

STAMP OUT FRAUD

2021 ANNUAL REPORT

**STAMP OUT
FRAUD**
VIRGINIA STATE POLICE
INSURANCE FRAUD PROGRAM

stampoutfraud.com



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Colonel Gary T. Settle
 Superintendent,
 Virginia State Police

REPORT FROM THE SUPERINTENDENT

The Virginia State Police Insurance Fraud Program (IFP) remains committed to its mission to reduce insurance fraud in the Commonwealth. Fighting insurance fraud requires a team effort—IFP special agents and analysts, the insurance industry, commonwealth’s attorneys and law enforcement must work together. In 2021, IFP focused on enhancing relationships with our partners through the Fraud Fighters Awards, professional education and special recognition efforts.

Professional education and training remain the hallmark of IFP’s work. Restrictions of COVID-19 once again challenged us to be innovative, and this year, both VA IASIU’s Annual Fraud Seminar and Red Flag Training were offered virtually, with more than 200 fraud fighters participating.

Although we were unable to engage in community outreach programs due to the pandemic, we continued to deploy targeted advertising campaigns, public relations and social media messaging. We focused on educating the public on how to identify, prevent and take action to report insurance fraud, including increased promotion of the Insurance Fraud Tip Line.

Since its inception in 1999, IFP has compiled impressive results, including 36,446 notifications received yielding 11,284 investigations; 2,836 arrests; and over \$25 million (\$25,310.546) ordered in restitution. We recognize that insurance fraud is not a victimless crime, costing the average Virginia family \$1,000 annually in higher premiums. That is why it is so vital that we work together to continue to stamp out fraud in the Commonwealth.

Sincerely

Colonel Gary T. Settle



From left to right: Captain Clifford Kincaid; Ashley Howell, Senior Analyst; Marilyn Elam, Program Support Technician Senior; Major Caren Sterling; First Sergeant Keeli Hill, IFP Program Coordinator; and new to the IFP team in 2021, Lieutenant David Beckner.

\$7,900,782

fraudulent insurance claims were attempted in Virginia in 2021

15.8%

decrease from 2020

1,620

cases were received in 2021

10%

decrease from 2020

655

investigations were initiated in 2021

13.0%

decrease from 2020

\$3,503,716

fraudulent insurance claims were collected in Virginia in 2021

24.7%

increase from 2020

1,266

cases of attempted fraud in 2021

14.9%

decrease from 2020

1,153

cases involving property fraud in 2021

20.9%

decrease from 2020



IN 2014, IFP BEGAN SPONSORING THE VA IASIU ANNUAL SEMINAR. THIS YEAR, IFP CONTRIBUTED \$25,800 FOR A REGISTRATION GRANT AND PROMOTIONAL SUPPORT.

EDUCATION AND TRAINING

29TH ANNUAL FRAUD SEMINAR VA IASIU

The Virginia Chapter of the International Association of Special Investigation Units (VA IASIU) is a nonprofit organization that promotes a coordinated effort within the industry to combat insurance fraud. VA IASIU provides insurance fraud-focused annual training to benefit fraud fighters from law enforcement and the insurance industry.

With the support of the Virginia State Police, VA IASIU presented a one-day virtual seminar on April 22, 2021. Topics included Preparing for Your Deposition, Historical Cellular Phone Record Investigation and Auto Financing Fraud. The FBI presented a multijurisdictional case covering a healthcare fraud scheme. This year, 134 fraud fighters benefited from this program.

In 2014, IFP began sponsoring the VA IASIU annual seminar. This year, IFP contributed \$25,800 for a registration grant and promotional support.



Red Flag

RED FLAG TRAINING PROGRAM

In 2010, the IFP, the Commonwealth Attorney's Services Council and the Virginia Chapter of the International Association of Special Investigation Units developed the Red Flag Training Program. Each year, the program brings together insurance fraud investigators—SIU, NICB and VSP—and commonwealth's attorneys to train in a team-based environment for the sole purpose of prosecuting insurance fraud. The 2021 Red Flag Training Program, held February 8-11, focused on elder financial and insurance fraud. Due to COVID-19, the program was held virtually, but with 68 participants, this was the largest program ever. IFP was proud to have contributed more than \$14,000 to support this year's Red Flag Training.



MARKETING AND PROMOTIONS ADVERTISING CAMPAIGN

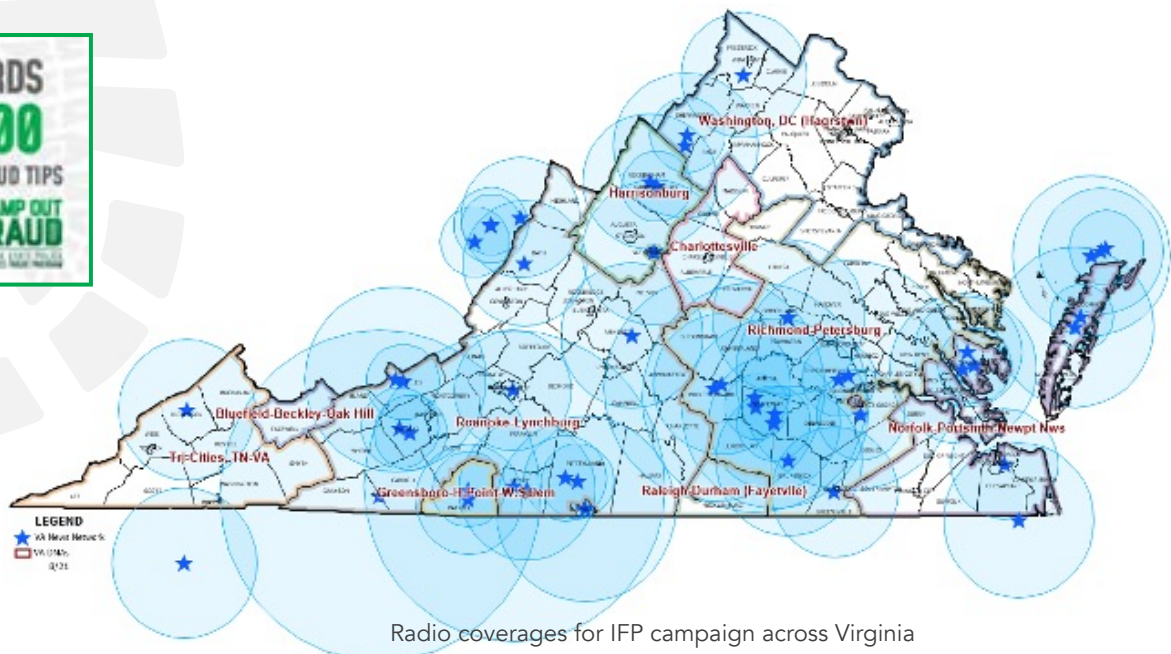
This year, once again, many community outreach programs were canceled due to COVID-19 restrictions. But IFP maintained a strong presence across the commonwealth, thanks to a targeted multimedia advertising campaign.

The 2021 advertising strategy was informed by consumer research conducted in 2019. Based on those findings, the campaign targeted adults age 25-54 who own a vehicle or home. The objectives were to educate consumers on **what insurance fraud is, how to identify it and how insurance fraud affects everyone**. The campaign also highlighted the Insurance Fraud Tip Line, which encourages citizens to report suspected incidences of insurance fraud and offers a reward for useful information.

The advertising campaign was rolled out in two waves. The spring campaign—April 1 to May 30—included gas station videos, digital banner ads, high-impact ads, radio and social media ads on Facebook and Instagram. The second wave—October 1 to November 15—included radio, digital banner ads, native ads and video, as well as social media ads.

Together, these two waves produced more than 24 million advertising impressions and reached consumers of all ages in every corner of Virginia.

26.5 MILLION ADVERTISING IMPRESSIONS



Radio coverages for IFP campaign across Virginia



As part of the advertising campaign, State Net Radio produced informative interviews with Virginia State Police Senior Special Agent William Royall on the nature of insurance fraud. The interviews aired four times across Virginia and are available to consumers on the IFP website.

MARKETING MATERIALS

**YOU COULD RECEIVE A REWARD
 UP TO \$25,000**

VIRGINIA STATE POLICE
HEAT
 HELP ELIMINATE AUTO THEFT

Fill out the online form at BEATreward.com or call 888-947-HEAT (4329) if you have information that could lead to the arrest of persons involved in auto theft, the theft of auto parts, chop-shop activity and/or carjacking. You may be eligible for a reward of up to \$25,000.

If you suspect someone of insurance fraud, you could earn a reward up to \$25,000 for submitting a tip that leads to an arrest. Complete the online form at StampOutFraud.com or call 877-823-7283.

STAMP OUT FRAUD
 VIRGINIA STATE POLICE
 INSURANCE FRAUD PROGRAM

Your information will remain confidential with the Virginia State Police. You can help eliminate vehicle theft and stamp out insurance fraud.

**YOU COULD RECEIVE A REWARD
 UP TO \$25,000
 FOR INSURANCE FRAUD TIPS**

STAMP OUT FRAUD
 VIRGINIA STATE POLICE
 INSURANCE FRAUD PROGRAM

[LEARN MORE](#)

THREE TYPES OF INSURANCE FRAUD

PROPERTY FRAUD
 Submitting the amount of damage to auto's frame, sun or other property.

CASHALTY FRAUD
 Taking or misappropriating an accident to injury to gain money from insurance providers.

WORKERS' COMPENSATION FRAUD
 Making a claim about a work-related injury that either didn't happen at all or occurred away from the workplace.

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WE ALL PAY FOR INSURANCE FRAUD

Millions of dollars in fraudulent insurance claims are filed each year in Virginia.

In the United States, insurance fraud is estimated to cost consumers more than \$80 billion each year.

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In addition to the paid advertisements, IFP promoted the Insurance Fraud Tip Line and possible rewards by producing and placing 4,000 posters in Virginia State Safety Inspection Stations across the commonwealth. A banner on the Virginia State Police website encouraged citizens to take an active role in fighting insurance fraud.

IFP produced new informational banners to be used at conferences, educational programs and outreach events, as well as promotional giveaways to support public awareness.

ENGAGING PARTNERS IN STAMPING OUT FRAUD

With COVID-19 putting a damper on outreach events and activities in 2021, IFP focused on engaging law enforcement and other partners in a shared effort to stamp out insurance fraud.



2021 FRAUD FIGHTERS AWARDS

THE VIRGINIA STATE POLICE FRAUD FIGHTERS AWARDS PROGRAM, ESTABLISHED IN 2005, RECOGNIZES THOSE WHO GO ABOVE AND BEYOND TO STAMP OUT FRAUD. THE AWARDS ARE BASED ON THE NOMINEES' CONTRIBUTIONS TO THE VIRGINIA INSURANCE INDUSTRY ANTI-FRAUD EFFORTS, WHICH INCLUDE THEIR INVOLVEMENT AND CONTRIBUTION TO INVESTIGATIONS, PREVENTION AND PROACTIVE ACTIVITIES, ENFORCEMENT, INTERACTION WITH THE INSURANCE COMMUNITY AND FINANCIAL IMPACT BY RECOVERIES AND RESTITUTION.

Six Fraud Fighters Awards were presented during the Virginia Chapter of the International Association of Special Investigation Units (VA IASIU) annual seminar, held virtually on April 22, 2021, from Richmond, Va.



Eric Flick

THE RECIPIENTS OF THE 2021 FRAUD FIGHTERS AWARD ARE:

Senior Investigator Eric Flick
Virginia Bureau of Insurance Detective

Michael Bowser
Chesterfield County Police Department Deputy

Commonwealth Attorney Ben Garrison
Commonwealth's Attorney Office of Chesterfield County



Michael Bowser

The first award represents an excellent example of stamping out fraud through collaboration and teamwork between insurance investigation, law enforcement and prosecution.



Ben Garrison

The investigation began with calls to the Virginia Bureau of Insurance Agent Investigations Section alleging that a Chesterfield County insurance agent had issued at least three fraudulent Certificates of Insurance. Senior Investigator Eric Flick immediately began an investigation. His analysis showed that the agent had diverted more than \$100,000 in premium funds rather than remitting the premiums to the carrier.

The Virginia Bureau of Insurance negotiated the revocation of the insurance agent's license, and the case was referred to the Chesterfield County Police Department. Detective Michael Bowser continued to investigate, and he prepared the final case with technical assistance from Senior Investigator Flick. A Chesterfield County Grand Jury returned a true bill, and the agent was arrested and charged with two counts of obtaining money under false pretense and one count of forgery.

The case was prosecuted by Deputy Commonwealth Attorney Ben Garrison. The agent pled guilty to all three counts, and he was ordered to pay \$75,000 in restitution and was sentenced to 10 years and five years concurrently for the charges. His sentences were suspended, and he was placed on indefinite supervised probation.



Edward Brown

Special Agent Edward Brown

Virginia State Police, Bureau of Investigation, Fairfax Field Office

Special Agent Brown received information from GEICO Insurance that a claimant reported that his 2012 BMW SUV was damaged while parked at his apartment in Alexandria. The estimated cost to repair the vehicle was over \$3,500, but the insurance company found that the damages were not consistent with the claimant's report.

After examining the reports, Special Agent Brown conducted an in-person interview with the claimant and asked him to take a polygraph examination, which revealed deception.

Special Agent Brown presented the results of his investigation and the polygraph report, and the claimant admitted that he struck a pillar in a parking deck and submitted a falsified claim to the insurance company. The claimant ultimately pled guilty, and he received a 180-day suspended sentence and was placed on probation for one year.

Brown's nominator says, "Special Agent Brown routinely conducts his investigations with such diligence and thoroughness, making him the Fairfax Field Office's nominee for the 2021 Fraud Fighters Award."



Damian Lane

Investigator Damian Lane

Virginia Social Services Fraud Prevention and Investigation Unit

Social Services agencies throughout Virginia were impacted by COVID-19 with staff changes, modifications in service delivery and a more than 100% increase in new benefit applications. This also led to an increase in fraud referrals and investigations.

Investigator Lane conducts criminal investigations into public assistance programs, such as SNAP/Food Stamps, cash assistance, childcare, energy assistance and Medicaid in the Alexandria area. Last year, his efforts resulted in total savings of more than \$550,000 and 51 judicial proceeding cases.

In addition, he provided training for more than 100 Social Services employees and conducted virtual sessions for case workers and agency partners on fraud prevention. Investigator Lane is described by his superiors as "a diligent investigator, outstanding trainer and an asset to our agency."



Barry Tuggle

Senior Special Agent Barry Tuggle

Virginia State Police Bureau of Criminal Investigation, Appomattox Field Office

A citizen was reported to the Virginia State Police Insurance Fraud Unit for filing 17 fraudulent disabilities claims and unlawfully gaining financial benefit from Aflac.

Senior Special Agent Barry Tuggle was assigned to conduct the investigation. When he interviewed the suspect and presented the findings of his investigation, the suspect confessed. She pled guilty to one felony count of obtaining money by false pretenses and received a suspended sentence of two years and was ordered to pay Aflac \$24,000 in restitution.

In addition to the Fraud Fighters Awards, several special presentations were made by VA IASIU.

Captain Norman Gray, Virginia State Police, was presented with the Outstanding Public Service Award, and John Huddleston, Erie Insurance, received the Life Achievement Award. First Sergeant Keeli L. Hill, IFP Program Coordinator, and Ms. Marilyn Elam, IFP Program Support Technician Senior, were presented with VA IASIU challenge coins as tokens of appreciation for their continued support of VA IASIU and commitment to fighting insurance fraud.



Captain Norman Gray and Mr. John Huddleston



Mark Beavers, President of VA IASIU, and Ms. Marilyn Elam



Challenge Coins

WOMEN IN LAW ENFORCEMENT CONFERENCE

First Sergeant Keeli Hill, IFP coordinator, was invited to present at the Fall 2021 Women in Law Enforcement Conference, sponsored by the Virginia Association of Chiefs of Police, which took place September 27-28 in Richmond. IFP was present throughout the two-day conference, sharing information about insurance fraud with attendees.



First Sergeant Keeli Hill presenting at Women in Law Enforcement Conference.



Virginia State Police participants at the Women in Law Enforcement Conference.

SPECIAL PARTNER RECOGNITION

Lapel pins and challenge coins, designed and created in 2021, are used to recognize partners who contribute in significant ways to IFP's efforts to fight insurance fraud.



ANNUAL ACTIVITY REPORT

January - December 2021

| | |
|---|----------------|
| Number of notifications received | 1,620 |
| Number of notifications declined | 1,014 |
| Number of investigations initiated | 655 |
| Number of notifications referred to other BCI divisions | 8 |
| Number of notifications referred to other agencies | 16 |
| Number of notifications involving property fraud | 1,153 |
| Motor vehicle / auto | 916 |
| Homeowners | 171 |
| Commercial | 17 |
| Other | 35 |
| Number of notifications involving injury / casualty fraud | 251 |
| Motor vehicle / auto | 122 |
| Homeowners | 13 |
| Commercial | 25 |
| Workers' comp | 54 |
| Other | 40 |
| Number of notifications of actual fraud (collected) | 124 |
| Number of notifications of attempted fraud | 1,266 |
| Total amount of claimed loss (collected) | \$3,503,715.91 |
| Total amount of claimed loss (attempted) | \$7,900,781.76 |
| Number of cases presented to Commonwealth's Attys / SP | 76 |
| Number of cases adjudicated | 40 |
| Number of arrests for insurance fraud | 78 |
| Number of convictions for insurance fraud | 45 |
| Felonies | 16 |
| Misdemeanors | 29 |
| Number of arrests for related offenses | 8 |
| Number of convictions for related offenses | 5 |
| Amount of restitution ordered | \$226,023.66 |
| Number of fraud awareness presentations | 5 |
| Number of closed cases | 586 |

ANNUAL BUDGET SUMMARY

January - December 2021

| | | |
|--------------------------------------|--|------------------------------|
| Balance | January 1, 2021 | \$6,304,506.18 |
| Fund Proceeds & Transfers | | |
| | SCC-Rec'd July 2021 | \$7,363,062.80 |
| | Interest Earned | \$31,555.02 |
| | Internal Cash Transfers In | \$1,430,000.00 |
| | Proceeds Received | \$8,824,617.82 |
| | Cash Reversions | - |
| | Transfers to Compensation Board | (\$388,184.47) |
| | Internal Cash Transfer Out | (\$1,000,000.00) |
| | Total Proceeds | <u>\$7,436,433.35</u> |
| Fund Disbursements | | |
| | Accruals - Accounts Payable | (\$67,837.35) |
| | Employee Travel Advance | |
| | Personnel Services (Salaries & Fringes) | \$3,666,053.50 |
| | Contractual Services (Postage, Telecommunications, Vehicle Repairs, Travel) | \$3,823,469.87 |
| | Supplies & Materials (Apparel, Office Supplies, Gasoline, Law Enforcement Supplies) | \$13,901.74 |
| | Transfer Payments (Reward Payments) | \$18,630.75 |
| | Continuous Charges (Insurances, Office Rent) | \$571,231.16 |
| | Equipment (Computers, Electronic, Vehicles, Office Furniture, Law Enforcement Equipment) | \$248,583.58 |
| | Plant and Improvements | - |
| | Total Disbursements | <u>\$8,274,033.25</u> |
| Balance | December 31, 2021 | <u>\$5,466,906.28</u> |