

Douglas A. Ducey, Governor
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PRESS RELEASE

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DIFI FRAUD UNIT INVESTIGATION RESULTS IN CONVICTION FOR \$1.8 MILLION INSURANCE FRAUD

Phoenix, AZ -- On October 26, 2020, Nicholas Scaffidi, 39, was sentenced in Maricopa County Superior Court for his role in coordinating an elaborate \$1.8 million insurance fraud against Blue Cross-Blue Shield (BCBS) of Arizona. Scaffidi was sentenced to two years in prison and ordered to pay \$820,016.26 in restitution and fines of \$3,331.00. Scaffidi's conviction caps an Arizona Department of Insurance and Financial Institutions (DIFI) Fraud Unit investigation prosecuted by the Arizona Attorney General's Office.

Over a two year period from 2014 to 2016, Scaffidi and eight accomplices targeted six hospitals in Arizona and other states seeking insurance payouts on treatments for non-existent illnesses. Scaffidi scouted "out-of-network" hospitals where he and his accomplices would complain of fake illnesses, such as abdominal pain or fainting problems. Because the chosen hospitals were out-of-network, BCBS would send treatment payments directly to the patient, who then was responsible to remit the payment to the hospital. Scaffidi and his accomplices pocketed the insurance payments and the hospitals were never paid. Total losses to hospitals and the insurance company were approximately \$1.8 million.

"Insurance Fraud is a serious crime that victimizes both insurance companies and the consumers who rely on insurance companies for coverage," said DIFI Director Evan Daniels. "Criminals committing these acts harm our community and we are committed to holding them responsible."

Those arrested and charged in this matter were Nicholas Scaffidi, Jolene Scaffidi, Darrell Johnson, Melissa Tavasci, Melissa Dotson, Roy Brite, Matthew Fisher, Seralda Johnson and Jeffrey Catren. The

Arizona Attorney General's Office was the prosecuting agency in this case. The Attorney General coordinated with the Department of Insurance and Financial Institutions and other state attorneys for collection of evidence and extraditions from Florida and New Mexico. The DIFI Fraud Unit was assisted in its investigation by the Florida Department of Financial Services Bureau of Insurance, Florida's Edgewood Police Department, New Mexico Department of Insurance, New Mexico's Torrance County Sheriff's Department, and the Homeland Security Investigations' Border Enforcement Security Team (BEST), all of which served arrest and search warrants in Florida and New Mexico.

The DIFI Fraud Unit investigates allegations of fraud to protect insurance consumers and the insurance industry. Combating fraud helps keep insurance premiums as low as possible for consumers. According to the Coalition Against Insurance Fraud, insurance fraud results in at least \$80 billion in thefts every year from the American consumer. To learn more, visit To <https://insurancefraud.org/>. To learn more about DIFI or to file a complaint, visit <https://difi.az.gov/contact-us>.

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About the Arizona Department of Insurance and Financial Institutions (DIFI) - Our mission is to help Arizonans receive the benefits and protections to which they are legally entitled by enforcing insurance and financial institution laws and by providing information and assistance, and to combat vehicle theft.