

Vehicle fraud cases heat up amid economic downturn

by Los-Angeles-Times

Motorists unable to afford payments on pricey cars and gas-guzzling sport utility vehicles in this recession are turning to a time-tested financing solution: matches. Insurance cheats are torching their vehicles in remote deserts. They're pushing them off cliffs. They're sinking them in lakes or ditching them in Mexico in the hopes of getting their policies to pay off, fraud investigators say. Nationwide, suspicious vehicle fires or arson increased 27% in the first quarter of this year compared with a year earlier, according to the National Insurance Crime Bureau, an industry-supported agency that investigates all types of insurance fraud. So-called owner give-ups -- cars intentionally destroyed or abandoned -- jumped 24%. Barbecuing a Beamer is one of the more dramatic types of suspected insurance fraud that's increasing in this economic downturn, the deepest in more than half a century. But it's not the only one. Suspicious personal injury slip-and-fall claims increased 60% in the first quarter; staged car accident cases were up 34% and commercial property fire/arson cases jumped 76%. Some consumers figure that they've paid premiums year after year, experts said, and that their insurers might not closely check every single claim. In fact, investigators say they tend to be particularly busy during tough economic times when an increasing number of policyholders are caught in financial crunches. "When the economy goes south, crime goes up," said Frank Scafidi, a crime bureau spokesman in Sacramento. Investigators say the number of suspected give-ups, which are often hard to prove, is minuscule compared with the more than 1 million vehicles reported stolen each year. They acknowledge that suspected fraud may be underreported because insurers can't meticulously investigate every vehicle fire or disappearance. Nevertheless, they said, the trend is clearly accelerating with 757 suspected vehicle fires nationwide in the first quarter of 2009, up from 596 in the same period last year. Crime bureau investigators found a direct correlation between owners missing multiple car payments and the filing of false insurance claims. Rising gasoline prices also appear to be linked to suspected fraud cases involving fuel-sucking SUVs. A soft used-car market also has consumers looking to their insurers for relief -- albeit illegally. "People think it's an easier out if they can no longer afford a car, but, unfortunately, it's a crime," Scafidi said. That's a lesson that a soldier stationed at Ft. Lewis near Seattle learned last October. According to investigators, the financially strapped GI griped at an off-base bar that he was falling behind on payments for his 2006 Chevy Silverado truck. Nearby, a trio of Mexicans talked about going home but moaned that they didn't have money for bus tickets. Commiserating over beers -- perhaps a few too many -- they came up with what seemed like a good idea: The Mexicans would drive the truck south and the soldier would claim his vehicle stolen. The soldier hoped the scheme would get him out from under the burden of making payments on a truck on which he owed more money than he could fetch by selling it, investigators said. The plot quickly went awry. The three Mexicans were in such a hurry that they made it across the border and ditched the Silverado after a day's hard drive. But the soldier waited three days to file a claim with his insurance company. By that time, his abandoned Chevy had been recovered by local police and turned over to U.S. authorities at the border. "I called our special investigations unit in Washington and said, 'You might want to talk to this guy about the claim,'" said Tom Downey, a supervisory special agent with the crime bureau's San Diego office. "He admitted he gave them the keys to his car and asked them to dump it." The soldier, whose name was withheld by investigators, never got charged with a crime but wound up paying thousands of dollars to get his car back, Downey said. The enlisted man is one of a growing group of motorists from all economic classes trying to cut their automotive costs, Downey said. "If they owe \$10,000 and can only sell the vehicle for \$7,000, they'll still owe \$3,000 and have to buy another [cheaper] vehicle," he said. "So, people find themselves in tight spots and are making foolish decisions." On May 2, police arrested Matthew A. Riddle Sr., 36, and his mother, Lydia Riddle, 56, of Stockton, as well as a Sacramento man, John D. Vier, 32, on suspicion of insurance fraud, felony arson, conspiracy and false reporting of a crime. The suspects face possible prison terms and thousands of dollars in fines for allegedly conspiring to have Vier burn Matthew Riddle's 1998 Ford Expedition in a San Joaquin Valley orchard in hopes of collecting a \$10,000 insurance claim. The arrests came after a witness tipped off the Sacramento County Urban Insurance Fraud Task Force, one of dozens of interagency law enforcement groups around the state that are financed by a surcharge on auto insurance premiums. Owners desperate enough to burn or ditch their own cars are asking for trouble, warned John Standish, the automobile insurance fraud bureau chief for the California Department of Insurance. If caught, "they're still saddled with

settling the debt even though the car is not drivable," he said, plus they could wind up with a felony conviction for insurance fraud and a sentence of as many as five years in prison. Any scheme to commit auto insurance fraud usually involves conspiracy, said Mike McKee, a crime bureau special agent who covers all of Southern California. "Family and friends are involved," he said. "It's not a spur-of-the-moment thing because there's a lot of criminal intent and forethought." Owner give-ups fall into two categories, McKee said. The most common is the amateur job, which usually involves the owner and a couple of relatives or friends. Professional rings charge a car owner as much as \$500. The car or truck is either driven to Mexico for resale on the black market or taken to a "chop shop" to be stripped of its most valuable parts. Owners are instructed to wait three days before filing a stolen-car report. One thing the professionals never do is set the cars on fire, McKee said. They want the money from the resale, and they want to keep as low a profile as possible. "It doesn't make sense for crooks to risk a felony charge by stealing a car, taking it to the desert to torch it and walking home," he said, noting that law enforcement presence in the desert has grown as part of a campaign against illegal immigration. Most amateur owner give-ups "make no sense in the real world," McKee said, citing the recent case of Don and Orlando. (Investigators asked that full names not be used while the case remains open.) Don, who lived in the Inland Empire, was \$1,400 behind on payments and had just lost his job. He allegedly paid Orlando \$300 to drive the car out to the desert and burn it. Before taking the keys, Orlando threw his daughter's bicycle into the back of the vehicle for the long ride home, McKee said, reading from the case file. Such cases usually lead to confessions and convictions, especially when somebody comes back smelling like gas, with singed eyebrows, McKee said.

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