

**Blog Post: Assignment of Benefits--REGULATION!**  
**Two Examples of Fraudulent Plumbing invoices**

The following information complements my blog published in March, 2016 pertaining to the need for regulation of Water Extractors. It is intended as just an example of what far too many plumbers, particularly those in Southeast Florida, are doing to fraudulently inflate their invoices, defraud policyholders and insurance companies and, in general, contribute to Florida's homeowners premiums remaining the highest in America.

The information was obtained from public court documents in an AOB lawsuit and provided to Johnson Strategies, LLC by someone who did not wish to be identified. Since the case was pending at the time I received the documents, I heavily redacted the plumbers invoice removing the names of all parties and any information that could allow anyone, the plumber, the insurer, the policyholder, to be identified. However, the invoices are real and accurate in all respects.

There are two insurance claims and thus two plumbing invoices that follow. Each is summarized using court documents and research from Johnson Strategies, LLC. The summaries verify how the fraud was committed and detected. The invoices are verification that fraud took place or was attempted by this plumber.

In both claims, AOB was used to usurp the policyholder's rights and to begin inflating the invoice before submitting it to the insurer. You'll see the plumbers work order at the end, which also includes a Power of Attorney.

Keep in mind, it's likely the plumber also received a referral fee from a Water Extractor which also inflated its invoice to the insurer also by means of an Assignment of Benefits.

When, in the future, this case is adjudicated to the point I can release all of the documents, I will gladly identify the plumber to anyone as a means to protect the public from such dishonest and unethical practices. Feel Free to call me at anytime for such information at: 850-545-6377

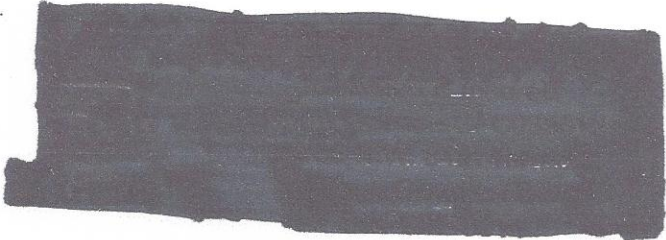
Scott Johnson  
Johnson Strategies, LLC

### **Plumbers Fraudulent Invoice #1**

Even though the carrier has 90 days to pay the claim, suit was filed by the plumbers' attorney 43 days after the 1st Notice of Loss(NOL). Items of concern as contained on the following work order attached to the invoice included:

- 1) an emergency charge of \$250; despite the water being turned off immediately and a response from the plumber that occurred 6 days later.
- 2) a charge of \$600 for "leak detection" when all that was needed was to open the cabinet beneath the sink and view the faucet supply line.
- 3) the cost of stainless steel braided supply line ranges from \$4.99 to \$9.00 at Home Depot and the going rate for labor in Broward County is \$85 per hour. Labor to change out the line would be approximately .02 of an hour. This plumber charge \$100.
- 4) total charge \$950 from [REDACTED] My estimate determined by the above would total less than \$300 in actual costs.

**See plumber's work order that follows.**



**WORK ORDER**

DATE: \_\_\_\_\_ 20\_\_

WORK DONE AT \_\_\_\_\_

CHARGE TO: \_\_\_\_\_ ART: \_\_\_\_\_

TELEPHONE: \_\_\_\_\_ ORDER NO.: \_\_\_\_\_

REMARKS: EMERGENCY CALL-  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**MATERIAL:**

|   |   |  |  |         |
|---|---|--|--|---------|
| 1)  | EMERGENCY CALL                                |  |  | \$ 250- |
| 2)  | Leak detection - FIA? fee                     |  |  | \$ 600- |
| 3)  | REPLACED HOT SIDE WATER<br>SUPPLY FOR KITCHEN |  |  | \$ 100- |
| * INSTALL NEW STAINLESS STEEL<br>WATER SUPPLY |   |  |  |         |
|   |   |  |  |         |
|   |   |  |  |         |
|   |   |  |  |         |
|   |   |  |  |         |

|            |  |            |
|------------|--|------------|
| TOTAL      | Service<br>Call<br><input checked="" type="checkbox"/> | 1 PLUMBERS |
| _____ HRS. |  | 1 HELPERS  |

SERVICEMAN \_\_\_\_\_

MATERIAL, LABOR, TIME AND MATERIALS

CUST. SIGNATURE \_\_\_\_\_

NEW CARD



MATERIAL

% DISC.

NET MATERIAL

% TAX

LABOUR \_\_\_\_\_ MEN (  )

INV. NO. \_\_\_\_\_ TOTAL \$ # 950-

**Contract:** For the value received, the undersigned customer ("assignor") represents that this contract is in full force and effect. The assignor fully warrants that it/she/he/they have full right and authority to enter into this contract. Customer states that they have the authority to enter into this agreement and they fully understand their obligations as expressed in this agreement; that they have the opportunity to consult with counsel and that they fully understand that this agreement is legally binding.

**Terms:** The terms of this contract begin at the time and date set forth next to customer's signature with services payable at project completion.

**ESTIMATE COST:** The following is our standard Price List (August 2014)

1. Emergency Call - \$250
2. Leak Detection - Flat Fee - \$600
3. Camera Use - Flat Fee - \$600
4. Plumber - \$125 - (After Hours \$185; Holiday \$375)
5. Helper - \$85 - (After Hours \$125; Holiday \$200)
6. Debris Removal & Clean-Up \$250
7. Travel time will be added for each job.

*Price is Not Negotiable*

Customer understands that [REDACTED], is not responsible for any accidental damage to personal property when performing any and all work on the premises.

Customer understands [REDACTED] is working for the customer and not the insurance company or agent/adjuster. Customer agrees to pay [REDACTED] directly and hereby assigns [REDACTED] an interest in the insurance claim and recover.

**CUSTOMER AUTHORIZED SIGNATURE:** \_\_\_\_\_

**PRINT CUSTOMER NAME:** \_\_\_\_\_

**DATE:** \_\_\_\_\_ / 15

[REDACTED]

## **Plumber's Fraudulent Invoice #2**

This one appears to be a loss that did not occur but was manufactured subsequent to the homeowners call requesting the plumber to install a new garbage disposal.

Items of concern as contained on the following work order attached to the invoice included:

1) the loss was reported to the insurer by a public adjuster stating that the garbage disposal was leaking. After contacting the homeowner the insurer was told that a new disposal had been purchased and a plumber had been called to install it.

2) but, when the plumbers work order was sent to the insurer it listed a \$250 charge for "emergency service."

3) the plumber also charged \$375 for leak detection. This, because it allegedly took 3 hours of work to find a leak that had already been detected and diagnosed by the homeowner and the public adjuster.

4) 5 days later the plumber returns to install the previously ordered disposal unit which had now arrived. This resulted in another charge for a plumber "and a helper" of \$630.

5) according to my research team, labor in the local area would've been less than \$200 from any plumber that did not obtain an AOB from the customer. Since the customer already purchased a new disposal that's all that should've been invoiced. But, this plumber charged a total of \$1,255 which would now be the responsibility of the policyholder.

**See plumber's work order that follows.**

[REDACTED]

# WORK ORDER

DATE: 20 15

WORK DONE AT \_\_\_\_\_

CHARGE TO: \_\_\_\_\_

APT.: \_\_\_\_\_

TELEPHONE: \_\_\_\_\_

ORDER NO.: \_\_\_\_\_

REMARKS: BROKEN DISPOSER - FIRED KITCHEN  
EMERGENCY CALL

**MATERIAL:**

|    |  |  |         |
|----|--|--|---------|
| 1) | Arrived for EMERGENCY call on 5-30-15<br>leaking WATER from BROKEN DISPOSER  |  | \$ 250- |
| 2) | Diagnose problem and find source<br>of leak 3 HRS plumber.   |  | \$ 375- |
| 3) | ARRIVED ON 6-4-15 TO fix<br>problem - Took DISPOSER for<br>ACCESS AND INSTALL New<br>one - owner paid for installation<br>AND DISPOSER |  | N.G     |
| 4) | 3 HRS plumber + helper   |  | \$ 630- |

|       |  |                                  |
|-------|--|----------------------------------|
| TOTAL | Service Call <input checked="" type="checkbox"/> | <input type="checkbox"/> PLUMBER |
| HRS.  |  | <input type="checkbox"/> HELPER  |

SERVICEMAN

MATERIAL

% DISC.

NET MATERIAL

% TAX

LABOUR MEN (  )

INV. NO. TOTAL \$ 1255

MATERIAL, LABOR, TIME AND TRAVEL CHARGES EXTRAFACTORY

CUST. SIGNATURE: \_\_\_\_\_

NEW CARD

[REDACTED]

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Customer understands [REDACTED] is working for the customer and not the insurance company or agent/adjuster. Customer agrees to pay [REDACTED] directly and hereby assigns [REDACTED] an interest in the insurance claim and recover.

**CUSTOMER AUTHORIZED SIGNATURE:** \_\_\_\_\_

**PRINT CUSTOMER NAME:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

[REDACTED]

**AUTHORIZATION FOR INFORMATION ON ACCOUNT & ASSIGNMENT  
OF INSURANCE BENEFITS, DIRECT PAY  
& POWER OF ATTORNEY**

I/we, \_\_\_\_\_, am/are the policy holder(s) for  
Policy Number ("Policy") \_\_\_\_\_ Claim Number \_\_\_\_\_  
With the \_\_\_\_\_ insurance company ("Insurer")  
Insurance company phone # \_\_\_\_\_ Fax # \_\_\_\_\_  
Agent Name \_\_\_\_\_ Agent Phone # \_\_\_\_\_  
Adjuster Name \_\_\_\_\_ Adjuster Phone # \_\_\_\_\_

\_\_\_\_\_ ("Contractor") has provided or will provide services to me/us in connection with a loss that is believed to be covered by the "Policy." In exchange for providing those services I/we have provided this Release, Assignment, Direction and Power of Attorney.

1. **Release Information.** I/we hereby direct my Insurer referenced above to release any and all information requested by Contractor, its representative, or its attorney for the purpose of obtaining benefits to be paid for services rendered and in this regard I waive my privacy rights.
2. **Assignment.** In consideration for the work performed, or to be performed by Contractor, I/we hereby assign to Contractor the benefits and causes of action under the Policy which are applicable to pay for the work performed or to be performed by Contractor as a result of the loss.
3. **Direct Payment.** I/we authorize and direct Insurer to make direct payment to Contractor for the amounts due to it.
4. **Power of Attorney.** I/we authorize and grant Contractor power of attorney to endorse check(s) from Insurer for me and appoint Contractor as my true and lawful attorney in fact to act in my place for the purpose of endorsing and depositing checks issued by Insurer to pay for services provided. I/we indemnify and hold Contractor harmless for doing so.
5. **Interest.** I/we understand that if payment is not made within 90 days interest will accrue from the date the services were provided at the rate of 1.5% per month.
6. **Travel Time.** A minimum of 1 hour travel time will be charged at the rate of \$125 per hour for plumbers and \$85 per hour for assistants.
7. **Warranty.** Parts & labor for the services provided are warrantied for 90 days.

Insured Signature \_\_\_\_\_

Date \_\_\_\_\_

Insurer Signature \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_