

I. INVESTIGATION SUMMARY REPORT

Synopsis: Capacity Insurance Company initiated a fraud referral with the Division of Insurance Fraud in regards to an inflated insurance claim submitted by Robert Eugene Leverett II on behalf of the owners of Sai Jal, LLC d/b/a Red Carpet Inn located at 3956 West Colonial Drive, Orlando Florida.

On August 26, 2012, a guest of the Red Carpet Inn left a lit cigarette burning in room number 207 causing a fire. The Orlando Fire Department (OFD) responded and within a short period of time the fire was extinguished. The owners of Sai Jal, LLC retained Public Adjuster, Robert Eugene Leverett II to assist in presenting a claim for benefits to Capacity Insurance Company. On or about August 30, 2012, Leverett demanded reserves for 64 rooms he was claiming as being damaged in the fire including the attic and roof of the building as well as all of the contents of the rooms. Capacity Insurance Company hired Expert General Contractor John Crist of BRC, as well as Engineer Grant Renne of Donan Engineering and Independent Adjuster George Turnbull of Mills Mehr to inspect the property. All of the experts hired by Capacity Insurance Company determined that the loss was limited to nine to twelve rooms with little or no damage to the attic and no damage to the roof. Statements of loss submitted by Leverett on behalf of Sai Jal, LLC are claiming in excess of \$750,000.00 in damages. While adjusting the claim, Capacity Insurance Company developed evidence to believe that Robert Eugene Leverett II knowingly and willfully submitted false and fraudulent material information in support of the insurance claim. After conducting an investigation, SIU/Claims Manager Keith Bolen forwarded his findings to the Division of Insurance Fraud for a criminal investigation into the claim. The Division of Insurance Fraud conducted a Criminal Investigation to determine if Robert Eugene Leverett II committed any criminal violations.

Narrative: As part of this investigation, documents were reviewed related to Capacity Insurance Company, tip number T13-14997 submitted to the Division of Insurance Fraud on or about February 28, 2013. The following was noted.

On Sunday, August 26, 2012, at approximately 2135 hours, the OFD responded to the Red Carpet Inn located at 3956 West Colonial Drive, Orlando in reference to a structure fire. Upon arrival, the OFD personnel located the fire in Room 207 of the Red Carpet Inn at which time they encountered heavy smoke, but minimal fire. The OFD was able to extinguish the fire with approximately 150 gallons of water. Once the fire was extinguished, Lt. Felix Benitez of the OFD interviewed the occupant of Room 207, Mark Green. Green advised that he left the room to get ice and that when he returned he saw smoke coming from around and under the door. Green told Lt. Benitez that he grabbed a portable fire extinguisher and attempted to extinguish the fire but was forced out of the room by the smoke and heat. OFD Arson/Bomb Squad Investigator Lt. John Jockin responded and conducted an investigation, where upon completion, it was determined that the fire was accidental, caused by the lit cigarette left burning by the room occupant, Mark Green. OFD incident report number 2012-0034751 is attached. **Exhibit 1**

On August 28, 2012, Licensed Adjuster, George Turnbull of Mills, Mehr and Associates was retained by Capacity Insurance and began his inspection of the Red Carpet Inn. Turnbull provided a sworn affidavit, and a three part estimate for demolition, drying/water extraction and repairs of the Red Carpet Inn dated October 2, 2012. Turnbull's 27 page estimate for demolition totaled \$13,397.63 which included rooms 106, 107, 108, 206, 207, 208, 220 and 221. Turnbull's 18 page estimate for cleaning, water extraction and remediation totaled \$5,222.44 which was for rooms 106, 107, 108, 206, 207 and 208. Turnbull's 31 page estimate totaling \$55,412.95 which included the repairs of the aforementioned rooms. **Exhibit 2, 3, 4, 5**

Licensed Adjuster, Shawn Starbuck of Mills Mehr & Associates became involved with this matter on or about September 27, 2012 while George Turnbull was on assignment in England. Starbuck provided the attached sworn affidavit regarding his findings and observations. Starbuck stated that on October 26, 2012, while on the property of the Red Carpet Inn, he noted that room number 203 that was previously reported as being damaged from the fire was occupied and in use. Hasan Arouri of TLC Engineering who had been hired by Leverett had listed room number 203 in his report as being uninhabitable. Starbuck stated that on October 28, 2012 he met with Greg Boling of BRC Restoration who conducted an inspection on behalf of Capacity Insurance Company. Starbuck stated that while on the property of the Red Carpet Inn, he noted four additional rooms, 118, 119, 204 and 205 that were previously reported by Leverett and Arouri to have been damaged by the fire were occupied and in use. **Exhibit 6**

On August 27, 2012, Public Adjuster Robert Eugene Leverett II was hired by the owners of Sai Jal, LLC d/b/a Red Carpet Inn to represent them in submitting claims to Capacity Insurance Company. Leverett provided an Agreement for Representation that entitled him to 10% of the total claim and damages recovered as well as a Notice to Insurance Companies of Representation and Assignment.

On August 30, 2013, Leverett sent a letter to SIU Bolen stating the following:

*"As you know, the insured suffered a fire loss on August 26, 2012. The General Contractor has estimated the period of restoration will exceed 6 months. Based on a review of the loss, it appears the Contents Loss will exceed the \$50,000.00 coverage limit and the Business Income w/Extra Expense will exceed the \$50,000.00 coverage limit. With respect to the building, 64 rooms have sustained either fire, smoke/soot or water damage. The truss trails have sustained fire damage and an engineer is inspecting the trusses to determine the extent of the damage. I would recommend a reserve of \$750,000.00 for the building at this time." *It should be noted that the building damaged by the fire has 56 Rooms.**

Leverett submitted an initial Demand Package on behalf of Sai Jal, LLC to Capacity Insurance that included a Sworn Statements of Loss for fire damage to the building totaling \$691,416.51 and for business personal property totaling \$69,146.71 signed by one of the owners, Vasantlal "Wayne" Patel. Leverett also included a 71 page repair and replacement estimate dated September 24, 2012. The estimate included the exterior of the building, roof, stairs and rooms 101, 102, 103, 104, 105, 106, 107, 108, 109, 118, 119, 120, 121, 122, 123, 124, 205, 206, 207, 208, 209, 221, 222 and 223. **Exhibit 7, 8, 9, 10**

Roy Marshall of MIT Restoration, LLC d/b/a MIT Construction and Restoration, Inc. on behalf of Sai Jal, LLC d/b/a Red Carpet Inn provided a sworn affidavit, an authorization of repairs and a 53 page estimate for emergency services and restoration dated 09/13/2012 which included cleaning, demolition, electrical, flooring, water extraction and labor for the following rooms damaged by the fire, smoke and/or water; 105, 106, 107, 108, 109, 206, 207, 208, 121, 122, 123, 221, 222 and 223 totaling \$49,109.50. Marshall stated in his sworn affidavit that he also included an additional 34 page repair and replacement estimate dated 10/12/2012 for rooms 101, 102, 103, 104, 205, 209, 220 and roof trusses which totaled an additional \$255,197.03 solely at the request of Public Adjuster Robert Leverett and the Engineer Hasan Arouri. **Exhibit 11, 12, 13, 14**

Hasan Arouri of TLC Engineering for Architecture, Inc. was hired by Robert Leverett and Sai Jal, LLC to conduct an inspection of the Red Carpet Inn: Upon completion Arouri provided a report of his findings from his inspection which took place on September 3, 2012 and September 11, 2012 which included 16 photographs of reported damage. Arouri also provided a summary of costs for business personal property replacement totaling \$69,146.74 for rooms 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213 and 214 (15 pages). Arouri stated that there was evidence of charring over the window opening of room 207 as well as evidence of charring on six wood trusses above the window opening. Arouri stated there was evidence of charred and twisted wood trusses and damaged joints at the truss end. Arouri stated that there was evidence of nails being pulled out at the hurricane strap anchor and observed evidence of water damaged roof plywood sheathing above the fire damaged room. Arouri concluded by stating that it was his opinion that the temperature during the fire could have reached between 300 to 500 degrees for 30 – 60 minutes causing six wood trusses above the fire location to lose tensile strength causing them to be structurally unstable. Arouri stated that in his professional opinion, the removal and replacement of the six wood trusses, roof sheathing and roofing above the fire damaged room needed to be replaced. Arouri stated in his finding that his inspection was visible in nature, and that no special tools or instruments were used, nor did he perform any testing or analysis. **Exhibit 15, 16**

On September 25, 2012, Grant Renne who is a Forensic Engineer for Donan Engineering, Inc. was retained by Capacity Insurance to conduct an inspection of the Red Carpet Inn to determine the extent, if any, of structural damage caused by the fire in room 207 and determine the extent of moisture damage to room 207 and to any other rooms. Renne stated that based on his findings and observations, the pre-engineered trusses, top plates and bond beams were not structurally damaged by the fire and associated temperatures from the reported loss. Renne stated that water damage from firefighting efforts was confined to rooms 206, 207, 208, 106, 107 and 108. Renne stated that the stained, discolored and deteriorated pre-engineered truss ends were caused by a long-term exposure to moisture from a roof leak and were present multiple years prior to the reported date of loss. Renne took in excess of 340 photographs during the course of his inspection. On September 4, 2102 this joint inspection was completed and Renne located an un-melted, undamaged plastic wrap used in wrapping bundles of shingles in the attic space directly above the exterior wall of room 207 where the fire originated. Renne stated that with consent of the property owner, the plastic wrap was secured and placed in an air-tight container for future testing. Renne stated that he has maintained chain of custody of the plastic wrap. *Renne stated that during the inspection, he was asked by Robert Leverett if he would like to accompany him to Rachel's Strip Club for a meal with adult entertainment. Renne stated that he told Leverett that his opinion could not be bought.* **Exhibit 17**

On October 16, 2012, Examinations Under Oath (EUO) were taken of Sai Jal, LLC owners; Bhaga "Brian" Patel, Navinchandra "Nick" Patel, Virenkumar "V" Patel and Vasantlal "Wayne" Patel. During the EUO's there were reports of limited damage to the property. In contrast to the testimony provided by the owners of Sai Jal, LLC, Wayne Patel testified that Robert Eugene Leverett's original estimate was an accurate representation of the actual damage to the property despite the fact that eight rooms for repair had no supporting documentation by any licensed contractor or engineer. In Nick Patel's EUO, he alleged that he did not know about the property damage even though he lives on the property, is the daily maintenance person for the property and performs housekeeping services in and out of all rooms. During V Patel's statement, he reported damage to only fourteen rooms caused by the fire. V. Patel also stated that some of the contents of the rooms reported as being damaged by the fire were actually damaged or destroyed due to mold. V. Patel later recanted this statement. **Exhibit 18, 19, 20, 21**

On October 26, 2012, Capacity Insurance Company's General Contractor, John Crist of BRC Restoration attempted to coordinate additional inspections of the property with Robert Leverett, but was told that none of the owners were available to give access to the property.

On this same date, a private investigator from EBS Investigations hired by Capacity Insurance Company was conducting video surveillance. During the surveillance, Nick Patel was observed on the property contrary to Robert Leverett's previous statement to John Crist. The private investigator also advised that housekeeping services were being performed on at least six rooms claimed by the insured to have been damaged by the fire and unusable. Exhibit 22, 23

On October 28, 2012, John Crist BRC Restoration was allowed onto the property only after statutory demand for access was made. Crist determined that only nine rooms sustained damages as a result of the fire. Crist was also able to confirm that the three additional rooms that sustained damage by the fire department were minimal. Crist found no permanent damage to the attic space or roof caused by the fire.

A letter from Mr. Leverett was received by Capacity Insurance on November 2, 2012 stating that despite the testimony during the Examinations Under Oath and the professional report received, that the total claim for Sai Jal, LLC remained at \$760,563.25. Exhibit 24

On or about June 5, 2013, Claims Manager, Keith Bolen provided a sworn affidavit regarding his investigation into this matter. The following is a brief synopsis of Bolen's affidavit;

Bolen stated that the owners of Sai Jal, LLC obtained a policy for commercial property coverage effective May 31, 2012 to May 31, 2013. The policy was for the motel d/b/a Red Carpet located at 3956 West Colonial Drive, Orlando, Florida. Bolen stated that after the fire, Sai Jal, LLC contracted with Roy Marshall of MIT Restoration, LLC to begin emergency services, demolition and rebuild work at the Red Carpet. Sai Jal, LLC also contracted with an engineer, Hasan Arouri of TLC Engineering to inspect the roof structure. Bolen stated that upon notification of the claim, Capacity Insurance Company coordinated for with Sai Jal, LLC to have a representative on the property. Capacity Insurance contracted with Mills Mehr and Associates for Independent Adjuster, George Turnbull to be on-site. Bolen stated that Turnbull responded to the property and made contact with the representatives of the Red Carpet as well as guests. Bolen stated that Turnbull also inspected the rooms purportedly damaged from the fire. Bolen stated that Turnbull prepared an estimate of the damages related to the fire, including drying, emergency services, demolition and repair work in twelve rooms and the hallway totaling \$74,033.02. Bolen stated that on August 30, 2012, Capacity Insurance received a letter from Robert Leverett who had been retained as a Public Adjuster representing the owners of Sai Jal, LLC d/b/a the Red Carpet Inn. Leverett claimed in the letter that the damage would exceed policy limits and demanded a reserve of \$750,000.00 for the damage to 64 rooms, even though the building contains only 56 rooms.

Bolen stated that on September 4, 2012, Forensic Engineer Grant Renne who had been retained by Capacity Insurance conducted an inspection of the attic space and roof. During the inspection, Renne found a piece of plastic wrap used to wrap shingles, directly above room 207 where the fire occurred. Renne reported that the plastic was undamaged by the fire. Renne took possession of the plastic wrap for further testing if needed. Bolen stated that Engineer Renne agreed with the findings of

George Turnbull that only nine rooms sustained damage directly from the fire and three additional rooms sustained damage caused by the OFD when confirming no extension into the attic. Bolen stated that Renee's opinion was that the attic space and roof sustained no fire related damage.

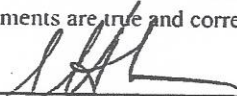

Bolen stated that on October 1, 2012, Wayne Patel signed a sworn Proof of Loss and demand for payment for \$686,416.51 for damage to the structure and a second sworn Proof of Loss for \$69,146.74 for reported damages to contents. **Exhibit 25**

Contact was made with Robert Leverett who agreed to respond to the Division of Insurance Fraud on September 11, 2013 for questioning regarding this investigation. I was later contacted by Attorney Mike Snure who stated that he was been retained by Leverett therefore, at this time he was not allowing Leverett to answer any questions regarding this investigation.

Based on the above facts, evidence and sworn testimony, the Division of Insurance Fraud investigation has developed probable cause to believe that beginning on August 27, 2012, at 3956 West Colonial Drive, Orlando, FL 32808, ROBERT EUGENE LEVERETT II did engage in a scheme to defraud and attempt to obtain property by causing Sworn Proof of Loss statements to be submitted to Capacity Insurance on behalf of the owners of Sai Jal, LLC d/b/a Red Carpet Inn, knowing at the time of submission that the Proof of Loss statements were not accurate and overly inflated. Leverett also presented repair and replacement estimates and Proof of Loss statements in excess of \$750,000.00. Leverett did this with the intent to defraud Capacity Insurance thereby violating FS 817.034, Organized Scheme to Defraud, which is a felony of the 1st degree.

Based on the above facts, evidence and sworn testimony, the Division of Insurance Fraud investigation has also developed probable cause to believe that on or about October 1, 2012, at 3956 West Colonial Drive, Orlando, FL 32808, ROBERT EUGENE LEVERETT II did commit insurance fraud by knowingly and willfully providing false information in support of the insurance claim, i.e. repair and replacement estimates and Proof of Loss statements in excess of \$750,000.00. In doing so, Leverett violated FS 817.234(1)(a)1, which is a felony of the 1st degree.

Based on the above facts, evidence and sworn testimony, the Division of Insurance Fraud investigation has also developed probable cause to believe that ROBERT EUGENE LEVERETT II did commit attempted theft by knowingly and willfully providing false information in support of the insurance claim, i.e. repair and replacement estimates and Proof of Loss statements in excess of \$750,000.00 as well as additional demands for full payment even after Capacity Insurance paid the insured \$138,768.40. In doing so, Leverett violated FS 812.014(2)(a)1, which is a felony of the 1st degree.

I swear/affirm the above attached statements are true and correct.	State of Florida, County Of Orange Sworn to and subscribed before me this
 _____ Detective	____ 11 ____ day of September, 2013  _____ <input checked="" type="checkbox"/> Law Enforcement Officer <input checked="" type="checkbox"/> Personally known _____ Produced ID