INSURANCE FRAUD BUREAU OF MASSACHUSETTS

August 1, 2024

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 June 2024 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, 2024, the IFB has received 96,666 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), 23,548 case investigations were created and 4,684 cases have been referred to the Attorney General, District Attorney or United States Attorney for prosecution.

In all, 716 individuals have been indicted and complaints have been filed against 3,923 other individuals. Court action has therefore been initiated against 4,639 separate individuals. To date, as a result of IFB investigation, 1,063 people have been convicted of insurance fraud crimes with an additional 1,320 individual's prosecutions continued without a finding. IFB staff have aggressively pursued publicity through both print and electronic media to educate the public regarding Bureau progress.

Cordially,

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
Kevin Beagan, Acting Commissioner of Insurance

101 Arch Street ▪ Boston, Massachusetts 02110-1131
Telephone (617) 439-0439 ▪ Fax (617) 439-0404 ▪ Internet http://www.ifb.org

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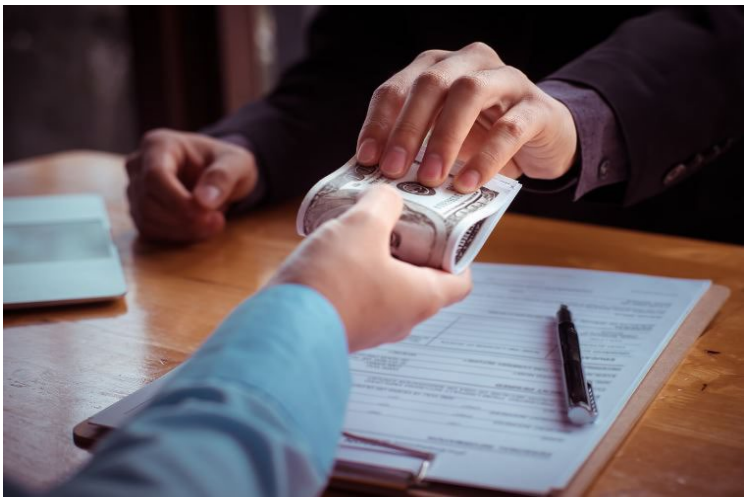

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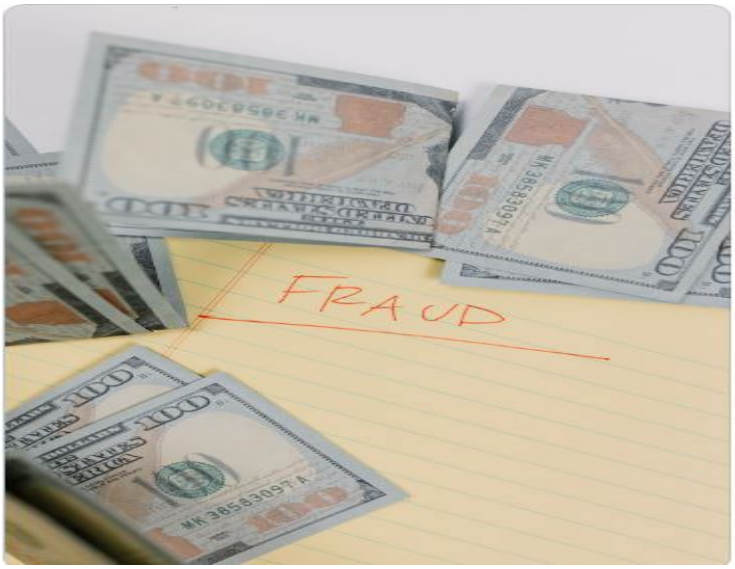

INSURANCE FRAUD BUREAU OF MASSACHUSETTS
101 Arch Street
Boston, MA 02110-1131
(617) 439-0439
Fax (617) 439-0404

IFB Fraud Hotline

1-800-32FRAUD

IFB Website

https://www.ifb.org

Anthony M. DiPaolo
Executive Director

Laura A. Kessler
Vice President/General Counsel

M. Katherine Mulligan
Vice President/Chief of Investigations

Cassandra Abdulla
Editor
Administrative Manager
cabdulla@ifb.org

Details contained in charging documents are allegations. Defendants are presumed innocent unless and until proven guilty beyond a reasonable doubt in a court of law.

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.

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Agent Fraud

Connecticut Insurance Agent Indicted in Identity Fraud Scheme

Boston - A Connecticut man was indicted on March 25, 2024 on charges of larceny and identity fraud. It is alleged that between April 14, 2018, and November 22, 2019, the Connecticut man, a former insurance agent, fraudulently created at least 33 group accounts with 68 policyholders involving 272 policies in violation of his agreement with Aflac.

Investigation revealed discrepancies related to the group accounts. The business address for most group accounts was modified soon after the account was created and many of the policyholders had the same address. The Connecticut man's bank account is alleged to have been used for most of these group accounts. Some policyholders held policies under multiple groups simultaneously. Further investigation revealed that the IP addresses associated with the Connecticut man were used to create the accounts. Many of the named policyholders associated with these group accounts logged into their accounts from the same IP addresses, using the same devices and identical hashed passwords. In addition, group accounts were accredited via telephone, and the Connecticut man was believed to be impersonating company representatives.

The Connecticut man is also alleged to have electronically signed the policy applications without the policyholder's authorization. As a result of this fraudulent scheme, Aflac paid the Connecticut man over $45,000 in advanced commissions and $8,700 in cash awards.

Case Update- Owner of Insurance Agency Sentenced in Relation to Embezzlement Scheme

Gloucester - A Gloucester woman pleaded guilty and was sentenced to three years probation on charges of Larceny by Embezzlement Over $1,200 (8 counts), Forgery (2 counts), and Unlicensed Insurance Practice (1 count). She was ordered to pay a $90 victim witness fee, a $110 DNA fee, and $19,875 in restitution in connection with an embezzlement scheme that left client companies uninsured. Her insurance agency pleaded guilty to charges of Larceny by Embezzlement Over $1,200 (8 counts) and Unlicensed Insurance Practice (1 count).

The Gloucester woman embezzled over $39,000 from customers while working as an insurance producer at her insurance agency between May 2017 and September 2018. After suspension of her insurance broker's license, she took one or more payments from eight individuals who paid her for their workers compensation insurance. The Gloucester woman subsequently issued fraudulent certificates of insurance to six of the eight affected businesses without binding coverage.

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As a result of a complaint by one of the customers, the Massachusetts Division of Insurance investigated and revoked the insurance producer licenses for both the Gloucester woman and her insurance agency on June 11, 2018, as part of a settlement agreement signed by the Gloucester woman. After the settlement, the Gloucester woman informally transferred ownership of her insurance agency to a family member and continued to work at the business for another 14 months. During that time, prosecutors report that the Gloucester woman forged the signatures of customers on two separate occasions, binding them to insurance premium financing agreements to cover up her previous embezzlement.

Health Care Fraud

Case Update- Dorchester Man Pleads Guilty in Relation to Insurance Scheme Regarding Addiction Treatment Centers

Boston – A Dorchester man pleaded guilty on May 21, 2024 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.

Investigation found that from March to June of 2016, the Dorchester man – a well-known individual in the local recovery community – worked in partnership with detox and addiction treatment facilities in Florida, where patients from Massachusetts were lured and, at times, left without care. The Dorchester man was known as a "runner" and was paid a commission by the Florida facilities to produce patients. The Dorchester man recruited patients at substance use disorder meetings in Massachusetts and conspired with an insurance agent, to write up false and misleading insurance policies on their behalf. The facility in Florida would then bill insurance companies for treatments. The insurance companies, Minuteman Health and Harvard Pilgrim Health Care, paid out a total of approximately $730,000 in insurance claims as a result of this scheme. Both companies conducted separate investigations following an influx of claims from Florida treatment facilities for Massachusetts residents.

To obtain an insurance policy outside of the open enrollment period there must be a "qualifying event" and moving from an out-of-state address into Massachusetts meets that requirement. The Dorchester man would provide the insurance agent with a prior out-of-state address for the applicant and the insurance agent, in his capacity, would push the policies through. Once the policies were issued, the Dorchester man paid for the individual's plane ticket to Florida and was responsible for paying the monthly insurance premiums. Those premiums were not always paid, resulting in the insurance policies lapsing and patients in Florida either being kicked out of their facilities or rushed through treatment to a sober home. While some completed treatment in Florida and returned to Massachusetts, in many cases, individuals who went to Florida ended up relapsing and were stranded with no way home. The victims who were enrolled in these policies stated that they had never seen the applications with their purported

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signature, that the address change was untrue, and they were not aware they were enrolled in these health insurance policies.

Provider Fraud

Case Update- Former PT Clinic Owner Sentenced for Health Care Fraud

Boston – The former owner of several physical therapy clinics in Greater Boston was sentenced on May 23, 2024 on two counts of health care fraud charges.

Chang Goo Yoon, a South Korean national residing in Queens, N.Y., was sentenced by U.S. District Court Judge Indira Talwani to 27 months in prison and three years of supervised release. Following a seven-day jury trial on two counts of healthcare fraud, Yoon was also ordered to pay $587,722 in restitution. Yoon was arrested and charged in February 2021 and subsequently indicted by a federal grand jury in May 2021.

"Chang Goo Yoon orchestrated a brazen scheme, abusing his position of trust as a health care provider to collect hundreds of thousands of dollars in payments for work he did not do. We thank the jury for its swift and prudent verdict," said Jodi Cohen, Special Agent in Charge of the Federal Bureau of Investigation, Boston Division. "This conviction sends an unambiguous message that anyone who cheats our health care system will not get away with it."

"This is exactly why the Insurance Fraud Bureau of Massachusetts was created over thirty years ago to combat insurance fraud and, specifically, this type of insurance fraud that increases the cost of insurance premiums for consumers in the state of Massachusetts. This case was borne out of a collaborative effort by our investigative partners. The perseverance and hard work done by all involved in this case is a demonstration that insurance fraud will not be tolerated in Massachusetts," said Anthony DiPaolo, Executive Director of the Insurance Fraud Bureau.

"Mr. Yoon repeatedly lied and billed for services he never provided. Actions which were fueled by nothing more than his greed," said Ketty Larco-Ward, Inspector in Charge of the U.S. Postal Inspection Service. "We are pleased with the jury's guilty verdict in this matter and thank them for their service. It is our hope that this case serves as a warning to others who may use the U.S. Mail to further their criminal activities."

Yoon owned and operated several physical therapy clinics in Allston, Waltham, and Brookline between 2014 and 2018. Yoon billed patients for non-existent physical therapy appointments, including approximately $150,000 in claims billed on dates when Yoon was traveling in South Korea, Los Angeles, and Toronto. Yoon also billed $50,000 in claims on dates when he was gambling at casinos, including the Golden Nugget in Atlantic City, N.J., MGM Springfield in Massachusetts, and Twin River Casino in Lincoln,

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R.I. Additionally, Yoon submitted approximately $30,000 in physical therapy claims for himself after three automobile accidents. Most of those claims falsely listed one of Yoon's employees as the servicing physical therapist. The remaining claims listed Yoon as both the patient and the servicing physical therapist.

The case is being prosecuted by the Office of Acting U.S. Attorney Levy. FBI SAC Cohen, IFB Chief DiPaolo and USPIS INC Larco-Ward made the announcement. Assistant U.S. Attorneys Elysa Q. Wan and Patrick M. Callahan of the Criminal Division are prosecuting the case.

Case Update- Natick Psychiatrist Sentenced for Billing for Services Never Rendered

Wellesley - Gustavo Kinrys was sentenced to 99 months in prison, followed by three years of supervised release on seven counts of wire fraud, six counts of false statements relating to health care matters and one count of obstructing a criminal health care investigation. Kinrys, a Natick psychiatrist, was sentenced in connection with charges that he billed Medicare and private insurance companies for over $10 million in treatments he did not provide and then obstructed justice in an attempt to conceal his crimes. Kinrys was a licensed psychiatrist who owned and operated Advanced TMS Associates. Among other services, Kinrys offered transcranial magnetic stimulation (TMS) therapy and psychotherapy to patients suffering from depression. TMS therapy is a noninvasive method of brain stimulation that uses rapidly alternating or pulsed magnetic fields to induce electrical currents directed at a patient's cerebral cortex. Between January 2015 and December 2018, Kinrys engaged in a variety of fraudulent billing schemes in which he sought and received reimbursement for services he did not render. For example, Kinrys billed Medicare and private insurers over $10 million for thousands of TMS sessions he never provided, including over 8,000 sessions he claimed were provided to 75 patients who, in fact, never received a single session of the therapy.

Kinrys also billed Medicare and private insurers for hundreds of thousands of dollars' worth of psychotherapy sessions he never provided, including over 1,000 face-to-face sessions he falsely claimed he provided while he or his patients were in fact out of the country. On hundreds of occasions, Kinrys billed Medicare and private insurers for having provided more than 24 hours of psychotherapy services in a single day, including one day in 2017 when he claimed he had provided hour-long psychotherapy sessions to 79 different patients. Further, Kinrys made numerous false statements to his patients, the billing company with which he worked and the insurers to whom he submitted claims seeking reimbursement. When Medicare, private insurers, and the Department of Health and Human Services (HHS) sought records from Kinrys pertaining to certain of his claims, he took steps to conceal his fraudulent conduct by making false representations and creating false documentation purporting to show that he had provided thousands of treatments he had billed for, but never rendered. For example, in response to a July 2018 subpoena from the HHS's Office of Inspector General seeking medical records for ten of his patients, Kinrys created documents – and ordered his office workers to create documents falsely stating that those patients had received dozens of treatments that had not been provided.

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Workers' Compensation Fraud

Boxford Man Sentenced in Relation to Mail Fraud Scheme

Chelsea - The former owner and operator of APC, a transportation and delivery company based in Chelsea, was sentenced on January 16, 2024, for his involvement in a mail fraud scheme.

Anthony Catalano, formerly of Boxford, now living in Winthrop, was sentenced by Chief United States District Court Judge F. Dennis Saylor IV to six months in prison, followed by three years of supervised release and restitution in the amount of $541,000 to The Travelers Insurance Company. Catalano was also ordered to cooperate with the Internal Revenue Service regarding personal and corporate taxes due and owing. Catalano pleaded guilty in October 2023 to two counts of failing to collect, report and pay over employment taxes and one count of mail fraud in connection with cash wages he paid to company employees.

From 2017 to 2020, Catalano cashed over $8 million in customer APC checks and failed to report the company income to the IRS. Catalano pleaded guilty to using the bulk of the cash funds to pay employees "under-the-table" cash wages, which APC was also required to report to the IRS. As a result, neither the company nor the employees paid employment or income taxes on the cash wages, resulting in a tax loss of more than $1 million to the IRS. Catalano also pleaded guilty to mail fraud for failing to disclose the cash wages to Travelers when it provided workers' compensation coverage for APC employees. As a result, Catalano defrauded the insurance carrier out of more than $500,000 in insurance premiums.

Acting United States Attorney Joshua S. Levy and Harry Chavis, Special Agent in Charge of the Internal Revenue Service, Criminal Investigation, Boston announced the sentence. Assistance was provided by the Insurance Fraud Bureau of Massachusetts. Assistant U.S. Attorney Victor A. Wild of the Securities, Financial & Cyber Fraud Unit prosecuted the case.

Case Update- Worcester Man Pleads Guilty to Evading More than $110,000 in Workers' Compensation Premiums

Worcester - On December 04, 2023 a Worcester man, who operated a Worcester temporary employment
agency, was sentenced in connection with a scheme to evade more than $110,000 in workers' compensation premiums.

The Worcester man pleaded guilty to six counts of workers' compensation fraud, five counts of larceny over $250 and one count of larceny over $1,200. He was sentenced to five years of probation and ordered to pay $111,856 in restitution and complete forty hours of community service per year for the first three years of probation.

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From August 2012 through August 2018, the Worcester man, who owned and operated an employment agency, substantially underreported the number of employees and the amount that it paid these employees in response to audits conducted by the company's workers' compensation insurance provider, AIM Mutual Insurance Company. As a result, his business evaded approximately $111,856 in insurance premiums.

Case Update- Randolph Woman Convicted in Connection with Payroll Tax Scheme

Quincy - A Randolph woman was convicted on April 10, 2024 on four counts of failure to collect and pay over taxes and one count of mail fraud for her involvement in a payroll tax avoidance scheme.

Previously, Lilian Giang was indicted by a federal grand jury for mail fraud and failure to collect and pay over taxes. Giang was released on conditions following an appearance in federal court in Boston on March 10, 2023 before U.S. District Court Magistrate Judge Donald L. Cabell.

According to court records, between 2015 and 2019, Giang owned and operated Able Temp Agency, a temporary employment agency in Quincy that served client companies in Massachusetts. The client companies paid Able Temp Agency for the temporary employees' work on an hourly basis. Giang deposited those payments into bank accounts in the name of Able Temp Agency that she controlled, and then paid the temporary employees through a combination of checks and cash. By using cash payments, Giang hid over $3.2 million in payroll and avoided paying more than $815,000 in required payroll taxes. Giang used her false payroll numbers to obtain worker's compensation insurance with Hartford Insurance Company at lower premium rates.

The case was prosecuted by the Suffolk County District Attorney's Office, Joleen D. Simpson, Special Agent in Charge of the Internal Revenue Service's Criminal Investigations Boston Unit, and Assistant U.S. Attorney Christopher J. Markham of the United States Attorney's Securities, Financial & Cyber Fraud Unit.

Hopkinton Couple Arrested for Multiple Fraud Schemes

Framingham - A Hopkinton couple was arrested and charged in connection with separate schemes to defraud their workers' compensation insurance carriers, the Small Business Administration (SBA) and their mortgage lender.

Ronaldo Solano and Adriana Solano were indicted by a federal grand jury in Boston with one count each of conspiracy to commit mail and wire fraud and one count of conspiracy to commit wire and bank fraud. Ronaldo was also charged with one count of mail fraud and one count of wire fraud. The defendants were arrested on March 13, 2024.

According to the indictment, between in or about 2015 and in or about 2018, Ronaldo and Adriana who operate a roofing and construction company based in Framingham under the names H&R Roofing & Construction Inc. and H&R Roofing & Siding Corporation, avoided more than $627,000 in workers' compensation insurance premiums by underreporting their payroll and paying workers through a shell company.

Separately, it is alleged that, between in or about 2021 and between in or about 2022, Ronaldo and Adriana submitted a loan application on behalf of H&R Roofing & Siding Corp. to the Small Business Administration, SBA, under the Economic Injury Disaster Loan (EIDL) Program, which provided for pandemic relief under the Coronavirus Aid, Relief and Economic Security (CARES) Act. In the application, Ronaldo and Adriana allegedly requested $2 million in relief funds for working capital and other eligible business expenses.

After receiving the relief funds, it is alleged that Ronaldo and Adriana transferred $1 million of the funds to a personal bank account they shared, from which they allegedly used more than $825,000 for a down payment towards a home in Hopkinton. It is alleged that Ronaldo and Adriana borrowed another $770,500 from a mortgage lender to fund the purchase of the Hopkinton home but did not disclose that they were using EIDL funds for the down payment to their lender.

The charge of conspiracy to commit mail fraud and wire fraud provides for a sentence of no more than twenty years in prison, three years of supervised release and a fine of $250,000 or twice the gross gain or loss, whichever is greater. The charge of conspiracy to commit wire fraud and bank fraud provides for a sentence of no more than thirty years in prison, five years of supervised release and a fine of $1 million or twice the gross gain or loss, whichever is greater. The charges of mail fraud and wire fraud provide for a sentence of no more than twenty years in prison, three years of supervised release and a fine of $250,000 or twice the gross gain or loss, whichever is greater. Sentences are imposed by a federal district court judge based upon the U.S. Sentencing Guidelines and statutes which govern the determination of a sentence in a criminal case.

The CARES Act is a federal law enacted on March 29, 2020, designed to provide emergency financial assistance to the millions of Americans who are suffering the economic effects caused by the COVID-19 pandemic. One source of relief provided by the CARES Act was the EIDL Program, through which the SBA offers loans that can only be used on certain permissible business expenses, which can include payment of fixed business debts, payroll, accounts payable, and other business-related expenses that could have been paid had the COVID-19 disaster not occurred.

On May 17, 2021, the Attorney General established the COVID-19 Fraud Enforcement Task Force to marshal the resources of the Department of Justice in partnership with agencies across the government to enhance efforts to combat and prevent pandemic-related fraud. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists

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agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and techniques to uncover fraudulent actors and their schemes, and sharing and harnessing information and insights gained from prior enforcement efforts.

Acting United States Attorney Joshua S. Levy announced the indictment with the assistance of; Jodi Cohen, Special Agent in Charge of the Federal Bureau of Investigation, Boston Division; Christopher Algieri, Special Agent in Charge of the Northeast Field Office of the U.S. Department of Veterans Affairs Office of Inspector General; and Harry Chavis, Jr., Special Agent in Charge of the Internal Revenue Service Criminal Investigation. Valuable assistance was provided by the Insurance Fraud Bureau of Massachusetts. Assistant U.S. Attorney Kristen A. Kearney of the Securities, Financial & Cyber Fraud Unit is prosecuting the case.

Owner of Construction Companies Pleads Guilty to Tax and Mail Fraud

Hopkinton - Dariusz Pietron pleaded guilty on May 14, 2024 on three counts of failure to collect and pay over taxes and one count of mail fraud. In 2014, Pietron reported that an employee from his company, TJM Carpentry, fell from a forklift basket during framing work, sustaining severe injuries to his back and ribs, resulting in paralysis. Investigation revealed the employee was employed by Eddy Construction, Inc., a subcontractor of TJM Carpentry Inc. The injured employee claimed to be under the control of TJM Carpentry's owner, Dariusz Pietron.

Further investigation revealed that TJM Carpentry utilized three main subcontractors for framing work: Edmilson Construction, Inc., Eddy Construction, Inc., and CON Construction, Inc. Payments totaling over $2.7 million were traced to individuals linked to these subcontractors, all funded by TJM Carpentry.

TJM Carpentry ceased operations voluntarily in December 2016, with indications that since July 2016 the business continued under "Point Construction, Inc.," owned by Dariusz Pietron's wife. Both TJM Carpentry and Point Construction employed subcontractors as "shell" companies to evade tax responsibilities and insurance premiums.

Automobile Insurance Fraud

Man Placed on General Continuance for Hit While Parked Scheme

Salem - A Salem man was placed on general continuance on January 9, 2024 for eighteen months on charges of motor vehicle insurance fraud and larceny over $1200. He was ordered to pay $6,424 in restitution. The Salem man reported to Progressive Insurance Company that on November 26, 2021 his 2016 Honda Civic rear-ended another vehicle resulting in damage to the front end. Police were never notified of this incident. The Salem man had active automobile insurance coverage with effective dates of November 10, 2021 through May 10, 2021. The Salem man stated the date of loss was November

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26, 2021 rather than when the accident actually occurred on November 9, 2021 before his automobile insurance policy was active. He admitted that he lied about the date of loss so that the damage would be covered under the policy collision coverage.

Father and Son Duo Sentenced in Connection with Motor Vehicle Insurance Fraud Scheme

Taunton - A father and son from New Bedford admitted to sufficient facts on March 5, 2024 on one count each of filing a false motor vehicle insurance claim. The case was continued without a finding for one year and they were each ordered to pay $250 in restitution. The New Bedford father reported to MAPFRE Insurance Company that on November 28, 2018 his 2000 BMW 323CI was struck by a deer causing damage throughout the entire vehicle. The New Bedford father stated he was driving his son to work when a deer suddenly ran out and struck the BMW, causing him to lose control of the vehicle. The son provided the same series of events and stated that the father was the owner of the BMW. The son sought medical attention for injuries to his neck, back, and head. Investigation revealed the son was the operator of the vehicle at the time of the loss. He claimed that he experienced headaches after striking his head on the steering wheel. A witness reported the son was the owner of the BMW and was operating the vehicle at the time of the incident. She stated the father was not in the vehicle. The father maintained that he was operating the vehicle when the accident occurred.

Other Types of Insurance Fraud

Woman Sentenced to Probation and Ordered to Pay Thousands Regarding Home Insurance Fraud

Attleboro – An Attleboro woman admitted to sufficient facts on March 26, 2024 on charges of filing a fraudulent insurance claim, larceny over $1200, and conspiracy. The case was continued without a finding for one year. The Attleboro woman was ordered to pay $3,086 in restitution and a $90 victim witness fee. The Attleboro woman reported to Liberty that on December 28, 2021, the residence she occupied with her boyfriend was burglarized and her valuable items were stolen. The Attleboro woman submitted a photo of the damaged apartment door and a police report to Liberty Mutual Insurance Company in support of the claim. Investigation revealed that the police report submitted in this claim was fraudulent. The Attleboro woman never resided at the address she listed in the claim. It was also confirmed that the receipts submitted in support of the claim as well as the photo of the damaged apartment door, were falsified and originated from various websites found on the internet.