

## OFFICE OF ATTORNEY GENERAL

INSURANCE FRAUD SECTION  
TOM CORBETT • ATTORNEY GENERAL  
NEWSLETTER

## Business Owner Charged With Theft Of Over \$57,000 in Insurance Fraud Scam



On October 26, 2007, Everett Frank was arrested in Delaware County and charged with twelve counts of Insurance Fraud, two counts of Theft by Deception and nine counts of Forgery.

According to the Criminal Complaint, Everett Frank submitted two claims to Ohio Casualty Insurance Company for water damages to his automotive repair business, Dents and Details. The first claim alleged that storm driven rain water entered the air conditioning vents located on the roof, causing water damage to the ceilings, carpets and assorted business and personal property stored inside the building. The second claim alleged that a water pipe burst causing water damage to a computerized automotive paint mixing machine, paint supplies and other assorted property. In support of those two claims, Frank submitted numerous documents and receipts to Ohio Casualty as proof of loss on those claims. A number of the receipts were allegedly created by Frank himself and were either documents from fictitious businesses or documents from actual businesses, but altered to increase the amounts paid. According to the Criminal Complaint, a number of the receipts contained misspellings and incorrect phone numbers and addresses. It is alleged Frank received \$59,340, as a result of the numerous fraudulent documents he submitted to Ohio Casualty.

## Delaware Man Accused of Torching Car

On October 25, 2007, Lewis Strand was arrested in Chester County and charged with one count of Arson, one count of Insurance Fraud, one count of Attempted Theft and one count of False Reports to Law Enforcement.

Lewis Strand was charged with setting fire to his 2003 BMW in an alleged attempt to collect more than \$47,000 in insurance money to pay off his vehicle. According to the Criminal Complaint, Strand drove his vehicle into Philadelphia, poured gasoline in it and ignited the vehicle. Strand phoned the Chester Township Police and his insurance company, USAA Insurance Company, and reported his car stolen. The vehicle was recovered and deemed a total loss. Attorney General Tom Corbett said the investigation revealed that the vehicle was set on fire and reported stolen by Strand in order to collect insurance money for a vehicle Strand no longer wanted.



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**ARRESTS**

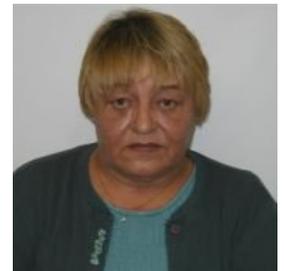
On October 31, 2007, Roy Campbell and Jeannette Burwell were arrested in York County. According to the Criminal Complaint, Campbell and Burwell submitted claim forms to Combined Insurance Company of America in support of claims for supplemental sickness, injury and disability insurance benefits. It is alleged that the claim documents contained false, altered and forged

information. Campbell and Burwell were each charged with two counts of Insurance Fraud (F3), one count of Theft by Deception (F3), one count of Criminal Conspiracy (F3), and one count of Criminal Attempt/Theft by Deception (M1).

- On October 10, 2007, Rubin Bailey, II was arrested in Allegheny County. According to the Criminal Complaint, Bailey was employed as an Allstate Insurance Company agent in October of 1999 when he received \$18,000 from a client for investment in an Allstate annuity. Bailey provided the client with a document that purported to be an Allstate statement of the client's annuity account. It is alleged that the document was a forgery and the money collected by Bailey was never forwarded to Allstate. Bailey was charged with one count of Theft by Failure to Make Required Disposition of Funds (F3) and two counts of Forgery (F3).
- On October 30, 2007, Darrell Alston, Gerald Faupel and Anthony Marshall were arrested in Allegheny County. According to the Criminal Complaint, Alston, Faupel and Marshall filed fraudulent claims with AIG Insurance Company and Infinity Insurance Company stating they were injured passengers in vehicles involved in accidents. It is alleged that none of the accidents

occurred and that Alston, Faupel and Marshall conspired with several others to submit false injury claims to collect benefits. Faupel was charged with two counts of Insurance Fraud (F3) and Alston and Marshall were each charged with two counts of Insurance Fraud (F3) and one count of Theft by Deception (F3).

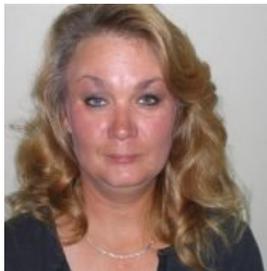
- On October 31, 2007, Eileen Totten was arrested in Allegheny County. According to the Criminal Complaint, Totten was placed on total disability due to an illness while employed for Highmark Insurance. Totten reported to Highmark Insurance that her treating physicians advised her that she would be unable to return to any type of work. It is alleged that while collecting total disability benefits, Totten was employed by EHR Scribe and earned approximately \$33,614, defrauding Highmark out of approximately \$16,000 in disability benefits. Totten was charged with two counts of Insurance Fraud (F3) and two counts of Theft by Deception (F3).
- On October 25, 2007, Robert and Lucille Merenda were arrested in Columbia County. According to the Criminal Complaint, Robert and Lucille filed a claim with Travelers Insurance Company stating that their 2002 Chevrolet pickup truck, valued at \$11,402.60, was stolen on June 16, 2007. On the same day, Lucille Merenda went to the Good Samaritan Regional Medical Center for a wrist injury she claimed occurred when she fell on her deck. Surgery was required and Highmark Blue Shield paid \$10,645.36 in health benefits. It is alleged that Lucille Merenda injured her wrist when she struck a pole with the truck and, with Robert Merenda's assistance, abandoned the truck at the scene. Lucille Merenda was charged with three counts of Insurance Fraud (F3), one count of Criminal Attempt/Theft by Deception (F3), one



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count of Theft by Deception and one count of False Reports to Law Enforcement (M3) and Robert Merenda was charged with two counts of Insurance Fraud (F3), one count of Criminal Attempt/Theft by Deception and one count of False Reports to Law Enforcement (M3).

- On October 3, 2007, Shannon Dick was arrested in Mercer County. According to the Criminal Complaint, Dick reported to State Farm Insurance Company that she lost two platinum rings valued at \$10,400 while water skiing. Prior to her claim, Dick called State Farm and obtained personal articles coverage on her policy. It is alleged that Dick did not lose the rings but rather pawned them at a local pawn shop. Dick has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (F3).
- On October 25, 2007, Chastity Hamill was arrested in Monroe County. According to the Criminal Complaint, Hamill filed a claim for Workers' Compensation benefits as a result of a work related injury that occurred at the Tannersville Inn. Hamill returned forms verifying that her work status had not changed. It is alleged that while collecting \$9,125.26 in Workers' Compensation benefits, Hamill was working full time for the Pocono Mountain School District. Hamill has been charged with one count of Workers' Compensation Insurance Fraud (F3) and one count of Theft by Deception (F3).



- On October 24, 2007, Dori Phillips was arrested in Lycoming County. According to the Criminal Complaint, Phillips' uninsured Chevrolet Blazer was involved in a two-vehicle accident. Phillips contacted her Progressive Insurance Company agent following the accident and applied for reinstatement of her lapsed auto policy. During the application process, Phillips signed a "Statement of No Loss" form. Once her policy was reinstated, Phillips filed a claim for the accident. It is

alleged that Phillips falsely stated that her vehicle had not been involved in any loss and had not been damaged during the lapse period. Phillips has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (F3).

- On October 5, 2007, Patricia Coleman was arrested in Montgomery County. According to the Criminal Complaint, a co-worker of Coleman's was in a minor automobile accident and told Coleman about it. Coleman allegedly suggested they claim she was in the co-worker's vehicle and that they were both injured. Coleman, through her attorney, filed claims with three different companies; American Independent, Great American Insurance Company and Zurich Insurance Company for injuries sustained in the accident. Coleman has been charged with four counts of Insurance Fraud (F3), three counts of Criminal Attempt/Theft by Deception (F3), one count of Theft by Deception (F3) and one count of Criminal Conspiracy (F3).
- On October 31, 2007, William Meddings was arrested in Perry County. According to the Criminal Complaint, Meddings began collecting Workers' Compensation benefits from Sentry Insurance on April 26, 2006, after suffering an on-the-job injury at a trucking company. Meddings started a new job at Webster Trucking several weeks later. It is alleged that Meddings never notified his former employer or Sentry Insurance of the new employment and as a result, collected a paycheck and Workers' Compensation benefits simultaneously. Meddings has been charged with one count of Workers' Compensation Insurance Fraud (F3) and one count of Theft by Deception (F3).
- On October 31, 2007, Sandra Miller was arrested in Dauphin County. According to the Criminal Complaint, Miller stated to her landlord that she had been injured when poor lighting conditions outside her apartment caused her to fall on the exterior steps. The landlord reported Miller's claim to Donegal



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Insurance Company. Miller provided two separate statements to Donegal in support of her claim. It is alleged that Miller's injuries actually occurred approximately two weeks prior when she slipped and fell while running in her yard during a thunderstorm. Miller has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (F3).

- On October 15, 2007, Maurice Turner was arrested in Chester County. According to the Criminal Complaint, Turner filed a bodily injury claim with Bristol West Insurance Company stating that he was a passenger in his brother's car when they were involved in an automobile accident. It is alleged that Turner was not in the vehicle at the time of the accident. Turner has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (M1).

- In October, 2007, Kathryn Forney and Nicole Saksek were arrested in Dauphin County. According to the Criminal Complaint, Forney's Jeep Liberty was involved in an accident. Forney informed Progressive Insurance Company that she had a friend repair her vehicle and she wanted Progressive to reimburse her with an insurance check. Progressive required that the lien for the Jeep Liberty was satisfied. Forney provided the name of Rebecca at Chrysler Financial to Progressive who verified that the loan had been satisfied. It is alleged that Rebecca is actually Saksek, a friend of Forney, who did not work for Chrysler Financial. It is further alleged that the vehicle was never repaired and has been repossessed. Forney and Saksek have each been charged with two counts of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (M1).

- On October 9, 2007, Amanda Riccio was arrested in Cumberland County. According to the Criminal Complaint, Riccio filed a claim under her mother's Allstate Insurance Company automobile policy



stating her 1998 Honda Civic was damaged when she swerved to avoid hitting a deer. Riccio leased an automobile from Enterprise, advising them that it would be covered under the policy. It is alleged that there was no rental coverage and that Riccio's vehicle was not involved in an accident but actually stopped running due to mechanical failure. Riccio has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (F3).

- On October 15, 2007, Kimball Boone was arrested in Montgomery County. According to the Criminal Complaint, Boone's vehicle was involved in an accident at approximately 11:00 am while being operated by one of his employees. At approximately 12:00 pm, Boone contacted Progressive Insurance Company and added collision coverage for his vehicle. It is alleged that Boone filed a claim with Progressive Insurance for the damages which occurred to his vehicle before the collision coverage was added to his policy. Boone has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (M1).



- On October 2, 2007, Gregory Sportelli was arrested in Northampton County. According to the Criminal Complaint, Sportelli was involved in an accident when his vehicle was struck by another car. In support of his claim, Sportelli submitted an estimate to Ohio Casualty Group for damages allegedly incurred in the accident. It is alleged that the estimate was a fabrication of an old form, the signature was a forgery and it contained pre-existing damage. Sportelli has been charged with one count of Insurance Fraud (F3), one count of Criminal Attempt/Theft by Deception (M1) and one count of Forgery (M1).
- On October 31, 2007, Robin Payne was arrested in Philadelphia County. According to the Criminal Complaint, Payne obtained a policy with AIG Insurance Company and submitted a claim for pre-existing damages to her vehicle the same day. A month later,

Payne obtained a policy with Infinity Insurance Company for the same vehicle and a week later submitted a claim for damages to her vehicle. It is alleged that the damages to the vehicle in the second claim were the same damages from the first claim. Payne has been charged with two counts of Insurance Fraud (F3) and two counts of Criminal Attempt/Theft by Deception (F3).

- On October 16, 2007, Alexander Popovich was arrested in Centre County. According to the Criminal Complaint, Popovich filed a claim with Progressive Insurance Company that he was operating an insured vehicle fitted with a snowplow when he struck a cluster of mailboxes. It is alleged that an employee was actually operating an uninsured vehicle at the time of the accident. Popovich has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (M1).



## CONVICTIONS



On October 26, 2007, Elias Iliopoulos pled guilty to one count of Insurance Fraud (F3) in Montgomery County. Iliopoulos made a claim with Progressive Insurance Company for his wife's accident.

Iliopoulos lied about the time of the accident, alleging that the accident happened after the policy had gone into effect. Iliopoulos was sentenced to serve 1 to 23 months incarceration plus 1 year consecutive probation and ordered to pay a fine of \$500 and all court costs.

- On October 30, 2007, Jorge Vargas-Montalvo pled guilty to one count of Insurance Fraud (F3) in Cumberland County. Vargas-Montalvo falsely stated to Progressive Insurance Company that another individual was driving the vehicle at the time of an accident. Vargas-Montalvo was driving the vehicle at the time of the accident but was an excluded driver under the policy because he did not

have a valid driver's license. Vargas-Montalvo was sentenced to a time-served sentence of 1 ½ to 3 months incarceration and deported to Mexico.

- On October 22, 2007, Alfredo Schwarzler pled guilty to one count of Insurance Fraud (F3) in Philadelphia County. Schwarzler staged a slip and fall in a Dunkin Donuts and filed a claim with Ohio Casualty Group for \$50,000 plus medical expenses. The staged incident was recorded on a surveillance videotape that showed Schwarzler simply knelt down and did not fall. Schwarzler was sentenced to serve 2 years probation, ordered to perform 200 hours of community service and ordered to pay all court costs.

- On October 22, 2007, Wanda Cottom pled guilty to one count of Criminal Attempt/Theft (M1) in Philadelphia County. Cottom filed a claim with Nationwide Insurance Company and with Progressive Insurance Company



for the same damages to the same vehicle. Pictures of the odometer reading taken by both insurance companies indicated that the car had not moved between the claims. Cottom was sentenced to serve 2 years probation, ordered to perform 150 hours of community service and ordered to pay a fine of \$1,000 and all court costs.

- On October 16, 2007, Jess Babinsack pled guilty to one count of Insurance Fraud (F3) and one count of Forgery (F3) in Westmoreland County. Babinsack and his wife filed a claim with Erie Insurance Company for a fire that destroyed their home. Erie Insurance issued two settlement checks which were kept in the possession of Patricia Babinsack's attorney. Jess Babinsack created two counterfeit settlement checks payable only to him and cashed them at a local bank. Babinsack was sentenced to serve 2 years probation on each count concurrently and ordered to pay all court costs.

- On October 10, 2007, Joseph Yonish pled guilty to one count of Insurance Fraud (F3) in Washington County. While attempting to stage an accident for the purpose of obtaining insurance proceeds from State Farm Insurance Company, Yonish lost control of the van which rolled down a hill and crashed into a shed. Yonish was sentenced to serve 23 months probation, ordered to perform 100 hours of community service and ordered to pay \$14,874.42 in restitution and all court costs.



- David Hopcraft pled guilty to one count of Theft by Failure to Make Required Disposition of Funds Received (F3) in Cumberland County. Hopcraft deposited checks issued by twelve customers of Hopcraft, Hockley & O'Donnell Financial Services into his own personal account. Hopcraft was sentenced to serve 1 year probation, ordered to perform 100 hours of community service and ordered to pay a fine of \$5,000 and all court costs.
- On October 10, 2007, Kevin Scott pled guilty to one count of Theft by Deception (M1) in Allegheny County. Scott filed a fraudulent claim with Liberty Mutual Insurance Company for injuries obtained in an automobile accident when, in fact, he was not in the vehicle at the time of the accident. Scott was sentenced to serve 6 months house arrest and ordered to pay restitution of \$861.03 and all court costs.

### (ARD) DISPOSITIONS

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

## Fraud Referrals

The Insurance Fraud Section of the Pennsylvania Office of Attorney General receives over a thousand referrals each year. Most of these referrals are from the insurance industry. A notable portion, however, (approximately 35%) are from other sources, such as businesses, law enforcement agencies, state agencies and private citizens. The overwhelming majority of our non-industry referrals are from private citizens. In an effort to process all of these referrals as efficiently and effectively as possible, we have revised our referral form. The most significant change; we now have one form designed specifically for the industry and one form for the private citizen.

The industry form is similar to our previous form, but has been reworked in an effort to quickly capture critical information that will assist us in addressing your case as expeditiously as possible. Some sections have been deleted, new ones added and certain sections are now required to be completed if you submit the form on-line. We have also included detailed directions on filling out the form and general tips for submitting quality referrals. Every effort was made to keep the form simple and easy, while still requiring the submission of basic information. Last year, we received industry referrals from well over 100 different insurance companies. Our referral form was designed for use by any company with an easy submission process via the internet.

We will nonetheless continue to accept referrals on any form that you may prefer to utilize. The use of our form, however, will make the process quicker and allow us to utilize our limited resources much more effectively.

We have also updated our web site and have provided other information and resources that you may find helpful. Below you will find direct links to our web site and the referral forms.

<http://www.attorneygeneral.gov/crime.aspx?id=180>

<http://www.attorneygeneral.gov/complaints.aspx?id=2903>