

Executive Summary

Claims Committee Meeting, June 12, 2019
Board of Governors Meeting, June 19, 2019

Special Investigations Update

Major Case Update

In September 2018 we provided the Claims Committee an update on Citizens' capabilities to investigate complex organized fraud activity that impact the organization. Due to the nature of these investigations which often span several months or even years, our investigators work closely with law enforcement in support of their pursuit of insurance fraud prosecution.

Operation Crossing the Rubicon

On April 30, 2019, authorities announced the arrest of a public adjuster and 35 others involved in a massive insurance fraud scheme that targeted Citizens and other insurance companies. The Insurance Fraud Task Force, which included members of the Miami Dade police department and the State Fire Marshall's Office executed arrest warrants over a two-day period targeting representatives of the Rubicon Group, an insurance agent, contractors and service providers and Citizens policyholders. These individuals are all being charged with insurance fraud and racketeering crimes for their alleged role in staging non-weather water and wind claims in the Miami area.

The operation, called 'Crossing the Rubicon' was the culmination of a year and a half long investigation into the Rubicon Group along with their affiliates. Citizens' SIU began working with Miami Date Police Department detectives in which we provided documentation in over 100 suspected fraudulent claims. Sifting through voluminous amounts of documentation, evidence was obtained purportedly showing communications in the form of text messages and emails between representatives of the Rubicon Group and eight others within a fraudulent network that discussed the planning, staging and reporting of insurance claims to Citizens and other carriers.

Notable arrests included:

- **Barbara Diaz De Villegas nee Gonzalez** the principal owner and organizer of the scheme was charged with insurance fraud and racketeering crimes, along with four other individuals from her office, including an insurance agent, water mitigation service provider and a plumber
- **Ricardo Tello** was an independent adjuster that had last worked on behalf of Citizens in 2015 and concurrently prepared fraudulent estimates on behalf and at the direction of the Rubicon Group was arrested and charged with insurance fraud and racketeering crimes
- **Ricardo Alvarez** is an insurance agent that according to authorities and supported by the SIU investigation, coordinated directly with Gonzalez to place insured's policies with Citizens with advanced notice that a claim would be staged. Citizens took swift action and issued an investigative suspension of the agency that he co-owns with his wife
- **Citizens Insureds:** Arrests included 23 Citizens' insureds/insured contacts impacting 34 claims with an aggregate value of \$833,000, some of which earned sizable commission to steer family and friends to the Rubicon Group and have a claim staged. All were charged with insurance fraud, grand theft, and racketeering crimes. **A chart depicting the network and those arrested is attached.**

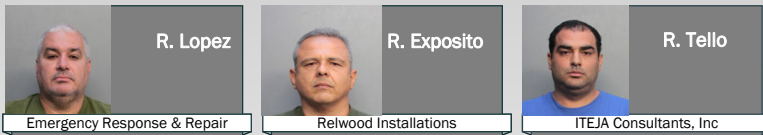
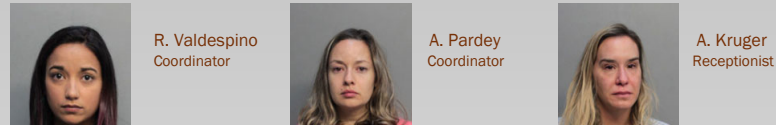
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Katherine Fernandez Rundle, Miami State Attorney's Office and CFO Jimmy Patronis hosted a joint press conference outlining the multiple arrests and the collaboration of Citizens and two other carriers. More arrests of policyholders are anticipated in future phases. **The press release issued by CFO Jimmy Patronis' Office on April 30, 2018 is attached.**

Operation: Crossing the Rubicon

Phase 1 Investigation



The Rubicon Group

Barbara Diaz De Villegas (President) Coordinated and directed all operations relating to the filing of claims with Citizens.

Jose Gonzalez (ISAAP) Inspected and prepared estimates at the instruction of the Rubicon Group representatives during which estimates were embellished and/or damage was enhanced.

Romy Valdespino (Claims Coordinator) Communicated with insureds prior to the date of loss; reported claims with known erroneous dates of loss; coordinated inspections with contractors and service providers prior to loss dates.

Alicia Pardey (Claims Coordinator) Communicated with insureds prior to the date of loss; reported claims with known erroneous dates of loss; conducted and coordinated inspections with contractors and service providers prior to loss dates.

Alessandra Kruger (Receptionist) Communicated with insureds prior to the date of loss; reported FNOLs with known erroneous dates of loss; orchestrated and coordinated inspections with contractors and service providers prior to loss dates; and completed tasks as directed by Barbara Gonzalez.

Contractors/Service Providers

Rigoberto Lopez (Emergency Response and Repair Water Mitigation) Participated in staged losses as evidenced by discussions with representatives of the Rubicon Group during which the areas of damage, amount of damage, and property inspections were discussed and conducted prior to the date of loss.

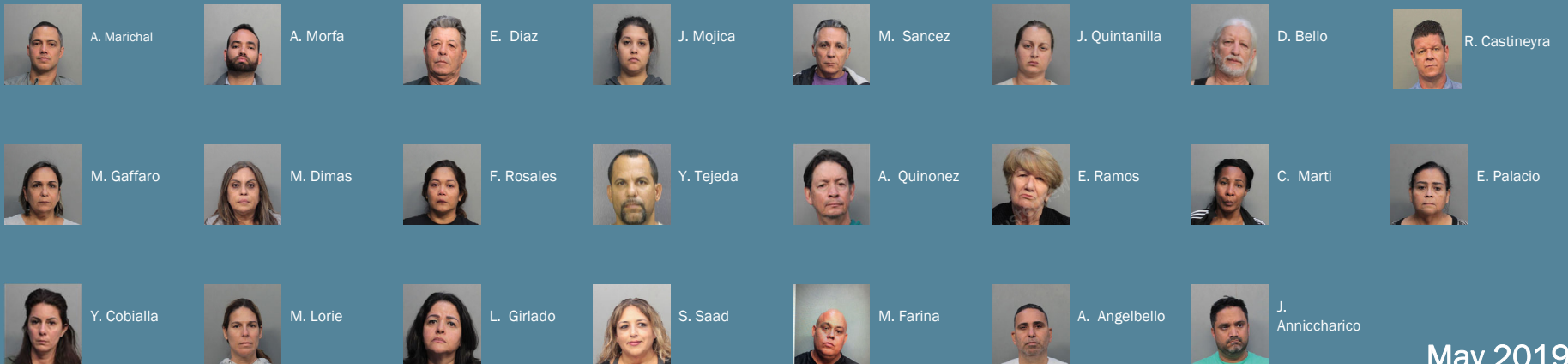
Rafael Exposito (Relwood Installation) Participated in staged losses by conducting inspections at insured properties prior to the date of loss and by creating and/or enhancing damage to the insured property as instructed by the Rubicon Group representatives.

Ricardo Tello (ITEJA Consultants Inc) Participated in staged losses by creating damage estimates at the instruction of the Rubicon Group representatives that included areas of damage discussed prior to the date of loss; conducting inspections prior to the date of loss; and estimate loss dates after the date of inspection.

Insurance Agency / Agents

Ricardo Alvarez (Licensed Agent) Principal owner and Citizens' AOR for De Zayas Insurance Agency of Hialeah; placed risks with Citizens in which there was advanced notice that a claim would be staged.

Citizens' Policyholders / Contacts





JIMMY PATRONIS
FLORIDA'S CHIEF FINANCIAL OFFICER

Press Release

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****Photo Release** CFO Jimmy Patronis Announces 9 Arrests in Miami Following Joint Investigation Uncovering \$600,000 in Fraud**

4/30/2019



For

Immediate Release: Tuesday, April 30, 2019

Contact: Katie Strickland, 850.413.2842, katie.strickland@myfloridacfo.com

Devin Galetta, 850.413.2842, devin.galetta@myfloridacfo.com

****Photo Release****

CFO Jimmy Patronis Announces 9 Arrests in Miami Following Joint Investigation Uncovering \$600,000 in Fraud

MIAMI – Today, Chief Financial Officer (CFO) Jimmy Patronis joined Miami-Dade State Attorney Katherine Fernandez Rundle and Miami-Dade Police Department Director Juan J. Perez to announce the arrest of nine individuals following over a year-long joint insurance fraud investigation dubbed "Operation Rubicon." Arrests include individuals and business owners allegedly involved in a large-scale organized scheme to defraud insurance companies out of more than \$600,000 in fraudulent insurance claims.

CFO Jimmy Patronis said, "Today, we arrested nine individuals who are the ringleaders of an elaborate fraud scheme, with more arrests to come. I will not stand by and let Floridians pay for higher insurance rates because of criminals gaming the system. Through my Fraud Free Florida initiative, we are expanding our investigative efforts to protect Florida from scam artists. I thank the Miami-Dade Police Department and State Attorney Rundle for coming together with my fraud detectives and bringing these individuals to justice."

Miami-Dade State Attorney Katherine Fernandez Rundle said, "Effective crime-fighting always relies on effective crime-fighting partnerships. As this case shows, our great partnership with CFO Patronis' fraud detectives and the Miami-Dade Police Department will continue to round up those who feel they can get away with the costly crime of insurance fraud. All involved homeowners and fraud organizers who feel this is an easy crime will face justice."

The joint fraud investigation was initiated after several insurance companies notified authorities of suspected fraudulent residential insurance claims in the South Florida and Tampa areas. Detectives believe that The Rubicon Group, a public adjusting company owned by Barbara Maria Gonzalez, committed organized fraud and grand theft. Gonzalez allegedly utilized the services of unscrupulous Florida companies, including water mitigation and restoration companies, insurance agencies and agents, appraisers, and willing homeowners to allegedly commit the fraud.

The investigation remains open and ongoing and more arrests are expected.

Arrests made today include:

Barbara Maria Gonzalez
Rafael Exposito
Rigoberto Lopez
Ricardo Alvarez
Jose Gonzalez
Romy Valdespino Rodriguez
Alessandra Kruger
Alicia Pardey
Ricardo Tello

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About CFO Jimmy Patronis

Chief Financial Officer and State Fire Marshal Jimmy Patronis is a statewide elected official and a member of Florida's Cabinet who oversees the Department of Financial Services. CFO Patronis works each day to fight insurance fraud, support Florida's firefighters, and ensure the state's finances are stable to support economic growth in the state. Follow the activities of the Department on Facebook ([FLDFS](#)) and Twitter ([@FLDFS](#)).

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