



## NEWS RELEASE

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### **Former AFLAC Employee Convicted in Scheme to Defraud Insurance Company out of \$4 Million through Bogus Disability Claims**

*SANTA ANA, California* – A former sales representative for AFLAC has been found guilty of federal fraud charges stemming from a scheme that bilked the insurance company out of \$4 million with fake disability claims.

Patricia Diane Smith Sledge, 60, of Redlands, was convicted late Tuesday in the scheme involving fictitious employers and “employees” who falsely claimed to have suffered injuries that prevented them from working.

At the conclusion of a two-week trial, the jury convicted Sledge of six counts of mail fraud. The jury also found that Sledge committed two counts of witness tampering while on bond in this case.

United States District Judge James V. Selna, who presided over the trial, ordered Sledge to return to court for a sentencing hearing on March 20, 2017, at which time the defendant will face a statutory maximum sentence of 160 years in federal prison.

The evidence presented at trial showed that Sledge, who was residing in Irvine while working for the company formally known as American Family Life Assurance Company, sold disability insurance policies to bogus companies and people who supposedly worked for those companies. Sledge then orchestrated the filing of fraudulent disability claims and directed the purported employees to doctors that would sign off on the fake injury claims.

As a result of the false claims, AFLAC suffered losses of approximately \$4 million.

Sledge made money both from the commissions related to the sale of the fraudulent insurance policies and from kickbacks she received from the supposedly injured “employees.”

“Using knowledge she gained as a company insider, this defendant was able to game the system, causing her employer to suffer millions of dollars in losses,” said United States Attorney Eileen M. Decker. “While her scheme went unnoticed for a period of time, her employer was able to uncover the conduct and referred the matter to

federal authorities. This cooperation from the victim and a thorough investigation by law enforcement has resulted in this successful prosecution.”

Sledge was also found guilty of witness tampering for encouraging potential witnesses to lie to federal investigators and discouraging them from cooperating in the investigation. Both counts related to conduct after Sledge became aware of the federal investigation, and one count stemmed from conduct after she was indicted in this case and freed on bond in 2012.

“Defendant Sledge illegally misused the authority granted to her as a licensed insurance agent in California for her own personal gain, at the expense of her trusted employer,” said Deirdre Fike, the Assistant Director in Charge of the FBI's Los Angeles Field Office. “In addition, the defendant's brazen attempt of witness tampering to tilt the justice system in her favor further demonstrates her lack of respect for the rule of law. The lengthy prison sentence the defendant faces should serve as a warning to anyone contemplating insurance fraud.”

Two others have been prosecuted for acting as fake employers and fake employees in this scheme.

The case against Sledge and the others involved in the scheme is the result of an investigation by United States Department of Labor - Officer of Inspector General, the Federal Bureau of Investigation, and California's Department of Insurance.

This case is being prosecuted by Assistant United States Attorney Vibhav Mittal of the Santa Ana Branch Office and Assistant United States Attorney Joshua O. Mausner of the General Crimes Section.