



JEANNINE M. PACIONI  
District Attorney

## **PRESS RELEASE**

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### **King City Roofing Contractor Entered a Plea of No Contest to Insurance Fraud and Tax Evasion**

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#### ***People v. Hector Hernandez***

SALINAS, California- Monterey County District Attorney Jeannine M. Pacioni announced that on August 23, 2019, Hector Hernandez, age 38, and owner of Hernandez Roofing, pled no contest to 3 felony counts involving insurance fraud and tax evasion. He will be sentenced on January 31, 2020.

Between 2013 and 2016, Hernandez secured a workers' compensation insurance policy for his business through the State Compensation Insurance Fund ("SCIF"). In order to pay lower insurance premiums, he told SCIF that he did not have any employees. The District Attorney's Office opened an investigation in February 2016, obtaining building permits showing that Hernandez handled about 96 roofing jobs in a 3-year period. Interviews of workers and homeowners revealed that Hernandez used at least 3 employees. Additionally, bank records confirmed that he paid wages in cash without withholding required state payroll taxes. Investigators calculated Hernandez defrauded SCIF of \$159,059.00 in premiums.

The District Attorney filed felony charges on January 23, 2018. The charges included intentionally misrepresenting his payroll to SCIF to obtain a reduced premium – a violation of Insurance Code Section 11880(a). Hernandez was also charged with payroll tax violations of the Unemployment Insurance Code.

The case was investigated by Monterey County Workers' Compensation Fraud Unit Investigators Martin Sanchez and George Costa.

Under California law, business owners and the public need to be aware that all employers are required to secure workers' compensation insurance for their employees so that there is adequate medical coverage and other benefits for any work-related injury that may occur. Additionally, employers are required to register their business with the EDD and report their payroll on a quarterly basis. 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. Persons having information about suspected workers' compensation fraud are encouraged to contact the District Attorney's Office at (831) 755-3224.