

*** NEWS RELEASE ***
**CO-DEFENDANTS PLEAD GUILTY IN
INSURANCE FRAUD SCHEME**

FOR IMMEDIATE RELEASE

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Monterey County District Attorney Dean D. Flippo announced today that on February 22, defendants Antonio Arias, age 47, of Salinas, pled guilty to a felony charge of auto insurance fraud and defendant Martin Lopez, age 49, of Salinas pled guilty to a felony charge of auto insurance fraud and a misdemeanor violation of worker's compensation insurance fraud. Sentencing will take place on March 22, 2017 before Judge Andrew Liu.

In 2015, investigators from MADCAT (the Multi Agency Detail Commercial Auto Theft), the District Attorney's Office and NICB (the National Insurance Crime Bureau) discovered two auto repair facilities in Salinas involved in a "scratch out" fraud scheme in which a fully insured vehicle is fraudulently vandalized by the vehicle owner or an associate of the repair shop with the owner's consent. Thereafter, an insurance claim is filed which is typically inflated and often seeks thousands of dollars to repair the fraudulent damage. When the insurance company pays the claim, the money is shared between the repair shop owner, the vehicle owner, and any other participants in the scheme. One such facility was West Market Auto Body, operated by Martin Lopez.

In mid-2015, a joint operation was undertaken wherein an undercover investigator contacted Arias and inquired about the possibility of setting up a "scratch out" scheme. Arias worked at West Market as a car painter who agreed to participate in the scheme. Arias then gave the investigator instructions on how to damage the vehicle to avoid any suspicions by the insurance company. He also gave the investigator instructions on what to say to the insurance adjustors in order to convince them the damage was legitimate. The investigator using an undercover vehicle followed Arias' directions and returned the now damaged vehicle to him for repair. After a claim was submitted, a check for \$4888.11 was issued to West Market. In late 2015, Lopez, the owner of the auto body shop, agreed to host a separate scratch out scheme and a second undercover car was delivered to West Market. Lopez also gave specific instructions to undercover agents on how to vandalize the car for insurance money. A fictitious estimate was submitted by Lopez to the insurance company for payment and Lopez received \$5,006.18. Upon inspection of the body shop, investigators found that the shop was not in compliance with worker's compensation insurance laws.

Auto insurance fraud is not uncommon in Monterey County and is a serious problem nationwide resulting in billions of dollars lost every year. As a result, insurance rates are increased to cover those costs. The District Attorney's Office-Auto Insurance Fraud Unit works in conjunction with the Monterey County Sheriff's Department MADCAT in investigating auto body shops throughout the County. Members of the public having information about possible insurance fraud are encouraged to report what they know to MCSO Detective Ken Owen at 831-755-7279, CHP Detective Chuck Rodriguez at 831-755-3818, DA Investigator Maribel Torres-Hart at 831-883-7588 or District Attorney's Office Fraud Hotline at 831-755-3224. This case was investigated by Detective Arras Wilson, MSCO, Detective Chris Browning, CHP, and Investigator Maribel Torres-Hart, District Attorney. John Pearce of the National Insurance Crime Bureau assisted in the investigation by providing the vehicles used in the undercover operation.