

## *Special Report*

### **FOIA documents expose FBI -insurance industry links**

**By Bill Conroy**

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July 16, 2005—Sometimes, the quest for justice is like playing with a Rubik's Cube. It can take a lot of turns and time to get all the colors to line up in a row.

In the case of an Iranian family convicted of insurance fraud some six years ago in the wake of a controversial FBI investigation, those colors are still lining up. The latest twist of the cube came in the form of a couple hundred pages of documents released recently as part of a Freedom of Information Act (FOIA) request.

The FOIA documents reveal some startling information about the way the FBI conducted its investigation of the Lampazianies, who were born in Iran and later emigrated to the United States. They eventually became U.S. citizens—changing their family name from Tabib to Lampazianie, in part, some family members say, to avoid the persecution that often comes with being identified as Iranian in the United States.

The FOIA records show that the insurance-fraud case brought against the Lampazianies was started not by the FBI, but rather by a private company, an insurance-industry-funded group called the National Insurance Crime Bureau (NICB).

The FOIA documents also reveal that employees of the private-sector NICB participated with FBI agents in interrogating witnesses and that an NICB employee even accompanied FBI agents in the search-warrant raid of the Lampazianies' now-defunct health care clinic—The Pain Therapy Clinic of San Antonio, Texas.

The revelations, though disturbing on their own, also appear to run counter to written claims made by an FBI legislative counsel in response to a congressional inquiry.

In a letter directed to a Texas congressman, an FBI lawyer stated that employees of the corporately funded NICB are not allowed to “execute arrest or search warrants.”

Yet, according to the FBI's own records, obtained through the FOIA request, an NICB employee did, in fact, help “execute” the search warrant in the Lampazianie case.

#### **Aligning the Cube**

The Lampazianies were indicted in 1997 on insurance fraud charges in the wake of an investigation conducted jointly by the FBI and the NICB. The conspiracy allegedly involved a complicated scheme of over-billing, fraudulent claims and staged auto accidents.

Two years after being indicted, five members of the family were convicted and sentenced—four of them to a stint in federal prison.

The Lampazianies' case was part of a nationwide FBI/NICB insurance-fraud sting called Operation Sudden Impact. The family's clinic in San Antonio was raided in 1995 as part of that operation.

Operation Sudden Impact resulted in 22 searches and 126 arrests across the country on May 24, 1995, according to the FOIA documents.

But the Lampazianies charge that they were framed. They contend that in their case, witnesses were intimidated, documents altered, and other evidence suppressed by the federal prosecution team.

The family members claim further that they were victims of racial profiling.

NICB and FBI officials counter that the Lampazianies' claims are without merit and stress that they do not target individuals on the basis of race.

However, FOIA documents and newspaper archive research do show minorities were targeted by investigators in Operation Sudden Impact at a rate of nearly 8 to 1 compared with Anglos.

In New Orleans, for example, 26 of the 27 individuals targeted by Operation Sudden Impact were African American, according to the FOIA records.

More recently, in El Paso, Texas, the NICB was again accused of [racial profiling](#). Figures compiled by the Hispanic civil rights group LULAC show that between 2001 and 2004 in El Paso, some 20 cases of alleged insurance fraud were brought to the El Paso Police Department by the NICB. Of that number, LULAC claims, 18 involved minorities—most of them Hispanic or African American.

### **Informant Squeals**

The case against the Lampazianie family also involved a paid U.S. government informant who was relocated to San Antonio from out of state to set up a sting against the Iranian family

The informant, himself of Iranian descent, spent months worming his way into the Lampazianie circle of friends in an effort to persuade some of the members of the family to authorize medical treatment for him as part of a staged auto accident.

The sting operation was undertaken in late summer 1994. It failed. The clinic was raided the following spring.

The Lampazianies produced notarized transcripts of conversations held between the paid informant and an acquaintance of the Iranian family. That acquaintance was never indicted or otherwise charged in the case. The conversations, which occurred in Farsi, were translated from a tape recording by a professional translation service.

On the tapes, the informant claims that he was hired to target the Lampazianie family. He also alleges that "in San Antonio, the FBI . . . is only working against Iranians." The informant also claims that ". . . they [the government] spent so much money to get this family. . . . And they'll get them sooner or later. . . ."

The attorney for one of the Lampazianies did address the informant's actions in pleadings filed with federal court in San Antonio in late April 1999:

The government knows that (the informant) was rebuffed in his attempt to lure the law firm and (Lampazianies') clinic into this illegal effort. The government is in possession of a tape recording and transcript made of its paid agent telling another individual that the informant was hired by the FBI "to get" the Lampazianie family. . . . and that he undertakes this type of activity aimed at Iranians across the country for the FBI for money. . . .

## **The FBI Letter**

The Lampazianie case prompted LULAC to call for a congressional investigation into the relationship between the NICB and FBI.

In addition, U.S. Rep. Charles Gonzalez, D-Texas, made an inquiry into the relationship between the FBI and NICB.

In response to the congressman's query, A. Robert Walsh, a legislative counsel with the FBI's Office of Public and Congressional Affairs, drafted a letter defending the bureau's relationship with the NICB.

### **From the letter, sent to U.S. Rep. Gonzalez in August 2000:**

Although the extent of the NICB's involvement in the individual FBI investigations varies, the NICB has commonly provided personnel, insurance industry expertise, and liaison contact with the victim insurance companies. In these cooperative investigations, the FBI always maintains the responsibility of leading, directing and administering the criminal investigation.

Memorandums of Understanding (MOU) are commonly utilized between the FBI and NICB in order to delineate the specific responsibilities of all parties in long-term cooperative efforts. The MOU require the review and approval of the Contracts Review Unit at FBI Headquarters prior to their signing by NICB and FBI representatives. The FBI's control of the criminal investigations is always reflected in the MOU.

NICB's degree of involvement in the individual investigations varies widely from providing data analysis support to providing investigators to work with the FBI on the investigation on a full-time basis. The NICB agents are commonly used as valuable resources in assisting the FBI in auto accident investigations. . . .

NICB agents are not law enforcement officers and are not authorized to execute arrest or search warrants. FBI policy does not allow the use of the NICB agents or employees to conduct these or other "law enforcement" functions.

The recently released FOIA documents, however, show that the NICB not only [initiated the case](#) against the Lampazianies but continued to investigate the family after the FBI had been brought into the case.

The documents show that NICB agents participated in "law enforcement" functions by [jointly interrogating](#) witnesses with FBI agents. The FOIA records also show that an NICB agent helped "execute" a [search warrant](#) by participating in the 1995 raid of the Iranian family's health care clinic.

To this day, members of the Lampazianie family continue to proclaim their innocence—despite the fact that they each pleaded guilty to one count of conspiracy as part of a group plea bargain.

However, the family members contend that the plea deal was slapped together in the courtroom just before the trial was set to begin in 1999. The Lampazianies stress that the plea deal was not in writing and was presented to them as a last-chance offer before facing a trial they believed was fixed.

The original indictment against the family members listed 29 criminal counts.

### **Prosecutorial Foul Play?**

The actions of the U.S. Attorney's Office in San Antonio in prosecuting the Lampazianie case also were in the spotlight due to accusations of misconduct and alleged efforts to cover-up those misdeeds. Similar allegations are now hovering over that same U.S. Attorney's Office in relation to yet another case involving an informant.

Johnny Sutton did not become the U.S. Attorney in San Antonio until after the Lampazianies had been sentenced. However, Sutton is now the subject of public scrutiny due to his alleged role in helping to cover up a U.S. government informant's participation in the murders of a dozen people in Ciudad Juárez, Mexico—dubbed the [House of Death](#) case.

In the Lampazianie case, the lead prosecutor was benched by her bosses after making serious allegations of misconduct against the defense attorneys and a fellow prosecutor.

After being removed from the Lampazianie case in late January 2000, the prosecutor, Assistant U.S. Attorney Margaret Embry, filed a federal lawsuit in the spring of 2001. In the litigation, she accused her supervisors in the U.S. Attorney's Office in San Antonio of retaliating against her for filing discrimination and sexual harassment complaints against them.

At the time, the U.S. Attorneys Office in San Antonio issued a prepared statement denying the "inflammatory allegations" contained in Embry's lawsuit.

One of those allegations related directly to the Lampazianie insurance-fraud prosecution. Embry claimed that her supervisors solicited negative comments about her handling of the Lampazianie case and falsely claimed "to people outside the office that the judge in the case had criticized [her] handling of (the Lampazianie case), and that [she] was incompetent. . . ."

Among those named by Embry as the "alleged discriminating officials" were William Blagg, former U.S. Attorney for the Western District of Texas in San Antonio; John Murphy, an Assistant U.S. Attorney; and Solomon Wisenberg, Embry's former supervisor in the U.S. Attorney's Office.

Embry claimed in her lawsuit that since filing an Equal Employment Opportunity (EEO) discrimination complaint in 1995 against her supervisors, she had been subjected to additional sexual discrimination, age discrimination and retaliation.

The litigation also drew a connection to former President Clinton's alleged affair with White House intern Monica Lewinsky.

"After Ms. Embry complained of sexual harassment and other gender discrimination by Mr. Wisenberg (and others), Wisenberg left the office to serve as Deputy Independent Counsel in the Whitewater investigation," Embry's lawsuit states. "Ironically, in that position, he deposed President Clinton regarding his relationship with Monica Lewinsky."

Embry agreed to settle the lawsuit in May 2002, ending her seven-year dispute with the U.S. Attorney's Office in San Antonio over claims of sexual harassment.

Her attorney, David Schleicher, said the settlement called for Embry to be given assignments appropriate to her experience level. In addition, as part of the deal, Schleicher said the alleged discriminating manager would no longer be allowed to review Embry's performance, and a payment was provided for attorney's fees, medical bills and compensatory damages.

While acting as the lead prosecutor in the Lampazianie case, Embry also filed a motion accusing the Iranian family's attorneys as well as a federal prosecutor of unprofessional conduct. In those pleadings, filed in 2000, she alleged that defense attorneys were "not ready" to proceed to trial as late as the second day of jury selection.

Embry also charged that a fellow U.S. prosecutor advised her to "be extremely harsh" to one of the Lampazianie family members. The reason, according to Embry, was that the attorney for that Lampazianie family member "had filed a complaint against [the U.S. prosecutor] with the Office of Professional Responsibility for allegedly influencing a witness in another case."

Embry's motion caused a brief stir, but ultimately was buried and had no bearing on the fate of the Lampazianes.

Four Lampazianie brothers swept up in Sudden Impact have since served their time in federal prison—some two years each—and have been released. Their sister was sentenced to a term of five years on probation.

Frank Lampazianie, one of the brothers sentenced to prison and since released, did file an [unsuccessful appeal](#) of his conviction. However, Frank says he has not given up the struggle to clear his family's name.

"What happened to us is not justice," he adds.

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