



Fraud

2022 Annual Report Fraud Investigation Unit

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Introduction

The Michigan Department of Insurance and Financial Services (DIFS) is the executive agency responsible for regulating Michigan's insurance and financial services industries including consumer finance companies, state-chartered banks, credit unions, insurance companies, and insurance agencies. The Fraud Investigation Unit (FIU) is a criminal justice agency within DIFS. The FIU was established in September 2018 by Executive Order 2018-9 and then in June 2019 its existence was formally codified into state law through enactment of Chapter 63 of the Michigan Insurance Code, MCL 500.6301-6304. The FIU is dedicated to the prevention of criminal and fraudulent activities in the insurance and financial services markets. The FIU is charged with the analysis and investigation of reports of suspected fraudulent activities in Michigan's insurance and financial services markets and coordinating DIFS' investigative efforts with other law enforcement agencies at the local, state, and federal levels.



Fraud perpetrated in the insurance and financial services industries affects everyone and costs Americans billions of dollars every year. Studies show that for every dollar of fraud, businesses incur \$2.92 in costs. Insurance fraud increases the cost of everything you buy and use. How? Consider the following scenario: Every company providing goods or services pays for insurance as a cost of doing business. As a result of insurance fraud, the insurance company must raise rates charged to consumers and businesses. To cover the increased cost of its insurance, Michigan businesses must charge consumers more for goods and services.

This Annual Report is prepared and published for the Michigan Legislature regarding the FIU's efforts to prevent automobile insurance fraud pursuant to Section 6303 of the Michigan Insurance Code, MCL 500.6303. This Annual Report summarizes the FIU's activities for the reporting period of July 1, 2021 to June 30, 2022 (Reporting Period).

Establishment

Since its initial establishment in September 2018, the FIU staff has grown from 2 persons to 15 persons. Currently, the FIU is staffed as follows:

- Manager
- Administrative Assistant
- Technician
- 4 Analysts
- 8 Investigators

The FIU has continued its participation with the Michigan Insurance Fraud Taskforce (Taskforce) with staff from the Michigan State Police and Michigan Attorney General with the goal of promoting coordination and cooperation in the investigation and prosecution of insurance fraud in Michigan. During the Reporting Period, the Taskforce met on the following dates:

- September 30, 2021
- February 9, 2022

In addition, the FIU now represents DIFS as a member on the National Association of Insurance Commissioners' (NAIC's) Antifraud Task Force. The Antifraud Task Force assists state insurance supervisory officials through the detection, monitoring, and appropriate referral for the investigation of insurance crime, both by and against consumers. The Antifraud Task Force further assists the insurance regulatory community by conducting the following activities: 1) maintaining and improving electronic databases regarding fraudulent insurance activities; 2) disseminating the results of research and analysis of insurance fraud trends, as well as case-specific analysis, to the insurance regulatory community; and 3) providing a liaison function between state insurance regulators, law enforcement (federal, state, local, and international), and other specific antifraud organizations. During the Reporting Period, the FIU attended seven Antifraud Task Force meetings.

Fraud Reports

The FIU receives fraud reports through the DIFS' on-line fraud report portal at Michigan.gov/ReportFraud2DIFS. The FIU also accesses the NAIC's Online Fraud Reporting System (OFRS) to obtain Michigan insurance fraud reports. Fraud reports can also be submitted by using DIFS' toll-free number 877-999-6442 or by emailing the FIU at DIFS-Antifraud@michigan.gov.

The FIU receives fraud reports from six major sources:

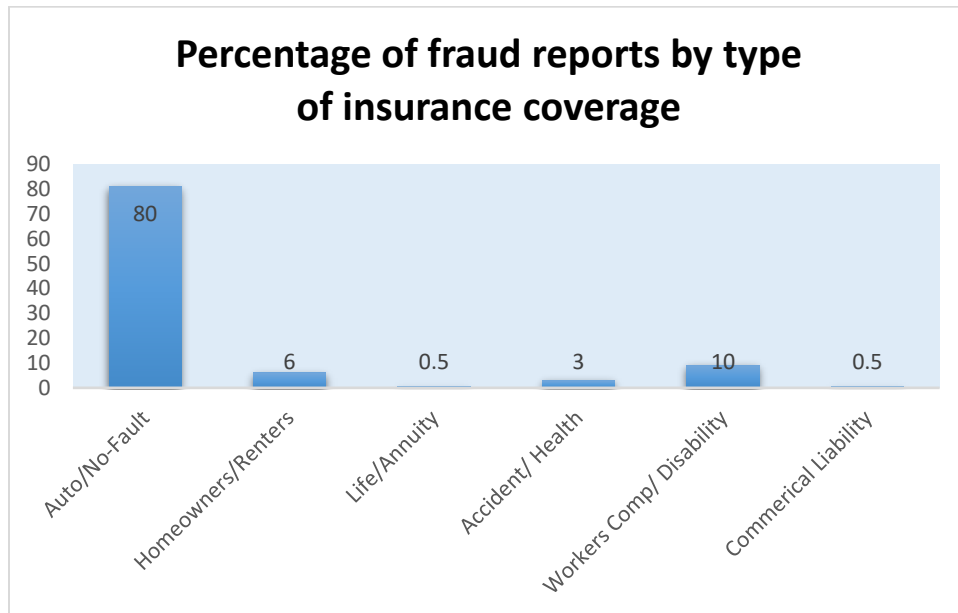
- The general public,
- Consumer victims,
- Insurance companies,
- Financial service companies,
- Law enforcement agencies, and
- Other governmental agencies.

The subject of each fraud report varies from individuals to businesses suspected of committing fraud. Each incoming report is carefully reviewed to determine if the information submitted is adequate for the FIU to initiate a criminal investigation.

The following statistics represent the work performed by the FIU staff from July 1, 2021 to June 30, 2022:

Fraud Reports received	2,686
Fraud Reports closed	2,058
Investigations opened	91
Investigations closed for lack of evidence	20
Investigations closed through resolution/settlement	2

The FIU investigates criminal and fraudulent activities in the insurance and financial services markets. It receives fraud reports primarily related to the insurance industry. In fact, over 99% of the fraud reports received by the FIU are related to the insurance industry. With respect to insurance fraud reports, the following chart shows the percentage of fraud reports received by type of insurance coverage.



Fraud Investigations

After completing an investigation, the FIU makes a formal referral to law enforcement for criminal prosecution. Those investigations can be referred to local law enforcement agencies, the Michigan Attorney General, or federal law enforcement.

From July 1, 2021 to June 30, 2022, FIU investigations resulted in the following:

Cases referred to law enforcement	23
Cases closed with no charges	3
Cases still under prosecution review	48
Charges filed	23
Trials pending	8
Convictions	18
Restitution ordered	\$2,666,196
Fines/costs ordered	\$7,863

Criminal Referrals

The FIU was involved as the primary investigating agency or assisted law enforcement in the investigation of the fraud reports summarized below. Some of these investigations and subsequent criminal referrals have resulted in criminal charges, or convictions through trial or plea agreement.

During the Reporting Period, the FIU's dedicated efforts to investigate suspected fraudulent activities in the insurance and financial services markets resulted in criminal charges being filed against 23 individuals, 18 criminal convictions, and court-ordered restitution in excess of \$2,500,000.

Charges:

- **Patrick Nolan-** charged on July 1, 2021 with one count of arson of an insured dwelling and one count of second-degree arson.
[Plymouth Man Faces Arson Charges After 2019 House Fire \(michigan.gov\)](#)
- **Lorie Bevins-** charged on August 26, 2021 with four counts of insurance fraud for submitting nearly \$47,000 in false healthcare claims to Aflac.
[Joint DIFS, Allegan County Investigation Leads to Insurance Fraud Charges Against Plainwell Resident \(michigan.gov\)](#)
- **Ogemaw Chiropractic fraud scheme-** in August 2021, 14 individuals were charged for submitting fake claims of injury to Aflac Insurance. All 14 individuals were charged with one count of insurance fraud. In addition, two defendants, were also charged with Identity Theft.
[\\$3 Million Insurance Fraud Scheme Uncovered by Joint DIFS, Ogemaw County Sheriff's Office Investigation \(michigan.gov\)](#)
- **Christopher Still-** charged on January 28, 2022 with three counts of identity theft, three counts of insurance fraud, three counts of using computer to commit a crime.

- **Kelvin Perkins-** charged on March 8, 2022 with one count of insurance fraud and one count of false pretenses.
- **Gerald Harris-** charged on March 8, 2022 with four counts of false pretenses, five counts of insurance fraud, five counts using computer to commit a crime.
- **Jantell Zollicoffer and Wildeonte Deamues-** charged on March 29, 2022, and March 31, 2022, respectively, with one count of insurance fraud and one count of false report of a felony.
- **Cathy Gwynn and Deangelo Hadley-** charged on April 1, 2022 for one count of insurance fraud.

Convictions:

- **Anthony Johnson** pled guilty to one count of using a computer to commit a crime, and one count of insurance fraud in Wayne County's 3rd Circuit Court related to his use of Facebook to sell fraudulent car insurance policies. He was sentenced on August 20, 2021, to 2 years' probation and ordered to pay approximately \$2,000 in court costs along with 150 hours community service.
[Guilty Plea Obtained in Detroit Insurance Fraud Case \(michigan.gov\)](#)
- **Ogemaw Chiropractic fraud scheme-** Convictions were obtained for the following individuals in the Ogemaw Chiropractic fraud scheme involving over \$3,000,000 of false injury claims to Aflac Insurance:
 - **Melissa Marie Spencer** pled guilty to attempted insurance fraud on October 8, 2021; sentenced on January 26, 2022 to one year probation and restitution/fines of \$571,496.10.
 - **Amanda Nichole Hebert** pled guilty to larceny on October 8, 2021; sentenced on January 12, 2022 to six months' probation and restitution/fines of \$213,515.20.
 - **Patricia Ann Hebert** pled guilty to larceny on October 14, 2021; sentenced January 26, 2022 to six months' probation and restitution/fines of \$84,075.
 - **Ashley Marie Ehinger** pled guilty to attempted insurance fraud on December 9, 2021; sentenced January 26, 2022 to six months' probation and restitution/fines of \$28,483.
 - **Julie Marie Peter** pled guilty to larceny on January 11, 2022; sentenced on March 23, 2022 to six months' probation and restitution/fines of \$354,495.20.
 - **Samantha Marie Petty** pled guilty to larceny on January 12, 2022. She was sentenced on February 23, 2022 to one day in jail, one year probation and restitution/fines of \$363,900.
 - **Carol Christine Smith** pled guilty to larceny on January 12, 2022; sentenced on February 25, 2022 to 6 months' probation and restitution/fines of \$203,545.
 - **Christina Marie Tanner** pled guilty to larceny on March 9, 2022; sentenced on April 20, 2022 to six months' probation and restitution/fines of \$49,040.
 - **Stephanie Marie Witte-Mason** pled guilty to larceny on April 1, 2022; sentenced on May 11, 2022 to six months' probation and restitution/fines of \$152,195.
 - **Anthony Lee McArthur** pled guilty to attempted insurance fraud on April 6, 2022; sentenced on May 11, 2022 to one year probation and restitution/fines of \$144,883.

- **Richard Lee McArthur** pled guilty to attempted insurance fraud on April 20, 2022; sentenced on June 8, 2022 to one year probation and restitution/finest of \$277,993.
- **Tina Marie Freimark** pled guilty on May 11, 2022 to one count of insurance fraud; sentencing is set for August 24, 2022.

[Nearly \\$1.5 Million Ordered to be Returned After Sentencing of Individuals Involved in Insurance Fraud Scheme \(michigan.gov\)](#)

- **Amelia Zea Behnke** pled guilty to one count of false pretenses on October 27, 2021. Her plea agreement required the payment of \$15,498.75 in restitution to the defrauded insurance company. On January 12, 2022, Zea-Behnke was officially sentenced to pay that restitution as well as fines and costs in the 30th Circuit Court.
[Michigan Resident Sentenced After Committing More Than \\$15,000 in Auto Insurance Fraud](#)
- **Christel Lanz** pled guilty on September 7, 2021 to one count of false pretenses (\$1,000 to \$20,000), one count of false pretenses (\$20,000 to \$50,000), two counts of false pretenses (\$50,000 to \$100,000), one count of falsifying tax documents. As part of the plea agreement, Lanz was ordered to pay restitution of \$150,732 to Trustmark Insurance Company, along with fines and costs in the amount of \$1,320.
[Portland Resident Pleads Guilty to Insurance Fraud \(michigan.gov\)](#)
- **Alicia Holbrook-Bloink** and her insurance agency, **Holbrook Insurance Agency, LLC**, pled guilty to multiple felonies in December of 2021. She pled guilty to conducting a criminal enterprise, while the corporation pled guilty to conducting a criminal enterprise, embezzlement, identity theft, and tax evasion. Between 2015 and 2018, Holbrook-Bloink used her insurance agency to embezzle nearly \$375,000 from clients. On January 28, 2022, Holbrook-Bloink was sentenced to one year in jail and three years' probation. A restitution hearing is scheduled for August 5, 2022.
[Howell Insurance Agent Sentenced for Embezzling \\$375,000 from Clients \(michigan.gov\)](#)
- **Christine Presock** pled guilty to six counts of insurance fraud and was sentenced to two years of probation and ordered to pay \$12,500 in restitution to Trustmark Insurance Company.
[St. Joseph County Woman Sentenced in Insurance Scheme \(michigan.gov\)](#)
- **Lorie Bevins** pled guilty on April 18, 2022 to misdemeanor larceny by false pretenses and was sentenced to 12 months' probation and ordered to pay restitution of \$43,000 to Aflac Insurance and costs and fines of \$325. A restitution hearing is scheduled for August 2, 2022.
[Joint DIFS, Allegan County Investigation Leads to Insurance Fraud Charges Against Plainwell Resident \(michigan.gov\)](#)

Trials Pending:

- **Patrick Nolan** was charged with one count of arson of an insured dwelling and one count of second-degree arson. Trial is pending.
- **Christopher Still** was charged on January 28, 2022 with three counts of identity theft, three counts of insurance fraud, three counts of using computer to commit a crime. A preliminary examination is scheduled for July 19, 2022.

- **Kelvin Perkins** was charged on March 8, 2022 with one count of insurance fraud and one count of false pretenses. Trial is pending.
- **Gerald Harris** was charged on March 8, 2022 with four counts of false pretenses, five counts of insurance fraud, five counts using computer to commit a crime. A status conference is scheduled for July 8, 2022.
- **Cathy Gwynn and Deangelo Hadley** were charged on April 1, 2022 with one count of insurance fraud. Preliminary examinations are scheduled for August 1, 2022.
- **Jeffrey Scott Kimball** was charged with one count of insurance fraud in the Ogemaw Chiropractic fraud scheme. Trial is scheduled for November 17, 2022.
- **Katie Mae Quigley** was charged with one count of insurance fraud in the Ogemaw Chiropractic fraud scheme. Trial is set for November 17, 2022.

Outreach

DIFS has continued its outreach efforts to create public awareness that insurance fraud is not a victimless crime, but rather affects everyone through higher premiums and that those who engage in fraud can be subject to criminal penalties, and to better inform Michigan residents and businesses regarding the existence of the FIU and the assistance that it can provide in investigating fraudulent activities in the insurance and financial services markets.

On May 20, 2022, an EF3 tornado touched down in the City of Gaylord in northern Michigan. The FIU staff partnered with the NICB to respond to the area and offer residents support and information to deter possible contractor fraud in the area. FIU staff also met with local law enforcement and emergency management to offer assistance in combating fraud. During this outreach, the FIU uncovered instances of suspected insurance fraud and is partnering with the Michigan Attorney General to further investigate.

During the Reporting Period, FIU staff participated in numerous outreach activities, such as providing presentations to industry and consumer groups, meetings with industry investigative staff, law enforcement, or regulatory agencies, and attending anti-fraud conferences. In all, the FIU staff conducted 9 presentations, participated in 9 meetings.

Through press releases, consumer town halls, and public service announcements, DIFS continued its efforts to create public awareness that insurance and financial services fraud affects everyone through higher insurance premiums and costs for financial services products.

Media Outreach

DIFS' Office of Communications issued 14 press releases related to fraud and the FIU's activities to raise public awareness about preventing and reporting fraud.

Consumer Town Halls

DIFS hosted several virtual events for consumers, legislators, legislative staff, and industry groups reaching 894 people across the state.

Secretary of State Branch Offices

Since June of 2019, DIFS has had PSAs running on the TV monitors in all Secretary of State branch offices.



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FRAUD INVESTIGATION UNIT