

# SIU Update

## Cases of Interest

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- **Miami - Dade / Burglary:** SIU's investigation into multiple burglary claims determined that identical receipts were submitted through their public adjuster in support of the personal property that was alleged to have been stolen from the named insureds. The SIU investigation, which began April 2011, conducted interviews and ultimately identified 8 claims in which the same receipts were submitted to Citizens in support of burglary claims. SIU identified the source of the original invoices, which originated from a 2008 burglary claim submitted to Citizens. This served as key evidence that implicated the public adjusters in this scheme. In February 2013, Division of Insurance Fraud issued a press release announcing the arrest of five individuals and their public adjuster for engaging in a scheme to defraud Citizens in the submission of the burglary claims. (Please refer to the press release appended to this report).
- **Miami - Dade / Fire Loss:** The insured claimed fire and soot damage to the kitchen cabinets and throughout the residence as the result of a kitchen fire that was reported 2 months after the date of loss. An independent Origin & Cause expert determined that the fire was consistent with a cooking fire, but the timeline of events was not consistent with the incident. The SIU investigation revealed that the insured had received \$43,000 on a previous claim with Citizens for damaged cabinets resulting from water damage resulting from a water loss. The cabinets were identical to those at the time of the fire and appeared to have not been repaired or replaced. The claim was withdrawn by the insured, immediately after it was submitted to SIU.
- **Miami-Dade / Fire Loss:** The insured reported that the Christmas tree lights ignited, causing fire damage to his residence and contents. The insured received an advanced payment of \$5,000. An expert opined that the fire was intentionally set and accelerants were detected at the scene. The SIU investigation established that the insured, a renter, had never previously maintained a renter's policy and that he recently lost his job. The insured initially refused to appear at an EUO and filed suit against Citizens. Citizens' litigation adjuster moved to compel an EUO at which time the insured voluntarily dismissed their suit against Citizens. The claim was closed without any further indemnity payments. A DIF referral was submitted.

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- **Miami-Dade / Water- Pipe Break:** The insured reported that a water valve ruptured causing water damage throughout the residence. After receiving an initial payment of \$5,912, the Insured submitted an appraisal demand exceeding \$100,000. SIU obtained evidence from the prior carrier's claim file, which confirmed that the damage reported to the prior carrier was very similar to the damage reported in the Citizens claim. There was no evidence that the damage from the prior claim had been repaired. During the EUO, the insured admitted that the damage pre-dated the loss with Citizens. The claim was denied since the damage pre-existed the policy. A DIF referral was submitted.
- **Miami – Dade / Material Misrepresentation:** The insured alleged \$10,333 in flooring damage as the result of a dropped object, which was submitted five months after obtaining an insurance policy with Citizens. The SIU Investigation revealed the insured had filed numerous claims in the 36 months preceding the application and failed to disclose those on the application of insurance. Had the application for insurance been completed truthfully, the property would not have been eligible and Citizens would not have issued the policy number. As a result of the misrepresentation, the policy was voided for material misrepresentation and the claim was denied. The case was referred to DIF. – Teresa Vernon
- **Leigh Acres / Fire Loss:** The insured alleged that he accidentally left the stove unattended which resulted in fire damage to their residence. The State Fire Marshal investigators determined that the cause of fire was intentionally set and found evidence of gasoline at the scene. The independent expert concurred with the State Fire Marshal's findings. The SIU investigation established evidence that the insured had financial motive to set the fire and recently placed furnishings and other contents in the home prior to the fire. The insured was arrested for Arson with the Intent to Defraud a Carrier, Insurance Fraud and Grand Theft. In September, Division of insurance Fraud issued a press release announcing that the insured was convicted on all charges. He was sentenced to 26 months in prison, followed up six years probation and required to repay Citizens \$17,035. (Please refer to the press release appended to this report).
- **Saint Lucie / Water – Pipe Break:** The insured reported water damage to the kitchen cabinetry, resulting from a plumbing leak which was alleged to have occurred within 2 months after policy inception. Citizens tendered an initial payment of \$9,531 for damage to the kitchen cabinets and water remediation. The claim was reopened when the water mitigation service provider submitted a second invoice with conflicting information. The SIU investigation revealed the insured risk sustained the damage 5 days prior to the issuance of the insurance policy. The insured misrepresented the condition of the property at the time of application as well as submitted an altered invoice for plumbing repair. As the result of SIU's referral to DIF, the insured was arrested in December and charged with one count of False or Fraudulent Insurance Claim.

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- **Broward / Water–Pipe Break:** The insured alleged that on two separate occasions he sustained damage to his newly purchased home as the result of two separate and uncommunicated water supply lines. During his interview with SIU, the insured claimed that the water losses were sudden and accidental and that a plumber was required to remove the dishwasher and fix the leak. Contrary to the insured's statement to SIU, an independent expert confirmed that the dishwasher had not been removed. The insured failed to provide evidence of repair or invoices from the plumber. The claims were subsequently denied based upon evidence that the loss was not sudden and accidental. A DIF referral was submitted.
- **West Palm / Water-Pipe Break:** The insured alleged that a water supply line ruptured, causing damage to her kitchen cabinets. The SIU investigation revealed that the damage did not appear to be consistent with the cause of loss reported by the insured. The insured retained the services of a water mitigation provider located over 100 miles from the insured property. An SIU investigation developed evidence that the public adjuster was a relative of the water mitigation service provider. The insured refused to meet with SIU for a recorded interview and failed to appear at the EUOs. The claim was subsequently denied for lack of cooperation and failure to attend the EUO.
- **Port Richey / Fire Loss:** The insured residence sustained property damage as a result of a fire, which was determined to be intentionally set. SIU obtained a recorded interview from a neighbor who claimed she received an email message from the co-insured, claiming that the insured had planned to set fire to the residence in order to collect the insurance proceeds. The insured failed to appear at the scheduled EUO. The claim was denied with the exception of the payments to the mortgage holder, which was contractually owed. The case was referred to DIF and a warrant is currently outstanding for the insured issued by the Pasco County Sheriff's office for suspicion of setting this fire.

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JEFF ATWATER, CHIEF FINANCIAL OFFICER  
FLORIDA DEPARTMENT OF FINANCIAL SERVICES

## Press Release

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### CFO Jeff Atwater Announces Arrests of Miami Public Adjuster and Four Others in Property Insurance Fraud Scheme

2/1/2013

Contact: Anna Alexopoulos (850) 413-2842 TALLAHASSEE – Florida Chief Financial Officer Jeff Atwater today announced the arrest of Miami public adjuster Roberto Alvarez, 44, for allegedly submitting more than \$270,000 in fraudulent homeowners insurance claims. Also arrested were four homeowners whom Alvarez recruited to participate in the scheme to defraud. "Floridians are already facing high property insurance costs without fraud pushing rates even higher," CFO Atwater said. "We will catch those who break the law and steal from their fellow Floridians. We are committed to safeguarding your hard-earned dollars." An investigation by the Florida Department of Financial Services' Division of Insurance Fraud revealed that Alvarez instructed several homeowners to inflate losses in burglary claims in order to increase his commissions. Alvarez fraudulently submitted hundreds of the same receipts on behalf of multiple clients including some items purchased by Alvarez himself. Manuel Nuez, Marilyn Del Rosario, Jaime Sanchez and Silvia Londono also were arrested in conjunction with this fraud scheme and face charges of grand theft and insurance fraud. Alvarez was booked into the Orange County Jail with bond withheld. If convicted, he faces up to 15 years in prison and the homeowners, if convicted on the charges, could face up to 10 years each. Citizen's Property Insurance Corporation originally notified the department of the suspected scheme to defraud and assisted in the investigation. Additional arrests are expected. Anyone with information of suspected insurance fraud is asked to call 1-800-378-0445. Citizens who provide tips can remain anonymous. The Department of Financial Services to date has awarded almost \$275,000 to more than 40 citizens as part of its Anti-Fraud Reward Program. The program rewards individuals up to \$25,000 for information that directly leads to an arrest and conviction in an insurance fraud scheme. ### Chief Financial Officer Jeff Atwater, a statewide elected official, oversees the Department of Financial Services. CFO Atwater's priorities include fighting financial fraud, abuse and waste in government, reducing government spending and regulatory burdens that chase away businesses, and providing transparency and accountability in spending.

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JEFF ATWATER, CHIEF FINANCIAL OFFICER  
FLORIDA DEPARTMENT OF FINANCIAL SERVICES

## Press Release

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### Florida CFO and State Fire Marshal Jeff Atwater Announces Sentencing of Lee County Man Charged with Arson and Insurance Fraud

9/12/2012

Contact: Alexis Lambert or  
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**TALLAHASSEE**—Florida Chief Financial Officer and State Fire Marshal Jeff Atwater today announced the sentencing of Elbert Luis Mesa Diaz of Lee County after a joint investigation involving the State Fire Marshal Bureau of Fire and Arson Investigations (BFAI) and Citizen's Property Insurance Corporation Special Investigations Unit. The investigation revealed that Diaz intentionally set fire to a residence and later submitted a fire loss insurance claim for more than \$200,000.

"When someone commits arson and insurance fraud, they are endangering innocent lives and stealing directly from the pockets of hard-working, honest Floridians," CFO Atwater said. "I am proud of the top-notch investigative work done by my team and those at Citizens to crack down on fraud and hold Diaz accountable for his actions."

On May 17, 2010, the Lehigh Acres Fire Department (LAFD) and the Lee County Sheriff's Office responded to a fire on Graystone Avenue in Lehigh Acres. LAFD requested the assistance of BFAI to determine the cause of the fire. On May 9, 2011, Diaz was arrested and booked into the Monroe County Jail on charges of Arson, Burning to Defraud and Filing a Fraudulent Insurance Claim. On September 10, 2012, Diaz was convicted of all charges and sentenced to 26 months in prison to be followed by six years of probation.

To report arson, call 1-877-No-Arson (1-877-662-7766) or visit [http://www.fightarson.com/report\\_arson.htm](http://www.fightarson.com/report_arson.htm). A reward of up to \$5,000 may be paid by the Florida Advisory Committee on Arson Prevention for a tip that leads directly to an arrest and conviction.

*Chief Financial Officer and State Fire Marshal Jeff Atwater, a statewide elected official, oversees the Department of Financial Services. CFO Atwater's priorities include fighting financial fraud, abuse and waste in government, reducing government spending and regulatory burdens that chase away businesses, and providing transparency and accountability in spending.*

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