

**THE REPORT OF THE
STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
HENRY McMASTER**

INSURANCE FRAUD DIVISION

2006 ANNUAL REPORT



January 2007

MESSAGE FROM THE ATTORNEY GENERAL

I am proud to present to the General Assembly the 2006 Annual Report of the South Carolina Insurance Fraud Division. The Attorney General's office has been a leader in the fight against insurance fraud for thirteen years, and that fight continues. I would like to thank the SLED agents who investigate these cases, and whose work is essential to our fight against this type of crime.

In 2006, we saw a dramatic increase in several important areas in the fight against insurance fraud. For cases in which we obtained convictions, the courts ordered \$318,125.36 in restitution to be paid back to the victims and insurance companies. This represents a 40% increase from the total amount ordered in 2005 (\$191,416.10). In addition to the restitution from the criminal convictions, there was also an increase in the amount of restitution secured through civil dispositions. In 2006, our office secured \$134,488.87 in restitution through civil remedies, which was a 75% increase from the \$33,187.60 received in 2005. Also, our office secured more civil remedies and civil fines in 2006 as well. Forty-nine (49) cases were handled through civil remedies in 2006, which represents a 20% increase over the 2005 total of thirty-nine (39). We also collected \$110,750.00 in civil fines in 2006, compared to \$25,450.00 in 2005.

There was an increase in the total number of insurance fraud complaints received in 2006. The Attorney General's office received 722 complaints in 2006, compared to 569 in 2006. The types of fraud complaints break down as follows: Automobile – 45%

(327), Personal/Commercial Property - 14% (101), Worker's Compensation – 13% (91), Health/Medical - 8% (58), Disability - 5% (39), Other - 5% (37), Life - 5% (36), Premium – 5% (32). In 2006, 389 complaints were formally opened by the Attorney General's office and referred to SLED for investigation.

We made steady progress in the fight against insurance fraud in 2006, and I look forward to advancing those efforts in the future. I want the people of South Carolina to know that this office is fully dedicated to enforcing the laws against insurance fraud in our state. This report may be accessed on the web at <http://www.scattorneygeneral.com>.

A handwritten signature in black ink, reading "Henry McMaster". The signature is written in a cursive, flowing style with a large, stylized "H" and "M".

Henry McMaster

MESSAGE FROM THE DIRECTOR OF INSURANCE FRAUD

On July 1, 1994, the Governor enacted into law the Omnibus Insurance Fraud and Reporting Immunity Act establishing the Insurance Fraud Division of the Office of the Attorney General and mandating the prosecution of insurance fraud by this new division with the South Carolina Law Enforcement Division (SLED) conducting the investigations. The intention of the legislation was to aggressively confront the problem of insurance fraud in South Carolina. The Insurance Fraud Division receives referrals from the Department of Insurance, the South Carolina Worker's Compensation Commission, insurance companies, private citizens, law enforcement agencies, as well as attorneys and private law firms throughout the state of South Carolina.

Last year was an outstanding year for our department. We were able to see increases in many categories that are essential to continuing our fight against insurance fraud. In the 82 cases that resulted in convictions for 2006, the courts ordered that offenders pay back \$318,125.36 to insurance companies and victims. This represents a 40% increase over the amount of restitution ordered by the courts the previous year. In addition, we secured \$134,488.87 in restitution through civil dispositions. This was money paid to our office directly in 2006 that was in turn passed directly on to the victims. Our office also collected \$110,750.00 in civil fines in 2006. This was a 77% increase over the amount collected the previous year. Further, we saw a 76% increase in the amount of fines levied against offenders by the courts on cases that resulted in convictions. I am confident that we will continue to have success by sending the message that insurance fraud is a serious crime in South Carolina.

Our work is still a direct result of the outstanding efforts of those in law enforcement and the private insurance industry that send us the majority of our cases. I am appreciative of their efforts and would like to specifically thank the efforts of the South Carolina Insurance Fraud Investigators (SCI-FI) and the National Insurance Crime Bureau (NICB).

Again, I am particularly appreciative of the support and leadership of Attorney General Henry McMaster. Also, I would like to thank Lt. Lansing P. Logan of SLED and his staff for their efforts in investigating these cases. Without their hard work and expertise the Insurance Fraud Division would not be in a position to experience its many successes.

Thank you to everyone who helped us in the past year and we look forward to achieving greater successes in 2007.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Jennifer D. Evans".

Jennifer D. Evans
Chief, State Grand Jury/Prosecution
Director of Insurance Fraud Division

CUMULATIVE STATISTICS OF THE INSURANCE FRAUD DIVISION 1995 - 2006

TOTAL COMPLAINTS RECEIVED	7393
TOTAL FILES OPENED	4969
CRIMINAL CONVICTIONS	868
CIVIL REMEDIES	480

Type of Fraud	Amount Reported
Personal/Commercial Property	\$13,790,792.64
Life Insurance	\$10,855,589.20
Automobile Insurance	\$10,632,633.47
Liability	\$10,000,000.00
Premium Fraud	\$7,839,811.93
Workers' Compensation	\$7,289,134.18
Disability Insurance	\$6,213,303.67
Health/Medical	\$5,640,805.45
Other	\$3,902,995.67
TOTAL	<u>\$76,165,066.21</u>

Types of Monies Collected	Amount Collected
Criminal Restitution	\$2,696,882.09
Civil Penalties	\$1,184,867.24
Civil Restitution	\$1,041,327.79
Criminal Fines	\$298,339.95
Total	<u>\$5,221,477.07</u>

SUMMARY
Status of Cases – 2006

Complaints

Complaints Carried Forward from 2005	68
Complaints Received in 2006	722
Complaints Referred to other Agencies	98
Complaints Unfounded or Declined	199
Complaints Withdrawn	3
Files Opened 2006	389
Complaints Carried Forward to 2007	149

Open Files

Files Opened in 2006	389
Open Files Disposed of 2006	402
Open Files on December 31, 2006	675
Open Files under SLED Investigation as of 12/31/06	525

Disposition

2006 Convictions	82
2006 Civil Remedies	49

On the Docket

Indicted Cases as of December 31, 2006	150
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MONIES ORDERED AND/OR COLLECTED IN 2006

Criminal Penalties, Civil Penalties, Fines and Restitution

The following tables indicate the amounts of fines, penalties, restitution and attorneys' fees that have been ordered paid by the Courts or by a Memorandum of Understanding.

Monies Ordered and/or Collected Pursuant to Court Order

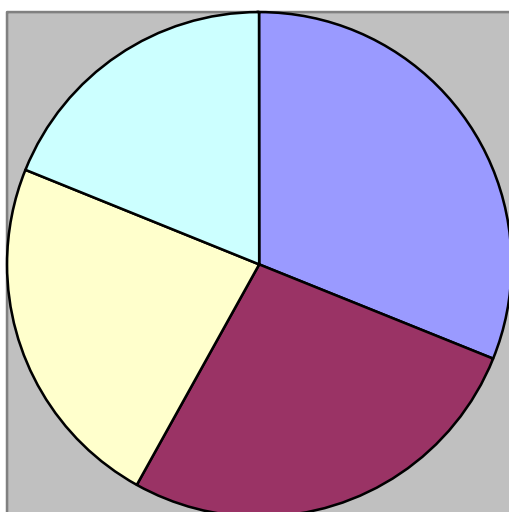
CRIMINAL	AMOUNT
Court Ordered Fines	\$15,000.00
Restitution Ordered	\$318,125.36
TOTAL	<u>\$333,125.36</u>

Monies Ordered and/or Collected Pursuant to Civil Disposition

CIVIL	AMOUNT
Fines Ordered	\$110,750.00
Fines Collected	\$110,750.00
Restitution Ordered	\$134,488.87
Restitution Collected	\$134,488.87
TOTAL ORDERED	<u>\$245,238.87</u>
TOTAL COLLECTED	<u>\$245,238.87</u>

BREAKDOWN OF CASES BY REGION

During 2006, the Insurance Fraud Division of the Attorney General's office opened 389 cases. As the chart below indicates, these cases were received from all areas of the state:



- **Piedmont 31%**
- **Midlands 27%**
- **Low Country 23%**
- **Pee Dee 19%**

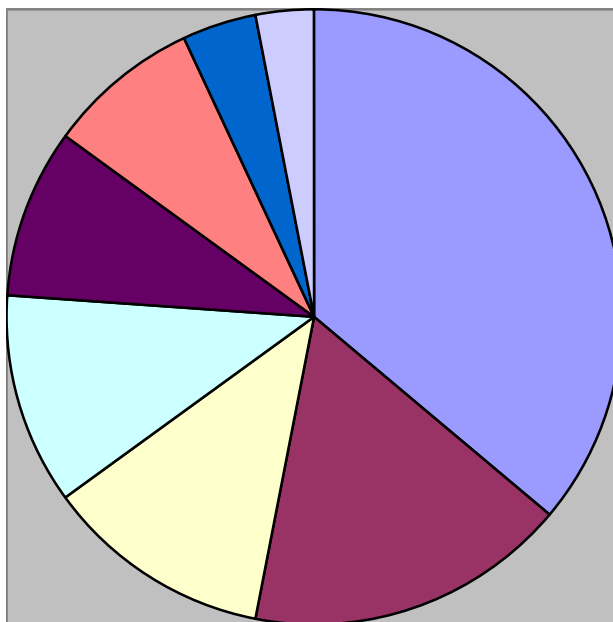
REGION	NUMBER OF CASES	PERCENT OF TOTAL
Piedmont	120	31%
Midlands	106	27%
Low Country	89	23%
Pee Dee	74	19%
TOTALS	389	100%

BREAKDOWN OF COMPLAINTS RECEIVED BY TYPE

The fraud complaints received during 2006 by the Insurance Fraud Division consisted of the following types of fraud:

Type of Fraud	Number of Complaints	Percentage of Total	Amount Reported
Automobile	327	45.29%	\$510,641.60
Personal/Commercial Property	101	13.99%	\$974,026.68
Workers' Comp	91	12.60%	\$1,280,494.94
Health/Medical	58	8.03%	\$99,292.38
Disability	39	5.40%	\$558,260.79
Other	37	5.12%	\$166,697.54
Life Insurance	36	4.99%	\$702,586.56
Premium Fraud	32	4.43%	\$1,071,499.50
Liability	1	0.14%	\$10,000,000.00
TOTAL	722	100%	<u>\$15,363,499.99</u>

Breakdown of Complaints by Type of Fraud – 2006



- Auto 45%
- Personal Property 14%
- Workers' Comp 13%
- Health/Medical 8%
- Disability 5%
- Other 5%
- Life 5%
- Premium 5%

BREAKDOWN OF COMPLAINTS BY COUNTY

Note: Tables may show cases reported with no corresponding dollar amounts. In these cases, no dollar amount could be determined at the time the complaint was received, or the claim had been withdrawn or denied.

ABBEVILLE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	1		0
Disability	1	\$6,390.00	0
Personal/Commercial Property	2	\$19,519.40	1
TOTAL	4	\$25,909.40	1

AIKEN COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	7	\$43,300.00	1
Disability	2	\$32,669.00	1
Life Insurance	8	\$207,806.78	0
Personal/Commercial Property	2	\$54,100.68	0
Premium	2	\$51,366.00	0
Workers' Comp	5	\$323,151.00	1
TOTAL	26	\$712,393.46	3

ALLENDALE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Health/Medical	5	0	3
TOTAL	5	0	3

ANDERSON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	15	\$31,834.04	5
Disability	2	\$4,202.00	0
Life Insurance	2	\$7,576.20	0
Other	1	0	0
Personal/Commercial Property	5	\$224,000.00	0
Workers' Comp	5	\$226,000.00	3
TOTAL	30	\$493,612.24	8

BAMBERG COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Health/Medical	2	0	1
Personal/Commercial Property	2	0	0
Workers' Comp	1	\$14,809.82	0
TOTAL	5	\$14,809.82	1

BARNWELL COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	4	\$4,388.67	0
TOTAL	4	\$4,388.67	0

BEAUFORT COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	13	\$9,975.00	4
Health/Medical	4	\$9,982.75	0
Other	3	0	1
Personal/Commercial Property	4	\$10,000.00	0
Premium Fraud	1	0	0
Workers' Comp	3	\$628.00	1
TOTAL	28	\$30,585.75	6

BERKELEY COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	13	\$15,693.26	4
Health/Medical	1	\$26,000.00	0
Life Insurance	1	\$50,000.00	0
Personal/Commercial Property	5	\$375,300.00	2
Workers' Comp	3	0	1
TOTAL	23	\$466,993.26	7

CALHOUN COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	2	0	1
TOTAL	2	0	1

CHARLESTON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	29	\$118,594.18	10
Disability	3	\$20,046.00	1
Health/Medical	8	\$1,988.90	2
Life Insurance	2	\$18,000.00	0
Other	4	\$13,350.68	1
Personal/Commercial Property	6	\$22,313.60	1
Premium Fraud	2	0	0
Workers' Comp	7	0	1
TOTAL	61	\$194,293.36	16

CHEROKEE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	7	0	1
Disability	1	\$1,480.46	0
TOTAL	8	\$1,480.46	1

CHESTER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	5	0	1
Disability	1	0	0
Health/Medical	1	0	1
Personal/Commercial Property	1	0	0
TOTAL	8	0	2

CHESTERFIELD COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	1	\$2,080.09	0
Other	1	0	0
TOTAL	2	\$2,080.09	0

CLARENDON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	2	\$5,550.00	0
Other	2	0	0
Personal/Commercial Property	1	0	1
TOTAL	5	\$5,550.00	1

COLLETON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	3	0	1
Disability	1	\$11,122.56	0
Life Insurance	1	\$15,000.00	1
Other	1	\$7,412.92	1
Personal/Commercial Property	2	0	0
Workers' Comp	1	0	0
TOTAL	9	\$33,535.48	3

DARLINGTON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	5	0	0
Other	3	\$14,260.00	0
Personal/Commercial Property	2	\$4,650.00	0
TOTAL	10	\$18,910.00	0

DILLON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	5	\$8,325.00	1
Disability	1	0	0
Life Insurance	1	0	0
Personal/Commercial Property	2	\$179,593.99	0
Workers' Comp	1	0	0
TOTAL	10	\$187,918.99	1

DORCHESTER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	9	\$13,325.00	2
Disability	1	0	0
Health/Medical	1	\$15.00	0
Personal/Commercial Property	3	0	2
Premium Fraud	1	0	1
Workers' Comp	3	0	1
TOTAL	18	\$13,340.00	6

EDGEFIELD COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Disability	1	0	0
Other	1	0	0
TOTAL	2	0	0

FAIRFIELD COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	4	\$13,204.96	1
Disability	1	0	0
TOTAL	5	\$13,204.96	1

FLORENCE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	10	\$4,650.00	4
Disability	1	\$43,401.91	0
Health/Medical	1	0	0
Personal/Commercial Property	2	0	0
Premium Fraud	1	\$4,034.50	0
Workers' Comp	2	\$23.83	0
TOTAL	17	\$52,110.24	4

GEORGETOWN COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	3	0	0
Life Insurance	1	0	0
Personal/Commercial Property	1	0	0
Premium Fraud	1	\$265,000.00	0
TOTAL	6	\$265,000.00	0

GREENVILLE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	26	\$28,082.48	8
Disability	4	\$176,941.85	0
Health/Medical	6	\$36,809.20	0
Life Insurance	2	\$35,000.00	0
Other	3	0	0
Personal/Commercial Property	5	0	1
Premium Fraud	7	\$283,410.00	2
Workers' Comp	5	0	0
TOTAL	58	\$560,243.53	11

GREENWOOD COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	2	0	1
Disability	1	\$866.20	0
Personal/Commercial Property	1	0	0
Workers' Comp	2	0	1
TOTAL	6	\$866.20	2

HAMPTON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	2	\$27,636.96	1
Health/Medical	1	0	0
Life Insurance	1	\$9,797.58	0
Premium Fraud	1	0	0
TOTAL	5	\$37,434.54	1

HORRY COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	26	\$33,457.93	9
Disability	2	\$1,821.25	0
Health/Medical	1	0	0
Life Insurance	3	\$3,500.00	0
Other	4	\$3,446.77	1
Personal/Commercial Property	6	\$1,033.88	1
Premium Fraud	1	0	1
Workers' Comp	12	\$249,529.29	1
TOTAL	55	\$292,789.12	13

JASPER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	2	0	1
Personal/Commercial Property	2	0	0
TOTAL	4	0	1

KERSHAW COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	3	\$3,063.00	2
Disability	1	0	0
Life Insurance	1	\$5,000.00	0
Personal/Commercial Property	3	0	1
Workers' Comp	2	0	0
TOTAL	10	\$8,063.00	3

LANCASTER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	2	\$2,500.00	0
Disability	1	0	0
Personal/Commercial Property	2	0	1
Premium Fraud	1	0	0
Workers' Comp	1	0	0
TOTAL	7	\$2,500.00	1

LAURENS COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	2	\$1,300.00	0
Personal/Commercial Property	1	0	0
Workers' Comp	1	0	0
TOTAL	4	\$1,300.00	0

LEE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	3	\$5,267.38	1
Personal/Commercial Property	2	0	1
Premium Fraud	1	\$40,000.00	0
TOTAL	6	\$45,267.38	2

LEXINGTON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	17	\$16,760.00	3
Disability	3	\$600.00	0
Health/Medical	2	0	1
Liability	1	\$10,000,000.00	0
Life Insurance	1	0	0
Other	1	0	0
Personal/Commercial Property	7	\$20,098.00	1
Premium Fraud	2	0	0
Workers' Comp	6	\$228,000.00	1
TOTAL	40	\$10,265,458.00	6

MARION COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	1	0	0
Health/Medical	1	0	0
Life Insurance	1	\$2,500.00	0
Personal/Commercial Property	1	\$1,350.00	0
Premium Fraud	1	0	0
TOTAL	5	\$3,850.00	0

MARLBORO COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Personal/Commercial Property	1	0	1
Premium Fraud	1	0	0
TOTAL	2	0	1

McCORMICK COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	2	0	0
TOTAL	2	0	0

NEWBERRY COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	4	0	2
Other	1	0	0
Workers' Comp	5	\$189,678.00	0
TOTAL	10	\$189,678.00	2

OCONEE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	3	0	0
Disability	1	0	0
Personal/Commercial Property	1	0	1
Workers' Comp	1	\$24,891.00	0
TOTAL	6	\$24,891.00	1

ORANGEBURG COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	8	\$8,275.00	2
Disability	1	\$5,721.23	0
Health/Medical	3	\$16,777.24	0
Life Insurance	1	\$25,000.00	1
Other	1	0	0
Personal/Commercial Property	9	\$36,300.00	4
Workers' Comp	2	0	0
TOTAL	25	\$92,073.47	7

PICKENS COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	2	0	0
Life Insurance	1	\$3,306.00	1
Premium Fraud	1	0	0
Workers' Comp	1	0	0
TOTAL	5	\$3,306.00	1

RICHLAND COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	32	\$43,466.21	7
Disability	4	\$78,419.20	1
Health/Medical	10	\$5,878.33	2
Life Insurance	1	\$250,000.00	0
Other	7	\$128,227.17	1
Personal/Commercial Property	8	\$5,500.00	0
Premium Fraud	3	\$427,377.00	0
Workers' Comp	11	\$15,600.00	1
TOTAL	76	\$954,467.91	12

SALUDA COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	1	\$5,000.00	1
TOTAL	1	\$5,000.00	1

SPARTANBURG COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	24	\$24,824.73	8
Disability	2	\$2,699.80	0
Health/Medical	5	\$1,840.96	0
Life Insurance	2	\$10,000.00	0
Other	1	0	0
Personal/Commercial Property	6	\$16,573.15	1
Premium Fraud	1	0	0
Workers' Comp	3	\$1,500.00	0
TOTAL	44	\$57,438.64	9

SUMTER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	8	\$37,193.00	3
Disability	2	\$3,179.33	0
Life Insurance	1	\$25,000.00	0
Other	1	0	1
Personal/Commercial Property	3	0	0
Premium Fraud	1	0	0
Workers' Comp	4	\$6,684.00	0
TOTAL	20	\$72,056.33	4

UNION COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	1	0	0
TOTAL	1	0	0

WILLIAMSBURG COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	6	0	1
Health/Medical	1	0	0
Personal/Commercial Property	2	\$3,693.98	0
TOTAL	9	\$3,693.98	1

YORK COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	10	\$2,894.71	2
Disability	1	\$168,700.00	0
Health/Medical	1	0	0
Other	1	0	1
Personal/Commercial Property	1	0	0
Premium Fraud	1	\$312.00	0
Workers' Comp	4	0	1
TOTAL	19	\$171,906.71	4

OTHER

Type of Fraud	Number of Complaints	Total Amount Reported	2006 Complaints Pending
Automobile	2	0	0
Health/Medical	4	0	0
Life Insurance	5	\$31,600.00	0
Other	1	0	0
Premium Fraud	2	0	1
TOTAL	14	\$31,600.00	1

SELECTED STATUTES FROM THE SOUTH CAROLINA CODE OF LAWS PERTAINING TO THE INVESTIGATION AND PROSECUTION OF INSURANCE FRAUD and GLASS COUPONING

§ 38-55-530. Definitions.

As used in this article:

(A) "Authorized agency" means any duly constituted criminal investigative department or agency of the United States or of this State; the Department of Insurance; the Department of Revenue; the Department of Public Safety; the Workers' Compensation Commission; the State Accident Fund; the Second Injury Fund; the Employment Security Commission; the Department of Consumer Affairs; the Human Affairs Commission; the Department of Health and Environmental Control; the Department of Social Services; the Department of Health and Human Services; the Department of Labor, Licensing and Regulation; all other state boards, commissions, and agencies; the Office of the Attorney General of South Carolina; or the prosecuting attorney of any judicial circuit, county, municipality, or political subdivision of this State or of the United States, and their respective employees or personnel acting in their official capacity.

(B) "Insurer" shall have the meaning set forth in Section 38-1-20(25) and includes any authorized insurer, self-insurer, reinsurer, broker, producer, or any agent thereof.

(C) "Person" means any natural person, company, corporation, unincorporated association, partnership, professional corporation, or other legal entity and includes any applicant, policyholder, claimant, medical providers, vocational rehabilitation provider, attorney, agent, insurer, fund, or advisory organization.

(D) "False statement and misrepresentation" means a statement or representation made by a person that is false, material, made with the person's knowledge of the falsity of the statement, and made with the intent of obtaining or causing another to obtain or attempting to obtain or causing another to obtain an undeserved economic advantage or benefit or made with the intent to deny or cause another to deny any benefit or payment in connection with an insurance transaction and such shall constitute fraud.

§ 38-55-540. Criminal penalties for making false statement or misrepresentation, or assisting, abetting, soliciting or conspiring to do so; restitution to victims.

Any person or insurer who makes a false statement or misrepresentation, and any other person knowingly, with an intent to injure, defraud, or deceive, who assists, abets, solicits, or conspires with such person or insurer to make a false statement or misrepresentation, is guilty of a:

(1) misdemeanor, for a first offense violation, if the amount of the economic advantage benefit received is less than one thousand dollars. Upon conviction, the person must be punished by a fine not to exceed five hundred dollars or by imprisonment not to exceed thirty days;

(2) misdemeanor, for a first offense violation, if the amount of the economic advantage benefit received is one thousand dollars or more. Upon conviction, the person must be punished by a fine not to exceed fifty thousand dollars or by imprisonment for a term not to exceed three years, or by both such fine and imprisonment;

(3) felony, for a second or subsequent violation, regardless of the amount of the economic advantage benefit received. Upon conviction, the person must be punished by a fine not to exceed fifty thousand dollars or by imprisonment for a term not to exceed ten years, or by both such fine and imprisonment.

Any person or insurer convicted under this section must be ordered to make full restitution to the victim or victims for any economic advantage or benefit which has been obtained by the person or insurer as a result of that violation.

§ 38-55-170. Presenting false claims for payment.

A person who knowingly causes to be presented a false claim for payment to an insurer transacting business in this State, to a health maintenance organization transacting business in this State, or to any person, including the State of South Carolina, providing benefits for health care in this State, whether these benefits are administered directly or through a third person, or who knowingly assists, solicits, or conspires with another to present a false claim for payment as described above, is guilty of a:

(1) felony if the amount of the claim is five thousand dollars or more. Upon conviction, the person must be imprisoned not more than ten years or fined not more than five thousand dollars, or both;

(2) felony if the amount of the claim is more than one thousand dollars but less than five thousand dollars. Upon conviction, the person must be fined in the discretion of the court or imprisoned not more than five years, or both;

(3) misdemeanor triable in magistrate's court if the amount of the claim is one thousand dollars or less. Upon conviction, the person must be fined or imprisoned not more than is permitted by law without presentment or indictment by the grand jury.

§ 38-55-550. Civil penalties for violations of article; costs; payment; use of revenues; Attorney General to assist Insurance Fraud Division; consent agreements.

(A) In addition to any criminal liability, any person who is found by a court of competent jurisdiction to have violated any provision of this article, including Section 38-55-170, is subject to a civil penalty for each violation as follows:

(1) for a first offense, a fine not to exceed five thousand dollars;

(2) for a second offense, a fine of not less than five thousand dollars but not to exceed ten thousand dollars;

(3) for a third and subsequent offense, a fine of not less than ten thousand dollars but not to exceed fifteen thousand dollars.

(B) The civil penalty must be paid to the director of the Insurance Fraud Division to be used in accordance with subsection (D) of this section. The court may also award court costs and reasonable attorneys' fees to the director. When requested by the director, the Attorney General may assign one or more deputies attorneys general to assist the bureau in any civil court proceedings against the person.

(C) Nothing in subsections (A) and (B) shall be construed to prohibit the director of the Insurance Fraud Division and the person alleged to be guilty of a violation of this article from entering into a written agreement in which the person does not admit or deny the charges but consents to payment of the civil penalty. A consent agreement may not be used in a subsequent civil or criminal proceeding relating to any violation of this article.

(D) All revenues from the civil penalties imposed pursuant to this section must be used to provide funds for the costs of enforcing and administering the provisions of this article.

§ 39-5-170. Vehicle glass repair business; unlawful practices.

It is an unfair trade practice and unlawful for a person who is acting on behalf of or engaged in a vehicle glass repair business to offer or make a payment or transfer money or other consideration to:

- (1) a third person for the third person's referral of an insurance claimant to the vehicle glass repair business for the repair or replacement of vehicle safety glass;
- (2) an insurance claimant in connection with the repair or replacement of vehicle safety glass; or
- (3) waive, rebate, give, or pay all or part of an insurance claimant's casualty or property insurance deductible as consideration for selecting the vehicle glass repair business.

§ 38-55-173. Unlawful vehicle glass repair business practices; penalties.

(A) A person who is acting on behalf of or engaged in a vehicle glass repair business is guilty of a misdemeanor if the person offers or makes a payment or transfer of money or other consideration to:

- (1) a third person for the third person's referral of an insurance claimant to the vehicle glass repair business for the repair or replacement of vehicle safety glass;
- (2) an insurance claimant in connection with the repair or replacement of vehicle safety glass; or
- (3) waive, rebate, give, or pay all or part of an insurance claimant's casualty or property insurance deductible as consideration for selecting the vehicle glass repair business.

(B) If the amount of the payment or transfer of subsection (A) has a value of:

- (1) one thousand dollars or more, the person, upon conviction, must be fined in the discretion of the court or imprisoned for not more than three years, or both, per violation; or
- (2) less than one thousand dollars, the person, upon conviction, must be fined not more than five hundred dollars or imprisoned for not more than thirty days, or both, per violation.

**THE HONORABLE HENRY MCMASTER
SOUTH CAROLINA ATTORNEY GENERAL
INSURANCE FRAUD DIVISION
P.O. Box 11549
Columbia, South Carolina 29211
Telephone: 803-737-6424
Fax 803-734-6679
Hotline: 1-888-95-FRAUD**

CURRENT OFFICE STAFF

803-737-6424

**Jennifer D. Evans, Director
Assistant Deputy Attorney General**

**Stephen P. Kodman
Assistant Attorney General**

**Melissa Biggers
Assistant Attorney General**

**April Brown
Assistant Attorney General**

**Molly Crum
Assistant Attorney General**

**John Potterfield
Assistant Attorney General**

**Cothea Brailsford
Legal Assistant**

**Mary Conyers
Legal Assistant**

**Nancy Smith
Legal Assistant**

SOUTH CAROLINA LAW ENFORCEMENT DIVISION

1-803-737-9000

Lt. Pete Logan, Supervisor

Joe Jordan, Senior Agent, Piedmont Region

Danny Remion, Senior Agent, Pee Dee Region

Ted Shealy, Senior Agent, Midlands Region

Don Titus, Senior Agent, Low Country Region

Kaye Fusaro, Legal Assistant