

*** NEWS RELEASE ***

DEFENDANTS PLEAD TO CONCEALING A WORKERS' COMPENSATION INJURY, INSURANCE PREMIUM FRAUD, CONSPIRACY TO COMMIT INSURANCE FRAUD, AND TAX EVASION

FOR IMMEDIATE RELEASE

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Monterey County District Attorney Dean D. Flippo announced today on April 28, 2017, Jaime Del Real, age 61 and Israel Del Real, age 36, both of Salinas, each pled guilty to one count of concealing the occurrence of an event that affects an injured worker's right or entitlement to workers' compensation benefits; one count of making a material misrepresentation in order to obtain a lower workers' compensation insurance premium; one count of conspiracy 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 defendants were doing business as Del Real Produce Packaging. Sentencing is scheduled for August 16, 2017 in front of Judge Andrew G. Lui. It is anticipated the defendants will be placed on a ten year probationary term that could initially include up to a year in county jail. A violation of probation could result in a prison term of up to seven years, eight months. The restitution is estimated at over \$400,000 for the State Compensation Insurance Fund [SCIF] and Traveler's Insurance Company.

From 2011 through 2014, the defendants, father and son, doing business as Del Real Produce Packing worked as Farm Labor Contractors to pick and pack lettuce for growers in Monterey County and Yuma, AZ. The defendants concealed injuries to workers by not reporting the injury, nor providing the workers with their entitled benefits that included medical treatment. The defendants committed insurance fraud by making or causing to be made at least twenty material misrepresentations for the purpose of obtaining a reduced insurance premium from SCIF. During the course of the investigation it was discovered that the defendants had conspired to commit premium fraud against Traveler's Insurance in the same manner as against SCIF.

The defendants did not accurately report all employees' wages to the Employment Development Department [EDD] in order to evade paying payroll taxes. During the service of a search warrant EDD documents were found that had been submitted to EDD listing certain employees and wages. Other versions of the same EDD documents submitted to SCIF and Traveler's for the same time period were found reporting different employees and wages.

The case was investigated by California Department of Insurance Detective Stuart Rind. The Monterey County District Attorney's Office Workers' Compensation Unit assisted in the service of the search warrant.

Each of the insurance fraud charges have 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.