

# **\* NEWS RELEASE \***

## **DEFENDANT PLEADS TO WORKERS' COMPENSATION INSURANCE FRAUD AND TAX EVASION**

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**FOR IMMEDIATE RELEASE**

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Monterey County District Attorney Dean D. Flippo announced today that Chang Tai Lin, age 53, of Salinas, pled to two counts of making a material misrepresentation in order to obtain a lower workers' compensation insurance premium and one count of willfully failing to file payroll tax returns with intent to evade tax. The defendant was the owner of the AA Buffet in Salinas. Sentencing is scheduled for April 19, 2017 in front of the Honorable Andrew G. Liu. The maximum exposure for the charges pled is six years, eight months incarceration; however it is anticipated the defendant will be placed on felony probation. The restitution of \$42,778.81 to EIG Services and Sequoia Insurance was paid in full at the time of the plea.

In May, 2015, operating on a tip from District Attorney Investigator Fred Lombardi, the Monterey County District Attorney's Office [MCDA], Workers' Compensation Fraud Unit began an investigation into the AA Buffet conducting surveillance, obtaining documents from the Salinas Police Department, Monterey County Health Department, insurance companies and state government agencies. A search warrant was served on March 10, 2016 at the AA Buffet and the defendant's home. MCDA was assisted in the service of the search warrant by the California Department of Insurance [CDI] and the Labor Commissioner's Office.

The investigation revealed the defendant had committed premium fraud from April 2010 through April 2016 by underreporting the number of employees and falsely reporting payroll wages as he paid many employees in cash. The defendant was also charged with tax evasion in that from Oct 2010 through Jan 2016 he did not accurately report employee wages and payroll taxes to the Employment Development Department [EDD]. The defendant was served with an administrative citation issued by the Labor Commissioner's Office in the amount of \$200,224.98, of which almost \$150,000.00 involved the underpayment of employees and would be returned to the employees upon payment.

The case was investigated by MCDA District Attorney Investigators George Costa and Martin Sanchez.

Making a material misrepresentation in order to obtain a lower workers' compensation insurance premium has a maximum penalty of five years and a fine of up to double the amount of the fraud and failing to file payroll tax returns with intent to evade tax has a maximum penalty of three years and up to a \$20,000 fine. Employers are required to register their businesses, report and pay taxes to EDD for all employees. Additionally, business owners and the public need to be aware that California law requires all employers to secure workers' compensation insurance for their employees so that there is adequate medical coverage and other benefits for employees for any work related injuries that may occur.

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