



# 2024

## FRAUD INVESTIGATION UNIT ANNUAL REPORT

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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 and credit unions, insurance companies, insurance agencies, the Fraud Investigation Unit (FIU) is a criminal justice agency within DIFS, comprised of thirteen full time employees. 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 the 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. This is accomplished by performing in-depth analysis and investigation of reports of suspected fraudulent activities in Michigan's insurance and financial services markets and through coordination with other law enforcement agencies at the local, state, and federal levels. The FIU also seeks to deter criminal and fraudulent activities in the insurance and financial services markets through its collaborative efforts with industry partners by educating the public on current fraud trends and schemes and encouraging the reporting of fraud to DIFS where appropriate.

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. Consider the following scenario: Every company providing goods or services pays for insurance as a cost of doing business. To account for insurance fraud, the insurance companies must raise rates charged to consumers and businesses. In turn, Michigan businesses charge consumers more for goods and services to cover the increased cost of their insurance.

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, 2023 to June 30, 2024 (Reporting Period).

## Task Force Participation

The FIU has continued its participation with the Michigan Insurance Fraud Taskforce (Taskforce) with staff from the Michigan State Police and the Department of 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 July 24, 2023, and on February 26, 2024.

In addition, the FIU represents DIFS as a member on the National Association of Insurance Commissioners' (NAIC) Antifraud Task Force. The Antifraud Task Force assists state insurance supervisory officials through the detection, monitoring, and appropriate referral for the investigation of insurance crimes, 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 15 antifraud initiative conferences and meetings.

## Fraud Reports

The FIU receives fraud reports through the DIFS' online fraud report portal at [Michigan.gov/ReportFraud2DIFS](https://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](mailto:DIFS-Antifraud@michigan.gov).

The FIU receives fraud reports from six primary sources:

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

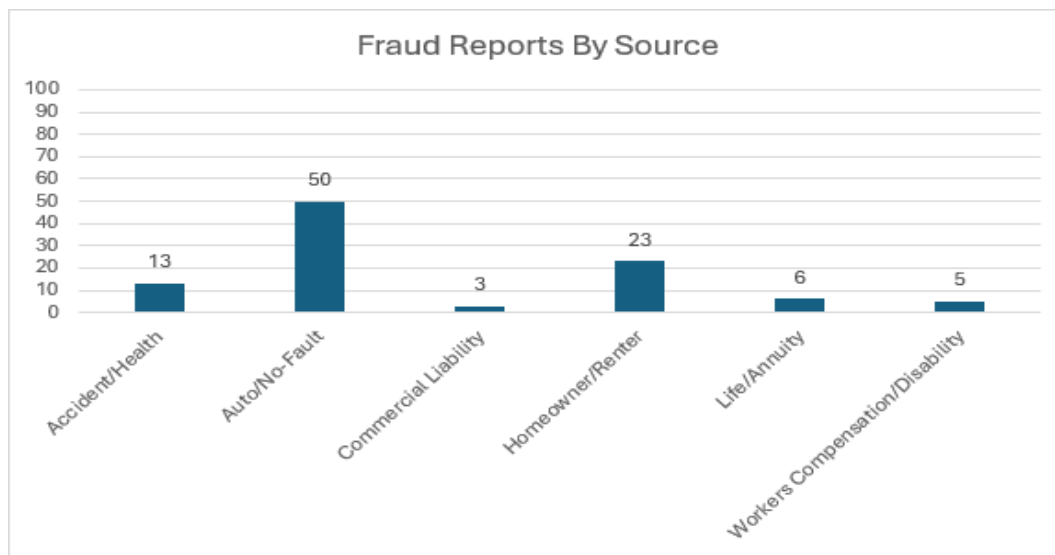
The FIU most often receives these fraud reports through the National Association of Insurance Commissioners' (NAIC) online fraud reporting system or through DIFS online fraud report portal. Not every fraud report received provides sufficient information to demonstrate actionable fraud or criminal activity. Each fraud report is carefully reviewed and evaluated, based on criteria such as, general amount of loss, financial and/or physical harm to the public and/or insurance industry, and the number of consumers impacted. A primary area of focus for the FIU is the investigation and prosecution of fraud ring-activity with substantial loss amounts and wide-ranging impacts to industry and the public. These complex investigations require a significant amount of time and resources from FIU personnel and partnering agencies.

The following statistics represent the work performed by the FIU staff from July 1, 2023 to June 30, 2024:

Fraud Reports received	3,789
Fraud Reports closed	3,580
Investigations opened	56
Investigations closed through resolution/settlement	4
Investigations closed for lack of evidence	18

*\*The number of closed fraud reports may include those that were received during a prior reporting period and closed during the current reporting period.*

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



Through its general outreach and educational efforts, the FIU continues to engage with the financial services industries to create additional awareness of the FIU's existence and the tools available to assist in investigating and combating fraud in the financial services industries.

## Fraud Investigations and Criminal Referrals

After completing an investigation, the FIU makes a formal referral for criminal prosecution to local law enforcement agencies, the Department of Attorney General, or federal law enforcement.

From July 1, 2023 to June 30, 2024, FIU investigations resulted in the following:

Cases referred to law enforcement	22
Cases closed with no charges	3
Cases still under prosecution review	31
Charges Filed	11
Trials Pending	7
Convictions	12
Restitution ordered	\$461,401
Fines/Costs ordered	\$21,629

*\*The number of convictions include cases that were initiated during a prior reporting period and finalized during the current reporting period.*

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 12 criminal convictions, with court-ordered restitution, fines, and costs in excess of \$483,000.

## Charges

- **Jamie White** was charged on August 14, 2023, with one count of insurance fraudulent acts.
- **Christina Zordel** was arraigned on August 22, 2023, with one count of healthcare fraud-false claim, one count of healthcare fraud-false statement, and one count of embezzlement.
- **Shanelle Appling** was charged on September 6, 2023, with two counts of false pretenses and one count of insurance fraudulent acts.
- **Fares Elia** was charged on September 20, 2023, with one count of insurance fraudulent acts and one count insurance fraud conspiracies.
- **Martin Dahhoo** was charged on September 21, 2023, with one count of insurance fraudulent acts and one count insurance fraud conspiracies.
- **Charlia Preston** was charged on January 12, 2024, with one count of insurance fraudulent acts and one count of false pretenses.
- **Coen McGarity** was charged on February 16, 2024, with 11 counts of insurance fraudulent acts and 11 counts of use of a computer to commit a crime.
- **Rainna Brazil** was charged on February 16, 2024, with three counts of false pretenses-\$100,000 or more, two counts of false pretenses-\$20,000 or more but

less than \$50,000, two counts of failure to file taxes, and one count of insurance fraudulent acts. [Oakland County Physician Charged with Insurance Fraud \(michigan.gov\)](#)  
[Attorney General: Oakland County Physician Bound Over on Insurance Fraud Charges \(michigan.gov\)](#)

- **Pamela Mughannam** was charged on March 14, 2024, with one count of false pretenses and one count of insurance fraudulent acts.
- **Jovon Gholston** was charged on March 15, 2024, with two counts of insurance fraudulent acts and two counts of computer used to commit crime.
- **Glynn Daniels** was charged on May 2, 2024, with one count insurance fraudulent acts and one count of false pretenses.

## Convictions

- **Christina Zordel** pled guilty on September 25, 2023, in the 36<sup>th</sup> Circuit Court to one count of healthcare fraud-false claim, one count of healthcare fraud-false statement, and one count of embezzlement. She was sentenced on December 4, 2023, to one year in jail, three years of probation, ordered to pay restitution in the amount of \$9,655 and court costs and fees of \$198.
- **Patrick Nolan** was found guilty by a jury on September 29, 2023, in the 3<sup>rd</sup> Circuit Court, to one count of arson on an insured dwelling and one count of 2<sup>nd</sup> degree arson. He was sentenced to 7 years to 20 years in the MDOC plus ordered to pay restitution of \$272,581 to Hanover Insurance. [Jury Finds Plymouth Man Guilty of 2 Arson Counts \(michigan.gov\)](#) [Plymouth Man Sentenced 7-20 Years for Arson, Ordered to Pay Quarter-Million Dollar Restitution to Insurer \(michigan.gov\)](#)
- **Laurie Litberg** pled guilty on October 25, 2023, in the 15<sup>th</sup> Judicial District Court to two counts of false pretenses and one count of healthcare fraud-false claim. She was sentenced on December 14, 2023, to 24 months of probation and ordered to pay \$13,455 in restitution and court costs and fees in the amount of \$1,270.
- **Cathy Rice** pled guilty on January 9, 2024, in the 6<sup>th</sup> Judicial Circuit Court to one count false pretenses and one count of insurance fraudulent acts. She was sentenced on February 27, 2024, and ordered to pay \$12,310 in restitution and \$656 in costs and fees. Sentencing has been delayed until February 25, 2025.
- **Fares Elia** pled no contest in the 16<sup>th</sup> Judicial Circuit Court to three misdemeanor counts of receiving & concealing stolen property. His plea agreement ordered restitution in the amount of \$74,000 to be held jointly and severally liable between him and Co-Defendant Martin Dahhoo. He was sentenced on June 26, 2024, to one day in jail with credit for one day served.
- **Martin Dahhoo** pled guilty in 16<sup>th</sup> Judicial Circuit Court on June 5, 2024, to receiving & concealing stolen property. Sentencing is scheduled for August 1, 2024.



- **Kelvin Perkins** pled guilty on April 10, 2024, to false pretenses in 3<sup>rd</sup> Circuit Court. He was sentenced on April 24, 2024, to one year of probation and restitution in the amount of \$14,255 and \$558 in court costs and fees.
- **Gerald Harris** pled guilty on September 15, 2022, in the 3<sup>rd</sup> Circuit Court to one count false pretense with an agreement to pay \$21,198 in restitution and \$2,000 in fines. In September 2023, it was determined that he had been unable to complete the terms of the plea agreement, so the offer was revoked. He accepted an offer to one count of using computer to commit a crime and was ordered to two years of probation and to pay remaining amount of \$13,699 in restitution over the term of his probation.
- **Pamela Mughannam** pled no contest on June 12, 2024, in the 16<sup>th</sup> Circuit Court, to one count of false pretenses and one count of insurance fraudulent acts. Sentencing is set for August 1, 2024.
- **Charlia Preston** pled guilty on May 9, 2024, in the 3<sup>rd</sup> Circuit Court to one count of insurance fraudulent acts and one count of false pretenses. She was sentenced on June 20, 2024, to two years' probation and ordered to pay restitution in the amount of \$19,168 along with costs and fines in the amount of \$198.
- **A Fenton woman** pled guilty on January 31, 2024, to one count of false pretenses and one count of insurance fraudulent acts. She was ordered to pay \$30,000 in restitution. *\*Individual received delayed sentence pursuant to MCL 771.1*
- **A Dearborn man** pled guilty on February 27, 2024, to two counts of disturbing the peace and ordered to pay costs and fines in the amount of \$6,055. *\*Individual received delayed sentence pursuant to MCL 771.1*

## **Trials Pending**

- **Shelly Bailey** was charged on August 4, 2022, with one count of false pretenses, one count of insurance fraudulent acts, and one count of insurance false report for insurance claim. Charges were dismissed at pre-trial conference held on June 28, 2024.
- **Auto insurance fraud scheme** – In April 2023, six individuals were charged with conducting a criminal enterprise and other related charges. A pre-trial conference is scheduled for July 15, 2024, for the following individuals:
  - Mohammad Ali Abraham
  - Michael Angelo
  - Hassan Fayad
  - Robert Presley
  - Thomas Quartz
  - Chitra Sinha

[Six Defendants to Stand Trial on Allegations of Criminal Enterprise Targeting Accident Victims \(michigan.gov\)](#) [Attorney General: Six Defendants to Stand Trial on Allegations of Criminal Enterprise Targeting Accident Victims \(michigan.gov\)](#)



- **Jamie White** was charged on August 14, 2023, with one count of insurance fraudulent acts. A pre-trial conference is scheduled for July 15, 2024.
- **Shanelle Appling** was charged on September 6, 2023, with two counts of false pretenses and one count of insurance fraudulent acts. Next court date is set for August 12, 2024.
- **Coen McGarity** was charged on February 16, 2024, with 11 counts of insurance fraudulent acts and 11 counts of use of a computer to commit a crime. No trial date set at this time.
- **Rainna Brazil** was charged on February 16, 2024, with three counts of false pretenses-\$100,000 or more, two counts of false pretenses-\$20,000 or more but less than \$50,000, two counts of failure to file taxes, and one count of insurance fraudulent acts. Next court date is set for July 3, 2024. [Oakland County Physician Bound Over on Insurance Fraud Charges \(michigan.gov\)](#) [Attorney General: Oakland County Physician Charged with Insurance Fraud \(michigan.gov\)](#)
- **Glynn Daniels** was charged on May 2, 2024, with one count insurance fraudulent acts and one count of false pretenses. Probable Cause Conference is scheduled for July 10, 2024.

## Resolutions

- **Gill's Tree Service LLC** – The Michigan Attorney General, along with DIFS FIU, investigated claims against Gill's Tree Service. On November 23, 2023, the Attorney General and Gill's Tree Service agreed to an Assurance of Voluntary Compliance & Discontinuance Order wherein Gill's Tree Service agreed to pay the Michigan Attorney General \$600 in compensation for expenses associated with the investigation and agreed to pay \$250 each in restitution to two consumers.
- **Storm Support Emergency Tree Removal LLC aka Michigan's Choice Tree Service LLC** - DIFS FIU once again combined efforts with the Department of Attorney General to investigate additional allegations of overcharging insurance companies, and misrepresenting the way Storm Support Emergency Tree Removal works with insurers. The Attorney General filed suit in Ingham County Circuit Court on January 3, 2024, relating to violations of the previous March 8, 2023, Assurance of Voluntary Compliance between Michigan Choice Tree Service and the Attorney General. On March 8, 2024, the parties entered into a Settlement Agreement and Consent Judgment including, but not limited to, the following terms:
  - Defendants agreed to incorporate and reaffirm the terms of the March 8, 2023, Assurance of Voluntary Compliance into the Settlement Agreement and apply its terms to "all Defendants, as well as any future-created entities affiliated with any defendant in any way, in perpetuity."

- A payment in the amount of \$13,500 to the Michigan Department of Attorney General. The Attorney General will distribute \$250 to three consumers identified in the Complaint. The balance to be retained by the Attorney General to offset expenses associated with the lawsuit.

[Attorney General: Attorney General Settles Lawsuit Against Rockford Tree Service, Secures Judgement Ending Illegal Business Practices \(michigan.gov\)](#)

[Attorney General: AG Nessel Reissues Consumer Alerts Following Latest Round of Storms \(michigan.gov\)](#)

- **A Bay City woman** was billing MIC General Insurance Corporation for attendant care services despite the fact her mother had passed away in May 2023. The woman failed to notify MIC that her mother had passed and continued to collect attendant care checks for five additional months. An agreement was reached in November of 2023, between the parties wherein the woman agreed to pay restitution in the amount of \$7,920.
- **Three individuals from Macomb County and Wayne County** were charged with insurance fraudulent acts in 2022 relating to the submission of fraudulent attendant care sheets for financial gain. In 2023 and 2024, the three Defendants agreed to pay restitution in the amount of \$14,316 to Pioneer Insurance Company and each case was dismissed.

## Outreach

DIFS has continued its outreach efforts to increase public awareness that insurance and financial services fraud is not a victimless crime and that those who engage in fraud can face criminal penalties. The Department has also worked to better inform Michigan residents and businesses regarding the assistance the FIU can provide in investigating fraudulent activities in the insurance and financial services markets.

During this Reporting Period, the FIU staff has continued to strengthen the relationship with the National Insurance Crime Bureau (NICB). FIU staff meet with NICB staff on a weekly basis for information sharing and training. The FIU staff also meet with members of the Michigan Chapter of the International Association of Special Investigation Units (Mi-IASIU) on a bi-monthly basis for information sharing and discussions on insurance fraud trends. The FIU continues to partner with the Healthcare Fraud Prevention Partnership (HFPP) to work together on efforts to take a proactive approach to combat healthcare fraud, waste, and abuse.

The FIU continues to partner with the NICB to respond to areas affected by recent storms and tornados. Through this partnership, consumers are offered support and information to deter possible contractor fraud in the affected areas. FIU staff continues to meet with local law enforcement and emergency management to offer assistance in combating fraud. During this outreach, FIU uncovered instances of suspected insurance fraud and is partnering with the Michigan Attorney General to further investigate. The Michigan Attorney

General, along with DIFS FIU, investigated claims against Gill's Tree Service that resulted in an Assurance of Voluntary Compliance & Discontinuance Order and a Settlement Agreement with Storm Support Emergency Tree Removal, LLC aka Michigan's Choice Tree Service LLC. Most recently, a civil matter was filed in Ingham County Circuit Court by the Michigan Attorney General against a separate group of tree companies located in Michigan, alleging they deceived consumers seeking storm clean-up services. [Attorney General: AG Nessel Sues Tree Service Companies for Price Gouging, Other Consumer Protection Act Violations Following Severe Weather \(michigan.gov\)](#)

In June 2024, FIU and NICB personnel participated in a two-day fraud seminar geared towards emerging fraud trends, such as synthetic identity fraud, deepfake fraud, and concerns involving AI. This collaborative effort provided insight into how to combat these growing fraud trends through methodical and analytical investigations within current anti-fraud industry standards.

Also in June 2024, DIFS participated in a multistate information sharing session on how to detect fraud conspiracies pertaining to healthcare fraud, staged accidents, and mysterious disappearances. DIFS in conjunction with NICB, the Department of Insurance Kentucky, and the Department of Insurance Iowa identified key factors within each scheme that aided in the successful prosecution of bad actions.

FIU staff continue to participate in numerous outreach activities, such as attending the Auto Theft Prevention Authority Conference, attending the Mi-IASIU fall training conference, and attending the national IASIU training conference. FIU investigators regularly attend monthly law enforcement fraud meetings across the state where they discuss the ability of the FIU to assist law enforcement and prosecuting authorities with insurance and financial fraud issues. FIU investigators also use these meetings to stay abreast of the latest fraud trends and schemes.

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 eight press releases related to fraud and the FIU's activities to raise public awareness about preventing and reporting fraud.

### **State of Michigan On-Hold Messages**

During the Reporting Period, DIFS partnered with the Department of Technology, Management & Budget to include information about reporting suspected fraud through the state of Michigan's on-hold recording system. Callers to the State of Michigan who are placed on hold were played the recording throughout the state.