



Aug 1, 2023

INSURANCE FRAUD BUREAU OF MASSACHUSETTS

August 1, 2023

The Clerk of the House of Representatives
State House
Boston, MA 02130

To the Clerk of the House of Representatives:

Pursuant to Massachusetts St. 1990, c.338; St. 1991, c.398, §99; St. 1996, c.427, §13; and St. 2002, c.279, §5, on behalf of the Insurance Fraud Bureau of Massachusetts (IFB), I hereby submit the IFB Semi-Annual Report to the Clerk of the House of Representatives. Enclosed is a copy of the IFB February 2023 e-focusFraud. The IFB e-focusFraud includes court activity resulting from IFB investigation and case referrals to prosecution to fulfill semi-annual statutory reporting requirements.

This report should be forwarded to the Joint Committee on Insurance and the Joint Committee on Labor and Workforce Development. In summary, as of June 30, 2023, the IFB has received 92,489 referrals involving auto fraud, workers' compensation fraud and other insurance fraud since its inception. As a result of these referrals (many of which involve the same suspects), 22,384 case investigations were created and 4,568 cases have been referred to the Attorney General, District Attorney or United States Attorney for prosecution.

In all, 703 individuals have been indicted and complaints have been filed against 3,855 other individuals. Court action has therefore been initiated against 4,558 separate individuals. To date, as a result of IFB investigation, 1,033 people have been convicted of insurance fraud crimes with an additional 1,297 individual's prosecutions continued without a finding. IFB staff has aggressively pursued publicity through both print and electronic media to educate the public regarding Bureau progress.

Cordially,

A handwritten signature in blue ink, appearing to read "Anthony M. DiPaolo".

Anthony M. DiPaolo
Executive Director

c: Attorney General Andrea Campbell
Senate Chair, Joint Committee on Labor & Workforce Development
House Chair, Joint Committee on Labor & Workforce Development
Senate Chair, Committee on Financial Services
House Chair, Committee on Financial Services
Gary Anderson, Commissioner of Insurance



e-focusFraud

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Provider Fraud

Brookline Doctors Indicted for Money Laundering and Health Care Fraud

Brookline - Two Brookline physicians were charged in a superseding indictment with tax evasion and a conspiracy to defraud the Internal Revenue Service.

Dr. Pankaj Merchia, of Brookline and Boca Raton, Florida, was indicted on December 20, 2022 on three counts of money laundering and one count of health care fraud for his alleged role in a health care fraud scheme. Dr Merchia worked with Dr. Shona Pendse, of Brookline. On February 3, 2023, both Merchia and Pendse were indicted on two counts of tax evasion each and one count of conspiracy to defraud the IRS. According to the charging documents, Merchia and Pendse conspired to use a sham \$30 million transaction as a basis to take fraudulent tax deductions and then made false statements about the transaction to criminal investigators and in civil depositions. Specifically, Pendse allegedly provided her employer with a W-4 that claimed her to be tax exempt, thus ensuring her employer would vastly underwithhold federal income tax. It is further alleged that Merchia earned substantial income from third party business entities in 2017 and 2019, and Pendse earned substantial income from her employer in 2019 and 2020, but each willfully avoided paying taxes on that income.

According to the December 2022 indictment, Merchia perpetrated two distinct health care fraud schemes. Specifically, Merchia allegedly billed former patients' insurance companies for monthly rentals of Continuous Positive Airway Pressure (CPAP) and Bilevel Positive Airway Pressure (BiPap) machines years after the former patients had discontinued their use of the machines and/or returned the machines to Merchia's office. It is alleged that Merchia used the proceeds of this fraud to purchase an expensive home in Brookline. Additionally, Merchia allegedly billed the insurance company of a family member over \$400,000 for a monthly rental of a CPAP machine, despite knowing that the insurance carrier would not pay for treatment rendered by a family member. It is alleged that Merchia used the proceeds of this fraud to fund a wire transfer of \$250,000 and to purchase at least \$140,000 in securities.

The case is being prosecuted by Assistant U.S. Attorneys Lauren A. Graber of United States Attorney Rachael Rollins' Health Care Fraud Unit, Evan D. Panich of the Narcotics & Money Laundering Unit, and Joleen Simpson, Special Agent in Charge of the Internal Revenue Service's Criminal Investigation in Boston. The case was investigated by the Internal Revenue Service Criminal Investigation in Boston and the Insurance Fraud Bureau.

Case Update - West Roxbury Man Pleads Guilty to Role in Physical Therapy Clinic Fraud Scheme

Boston - Slava Pride pleaded guilty on November 17, 2022 to one count of conspiracy to commit mail fraud in connection with a scheme to defraud an insurance provider for physical therapy services that were not provided to patients. He is scheduled to be sentenced on March 23, 2023. Pride was indicted in February 2021 along with co-defendants Anna Barenboym, Gyulnara Bayryshova and Raya Bagardi. Pride was a physical therapy assistant at Brighton Physical Therapy (BPT), a Brighton-based physical therapy clinic owned by Bayryshova. Barenboym and Bagardi were also employed at BPT as

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of Massachusetts**

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Individuals who have been charged and whose names have been publicly disseminated have been identified.

e-focusFraud is published periodically throughout the year. News flashes on current press releases and news articles and updates on prosecution court activity are posted frequently on the IFB website
<https://www.ifb.org>.

To receive issues of this newsletter and IFB announcements by email, please forward your name, company name and email address to cabdulla@ifb.org.

Referrals and general questions can be emailed to referrals@ifb.org.

Provider Fraud continued

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a licensed physical therapist and a licensed physical therapist assistant. From October 2018 through June 2020, Pride and, allegedly, his co-defendants conspired to cause an insurance company to reimburse them for physical therapy services that were not actually provided and/or were not medically necessary and, in some cases, were provided by individuals not licensed to provide the services. Specifically, Pride and, allegedly, his co-defendants falsely billed for services purportedly rendered to patients injured in automobile accidents when the services were not actually provided. It is further alleged that BPT paid patients for referrals, referred patients to attorneys to assist with patients' insurance settlements and accepted kickbacks from those attorneys in return. Pride is the second defendant to plead guilty. On March 17, 2022, Barenboym pleaded guilty to her role in the conspiracy and is scheduled to be sentenced on April 4, 2023.

The case is being prosecuted by Assistant U.S. Attorney Laura J. Kaplan of United States Attorney Rachael S. Rollins' Organized Crime & Gang Unit. The case was investigated by the Federal Bureau of Investigation, Boston Division; Boston Police; Quincy Police; and the IFB.

Case Update - Insurance Broker Pleads Guilty to Insurance Fraud Following Investigation in Addiction Treatment Scams

Pelham - A Pelham man pleaded guilty on August 30, 2022 to nine counts of larceny over \$250, nine counts of filing a false health care claim and four counts of conspiracy in connection with preying on people with substance use disorder, sending them to treatment facilities in Florida, and signing them up for false insurance policies in order to make a profit. He was sentenced to three years probation and ordered to perform 100 hours of community service. The Pelham man had his New Hampshire insurance broker license revoked in a separate hearing with the New Hampshire Division of Insurance. He worked with an alleged co-defendant to recruit patients at substance use disorder meetings in Massachusetts to write up false and misleading insurance policies on their behalf. The facility in Florida would then bill insurance companies for treatments. Insurance companies allegedly paid out a total of approximately \$730,000 in insurance claims as a result of this scheme. The charges against the co-defendant are still pending.

This case is being prosecuted by Assistant Attorney General Geoffrey Wood of Attorney General Andrea Campbell's Insurance and Unemployment Fraud Division, Investigator Lashauna Craig, and Victim Witness Advocate Megan Murphy. The Insurance Fraud Bureau of Massachusetts also provided invaluable assistance in the investigation.

Investment Adviser Fraud

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Case Update - Middleboro Financial Advisor Pleads Guilty to Investment Adviser Fraud

Boston – On February 3, 2023, Paul McGonigle, a Middleboro financial adviser, pleaded guilty to one count of investment adviser fraud, two counts of money laundering, three counts of wire fraud, one count of mail fraud and one count of aggravated identity theft. McGonigle was initially charged in June 2021 and later charged in a superseding indictment in February 2022.

McGonigle served as a financial adviser for the victims, many of whom were elderly, one of whom had dementia, and another who suffered a traumatic brain injury. Beginning no later than February 2015, McGonigle caused unauthorized withdrawals from victims' annuities and induced victims to give him money to invest on their behalf, which he then used for personal and business expenses. To carry out his scheme, McGonigle posed as clients on calls with their annuity companies and signed their names on forms requesting withdrawals from their annuities.

U.S. Attorney Kristen A. Kearney of the U.S. Attorney's Securities, Financial & Cyber Fraud Unit is prosecuting the case. The case was investigated by the Federal Bureau of Investigation, Boston Division and the IFB.

Health Care Fraud

Case Update - Framingham Couple Charged with Health Care Fraud

Framingham - A Framingham couple each pleaded guilty on November 2, 2022 to charges of filing a false health care claim, uttering a false prescription, and obtaining a drug by fraud. The husband also pleaded guilty to conspiracy to violate a drug law. The couple was sentenced to two years probation and continued drug screen monitoring with continued employment. The wife was ordered to pay \$634 in restitution. The wife is alleged to have unlawfully forged and procured false prescriptions while employed as the office manager of a healthcare facility. She allegedly forged hundreds of prescriptions for herself, her husband, and other immediate family members. The majority of the fraudulent prescriptions were identified as Adderall and Xanax and were prescribed under two physicians' names in the practice. The wife was terminated from the medical practice on July 17, 2019, after the alleged fraudulent activity was discovered. She had been employed as the office manager for eleven years and had access to secured prescription pads and signature stamps. Investigation revealed that 171 prescriptions for Oxycodone, Hydrocodone, Suboxone, Adderall, and Xanax were allegedly fraudulently obtained from October 25, 2014 through July 16, 2019 by utilizing her private health insurance prescription drug benefits. These fraudulent prescriptions resulted in insurance carriers paying approximately \$8,034 in false health care claims. Insurance carriers affected by the fraudulent activity were BlueCross BlueShield of Massachusetts and Magellan Health.

A prosecutor from Middlesex County District Attorney Marian Ryan's office prosecuted the case.

Workers' Compensation Premium Evasion Fraud

Owner of Edgartown Masonry Charged in Connection with Workers' Compensation Fraud

Edgartown - Georgy Pyden was indicted on August 30, 2022 on four counts of workers' compensation fraud and larceny. Pyden allegedly stole over \$30,000 in workers' compensation insurance and the Massachusetts workers' compensation assigned risk pool from 2016 to 2020. Pyden owns Rockwell Masonry, a residential and commercial masonry company located in Edgartown. For several years, Pyden allegedly listed himself as the sole employee of his company. In reality he hired multiple employees and did not report them in his audit to the insurance carrier. The hidden workers that Pyden employed were not covered by workers' compensation insurance.

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Workers' Compensation Premium Evasion Fraud continued

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This case is being prosecuted by Assistant Attorney General William Aiello and Investigator Lashauna Craig, both of Attorney General Andrea Campbell's Insurance and Unemployment Fraud Division, with assistance from investigators at the Insurance Fraud Bureau.

Community Insurance Fraud Initiatives Highlights

Southeast Region

The Southeast Region comprises the Brockton, Randolph and New Bedford/Fall River task forces. Brockton CIFI cases are prosecuted by the Offices of Plymouth County District Attorney Timothy J. Cruz and Cape & Islands' District Attorney Robert Galibois. The New Bedford/Fall River task force is assisted by Fall River Police detectives. CIFI cases are prosecuted by the Office of Bristol County District Attorney Thomas M. Quinn III. Randolph CIFI cases are prosecuted by the Office of Norfolk County District Attorney Michael Morrissey.

A Kingston man was placed on pre-trial probation for one year and ordered to pay \$840 in restitution on charges of motor vehicle insurance fraud and attempt to commit a crime. The Kingston man reported to Mapfre Insurance Company that on April 19, 2019, while operating his 2008 Nissan Frontier, a pickup truck allegedly traveling in the opposite direction came around a curve and side-swiped his vehicle. The Kingston man reported that he was not injured and that his vehicle sustained damages to the driver side mirror, door, and quarter panel. A damage analysis concluded the damages and physical evidence were consistent with the Nissan going off the paved roadway and striking a tree and/or other wood object. The combination of the material transfers and the profile of the damages were not consistent with contact with another vehicle. Investigation revealed that if the Kingston man properly reported the loss, it would have been considered a major at fault accident. His Safe Driver Insurance Plan (SDIP) rating would have increased by 4 points, which would have increased his insurance premiums over a six-year period.

A Fall River man was placed on pre-trial probation for six months on a charge of motor vehicle insurance fraud. He was ordered to pay \$867 in restitution. The Fall River man reported to Arbella Insurance Company that on September 19, 2020 his 2008 GMC Acadia was allegedly hit-while-parked resulting in damage to the passenger side and wheels. The Fall River man stated that there was no damage to the vehicle prior to the alleged incident and that he was the only person who operated the Acadia. An accident reconstruction concluded that the damage on the passenger side occurred when the Acadia swiped a low fixed barrier. The damaged areas of the vehicle had smears of red and white oil/latex-based paint, typically associated with the type of paint found on barriers or posts. The scuffing on the vehicle's wheels indicated they were rotating when the damage occurred. The Fall River man denied causing the damage himself.

A Fall River man admitted to sufficient facts on a charge of motor vehicle insurance fraud. The case was continued without a finding for six months. He was ordered to pay \$645 in restitution. The Fall River man reported to Safety Insurance Company that his 2015 KIA Sportage was damaged on May 12, 2020 when it was allegedly hit-while-parked resulting in damages to the front and rear passenger side. The Fall River man claimed that he was in his sister-in-law's backyard and heard a loud crash. When he came out from the backyard, he allegedly saw a white SUV driving away. An accident reconstruction determined that the damages were a result of the KIA coming in contact with a guardrail. There was no evidence of automotive material to suggest another vehicle made contact with the KIA. The Fall River man maintained that his KIA was damaged in an alleged hit while parked incident.

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Community Insurance Fraud Initiatives Highlights continued

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Boston CIFI

The Boston task force is assisted by Boston Police detectives. Community Insurance Fraud Initiative (CIFI) cases are prosecuted by the Office of Suffolk County District Attorney Kevin Hayden.

A Boston woman was placed on pre-trial probation on August 5, 2022 for one year on charges of motor vehicle insurance fraud and attempt to commit a crime. The Boston woman reported to Mapfre Insurance Company that her 2007 Nissan Versa was allegedly hit-while-parked on July 1, 2016 resulting in damage along the entire driver's side. She stated she parked and locked the vehicle and when she returned to it after her work day she allegedly discovered the damage. There were no known witnesses, no debris on the ground, and the police were not called. A forensic examination concluded that the damage was consistent with an impact against a guardrail and did not correspond with a vehicle-to-vehicle collision.

Western Massachusetts Region

The Western Massachusetts task force is assisted by area police departments. CIFI cases are prosecuted by Hampden County Superior Court Assistant District Attorney James Forsyth, Berkshire County Assistant District Attorney Stuart Weissman and First Assistant District Attorney Steve Gagne of the Northwestern Massachusetts District Attorney's Office which covers Franklin and Hampshire counties. The Worcester task force is assisted by Worcester Police Det. James O'Rourke and other area police departments. CIFI cases are prosecuted by Worcester County Assistant District Attorney Maureen McNally.

On August 23, 2022 a Springfield man pleaded guilty to a charge of motor vehicle insurance fraud. He was sentenced to six months in the House of Corrections. The Springfield man reported to Progressive Insurance Company that his 2002 Kia Sedona was allegedly stolen from his residence sometime around 3:30 PM on February 5, 2018. The Springfield man stated the doors were locked and he had possession of all keys to the vehicle. Police recovered the Kia approximately four hours later. Investigation revealed that the Kia was involved in a motor vehicle accident the day the Springfield man alleged the vehicle was stolen. An individual stated he was a passenger in the vehicle and identified the Springfield man as the operator of the vehicle at the time of the accident. The Springfield man maintained his version of the loss until he was presented with the results of the insurer's investigation. The Springfield man then admitted that he was operating the Kia with one passenger in the vehicle when he crashed into vehicles parked in traffic. Police subsequently filed criminal charges against the Springfield man stemming from his motor vehicle accident and reported motor vehicle theft.

A Springfield woman admitted to sufficient facts on October 20, 2022 on charges of motor vehicle insurance fraud and attempt to commit a crime. The case was continued without a finding for one year. On May 1, 2018 the insured operator of a 2008 Hyundai Elantra reported to Plymouth Rock Assurance Corporation that she was involved in a single vehicle accident. The insured woman stated after she dropped off the Springfield woman at a barber shop, she backed over a broken sign pole in the parking lot that ruptured the Hyundai's fuel tank. The insured operator stated she was alone in the vehicle at the time of the accident and she was not injured. Both police and fire departments responded to the accident scene but no reports were completed by either department. On May 2, 2018 the Springfield woman alleged to the insurer that she was an unrestrained front seat passenger in the Hyundai at the time of the parking lot accident and as a result suffered emotional distress. The Springfield woman stated she is also allegedly suffering from headaches and neck spasms due to the accident.

On August 10, 2022 a Pittsfield man admitted to sufficient facts on a charge of motor vehicle insurance

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Community Insurance Fraud Initiatives Highlights continued

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fraud. The case was continued without a finding for six months. On February 27, 2020, a 2014 Kia Sportage belonging to the Pittsfield man drove off the road and into a driveway before hitting a tree. Police responded to the scene and found the Pittsfield man alone outside of the Kia. The Pittsfield man reported to Progressive Insurance Company that a friend was allegedly driving the Kia during the time of the accident but then fled the scene. An Event Data Recorder analysis revealed the Kia was equipped with working seat sensors that turn the airbag sensors on when an occupant is in the passenger seat. However, the driver side sensors were the only sensors initiated at the time of the accident. The friend of the Pittsfield man alleged to be driving the Kia at the time of the accident, denied operating the Kia that night.

Northern Region

The Northern Region comprises the Lawrence/Lowell, Lynn and Chelsea/Revere task forces. The Lawrence CIFI task force is assisted by detectives from Lawrence and other area police departments. CIFI cases are prosecuted by Essex County Assistant District Attorney Christopher Wildermuth. Lowell CIFI cases are prosecuted by Middlesex County Assistant District Attorney Mary O'Neill. The Lynn task force is assisted by Lynn, Peabody, and other area police departments. Lynn and Chelsea/Revere CIFI cases are prosecuted by prosecutors from the Offices of Essex County District Attorney Paul F. Tucker and Suffolk County District Attorney Kevin Hayden.

A Beverly man pleaded guilty on September 30, 2022 to two counts of motor vehicle insurance fraud, and one count of attempt to commit a crime. He was placed on probation for eighteen months. The Beverly man reported to Liberty Mutual Insurance Company that on April 22, 2019 his 2011 GMC Terrain was allegedly vandalized while parked in front of his home. He reported there were scratches over the entire vehicle. There were no witnesses to the reported loss and police were not contacted upon discovering the damage. Investigation revealed that a previous auto policy with another insurer was canceled for non-payment and that the Beverly man had filed a vandalism claim under that policy on March 12, 2019. On the Beverly man's new policy application, he replied that he had not had a policy canceled in the past twelve months and did not have a previous vandalism claim on the GMC. Damage appraisal photos from both claims concluded that the vehicle had not been repaired after the GMC had initially been vandalized as the damage observed on both claims was identical.

On November 14, 2022 a Chelsea man received a general continuance for six months on charges of motor vehicle insurance fraud and attempt to commit a crime. On May 20, 2016 the Chelsea man reported to Citizens Insurance Company that his 2013 Toyota Tacoma was allegedly parked and unattended when it was struck by an unknown vehicle which fled the scene of the accident. Damages consisted of scraping along the passenger side as well as the passenger rear door which had buckled. A damage analysis determined the damages were not a result of a hit-while-parked incident and the Toyota was traveling in a reverse direction with the passenger rear door open when it struck a fixed object. The Chelsea man denied causing the damages to the 2013 Toyota Tacoma.

A Waltham woman received a general continuance on August 16, 2022 for six months on charges of motor vehicle insurance fraud and attempt to commit a crime. The Waltham woman reported to Arbella Insurance Company that on August 23, 2019 her 2012 Dodge Durango was hit-while-parked and unattended resulting in damages to the passenger side front door. The Waltham woman alleged she parked the Dodge, left the vehicle, and then brought food to her children who were spending time at the beach. She alleged that when she returned to the vehicle she discovered the damages; she did not notify police of the alleged incident. A vehicle damage analysis determined that the damages were

Community Insurance Fraud Initiatives Highlights continued

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sustained when the vehicle was in motion and struck a fire hydrant. Bright yellow and red paint was found in the damaged area.

On July 26, 2022 the case against a Methuen man was continued without a finding for one year on a charge of motor vehicle insurance fraud. He was ordered to pay \$675 in restitution. The Methuen man reported to Arbella Insurance Company that his 2005 Chevrolet Equinox's was allegedly damaged in a hit-while-parked incident resulting in damage to the rear bumper. A collision damage analysis found wood particles and white latex paint within the damage which was not consistent with an interaction with another vehicle. The analysis determined the damage was a result of the Chevrolet backing into a man-made structure. The Methuen man maintained the vehicle was damaged in a hit while parked event. The Methuen man stated he was in possession of the only set of keys and that no one else operated the vehicle. He denied causing the damage himself.

A Methuen man was placed on pre-trial probation on March 30, 2022 for six months on charges of motor vehicle insurance fraud and attempt to commit a crime. He was ordered to pay \$650 in restitution. The Methuen man reported to Liberty Mutual Insurance Company that his 2018 Honda Accord had allegedly been hit-while-parked on May 29, 2019 resulting in damages to the passenger side. There were no known witnesses to the loss and police were not notified of the alleged incident. A forensic examination concluded the damage did not occur from a hit while parked incident but was sustained when the Honda struck a fixed object while in motion. There was no evidence found of vehicle-to-vehicle contact. The Methuen man denied causing the damage and stated that no one else had access to the vehicle when the loss occurred.

The case against a Lynn woman was continued without a finding on July 26, 2022 for six months on charges of motor vehicle insurance fraud. She was ordered to pay \$435 in restitution. The Lynn woman reported to Plymouth Rock Assurance Corp that on September 7, 2019 her 2008 Ford Escape was allegedly hit-while-parked and unattended resulting in damage along the entire length of the driver side with deep gouges in the front fender and front door area. Police were not notified of the alleged incident. A damage analysis determined the damages were not consistent with a hit while parked event but were caused by striking a fixed ground-based object while traveling in a forward motion. The Lynn woman stated she was in possession of the only key to the vehicle and no one else had driven the vehicle during the time of the alleged loss.