

PRESS RELEASE

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Arizona Department of Insurance Fraud Unit Helps Break An Interstate Auto Insurance Fraud Ring

Phoenix -- Today the Arizona Department of Insurance Fraud Unit assisted the Phoenix Police Department's Fugitive Apprehension and Investigations Detail in arresting the Juan Reyes Marrufo (35), Maricela Armenta (34), and Cristina Rodriguez (32). These individuals were part of a large-scale auto fraud ring that also involved lawyers, doctors, and chiropractors from California.

The ring was an organized system whereby individuals from Phoenix were recruited to use their vehicles in staged collisions in California. The Arizona and California accident "victims" then claimed to have received legal and medical services from the other ring participants who contributed to the false filing of claims under Arizona insurance policies. Here's how it worked:

A Phoenix resident would be contacted by a local "capper" (the person who recruited participants for the phony collisions) and offered money if they agreed to have their vehicle transported to California and then drive their vehicle as choreographed in a staged accident. The recruits were flown to California where they then purposefully crashed their respective vehicles into other pre-arranged vehicles, usually rentals which had multiple passengers. Accidents often occurred late at night apparently to reduce the availability of witnesses. Passengers from both vehicles would then file claims under the Arizona policy because the Phoenix driver was "at fault". Claim amounts would be inflated by the addition of medical expenses presented by various chiropractors and doctors who falsely claimed to have treated the accident "victims" for the collision-related injuries.

It is estimated that these staged collisions cost insurance companies more than 2.5 million dollars in fraudulent claims since the ring was started in 1996.

The Arizona Fraud Unit first became aware of this activity when an insurer referred suspicious claims from California medical professionals. The Arizona Fraud Unit began coordinating with the California Department of Insurance Fraud Division to unravel the scheme. The California Department of Insurance has made arrests of ring participants in California.¹

If convicted, participants in this ring face a maximum of 24.5 years in prison as well as restitution for their crimes of insurance fraud, theft, forgery, and fraudulent schemes.

About the Fraud Unit

The Fraud Unit was established in the Arizona Department of Insurance in 1994 to deter, investigate and facilitate convictions of insurance fraud. By deterring fraud, the Fraud Unit reduces the inflationary impact of fraud that is passed on to consumers through higher costs of insurance products.

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¹ For a copy of the related California Department of Insurance Press Release dated January 28, 2003, call Nanci Kramer or Norman Williams at (916) 492-3566.