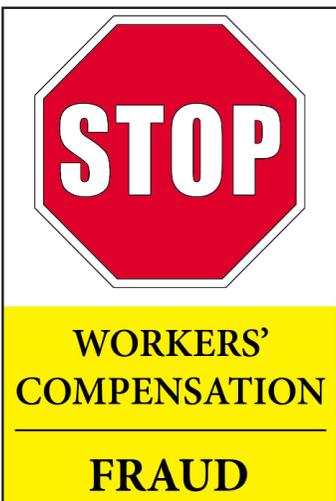


## INJURED WORKERS LEFT WITHOUT BENEFITS DUE TO COUNTERFEIT WORKERS' COMPENSATION INSURANCE SCAM

Written by *Trenier Wright*



Workers' compensation insurance is designed to help both the employee and the employer. Workers' compensation insurance allows injured workers to quickly obtain compensation for job-related injuries which ensures that they receive the medical treatment in a timely manner and helps them return to work sooner. For the employer, workers' compensation insurance protects businesses from potentially catastrophic lawsuits due to negligence by their employer. Workers' compensation provides benefits to both parties, by lowering costs for employers and making compensation readily available to workers. These benefits are seriously affected if either party engages in fraud. Fraud within the workers' compensation insurance system damages all legitimate businesses, which results in increases to cover the added expense of the fraud, and places workers at risk by leaving them uninsured. Recently, after a four year investigation, the California Department of Insurance (CDI) arrested three Diamond Bar residents on multiple counts of theft, fraud, and forgery. The three suspects are accused of producing and selling hundreds of false certificates of insurance for workers compensation insurance. These individuals are accused of creating a series of sham companies and selling hundreds of fraudulent workers' compensation insurance certificates to businesses. In April 2009, the CDI Fraud Division and the Employee Development Department (EDD) began investigating Optima Staffing for defrauding their clients by producing and selling hundreds of false certificates of insurance. RJC Insurance Brokerage and Optima Staffing were allegedly selling forged certificates of insurance for workers' compensation insurance coverage. According to detectives, the suspects facilitated the theft

by establishing three payroll service companies, Optima Staffing, United Employer Services (UES) and National Employer Services (NES), in the effort to provide a legitimate facade for their fraudulent scheme. Additionally, Optima also allegedly evaded income and unemployment insurance taxes. In addition to the failure to pay taxes, EDD also discovered that one of the suspects was collecting unemployment benefits while being compensated by the Optima, UES and NES. The insurance fraud perpetrated by three suspects involved hundreds of victims in 19 states with losses of more than \$700,000. California Statewide Law Enforcement Association (CSLEA) President Alan Barcelona, stated "To those deceitful, greedy suspects it was all about money." "But think about the victims, those injured on the job and the honest business owners who paid for workers' comp insurance but were left unprotected. Thankfully investigators put a stop to this scheme and arrested the suspects behind it." Source: California Department of Insurance, "Counterfeit workers' compensation insurance leave injured workers without benefits," April 5, 2013.

### Los Gatos Woman Accused of 14 Felony Insurance Fraud Crimes



Saturday, May 18: A Los Gatos woman was facing a \$1 million bail on suspicion of various insurance fraud crimes. Adrienne McGrath, 44, was arrested by Santa Clara County sheriff's authorities at 7 p.m. May 1 at the main jail complex, 150 West Hedding St., in San Jose after being charged with 14 felony charges related to violations of the California Insurance Code. McGrath, whose occupation is described as a real estate agent in a sheriff's arrest report, is facing three felonies for allegedly making a false fraudulent statement, either orally or in writing, of any fact material to the determination of the premium, rate, or cost of any policy of workers' compensation insurance, for the purpose of reducing such premiums.

For further reading on this article visit - <http://losgatos.patch.com/groups/police-and-fire/p/los-gatos-woman-in-jail-on-1-million-bail-for-alleged-insurance-fraud>



Attorneys at Law

Attorney  
Spotlight

Trenier Wright



*Trenier Wright is currently a Senior Attorney in Homan & Stone Workers' Compensation Department. His practice is 100% devoted to Workers' Compensation cases, and he regularly appears at the Workers' Compensation Appeals Boards. Mr. Wright represents Self-Insured Employers, Public Entities, and Insurance Companies, and Third Party Administrators, both regional and national, relating to Workers' Compensation, including the defense of Labor Code Section 132a Claims and Serious and Willful Misconduct Claims.*

#### EVENTS

CALIFORNIA COALITION ON WORKERS' COMPENSATION  
11TH ANNUAL CONFERENCE LEGISLATIVE & EDUCATION FORUM

WHEN:  
JULY 17-19, 2013

WHERE:  
Disney's Grand Californian Hotel & Spa - Anaheim, CA

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