10 Charged in Organized Insurance Fraud Ring Involving Cars Purchased at Auction

*Scammers Bilked Insurance Companies out of $500,000 in False Claims*

For four years, a team of 10 crooks would purchase ratty vehicles at auto actions then file inflated claims and staged thefts, collecting more than $500,000 in fraudulent insurance claims along the way. The organized ring was toppled after the San Diego County District Attorney’s office received a tip and opened an investigation.

The investigation – dubbed Operation Dealer’s Choice – found that the defendants were buying vehicles that were already damaged and had high mileage for a significantly low dollar amount. Once the auto was purchased, registered and insured, the suspects filed a total damage or total theft claim and the ring shared the profits.

Investigators from the California Department of Insurance, San Diego County District Attorney’s Office and the California Highway Patrol arrested 4 of the 10 defendants yesterday across San Diego County.

“Stealing from insurance companies hits all of us in the wallet because the loss is passed on to the consumer,” District Attorney Summer Stephan said. “These defendants carried on their criminal enterprise for years until the joint task force’s outstanding work stopped them in their tracks.”

Investigators discovered 35 possible fraudulent auto insurance claims were filed over a four-year period. The ring used 56 vehicles to carry out their fraud.

“The alleged scam we uncovered in Operation Dealer’s Choice was a bad deal for drivers who have to pay more through higher premiums as a result of insurance fraud,” said Insurance Commissioner
Ricardo Lara. “The hard work of our multi-agency task force stopped this alleged organized insurance crime ring that stole more than $500,000 in fraudulent auto claims.”

A number of the vehicles the defendants bought had their odometer mileage rolled back to increase the value of the car before it was damaged or reported stolen. The remaining vehicles had significant damage prior to being insured unbeknownst to the carrier. In some cases the autos were damaged by the defendants after being insured.

The ring bilked 12 insurance carriers including Nationwide, Stonewood, USAA, CA Casualty, Allstate, State Farm, Liberty Mutual, Esurance, GEICO, Kemper, Wawanesa, and AAA.

Suspects in this case used various schemes including incepting policies on a vehicle that had pre-existing damage, filing claims shortly after the policy’s date of inception, letting the policy lapse shortly after collecting a check for loss due to non-payment. The defendants also filed suspected staged collisions in which they would damage vehicles to the point of a total loss to collect an insurance payout. Suspects also staged phony thefts and collected payments.

The defendants include:

Luis Cardona Jr., 26, of National City
Michael Cusi, 32, of San Diego
Francisco Javier Rodriguez, 33, of Chula Vista
Jesus Herrera, 34, of Spring Valley
Jessica Herrera, 36, of Imperial Beach
Betsy Guadalupe Matteoti, 35, of San Diego
My lipsa Santos, 23, of San Diego
Ramon De Jesus Hernandez, 56, of San Diego
Daniel Santos, 24, San Diego
Felipe Cardona Villareal, 25, of Tampa, Florida

The 4 suspects arrested will be arraigned on today, December 6 at 1:30pm in Department 101 of the Central Courthouse.

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**About the San Diego County District Attorney’s Office**

The San Diego County DA’s Office prosecutes all felony crimes in the county and misdemeanor crimes committed outside the City of San Diego. The office files about 40,000 criminal cases a year and balances prosecution with numerous crime prevention programs. District Attorney Summer Stephan leads the office of more than 1,000 dedicated employees who pursue fair and equal justice, and support victims daily across San Diego County.