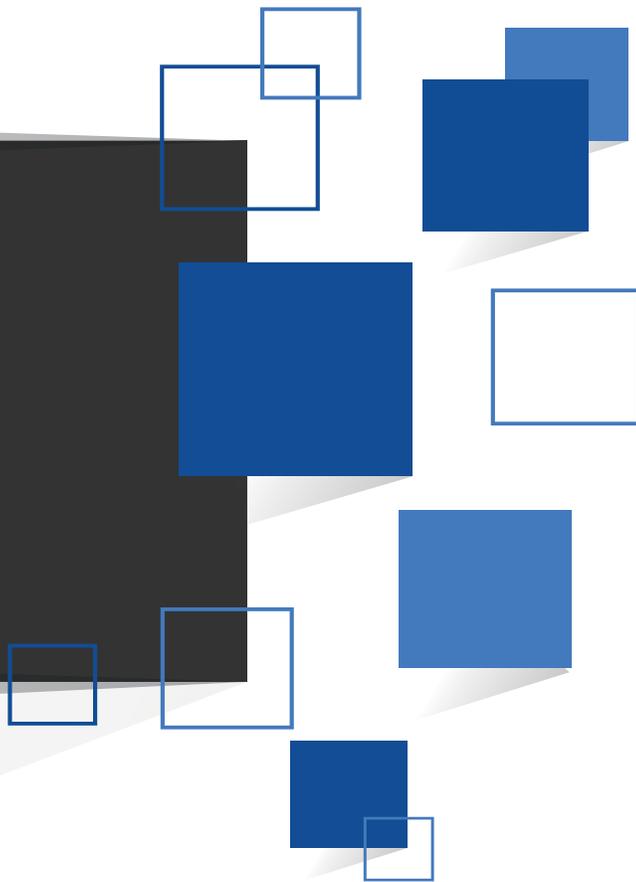


# Fraud Unit Annual Report Fiscal Year 2021



Texas Department of Insurance  
[tdi.texas.gov](http://tdi.texas.gov)

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## Overview

The Texas Department of Insurance (TDI) Fraud Unit protects the public from economic harm by investigating and prosecuting insurance fraud. Responsibilities include:

- Investigating allegations of fraud and working with other law enforcement agencies and prosecutors to indict and prosecute offenders in Texas.
- Educating the public about fraud and how to report and avoid it.
- Helping consumers and local officials identify and prevent potential fraud after disasters.
- Sharing knowledge and experience to help law enforcement, prosecutors, and the industry successfully investigate and prosecute insurance fraud.

## Organization

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### Criminal investigators

The unit's investigators are licensed state peace officers who resolve allegations of insurance fraud. Types of fraud investigated include:

- Corrupt insurance agents stealing premiums, fraudulently obtaining commissions, and committing forgery.
- Insurance adjusters defrauding consumers and insurance companies.
- People staging accidents and committing claim fraud.
- Doctors and health care providers submitting fraudulent bills.

### Fraud prosecutors

The unit's prosecutors are special assistant district attorneys in the Bexar, Dallas, Harris, Tarrant, and Travis county district attorney offices. They prosecute insurance fraud cases referred by the unit's investigators and other law enforcement agencies.

### Administrative operations

Administrative staff provide wide-ranging support. Intake analysts review incoming fraud reports. Criminal analysts collect and analyze data to support investigators and prosecutors. A forensic accountant provides expert analysis of financial records. Other administrative staff respond to open records requests; maintain files, equipment, and supplies; create subpoenas; secure evidence; and track the progress of referred cases and prosecutions.

## Case highlights

As a result of COVID-19 restrictions in 2021, courts across Texas were operating under reduced hours and mostly by virtual court settings. This caused delays in insurance fraud prosecutions and affected Fraud Unit key statistics related to case dispositions.

Over the course of fiscal year 2021, the Fraud Unit referred 106 offenses for prosecution. Thirty-eight people were indicted and 32 cases were adjudicated. The following are the three most significant cases.

### Ellis County nurse practitioner gets 20 years in prison

In the United States District Court, Northern District of Texas, Trivikram Reddy pleaded guilty to the federal offense of conspiracy to commit wire fraud. Reddy was a licensed nurse practitioner who owned and operated medical clinics in Ellis County. The clinics submitted false and fraudulent claims defrauding insurance companies. Reddy was convicted and sentenced to 20 years in federal prison and ordered to pay \$52.8 million in restitution. The Fraud Unit received a national award for its work on this case. See details on page 4.



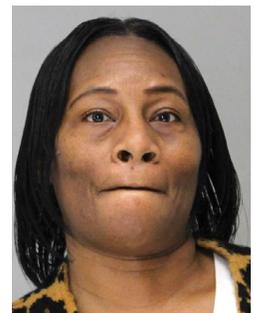
### Fort Bend County medical assistant ordered to pay restitution

In Fort Bend County, Samuel Garza was placed on 10 years' deferred adjudication after pleading guilty to first degree felony theft of more than \$410,000. Garza was a medical assistant that filed fraudulent claims for medical services that were never rendered. As a condition of the plea, \$250,000 in restitution was paid up front and an additional \$160,000 was ordered to be paid throughout his 10-year probationary sentence.



### Dallas County woman found guilty of insurance fraud

In Dallas County, Lea Fuller pleaded guilty to a first-degree felony offense of insurance fraud. Fuller submitted multiple fraudulent claims to her insurer alleging dismemberment of her hand and foot. After an original claim was paid for the loss of use of her hand, a subsequent claim for loss of the use of her foot raised red flags. After an investigation, it was discovered that Fuller had not lost use of her hand or foot in the alleged accidents. Fuller was convicted and sentenced to 10 years' incarceration, probated for a 10-year period. She agreed to repay full restitution of \$151,250 as part of a plea.



## Key statistics

### Key statistics by fiscal year

Type	2017	2018	2019	2020	2021
Fraud reports	12,607	13,395	14,465	14,180	14,645
Investigations resolved	424	284	302	246	193
Suspects indicted	100	79	76	32	38
Restitution ordered	\$2.3 M	\$13.6 M	\$1.7 M	\$11.6 M	\$53.8 M

### Investigations

In FY 2021, the unit worked on 391 criminal investigations. At the end of the year, the unit had 184 pending investigations in 85 cities and 44 counties across Texas.

### Court dispositions

In FY 2021, 32 case dispositions resulted in the following sentences and court orders:

- 22 years in jail
- 45 years of probation
- 75 years of deferred adjudications
- 2,160 hours of community service
- \$14,500 in fines

## Accomplishments

### SIRIS Investigation of the Year Award

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The National Health Care Anti-Fraud Association awarded the Special Investigation Resource and Intelligence System (SIRIS) Investigation of the Year Award to TDI Fraud Unit Sergeant Gabriel Torres. Sergeant Torres, along with the investigation and prosecution team, received the award for their work in the United States of America v. Trivikram Reddy case. See case highlights on page 2.

### Education and training

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Fraud Unit employees gave 20 presentations at national and regional conferences and provided training to other law enforcement agencies, prosecutors, and lawyers.

### Highlights

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- Discussing COVID-19 fraud trends for the National Association of Insurance Commissioners Antifraud Task Force.
- Meetings with elected officials on insurance fraud issues.

## Legislative recommendation

Texas Insurance Code Section 701.101(c)(2) directs TDI to recommend changes to existing law when a need is identified. The Fraud Unit offers the following suggestion for legislative consideration.

### **Access to stored electronic communication**

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To effectively investigate complex crimes, the TDI Fraud Unit needs access to stored electronic communication information, such as cell phone owner and location information and email account identification. Currently, the Fraud Unit's peace officers are not included in the Code of Criminal Procedure's list of authorized peace officers who may obtain a subpoena or search warrant for stored electronic communications. The unit recommends TDI seek to amend Texas Code of Criminal Procedure, Article 18B.001, to include investigators appointed by the commissioner of insurance under Texas Insurance Code, Chapter 701.



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