

PRESS RELEASE

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Department of Insurance Investigation Leads to Indictment in Phony Surety Bond Case

Based on an investigation by the Department of Insurance Fraud Unit, prosecutors from the Arizona Attorney General's Office have successfully obtained an indictment of **Diana Lee Greene**, a licensed insurance agent, accused of selling fraudulent surety bonds. She allegedly sold the phony bonds to victims in several states. Ms. Greene marketed the bonds through her insurance agency, International Bond Source, L.L.C.

An investigation by the Arizona Department of Insurance Fraud Unit and the Arizona Attorney General's Office led to the indictment of this Arizona insurance agent. Referrals from representatives of local surety bond companies ignited this investigation. "This is a prime example of how the insurance industry, working together with insurance regulators, can stem the flow insurance fraud," said Fraud Unit Chief, Terry Cooper. "We are very appreciative of the extensive cooperation we received from the surety industry and insurance regulators in other states in this matter."

This criminal investigation uncovered evidence of Greene selling fictitious and fraudulent surety bonds. In some cases, Ms. Greene is purported to have collected premiums for bonds but made no application with any insurance company for a bond purchase, instead she kept the premiums and gave her victims phony documents that appeared to substantiate the bond purchase. In others, she allegedly sold bonds to customers from insurers not licensed to transact insurance in Arizona. Claims of victims in this case are estimated at approximately \$1.5 Million.

Greene was indicted by the Arizona Grand Jury on May 16, 2003. She is charged with three counts each of Felony Theft and Fraudulent Schemes. In addition to the selling illegitimate bonds, Ms. Greene was also indicted on charges of misappropriating premium payments intended for the purchase of valid bonds.

Ms. Greene has been a licensed insurance agent in Arizona since January 2000. The Department of Insurance summarily suspended the insurance licenses of Ms. Greene and her agency,

International Bond Source, LLC, on February 12, 2003 (Docket No. 03A-019-INS). An administrative hearing is pending.

This case is a good reminder for the insurance buying public of the need to verify that you are buying insurance from legitimate insurers. Here are some easy tips to help you avoid buying phony insurance.

Step No. 1: Check with the Department of Insurance to be sure that both the agent *and* the underwriting insurance company are permitted to sell in Arizona as a licensed insurer or as a qualified Surplus Lines carrier. To do this, call our Consumer Affairs Division at (602) 912-8444 (in Phoenix), (520) 628-6370 (in Tucson), or (800) 325-2548 (statewide, outside Phoenix). It is not uncommon for unscrupulous sales people selling phony insurance to provide the name of an insurance company that is very similar to a legitimate insurer. Therefore, it is important that you have the *exact name* of the insurance company you are contemplating doing business with, when you call the Department of Insurance.

You can also determine whether an agent is licensed, by visiting our website at www.id.state.az.us/consumer.html and click on the box "Information About Agents".

Step No. 2: Keep a copy of your application for coverage and any other documentation given to you by the agent. *Before* you pay the premium to your agent, if you have suspicions about the legitimacy of the underwriting insurer, *contact the insurance company* to request a Declaration of Coverage page on the policy/bond you're buying, to get information about where to file claims and to verify that the agent you're dealing with is authorized to sell for that insurer.