

Top 10 Fraud Cases 2010

**By: Leonard T. Jernigan, Jr.
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1. Owner of N.Y. temp agency accused of \$25 million workers' comp fraud

The owner of a Manhattan, NY temporary staffing agency could spend up to 25 years in prison in what one official is calling "the largest premium fraud case out office has seen to date." Eric Goldstein, 61, owner of GT Systems, was charged with five-count indictment with insurance fraud, forgery, offering a false instrument for filing and fraudulent practices under the New York Workers' Compensation Law. His actions resulted in more than \$25 million in unpaid premiums.

5-20-10
Manhattan, NY
IFAwebnews.com

2. Ex-Owners of Temp Firm Accused of Paying \$24 Million Under the Table

Two former owners of a temporary employment agency in Stoughton, Massachusetts, were charged Wednesday, March 17, on suspicion of paying more than \$24 million in cash to workers in an effort to avoid paying more than \$7 million in taxes and hundreds of thousands of dollars in workers' compensation insurance premiums, the FBI has announced.

3-18-10
Westport, MA
Workforce.com

3. Staffing Firm Ordered to Pay \$20 Million in Fraud Case

A judge ordered Bellflower, California-based staffing firm Staffing Services Inc. to pay \$20 million in restitution after a plea bargain was reached in a workers' compensation fraud case, the California Department of Insurance announced Monday, January 25.

1-26-10
Bellflower, CA
Workforce.com

4. Broker Gets Decade Sentence in \$4.6 Million California Fraud

A California broker took \$4.6 million in premiums while issuing false insurance certificates to companies, according to the guilty plea in the case against Mitchell B. Zogob, who is now set to spend 10 years in state prison.

4-9-10
San Juan Capistrano, CA

5. Posh bakery owners, accountant arrested in \$1.6 million insurance fraud case

The owner and founder of a Bay Area bakery chain has been arrested on suspicion of failing to report employee injuries and accurate hours worked, according to the California Department of Insurance. The Department launched an investigation and found Posh had underreported more than \$1.6 million worth of earnings to Applied Underwriters.

5-3-10
Redwood City, CA
Mercurynews.com

6. FedEx settles with Mass. for \$3 million

FedEx Ground has agreed to pay the state more than \$3 million to settle claims that the company misclassified its drivers as independent contractors. Attorney General Martha Coackley's office had alleged that Pittsburgh-based FedEx Ground had made insufficient payments to the state for payroll taxes, worker's compensation and unemployment assistance as a result of the misclassification.

7-15-10
Boston, MA
Boston Business Journal

7. Calif. Man Pleads Guilty to \$1.5 Million Workers' Comp Insurance Fraud

A Riverside, Calif., man has plead guilty to 59 felony counts of grand theft, 59 felony counts of insurance fraud, three felony counts of tax evasion and one felony count of conspiracy, the California Department of Insurance has reported. Rene Montes entered his plea on June 7. His sentencing hearing is scheduled for July 30, 2010. Montes defrauded insurance companies out of \$1.5 million by illegally negotiating, settling and collecting payments on liens for workers' comp insurance claims, the DOI said.

6-15-10
Riverside, CA
ClaimsJournal.com

8. Calif. man to pay \$1.3 million for underpaying workers' comp. premiums

Joseph Baiden, 57, who underreported the number of employees at his nurse staffing agency, thus resulting in underpayment of workers' compensation coverage was ordered to pay a restitution of \$1.3 million to the state by a California Superior Court judge. He also was ordered to serve five years of supervised probation, including 90 days of electronic monitoring, according to the Los Angeles County District Attorney's Office.

5-11-10
Diamond Bar, CA
IFAwebnews.com

9. Calif. Construction Company Sued for \$1 Million for Misclassifying Workers

California Attorney General Edmund G. Brown Jr. has filed a lawsuit against Livermore-based Country Builders Inc. after he said the company "cheated workers out of wages," falsified the company's payroll records to hide underpayments, deliberately misclassified workers to reduce the company's workers' compensation

premiums and violated state prevailing wage laws. Country Builders was able to save approximately \$1 million in wages by failing to pay workers the prevailing wage and the pay rate set forth in the collective bargaining agreement.

3-3-10
Livermore, CA
Insurancejournal.com

10. Owners of Calif. Company Accused of \$500,000 in Workers' Compensation Fraud

Michael Nuciforo, 55, and James Nuciforo, 57, owners of D&J Drywall and Painting Inc., and the business' secretary, Brenda Stout, 52, were recently arraigned on five felony counts of insurance premium fraud and two counts of conspiracy to commit insurance fraud. They allegedly lied to their insurer to save an estimated \$500,000, making it appear their employees were more experienced than they actually were.

3-29-10
Newbury Park, CA
IFAwebnews.com

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