

OFFICE OF ATTORNEY GENERAL

INSURANCE FRAUD SECTION
TOM CORBETT • ATTORNEY GENERAL
NEWSLETTER

RATE EVASION SCAMS

Brooklyn Family Members Sentenced in Monroe County



Benito Berrios, Sr., Benito Berrios, Jr., Maria Hernandez and Deanna Berrios have been convicted of Insurance Fraud in Monroe County. Members of the Berrios family used a Tobyhanna, Pennsylvania address to obtain automobile insurance for their vehicles while they resided in New York. In total, fourteen vehicles were registered to the address, including two, 15-seat passenger vans, to secure cheaper insurance rates with Brethren Mutual, Progressive, Allstate, Geico and Allied Insurance Companies. The vans were actually used in the operation of an illegal school bus service in the Brooklyn area and had been titled, tagged and insured in Pennsylvania at the Tobyhanna address as non-commercial passenger vehicles. Benito Berrios Sr. is the owner of the bus service and personally facilitated the insurance applications for those vans.

Benito Berrios, Sr. entered a guilty plea to one count of Insurance Fraud (F3) and one count of Criminal Conspiracy (F3). He has been sentenced to serve 6 to 23 months incarceration and ordered to pay a fine of \$1,000 and all court costs. Benito Berrios, Jr. entered a guilty plea to three counts of Insurance Fraud (M1) and one count of Criminal Conspiracy (M1). He has been sentenced to serve 1 year probation and ordered to pay a fine of \$1,000, restitution of \$485.78 and all court costs. Maria Hernandez and Deanna Berrios entered guilty pleas to one count of Insurance Fraud (M1) and one count of Unsworn Falsification (M3). They have been sentenced to serve 1 year probation and ordered to pay a fine of \$500, restitution and all court costs.

Montgomery County Woman Arrested

On July 31, 2008, Debra Sautter was arrested in Montgomery County and charged with two counts of Insurance Fraud (M1 & F3) and two counts of Unsworn Falsification (M3) for allegedly lying on her automobile insurance application.



According to the Criminal Complaint, Sautter obtained auto insurance from the Progressive Insurance Company for a Toyota that her son had previously owned and insured with SafeAuto Insurance. Sautter informed Progressive that she would be taking over the payments and would be the sole driver of the Toyota. It is alleged that Sautter's son subsequently operated the Toyota on at least one occasion. It is further alleged that Sautter filed a fraudulent Request for Registration document with PennDOT for this vehicle as well as other vehicles and made numerous additional false statements during the application process.



ARRESTS

- On July 30, 2008, Zane Barnes was arrested in Westmoreland County. According to the Criminal Complaint, Barnes submitted a claim to the Allstate Insurance Company stating that his house was burglarized and numerous items were taken including a bedroom set, washer/dryer, television, microwave, a chair and plants. Barnes allegedly gave his ex-girlfriend permission to take some of the items when she moved out and signed a receipt listing the items she could remove. It is further alleged that Barnes actually assisted his daughter in moving the bedroom set to her apartment prior to the reported burglary. Zane Barnes has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (F3).



- On July 31, 2008, Melissa Buterbaugh was arrested in Fulton County. According to the Criminal Complaint, Buterbaugh obtained an insurance policy with the Combined Insurance Company and subsequently submitted a claim for a back injury. Buterbaugh allegedly misrepresented the date of her injury on the medical forms that she submitted to Combined Insurance in support of her claim to bring it within the coverage period. Melissa Buterbaugh has been charged with one count of Insurance Fraud (F3), one count of Theft by Deception (F3) and two counts of Forgery (F3 & M1).
- On July 31, 2008, Alexis Smith and Jonathan Williams were arrested in Philadelphia County. According to the Criminal Complaint, Smith and Williams submitted personal injury claims to the Crum & Foster Insurance Company after stating they were involved in a minor accident with a truck. Smith claimed to be the driver of the other vehicle involved and Williams claimed to be a passenger in Smith's vehicle. However, Smith was allegedly alone in her vehicle and Williams was in prison on the day of the accident. Furthermore, Smith

was allegedly not injured in the accident. Smith and Williams have each been charged with three counts of Insurance Fraud (F3), two counts of Criminal Attempt/Theft by Deception (F3) and one count of Criminal Conspiracy/Theft by Deception (F3).



CONVICTIONS

- George Smith entered a guilty plea to one count of Criminal Attempt/Theft by Deception (M1) in Allegheny County. Smith reported to the Ohio Casualty Insurance Company and the local police that his vehicle had been stolen. Smith reported that the vehicle had been in good condition prior to the theft. Our investigation revealed that the vehicle was damaged in a previous accident and was abandoned by Smith. On July 23, 2008, Smith was sentenced to serve 11 ½ to 23 months incarceration and ordered to pay all court costs.
- Leonard Hardy entered a guilty plea to one count of Insurance Fraud (F3), one count of DUI (M1), one count of False Reports (M3) and one count of Accidents Involving Damage (M3) in Bucks County. Hardy reported to authorities that his vehicle had been stolen and he subsequently made a claim to the West American Insurance Company for the damages to his vehicle. At the same time of Hardy's claim, the police were notified that the vehicle had just been in an accident. The vehicle had been driven off the roadway and into an occupied house near where Hardy called the authorities. Our investigation revealed that Hardy drove the vehicle while intoxicated and fled the scene to report the vehicle stolen. On July 11, 2008, Hardy was sentenced to serve 3 to 15 months incarceration, along with a consecutive 2 years of probation. He was ordered to attend drug/alcohol evaluation and to pay a fine of \$1,500, restitution of \$8,113.71 and all court costs.



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- Bonnie Middaugh entered a guilty plea to one count of Insurance Fraud (F3) in Tioga County. Middaugh owned property in Lawrenceville that she rented to the Woods. Middaugh instructed the Woods to obtain homeowners' insurance from the Foremost Insurance Company over the internet in Middaugh's name, indicating that Middaugh occupied the property. A fire occurred at the property and Middaugh received \$5,000 in emergency funding. Middaugh then presented a list of Wood's personal items that were damaged or destroyed to Foremost, representing that the items belonged to her. Foremost paid Middaugh \$36,725.08 which Middaugh kept for herself. On July 28, 2008, Middaugh was sentenced to serve 3 years probation, ordered to perform 100 hours of community service and ordered to pay a fine of \$2,000 and all court costs.
 - Jeryl Harvard entered a guilty plea to one count of Insurance Fraud (F3) and one count of Theft by Deception (F3) in Chester County. Harvard was employed by the AFLAC Insurance Company. Through his employment, Harvard accessed the AFLAC computer system to create 120 fictitious insurance applications and policies. As a result, Harvard was paid in excess of \$17,000 in commissions for the policies. On July 14, 2008, Harvard was sentenced to serve 3 years probation and ordered to pay a fine of \$500, restitution of \$2,830 and all court costs.
 - William Bowen entered a guilty plea to one count of Insurance Fraud (F3) and one count of Criminal Conspiracy in Montgomery County. Bowen was part of the All-Care investigation. This pro-active investigation revealed a four-tier ring. The top tier included a doctor and his mother, who orchestrated the insurance scam together. The second tier involved therapists who submitted insurance bills for services never provided. The third tier involved runners who were paid referral fees for bringing in "patients" to All-Care for treatment of injuries sustained in staged accidents. The fourth tier involved the "patients" who were paid to come in for treatment. Bowen was a runner in the third tier of the scam. On July 16, 2008, Bowen was sentenced to serve 3 years

probation and was ordered to pay all court costs.

- Christine Nyce entered a guilty plea to one count of Insurance Fraud (F3) and one count of Theft by Deception (F3) in Montgomery County. Nyce was living with Harry Dibussolo at the time that the American Fidelity and Liberty Insurance Company issued him a long-term, home health care insurance policy. The policy excluded personal care provided by a spouse or someone already living at the insured's address before the issuance of the policy and/or the need for services. Our investigation revealed that Nyce submitted 95 fraudulent home health care reports containing the forged signature of Deb Stas, the purported personal care provider. Nyce received \$42,552 for those purported services. On July 7, 2008, Nyce was sentenced to serve 2 years probation, ordered to perform 50 hours of community service and ordered to pay restitution of \$42,552 and all court costs.
- Daniel Lynch entered a guilty plea to one count of Criminal Attempt/Theft by Deception (M1) in Chester County. Lynch filed a homeowner's claim with the Allstate Insurance Company for wind damage to his roof that occurred on January 17, 2006. Our investigation revealed that the roof was 25 years old and that the shingles were falling off prior to January 17, 2006. Our investigation further revealed that Lynch obtained an estimate to have his roof repaired in December of 2005. On July 15, 2008, Lynch was sentenced to serve 2 years probation, ordered to perform 50 hours of community service and ordered to pay a fine of \$500 and all court costs.

(ARD) DISPOSITIONS

During the month of July, four additional defendants received Accelerated Rehabilitative Disposition (ARD). Defendants who receive ARD are typically sentenced to serve 2 years probation and perform 50 hours of community service. In addition, they are ordered to pay full restitution, all ARD costs and all court costs.