

Department of Justice
U.S. Attorney's Office
Central District of California

FOR IMMEDIATE RELEASE
Monday, October 16, 2017

**Former AFLAC Employee Who Stole over \$4 Million from
Insurance Company with Fake Disability Claims Sentenced
to 10 Years in Prison**

SANTA ANA, California – A one-time sales representative for AFLAC was sentenced today to 10 years in federal prison after being convicted of federal fraud charges related to a scheme that used bogus disability claims to bilk the insurance company out of more than \$4 million.

Patricia Diane Smith Sledge, 61, of Redlands, was sentenced today by United States District Judge James V. Selna. In addition to the prison term, Judge Selna ordered Sledge to pay \$4,166,063 in restitution.

Following a two-week jury trial late last year, Sledge was found guilty of six counts of mail fraud, as well as two counts of witness tampering.

The fraud scheme involved fictitious employers and bogus employees who falsely claimed to have suffered injuries that prevented them from working.

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.

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.”

Sledge exploited her knowledge of AFLAC’s internal policies and underwriting procedures to further the scheme. For example, Sledge and others involved in the scheme listed artificially inflated incomes on the applications for insurance because the amount AFLAC paid on disability claims was based on the policyholder’s income.

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. One of these crimes was committed while she was on bond in this case.

Three 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 – Office 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 Violent and Organized Crime Section.