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INSURANCE RACKETS

By F. L. GRANT of the Denver Bar

ONE OF the great bugaboos of insurance companies is a racket which has become nationwide by individuals and groups who simulate accidents in order to collect insurance. They travel from city to city, each group specializing in and becoming expert in its own particular type of accident. Or, at other times, when a slight injury has been sustained, it suddenly grows into one of serious magnitude by the time a demand is made on the insurance carrier for compensation.

This situation is not, however, confined to groups or gangs but individuals as well as husbands and wives have taken it up. The pretended injuries usually claimed grow out of slipping on a banana peel in some large department or chain store, tripping or falling on alleged defective stairways, slipping on a wet floor, falling from a bus or street car alleged to have started before giving time to alight, claiming to have eaten in a restaurant food containing ground glass or other foreign substance, stumbling over some alleged obstruction or object in a store aisle and numerous other cleverly thought out ways.

Then again, there are groups of conspirators who take out heavy insurance for personal injury, deliberately submit to some form of injury by the insured automobile, the driver of which then assumes all the blame so there can be no defense and the driver then gets a "rake-off" out of the insurance money which the injured receives.

These are phases of criminal activity that are generally unknown and unappreciated by the general public. Impartial investigation recently by a metropolitan newspaper revealed that at least \$14,000,000 had passed in one year from legitimate channels into the hands of racketeers through these fraudulent claims. The recent case in Los Angeles of five

men and a woman as members of a nationwide ring of insurance racketeers again calls attention to the great extent to which this racket is being carried on across the country. The Los Angeles Examiner of June 15th said:

"As though a door had been flung open on a torture chamber of the dark ages, District Attorney Buron Fitts' office yesterday announced the arrest of six persons in shattering an alleged California link of a nationwide insurance racket ring which operated by almost unbelievable means. The members of the organization, including some of the six held in custody, were said to have subjected themselves voluntarily to mutilation and torture to collect damages from insurance companies. The conspirators, it is said, received at the hands of accomplices, broken bones, deep head injuries, bruises and dangerous lacerations. These were disclosed through an undercover man of the District Attorney's office who worked himself into the local gang and willingly submitted to tortures and a strange blood transfusion to give the appearance of a fractured skull."

"Fitts named William Bone and Martin Biggs of Long Beach as ringleaders. One suspect is Henry C. Groseclose of Long Beach who is said to have settled for \$8,000 with an insurance company for a spine injury he claims he received when he was struck by Biggs' car last February."

The New York Times of November 8th had the following article:

"A jury in the Queens Supreme Court found against the plaintiff in a personal injury suit growing out of an automobile accident after a motion picture exhibited in the court room, had shown the plaintiff, who contended he could not get along without a cane, walking about the street near his home walking freely, hands in his pockets and without a cane.

"Trial of the action was started Monday with Antonio Pasqua, 50 years old, a fruit peddler hobbling through the court room to the witness stand with the aid of a cane. He told how he was shoveling earth into a wheelbarrow on Penrod Street near his home, when a truck of the McDonald Construction Company on contract in the street, backed into him, fracturing his pelvis and causing internal injuries. After months in the hospital, he testified he 'has not been able to walk without a cane.' Medical testimony was introduced by his attorney purporting to show Pasqua had suffered a fracture and internal injuries. The case was adjourned over Election Day and yesterday the defense was heard. After witnesses had testified as

to what they had described as safety measures by the Company, the defense obtained permission to put up a movie screen in the Court room in view of the judge and jury and show a motion picture. The operator of the machine had taken the picture in May and the principal person shown in the picture was the plaintiff. The court and jury thus saw the man claimed to be Pasqua walking freely, hands in his pockets and with neither a cane nor a limp. At one place in the picture, the operator had seen a man walking along with Pasqua who was an investigator for the attorney who had brought the action."

A recent personal injury case in Chicago, which resulted disastrously for the plaintiff, is told by an insurance carrier:

"Our investigation showed our assured was liable but we did not think the injuries were really serious. The plaintiff's attorney contended that his client had a serious sacro-iliac injury. Shortly after the accident, one of our regular investigators caught the claimant working at a forge but he quit work immediately when he discovered our investigator was observing him. We thereupon put a special and very resourceful investigator on the case. The special investigator cultivated the acquaintance of the claimant and obtained his confidence to such an extent that the claimant confided in him that there was a law suit pending and was instructed by his attorney to do no work. However, our special investigator represented himself as being a contractor and offered to put the claimant to work in a town a considerable distance from the large city in which the claimant resided. The claimant took the job and worked for several days for the special investigator, mixing concrete, laying sidewalks, lifting heavy bags of sand, dirt, cement, tools, etc. While doing this work the injured never complained of any disability resulting from the accident. While he was working, a motion picture operator employed by the special investigator was taking pictures of the plaintiff at work. Of course, the operator was operating the machine from a concealed position.

"When the case was being tried, plaintiff swore that he had done no work since the accident except a little on a forge but that he had been obliged to quit that work because of a pain in his back. His doctor testified that the plaintiff had a severe sacro-iliac sprain, two fractured ribs, strain of the lower back, that he had been totally disabled up to the date of the trial, was not able to do any manual labor and that the injured would require treatment for an additional six months and probably would not be able to do any work until after the expiration of that period of time. Our attorney then put on the witness stand the special investigator who swore the plaintiff had done cement work and other types of work and that he had had motion pictures taken of the plaintiff doing this work. Our attorney then

put on the screen two rolls of film and started with the third one when the plaintiff's attorney jumped up and said he had seen enough and moved for a dismissal of the case. It cost us heavily to prepare this defense but it was worth while."

The official publication of the police department of Los Angeles, The Daily Police Bulletin, recently contained this information concerning Nathan Kazatsky and his wife Eva:

"The above subjects engage in defrauding insurance companies by staging fake accidents and collecting, or attempting to collect, on liability policies. They contact some young man who owns a car, take out a policy on same and use him in assisting them to plan a fake automobile accident. The above subjects pay the premium on the policy on the young man's automobile. The young man who operates the automobile and the subject go to some isolated corner near a hospital where there are no witnesses and fake an injury under an assumed name, make a report to the local police department and subjects go into a hospital and they use blood that is drawn from their arm (previous to the accident) which they conceal in a small vial and hide same in a package of cigarettes, and when an opportunity presents itself they place a few drops of this blood in the urine, which would indicate serious kidney injury, which successfully fools the doctors."

The National Bureau of Casualty and Surety Underwriters has just released a Visomatic Talking Slide film "Stop That Thief" which is now available to clubs and interested groups at a nominal rental at 222 Western Union offices in the United States.

This film exposes the nationwide fake accident racket portraying in a dramatic manner what it is, the cost to the public and how the public can combat it. It forcefully shows to what proportions the fake accident and fraudulent claim racket has gone. It uncovers the method of jury fixers, ambulance chasers, perjury and unethical members of the legal and medical professions in their deliberately planned faking of accident and bribes and perjury upon collection of damages on fraudulent claims. The picture presents convincing factual evidence in fast moving sequences, covering a total of about 15 minutes, of the effect of this racket upon legitimate business.