

*** NEWS RELEASE ***

MONTEREY BAR OWNER PLEADS GUILTY TO INSURANCE FRAUD

FOR IMMEDIATE RELEASE

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Monterey County District Attorney Dean D. Flippo announced today that Salvatore Carbone, a 58-year-old resident of Sand City, will serve 40 days in Monterey County jail for insurance fraud.

Since approximately 2007, Carbone has owned and operated two Monterey businesses: Sal's Alley Side Café and Carbone's Bar. In June 2017, the Monterey County District Attorney's Workers' Compensation Fraud Unit received a tip that Carbone had represented to his workers' compensation carrier - State Compensation Insurance Fund (SCIF) – that he had no employees for the insurance policy period of August 2014-August 2015. In its ensuing investigation, District Attorney investigators obtained business and payroll records, and interviewed Carbone as well as his employees and accountant. Based on the totality of evidence, the District Attorney concluded that the evidence showed that Carbone intentionally misrepresented his payroll in order to obtain a lower insurance premium from SCIF.

On October 25, 2018, Carbone was charged with a misdemeanor violation of the California Insurance Code section. He pled no contest to that charge on November 14, 2018. Judge Stephen A. Sillman sentenced him to 40 days in county jail and 3 years probation. The Court also suspended a \$10,000 statutory penalty which will remain suspended if he complies with the conditions of his probation.

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.

The case was investigated by District Attorney Investigator George Costa.