



Commerce Fraud Bureau Annual Report

2019

Minnesota Department of Commerce
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Annual report to the Legislature and people of Minnesota

Pursuant to Minnesota Statutes 45.0135, subdivision 5, I am pleased to present the Commerce Fraud Bureau's annual report for calendar year 2019. The Bureau is a statutorily authorized law enforcement agency within the Minnesota Department of Commerce. This report gives insight into the activities of the Bureau to deter crime, investigate criminal activity and, when necessary, bring criminals to justice.

The Bureau continues to innovate and adapt to the ever-changing schemes that affect the financial health of the companies that conduct business in Minnesota. Our work benefits all Minnesotans because insurance fraud affects everyone in the state. The contributions made by Bureau officers, investigators and our law enforcement partner agencies have a remarkable, measurable and positive impact on the economic vitality of our state.

During 2019, the Commerce Fraud Bureau initiated investigations into 3,236 cases, representing a 14 percent increase over the 2,849 investigations conducted in 2018. Our criminal investigations resulted in prosecutions of individuals who were responsible for committing crimes that had an economic impact on Minnesotans totaling \$29,252,961. This is a significant measure of the success our investigations yield.

The mission of the Bureau is, "To protect Minnesotans from fraud by conducting aggressive criminal investigations in the pursuit of justice." This is not simply a statement in a book. We live this each day, and this is the reason why our work is so important.

I encourage you to review this report and learn more about what the Bureau has to offer. If you desire any additional information on the work of the Bureau, please do not hesitate to contact me at 651-539-1602. Thank you for your continued support.

At your service,

Michael W. Marben
Director & Chief Law Enforcement Officer
Minnesota Commerce Fraud Bureau

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RESULTS

- Commerce Fraud Bureau investigations resulting in the filing of state and federal criminal charges had an economic impact of \$29,252,691 in 2019.
- The number of incoming case referrals at the Commerce Fraud Bureau in 2019 was 3,236.
- This represents an increase of 57 percent in case referrals over the past 5 years and a 14 percent increase between 2018 and 2019.
- The five largest areas of suspected fraud reported to the Bureau during 2019 were:
 - Automobile Insurance
 - Health Care Insurance
 - Homeowners' Insurance
 - Workers' Compensation Insurance
 - Agent and Broker Fraud
- Insurance fraud makes insurance premiums more expensive for all Minnesotans.
- Insurance fraud affects everyone.

Recognition

On April 23, 2019, the U.S. Attorney's Office honored several members of the **Commerce Fraud Bureau** with an award for **Excellence in The Pursuit of Justice**.

"This group of dedicated professionals work tirelessly for the betterment of our community in pursuit of a common goal – the desire to make our community a safer and more just place to live, work, love and play," said U.S. Attorney Erica MacDonald. "Today, we honor them by publicly celebrating their achievements and recognizing the sacrifices that they and their families make in the name of justice."

The award was given to the CFB for Operation Back Cracker (see Major Case Highlight section of this report), a long-term investigation into personal injury protection (PIP) fraud cases involving chiropractors, attorneys and runners. Runners worked for the chiropractors and attorneys and they steered people who had been either involved in a crash or staged a crash to collect PIP benefits under an auto insurance policy. The victims would be paid to see a chiropractor who would bill the insurance company for fictitious treatment or limited treatment and then the attorney would sue the insurance company for additional compensation. The CFB investigation uncovered a multi-million-dollar enterprise.

COMMERCE FRAUD BUREAU

INTRODUCTION

The Commerce Fraud Bureau (CFB) is the recognized leader in fraud and white-collar criminal investigations in the State of Minnesota.

The CFB is one of Minnesota's six state-level law enforcement agencies. The CFB is housed inside the Minnesota Department of Commerce and is granted authority under Minnesota Statutes 45.0135.

The CFB is Minnesota's primary law enforcement agency responsible for conducting criminal investigations into cases involving insurance fraud and related criminal activity. The CFB undertakes investigations that require a level of expertise that is usually beyond the scope, capacity or expertise of other more traditional law enforcement agencies.

Staged-crash rings fleece auto insurers out of billions of dollars by billing for unneeded treatment of phantom injuries. Unlicensed and unscrupulous contractors seek to exploit often-traumatized homeowners into unnecessary and costly repairs after storms, severe weather events and natural disasters.

There are many categories of criminal action tracked by the CFB. Senior scams, identification theft, medical ID theft, fraudulent health insurance claims, businesses illegally trying to avoid paying workers' compensation premiums by misclassifying employees, cyber-crimes, property and casualty insurance schemes and funeral insurance fraud.

The Coalition Against Insurance Fraud estimates conservatively that fraud steals \$80 billion a year across all lines of insurance.

To achieve its mission, the CFB collaborates with local, state and federal law enforcement agencies to hold criminals accountable for their actions. Because criminal activity does not recognize local, national or international boundaries, CFB work can reach well beyond the state's borders.

Criminals investigated by the CFB often target seniors, vulnerable individuals and people desperate for help in times of dire need such as after a flood, storm damage, an auto accident or even when burying a loved one. The work of the CFB is serious, meaningful and a key part of the state's consumer protection and criminal justice systems.

PERSPECTIVE

During 2019, the Bureau was staffed by twenty-one professionals: a director (Chief Law Enforcement Officer), two supervisory special agents, thirteen special agents and five analysts.

CFB special agents are licensed peace officers with extensive law enforcement backgrounds, training and experience. CFB special agents are considered the leading experts in the field of insurance fraud. They are trained in criminal investigations and provide assistance as well as training for consumers, the insurance industry and statewide law enforcement partners.

CFB analysts are highly trained individuals who function in a non-sworn support role conducting research, analyzing data and producing reports in support of CFB special agents.

The Minnesota Commerce Fraud Bureau is the nation's sixth largest law enforcement agency charged with the responsibility of investigating insurance fraud. California is first with 283 full-time law enforcement officers followed by Florida with 112, North Carolina with 40, Virginia with 25, West Virginia with 23 and Minnesota with 16.

PURPOSE

- ✓ Uncovering insurance and associated fraud
- ✓ Providing education to avoid being a victim of fraud
- ✓ Partnerships to bring offenders to justice

The Commerce Fraud Bureau conducts criminal investigations and enhances the effectiveness of law enforcement agencies throughout the State. Specifically, the unique skillsets that CFB special agents possess facilitate the investigation of crimes requiring technical expertise generally beyond the expertise or knowledge base of other law enforcement partners. Due to the lean, agile operating principles employed, the CFB can efficiently and effectively deploy significant assistance across the State, including in Greater Minnesota, where investigative resources may be less readily available.

The CFB assists law enforcement partners by providing services such as:

- Computer forensic services
- Collection and analysis of evidence in financial crimes
- Surveillance support
- Technical expertise

MISSION

To protect Minnesotans from fraud by conducting aggressive criminal investigations in the pursuit of justice.

INSIGHT

Many of the financial services that we all rely upon are insurance products.

Health insurance pays for the costs associated with your birth; automobile insurance covers your first car accident; mortgage and title insurance is needed when you buy your first home; homeowner's insurance covers the contents of that home; disability insurance covers you when you slip on the ice and are injured; worker's compensation insurance covers your fall while working; if you were laid off from work, unemployment insurance becomes your lifeline until you find your next job; the banks that handle your money are insured by the Federal Deposit Insurance Corporation; annuities assist you in planning for your retirement; long term care insurance provides assistance when you grow old; and life insurance pays your heirs upon your death.

This is why what we do is so very important to the economic vitality of our state.

ACTIONS

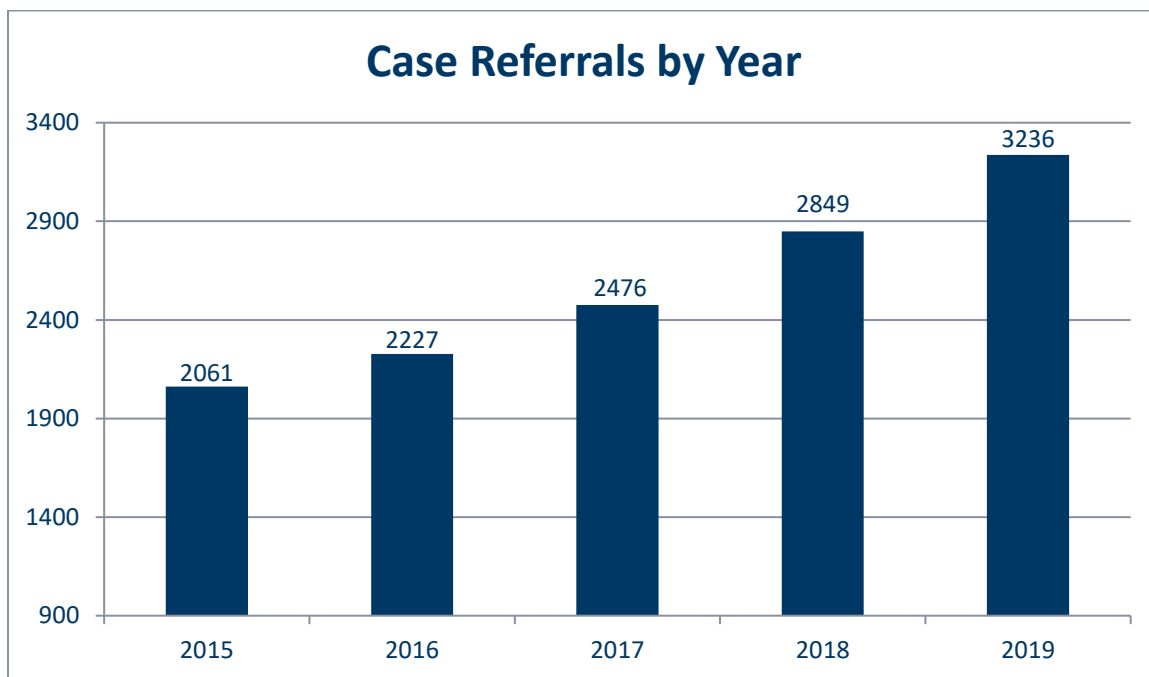
INVESTIGATIVE REQUESTS

Cases for investigation are referred to the CFB from four major sources:

- the general public
- insurance companies
- law enforcement agencies
- other governmental regulatory agencies

The subject of the referrals varies from individuals to businesses suspected of committing insurance fraud. Each incoming case is carefully reviewed to determine if the information submitted articulates a sufficient basis for the CFB to initiate a criminal investigation into the fraud allegation.

The following graphic represents the number of cases referred to the CFB for investigation during each of the previous five years:



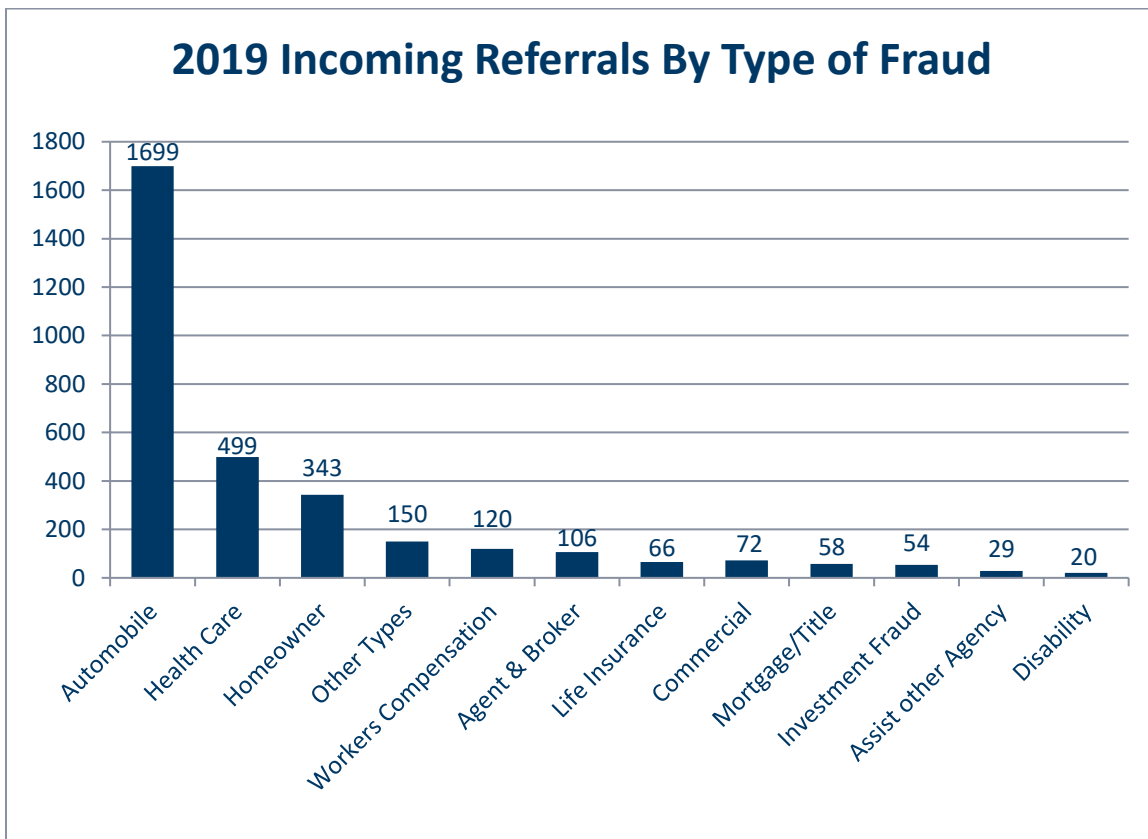
In 2019, the number of incoming case referrals increased to 3,236.

The increase in case referrals from 2018 to 2019 was 13% percent. Looking back five years, the CFB has seen an increase of 57 percent in case referrals.

TYPE OF FRAUD CASES

As noted in the chart below, the five largest areas of suspected fraud reported to the Bureau during 2019 were:

- Automobile Insurance
- Health Care Insurance
- Homeowners' Insurance
- Workers' Compensation Insurance
- Agent and Broker Fraud

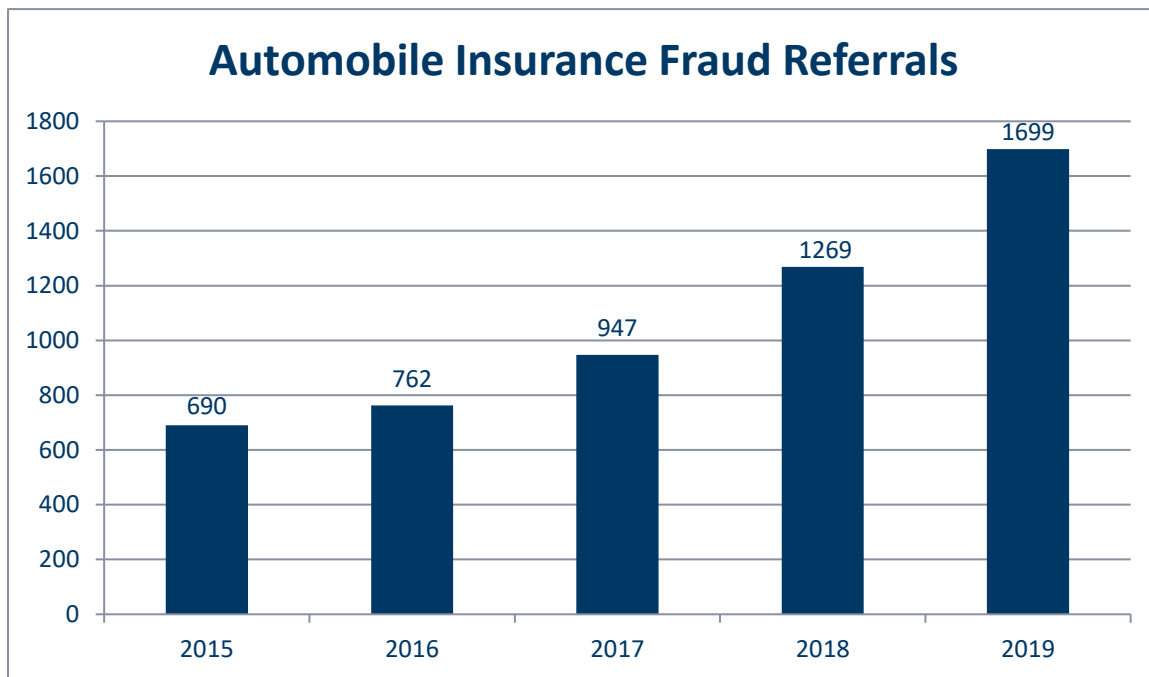


AUTO INSURANCE FRAUD

Auto insurance fraud may be attempted in a variety of deceptive ways. For example:

- Staged accidents
- Windshield replacement rip-offs
- False claims for damage that already existed
- Towing scams
- Auto insurance premium evasion
- False reports of stolen vehicle

The following charts depict the changes in the number of automobile insurance fraud referrals received during the previous five years.



The number of automobile insurance fraud cases referred to CFB is increasing. Between 2015 to 2019, cases referred have increased 146 percent.¹

¹ The Minnesota Commerce Fraud Bureau only capture the number of reports and do not conduct an analysis of the raw data.

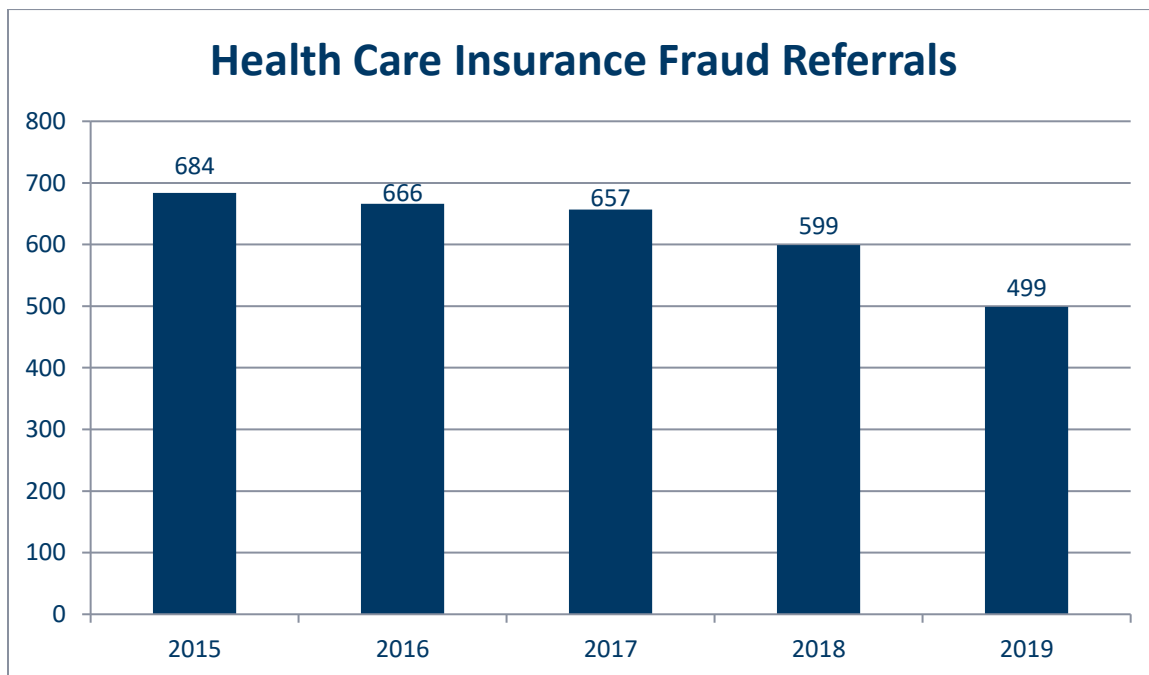
HEALTH CARE INSURANCE FRAUD

Health care insurance fraud may be attempted in a variety of deceptive ways. For example:

- Filing claims for services or medications not received
- Forging or altering bills or receipts, misrepresenting dates and/or location of service
- Using someone else's coverage or insurance card
- Billing for services not actually performed
- Falsifying a patient's diagnosis to justify tests, surgeries or procedures that aren't medically necessary
- Upcoding – billing for a more costly service than the one actually performed
- Waiving patient co-pays or deductibles and over-billing the insurance carrier or benefit plan

For detailed examples of health care insurance fraud investigated by the CFB, please see the Major Case Highlights section of this report.

The following charts depict the changes in the number of health care insurance fraud referrals received during the previous five years:



The number of health care insurance fraud cases continued to trend downward. Since 2015, cases referred to CFB have decreased 27 percent with a decrease of more than 16 percent between 2018 and 2019.²

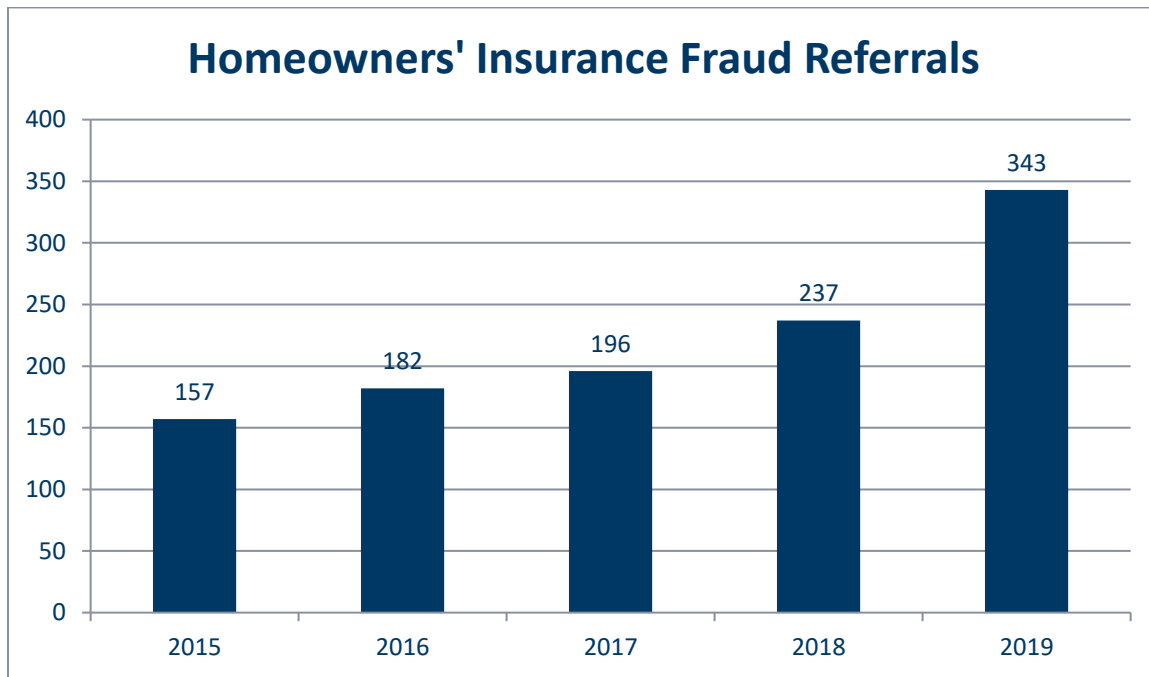
² The Minnesota Commerce Fraud Bureau only capture the number of reports and do not conduct an analysis of the raw data.

HOMEOWNERS' INSURANCE FRAUD

Homeowners' insurance fraud may be attempted in a variety of deceptive ways. For example:

- Intentionally damaging property to make a claim
- Overstating value of stolen items
- False documents or false statements of coverage
- Concealing that a residence is used as a rental or in a commercial business

The following charts depict the changes in the number of homeowners' insurance fraud referrals received during the previous five years:



Homeowners' insurance fraud case referrals increased more than 118 percent between 2015 and 2019 and experienced a one-year increase of more than 44 percent between 2018 and 2019.³

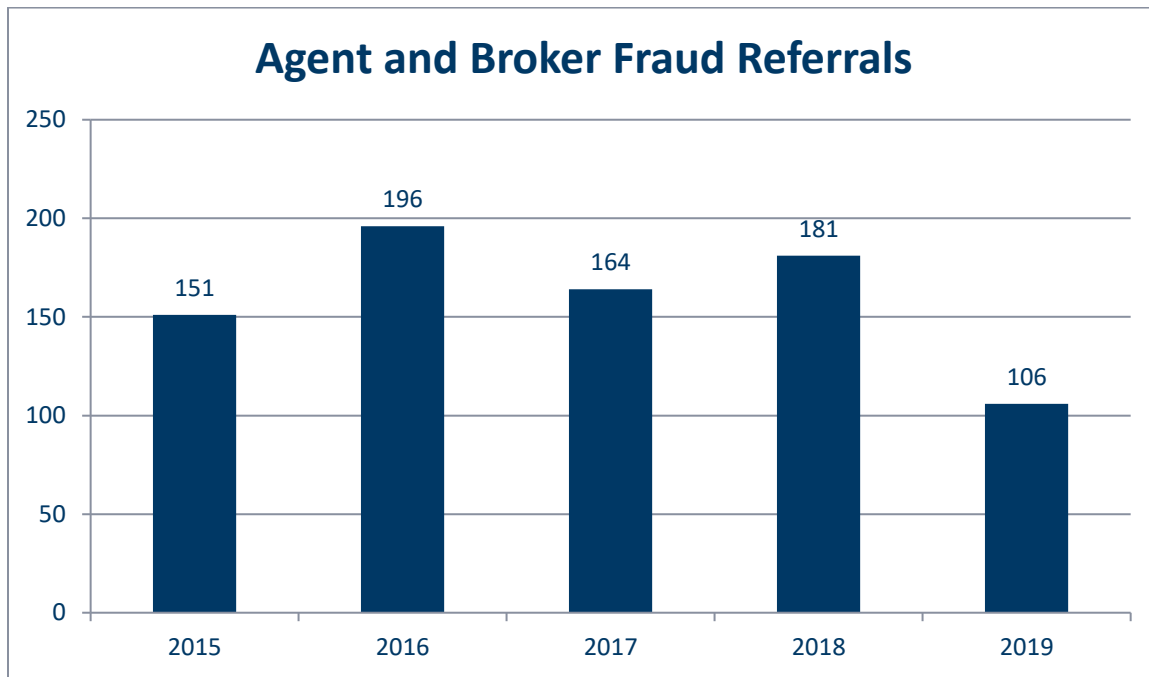
³ The Minnesota Commerce Fraud Bureau only capture the number of reports and do not conduct an analysis of the raw data.

AGENT AND BROKER FRAUD

Agent and broker insurance fraud may be attempted in a variety of deceptive ways. For example:

- Failure to provide appropriate disclosures
- Misrepresenting a material fact about a property or structure
- Licensing violations
- Misrepresenting a buyer's credit report, salary or employment history in order to qualify for a home loan
- Mortgage fraud

The following charts depict the changes in the number of referrals for agent and broker fraud received during the previous five years:



The number of Agent and Broker fraud cases submitted to the CFB declined in 2019, with a one-year decrease of 41 percent.⁴

⁴ The Minnesota Commerce Fraud Bureau only capture the number of reports and do not conduct an analysis of the raw data.

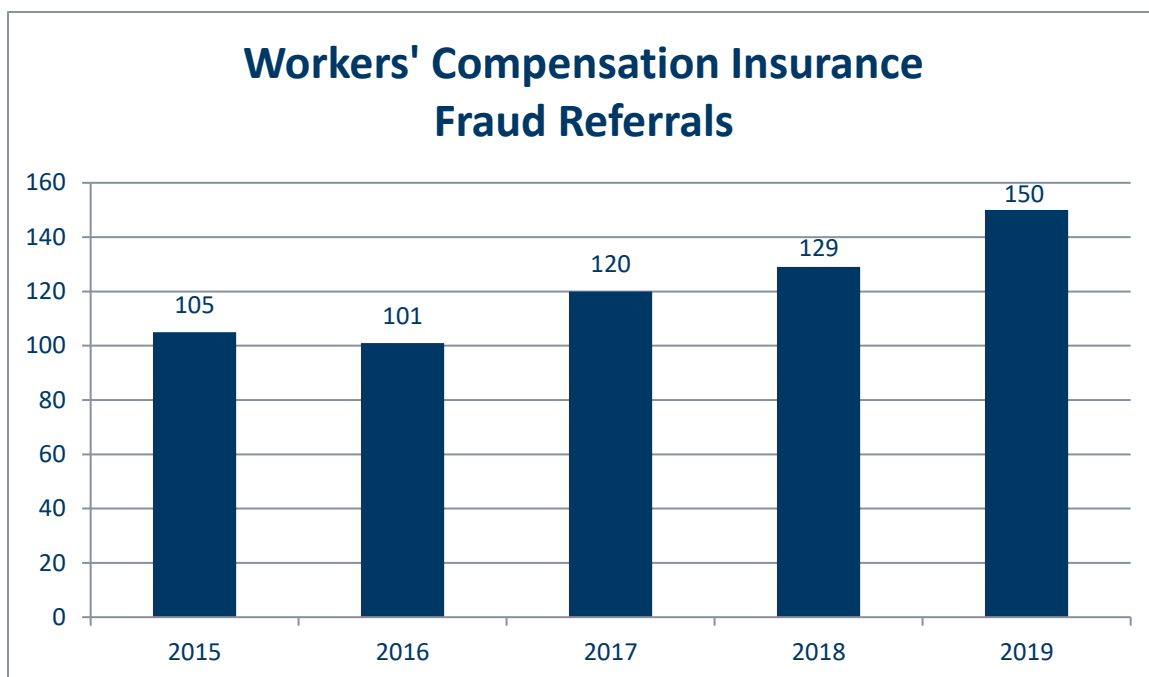
WORKERS' COMPENSATION INSURANCE FRAUD

Workers' compensation insurance fraud may be attempted in a variety of deceptive ways. For example:

- An employer misclassifies employees to avoid having to pay a workers' compensation insurance premium
- An employee fakes a job injury or illness and uses his or her workers' compensation benefits to receive a payment for medical costs
- A health care provider, clinic or hospital bills for a service that was not performed
- Fraudulent certificates of insurance

For detailed examples of worker's compensation insurance fraud investigated by the CFB, please see the Major Case Highlights section of this report.

The following charts depict the changes in the number of referrals received for workers' compensation fraud during the previous five years:

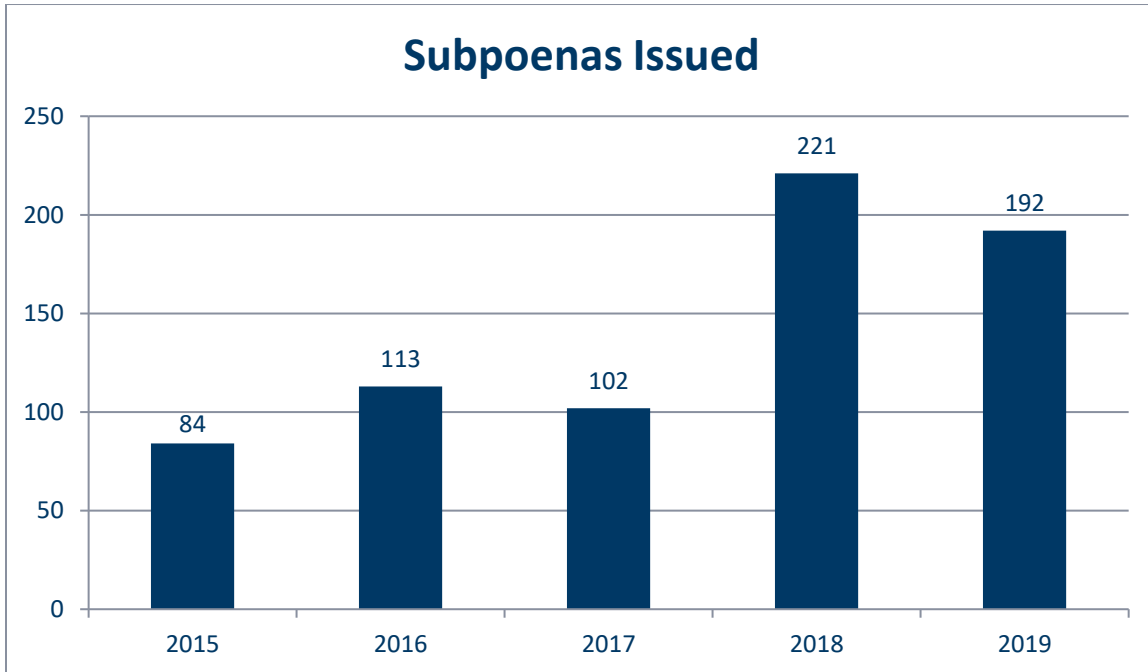


The reported number of workers' compensation insurance fraud cases is trending higher. The one-year increase was an increase of more than 16 percent from 2018 to 2019.⁵

⁵ The Minnesota Commerce Fraud Bureau only capture the number of reports and do not conduct an analysis of the raw data.

SUPOENAS

One of the most important aspects in conducting investigations into complex fraud cases is evidence gathering. A large amount of the evidence required to obtain a successful prosecution of an offender relies upon securing evidence via the subpoena powers granted to the Commissioner of the Minnesota Department of Commerce. The following chart represents the number of subpoenas issued pertaining to investigations conducted by the CFB during each of the previous five years:

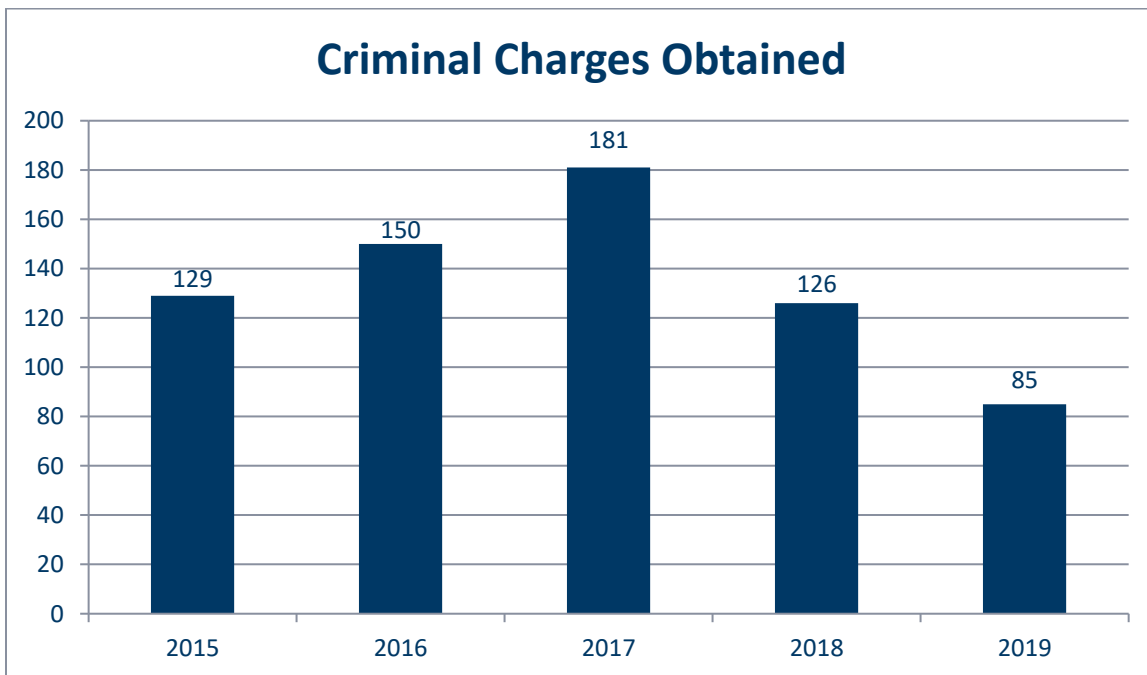


PROSECUTION

After gathering evidence and completing an investigation into a referral, the CFB submits the results of those investigations for criminal prosecution. These investigations are referred to either a County Attorney's Office, the Minnesota Attorney General or to the United States Attorney's Office, depending on the jurisdiction and criminal violations applicable to the investigation.

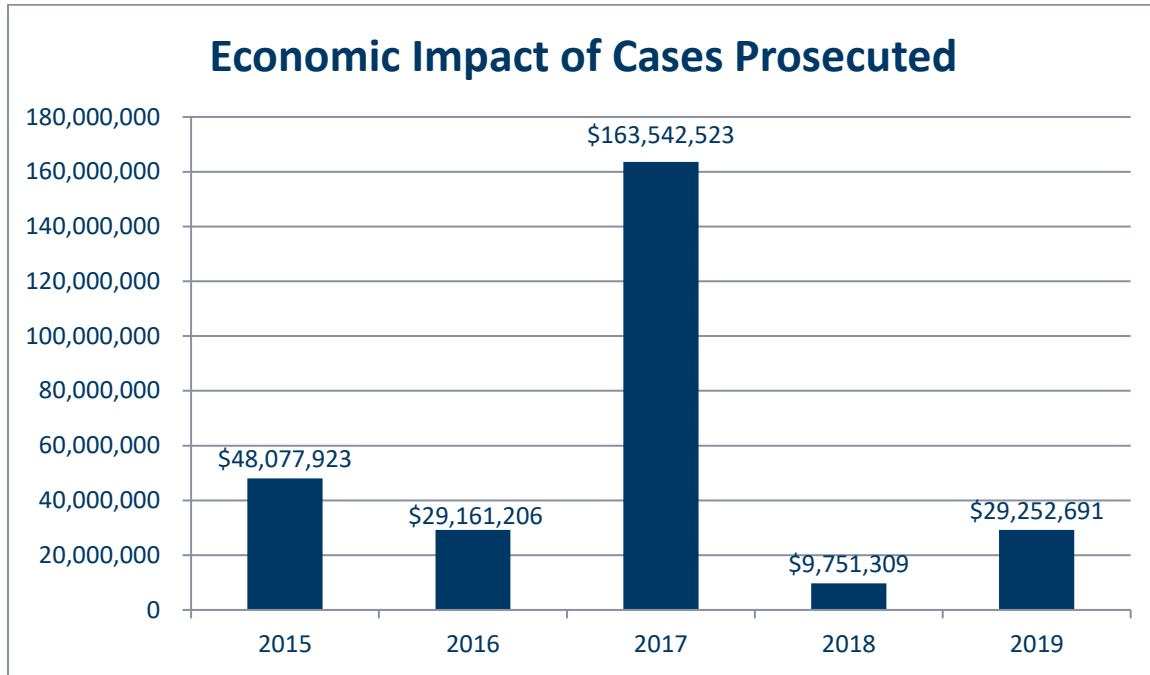
Due to the nature of insurance fraud investigations, the number of cases referred in a calendar year are separate from and independent of the number of cases charged or settled. In other words, cases investigated by the CFB can remain open and ongoing for more than one calendar year.

In 2019, CFB investigations resulted in the filing of 85 state and federal criminal charges against defendants. During the previous five-year period, the CFB obtained an average of 134 criminal charges against defendants annually:



ECONOMIC IMPACT

In 2019, Fraud Bureau investigations that resulted in the filing of federal criminal charges had an economic impact of \$29,252,691⁶.

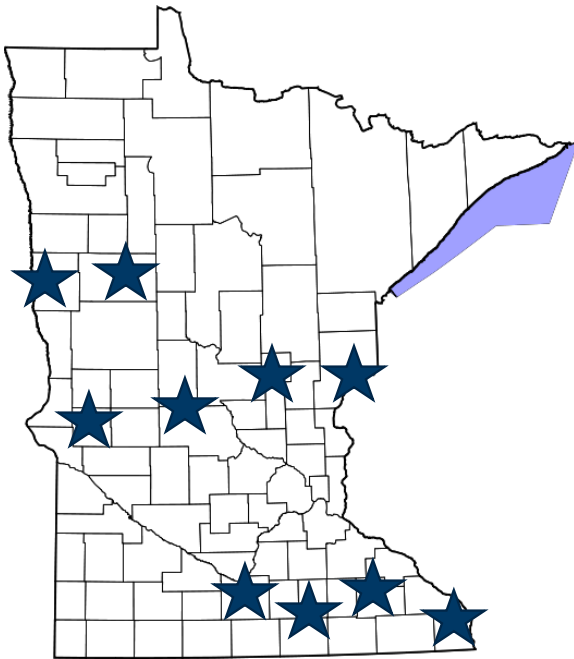


⁶ In 2017 Fraud Bureau charged a \$150 million fraud case, known as the “Providence case”.

PARTNERS

The CFB works in collaborative partnership with local, state and federal law enforcement agencies to bring criminals to justice and hold them accountable for their actions.

In 2019, the CFB had 10 cases charged in Greater Minnesota. The County Attorney Offices that charged CFB cases were Becker, Blue Earth, Clay, Houston, Mille Lacs, Olmstead, Pine, Stearns, Steele and Stevens counties.



In 2019, investigations by CFB resulted in 39 cases charged in Minnesota. Prosecuting partners included the Minnesota Attorney General (1), the United States Attorney (4), greater Minnesota County Attorney Offices (10) and the remainder (24) by Twin Cities-area County Attorney Offices.

OUTREACH AND PREVENTION

The CFB is actively engaged in outreach.

In 2019, CFB conducted training seminars for the Hennepin County Chiefs of Police Association, United States Attorney's Office, the Federal Reserve Bank of Minneapolis, Wells Fargo Bank, the National Fraud Director's Association and insurance companies such as Allianz Life, Grinnell Mutual Reinsurance

Company and Medora. CFB also conducted seminars for industry groups such as the Life Office Management Association, Midwest Insurance Fraud Prevention Association, Upper Midwest Clearing House Association and community groups such as Sertoma of Northfield, Crow River Senior Center and educational institutions including St. Cloud State University.

TASK FORCE OFFICER PROGRAM

During 2019, the CFB continued its partnerships with the United States Postal Inspection Service, the United States Secret Service and Homeland Security Investigations in their respective Task Force Officer (TFO) programs. In 2019, the Bureau renewed the partnership with the Drug Enforcement Agency, becoming members of the Tactical Diversion Squad.

The TFO program is essentially a force multiplier leveraging CFB resources with law enforcement partners. This program enables several of CFB agents to be cross designated as a Federal Law Enforcement Officer, which allows the agents access to various federal law enforcement data systems, personnel and other resources. This enables the CFB to gain additional expertise and competency in conducting complex criminal investigations. Participation in this program continues to elevate the CFB in the eyes of Minnesotans and law enforcement peers.



Because of a combination of internal expertise and reliable partners, the CFB continues to be a recognized leader and expert in the law enforcement community.

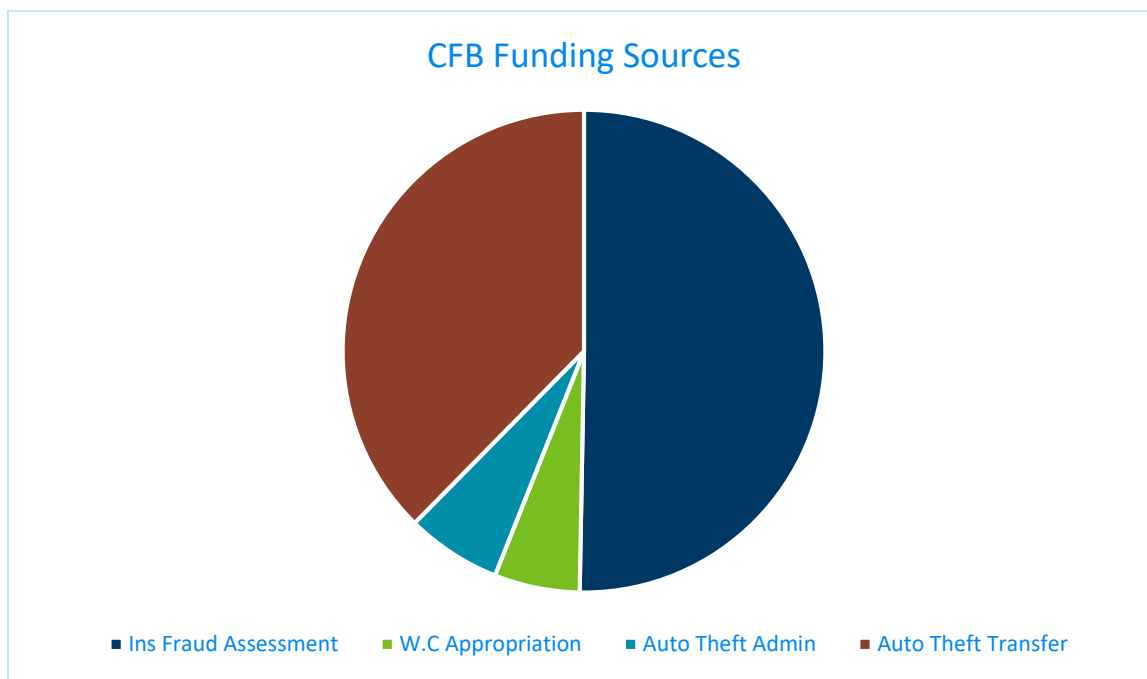
BEHIND THE SCENES

The CFB is the largest white-collar crime unit in the upper Midwest. Bureau investigations combat those who seek to scam and defraud Minnesotans. The information below provides a behind the scenes look into the CFB.

FUNDING SOURCES

Funding for the CFB comes from four major sources:

- An insurance fraud assessment on insurers.
- A legislative appropriation from the Minnesota Department of Labor and Industry to conduct investigations concerning workers' compensation fraud.
- An administrative fee to offset the costs associated with managing the Auto Theft Prevention Grant Program.
- A \$1.3 million appropriation from the Auto Theft Prevention Grant Program.



INSURANCE FRAUD ASSESSMENT

The largest portion of the operating funds utilized by the Commerce Fraud Bureau is generated through an annual assessment authorized under Minnesota Statutes 45.0135, subdivision 7. The assessment is levied on insurers that have been authorized to sell insurance in Minnesota. Currently 1,136 companies pay this assessment.

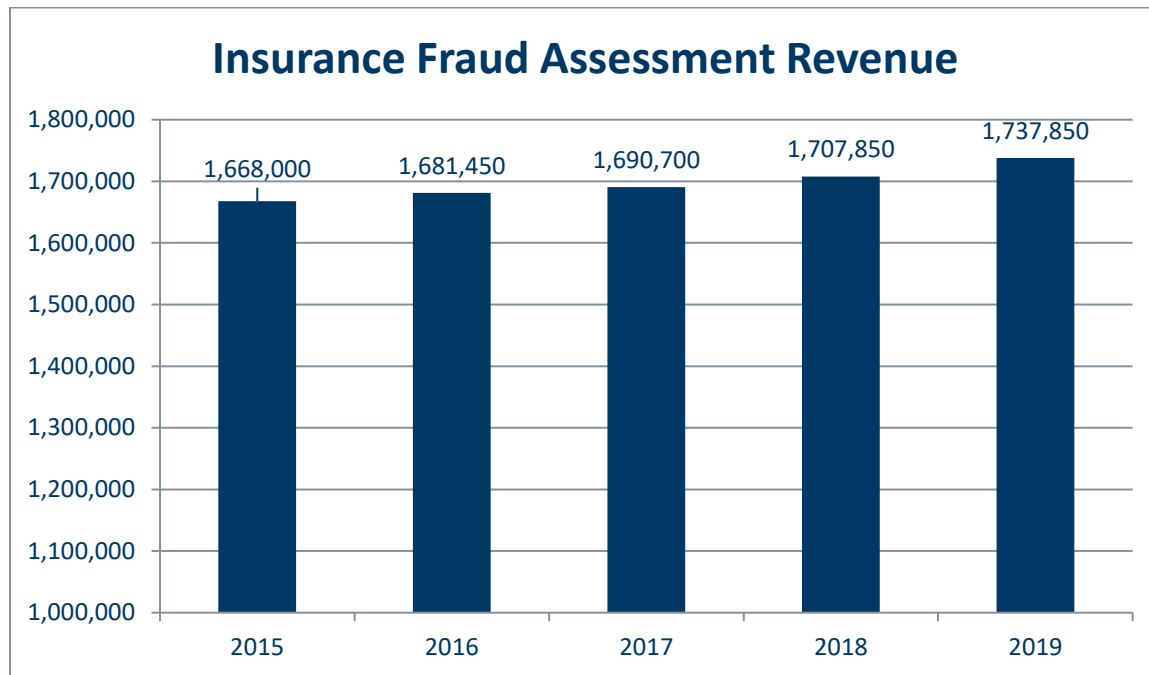
The assessment formula has remained unchanged since its inception in 2004. The assessment is calculated under the following formula:

Total Assets	Assessment
Less than \$100,000,000	\$ 200
\$100,000,000 to \$1,000,000,000	\$ 750
More than \$1,000,000,000	\$ 2,000

Minnesota Written Premium	Assessment
Less than \$10,000,000	\$ 200
\$10,000,000 to \$100,000,000	\$ 750
More than \$100,000,000	\$ 2,000

For example, an insurance company that has \$150,000,000 in assets and writes policies that carry \$90,000,000 in premiums would pay a total assessment of \$1,500 (\$750 + \$750). It is important to note that the assessment is levied on the insurance company, not individual agents.

The following chart depicts the revenue generated by the assessment for the past five years:



The five-year average of revenue obtained through this assessment is \$1,697,170.

WORKERS' COMPENSATION INVESTIGATIONS

Minnesota Statutes 176.181, subdivision 2, requires Minnesota employers to either purchase workers' compensation insurance to provide benefits to their employees for work-related injuries or they must obtain approval from the Minnesota Department of Commerce to self-insure if they have the financial ability to do so.

Individuals who collect workers' compensation benefits to which they are not entitled are committing insurance fraud. Through a legislative appropriation, the Fraud Bureau receives \$198,000 in funding to offset the costs associated with conducting investigations into workers' compensation fraud.

AUTOMOBILE THEFT PREVENTION PROGRAM ADMINISTRATION

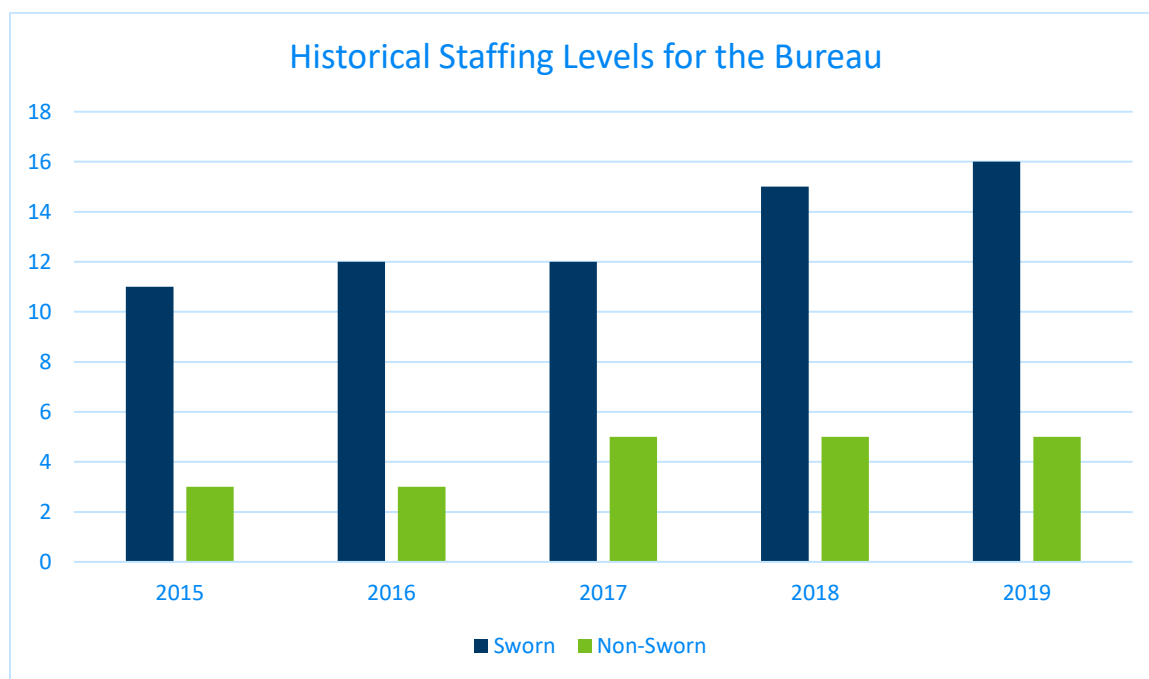
In 1996, the Minnesota Legislature enacted Minn. Stat. § 65B.84 which created the Automobile Theft Prevention Program (ATPP). Funding for the program comes from a surcharge collected from automobile insurance carriers that provide comprehensive insurance coverage issued in Minnesota. The amount of the surcharge is 50 cents per vehicle for every six months of coverage. Using this funding, the program makes money available through a competitive grant process for activities that address the problem of auto theft. Since 2009, the CFB has managed this program.

This statute allows the CFB to retain up to 10 percent of the funds collected under the ATPP to pay for the costs of administrating the program. In 2019, the CFB received \$220,000 under the ATPP for program administration.

In 2017, the Legislature passed a change to Minn. Stat. § 65B.84 which requires the transfer of \$1,300,000 each year to the insurance fraud prevention account to assist in the funding of the CFB.

HISTORICAL STAFFING LEVELS

The following graph represents the historical staffing levels of the CFB as of December 31 of each year.



MAJOR CASE HIGHLIGHTS

The following cases represent a portion of the investigations conducted by the Bureau during 2019 or were the results from cases that went to trial during 2019:

OPERATION BACK CRACKER, COMPLEX SCAM ENTANGELES MINNESOTA CHIROPRACTOR AND LAWYER

As part of an ongoing CFB and FBI investigation combating no-fault automobile insurance fraud, the following individuals were charged in 2019 by the United States Attorney's Office:

- Arthur V. Guzhagin, a Twin Cities chiropractor, ran a network of chiropractic clinics in the metro area from approximately 2009 through 2016. Using those clinics, Guzhagin paid runners to recruit and procure individuals who had been in car accidents. Guzhagin paid those runners on average \$2,000 for every patient treated by his clinics and in turn, the runners paid each patient approximately \$1,500. By paying his patients to treat them, the reasonableness and necessity of the treatments provided by Guzhagin's clinic was questionable. Financial records from 2011 through 2015 revealed Guzhagin paid one runner more than \$1.3 million, which resulted in millions of dollars in medical bills being submitted to automobile insurers. In May 2019, Guzhagin was arrested by CFB and FBI agents at the MSP International Airport as he tried to flee from prosecution. Guzhagin was charged and pleaded guilty to Conspiracy to Commit Health Care Fraud. In December 2019 he was sentenced in U.S. District Court to 42 months in federal prison.
- William K. Sutor III, a Twin Cities attorney, represented individuals who were injured in automobile accidents. In December 2019, Sutor was charged with conspiracy to commit health care fraud. In information filed by the United States Attorney's Office, Sutor conspired with chiropractors and runners to defraud automobile insurers. Sutor was aware of the fact the chiropractors paid runners between \$1,000 and \$1,500 for prospective patients, while Sutor paid a runner \$300 for every new client provided to him. During the course of an undercover operation, Sutor unknowingly represented three CFB undercover agents and informants. In one case, even after being advised by the runner that many of the bills submitted to the insurer were for services not rendered, Sutor still demanded a \$24,000 bodily injury settlement for the client. Sutor pleaded guilty in February 2020.

JEREMY ANDERSON, IDENTITY THEFT FROM MINNESOTA TO FLORIDA AND BACK

In January 2019, the Hennepin County Attorney's Office charged Jeremy Kee Anderson with eighteen counts of identity theft. The maximum penalty for each count is up to 20 years in prison and or up to a \$100,000 fine. The charges stemmed from an investigation conducted by CFB agents wherein Anderson orchestrated an investment fraud scheme resulting in a financial loss of approximately \$567,000 to a Minnesota victim.

At the start of the investigation, Anderson was well known to CFB agents as he had previously been criminally charged in an unrelated CFB case and CFB agents had been actively assisting law enforcement authorities in Florida with a federal investigation wherein Anderson was the primary suspect in a multi-million dollar investment fraud scheme.

The recent CFB investigation showed that Anderson had taken on the identity of the owner of a surgical center in Florida and used that identity to persuade and convince the victim to buy what the victim believed to be

medical account receivables. Anderson went to great lengths to dupe the Minnesota investor by setting up fraudulent e-mail accounts, web sites and even disguising his voice during telephone conversations. Additionally, Anderson, while acting in the assumed identity sent fraudulent medical files to the victim to review prior to purchase. The medical files however contained the names of actual Florida patients involved in automobile insurance claims.

In addition to his criminal charges in Minnesota, Anderson has been federally indicted for his criminal activity in Florida. He is currently in federal custody in Florida awaiting trial and afterwards will be extradited back to Minnesota to face charges in Hennepin and Scott Counties.

CHA VANG, GLOBAL INVESTMENT FRAUD WITH LOCAL VICTIMS

On January 25, 2019, a male identified as Cha Vang was charged by the Dakota County Attorney's Office with one count of theft by swindle over \$35,000, for which the maximum penalty is up to 20 years in prison and or up to a \$100,000 fine.

In November 2017, the victims of the crime initially reported the incident to the Mendota Heights Police Department who in turn asked the CFB for assistance investigating the case. The case was investigated by two CFB agents one of which is assigned as a task force officer (TFO) with Homeland Security Investigations (HSI), a federal law enforcement agency.

The victims reported that in 2013 they had been introduced to Cha Vang. In 2016, Vang approached the victims with a scheme to make money involving the sale of gold. Vang stated he had connections within the Thai government and that his wife was a close relative of the Thai King. Vang proposed that due to his connections to the royal family he could purchase gold through a company in Thailand and make a 10% profit. Vang showed the victims a spreadsheet showing the potential profit. Vang claimed he would use a victim's money to make several purchases a week and then sell the gold to jewelry stores at a profit.

In March 2016 the victims provided Vang, then in Thailand, with \$160,000 to be used for the purpose of buying gold. In May of 2016 one of the victims went to Thailand to meet with Vang. Vang took the victim to a jewelry store where he introduced the victim to a jeweler who allegedly was going to help sell the gold.

After returning to Minnesota, the victims began receiving statements from Vang, who was still in Thailand, showing the status of the process and claiming profits that he was turning. In August 2016, the victims began asking Vang to send them some of their profits. After several attempts to get their money from Vang, he eventually sent the victims a check, but the check bounced due to non-sufficient funds.

The victims returned to Thailand in an attempt to get their money back from Vang who told them a series of lies about their money and that he did not have access to it. The victims returned to Minnesota and continued to receive communications from Vang who continued to lie about the process and the alleged profits. After being unable to get their money back from Vang, the victims decided to report him to the local police.

Due to one of the CFB agents being a with HIS, he was able to utilize international connections and reach out to the Thai Foreign Service National Investigator (FSN) to assist with the investigation. The FSN was able to determine that Vang never did deposit the victim's money where he claimed and did not use it to purchase gold. In addition, the FSN determined Vang's wife was not related to the Thai king or royal family.

Through the contacts and connections available through HSI, the CFB was able to have Vang arrested in Thailand and extradited to Minnesota.

In addition to HSI, the CFB had TFOs assigned to the United States Secret Service, United States Postal Inspection Service and the United States Drug Enforcement Administration. This case is a prime example of how these partnerships enable the CFB to successfully find and prosecute those committing fraud.

NADINE ROYTER, FRAUDULENT DENTAL INSURANCE CLAIMS

On January 17, 2020, the Hennepin County Attorney's Office charged Nadine Royter with insurance fraud for which the maximum penalty is ten years in prison and or up to a \$20,000 fine.

In June 2016, Delta Dental Insurance made a complaint to the CFB in reference to Nadine Royter and Willow Grove Family Dental (WGFD) in Plymouth, MN. The allegation made by Delta Dental was that Royter was submitting fraudulent insurance claims involving numerous Delta Dental patients. The allegations, which were backed up by billing invoices, suggested that Royter had submitted claims for services never rendered.

CFB agents discovered and interviewed multiple patients of Royter who stated they were billed by WGFD for services they never received, paid for services that were not performed and discovered their insurance plans had been billed for services and treatments never performed.

While interviewing patients, CFB agents learned Royter had offered some patients to perform services at a discount and not bill the patient's insurance company if the patient paid in cash. These patients later discovered that even after paying Royter, she still billed the insurance company.

When CFB agents interviewed WGFD employees, one billing clerk described Royter's billing practices as "highly questionable."

Royter agreed to be interviewed by CFB agent and during that interview admitted to her fraudulent billing practices.

DIONNE P. CONNIFF, PET INSURANCE FRAUD

In October 2018, the CFB received a suspected fraud referral alleging Dionne Conniff had submitted suspicious claims on a pet insurance policy. A CFB agent conducted a criminal investigation and determined that from 2016 through 2018 Conniff submitted fictitious veterinary bills for her dogs, Sparky and Buster, totaling more than \$39,000. The investigation revealed Conniff had created false invoices and forged the signature of a Doctor of Veterinary Medicine in order to legitimize the claims. In September 2019, the Hennepin County Attorney's Office charged Conniff with four counts of insurance fraud. Conniff pleaded guilty and in January 2020 was sentenced to 60 days in jail.

TRENT J. FOLEY, FICTICIOUS WORKERS' COMPENSATION CLAIM

In February 2019, the Dakota County Attorney's Office charged Trent Foley with one count of insurance fraud stemming from a fictitious workers' compensation claim he filed. Foley, who was fired from his job for gross misconduct, claimed that as he was leaving work on his last day of employment, a large toolbox fell on him. Foley claimed he was injured as a result of the accident and sought disability and medical expenses totaling more than \$45,000. The CFB criminal investigation determined Foley had intentionally pulled the toolbox onto himself and exaggerated the extent of his injuries. Foley pleaded guilty in May 2019 and was sentenced to 30 days electronic home monitoring.

JERRY AND LORRAINE GOULD, WORKERS' COMPENSATION INSURANCE FRAUD AND THEFT

In March 2018, Jerry Gould and an employee of his were trimming trees at a home in Rogers, MN. Gould was using a remote control to maneuver a lift near an icy incline in the backyard. He lost control of the lift and it slid down the hill taking the two men with it. The lift overturned in a partially frozen pond, trapping the two men underneath. Gould was able to free himself, but the other man could not. Eventually the employee was extracted from underneath the lift, suffering a hyperextended neck and required multiple surgeries for his pelvis, arm and shoulder. The employee provided police with information about Gould's employment and record-keeping practices which indicated workers' compensation insurance fraud. The day after the accident Lorraine Gould sent the insurance company a "First Report of Injury" and intentionally lied about the injured man's wages, hours worked and status. She claimed he was part-time when he actually was a full-time employee. The insurance company used that information to calculate the amount the injured man was to be paid by workers' compensation and it was half of what he should have received.

Agents from the CFB discovered the Goulds were underreporting payroll costs that provided workers' compensation insurance through the State of Minnesota's Assigned Risk Plan. The Goulds underreported employees' salary and payed part in cash, which was not recorded, the complaint states. The result was the Goulds were charged roughly \$4,000 less than they should have been for workers' compensation insurance. In October 2019, the Hennepin County Attorney's Office charged Jerry and Lorraine Gould with one count of insurance fraud and one count of theft by swindle.

Learn more about the Commerce Fraud Bureau

The Commerce Fraud Bureau is a law enforcement agency within the Minnesota Department of Commerce charged with conducting criminal investigations involving insurance fraud and related crimes. CFB investigations combat those who seek to scam and defraud Minnesotans.

Criminal complaints and indictments stemming from CFB investigations, including those noted above, are posted online. A criminal complaint is merely an accusation and a defendant is presumed innocent until and unless proven guilty.

Commerce is here to help

If you have a question or concern about a possible scam or fraud scheme, contact the Minnesota Department of Commerce's Consumer Services Center at consumer.protection@state.mn.us, 651-239-1600 or 800-657-3602.

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