

# ***e-focusFraud.....An Insurance Fraud Bureau of Massachusetts Publication***

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The following is the Insurance Fraud Bureau's December 2004 issue of ***e-focusFraud***. Current prosecution activity and links to local press stories can also be found on the IFB website at [www.ifb.org](http://www.ifb.org).

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## **Workers' Compensation Fraud**

### **Big Dig Workers Caught Committing Insurance Fraud**

**FALL RIVER-** John Garceau began employment in August 2000 as a laborer on the Central Artery Tunnel project. He claimed an injury to his back after just six days on the job allegedly as a result of lifting and pushing a wheelbarrow. Garceau continued to claim disability and collected benefits from National Union Fire Insurance Company, a subsidiary of the American International Group, Inc., of more than \$64,000. Investigation revealed that while Garceau reported he was disabled and collected benefits from November 2000 through April 2003, he worked for at least 17 other companies as a laborer.

*On November 30, 2004, **John Garceau** pleaded guilty to workers' compensation fraud and larceny in Suffolk Superior Court. He was sentenced to one year in the House of Correction with nine months to serve and the balance suspended for one year with probation.*

**CHELSEA-** Horman Carcamo reported that he injured his back, chest, legs and arms in a July 2002 accident when he was working on the Central Artery Tunnel project as a laborer. Shortly after his alleged accident, Carcamo filed a workers' compensation claim with AIG Group and collected over \$42,440 in total disability benefits. Investigation revealed that Carcamo collected these benefits while simultaneously earning a living as a private contractor renovating homes.

***Horman Carcamo** pleaded guilty to workers' compensation fraud and larceny on August 3, 2004. He was sentenced to six months in the House of Correction, suspended for three years, and ordered to pay \$25,000 in restitution.*

**EAST SANDWICH-** Jeffrey Peacock was employed as an ironworker when he allegedly injured his left thumb on January 3, 2001 while working on the Central Artery Tunnel project. He received \$830.89 per week in benefits from National Union Fire Insurance Company. On July 9, 2001, Peacock was released back to work by his treating physician and his disability benefits were terminated. In December 2002 Peacock filed a new claim with the Department of Industrial Accidents (DIA) claiming that he had re-aggravated the thumb injury and had stopped working due to that injury. He was paid a retroactive check and began receiving weekly disability benefit checks of \$880 per week. A subsequent investigation revealed that Peacock had been employed on several contracting jobs while receiving disability checks. Peacock

allegedly received a total of \$21,497 in workers' compensation benefits while working other jobs.

**Jeffrey Peacock** was indicted on September 30, 2004 on charges of workers' compensation fraud and larceny.

**HOLBROOK-** Scott Taylor was employed as a carpenter in August 2000 when he allegedly injured his left thumb while working on the Central Artery Tunnel project. After his alleged injury, Taylor filed a workers' compensation claim with National Union Fire and was paid \$623.87 per week in total disability benefits. From November 2001 to February 2004, Taylor allegedly received total disability payments of \$77,530 while also employed as a contractor performing multiple renovation projects on people's homes.

**Scott Taylor** was indicted on charges of workers' compensation fraud and larceny on September 30, 2004.

**TEWKSBURY-** Allen Sembler was employed as a plumber in February 2003 when he allegedly injured his lower back while working on the Central Artery Tunnel project. He filed a disability workers' compensation claim with National Union Fire. The claim was initially denied but after a subsequent review by the DIA, the insurer paid Sembler a retroactive payment of \$13,995 and continued to pay him workers' compensation benefits of \$822.57 per week. Investigation revealed that Sembler had, in fact, been employed as a plumber on numerous contracting jobs while receiving workers' compensation benefits. Sembler allegedly received a total of \$65,000 in benefits while working on the side from February 2003 through August 2004.

**Allen Sembler** was indicted on charges of workers' compensation fraud and larceny on September 30, 2004.

*The preceding cases are being prosecuted in Suffolk Superior Court by Assistant Attorney General Glenn Cunha, Chief of Attorney General Tom Reilly's Insurance and Unemployment Fraud Division, and Assistant Attorney General Tracey Brown.*

### **Construction Worker Improperly Collects Disability Benefits**

**NORWELL-** John Stanton was employed as a construction worker when he reported being injured on both July 27, 2000 and again on October 28, 2000 and began receiving disability workers' compensation benefits from National Union Fire Insurance Company. An investigation revealed that Stanton received workers' compensation benefits while working for a construction company from August 12, 2000 through September 9, 2003. During this period Stanton allegedly received \$137,795 in workers' compensation. Stanton's perjury charge resulted from two occasions in which he stated under oath before the DIA that he was in severe pain, unable to work, and that he had not worked since October 30, 2000. At a DIA conference on February 24, 2004, Stanton admitted to working for wages while collecting disability payments

*On September 30, 2004, **John Stanton** was indicted on charges of workers' compensation fraud, larceny and perjury in Suffolk Superior Court. The case is being prosecuted by Assistant Attorneys General Glenn Cunha and Tracey Brown of the AG's Insurance and Unemployment Fraud Division.*

## **Fishy Story Teller Collects \$47,000**

**DORCHESTER-** A Dorchester man claimed temporary total disability in April 2000 as a result of a repetitive hand motion injury during the course of his employment as a fish cutter. He received more than \$47,000 in workers' compensation benefits from TIG Insurance Company over a twenty-month period. Investigation revealed that the subject opened his own business in May 2000 and was allegedly found to be working there, full-time, while claiming to be totally disabled.

*On October 20, 2004 a Dorchester man was indicted by a Suffolk grand jury on charges of workers' compensation insurance fraud and larceny. The case is being prosecuted by Assistant Attorney General Kajal Chattopadhyay of the AG's Insurance and Unemployment Fraud Division.*

## **"Billerica Man Fraudulently Collects \$50,000 While Painting Houses" Case Update**

**BILLERICA-** David Perry claimed he injured his hip and leg in a work-related incident when he was crushed between two vehicles while working as a truck driver. From October 1999 through August 2002, Perry collected total disability benefits of more than \$50,000 from OneBeacon Insurance Company and claimed to be incapable of working in any capacity. Private investigators hired by the insurer witnessed Perry painting a residence in June 2002 while Perry purported to be totally disabled. Further investigation revealed that Perry had been working as a self-employed house painter and carpenter since as early as February 2000.

*David B. Perry pleaded guilty to workers' compensation fraud and larceny in Suffolk Superior Court on August 10, 2004. He was sentenced to six months in the House of Correction, suspended for two years with probation, and ordered to pay \$22,800 in restitution. The case was prosecuted by Assistant Attorney General John Compton of the AG's Insurance and Unemployment Fraud Division.*



## **Premium Evasion Fraud**

### **Employment Agency Fraud Scheme Uncovered**

**BOSTON-** Binh Nguy and Tan Ngo twice applied for, and obtained, workers' compensation insurance for a Worcester temporary employment agency called Tri-Mark Temporary Service or Tri-Mark Temps Service. The Tri-Mark applications for workers' compensation insurance contained false statements misrepresenting the ownership of the business, the number of temporary employees and the types of work they were doing. In a money laundering scheme, Nguy and Ngo set up two bank accounts for Tri-Mark in a manner that concealed Ngo's ownership and control. The pair deposited approximately \$767,870 in mail fraud proceeds into the two accounts. Cash from the accounts was then used to pay Tri-Mark's temporary workers, most of whom were paid under the table, without withholding or deducting for federal and state income taxes, unemployment taxes and Social Security. The insurance carriers defrauded in the scam were Kemper and Lumbermen's Insurance Companies.

*Binh Nguy pleaded guilty on June 30, 2004 to eleven indictments including mail fraud, mail fraud conspiracy and money laundering conspiracy. He was sentenced on October 28, 2004 to serve six months in jail followed by two years supervised probation, the first six months which*

are to be spent in home confinement. A forfeiture money judgment in the amount of \$767,870 was imposed on Nguy and he was also ordered to forfeit his interests in the temporary employment agencies that were involved in the fraud scheme.

Nguy's father-in-law, **Tuyen Vo**, pleaded guilty in June 2004 to one count of mail fraud conspiracy. He was sentenced to three years probation. Both Nguy and Vo were ordered to pay \$20,642 in restitution to the two insurance companies they defrauded.

Two other co-defendants were previously sentenced pursuant to guilty pleas: Nguy's wife, **April Vo**, was sentenced September 9, 2004 to three years probation and **Tan Ngo** was sentenced on May 14, 2004 to serve two years and one month in federal prison followed by three years of supervised release. Ngo had pled guilty in February to nine counts of mail fraud and one count each of mail fraud conspiracy, money laundering conspiracy, filing a false tax return and aiding a false tax turn.

The case was investigated by the Internal Revenue Service, Criminal Investigation, the Federal Bureau of Investigation, the U.S. Department of Labor, Office of Labor Racketeering and Fraud Investigations, and the Massachusetts State Police, with the assistance of the Insurance Fraud Bureau. It was prosecuted by Special Assistant U.S. Attorney Richard L. Hoffman in U.S. Attorney Michael J. Sullivan's Organized Crime Strike Force Unit.

### **“Drywall Contractor Avoids W/C Premiums” Case Update**

**BROCKTON-** Dormon Construction, a drywall installation company, operated as a subcontractor on a number of public and private building projects across Massachusetts. Dormon failed to pay his employees approximately \$82,000 in wages when the company failed to pay the state minimum prevailing wage to numerous employees who performed various tasks in drywall construction, including framing, hanging and taping drywall. Furthermore, on four separate occasions, Dormon provided CNA Insurance Company auditors with incomplete accounting data in an effort to avoid additional insurance premiums that would have resulted from reporting a larger payroll. Dormon concealed approximately \$1.5 million in payments over four years by excluding certain employees from the company's payroll register. As a result, Dormon avoided additional workers' compensation insurance premiums of at least \$150,000. The company also failed to disclose its complete payroll in quarterly reports to the Division of Employment and Training and as a result evaded unemployment taxes of more than \$37,000.

**James H. Dormon** pleaded guilty to 21 indictments, including workers' compensation insurance fraud, larceny, failure to pay unemployment tax contributions and various prevailing wage offenses on September 10, 2004 in Plymouth Superior Court. His company, **Dormon Construction Company, Inc.**, pleaded guilty to 31 similar indictments. Dorman was sentenced to 364 days in the House of Correction with four years of probation. Dorman Construction was ordered to pay \$150,000 in total restitution. The case was prosecuted by Assistant Attorneys General Christopher Buscaglia and Ian A. McKenny of the AG's Insurance and Unemployment Fraud Division. It was jointly investigated by Greg Reutlinger of the Fair Labor and Business Practices Division and the IFB.

### **“No Coverage for Victim of Fall” Case Update**

**HOPKINTON-** Joseph Varrichione, as owner of Varrichione Painting, misrepresented to a general contractor that he had “full insurance coverage” even though his most recent workers' compensation policy had expired twelve years earlier. When asked for documentation of the

coverage, Varrichione forged a certificate of insurance by obtaining a valid certificate from his insurance agent and falsely adding the policy number from his expired workers' compensation policy. Soon thereafter, one of Varrichione's employees fell off a ladder while working on a project. The employee suffered a broken arm that required surgery and a three day hospital stay. Varrichione, knowing he had no workers' compensation insurance, filed a bogus claim with his homeowners' insurance provider, The Andover Companies, and reported that the injured man was not his employee but rather a visitor that fell off a ladder while cleaning Varrichione's gutters at his house. Learning of Varrichione's deceit, the insurer denied the claim.

*On September 9, 2004 **Joseph Varrichione** pleaded guilty to filing a false insurance claim, larceny, forgery, attempted larceny and uttering in Framingham District Court. He was fined \$10,000, ordered to pay \$12,000 in restitution to the hospital and placed on probation for one year. Assistant Attorney General Ian A. McKenny prosecuted the case.*



## **Automobile Fraud**

### **“Pittsfield Couple Allege Injuries from Auto Accident” Case Update**

**PITTSFIELD-** A Pittsfield pair was allegedly involved in a December 2000 motor vehicle accident in which Myriam Mojica stated that her vehicle was struck from behind. Mojica and Rafael Hernandez filed with Mojica's insurance carrier, Safety Insurance Company, for medical expenses, claiming that Mojica was the driver at the time of the accident and that Hernandez was the passenger. Investigation found that Mojica was not in the vehicle at the time of the accident and that the pair gave false statements to Safety in an attempt to obtain payment for medical treatment.

***Myriam Mojica** and **Rafael Hernandez** were both found guilty of attempted larceny and insurance fraud after a two-day trial. Mojica and Hernandez also pleaded guilty to conspiracy to commit insurance fraud and conspiracy to commit larceny. They were each sentenced to six months in the House of Correction, suspended for one year with probation, and ordered to perform 100 hours of community service. Assistant Attorney General John Compton of the AG's Insurance and Unemployment Fraud Division prosecuted the case.*

### **“Two Witnesses See No Passenger” Case Update**

**SPRINGFIELD-** A Springfield woman was involved in an intersection collision. In her claim to Safety Insurance Company she reported that a Springfield man was a backseat passenger in her vehicle at the time of the collision. He submitted a PIP claim alleging injuries to his ribs, neck, back and right arm and received \$6,373 in benefits for lost wages. The driver was paid \$2,965 in PIP payments. Her bodily injury claim was denied. A witness at the scene and the other driver contend that there were no passengers in the subject's vehicle at the time of the accident.

*A Springfield man pleaded guilty to filing a false motor vehicle insurance claim, larceny and conspiracy on August 24, 2004 in Springfield District Court. He was sentenced to serve 18 months in the House of Correction. The case against the woman is pending. Assistant District Attorney Eileen Sears of Hampden County District Attorney William Bennett's office is prosecuting the case.*

## **“Don’t Say You Weren’t Warned!” Case Update**

**LYNN-** Khadhim Alaboudi intentionally inflicted damage to his 1995 Cadillac Deville and then claimed the damage as being caused by two separate auto accidents. A witness reported to Lynn Police that he observed Alaboudi repeatedly driving his vehicle into a cement pole. When confronted by police, Alaboudi initially denied damaging his vehicle. Alaboudi was also informed by police that he would be committing insurance fraud if he filed a claim with his insurer, Arbella Mutual Insurance Company. It was later determined that property damage and PIP claims were reported on the damaged vehicle. According to the claim report, Fawn Madore borrowed Alaboudi’s vehicle and hit a telephone pole. She claimed a second accident because she could not maintain control of the vehicle due to the damage sustained from hitting the telephone pole. She also claimed injuries to her back and neck as a result of the accidents. Alaboudi and Madore stated to Arbella that the vehicle was in good condition before Madore borrowed the vehicle.

*The charges against **Khadhim Alaboudi** and **Fawn Madore** were continued without a finding for two years on December 13, 2004 in Lynn District Court. Each had been charged with one count each of insurance fraud, attempted larceny and conspiracy. In addition, each was ordered to pay \$1,000 in fines. The case was prosecuted by Assistant District Attorney Michael Sheehan of Essex County District Attorney Jonathan Blodgett’s office.*

## **“Double Trouble” Case Update**

**CAMBRIDGE-** The Registry of Motor Vehicles received information alleging a man had registered and insured a vehicle under an alias. Information also alleged that he had intentionally inflicted property damage to his 1986 Mercedes and then filed a property damage claim with MetLife Auto & Home. The subject was issued a Massachusetts driver’s license by allegedly using a social security number of a Florida resident. RMV Digital Imaging shows that the subject and Florida resident are one and the same person. After a review of the claim on the Mercedes, a reconstruction analysis concluded that multiple points of impact were involved and that the damage was consistent with being caused by a tool of force.

*In a case first reported in September 2002, a Cambridge man was recently arrested on an outstanding default warrant issued in July 2002. He was arraigned in Middlesex District Court on one count each of insurance fraud, attempt to commit a crime and identity fraud and two counts of larceny. The subject was unable to make bail and was incarcerated. The case will be prosecuted by Assistant District Attorney Peter Welsh of Middlesex County District Attorney Martha Coakley’s office.*



## **Agent/Insider Fraud**

### **“Former Adjuster Allegedly Scams More Than \$64,000” Case Update**

**BOSTON-** Andre Rouse, a former Norfolk & Dedham claims adjuster, engineered a scheme in which he added false passengers to accident claims, obtained claim checks for those passengers, and received portions of those checks in return. Rouse added seven other defendants, all of whom are friends or acquaintances, as passengers in legitimate accident claims that they were not involved in. An investigation found that once Norfolk & Dedham

issued the checks to the defendants, ranging from \$3,750 to \$8,000, the defendants would then cash the checks, keep a portion for themselves and give the rest of the money to Rouse. Norfolk & Dedham paid out over \$64,000 on these false claims.

*Six of seven defendants in the case pleaded guilty on October 8, 2004 in Norfolk Superior Court. **Kimberly Ballard, Melvin Reyes, Robert Gamble, Bienvinda Mojica, Angela Lynch and George Ivey** pleaded guilty to motor vehicle insurance fraud and conspiracy to commit insurance fraud. Each was placed on one year probation, ordered to serve community service and fined. One additional defendant is pending trial. Rouse previously pleaded guilty on July 13, 2004 and was sentenced to 2 ½ years in the House of Correction, suspended for four years, and assessed a \$20,000 fine. Assistant Attorney General Lea May of the AG's Insurance and Unemployment Fraud Division is prosecuting the case.*

### **“Auto Damage Appraiser Allegedly Inflates Estimates in Kickback Scheme” Case Update**

**MANSFIELD-** Karl D. “Dan” Clemmey worked as an independent appraiser, in which he inspected all types of vehicles at repair shops and wrote appraisal reports summarizing his findings for use by vehicle owners, lessors and their insurers. The charges in this case stemmed from three incidents that occurred between August and October 1998. In two incidents, Clemmey inflated the estimated damage appraisal on two vehicles. Investigation revealed that in both cases listed repairs were unnecessary. In the third scheme, Clemmey underwrote an initial appraisal estimating repairs costing \$7,259 on a severely damaged Mazda. This amount was very close to the value the insurer would have declared the car a total loss. Had the insurer been correctly informed, it would have paid the insured the actual cash value, approximately \$10,300. By underwriting his appraisal, Clemmey committed the insurer to repair the Mazda, which ultimately cost \$2,400 more than the vehicle's replacement value. Insurers affected in the schemes are Reliance Insurance Company and Commerce Insurance Company.

***Karl D. Clemmey** pleaded guilty to three counts of insurance fraud on October 18, 2004 in Quincy District Court. He was sentenced to a one year jail term, suspended for two years, fined \$1,500 and ordered to pay restitution of \$2,401. Clemmey, a former motor vehicle insurance appraiser, was also ordered to have no contact with the auto body shop owner and one of its employees and to stay away from their business. The case was prosecuted by Assistant Attorney General Julie Brady of the AG's Insurance and Unemployment Fraud Division.*

### **Alleged Theft of Pension Funds by Worcester Agent**

**WORCESTER-** Steven Costello, a Worcester insurance agent, is alleged to have stolen \$144,912 from clients' pension funds with Allianz Insurance Company. The charges allege that beginning in February of 1996 and continuing through December 2000, Costello stole five checks from two different clients' annuity pension funds and deposited them into his personal accounts. The checks ranged in value between \$20,409 and \$34,697.

*A Worcester County grand jury indicted **Stephen Costello** on five counts each of larceny, forgery and uttering on September 10, 2004. An assistant district attorney in Worcester County John Conte's office is prosecuting the case.*



## Community Insurance Fraud Initiatives Updates

### Boston Task Force

- Cesar Romero reported the alleged theft of his 2001 Ford Expedition to his insurer, Commerce Insurance Company. He subsequently confessed that he had arranged to have the vehicle driven to New York and then burned.

*The case against **Cesar Romero** was continued without a finding for 18 months on December 8, 2004 in Boston Municipal Court. Romero admitted to sufficient facts on charges of insurance fraud and filing a false police report. Assistant District Attorney John Magrisso of Suffolk County District Attorney Daniel Conley's office prosecuted the case.*

- During the course of an investigation, information gathered revealed that Gregory Hill allegedly possessed two motor vehicle driver's licenses using two different social security numbers and dates of birth. Documentation revealed that one social security number and date of birth can be traced to a New York man who died in 1992.

*Complaints were issued against **Gregory Hill** on December 16, 2004 in Boston Municipal Court on two counts of obtaining a false license. The case will be prosecuted by an Assistant District Attorney from Suffolk County District Attorney Daniel Conley's office.*

### Brockton Task Force

- A Brockton woman was operating a 1991 Honda Civic when her vehicle was allegedly rear-ended by a 1998 Chevy Cavalier. The woman and her three passengers all claimed to Safety Insurance Company injuries allegedly sustained from the collision and sought treatment for their alleged injuries. The driver of the Cavalier, upon notification of the accident and subsequent claim by the Brockton woman, notified her insurer, Premier Insurance Company, that she was at work at the time of the alleged accident and her vehicle was parked in her employer's parking garage. Recorded statements from the alleged accident victims provided multiple inconsistencies regarding the accident. Furthermore, an accident reconstructionist determined that the accident could not have happened as reported.

*Complaints were issued against four Brockton individuals on 21 counts of insurance fraud-related charges.*

- In October 2002 John McLane purchased a 1998 Cadillac Eldorado. On April 24, 2004, McLane reported to Brockton police that the vehicle was allegedly stolen while he was inside a nearby restaurant. McLane claimed that he was in possession of the only set of keys to the vehicle and that it was locked at the time. Hanover Insurance Company paid out \$9,475 on the theft claim. In June 2004, Hanover was notified that the vehicle was recovered in West Bridgewater. A forensic analysis concluded the security features of the vehicle were not defeated and that the vehicle was equipped with a VATS security system that required the correct key in order to operate the vehicle.

*A complaint was issued against **John McLane** on charges of motor vehicle insurance fraud, larceny and perjury on October 29, 2004.*

➤ Maria Oliveira reported that while stopped at a red light, her 1999 Chevrolet Blazer was allegedly struck in the rear by a 1992 Ford Taurus causing damage to the left rear bumper. Oliveira and her four passengers claimed BI and PIP injuries from the accident to Safety Insurance Company and sought medical treatment. When the insured driver of the Taurus received written notification of the accident, she called to report that her daughter and her friend, who had been driving the Taurus the day of the alleged accident, had been approached by three men and offered money for their involvement in a staged accident. The girls declined. When Oliveira filed her claim with Safety, she reported that it was the Taurus that had struck her vehicle. When a Quincy Mutual Fire Insurance Company insurance appraiser viewed their insured's 1992 Ford Taurus, there was no damage that coincided with the alleged loss

*The case against **Maria Oliveira** was continued without a finding for one year on October 25, 2004. The cases against **Antonio Marcelino** and **Antonio Martins** were continued without a finding for six months on September 28, 2004. Cases against **Maria Monteiro**, **Annabel Fernandes** and **Daniel Teixeira Jr.** are pending.*

➤ A Brockton man reported that while operating a friend's vehicle, he was struck from behind by a vehicle operated by a third subject. This subject was also driving a vehicle owned by a friend at the time. The impact of the collision allegedly caused one of the involved vehicles to lose control of the vehicle and strike a utility pole. Both vehicles were subsequently deemed a total loss. Both drivers and passengers allegedly sustained injuries from the collision. An accident reconstruction determined that one of the vehicles struck a solid, flat vertical object consistent with a pole and not another vehicle. Insurers involved were Commerce and Liberty Mutual Insurance Companies.

*Complaints were issued against six Brockton individuals on October 5, 2004. Two subjects were charged with larceny and conspiracy to commit insurance fraud. Four other subjects were each charged with motor vehicle insurance fraud and conspiracy to commit insurance fraud.*

➤ On December 1, 2003, Brockton police received a report that the insured's 1999 BMW Wagon was found missing all four tires and rims and had been placed on blocks. Ebony Franklin claimed that the evening of the loss she was unable to find a parking place for her vehicle in the vicinity of her residence and parked the BMW on another street near her apartment. The next morning the vehicle was discovered placed on cinder blocks and all the tires and rims were missing. MetLife Auto & Home denied the claim due to alleged inconsistencies in Franklin's statements regarding the loss.

***Ebony Franklin** was arraigned on September 27, 2004 on one count each of motor vehicle insurance fraud, attempt to commit a crime and making a false police report.*

*Brockton task force cases will be prosecuted in Brockton District Court by an Assistant District Attorney from Plymouth County District Attorney Timothy J. Cruz's office.*

### Lawrence Task Force

➤ Bruno Cruz, Jr. reported that he was driving when his vehicle collided with one driven by Ramon Diaz. Each vehicle allegedly carried three passengers and all eight occupants claimed injury. Cruz later confessed to staging the accident with the assistance of Joel Vega. Both insurers, OneBeacon and Amica Mutual Insurance Companies, denied the claims. Cruz and Vega were previously charged with staging two other crashes.

On December 6, 2004 arrest warrants were issued for six Lawrence individuals and one other was summoned regarding an alleged staged accident. **Bruno Cruz, Jr.** was summoned and charged with one count each motor vehicle insurance fraud, attempted larceny, conspiracy to commit insurance fraud and filing a false police report. **Ramon Diaz** was charged with one count each motor vehicle insurance fraud, attempted larceny, conspiracy to commit insurance fraud and filing a false police report. **Bartola Siri, Maria De Los Angeles, Fermina Burgos** and **Maritza Perez** were each charged with motor vehicle insurance fraud, attempted larceny and conspiracy to commit insurance fraud. An arrest warrant was issued for Joel Vega on conspiracy to commit insurance fraud.

➤ Kelling Florentino was driving his vehicle when an alleged phantom vehicle exited a side street and allegedly struck his vehicle in a “T-bone” type collision. His brother, Wilson Florentino, and Sagrario Carrasco were alleged passengers in the vehicle at the time of the collision. The physical damage to Florentino’s vehicle indicates there was side-swipe damage against a stationary object. The accident had been reported to OneBeacon Insurance Company.

The charges against **Kelling Florentino, Wilson Florentino** and **Sagrario Carrasco** were continued without a finding on November 11, 2004 for one year after they admitted to their roles in a staged accident. They were ordered to split restitution of \$5,100 and each must pay a \$65 per month probation supervision fee and a \$50 victim witness assessment. A jury trial was set to begin for the three Lawrence men when they admitted their roles in the accident scheme. Kelling Florentino had been charged with insurance fraud, conspiracy to commit insurance fraud, filing a false police report and larceny. Wilson Florentino and Sagrario Carrasco had been charged with insurance fraud, conspiracy, attempted larceny and filing a false police report.

➤ Joel Vega allegedly staged a June 2003 accident that resulted in seven people claiming injury. Vehicles driven by Pedro Espinal and Bruno Cruz were allegedly involved in an intersection accident. Seven people claimed injuries to their insurers, OneBeacon Insurance Company and Plymouth Rock Assurance Company. All claims were denied.

On November 3, 2004 nine individuals in Lawrence were charged with auto insurance fraud. **Bruno Cruz, Jr., Angelica Aponte, Lydia Martinez, Benarda Valerio-Santos, Rosaura Padilla, Pedro Espinal, Angela Duran Gabin** and **Zoila Herrera** were each charged with motor vehicle insurance fraud, attempted larceny and conspiracy to commit insurance fraud. **Joel Vega** was charged with one count of conspiracy to commit insurance fraud. Vega was among the people indicted in September and charged at that time with staging another accident.

➤ Mariano Lazo, a manager at a cleaning company, claimed to Zurich North American Insurance Company to have been driving his cargo van with three passengers when the van was struck on the left side by another vehicle. Lazo claimed that he did not call police because his cell phone battery was allegedly dead. Cell phone records, however, allegedly indicate that Lazo made several calls right before and after the crash. Lazo also filed a workers’ compensation claim for alleged injuries sustained while driving the company van.

**Mariano Lazo** and his wife **Rosa Lazo** were arrested on October 8, 2004 for their involvement in a reported fraudulent motor vehicle accident. Also arrested were passengers **Lucia Gonzalez** and **Celeste Lynn**. Mariano Lazo was charged with two counts each fraudulent motor vehicle insurance fraud and attempted larceny and one count each larceny, conspiracy to commit insurance fraud and workers’ compensation fraud. Rosa Lazo was charged with two

*counts each attempted larceny and fraudulent motor vehicle insurance fraud and one count of conspiracy to commit insurance fraud. Gonzalez was charged with two counts each motor vehicle insurance fraud and attempted larceny and one count of conspiracy. Lynn was charged with two counts of motor vehicle insurance fraud and one count each attempted larceny, larceny and conspiracy.*

➤ A Special Grand Jury returned 39 indictments on September 22, 2004 involving 16 defendants allegedly involved in auto accident insurance scams in Lawrence. Among those indicted are three lawyers, four chiropractors, three office managers, four runners, an insurance agent and a witness who allegedly committed perjury. Summonses were served to the defendants on September 23 ordering them to appear in Salem Superior Court for arraignment on Friday, September 24. Those indicted and their charges include:

- Attorney **Charles Lonardo**: Conspiracy to Commit Insurance Fraud
- Attorney **Deborah Cuomo**: Conspiracy to Commit Insurance Fraud (two counts), Subornation of Perjury (two counts), Attempt to commit Insurance Fraud (two counts)
- Attorney **Jorge Elias**: Conspiracy to Commit Insurance Fraud (two counts), Insurance Fraud
- Dr. **Craig Klein**: Conspiracy to Commit Insurance Fraud (two counts), Insurance Fraud (two counts)
- Dr. **Charles Nisivoccia, Jr.**: Conspiracy to Commit Insurance Fraud (two counts), Insurance Fraud (two counts)
- Dr. **Sean Nisivoccia**: Conspiracy to Commit Insurance Fraud (three counts), Insurance Fraud (two counts)
- Dr. **Alan Cohen**: Conspiracy to Commit Insurance Fraud, Insurance Fraud
- **Gladys Cruz**: Conspiracy to Commit Insurance Fraud
- **Josefina Diaz**: Conspiracy to Commit Insurance Fraud
- **Pedro Garcia**: Insurance Fraud
- **Luis Perez**: Conspiracy to Commit Insurance Fraud (two counts), Insurance Fraud
- **Lucy Alsina**: Conspiracy to Commit Insurance Fraud
- **Joel Vega**: Conspiracy to Commit Insurance Fraud, Insurance Fraud
- **Naomi Batistine**: Perjury
- **Pasquel Garcia, aka, Pasquel Vasquez**: Conspiracy to Commit Insurance Fraud
- **Santo Gabin**: Conspiracy to Commit Insurance Fraud, Insurance Fraud

➤ Felix Pichardo reported to Amica Mutual Insurance Company that a pickup truck allegedly ran a stop sign and hit his vehicle. Pichardo and his passengers, Juan Vargas and Bienvenido Mercado, were treated for their alleged injuries. An accident reconstruction determined that the accident did not occur as reported and that Pichardo's vehicle was stationary when the damaged occurred.

*Arrest warrants were issued on August 18, 2004 for **Felix Pichardo, Juan Vargas and Bienvenido Mercado**. Pichardo was arrested and charged with three counts of insurance fraud, two counts of larceny and one count of conspiracy to commit insurance fraud. Vargas and Mercado are charged with insurance fraud, attempted larceny and conspiracy to commit insurance fraud.*

*Lawrence task force cases will be prosecuted in Lawrence District Court by an Assistant District Attorney from Essex County District Attorney Jonathan W. BLodgett's office.*

## Lowell Task Force

➤ Vanathana Khun reported that his 1994 Honda Accord was struck from behind by a 1986 Chevy pickup. Khun sought medical treatment for alleged neck, back and head injuries and was paid \$1,533 by Arbella Mutual Insurance Company for the damage sustained to his vehicle in the alleged accident. A subsequent accident reconstruction determined that the accident could not have occurred as reported.

***Vanathana Khun** was arrested on December 21, 2004 on charges of motor vehicle insurance fraud, larceny, false report of a crime and conspiracy to commit insurance fraud.*

➤ Gary Tumbarello reported to his insurer, Liberty Mutual Insurance Company, that his 2003 Toyota Corolla was stolen from the rear parking lot of a school. Tumbarello allegedly witnessed three men drive away in his vehicle. That same day, Lowell police responded to a two-car intersection collision which coincidentally was witnessed by an off-duty Lowell police officer. The officer identified Tumbarello as the operator of the vehicle at the time of the accident.

***Gary Tumbarello** was arrested on December 21, 2004 on charges of motor vehicle insurance fraud and attempted larceny.*

➤ Elias Costa reported to Premier Insurance Company that his 1994 Honda Accord was damaged while parked overnight. An accident reconstruction determined that the damage to the Honda was inconsistent with being struck by another vehicle

*On December 21, 2004 **Elias Costa** was arrested on charges of two counts of motor vehicle insurance fraud, two counts of attempted larceny and one count of false report of a crime.*

➤ Eva Flamma reported her 1991 Toyota Camry stolen from her employer's parking lot. An ignition analysis expert determined that there was no damage to the ignition lock and the security features were not defeated. Furthermore, Flamma accounted for both sets of keys to the vehicle.

*Complaints were issued against **Eva Flamma** on charges of two counts of motor vehicle insurance fraud, two counts of attempted to commit a crime and one count of false report of a crime.*

*Lowell task force cases will be prosecuted in Lowell District Court by an Assistant District Attorney from Middlesex County District Attorney Martha Coakley's office.*

## Lynn Task Force

➤ Judith Carr reported to police and Commerce Insurance Company that she was allegedly run off the road by a hit and run driver and her vehicle sustained approximately \$3,000 in damages. A surveillance videotape from a grocery store revealed that Carr parked her vehicle while shopping and upon leaving allegedly drove her vehicle into a yellow pole.

*The case against **Judith Carr** was continued without a finding for one year. The first six months will be supervised. Carr was also ordered to pay \$65 per month probation/victim witness fees for the first six months and \$21 per month the second six months. Carr had been charged with filing a fraudulent motor vehicle insurance claim, attempt to commit a crime and false report of a crime.*

➤ A New York man allegedly reported to police and Commerce Insurance Company that his 2002 Mitsubishi Montero was stolen from his Lynn residence in June 2004. NICB, U.S. Customs and a shipping company confirmed that the subject had his vehicle exported to the Dominican Republic in March 2004, three months before the alleged theft. Investigation found that the subject is a New York resident and does not reside in Lynn.

*An arrest warrant was issued on October 15, 2004 for a New York man on charges of filing a fraudulent motor vehicle insurance claim, attempt to commit a crime, false statement alleging theft or conversion of a motor vehicle and intentional or knowing false report of a crime. The warrant is outstanding.*

➤ A Lynn woman claimed that her 1998 Honda Accord was stolen in April 2004. It was determined that the vehicle could only have been driven with the proper key and the electrical system was not defeated. The subject claimed to Arbella Mutual Insurance Company to have both keys in her possession.

*A Lynn woman was arrested on September 9, 2004 and charged with attempt to commit a crime, filing a false police report, and intentional or knowing false report of a crime.*

➤ A Lynn woman's 2003 Suzuki motorcycle was allegedly hit by a Ford Taurus and sustained approximately \$6,882 in damages. An accident reconstructionist hired by MetLife Auto & Home determined that the damage to the motorcycle was not consistent with a collision accident but would have happened by striking a solid abrasive surface.

*An arrest warrant was issued on September 3, 2004 for a Lynn woman on charges of motor vehicle insurance fraud, larceny and attempted larceny.*

*Lynn task force cases will be prosecuted in Lynn District Court by an Assistant District Attorney from Essex County District Attorney Jonathan W. BLodgett's office.*

### **Springfield/Holyoke Task Force**

➤ While backing up in a Springfield parking lot, a Connecticut woman tapped a vehicle owned by Daisy Arroyo. Sonia Martinez was sitting in the Arroyo vehicle at the time of the accident. The Connecticut woman offered to exchange insurance information for the accident with Arroyo who declined. The Connecticut woman witnessed Arroyo and Luz Martinez leaving a store at the time of the accident. Arroyo subsequently reported to Premier Insurance Company that she was involved in a hit-and-run accident with Sonia and Luz Martinez as passengers and she provided the Connecticut license plate of the Connecticut woman as belonging to the vehicle that hit her.

*On July 29, 2004, **Daisy Arroyo, Sonia Martinez and Luz Martinez** were indicted on filing a false insurance claim by a Hampden County grand jury. This case is being prosecuted by Assistant District Attorney Timothy Rogers of Hampden County District Attorney William M. Bennett's office.*

