

THE FRAUD FILE *by Terrence Gillespie*

An insurance fraud update from the Office of the State Attorney General

Criminal Convictions - Former Insurance Producers

People v. Raymond Ogburn, Mesa County District Court Case No. 98CR1048. In this case, the defendant, "sold" annuities to elderly clients upon the representation that the more than \$30,000 he collected from them would be invested. Rather than investing the money, he spent it on personal expenses.

In May 2000, he pled guilty to one count of felony theft and one count of forgery. He was originally sentenced on July 26, 2000 to seven years in a community corrections facility and ordered to pay the outstanding restitution figure of \$26,000. The community corrections facility rejected him on the basis of his past history, and in December 2000, he was re-sentenced to four years in the Department of Corrections.

People v. Daniel and Rachel McKinney, Yuma County District Court Case No. 98CR50. Daniel McKinney, formerly an insurance agent licensed with Banker's Life & Casualty, and his wife Rachel, fraudulently obtained approximately \$70,000 from elderly clients and converted it to their own use.

It was alleged that between 1987 and 1995, the McKinneys persuaded Della Palmer and her disabled son, both from Yuma, and Sarita Chandler of Burlington, to give them money as either a "loan" or an "investment". The defendants would ask the victims to write checks and took them to the bank to get money from their life savings. No investments were ever made on the clients' behalf, and instead, the McKinneys used the money for personal expenses. Rachel McKinney pled guilty to conspiracy to commit

theft, a class four felony.

Daniel McKinney went to trial and in September 2000, the jury found him guilty of theft from an at-risk adult, felony theft, and conspiracy to commit theft. In November 2000, he was sentenced to 12 years in the Department of Corrections, plus a 5 year period of parole. Rachel was sentenced to 12 years probation, and 90 days in the county jail. Both defendants were ordered to pay \$70,000 in restitution to the victims.

People v. Masil and Dorothy Wade, Washington County District Court Case Nos. 99CR17 and 18; 00CR30 and 31. Masil and Dorothy Wade, a husband and wife insurance agent team, d.b.a. New Approach Financial, were indicted by a state grand jury in June 1999, on 12 counts of theft from at-risk adults and conspiracy. The indictment charged that between June 1994 to February 1997, in Larimer, Logan, Fremont, Otero, Yuma and Washington Counties, the defendants, as agents for American Travellers Insurance Company, collected approximately \$40,000 in long-term health care premiums from 12 elderly victims, and used the money for their own purposes.

In November 2000, each defendant pled guilty to felony theft and in May 2001 they were each sentenced to 6 years in the Department of Corrections, plus a three year period of parole. The defendants will each be ordered to pay restitution in an amount to be determined by the court.

Criminal Convictions - Claimants

People v. Luther Tatge, Eagle County District Court Case No. 99CR353. Luther Tatge, a li-

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censed chiropractor, claimed to injure his neck while treating patients, and began drawing workers compensation benefits from Met Life Insurance. He collected benefits and treatment, claiming he was totally disabled, from February 1995 to October 1998 in the amount of \$173,355.

Tatge began administering treatments to patients as early as two weeks after his “disability,” and continued to do so. He plead guilty to felony theft, was sentenced to 10 years probation, and ordered to pay \$104,559 in restitution.

People v. Daniel Ashley, Denver District Court Case No. 00CR2795. In this case, the defendent, Daniel Ashley, was charged with theft and false statement to obtain workers’ compensation benefits as a result of his fraudulently collecting benefits by claiming to be unable to work due to a back injury. He was caught on videotape building fences for a fence company, and it was also discovered that he was taking karate lessons. He pled guilty to the false statement charge, a class five felony, was sentenced to two years probation and ordered to pay \$11,134 in restitution.