

*** NEWS RELEASE ***

DEFENDANT PLEADS TO WORKERS' COMPENSATION INSURANCE FRAUD AND TAX EVASION

FOR IMMEDIATE RELEASE

March 15, 2016

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Monterey County District Attorney Dean D. Flippo announced today that Osama Zawideh, age 52, of Soledad, 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 is the manager of Gabilan Pizza in Soledad. Sentencing is scheduled for April 26, 2016 in front of the Honorable Larry E. Hayes. 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 is estimated at almost \$5,000.00 to the State Compensation Insurance Fund [SCIF].

In 2014, the Monterey County District Attorney's Office [MCDA], Workers' Compensation Fraud Unit and the California Department of Insurance [CDI], Morgan Hill Office conducted an uninsured employer compliance sweep within Monterey County. Information obtained prior to the sweep indicated that Gabilan Pizza in Soledad did not have workers' compensation insurance for their employees. The defendant was contacted during the inspection and indicated that he was the manager and he had the mandated insurance that was listed in his name. He also indicated the restaurant was listed in his niece's name but she did not have anything to do with the business.

The investigation revealed the defendant had committed premium fraud from March 2013 through April 2015 by underreporting the number of employees and falsely reporting payroll wages as he paid certain employees in cash. The defendant was also charged with tax evasion in that from July 2012 through December 2014 he did not accurately report employee wages and payroll taxes to the Employment Development Department [EDD].

The case was investigated by MCDA District Attorney Investigator George Costa.

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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