

TEXAS DEPARTMENT OF INSURANCE FRAUD UNIT



FY2010 ANNUAL REPORT

Table of Contents

Overview of the Fraud Unit	1
Organizational Chart.....	2
Fraud Report and Case Flow Process	3
Statistics	4
FY 2010 Statistics.....	4
Referrals by Fraud Type	5
Referrals by Fraud Scheme	8
Insurance Fraud Convictions by Type.....	11
Insurance Fraud Convictions by Scheme.....	12
Amount of Fraud Referred for Prosecution.....	13
Referrals and Court Actions	14
Restitution.....	17
Fraud Reports.....	18
Workers' Compensation Statistics.....	22
Fraud Unit Activities.....	23
Top Ten Adjudicated Cases.....	25

Overview

Annual Report Requirement

Texas Insurance Code §701.101 (c) (1) and (2) requires that the Insurance Fraud Unit report annually in writing to the Commissioner the number of cases completed and any recommendations for new regulatory and statutory responses to the types of fraudulent activities encountered by the Insurance Fraud Unit.

This annual report complies with the above provisions and also contains insurance fraud trend data and noteworthy accomplishments.

Overview of the Fraud Unit

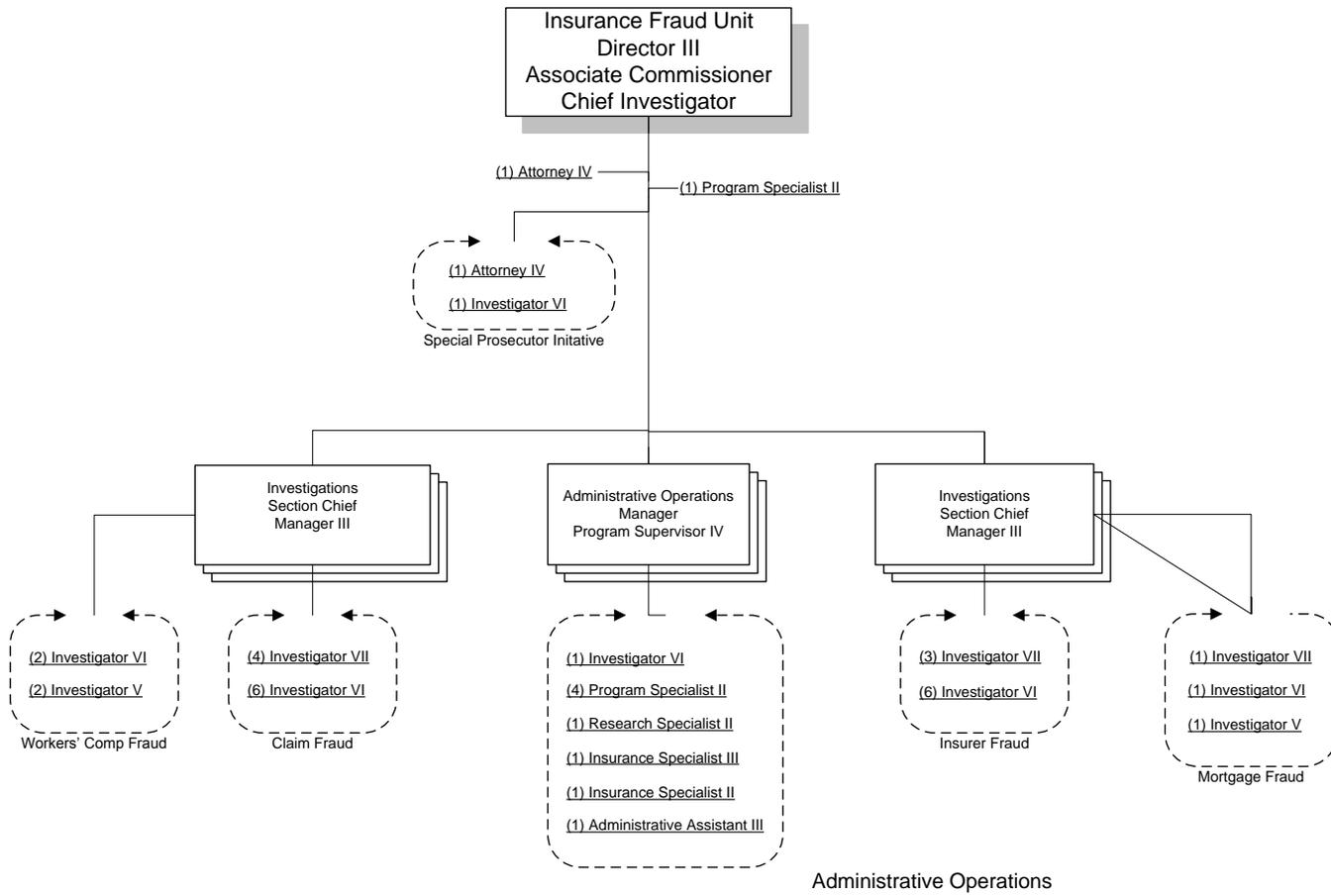
Texas Insurance Code §701.101(a) describes the purpose of the Texas Department of Insurance (TDI) Insurance Fraud Unit, which is to enforce laws relating to fraudulent insurance acts. The unit's responsibilities include receiving and reviewing reports of fraud, initiating inquiries, and conducting investigations when TDI has reason to suspect insurance fraud. In addition, the unit actively seeks criminal indictments, makes arrests, and assists in prosecutions to deter insurance fraud in Texas.

The Fraud Unit receives reports of suspected insurance fraud from insurers and the public. The unit maintains a toll-free Insurance Fraud Hotline (888-327-8818) and an online fraud reporting system on the TDI Fraud website at <http://www.tdi.state.tx.us/fraud/index.html>. Investigations may occur inside or outside of Texas and typically involve one of the following types of fraud:

- claim fraud committed against an insurer
- fraud by TDI licensees against their company or the public
- insurance application fraud
- unauthorized business of insurance, including operating without proper authority or the sale of fraudulent insurance products
- workers' compensation, premium, claim and provider fraud, and
- mortgage fraud committed by a person licensed by TDI.

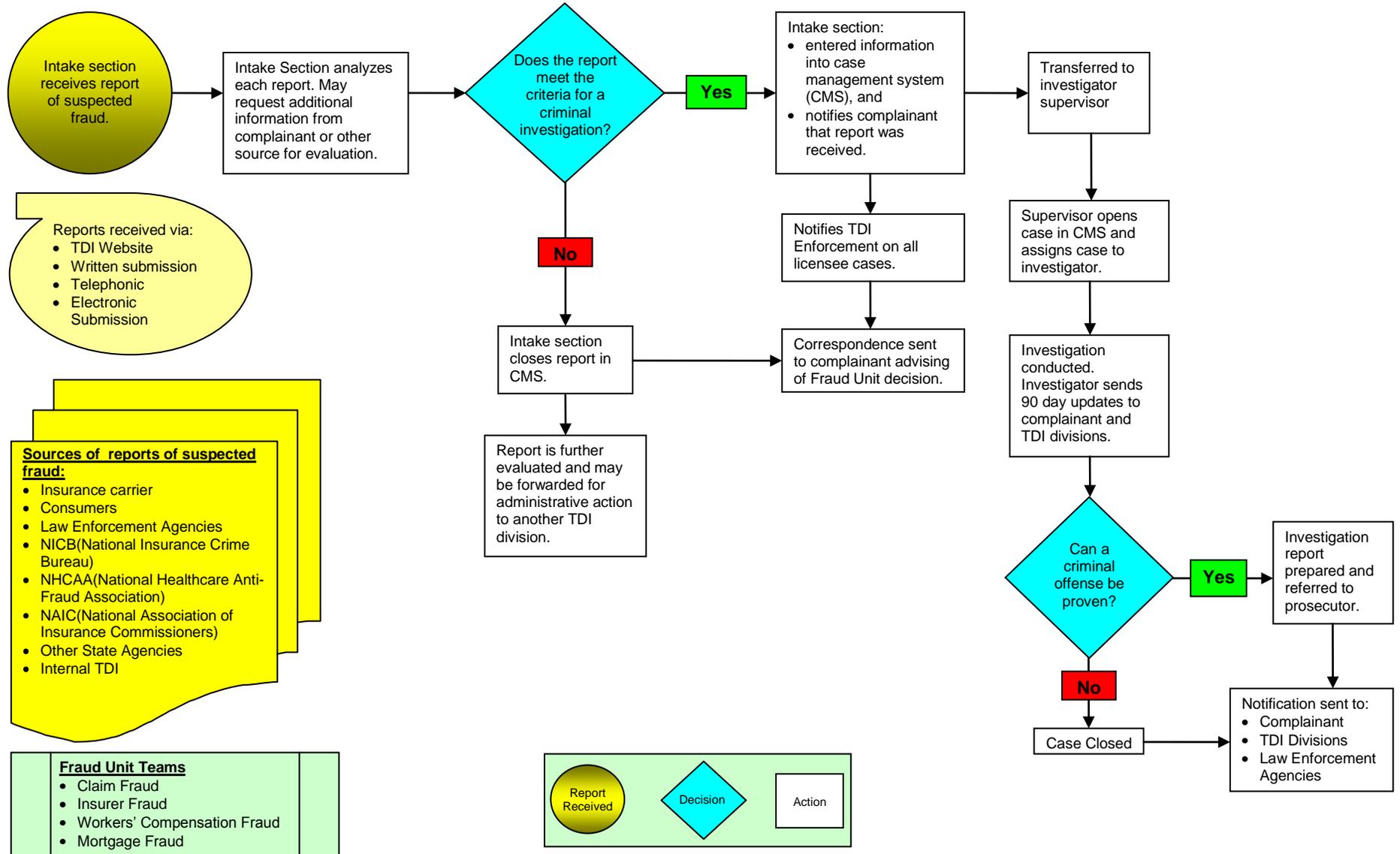
The Fraud Unit is comprised of management, fraud counsel, special prosecutor, investigators, and administrative support. Investigative positions are staffed with commissioned peace officers and civilian investigators. By statute, the Chief Investigator supervises and directs all peace officers and coordinates and oversees all investigations conducted by the Fraud Unit.

**Texas Department of Insurance
 Insurance Fraud Unit
 Organizational Structure**



Administrative Operations

Fraud Report and Case Flow Process



Statistics

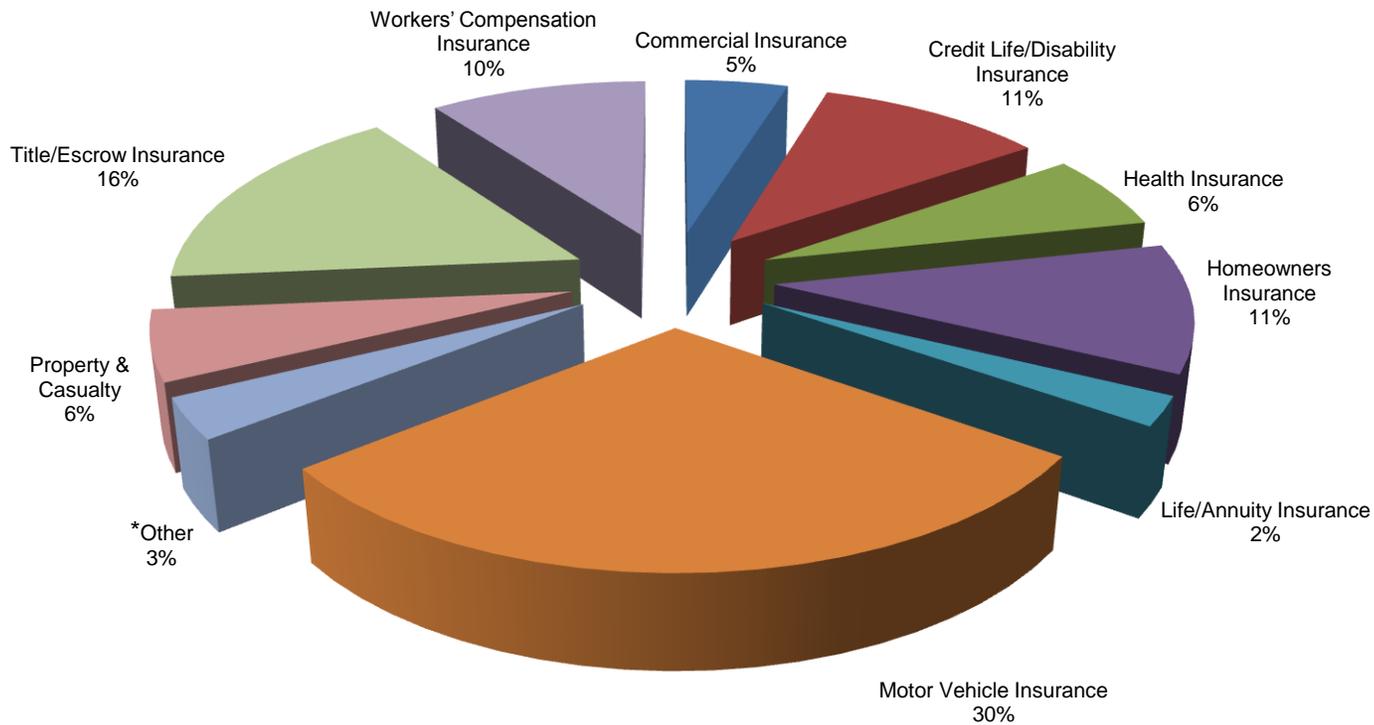
**FY 2010
Statistics**

Fraud reports received	11,823
Calls received via toll-free Insurance Fraud Hotline	4,167
Cases opened for investigation	524
Cases referred for prosecution	208
Amount of fraud identified in referred cases	\$8,280,628
Indictments resulting from investigations	168
Convictions from cases referred	86
Restitution assessed by courts on Fraud Unit cases	\$3,540,854.67
Subpoenas issued	578
Open records requests processed*	126

* Texas Insurance Code §§ 701.151-701.154 provide that information and material acquired by the Fraud Unit is confidential, is not public record, and is not subject to public disclosure. The Fraud Unit staff receives public information act requests and responds in accordance with the requirements of Texas Insurance Code Chapter 701, Texas Government Code Chapter 552, and all applicable law.

Referrals by Fraud Type

FY 2010 Referrals for Prosecution by Fraud Type
208 Total Referrals



* Other Less than <1%

- Casualty Insurance (Plus for-Profit Prep)
- Life, Accident & Health Insurance
- Unauthorized Property & Casualty Insurance

Continued on next page

Referrals by Fraud Type, continued

FY 2008-2010
 Referrals by
 Fraud Type

Fraud Type	FY 2008 (195 Referrals)	FY 2009 (206 Referrals)	FY 2010 (208 Referrals)
Agents License	2%	2%	0%
Casualty Insurance (Plus For-Profit Prepaid Legal)	1%	0%	1%
Commercial Insurance	7%	12%	5%
Credit Life/Disability Insurance	12%	7%	11%
Health Insurance	10%	9%	6%
Homeowners Insurance	3%	18%	11%
Life, Accident & Health Insurance	0%	1%	1%
Life/Annuity Insurance	2%	1%	2%
Motor Vehicle Insurance	30%	22%	30%
Property & Casualty, Non-auto & Homeowner	8%	7%	6%
Title Insurance	1%	7%	16%
Unauthorized Health Insurance	5%	0%	0%
Unauthorized Property & Casualty Insurance	1%	0%	1%
Workers' Compensation Insurance	18%	14%	10%

Analysis of Trends

Three fraud types had significant variances between FY 2009 – FY 2010.

- Homeowners Insurance and Commercial Insurance** – The decline in cases referred for these categories was anticipated. The increase between FY 2008 to FY 2009 is directly attributable to Hurricane Ike related investigations. The subsequent decrease between FY 2009 and FY 2010 is a result of those cases being concluded and returning to a more stable level. During FY 2010, the Fraud Unit continued to receive reports of suspected fraud associated with Hurricane Ike and currently has pending investigations associated with the categories.

Continued on next page

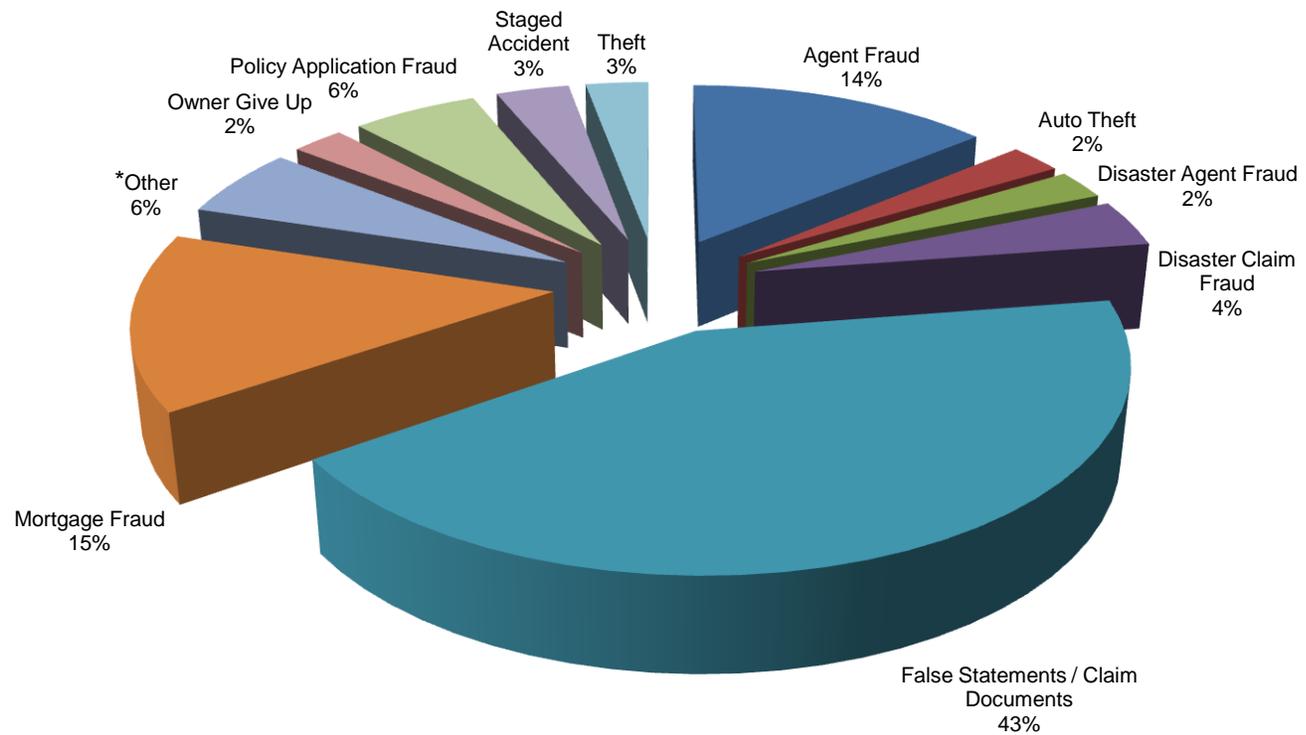
Referrals by Fraud Type, continued

Analysis of Trends, continued

- **Motor Vehicle Insurance** – The number of fraud reports and investigations associated with the suspicious report of personal vehicle theft continues to increase. The term “Owner Give-up” is used by antifraud organizations to describe the scheme associated with a vehicle owner’s intentional destruction or abandonment of their vehicle and subsequent report of a theft. In many of these investigations, vehicles are discovered burned and abandoned in remote areas and or transported to Mexico. In each of these cases, the motivating factor revealed by the vehicle owner was the economy, i.e. loss of job, could no longer afford vehicle payments.
 - **Title Insurance Fraud** – These investigations are related to individuals licensed by TDI who were associated with fraudulent mortgage schemes. Since this type of investigation entails the analysis of voluminous amounts of financial transactions and generally require a year or more to conclude, the percent of referrals will vary from year to year.
-

Referrals by Fraud Scheme

FY 2010 Referrals for Prosecution by Fraud Scheme
 208 Total Referrals



*Other Less than <1%

- Arson for Profit
- Company Employee Fraud
- Escrow/Fee Attorney
- Provider Billing Fraud
- Runner/Capper
- Slip & Fall
- Unlicensed Agent
- Water Damage - HO

Continued on next page

Referrals by Fraud Scheme, continued

FY 2008-2010
 Referrals by
 Fraud Scheme

Fraud Scheme	FY 2008 195 Referrals	FY 2009 206 Referrals	FY 2010 208 Referrals
Adjuster Fraud	1%	1%	0%
Agent Fraud	15%	19%	14%
Arson for Profit	0%	1%	0.5%
Auto Theft	2%	1%	2%
Company Employee Fraud	3%	4%	1%
Disaster Agent Fraud*	NA	5%	2%
Disaster Claim Fraud*	NA	6%	4%
Escrow/Fee Attorney	0%	0%	0.5%
False Statements/Claim Documents	61%	44%	43%
License Application Misrepresentation	2%	1%	0%
Mortgage Fraud	1%	2%	15%
Organized Crime	2%	0%	0%
Owner Give Up**	NA	3%	2%
Paper Accident	1%	0%	0%
Policy Application Fraud	1%	1%	6%
Provider Billing Fraud	1%	5%	1%
Runner/Capper	0%	0%	0.5%
Slip & Fall	1%	2%	1%
Staged Accident	2%	0%	3%
Theft	1%	3%	3%
Unlicensed Agent	2%	1%	1%
Unlicensed Company	4%	0%	0%
Water Damage - HO	0%	0%	0.5%

* Data previously captured under Disaster Fraud, and refined in FY09

** Data previously captured under Auto Theft, and refined in FY09

Analysis of Trends

Four fraud schemes had significant variances between FY 2009 – FY 2010.

- **Agent Fraud** – The five percent decline in cases referred during this fiscal year is directly attributable to the complexity of the investigations and the extensive investigative work necessary to conclude a case for referral. The percent of referrals will vary from year to year.

Continued on next page

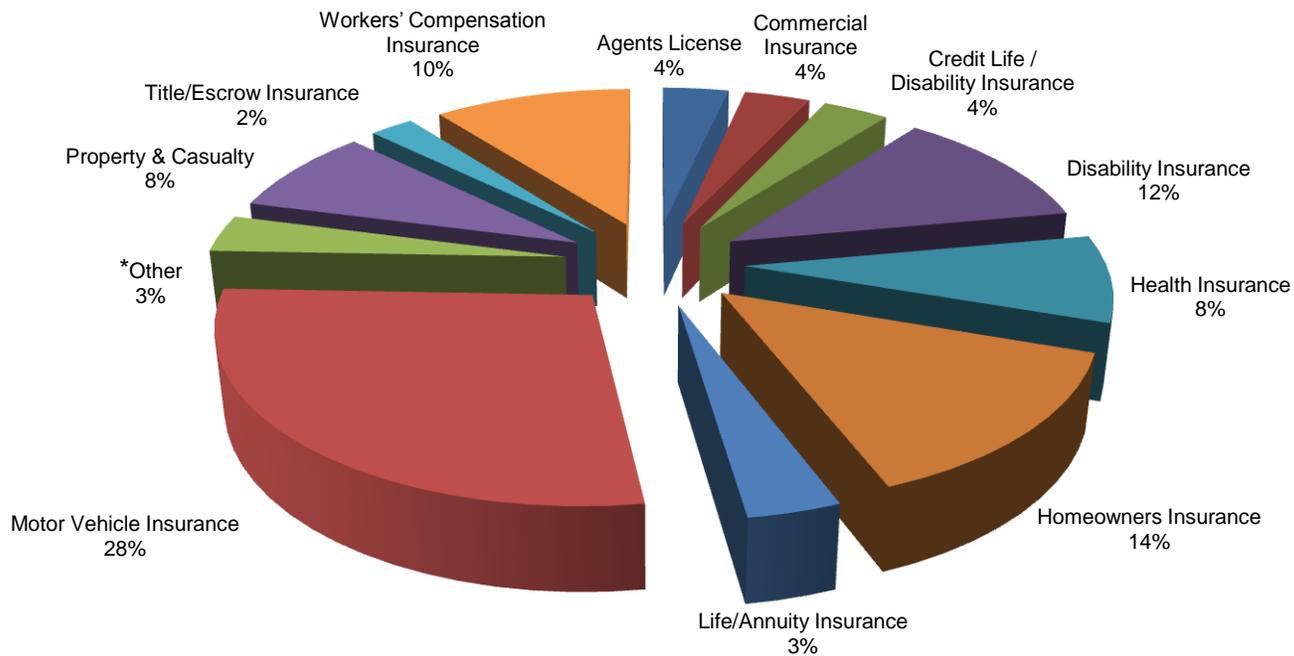
Referrals by Fraud Scheme, continued

Analysis of Trends, continued

- **Mortgage Fraud** – Several ongoing investigations of individuals licensed by TDI were concluded during fiscal year 2010. Since this type of investigation entails analysis of voluminous financial transactions and generally require a year or more to conclude, the percent of referrals will vary from year to year.
 - **Policy Application Fraud** – There has been a noticeable increase in the fraudulent acquisition of motor vehicle insurance. These investigations involve the purchase of a motor vehicle insurance policy after an accident. The vehicle owner intentionally fails to disclose the prior accident in their application and then soon after the policy is issued reports an accident on a date after policy application.
 - **Provider Billing Fraud** – The four percent decline in cases referred during this fiscal year was directly attributable to the complexity of health care investigations and the extensive investigative work necessary to conclude a case for referral. The percent of referrals will vary from year to year.
 - **Staged Accident** – This type of fraudulent motor vehicle claim investigations will vary from year to year due to their complexity and number of individuals associated with the accident. These are cases involving the intentional destruction of a vehicle and sometimes involving innocent third party vehicle operators.
-

Insurance Fraud Convictions by Type

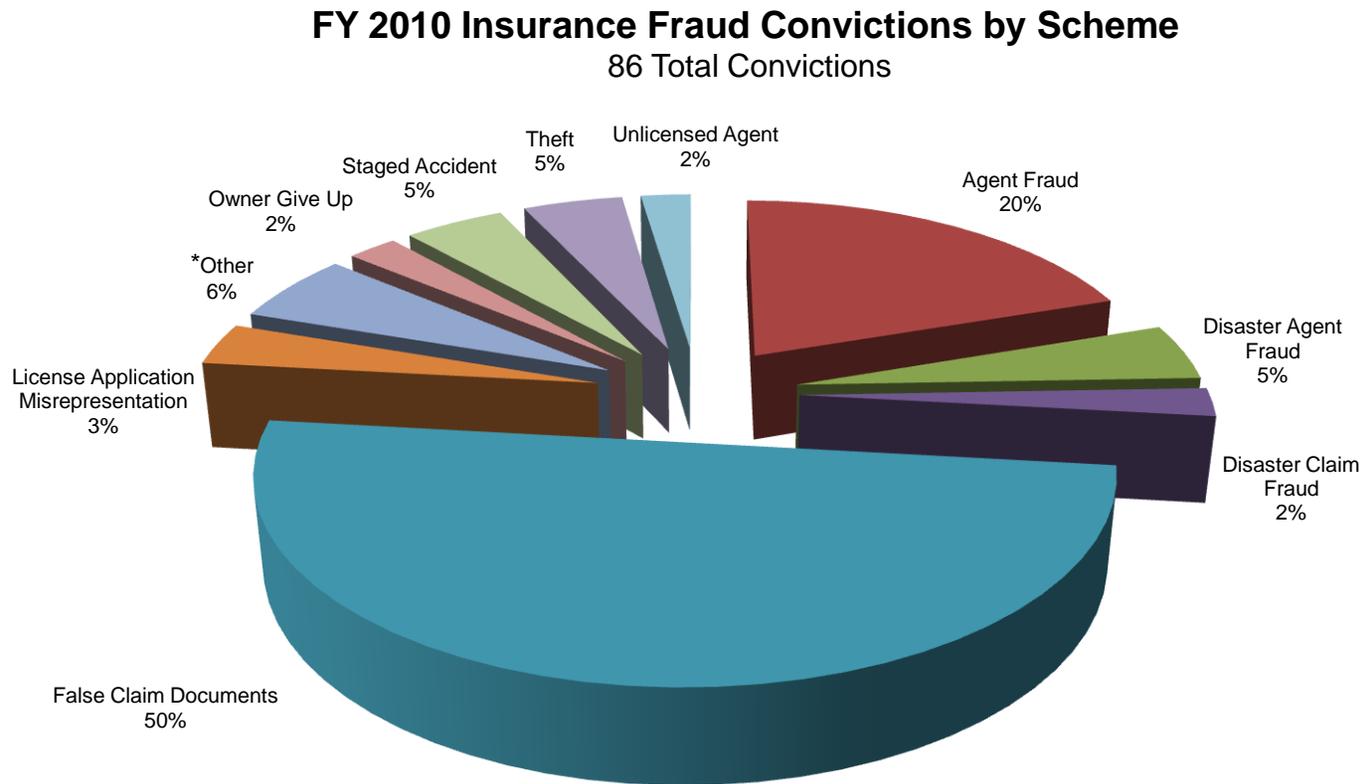
FY 2010 Insurance Fraud Convictions by Type
86 Total Convictions



*Other less than <1%

- Life, Accident & Health Insurance
 - Unauthorized Health Insurance
 - Unauthorized Property & Casualty Insurance
-

Insurance Fraud Convictions by Scheme

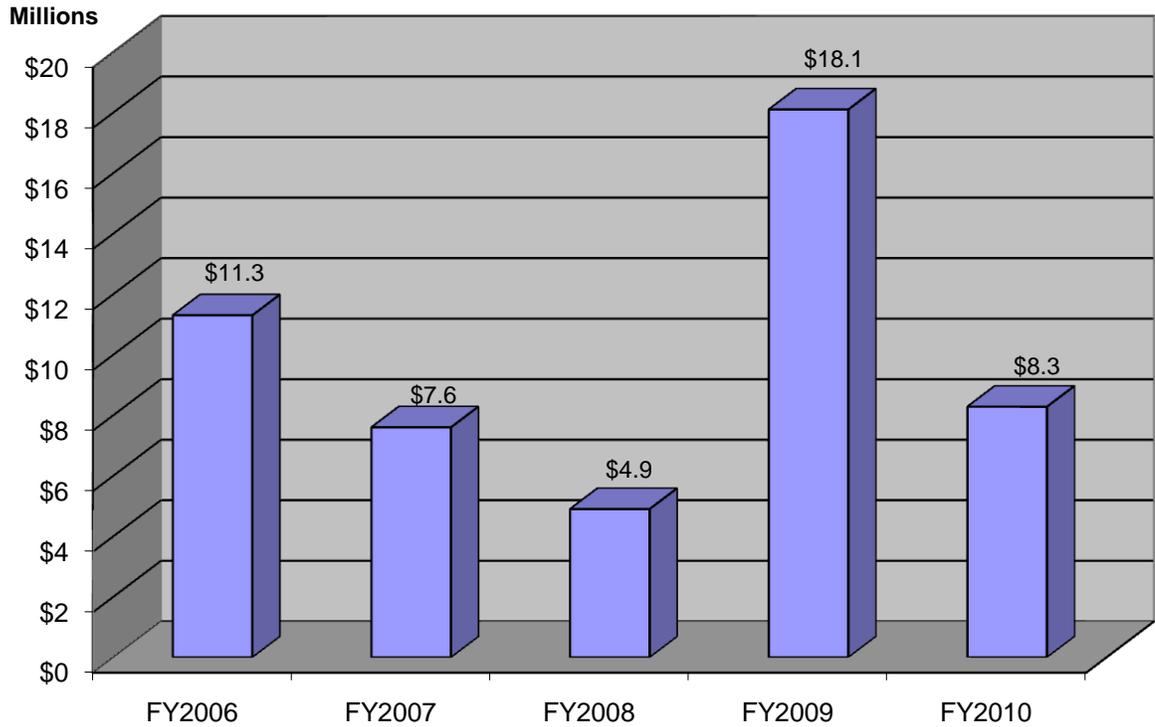


*Other less than <1%

- Escrow/Fee Attorney
- Mortgage Fraud
- Paper Accident
- Provider Billing Fraud
- Slip & Fall

Amount of Fraud Referred for Prosecution

FY 2006- FY 2010 Dollar Amount of Fraud Identified in Referrals



Analysis of Trends

The size of an insurance fraud investigation and the dollar amount of fraud referred for prosecution may vary from one fiscal year to another. The dollar amount of fraud referred is limited to the total amount of fraud committed in conjunction with a scheme or continuing course of conduct for all parties involved in an insurance fraud case.

Referrals and Court Actions

FY 2010 Referrals and Court Actions by County	County*	Referred	Indicted	Convictions
	Austin	0	2	1
	Bexar	13	8	5
	Bowie	0	1	0
	Brazoria	2	3	1
	Brazos	1	0	1
	Cameron	0	1	0
	Chambers	2	1	0
	Collin	18	5	1
	Comal	1	0	0
	Cooke	2	1	1
	Dallas	27	36	11
	Denton	1	2	2
	El Paso	0	1	0
	Ellis	3	4	1
	Federal Bureau of Investigations	13	0	0
	Fort Bend	6	6	2
	Galveston	3	2	0
	Harris	47	46	28
	Haskell	0	1	1
	Hays	1	0	1
	Hidalgo	2	3	2
	Hunt	0	0	1
	Jasper	0	0	1
	Jefferson	0	1	0
	Johnson	1	0	1
	Kaufman	4	0	0
	Kerr	1	1	0
	Lamb	0	0	1
	Liberty	0	1	0
	Lubbock	0	1	1
	McLennan	1	0	0
	Montague	1	0	0
	Montgomery	0	2	1
	Nacogdoches	0	4	1
	Nueces	2	1	0
	Parker	1	0	0
	Randall	1	1	0
	Reeves	0	1	1
	San Augustine	1	0	0
	San Patricio	1	0	0
	Smith	3	0	0
	Tarrant	10	6	4
	Travis	21	15	12
	Tyler	2	0	0

Continued on next page

Referrals and Court Actions, continued

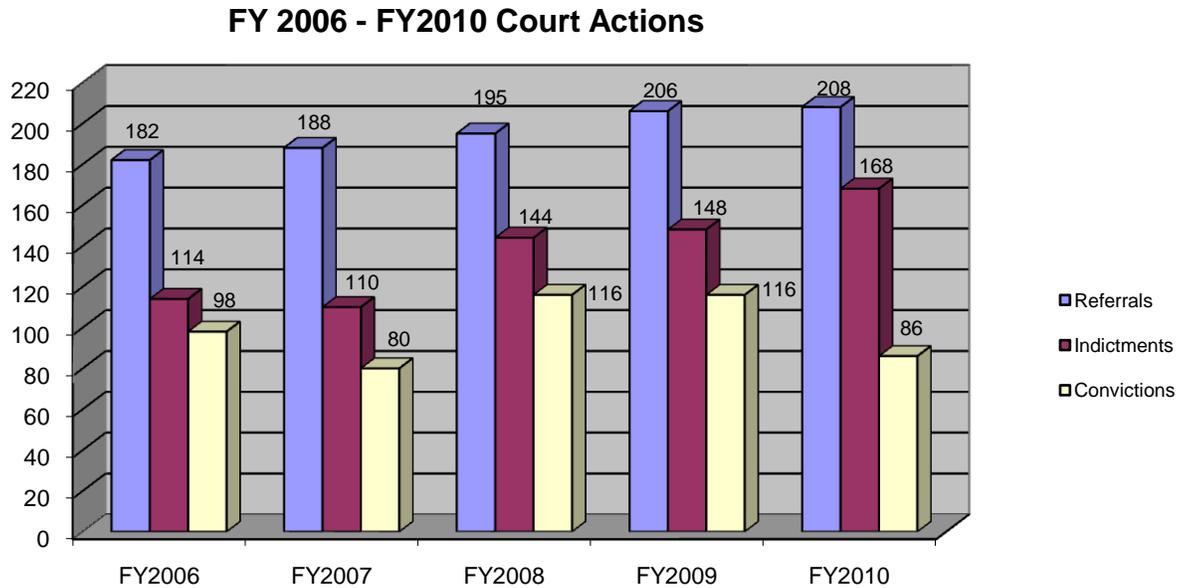
FY 2010 Referrals and Court Actions by County, continued	County*	Referred	Indicted	Convictions
	Upshur	1	0	0
	U.S. Attorney - Southern District	3	1	0
	U.S. Postal Inspector	1	0	0
	Uvalde	0	0	2
	Val Verde	1	0	0
	Victoria	1	1	0
	Walker	0	0	1
	Waller	0	1	0
	Webb	3	4	0
	Wichita	1	1	1
	Williamson	2	3	0
	Wilson	2	0	0
	Zavala	1	0	0
	Fiscal Year Totals**	208	168	86

* The Fraud Unit may refer cases to any one of the 254 county district attorney's offices where venue is appropriate. The Fraud Unit may also refer to one of the four U.S. Attorney offices in Texas.

**Data is a result of current and prior year referrals.

Continued on next page

Referrals and Court Actions, continued

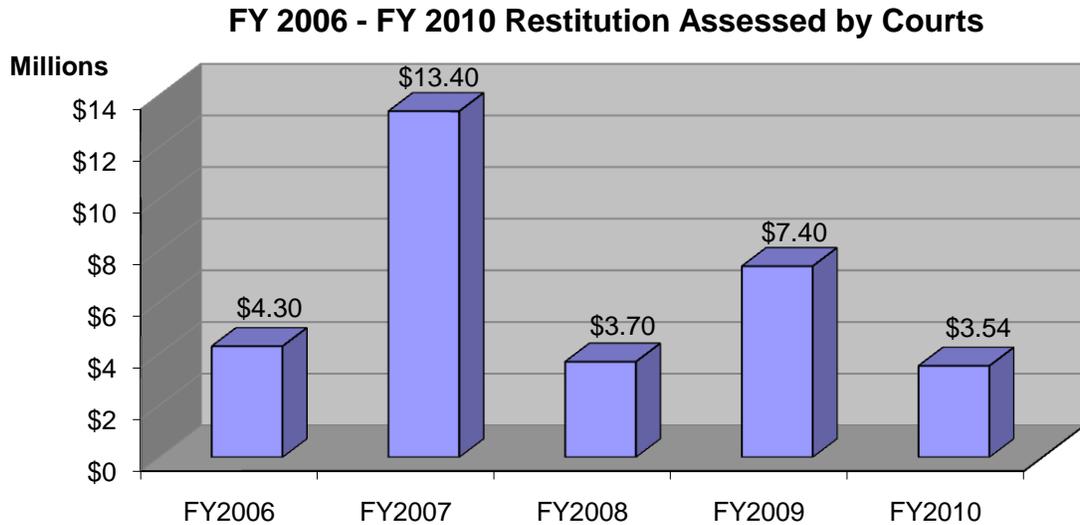


Analysis of Trends

Referral data during the previous five fiscal years varies only slightly each year and is primarily the result of individual investigator performance. Since staffing levels have remained stable, it is anticipated the outcome for fiscal year 2011 will be similar.

Indictment and Conviction data will vary from year to year since those actions are directly the result of actions by prosecuting agencies.

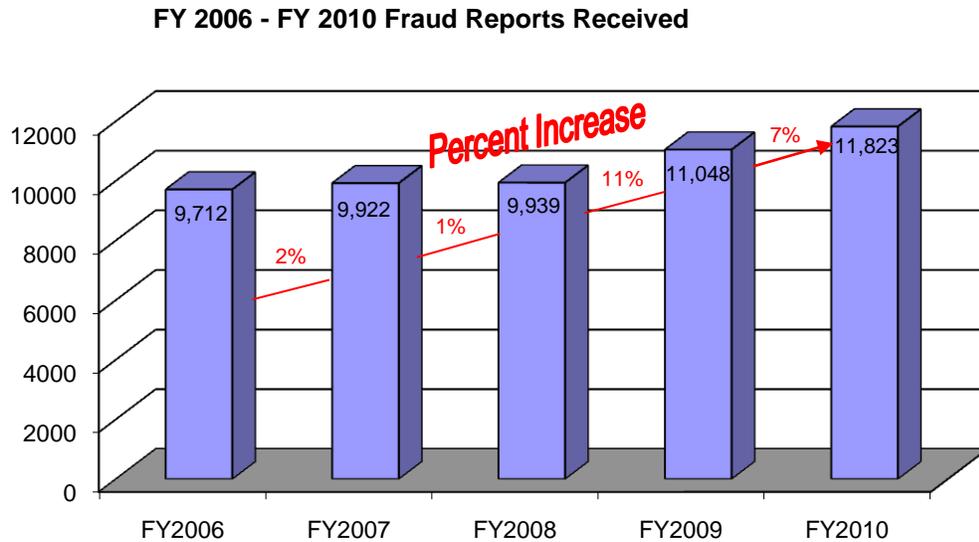
Restitution



Analysis of Trends

Restitution in criminal insurance fraud cases is assessed by the courts, usually at the request of the prosecutor. The dollar amount of restitution will vary by year and is attributable to the total amount of fraud identified in adjudicated cases. The Fraud Unit provides prosecuting entities with data to assist the courts with appropriately assessing restitution to victims of insurance fraud.

Fraud Reports



Analysis of Trends

The increase between FY 2008 and FY 2009 is attributable to Hurricane Ike fraudulent claims and fraudulent insurance acts driven by the economic downturn. The Fraud Unit continues to promote investigator and consumer outreach liaison activities to encourage insurance fraud reporting by insurers and the public.

Elements of a Comprehensive Suspected Fraud Report

Texas Insurance Code §701.051 requires that a fraudulent insurance act be reported in writing. A comprehensive report will enhance the potential for a Fraud Unit investigation. To encourage comprehensive fraud reporting, the Fraud Unit began including *Elements of a Comprehensive Suspected Fraud Report* (see page 19) in each acknowledgement letter sent to complainants. These tips are also posted on the Fraud Unit website.

Continued on next page

Fraud Reports, continued

**Elements of a
Comprehensive
Suspected Fraud
Report, continued**

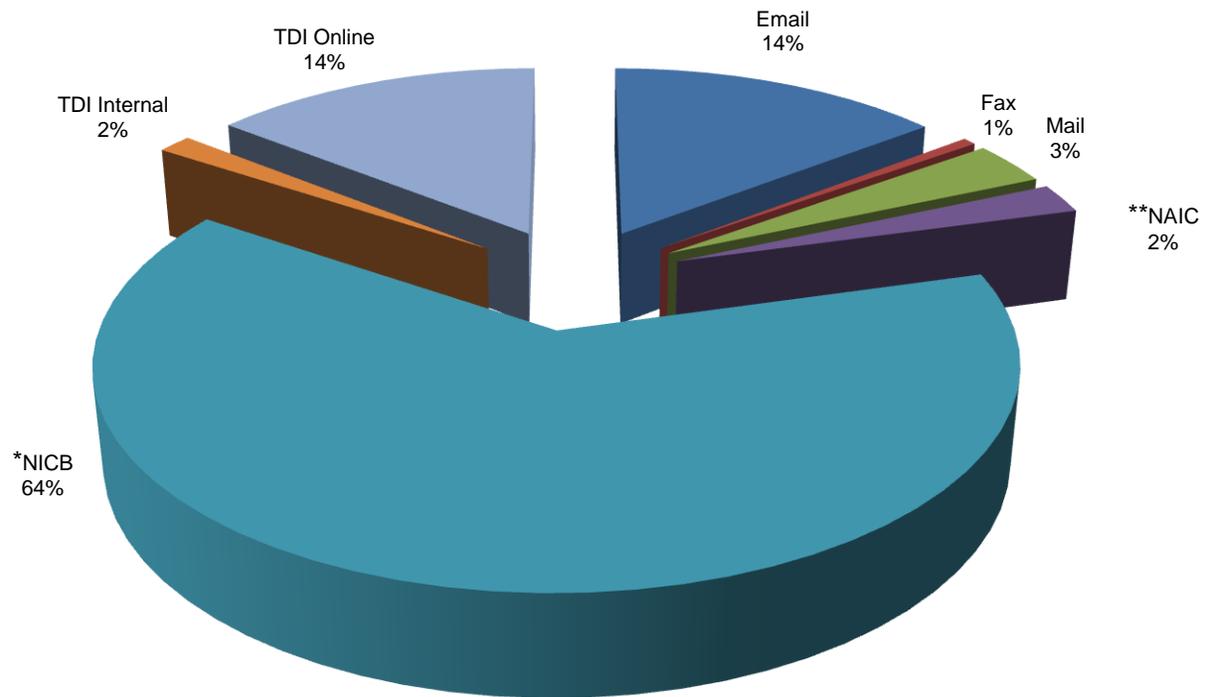
The report of suspected fraud should include the following information:

- **Names** of persons and entities involved in the fraudulent act.
 - *Provide as much identifying information for all persons involved, include names, addresses, telephone numbers, driver's license numbers. If a company or other entity is involved, please provide the name and address and names of any involved officers, directors, owners, or responsible parties.*
 - *Provide details for vehicles, personal or real property, injuries, providers, etc.*
- **Date(s)** when the fraudulent act **occurred**, or date(s) when the claim was reported and how the fraudulent act or claim was reported to your company.
- Information regarding the claim. Include **dollar amounts**, whether the claim was paid, denied, or is pending. **(Required in criminal cases, Penal Code 35.02)**
- **Location** where the fraudulent act **occurred**. Include the address, city, county and state.
- **Location** where the claim was initially **reported**. Include the address, city, county and state.
- A detailed description of **any efforts to contact all parties involved** in the fraudulent act, include dates, names and contact information.
- A detailed description of **why you suspect** the claim or act is fraudulent.
- A description of all **documents, evidence, or information** to support allegations that a fraudulent act has occurred.
- Information regarding reports that may have been made to other law enforcement agencies or NICB
- A list and brief description of any recorded transcripts, statements, video or audio interview, examination under oath, etc.
- **Your contact information**. Include telephone number, address, place of employment and job title, email, and best time to contact you.
- Any other information you think is important for us to know.

Continued on next page

Fraud Reports, continued

FY 2010 Fraud Reports Received by Method Reported
11,823 Total Reports



* NICB – National Insurance Crime Bureau

** NAIC – National Association of Insurance Commissioners

Continued on next page

Fraud Reports, continued

Fraud Report Schemes

The Fraud Unit received 11,021 reports of suspected insurance fraud in FY 2009 and 11,823 in FY 2010. The chart below shows the different fraud schemes of the reports with a comparison between the past two years.

Fraud Scheme	FY 2009	FY 2010
Adjuster Fraud	0.47%	0.26%
Agent Fraud	3.71%	2.52%
Arson for Profit	1.94%	1.67%
Auto Body Shop Fraud	0.78%	0.79%
Auto Burglary	N/A	1.33%
Auto Theft	8.83%	7.81%
Company Employee Fraud	1.02%	1.22%
Company Officer Fraud	0.57%	0.58%
Disaster Adjuster Fraud	0.21%	0.04%
Disaster Agent Fraud	0.69%	0.03%
Disaster Claim Fraud	3.91%	0.63%
Escrow/Fee Attorney	0.17%	0.10%
Faked Death	0.03%	0.01%
False Billing	0.04%	0.10%
False Claim Documents	44.02%	44.12%
Fictitious Insurance Card	0.56%	0.16%
Fictitious Insurance Certificate	2.81%	0.21%
Inflated Claim	0.02%	4.90%
Mortgage Fraud	3.12%	2.87%
Owner Give Up	3.52%	4.68%
Paper Accident	1.06%	2.76%
Policy Application Fraud	4.57%	5.99%
Premium Fraud	1.08%	1.09%
Provider Billing Fraud	7.96%	6.59%
Runner/Capper	1.45%	1.80%
Slip & Fall	1.47%	1.52%
Soft Tissue Injury	0.94%	0.97%
Staged Accident	2.72%	3.53%
Theft	0.69%	0.85%
Theft from Elderly	0.03%	0.03%
TPA Fraud	0.01%	0.01%
Unknown	0.75%	0.14%
Unlicensed Agent	0.27%	0.30%
Unlicensed Company	0.28%	0.09%
Viatical	0.04%	0.04%
Water Damage - HO	0.29%	0.28%

Workers' Compensation Statistics

Workers' Compensation Statistics

On March 1, 2006, the Commissioner for the Division of Workers' Compensation delegated the responsibility for investigating suspected fraudulent worker's compensation acts to the Fraud Unit. Below is a summary of what the Fraud Unit has accomplished during the past three years.

	FY 2008	FY 2009	FY 2010
Fraud Reports Received	2,097	1,880	2,042
Cases Opened for Investigation	84	72	66
Cases Referred for Prosecution	33	28	21
Amount of Fraud Identified in Referred Cases	\$239,000	\$190,000	\$189,000
Indictments Resulting from investigations	25	22	19
Convictions from Cases Referred	11	20	8
Restitution Assessed by Courts on Fraud Unit Cases	\$101,000	\$4,200,000	\$69,000

Analysis

The decline in the number of cases opened and the number of cases referred is attributable to reports of fraud which do not meet the criteria of a criminal violation.

The dollar amount of fraud referred is tied to the number of referrals and is limited to the total amount of fraud committed in a workers' compensation insurance fraud case and total amount referred may vary from one fiscal year to another.

Court actions are rarely concluded within the same fiscal year that the referral is made. Indictment and conviction data will vary from year to year since those actions are directly the result of actions by prosecuting agencies. The dollar amount of restitution will also vary by year and is attributable to the total amount of fraud identified in adjudicated cases

The Fraud Unit continues its outreach/liaison initiative with prosecuting entities and insurers across Texas to promote comprehensive referrals and positive prosecution results.

Fraud Unit Activities

Noteworthy Accomplishments

In Fiscal Year 2010, the Insurance Fraud Unit:

- Received and analyzed 11,823 suspected insurance fraud reports.
- Opened 524 cases for investigation.
- Through enhanced relationships with state-wide prosecutors, in addition to the efforts of the TDI Fraud Prosecutor, realized 168 indictments, 86 convictions for insurance fraud with restitution, fines, and penalties ordered of \$3.5 million.
- Answered 4,167 toll-free hotline calls for persons to report suspected insurance fraud and callers reporting fraud, waste and abuse at TDI.
- Hosted the 12th Annual Fraud Conference in February 2010 with 282 fraud investigators from state government, law enforcement and the insurance industry in attendance. See speakers on page 24.
- Made 12 public presentations on insurance fraud.
- Fraud Unit investigators made 857 liaison contacts with law enforcement throughout the state.
- Participated in statewide task forces in several metropolitan areas, including Austin, Dallas, Houston, San Antonio, and McAllen.
- Participated in the Texas Committee on Insurance Fraud to address insurance fraud on a united front with industry, law enforcement, other state agencies, legislators and citizen advocate groups.
- Participated in Texas Residential Mortgage Fraud Task Force meetings.
- Renewed a memorandum of understanding with the Dallas County District Attorney's Office for the insurance fraud prosecutor initiative.
- All Fraud Unit attorneys and peace officers completed their legislatively mandated training requirements.

Special Prosecutor Initiative

The TDI Special Prosecutor, through a cooperative agreement with the Dallas County District Attorney's Office, is appointed as an assistant district attorney to prosecute cases referred by the Fraud Unit and assist law enforcement agencies in Dallas County with insurance fraud matter. In FY2010, the Special Prosecutor achieved the following results.

- 58 cases indicted
- 37 cases disposed
- \$16,000 in fines assessed
- \$130,000 in restitution ordered

The above data is inclusive of cases referred by the TDI Fraud Unit and assistance provided to other Dallas area law enforcement agencies.

The disposed cases include dismissals, rejections, plea agreements, or other types of dispositions.

Continued on next page

Fraud Unit Activities, continued

**12th Annual
Fraud
Conference
Speakers**

The 12th Annual Fraud Conference offered a variety of topics, including:

- **Adjuster Fraud Case Study** presented by Kyson Johnson & Jeff Kirk from the Texas Department of Insurance Fraud Unit
 - **Agent Fraud Case Study** presented by Susan Oswalt from the Travis County District Attorney's Office
 - **Arson Investigations in Commercial Structure Fires & K9 Demo** presented by Chris Janssen and Tommy Hubertus from the State Fire Marshal's Office
 - **Case Preparation** presented by Joni Vollman from the Harris County District Attorney's Office
 - **Digital Evidence & Computer Forensics** presented by Les St. James from the Office of the Texas Attorney General
 - **Disability Fraud** presented by Sally Moore from Unum Insurance
 - **Health Care Fraud** presented by Elvis McBride from the Federal Bureau of Investigations
 - **Hurricane Ike: The Regulator's Recap** presented by Audrey Selden from the Texas Department of Insurance Consumer Protection
 - **Marine Theft Identification** presented by Jimmy Laird and Ronald Morris from International Association of Marine Investigators and J-Bar & Associates, Inc.
 - **Mortgage Fraud** presented by Matthew Gravelle from the Federal Bureau of Investigations
 - **National Insurance Crime Bureau** presented by Joseph Wehrle from the National Insurance Crime Bureau
 - **National Legislation** presented by Howard Goldblatt from the Coalition Against Insurance Fraud
 - **Non-Confrontational Interviewing** presented by Dave Zulawski from Wicklander-Zulawski
 - **Severe Weather Across Texas** presented by Monte Oaks from the National Weather Service
 - **Staged Auto Accidents** presented by Frank Quinn and Pete Schneider from the Houston Police Department
 - **Staged Car Fires** presented by Steven Baldassano from the Harris County District Attorney's Office
 - **Texas Department of Insurance Overview** presented by Commissioner Mike Geeslin from the Texas Department of Insurance
 - **The Battle with Telemarketers** presented by Mark Hanna from the Insurance Council of Texas
 - **Video Interviewing** presented by Tom Reilly from the Dallas County Sheriff's Department
 - **Workers' Compensation** presented by Bobby Stokes from Flahive Ogden & Latson
-

FY 2010 Top Ten Adjudicated Cases

Renee Allen

Renee Allen, a formerly licensed insurance escrow officer, pled guilty in Dallas to engaging in Organized Criminal Activity, a 1st degree felony. Allen devised a multi-million dollar mortgage fraud scheme and with the help of others, defrauded buyers, sellers, and lenders to sign or execute real estate settlement documents and money transfers affecting real property in the amount of \$2,221,000.00. The scheme involved fraudulent representations by purported real estate investors who with Allen purchased several homes at below market prices. They recruited non suspecting customers who believed they were purchasing the properties from the builders at a great price when in fact they were paying more for the houses than the builder was selling them for. Allen was sentenced to 120 months deferred adjudication, 320 hours of community service and was ordered to pay \$2,221,900.00 in restitution in Dallas County.

**Negal Dixon
Reado**

Negal Dixon Reado pled guilty to Insurance Fraud in Houston. Reado submitted fraudulent claim forms to his insurer for injuries sustained in an alleged motor vehicle accident. Reado was sentenced to 120 months deferred adjudication, 100 hours community service and ordered to pay \$17,100.00 in restitution.

Darryl Golter

Darryl Golter, a formerly licensed insurance agent, pled guilty to the offense of Misapplication of Fiduciary Property, a 2nd Degree Felony, in Houston. He operated the Golter Insurance Agency located in Pasadena, Texas until Hurricane Ike hit. Golter collected in excess of \$96,000.00 in homeowners and windstorm insurance premiums from 85 customers and failed to forward the money to the insurers. In the storm's aftermath, many of his customers, both residential and commercial, suffered damages to their properties and soon learned that they had no wind peril insurance. Golter was sentenced to 120 months probation, 180 hours of community service and was ordered to pay \$50,635.86 in restitution.

**Donald L.
Johnston**

Donald L. Johnston, a formerly licensed insurance agent, pled guilty in Dallas to Theft. Johnston devised a scheme involving the submission numerous fraudulent applications for insurance to his company in an effort to obtain advance commissions. The applications on fictitious individuals and groups allowed him to collect huge commissions before the company caught on to his scheme. Johnston was sentenced to 10 years probation, ordered to pay \$208,762.80 in restitution and fined \$3,000.00.

Continued on next page

FY 2010 Top Ten Adjudicated Cases, continued

**Roosevelt
Kimbrough**

Roosevelt Kimbrough, a formerly licensed insurance agent, pled guilty in Dallas to the offense of Unauthorized Insurance, a 3rd Degree Felony. After surrendering his agent's license in 2006, he opened the Ark Insurance Agency in Dallas and purported to sell insurance to unsuspecting clients for auto and homeowners insurance, using their \$19,000.00 in premiums for his personal benefit. He was sentenced to 49 days in jail, placed on 96 months probation, ordered to serve 120 hours community service, fined \$2,000.00 and ordered to pay restitution to his victims in the amount of \$19,051.75.

Kristin Larson

Kristin Larson, a formerly licensed insurance agent, pled guilty to Theft in Austin. Larson of Hurst, Texas diverted almost \$50,000.00 from policyholders' premiums to her own use, in addition to defrauding her mother by fraudulently withdrawing \$12,800.00 from her mother's life insurance policy. Larson was sentenced to 72 months probation, 200 hours community service and ordered to pay \$24,225.75 in restitution.

**Bobby Gene
Lockley**

Bobby Gene Lockley pled guilty to Fraudulent Obtaining Benefits (workers' compensation) in Pecos, Texas. Lockley continued to collect benefits while failing to disclose that he was operating a personal business. He was sentenced to 60 months deferred adjudication, 175 hours community service, order to pay \$16,888.73 in restitution and fined \$500.00.

Jennifer Midkiff

Jennifer Midkiff pled guilty to Insurance Fraud in Jasper, Texas. Midkiff was a paramedic with medical billing background who submitted fraudulent medical records on herself and other family members to her insurer for claims under their accident/health and disability policies. She was sentenced to 120 months probation, 240 hours community service, ordered to pay \$135,982.42 in restitution and fined \$1,000.00.

Staci Roach

Staci Roach, a formerly licensed insurance agent, pleaded guilty in Austin to the offense of Theft, a 3rd Degree Felony. Roach collected \$82,807.52 in advanced sales commissions based on insurance applications which contained false information about 95 perspective applicants. Roach was sentenced to 120 months deferred adjudication, 300 hours of community service and was ordered to pay \$85,408.74 in restitution.

Continued on next page

FY 2010 Top Ten Adjudicated Cases, continued

Grace Williams

Grace Williams pled guilty to Insurance Fraud in Littlefield, Texas. Williams claimed that a storm caused the roof of a nearby building to blow off and damage her vehicle when in fact her vehicle was not damaged. Williams had previously submitted a similar claim from windblown damage to her vehicle. Williams was sentenced to two years in the Texas Department of Criminal Justice and ordered to pay \$3,408.29 in restitution.
