



**Office of the Director**

**Arizona Department of Insurance**

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## **PRESS RELEASE**

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**FOR IMMEDIATE RELEASE**

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### **Suspects Arrested in 1.8 Million Dollar Medical Scam**

Phoenix, AZ – Seven arrested in one of Arizona’s biggest healthcare insurance fraud schemes. Over a period of two years, ring leader Nicholas Scaffidi and eight accomplices allegedly targeted six hospitals throughout Arizona and other states seeking a big payout on treatments for illnesses that never existed.

29-year-old Scaffidi bought health insurance for himself, his wife and seven others through Blue Cross-Blue Shield of Arizona (BCBS) on the Affordable Care Act’s Healthcare Marketplace. Scaffidi then allegedly scouted out “out-of-network” hospitals where he and the others would complain that they suffered from fake conditions, such as abdominal pain or fainting problems. In one instance Scaffidi refused to leave an emergency room unless he received diagnostic testing. The hospitals he chose were not preferred providers and the insurance company’s policy was, in those cases, to send checks for treatment directly to the patient who would be responsible to pay the hospitals for the treatment they received. The hospitals were never paid.

Often times, the addresses the suspects gave to the hospitals never existed, while the addresses the suspects gave for payment to BCBS were PO boxes across the US, in Scaffidi’s name. By the time the arrests were made, Arizona Department of Insurance agents discovered over 20 bank accounts tied to the suspects, and were able to execute court orders on the accounts, seizing over \$97,000.00.

The Arizona Department of Insurance Fraud Unit, assisted by the Florida Department of Financial Services Bureau of Insurance, Florida’s Edgewood Police Department, New Mexico Department of Insurance, New Mexico’s Torrance County Sheriff’s Department, and the Homeland Security Investigations (BEST) Border Enforcement Security Team, served arrest and search warrants in Florida and New Mexico.

Those arrested were Nicholas Scaffidi, Jolene Scaffidi, Darrell Johnson, Melissa Tavasci, Roy Brite, Seralda Johnson and Jeffrey Catren. The investigation is continuing and more arrests are expected in the future.

**The Arizona Department of Insurance**, an agency of the State of Arizona, is responsible for the education and protection of insurance consumers and for oversight of the insurance industry in the state.