

# **\* NEWS RELEASE \***

## **DEFENDANT SENTENCED IN WORKERS' COMPENSATION INSURANCE FRAUD AND TAX EVASION CASE**

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**FOR IMMEDIATE RELEASE**

**November 4, 2015**

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Monterey County District Attorney Dean D. Flippo announced today that Efren Quiait Evangelista, age 63, of Fresno, was sentenced today by Judge Pamela L. Butler. On December 17, 2014, the defendant pled to one count of making a material misrepresentation in order to obtain a lower workers' compensation insurance premium, one misdemeanor count of willfully failing to file payroll tax returns with intent to evade tax, and one misdemeanor count of violating the private patrol operator provisions. The defendant formerly owned Nacional Security Agency (NSA), a private patrol operator (PPO) that provides private security for businesses.

In February 2013, Investigators from the District Attorney's Workers' Compensation Unit, the California Department of Insurance (CDI), the Employment Development Department (EDD) and the Bureau of Security and Investigative Services (BSIS) conducted a joint compliance and enforcement operation identifying employers not complying with the California Labor Code as it relates to workers' compensation insurance requirements for their employees. During the operation the investigation into NSA revealed the defendant had been in business since 2006; he was not reporting all of his employees to the State Compensation Insurance Fund (SCIF) in which he had his workers' compensation insurance; and he had been illegally classifying his employees as independent contractors. This misclassification also resulted in the defendant not reporting his payroll to EDD.

On May 29, 2015, a victim restitution order was made to SCIF in the amount of \$62,266.45. Since that hearing the defendant made regular payments to SCIF to satisfy the court ordered restitution. On November 4, 2015 he indicated to the Court that he had mailed the last payment for the restitution on November 2, 2015, thereby paying the restitution in full. In light of this, the court reduced the felony count to a misdemeanor and placed the defendant on formal reporting probation for a period of five years; ordered him to serve 120 days in county jail; ordered over \$7,000 in fines; imposed a search clause, as well as other terms and conditions of probation to make sure he conducts business lawfully.

The case was investigated by District Attorney Investigators Martin Sanchez and George Costa, CDI Detective Royce Armstrong and BSIS Investigator Laura Jestes. Candace Altamirano, CDI Forensic Auditor prepared the SCIF audit for the premium fraud.

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.