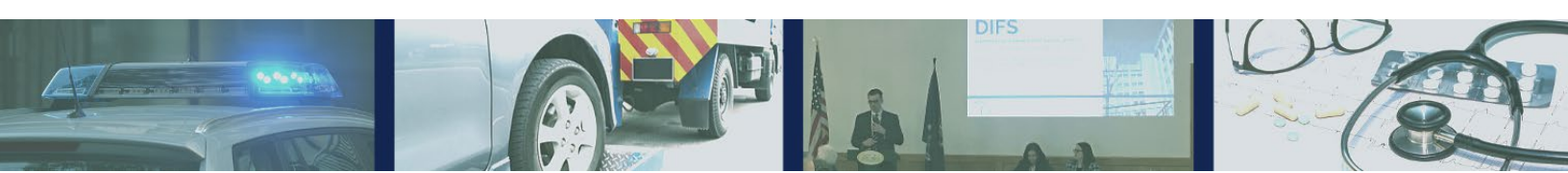


2021 ANNUAL REPORT

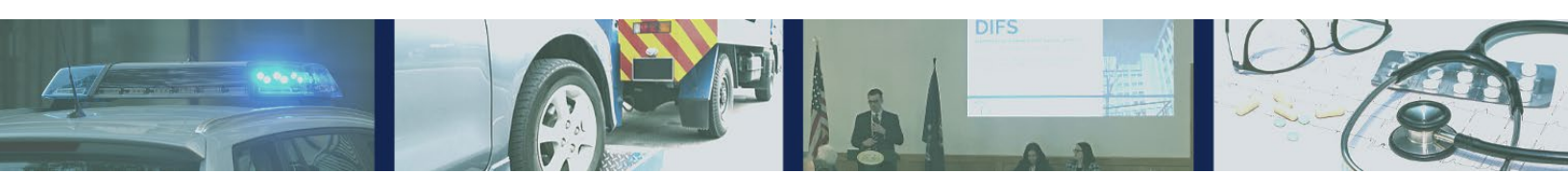




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Introduction

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, 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, 2020 to June 30, 2021 (Reporting Period).

Establishment

Since July 1, 2020, the FIU has successfully hired four additional investigators, two additional analysts, and an administrative assistant. With those positions filled, the FIU is now 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:

- October 8, 2020
- February 18, 2021
- May 20, 2021



Fraud Reports

The FIU receives fraud reports through the DIFS’ online fraud report portal at www.Michigan.gov/ReportFraud2DIFS. The FIU also accesses the National Association of Insurance Commissioners (NAIC) 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:

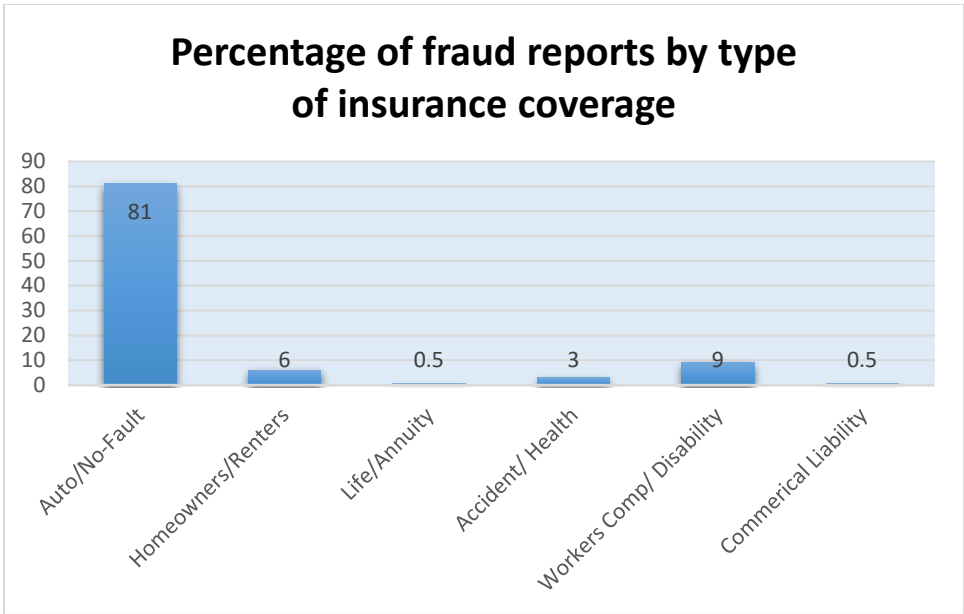
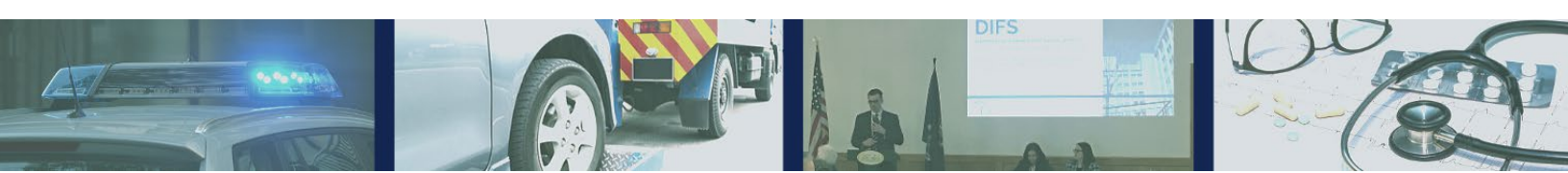
- The general public,
- Consumer victims,
- Insurance companies,
- Financial service companies,
- Law enforcement agencies, and
- Other governmental agencies.

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, 2020 to June 30, 2021:

Fraud Reports received	2,309
Fraud Reports closed	2,170
Investigations opened	109
Investigations closed for lack of evidence	21
Investigations closed through resolution/settlement	5
Investigations referred to law enforcement	*28
(*28 investigations representing 38 total fraud reports)	

While 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. In 2021 and beyond, DIFS will work toward increasing the financial services industry’s awareness of the FIU’s willingness and ability to assist with the investigation and prosecution of criminal and fraudulent activities. With respect to insurance fraud reports, the following chart shows the percentage of fraud reports received by type of insurance coverage.



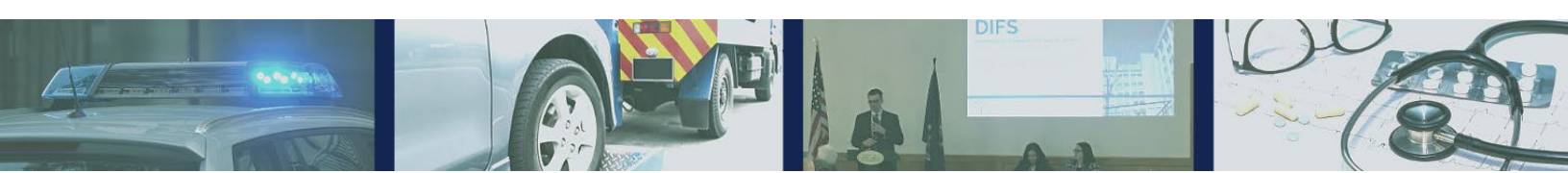
Fraud Investigations

After gathering evidence and completing an investigation, the FIU refers its completed investigations to law enforcement for criminal prosecution. These investigations can be referred to local law enforcement agencies, the Michigan Attorney General, or federal law enforcement.

From July 1, 2020 to June 30, 2021, FIU investigations resulted in the following:

Cases referred for criminal investigation by law enforcement	28*
Cases closed with no charges	3
Cases still under prosecutorial review	25
Charges filed	9
Trials pending	4
Convictions	6
Restitution ordered	\$986,835.147
Fines/costs ordered	\$27,825.00

(*28 cases representing 38 total fraud reports)

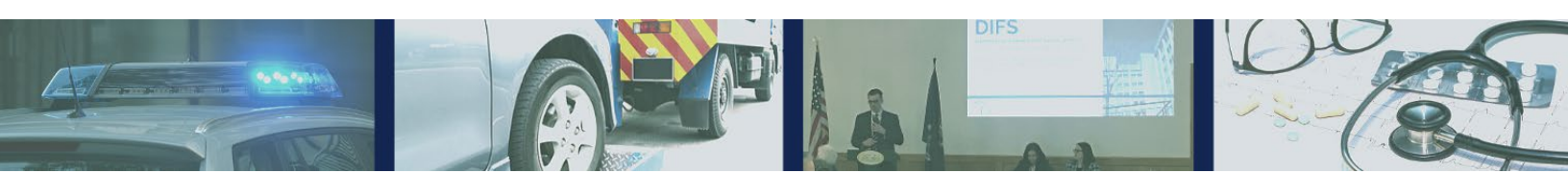


Criminal Referrals

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.

Charges

- **Alicia Holbrook-Bloink** - charged on July 7, 2020 with embezzlement of \$375,000 of her clients' money, conducting a criminal enterprise, filing false tax returns, and identity theft. [Insurance Salesperson Charged with Conducting a Criminal Enterprise After Defrauding Customers \(michigan.gov\)](#)
- **Anthony Johnson** - charged on August 6, 2020 with selling counterfeit certificates of insurance and using a computer to commit a crime.
- **Dillen Leonard** - charged on September 8, 2020 with selling at least 30 counterfeit certificates of insurance and using a computer to commit a crime.
- **Charles Booker** - charged on October 12, 2020 with embezzlement of over \$18,000 of his clients' money, insurance fraud, and using a computer to commit a crime.
- **Christine Presock** - charged on April 7, 2021 with six counts of insurance fraud related to allegedly fraudulent filing of six claims for fixed-indemnity insurance policy benefits for herself and her family members. [AG Nessel, DIFS Announce Charges in Insurance Scheme \(michigan.gov\)](#)
- **Trista Boughner** - charged on April 23, 2021 with one count of false pretenses and one count of insurance fraud based on allegedly submitting forged out of work slips.
- **Dr. Namir Zukkoor (VCC Pharmacy)** - charged on May 21, 2021 with conducting a criminal enterprise, delivery of a controlled substance, false pretenses, operating a pharmacy without a license, and insurance fraud. [Oakland County Doctor Charged with Insurance Fraud, Writing Prescriptions without a License \(michigan.gov\)](#)
- **Christel Lanz** - charged on June 21, 2021 with 27 counts of uttering and publishing, 4 counts of false pretenses (\$50,000 or more but less than \$100,000), and 4 counts of filing a false tax return. Lanz is accused of submitting 27 fraudulent accident claims to receive more than \$135,000 from Trustmark Insurance Company. [Department of Insurance and Financial Services Fraud Investigation Unit Announces Charges in Insurance Fraud Scheme \(michigan.gov\)](#)
- **Patrick Nolan** - charged on June 30, 2021 with one count of arson of an insured dwelling and one count of second degree arson related to a fire that destroyed Nolan's home and damaged his neighbor's property. [Plymouth Man Faces Arson Charges After 2019 House Fire \(michigan.gov\)](#)



Convictions

Angella Swain-Jones entered a plea deal in July 2020 and was sentenced on November 24, 2020 to 20 months to 20 years' imprisonment for embezzling more than \$90,000 from her clients and providing them with fake insurance certificates. Swain-Jones is required to pay \$90,223 restitution to 34 victims. She made a partial restitution payment of \$12,000 on November 22, 2020.

[AG - Former Flint Insurance Agent Sentenced to Jail For Embezzlement \(michigan.gov\)](#)

Brittany Wilson pled guilty to one count of False Pretenses for submitting false tax documents to an insurance company to obtain wage loss benefits. As part of the plea, entered on December 14, 2020, Wilson agreed to pay \$19,856 in restitution and a fine of \$1,000. On April 4, 2021, Wilson was sentenced to 1 day jail (with 1 day credit) and ordered to restitution of \$19,856 and \$325 in costs.

Brian Lietzau used his position as fiduciary of an elderly woman with significant memory impairment to convert more than \$100,000 of her funds for his own use. He was charged with one count of embezzlement from a vulnerable adult, two counts of embezzlement by an agent, and three counts of using a computer to commit a crime. In February 2021, he pleaded no contest to one count of embezzlement from a vulnerable adult, \$50,000 or more but less than \$100,000. On March 16, 2021 he was sentenced to six months house arrest, 36 months of probation and ordered to pay approximately \$70,000 in restitution to the victim's estate.

[Former Insurance Agent Sentenced in Elder Abuse Embezzlement Case \(michigan.gov\)](#)

Dillen Leonard was charged with selling at least 30 counterfeit certificates of insurance and using a computer to commit a crime and was arrested on September 8, 2020. In February 2021, Leonard pled guilty to four counts of insurance fraud and one count of using a computer to commit a crime. On March 19, 2021, Leonard was sentenced to 24 months of probation and ordered to pay a fine of \$25,000 and perform 200 hours of community service.

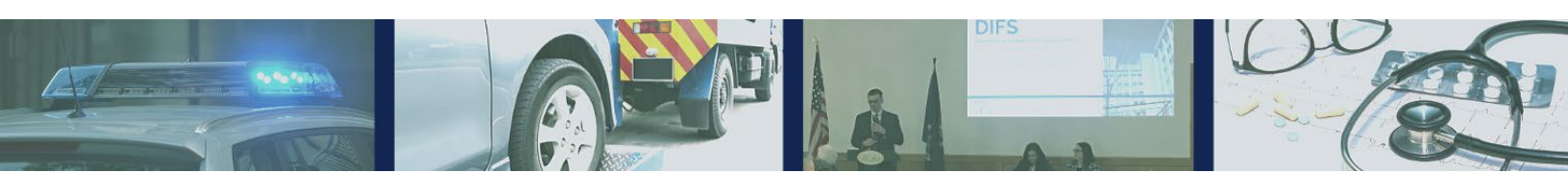
[Flint Man Pleads Guilty to Insurance Fraud \(michigan.gov\)](#)

Darrell Lee Hardenburgh was sentenced on April 21 to 90 days in jail and three years' probation for receiving and concealing stolen property in excess of \$20,000. As part of a plea deal, Mr. Hardenburgh was not charged with several additional counts of insurance fraud but was ordered to pay restitution in the amount of \$746,529.21 to Hastings Mutual Insurance Company and \$28,339.60 to The Hanover Insurance Group. He was also ordered to turn over all medical equipment used in the scheme to law enforcement.

[Ogemaw County Resident to Pay Nearly \\$775,000 After Investigation Finds Alleged Insurance Fraud \(michigan.gov\)](#)

Charles Booker pled guilty to three counts of misdemeanor embezzlement by an agent of \$200 or more but less than \$1,000 on June 23, 2021. Booker collected insurance premiums from clients but failed to remit the premiums and converted the money to his own use instead. Booker paid \$13,764 in restitution prior to entering the guilty plea and also signed a written acknowledgement that he engaged in insurance fraud and that he was not eligible to seek re-licensure as an insurance agent. In addition to the restitution, the judge ordered Booker to pay \$1,500 in fines and costs as his sentence.

[Muskegon Insurance Agent Charged with Embezzling Clients' Money Pleads Guilty \(michigan.gov\)](#)



Trials Pending

Amelia Behnke is accused of submitting fraudulent claims seeking reimbursement of over \$25,000 for providing attendant care services to her son during a time-period when she was attending school and not providing such attendant care services. She was charged with four counts of insurance fraud and three counts of false pretenses. Preliminary examination concluded on December 3, 2020. Behnke was bound over on all charges. Trial is pending.

Alicia Holbrook-Bloink was charged on July 7, 2020 with embezzlement of \$375,000 of her clients' money, conducting a criminal enterprise, filing false tax returns, and identity theft. A preliminary exam was held on October 21, 2020 and a pre-trial conference was conducted December 11, 2020. Trial is expected in Fall 2021.

Anthony Johnson was charged on August 6, 2020 with selling counterfeit certificates of insurance and using a computer to commit a crime. The preliminary exam was waived by Johnson. Trial is pending.

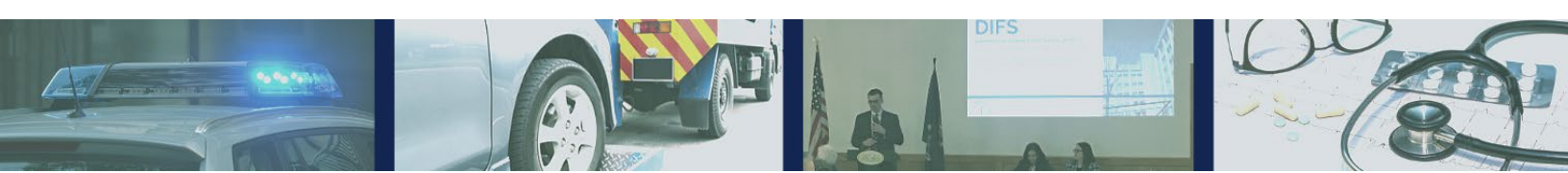
Dr. Namir Zukkoor was charged on May 21, 2021 with conducting a criminal enterprise, delivery of a controlled substance, false pretenses, operating a pharmacy without a license, and insurance fraud. A preliminary examination is scheduled for August 24, 2021.

Outreach Efforts

DIFS has continued its outreach efforts to create public awareness about the FIU and its efforts to prevent and investigate fraud in the insurance and financial services industries. A focus was placed this year on better informing Michigan residents and businesses regarding the existence of the FIU and the assistance it can provide in investigating fraudulent activities in the insurance and financial services markets.

During the Reporting Period, FIU staff participated in numerous outreach activities, such as providing presentations to industry and consumer groups and participating in meet & greets with industry investigative/claims staff, law enforcement, and regulatory agencies. In all, the FIU staff conducted outreach activities by conducting 8 presentations and participating in 13 meet & greets with interested organizations, including the following:

- Michigan Worker's Compensation Agency
- Michigan Department of State
- AAA
- Progressive Insurance Company
- AFLAC
- Lansing Community College
- Citizens/Hanover Insurance
- GEICO Insurance
- Michigan Mortgage Industry Advisory Board
- Pioneer State Mutual
- Michigan State Police-Motor Carrier Division
- John Hancock Life Insurance



- Plunkett and Cooney Law Firm
- Ogemaw County Prosecutor and Sherriff's Department
- Farm Bureau Insurance
- Michigan Automobile Dealers' Association
- Michigan Automobile Insurance Placement Facility
- Michigan Assigned Claims Plan
- Insurance Fraud Management Conference
- Olivet College

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 nearly 20 press releases related to fraud and the Fraud Investigation Unit to raise public awareness about preventing and reporting fraud.

Consumer Town Halls

DIFS hosted a series of virtual town halls that educated more than 9,600 consumers about Michigan's new auto insurance law, including the Fraud Investigation Unit.

Public Service Announcements (PSAs)

DIFS' Office of Communications produced, recorded, and distributed two radio PSAs. The PSAs are available for download on the Michigan Association of Broadcasters website.

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.





DIFS 
FRAUD INVESTIGATION UNIT