

OFFICE OF ATTORNEY GENERAL**INSURANCE FRAUD SECTION**
TOM CORBETT • ATTORNEY GENERAL
NEWSLETTER

Eleven Charged With Insurance Fraud Involving a Staged Bus Accident

Eleven individuals were arrested on insurance fraud charges for a 2004 bus accident that was allegedly staged so that passengers could cash in on false injury claims. On April 18, 2004, a Wertz bus chartered to carry passengers from Philadelphia to Atlantic City was struck by a car at the intersection of Berkley and Morris Streets in Philadelphia. According to the affidavit, there were 21 passengers listed on the police report; however, Lancer Insurance Company, Wertz's insurer, received insurance claims for 29 individuals.

The investigation revealed that approximately five minutes after departing from the pick-up location, the bus was struck in the right middle luggage bay doors by an uninsured vehicle. Files indicate that both vehicles sustained very little damage and were removed under their own power from the scene of the accident. Corbett said 20 of the 21 passengers on the bus immediately reported injuries and were transported by the Wertz bus to the Medical College of Pennsylvania (MCP). Lancer eventually received claims for all 21 passengers plus eight individuals who were not on the bus at the time of the crash. The reported injuries were all "soft tissue" injuries. Corbett said the driver of the car also accompanied the bus to the MCP hospital, but when police arrived, he left.

According to the criminal complaint, the owner of the car was a cousin of Shahiedah Nicholson, a passenger on the bus who sought medical treatment for 53 alleged therapy sessions for lower back pain that took place between April and September of 2004. Corbett said Nicholson's sister, Shaakira Nicholson, her aunt, Trina Nicholson, and her aunt's husband, Antonio Tarrance, also filed insurance claims even though they were not on the bus at the time of the accident. Shahiedah allegedly called Shaakira to tell her about the accident and told her she could start therapy and claim she was injured since her name appeared on the bus list. Corbett said the bus was chartered by Arthur Brown for another individual who supplied the money and sold bus tickets with two of his brothers. The affidavit states that Brown, who pursued litigation against the insurance company, reported that he went to the chiropractor three times; Lancer, however, received claims for nine chiropractic sessions.

All 11 defendants are being charged with two counts of Insurance Fraud, one count of Theft by Deception, one count of Criminal Attempt to Commit Theft by Deception, and one count of Criminal Conspiracy to Commit Theft by Deception. Each charge is a felony of the third degree, which holds a maximum penalty of seven years imprisonment and a \$15,000 fine.

The 11 arrested are Anthony Vereen, Shahiedah Nicholson, Anthony Dunston, Shaakira Nicholson, Trina Nicholson, Keith Prather, Lynwood Gresham, Antonio Tarrance, Eugene Thomas, Lakieta Allen and Arthur Brown, III.



- On September 13, 2007, Michael Kennedy and Bryan McGraw, Philadelphia police officers, who owned Pro Guard Security, Inc., were arrested in Philadelphia County. Kennedy and McGraw were co-owners of the business, which specialized in providing armed security guards to various clients, until August of 2006, when Kennedy ended his affiliation with Pro Guard and McGraw became sole owner. According to the Criminal complaint, two employees filed workers' compensation claims after they were injured while on the job. A judge ordered Pro Guard to pay the employees weekly compensation, plus additional expenses, but the employees state that they never received any of the compensation. Additionally, according to the criminal complaint, a fraudulent insurance policy declarations page from Prime Insurance was presented by McGraw to the Commonwealth, which led to additional charges being filed against him. McGraw allegedly attempted to show insurance coverage by altering the dates on an actual declarations page from Prime Insurance. As of August 2007, Pro Guard was still operating in Philadelphia allegedly without workers' compensation insurance. Kennedy is charged with 737 misdemeanor counts of Failure to Carry Workers' Compensation Insurance, one for each day the company was without insurance while he was involved with the business. McGraw is charged with one felony count of Forgery, one misdemeanor count of Insurance Fraud, one misdemeanor count of Unsworn Falsification to Authorities, one misdemeanor count of Tampering With or Fabricating Physical Evidence, 1,086 felony counts of Failure to Carry Workers' Compensation Insurance, and 1,086 misdemeanor counts of Failure to Carry Workers' Compensation Insurance.
- On September 26, 2007, Michael Mallon and Lisa Saltzman were arrested in Montgomery County. According to the Criminal Complaint, Mallon was employed by Solomon Edwards and added Saltzman to his company insurance as a dependant misrepresenting that they were married. Benefit Concepts

paid out over \$12,000 for services and prescriptions obtained by Saltzman. It is alleged that Mallon and Saltzman were never married. Michael Mallon and Lisa Saltzman have been charged with one count of Insurance Fraud (F3), one count of Theft by Deception (F3) and one count of Criminal Conspiracy (F3).

- On September 20, 2007, Susan Crawford was arrested in Chester County. According to the Criminal Complaint, Crawford filed a claim with Liberty Mutual Insurance Company stating that she slipped and fell at the Cropper's Market in Downingtown. Crawford submitted a receipt for \$4,709.45 for treatment at the Brandywine Hospital and wage loss documentation from Maid in Heaven claiming she missed seven weeks of work at \$650/week. It is alleged that Crawford did not miss seven weeks of work at \$650/week and that the wage loss documentation submitted to Liberty Mutual was forged. Crawford has been charged with one count of Insurance Fraud (F3), one count of Criminal Attempt/Theft by Deception (F3) and one count of Forgery (M1).
- On September 4, 2007, Dana Mufti was arrested in Allegheny County. According to the Criminal Complaint, Mufti filed a medical and wage loss claim with Infinity Insurance Company following a vehicle accident. Mufti submitted pay stubs and a note purportedly from Premier Walls and Patio stating she missed work. It is alleged that Mufti did not work at Premier Walls and Patio at any time and that the pay stubs and note were forged. Mufti has been charged with one count of Insurance Fraud (F3), one count of Criminal Attempt/Theft by Deception (F3) and one count of Forgery (M1).
- On September 27, 2007, Sean Braithwaite was arrested in Allegheny County. According to the Criminal Complaint, Braithwaite filed a claim with State Farm Insurance Company for a lost diamond engagement ring. State Farm requested a receipt for proof of



purchase of the ring. It is alleged that Braithwaite purchased another ring, altered the date of the receipt and submitted the forged document to State Farm. Braithwaite 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 September 6, 2007, James Tate was arrested in Dauphin County. According to the Criminal Complaint, Tate is the funeral director of the Major Winfield Funeral Home and as such, filed a fraudulent insurance claim with the Cincinnati Insurance Company. Tate submitted insurance claim forms reassigning life insurance benefits from a designated beneficiary to the Winfield Funeral Home. It is alleged that the designated beneficiary was deceased at the time. Tate has been charged with one count of Insurance Fraud (F3), one count of Theft by Deception (M1) and one count of Forgery (F3).
- On September 5, 2007, Jessica Glass was arrested in Fulton County. According to the Criminal Complaint, Glass provided false information to the Progressive Insurance Company that she was the driver of a vehicle at the time of an accident. It is alleged that another individual, who was listed as an excluded driver under the owner's policy, was operating the vehicle at the time of the accident. Glass was offered payment by the driver to provide the false information. Glass has been charged with two counts of Insurance Fraud (F3), one count of Criminal Attempt/ Theft by Deception (F3) and one count of Criminal Conspiracy.

Conspiracy (F3) and Forgery (M1) in Allegheny County. Bradley and Capone printed fraudulent prescriptions for Oxycontin and Oxycodone and used the insurance information of individuals they had made dependent on the drug. Pietroboni and Treese allowed their insurance information to be used in fraudulently obtaining the drugs. Fraudulent prescriptions were billed to Highmark, Department of Public Welfare, Caremark, Paid Prescriptions, Express Script and Merc Medco in excess of \$70,000. Bradley and Capone were sentenced to serve 5 to 10 years incarceration and ordered to pay \$68,127.13 in restitution and all court costs. Treese was sentenced to serve 18 to 36 months incarceration, 4 years consecutive probation, ordered to undergo drug and alcohol evaluation and treatment and ordered to pay \$4,159.82 in restitution and all court costs. Pietroboni was sentenced to serve 2 years probation, ordered to undergo drug and alcohol evaluation and treatment and ordered to pay \$8,409.43 in restitution and all court costs.

- Dominic Abbott pled guilty to eleven counts of Insurance Fraud (F3), eleven counts of Act 64 Violations (F), three counts of Theft by Deception (F3 & M1) and one count of Forgery (M1) in Allegheny County. Abbott was



passing forged scripts of Dr. Gilchrist for Oxycontin and Oxycodone. Abbott began obtaining insurance information from friends and family and used it to pay for the Oxycontin. Abbott asked other individuals to assist him in passing the scripts and they obtained a portion of the pills for their assistance. Abbott was sentenced to serve 2 to 4 years incarceration, 4 years consecutive probation and ordered to pay \$5,825.33 restitution and all court costs.

- Chad Dickson pled guilty to one count of Insurance Fraud (F3) in Cambria County. Dickson was involved in an automobile accident and received payment from the Safeco Insurance Company. After



Insurance Fraud Cheats Get Jail Time

- Danny Pietroboni, Bernice Bradley, Francis Capone and Jason Treese pled guilty to Insurance Fraud (F3), Medicaid Fraud (F3), Act 64 Violations (F), Theft by Deception (F3),

incarceration, Dickson submitted forged medical invoices that purported to show that he received additional medical treatment. Safeco paid Dickson additional benefits before determining that the documents were not authentic. Dickson was sentenced to serve 1 to 2 years incarceration and ordered to pay restitution of \$942.52 and all court costs.

- Jeffrey Moser pled guilty to one count of Insurance Fraud (F3) in York County. During January and February 2006, Moser made false statements to Donegal Mutual Insurance Company in support of a claim that his Jaguar's transmission was damaged during an accident at a York County construction site when in fact, service records showed that the transmission problem predated the accident. Moser was sentenced to serve 3 to 23 months incarceration and ordered to pay all court costs.

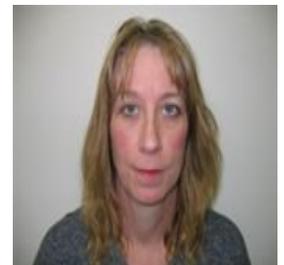


Additional Convictions

- On September 18, 2007, Cyndale, Inc. pled guilty to thirteen counts of Failure to Carry Workers' Compensation Insurance (M3) in Bucks County. Cyndale, Inc., d/b/a Apple-Jack Bar and Restaurant, is a company located in Point Pleasant. Records from the Pennsylvania Department of State confirmed that from January 1, 2002 through January 28, 2003, Cyndale, Inc. operated without the required workers' compensation coverage. During this time period, a cook for the bar and restaurant sustained injuries to both of her feet and did not receive workers' compensation benefits nor were her medical bills paid. Cyndale, Inc. was sentenced to pay \$70,000 in restitution, and ordered to pay a fine of \$6,000 and all court costs.
- On September 13, 2007, Jose Torres pled guilty to ten counts of Failure of Employer to Carry Workers' Compensation Insurance (M3) in Philadelphia County. As of August 20, 2004, Torres was a corporate officer and stockholder of the Broad Street Sports Bar. In December of 2002, Torres hired an

employee to work at the Broad Street Sports Bar and on February 23, 2003, the employee was shot and sustained other injuries. The injured employee filed a claim for workers' compensation benefits but no amounts have been paid to the employee or any of his medical providers because Torres did not obtain Workers' Compensation Insurance for December 2002, and parts of 2003 and 2004. Jose Torres was sentenced to serve 5 years probation and ordered to perform 200 hours of community service and to pay restitution of \$7,500 and all court costs.

- On September 7, 2007, Joseph Pozzi pled guilty to one count of Insurance Fraud (F3) in Washington County. Pozzi is a chiropractor with an office in Donora. Pozzi fraudulently billed Progressive Insurance Company for approximately eighty office visits for five individuals and obtained in excess of \$6,000 to which he was not entitled. Pozzi was sentenced to serve 3 years probation and ordered to pay \$6,316.60 in restitution and all court costs.
- Philip Augustine pled guilty to one count of Theft by Deception (M1) in Philadelphia County. Augustine filed a fraudulent claim with Chubb Insurance alleging that another car bumped his minivan and then fled causing extensive damage to the van and injuries to him and his five passengers. The van actually received only minor scratches on the bumper. Augustine was sentenced to serve 3 years probation and ordered to perform 100 hours of community service and to pay restitution of \$4,960.52 and all court costs.
- Colleen Marsteller pled guilty to one count of Theft by Deception (M1) in Bradford County. Marsteller filed a false police report and a fraudulent vehicle theft insurance claim with Allstate Insurance Company stating that her 1998 Jeep Cherokee had been stolen. Marsteller actually damaged her Jeep in an accident and then pushed it over an embankment instead of reporting the accident. Marsteller was sentenced to serve 3 years probation and



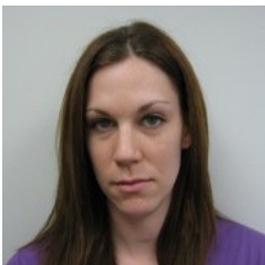
ordered to perform 100 hours of community service and to pay restitution of \$4,960.52 and all court costs.

- On September 10, 2007, Donna Murray pled nolo contendere to one count of Insurance Fraud (F3) in Chester County. Murray reported to the Progressive



Insurance Company that she was involved in a motor vehicle accident when she hit a deer causing in excess of \$3,600 damage to her car. Progressive informed Murray that her coverage lapsed and she would not be covered. Murray paid to have her insurance reinstated and the following day reported another accident claiming to have hit another deer with the same car. Murray stated that the first accident caused minor damage and the second accident caused significant damage. Murray was sentenced to serve 2 years probation and ordered to perform 50 hours of community service, pay a fine of \$250 and all court costs.

- On September 25, 2007, Timothy Jennings pled guilty to one count of Theft by Failure to Make Required Disposition of Funds (M1) in Philadelphia County. Jennings requested policy payments be made directly to him rather than the insurance company. Jennings was then to forward the money to the insurance company on behalf of the client. Jennings collected several payments but never forwarded the money to Penn National Insurance Company. Jennings used the premium money to pay for his daughter's college after declaring bankruptcy. Jennings was sentenced to serve 2 years probation and ordered to pay restitution and all court costs.



- On September 10, 2007, Laura Shultz pled guilty to one count of Insurance Fraud (F3) in Chester County. Shultz filed an automobile

insurance claim with the Progressive Insurance Company stating that she was driving her vehicle and was involved in an accident. Shultz' husband, an excluded driver on the insurance policy, was actually driving the vehicle when the accident occurred. Shultz was sentenced to serve 2 years probation and ordered to perform 50 hours of community service and to pay a fine of \$350 and all court costs.

(ARD) DISPOSITIONS

During the month of September, 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.

For more information on the Insurance Fraud Section, log on to: www.attorneygeneral.gov

TRAINING:

The Office of Attorney General's Insurance Fraud Section would be happy to provide any insurance company with information and/or training in the fraud referral process.

Our personnel will gladly provide your company with insight into our referral evaluation process, including the type of evidence we look for, how we determine which referrals warrant further investigation, etc.

If you would like more information on how we can help you in the fight against fraud, please contact Eileen K. Gearhart at egearhart@attorneygeneral.gov. Please be sure to include your full name, company and contact information.