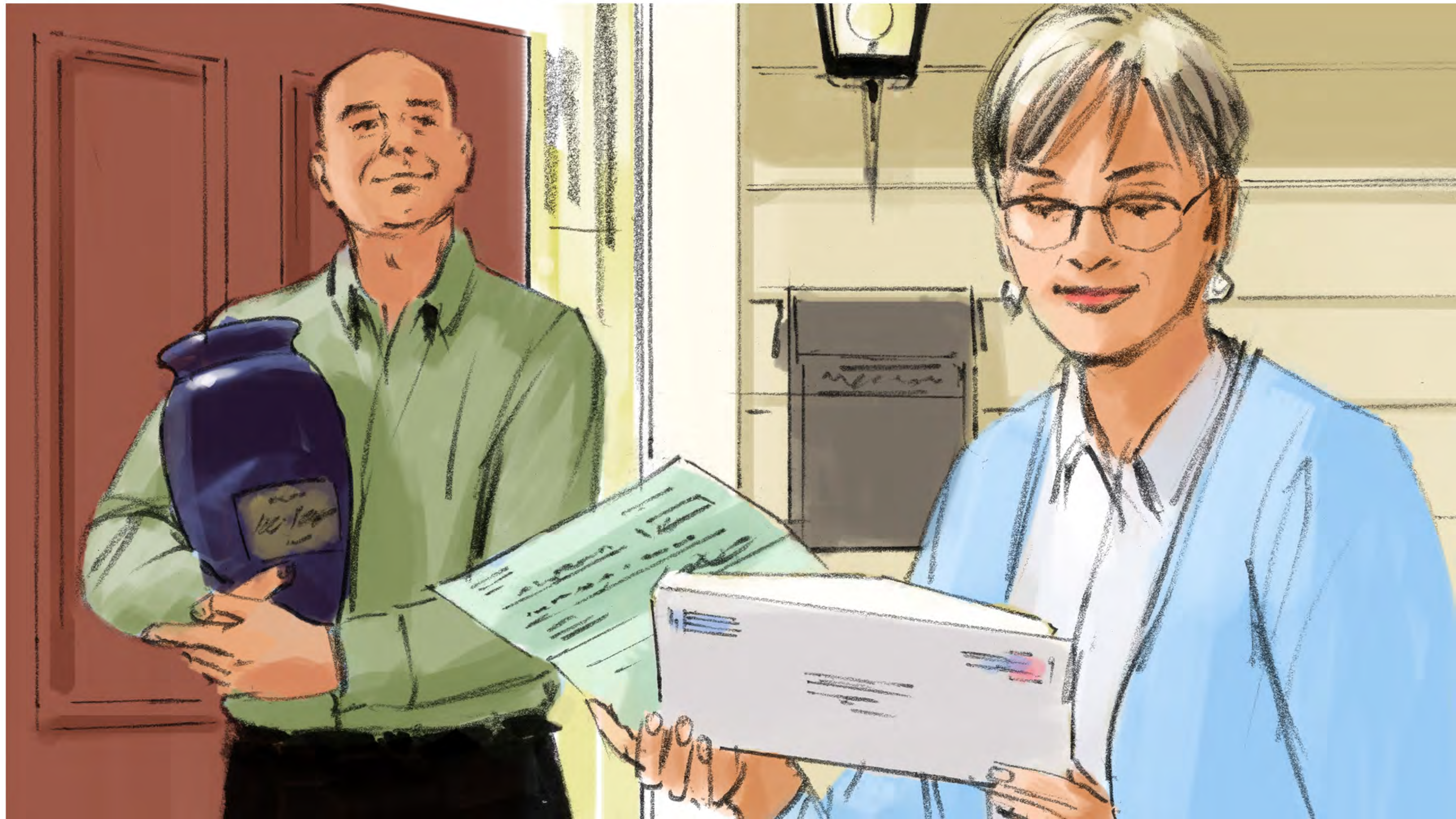


DISAPPEARING ACT

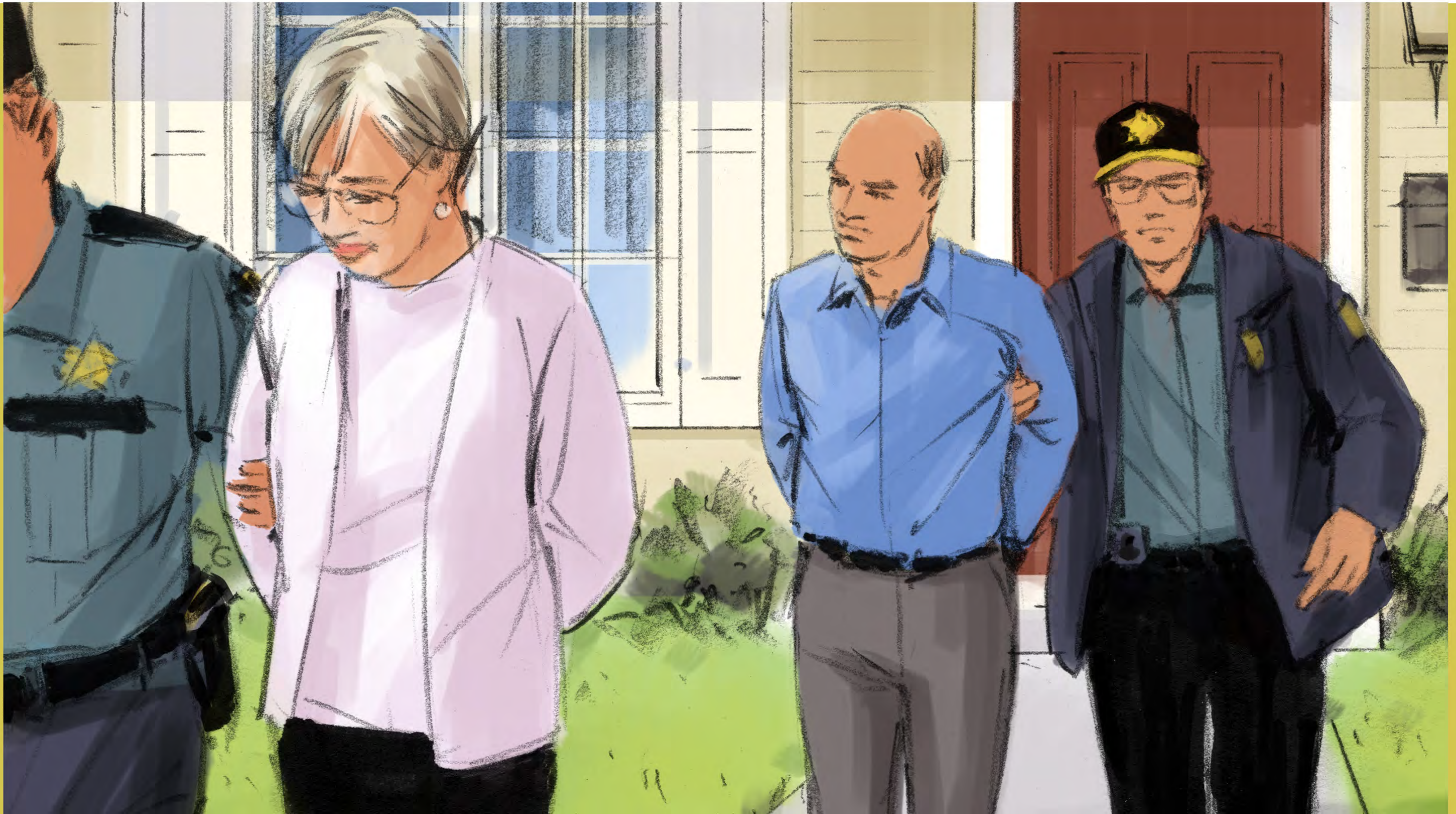
YORK COUNTY, PA

On April 26, 2023, from a negotiated guilty plea to insurance fraud, Paul J. Brown was sentenced to five years' probation and was ordered to pay \$4,008.75 in restitution and court costs of \$4,177.25. On May 2, 2023, from a negotiated guilty plea to insurance fraud, Anatoliy P. Brown was sentenced to 23 months' confinement and ordered to pay \$2,146.25 in court costs. On April 26, 2022, detectives of the **York County District Attorney's Office** filed three criminal complaints charging Oksana O. Brown with conspiracy and Paul J. Brown and Anatoliy P. Brown with insurance fraud and conspiracy. All the defendants are Dallastown, Pennsylvania, residents. Oksana applied for a term life insurance policy in December 2018 and obtained a \$150,000 life insurance policy through **Gerber Life Insurance Company**, in which Paul and Anatoliy were each 50 percent beneficiaries. In January 2019, Oksana applied for and received an accidental death policy through **Assurity Life Insurance Company**, also with Paul and Anatoliy as beneficiaries. In May 2019, Oksana applied for and obtained a **CUNA Insurance** accidental death and dismemberment policy with an additional \$300,000 in coverage with Paul and Anatoliy as beneficiaries.

FOURTH CASE



In November 2019, Paul contacted Assurity to report that Oksana had passed away and began the claim process. He sent copies of a Ukrainian death certificate, along with a U.S. Department of State Report of Death of an American Citizen Abroad, listing the date of death as October 27, 2019. Paul subsequently contacted Gerber to file a claim for the death of Oksana. Oksana reportedly had a criminal case pending against her, and a York County assistant district attorney filed a motion to drop all charges related to the pending case, as Oksana's attorney had reportedly submitted documents that purported to be a death certificate showing that Oksana had died in the Ukraine. Oksana had faked her own death, and Paul and Anatoliy had conspired with Oksana to file claims with Gerber Life and Assurity Life to receive life insurance money. Oksana O. Brown was sentenced in February 2023 to serve 23 months' confinement and was ordered to pay \$8,017.50 in restitution and court costs of \$1,210.75.





FIFTH CASE

SANITATION WORKER

PHILADELPHIA, PA

On May 2, 2023, from a negotiated guilty plea to theft by unlawful taking, Camille Scott of Old Hickory, Tennessee, was sentenced to five years' probation and was ordered to pay restitution totaling \$26,394.90. On May 28, 2021, detectives of the **Philadelphia District Attorney's Office** arrested Scott and charged her with insurance fraud, theft by deception, theft by unlawful taking, and forgery.



Scott's father, Donald McCoy, was a sanitation worker in Philadelphia, Pennsylvania. In August of 2004, he suffered a lower back injury and began to collect workers' compensation benefits. In August of 2018, Scott called **PMA Companies** to inform the company that her father had been moved to hospice and that he had not received his last check from PMA and wanted to change his address to Tennessee. In June of 2019, PMA sent renewal forms to McCoy, and they were resubmitted via Scott's email. She clarified that her father was alive and well and that he was in an assisted living facility, rather than hospice. PMA determined that McCoy had passed away in August of 2018. Camille Scott had been receiving the benefits from his death until PMA canceled benefits after getting the death certificate in 2020.

AUTO FRAUD

SUMMERHILL, PA

On June 14, 2023, Michael J. Donnelly of Summerhill, Pennsylvania, pleaded guilty to theft by deception, was sentenced to two years' probation, and was ordered to pay \$1,000 in fines and court costs of \$2,188.44. On February 8, 2023, **Office of Attorney General** special agents arrested Donnelly and charged him with insurance fraud and attempted theft by deception.



SIXTH CASE

According to the criminal complaint, on November 8, 2021, Donnelly reported to **Erie Insurance** that he had been driving his 1971 Plymouth Barracuda in Maryland on November 6, 2021, when he lost control of the vehicle due to an oil leak, and his car struck a concrete barrier. Erie estimated the damages at approximately \$48,079.84.

Investigators discovered that Donnelly had been drag racing at the Mason Dixon Raceway in Maryland on November 6 when he participated in a crash. Investigators obtained documents pertaining to the drag racing and crash, including a waiver of nontransport by racetrack EMTs that Donnelly allegedly signed after the accident.



The complaint said that the owner/manager of the racetrack and the EMT personnel confirmed that the crash had occurred and provided investigators with photos of the damaged Barracuda. According to the complaint, Donnelly's Erie automobile policy explicitly excluded coverage for bodily injury or property damage suffered as the result of a racing contest and/or speed contest. The claim was denied.



SEVENTH CASE

AGENT FRAUD | KITTANNING, PA

On July 25, 2023, Thomas J. Scheeren of Kittanning, Pennsylvania, pleaded guilty to unlicensed broker activity, was sentenced to two years' probation, and was ordered to pay a \$500 fine and court costs of \$2,401.75. On July 12, 2022, **Office of Attorney General** special agents arrested Scheeren and charged him with insurance fraud, theft by deception, theft by failure to make required disposition of funds, unlicensed broker activity, and misapplied entrusted property and property of government or financial institutions. According to the criminal complaint, the **Pennsylvania Department of Insurance** investigated the owner of the **Scheeren Insurance Group** in Ford City after the Department received complaints concerning transactions handled by Scheeren.

The Department determined that Scheeren misappropriated or failed to remit more than \$12,000 in premium payments to various insurance companies, falsified insurance documents, and operated as an agent after his license expired on May 31, 2020. The complaint stated that the investigation identified four customers who, beginning in April 2016, remitted insurance premium payments to Scheeren but later discovered that they had no coverage. An investigation revealed that some of the premium funds had been deposited into agency accounts but were not remitted to the insurance companies. According to the complaint, Scheeren admitted that he had received insurance premium payments from the victims but could not explain why the policies did not exist.

INSUFFICIENT FUNDS

ADAMS COUNTY, PA

On May 2, 2023, Darrell and Holly Hamm of Adams County were arrested by the **Office of Attorney General** and charged with the following felonies: insurance fraud, criminal conspiracy, theft by deception, and bad checks. The Hamms had purchased stand-alone healthcare policies under the Affordable Care Act. Between January 2020 and March 2022, they made 38 payments to Highmark for insurance premiums. All payments were returned for insufficient funds or "account closed." **Highmark** processed and paid 38 invalid claims, totaling \$110,052. The Hamms were sentenced to a combination of jail time, probation, and joint restitution in the amount of \$113,254.74.



EIGHTH CASE

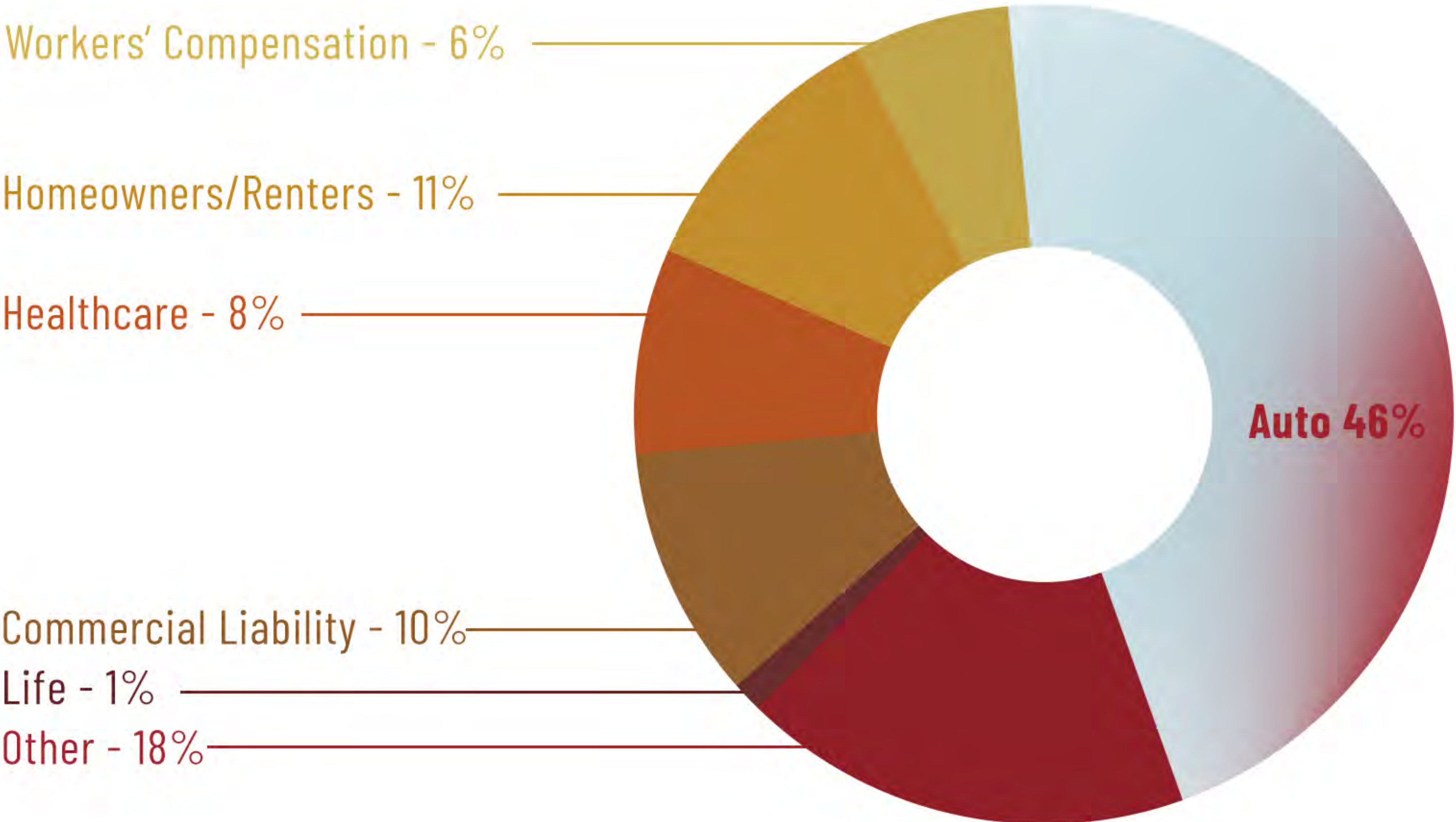
2023 STATISTICS

	2019	2020	2021	2022	2023
FRAUD REFERRALS	4,115	3,841	4,067	4,090	4,272
ARRESTS	427	338	411	450	372
CONVICTIONS	165	256	123	389	140
ARD					177
COURT-ORDERED RESTITUTION*	\$11,002	\$2,200	\$1,364	\$976	\$2,714

(*in thousands)

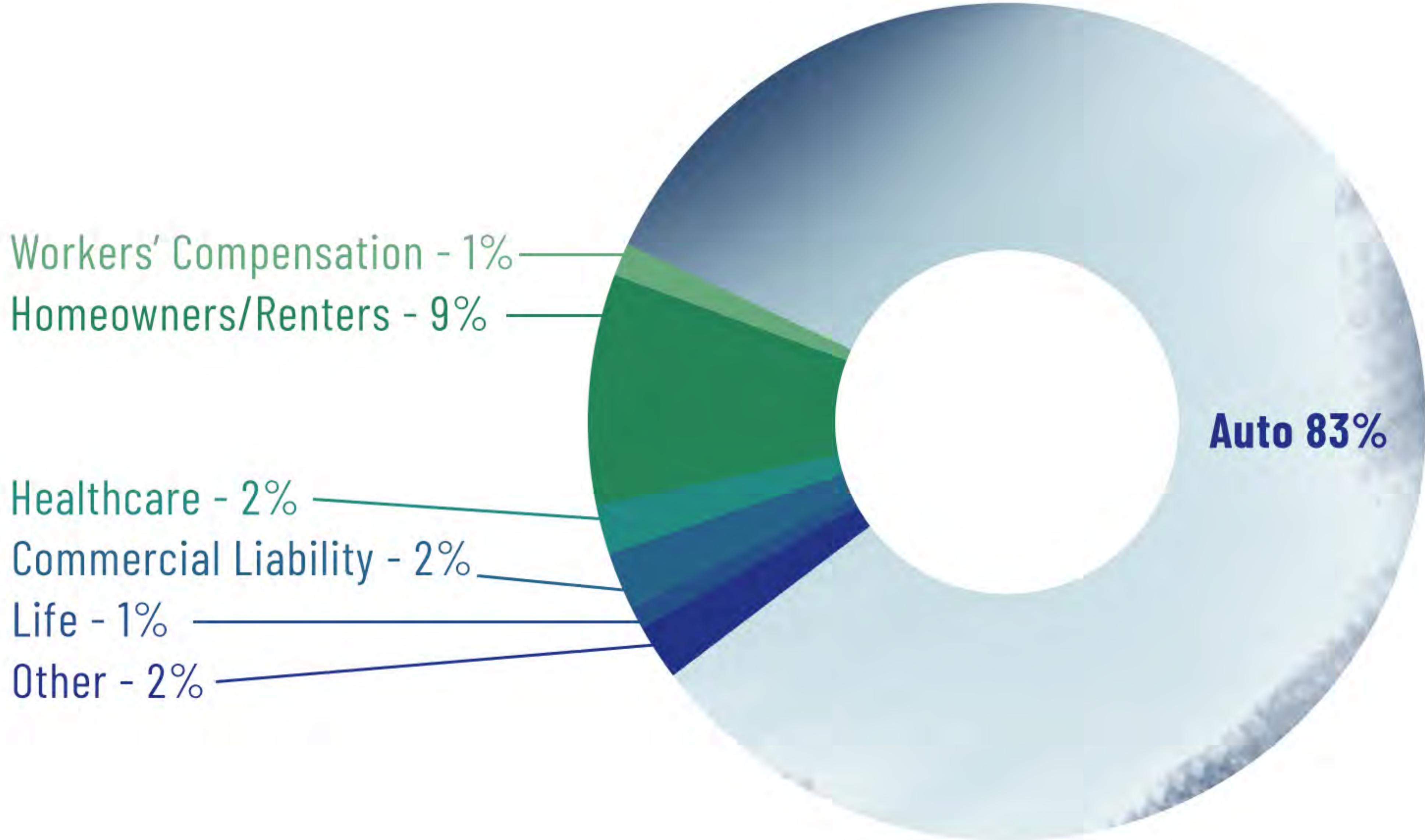
2023 TOTAL FRAUD REFERRALS

4,272 Total Fraud Referrals



2023 TOTAL FRAUD ARRESTS

372 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 provides insurers and consumers as victims increased access to law enforcement. In addition to 11 insurance fraud units, funding is also provided to one agency for arson investigation.

From the \$28,351,782 million Fiscal Year 2022–2023 funds, a total of \$14,070,199 in grants was extended to the following agencies for personnel, training, equipment, and expenses:

Pennsylvania Office of Attorney General Insurance Fraud Section

- Grant amount: \$8,803,970
- Grantee since 1995
- Phone: (717) 787-0272

Philadelphia District Attorney's Office Insurance Fraud Unit

- Grant amount: \$2,525,000
- Grantee since 1995
- Phone: (215) 686-8723

Allegheny County District Attorney's Office

- Grant amount: \$336,570
- Grantee since 1997
- Phone: (412) 461-2328

Allegheny County Police Department

- Grant amount: \$148,265
- Grantee since 1997
- Phone: (412) 473-1254

Bucks County District Attorney's Office

- Grant amount: \$331,144
- Grantee since 2015
- Phone: (215) 348-6344

Cumberland County District Attorney's Office

- Grant amount: \$215,004
- Grantee since 1997
- Phone: (717) 240-7764

Delaware County District Attorney's Office Criminal Investigation Division

- Grant amount: \$624,853
- Grantee since 2004
- Phone: (610) 891-4700

Erie Bureau of Police

- Grant amount: \$161,193
- Grantee since 2004
- Phone: (814) 870-1258

Lehigh County Insurance Fraud Task Force

- Grant amount: \$325,000
- Grantee since 1996
- Phone: (610) 264-8758

Northeastern Pennsylvania Regional Task Force

- Grant amount: \$370,000
- Grantee since 1996
- Phone: (570) 963-5177

Pennsylvania State Police Fire Marshal Division Arson Grant

- Grant amount: \$125,000
- Grantee since 1997
- Phone: (717) 346-4597

York County District Attorney's Office

- Grant amount: \$112,102
- 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.

For Fiscal Year July 1, 2022—June 30, 2023

TREASURY ACCOUNT

Assessments \$15,711,086
Interest Earned \$310,526
Fines and Penalties \$126,944
Miscellaneous \$0

Total Revenue \$16,148,556
Balance Carried Over From Previous Year \$12,203,226
Total Funds Available \$28,351,782

Grants Paid (\$12,296,381)
Public Relations (\$870,173)
Training (\$165,542)
Operating Expenses (\$85,323)
Operating Account Transferred (\$588,189)

Balance in Treasury Account \$14,346,174

(to be applied to future grants)

OPERATING ACCOUNT

Beginning Balance \$231,508
Funds Received From Treasury \$588,189
Total Funds Available \$819,697

Interest Earned \$8
Miscellaneous Income \$0

Personnel Expenses (\$373,093)
Operating Expenses (\$212,632)
Capital Asset Expenses (\$2,301)
Total Operating Expenses (\$588,026)

Balance in Operating Account \$231,679

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

GRAND TOTAL - Balance in Treasury \$14,346,174 + Balance in Operating \$231,679 = \$14,577,853

* (includes a prior pd adj for lease std of \$169)

BOARD OF DIRECTORS



ANDREA FURY

Ms. Fury serves as **chairperson** of the IFPA Board of Directors. She has been a member since 2019, with expertise in homeowner and auto claims investigations. Currently an investigator with State Farm Fire and Casualty Company, she has held positions in claims and investigations for more than 30 years. She is the president of the Delaware Valley chapter of the IASIU and a graduate of Widener University.



DIANE L. SVEC-GEORGE

Ms. Svec-George serves as **treasurer**, having joined the IFPA Board of Directors in 2018, with expertise in Pennsylvania's workers' compensation. She is an ISS manager within the Special Investigations Department of Erie Insurance Group, overseeing Pennsylvania, Maryland, and West Virginia. She has more than 33 years of insurance experience, 19 of which involve property, casualty, commercial, life, and workers' compensation investigations. She is an active member and past president of the Greater Pittsburgh IASIU chapter, along with past vice president of both the Greater Pittsburgh and West Virginia IASIU chapters.



CHRISTOPHER E. DEERY

Mr. Deery joined the IFPA Board of Directors in 2018 and currently serves as **secretary**. He has spent the last 19 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.



ROBERT DIFRANCESCO

Mr. DiFrancesco serves as the automobile insurance representative on the IFPA Board of Directors. He was appointed to the Board in February 2022. In 2019, he retired from the Philadelphia Police Department after 25 years of service, including 17 years as a detective in the Insurance Fraud Unit. Mr. DiFrancesco joined NJM Insurance Group in 2019 and serves as principal investigator. He is the vice president of the IASIU-Delaware Valley chapter and a member of PACIA and IAATI. He is a longtime, active member of IASIU, IATTI, and PACIA.



MICHAEL EBNER

Mr. Ebner serves as the consumer representative of the IFPA Board of Directors. He has been a member of the Board since 2021. He retired from the Philadelphia Police Department in 1994 after 23 years of service. For the next 22 years, he worked as a fraud investigator for insurance companies. He now enjoys volunteering for CARIE, helping seniors protect their Medicare benefits from fraud and abuse.



JOHN KITZINGER

Mr. Kitzinger joined the IFPA Board of Directors in 2020, with more than 30 years of experience in violent crime/gangs, organized crime, foreign counterintelligence, and counterterrorism investigations. He serves as the chief of criminal investigations for the Pennsylvania Office of Attorney General. Formerly, Mr. Kitzinger worked for 22 years with the Federal Bureau of Investigation and seven years with the Philadelphia Police Department.



CHRISTOPHER NIELSEN

Mr. Nielsen joined the IFPA Board of Directors in 2023. He is an experienced executive and accomplished law enforcement professional, with over 16 years of experience with the United States Postal Inspection Service. He currently serves as the Postal Inspector in Charge of the Philadelphia Division, where he leads a team of highly trained investigators, analysts, and security professionals responsible for combating emerging threats to the postal system, including identity theft, financial fraud, mail theft, and the trafficking of illegal narcotics through the mail.

IFPA
STAFF

Christopher Sloan, Executive Director

Joan A. Dockery, Associate Executive Director

Christine E. Vessa, Grants Administrator

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.

"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. 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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