

You Can't Make This Stuff Up: The Worst Cases of Insurance Fraud in 2014

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Financial losses due to insurance fraud cost U.S. insurers at least \$80 billion a year, according to the [Coalition Against Insurance Fraud](#), an association of industry, government and consumer organizations. The human cost, in terms of suffering and loss of life, is sky high as well.

In an effort to dramatize the scope and depth of the problem, the coalition has singled out what it dubs the worst instances of insurance fraud in 2014. While these seven cases may not be the biggest in terms of total dollars involved, they are remarkable for the brazenness of the crimes and the viciousness of the perpetrators.

Case No. 1: Attorney Builds Assembly Line to Manufacture Auto Injuries

Personal-injury lawyer Joseph Haddad, working in concert with the owner of a chain of chiropractic clinics, an unlicensed doctor and a medical diagnostics testing company, ran an industrial-scale insurance fraud centered on victims of minor traffic incidents.

The Bridgeport, Connecticut-based attorney bought police accident reports that identified the victims. His agents then induced the motorists to get treatment at the medical facilities aligned with Haddad, which would inflate the seriousness of the patients' conditions. Over 145 prescriptions for more than 4,400 pills were written for accident victims who were never diagnosed.

According to the U.S. Attorney's Office, more than 10 insurance carriers lost up to \$2.5 million as a result of the conspiracy. Haddad pleaded guilty to mail fraud and conspiracy to commit mail fraud, and agreed to pay \$1.75 million in restitution to his victims.

Case No. 2: Exotic Auto Dealer Makes Wrong Turn on the Internet

Selling exotic sports cars was Andy House's profession. Sinking one for the insurance money was purely amateur hour, when he was caught in the act on camera.

House drove a rare \$1-million Bugatti Veyron into an East Texas lagoon and then filed an inflated \$2.2-million insurance claim.

Only 300 Veyrons were ever produced. Geared to reach more than 250 mph, it is one of the world's rarest street-legal sports cars. One month prior to his 'accident,' House bought the car with a loan from a friend, and then insured it for double the price as a collector's car.

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Another motorist saw House driving the Bugatti down the road to the lagoon. Awed by the vehicle, he whipped out his cellphone in time to capture House calmly steering the car into the water. The video went viral on YouTube and became an online sensation.

House pleaded guilty to insurance fraud and faces up to 20 years in federal prison when sentenced.

Case No. 3: Oncologist Operates Cancer Fraud Factory

Cancer was good to Dr. Farid Fata. He pumped patients full of toxic levels of chemotherapy, whether they needed it or not.

The Detroit-area oncologist billed private insurers and Medicare \$225 million, with insurers paying out \$91 million in claims. But Fata often administered toxic levels of medications that patients didn't need. One cancer-free patient received 155 treatments over two years.

Fata also ordered high doses of chemo for patients who were near death and beyond hope of recovery and charged insurers for chemo treatments that were never administered.