

# **\* NEWS RELEASE \***

## **Roofing Contractor Sentenced In Workers' Compensation Fraud & Tax Evasion Scheme**

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**FOR IMMEDIATE RELEASE**

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Monterey County District Attorney Dean D. Flippo announced today that Juan Luis Lopez Garcia, a resident of Salinas, was sentenced by the Honorable Judge Pamela Butler to 5 years of felony probation for having under-reported his business' payroll in order to obtain reduced workers' compensation premiums from 2013-2015.

Mr. Garcia is a licensed contractor and owner of Gold Shield Roofing. In November 2013, the Monterey County District Attorney's Workers' Compensation Fraud Unit received information from the State Compensation Insurance Fund (SCIF) regarding minimum premiums being paid by numerous Monterey County roofing contractors, including Gold Shield Roofing. The District Attorney opened a criminal investigation, obtaining voluminous payroll and insurance documents from SCIF and the Employment Development Department as well as undertaking surveillance of Mr. Garcia's business. During the investigation, District Attorney investigators observed employees at several job sites where roofing work was being performed by Gold Shield Roofing. The presence of employees contradicted Mr. Garcia's payroll reports in which he denied having any employees. When Mr. Garcia was ultimately interviewed by District Attorney investigators, he conceded having employees and paying them in cash to avoid payroll taxes.

On March 9, 2017, the District Attorney filed 6 felony charges against Mr. Garcia for having engaged in premium fraud and payroll tax evasion. Mr. Garcia plead guilty to 2 felony counts of premium fraud, in violation of Insurance code section 11880(a), on February 2, 2018. Since Mr. Garcia paid SCIF full restitution of \$18,843.00 prior to sentencing, the Court sentenced him to 5 years felony probation while suspending the imposition of any criminal sentence or statutory fines. Probation terms require Mr. Garcia to maintain workers' compensation coverage, accurately report payroll and pay employees by check. Mr. Garcia's probation also allows his probation officer to conduct a search of his person or premises without the necessity of a search warrant.

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

Under California criminal law, making a material misrepresentation 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. 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.