

*** NEWS RELEASE ***

DEFENDANT SENTENCED IN WORKERS' COMPENSATION INSURANCE FRAUD AND TAX EVASION

FOR IMMEDIATE RELEASE

April 19, 2017

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Monterey County District Attorney Dean D. Flippo announced today that Chang Tai Lin, age 53, of Salinas, was sentenced by Judge Andrew G. Liu. On March 3, 2017, the defendant 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. 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 October, 2010 through January, 2016 he did not accurately report employee wages and payroll taxes to the Employment Development Department [EDD].

In sentencing the defendant, the court told the defendant that it was good he worked hard but that he had to follow the laws so that it would be fair to everyone. The court placed the defendant on felony probation for five years, ordered him to serve 90 days in county jail or an appropriate program, pay over \$10,000 in fines, be subject to a search by any probation or peace officer and be subject to other terms and conditions of probation to ensure the defendant is properly conducting any business he may have an interest in or own. The defendant still has an outstanding 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.

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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