



U.S. Fire Administration

Arson for Profit

National Arson Awareness Week Media Kit

May 3-9, 2009



FEMA

2009 Arson Awareness Week: May, 3-9 2009



The United States Fire Administration (USFA) announces this year's Arson Awareness Week (AAW) theme – Arson for Profit. The USFA partnered with the Coalition Against Insurance Fraud, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and the International Association of Arson Investigators (IAAI).

The goal of this year's AAW, May 3-9, is to focus public attention on arson for profit. By drawing people's attention to the alarming statistics about arson for profit, we hope to expand the resources and support necessary to reduce this crime. There are many motives for arson - the crime of deliberately and maliciously setting fire. Arson for profit, or economic arson, is when businesses or individuals set fires to reduce financial loss, recoup initial investments, or dispose of depreciated assets usually for a payout from insurance companies.

Arson for profit is insurance fraud, a criminal method of obtaining money from a fire loss policy. The losses for arson are staggering!

Arson fires do not always do what they are told, especially when set by amateurs. The blazes often leave clues that send the arsonists to jail for years. Arson fires also can spread fast, sometimes burning adjacent properties and even killing or injuring innocent onlookers—and the insurance crooks themselves.



C. Benjamin Norris Photo

Just the Facts

According to the Insurance Information Institute, arsonists destroyed nearly \$900 million in insured property and killed 295 civilians nationwide in 2007.

An Insurance Research Council study indicates that only 14 percent of arson suspects are motivated by a desire to defraud an insurance company, but other studies find the percentage is higher.

According to the National Fire Protection Association (NFPA), in 2005, an estimated 323,900 intentional fires reported to U.S. fire departments resulted in 490 civilian fire deaths, 3 firefighter on-duty deaths (at the scene of, during response or return to, or from an intentional fire), 1,500 civilian fire injuries, 7,600 firefighter on-duty injuries (at the scene of an intentional fire but not including response/return injuries) and \$1.102 billion in direct property damage.

The Federal Bureau of Investigation's (FBI's) 2007 Uniform Crime Reporting (UCR) statistics showed that 14,197 law enforcement agencies reported 64,332 arsons. Arsons involving structures (residential, storage, public, etc.) accounted for 42.9 percent of the total number of arson offenses. Mobile property (cars, motorcycles, etc.) was involved in 27.9 percent of arsons, and other types of property (such as crops, timber, fences, etc.) accounted for 29.2 percent of reported arsons.



Larry Phillips Photo

The average dollar loss for all types of arson was \$17,289. For structures, arson damages were \$32,364 on average and \$7,890 for motor vehicles. Arsons of industrial and manufacturing structures resulted in the highest average dollar losses—an average of \$114,699 per arson.

The FBI's UCR Program defines arson as any willful or malicious burning or attempting to burn, with or without intent to defraud, a dwelling house, public building, motor vehicle or aircraft, personal property of another, etc. The rate of arson was 24.7 offenses for every 100,000 inhabitants of the United States in 2007. Arson rates were highest in cities with populations of 250,000 or more, at 40.8 per 100,000 inhabitants. The arson rate for suburban areas was 18.8 per 100,000 inhabitants.

The USFA's National Fire Incident Reporting System (NFIRS) states the two leading causes of civilian deaths are arson, at 28 percent, and smoking, at 18 percent. Arson is, by far, the leading cause of property loss, at 26 percent. Arson is an enormous problem in the United States, especially to outside and nonresidential structure properties.



Motive

David J. Icove, Ph.D., one of the authors of *Combating Arson-for-Profit* lists the financial motives for arson as collect insurance, liquidate property, dissolve

businesses, conceal loss, pursue employment, clear a parcel, and reduce competition.

Economic Impact

Insurance companies are monitoring the current mortgage crisis and fear it will incite arson by the plethora of homeowners headed down the road to foreclosure but the national statistics do not support their trepidation. According to the FBI's UCR, total arson (buildings and vehicles) dropped in all four regions of the country and among all population groups but one in the first 6 months of 2008, compared with the first 6 months of 2007. The exception was in cities with populations of 250,000 to 500,000, where arson increased by 2 percent.

John R. Hall, Jr., Ph.D., from the NFPA stated, "In hard times, it is not unusual for local fire officials and insurance adjusters in some communities to report

apparent jumps in some types of arson. The national statistics, however, do not show evidence of a significant link. The umbrella category of arson, therefore, does not show great movement with economic cycles, he said, but a sustained recession can contribute to "regional spiking."

Dennis Jay, Executive Director of Coalition Against Insurance Fraud, agrees saying, "If you look at where the economy has been hardest hit, that's where you'll see an increase in arson for profit schemes."

As the economic crisis continues, a map of financial hardship may mirror an increased volume of arson while the overall statistics reflect little change.

Vehicle Arson

The economic downturn is spurring growing numbers of anxious drivers to fraudulently dump unwanted vehicles for windfall payouts, according to the Coalition Against Insurance Fraud. The National Insurance Crime Bureau released a study in October 2008 detailing owner give-ups, defined as vehicles that were reported stolen by their owners when the owner is in fact making a false theft report. Officials in more than a dozen States and local municipalities report clear warning signs that owner give-ups are rapidly spreading. There are increases in owner suspected vehicle arsons, rising investigations of suspected give-ups, and a spike in arrests.



Kevin Nee Photo

Insurance fraud normally increases during a troubled economy. The credit crunch, subprime meltdown, higher gas prices, and general economic distress have led more drivers to seek a bailout through insurance money. They're literally being driven to desperation," says Dennis Jay, Executive Director of Coalition Against Insurance Fraud. Jay added, "Insurers and police are on the lookout for these frauds, so it's a lousy way of trying to get out of a financial jam."

The stereotypical give-up scheme involves an owner setting their doomed vehicle on fire with gasoline or other accelerant and then reporting their car stolen. But drivers are getting more creative and bold with their scams. A woman in Mississippi parked her late model car just feet from the stormy Gulf Coastal waters as Hurricane Gustav approached making her getaway in a friend's car. Another person tied a rock to the gas pedal plunging her SUV into Lake Erie. Cars reported stolen have been found in remote deserts, woods, and storage units. Owners have offered their vehicles to chop shops found on the Internet.

According to the State Fire Marshal in Ohio, where unemployment has hit a 15-year high, vehicle arsons reached 3,168 in 2007 compared to 2,872 in 2006. In Columbus, vehicle fires rose from 140 in 2005 to 202 in 2006, an increase of over 40 percent.

National Insurance Crime Bureau data shows recovered burned vehicles rose from 4,695 in 2006 to 5,337 nationally in 2007. The South Carolina Insurance News Service reported that suspected arson schemes of all kinds, including vehicles, rose up 200 percent from 2006 to 2007. In Utah, the fraud bureau is investigating 30 suspected give-ups compared to its normal caseload of one or two. In July and August of 2007, the Arkansas fraud bureau logged 18 suspected give-ups when they normally have one or two per year.

An increase of automobile give-ups has been seen in Milwaukee, Wisconsin. One car was stuffed with newspapers and fire accelerants and set on fire in a parking lot. Another car was found in flames on the street near the owner's home.

A woman in California set her SUV on fire to escape \$600 monthly payments while her husband pushed his massive pick-up truck into a river to collect nearly \$30,000.

For more information on vehicle arson, see the 2007 [AAW media kit—Vehicle Arson: Who Pays for this Crime?](#)

Mortgage Mess

Short on cash and anxious to unload an unwanted home or business, desperate property owners can do desperate things. Some people burn their buildings down and hope a quick insurance payday will bail them out.

The mortgage crisis is affecting people from all socio-economic backgrounds resulting in both the wealthy and those scraping by to seek a way out of prohibitive monthly payments.

Randal and Angela Licari thought they had conned their insurer, and for a while they were right. A sudden fire had reduced their Trumbull, Connecticut home to a charred ruin just before Christmas 2002.



Larry Phillips Photo

At first, firefighters thought lights on a dried Christmas tree had started the blaze, which took 30 minutes to subdue. Neighbors even flocked to the stricken family's side and raised money to buy new presents for the Licari's two kids.

The Licari's claimed they also lost a big screen television, expensive camera equipment, and other goods. The Licari's pocketed a \$350,000 insurance settlement, and built a much larger house on the same site. But investigators kept probing, and eventually decided the Licari's had set it themselves. Firefighters had found charred fragments of wrapping paper with remnants of Durafume logs disguised as Christmas presents. The problem was, the Licari's home didn't have a fireplace. The logs had helped spread the fire. The couple also had rented a storage unit just six days before the fire. That's where police say the Licari's stored some of the supposedly ruined personal possessions during the fire. Investigators later found those items in their new home. In 2006, Randal Licari was found guilty of Arson in the First Degree, Larceny in the First Degree, Insurance Fraud and Conspiracy after a jury trial in Bridgeport, Connecticut and faces up to 50 years in prison. His wife Angela was convicted of Insurance fraud in connection with this scheme and received up to five years in jail.

A Texas couple burned their house down in hopes of receiving \$100,000 from their insurance company. They attempted to mask the fraud as a hate crime by spray painting racial epitaphs on the outside of their home. Locked doors, missing valuables, and keepsakes, along with evidence of gasoline in the living room, tipped off the investigators to delve deeper. The case has yet to go to trial.

A Connecticut man recently released from prison, facing foreclosure and a repossessed car, hired a prison acquaintance to burn his house down to collect on his \$250,000 homeowner's policy. The fire, which started on the stove, resulted in an undetermined assessment by investigators. The man talked about his plan before it occurred to family and friends. His middle-school-aged daughter told a friend her father was burning their house down while they went on vacation.

A man near Pittsburgh, Pennsylvania who burned down his mobile home to collect \$60,000 from his insurance company instead received almost 2 years behind bars.

A man with mounting debt in a suburb of Atlanta, Georgia that burned down his \$2 million home for insurance money is awaiting an August 2009 trial.

From mobile homes to mansions, owners are trying to escape the mounting debt.

Boats Have Payments Too

A boat in Virginia was found on fire. After the fire extinguished, investigators found that the valuable engine had been removed.

Two boats valued at \$35,000 were set on fire in Nevada. They were on trailers in the owner's driveway and on an adjacent street. The owner is under investigation.



John Blaschik Photo

Deadly Business

Juan Ortiz grew tired of maintaining his rickety Jold Palomar Hotel near Hollywood, California. Looking to collect on a million dollar insurance policy, he had his brother, Arturo, burn the building using gasoline and paint. Arturo mistakenly ignited the gasoline which exploded into a fireball leaving terrified residents desperately trying to escape and killing Arturo. Norma Galindo stood at a fourth-floor window holding her two children. After she handed her kids to a firefighter on a ladder, a gust of wind pushed her out of the window. She fell to her death on the sidewalk below. Two firefighters were also seriously burned.

In an upscale neighborhood in Arizona, a man and his accomplice set his house ablaze receiving \$440,000 on his claim. But, as often is the case, he had removed many of his valuables including a big screen

plasma television, guns, and his truck. Several pour patterns were found throughout the house except in his son's bedroom. His accomplices confessed to the police, telling them where the items were stored. The two witnesses were mysteriously murdered.

A sub shop near Cincinnati, Ohio was set afire on four occasions by an arsonist hired by the owners. On the final attempt, the owners decided to help out by pouring gasoline around the restaurant. Shortly after spreading the gasoline inside the store, the owners took a smoke break. Remaining gasoline vapors were ignited by the smoking materials and their clothes caught on fire. The owners died a few weeks later. The arsonist faces up to 10 years in prison.

A man in Tennessee destroyed his unused rental property he owned to collect \$150,000 insurance claim.

Slumping Business

Jorge Gomez Pinto, Sr., owner of Jorge's Mexican Restaurant in Weatherford, Texas solicited an individual to burn down his restaurant. The individual contacted law enforcement. On January 6, 2009, the individual informed Pinto that he would be willing to commit the arson, but would need to have a friend (an undercover ATF Special Agent) assist him.

The two met with Pinto and the ATF agent told Pinto that he used to be a fireman and was willing to help him with his problem. Pinto told them that he wanted his restaurant burned to the ground and that he could not afford a partial loss. Pinto told them he was going through financial struggles because of his restaurant business and a steak house investment in which he allegedly lost \$400,000. Pinto said that his insurance policy on the restaurant was \$500,000 and that he would pay them 10 percent of the proceeds as soon as he received the insurance money.



David Kloss Photo

Pinto stated that he planned on being at home with his family and drunk during the night of the arson so that he would have an alibi. He also said that since he recently had heart bypass surgery, he would fake a heart attack upon being notified of the arson. Pinto advised them that there were no security cameras and that the restaurant alarm had not worked properly for some time. He also invited the two to the restaurant to show them areas in the rear of the building and the two doors which he would leave unlocked for their unforced entry and also showed them a loose lighting fixture in a storage room, and loose wires on the wall which Pinto thought could be used to disguise the fire as accidental.

The undercover agent agreed to call Pinto the next day, January 7, 2009, to collect the funds to purchase the blow torch, gasoline cans, and gasoline in furtherance of this arson for profit scheme.

Pinto stated that he intended to use the insurance proceeds to open a sports bar in the Weatherford area. Pinto was arrested on a federal felony charge of solicitation to commit arson. The maximum statutory penalty for the federal charge of solicitation to commit arson is 10 years in prison and a \$125,000 fine.

An Idaho man is accused of burning down the building where he had an appraisal business. After he set the fire, witnesses saw the man leaving the office with his clothes on fire. After the suspect drove his two children to his nearby home, he went to the hospital where he was taken to an out-of-State burn center and eventually arrested.

A furniture store in Virginia was set on fire by two men allegedly hired by the Vice President of the store who fled the country. He is still trying to collect the insurance money.

Eliminating Competition

In addition to collecting insurance money, another type of arson for profit scheme is to literally destroy the competition. In February 2009, a strip club operator and two accomplices were convicted of burning down a rival's business. Boyd Smith, the owner of an Atlanta strip club called Platinum 21, was losing business to rival Club Onyx. He and another manager, Howard Thrower, paid a security

staff member, Sandeo Palbo Dyson, to set the fire. A security surveillance camera that wasn't destroyed in the fire provided the key piece of evidence to assist the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) break the case. "Regardless of motive, arson is a crime of violence," said Special Agent-in-Charge Gregory Gant of the ATF Atlanta Field Division.

Abandoned Buildings

Jon Jones, who assisted the USFA with the development of the [Abandoned Building Mitigation Project Toolbox](#), told interFire, an online resource for arson investigation, "Abandoned buildings and the mortgage crisis fuel risk of jump in arson-related fires. Fires at abandoned and vacant buildings are killers - in more ways than one. Not only do these blazes cause more firefighter injuries

than in any other property classification, they also damage nearby homes and businesses and destroy the fabric of the community. Whether the buildings are abandoned or vacant, more than 70 percent of the fires occurring in them are incendiary or suspicious. Even worse, these fires caused almost 9 percent of all firefighter deaths from 1994 to 2003."

House Flipping

House flipping is a phrase used to describe the process where investors purchase homes in poor condition or more recently foreclosed properties at a fraction of their original value. The houses are repaired and upgrade to be sold at a profit. Arsonists skip renovation step insuring the properties for an inflated amount before burning them down.

With the help of a crooked insurance adjuster, a 30 member gang set at least 50 houses on fire in Indiana for insurance money bilking insurers out of millions. Gang members purchased cheap fixeruppers filling them with used furniture and secondhand appliances before the properties mysteriously went up in smoke.



Conclusion

Arson for profit affects everyone through the loss of life, increased insurance premiums and related expenses for the fire and law enforcement professionals. Arson for profit can only be curtailed by a collaborative effort and cooperation of fire investigators, law enforcement, insurance professionals and the legal system. Arson investigative computer programs and increased training can assist the investigators. Following the financial statements

can often be as important as the cause and origin evidence. The concerted effort being mounted against the costly crime of arson is showing results. According to the FBI, in 2007, arson offenses decreased 6.7 percent when compared with arson data reported in 2006. The NFPA reports the trends in intentional fires and associated losses have been downward since 1980.

Arson Prevention

Listed below are some tips to reduce the chances that you may become a victim of arson. External and internal security such as locks, alarms, and monitoring equipment can deter an arsonist. Arsonists, like burglars, fear light. Be sure to have sufficient lighting. Do not provide cover for the arsonists. Get involved with community awareness and watch programs.

- Secure and monitor unoccupied and abandoned buildings.
- Remove trash, debris, and other combustible materials from the front and back of your business or home.
- Remove or securely store flammable material and chemicals from your business or home.
- Lock your doors and windows.
- Report suspicious people and activity to law enforcement officials.
- Support local Neighborhood Watch programs.
- Illuminate the exterior and entrances.
- Remove garbage cans daily during nonschool hours. Garbage has been used as an ignition source for arson fires or to keep an unwelcome visitor warm.
- Keep dumpsters at least 10 feet away from buildings and roof overhangs. Make sure all discarded materials are placed inside the containers and padlock them after school hours.
- Lock and secure your vehicle.

2009 Arson Awareness Week Sample Resolution

National Arson Awareness Week 2009 Arson for Profit

WHEREAS, arson for profit is a criminal method of obtaining money from a fire loss policy. The losses for arson are staggering; and

WHEREAS, arson for profit, or economic arson, is when businesses or individuals set fires to reduce financial loss, recoup initial investments, or dispose of depreciated assets usually for a payout from insurance companies; and

WHEREAS, the Insurance Information Institute reports that arsonists destroyed nearly \$900 million in insured property and killed 295 civilians nationwide in 2007; and

WHEREAS, In 2005, the National Fire Protection Association (NFPA) estimated there were 323,900 intentional fires which resulted in 490 civilian fire deaths, 3 firefighter on duty deaths, 1,500 civilian fire injuries, 7,600 firefighter on duty injuries, and \$1.102 billion in direct property damage; and

WHEREAS, Public awareness is one of the specific responsibilities of the U.S. Fire Administration (USFA),

NOW, THEREFORE, I, [Governor's or Mayor's name], [Governor or Mayor] of [City or State], on behalf of its citizens do hereby proclaim May 3-9, 2009, to be Arson Awareness Week.

BE IT FURTHER RESOLVED that the [Governor or Mayor] and [insert Cabinet or Council, etc.] pay special tribute to all fire and law enforcement investigative agencies for their dedicated and tireless service.

IN TESTIMONY WHEREOF, the [insert Governor or Mayor] and [insert Cabinet or Council, etc.] of the [insert City or State] have hereunto subscribed their names and have caused the Official Seal of the [insert City and County or State] to be hereunto affixed in the

[City or State] of _____ on this _____ day of

_____ 2009.

_____[Signature]

2009 Arson Awareness Week

Sample Proclamation Request Letter

[Print on organizational letterhead]

[Date]

The Honorable [first and last name]

Governor of [insert State]

State Capital

City, State, Zip

Dear Governor [insert last name]:

On behalf of the U.S. Fire Administration (USFA), I am contacting you for your support in proclaiming May 3-9, 2009, as "Arson Awareness Week."

The theme for this year's Arson Awareness Week is "Arson for Profit."

Arson for profit is a criminal method of obtaining money from a fire loss policy. The losses for arson are staggering! Arson for profit, or economic arson, is when businesses or individuals set fires to reduce financial loss, recoup initial investments, or dispose of depreciated assets usually for a payout from insurance companies.

The Insurance Information Institute reports that arsonists destroyed nearly \$900 million in insured property and killed 295 civilians nationwide in 2007.

In 2005, the National Fire Protection Association estimated there were 323,900 intentional fires which resulted in 490 civilian fire deaths, 3 firefighter on duty deaths, 1,500 civilian fire injuries, 7,600 firefighter on duty injuries, and \$1.102 billion in direct property damage.

Please join with the many States that already have proclaimed this week as "Arson Awareness Week."

If you have any further questions regarding this endeavor, please contact me at (xxx) xxx-xxxx or Timothy Patrick O'Dowd, USFA Liaison, at (301) 447-1091 or Tim.ODowd@dhs.gov

Respectfully Yours,

[Your name, title and address]

Fraud Indicators - Arson for Profit

The Coalition Against Insurance Fraud provides a list of questions for both fire and insurance investigators to ask if they suspect that a fire could be an arson for profit insurance fraud case. These red flags could result in pointing a seemingly innocuous fire into an arson investigation.

- Did the fire occur on a holiday or weekend?
- Did the fire start late at night?
- Did the fire occur during renovation?
- Is there an absence of accidental or natural causes at the point of origin?
- Was there an unusual presence of combustible material on the premises?
- Was there unusual handling of combustible materials normally present on the premises?
- Were there multiple separate fires?
- Was there a fire where there is no natural source of ignition available?
- Did the fire start immediately following a family argument?
- Did the fire start in a bed?
- Did the fire spread unnaturally?
- Is there excessive fire damage?
- Is there evidence of extreme heat?
- Was the entry for firefighters blocked by vehicles or contents pushed up against entry doors?
- Was the view into the structure blocked?
- Was there a short period of time between exit of occupant and fire?
- Is this the second fire in same structure?
- Is there presence of burned or unburned newspapers at point of origin?
- Was there structural damage prior to the fire?
- Are the insured's movements unaccounted for at the time of the loss?
- Is there an unexplained absence of typical household items or noncombustible items at fire scene?
- Were contents, such as major appliances, removed prior to the fire?
- Was valuable or sentimental property recently moved to a safe place?
- Had contents been substituted?
- Were contents out of place or unassembled?
- Were personal items or important papers absent?
- Is there evidence of other crimes?
- Is the property overinsured?
- Is the insured under economic duress or will he/she gain some economic advantage from the fire?
- Do the alleged contents of the structure seem improbable (such as a Picasso oil painting in a low-income apartment)?
- Were pets absent from the home at the time of the fire?
- Is the insured missing receipts, photos, or other evidence of the items allegedly destroyed in the fire?

Fraud Indicators - Arson for Profit

- Does the insured have receipts, photos, and documentary evidence of every item allegedly destroyed in the fire?
- Was the insured recently divorced or separated?
- Is the insured unusually calm?
- Is the claimant suspicious of public officials?
- Are there large, outstanding utility bills or property taxes?
- Did the fire alarm, burglar alarm, or sprinkler system fail to work at the time of the loss?
- Is the property loss site claimed by multiple mortgages or chattel mortgages?
- Does the contents list include items of high value purchased recently?
- Does the contents list include serial numbers that owners do not typically record?
- Is there no proof provided for recent expensive purchases?
- Is the value of items inconsistent with claimant's income?
- Is the face value of policy greater than market value of property?
- Do receipts show incorrect tax or no sales tax?
- Are receipts in whole dollar amounts?
- Are receipts generic with no store logo?
- Were receipts and owners manuals destroyed in the loss?
- Does the insured indicate distress over prospect of examination under oath?

Links of Interest

**Bureau of Alcohol, Tobacco, Firearms
and Explosives**

<http://www.atf.gov>

Coalition Against Insurance Fraud

<http://www.insurancefraud.org>

**Federal Bureau of Investigation's Uniform
Crime Reporting**

<http://www.fbi.gov/ucr/ucr.htm>

International Association of Arson Investigators

<http://www.firearson.com>

Insurance Committee for Arson Control

<http://www.arsoncontrol.org>

Insurance Information Institute

<http://www.iii.org>

Insurance Research Council

<http://www.ircweb.org>

interFire

<http://www.interfire.org>

NFPA - Preventing Arson Together

<http://www.nfpa.org/arson>

National Volunteer Fire Council

<http://www.nvfc.org>

United States Fire Administration

<http://www.usfa.dhs.gov>

Resources

Combating Arson-for-Profit:

Advanced Techniques for Investigators,

Second Edition, David J. Icove, Ph.D., Vernon B.

Wherry, J. David Schroeder

Batelle Press – 1998

Fire in the United States 1995 - 2004,

14th Edition

U.S. Fire Administration, FA-311, August 2007

Intentional Fires and Arson

John R. Hall, Jr.,

National Fire Protection Association, November

2007

Residential Structure and Building Fires

U.S. Fire Administration, October 2008

Motor Vehicle Fires – What You Need to Know

U.S. Fire Administration, FA-243, April 2003



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