

Janitorial Company for Major Hotels Hides Hundreds of Employees; Owners Indicted for \$7 Million Insurance Fraud and Tax Evasion

By: WorkersCompensation.com

San Diego County District Attorney Bonnie M. Dumanis announced today that a grand jury has indicted the owners of Good Neighbor Services as well as six accomplices for a massive, ongoing insurance fraud and tax evasion scheme. Two defendants, Hyok "Steven" and Woo "Stephanie" Kwon, own a janitorial company that provides cleaning staff to major hotels across San Diego, Los Angeles and Riverside Counties, including The Hotel Del Coronado, Loews Coronado, La Costa Resort and Spa, The Grand Del Mar in La Jolla, L'Auberge Del Mar, The Ritz Carlton, Four Seasons, Hilton and Hyatt hotel chains.

The Kwons have been indicted on 11 counts of workers' compensation premium fraud, 18 counts of payroll tax evasion and one count of extortion. The investigation uncovered a methodical and systematic shell game involving six straw owners. These straw owners were used to conceal the existence of hundreds of hotel workers to avoid paying millions of dollars in insurance premiums and payroll taxes. If convicted of all charges, they each face up to 31 years in prison.

"These defendants lied on the backs of their employees who were cleaning rooms in some of the most prestigious hotels in California," DA Dumanis said. "If employees got hurt on the job, they were threatened with being fired.

Insurance fraud and tax evasion is not a victimless crime.

"When cheaters scam insurance companies and lie their way out of paying taxes, ordinary citizens end up footing the bill," DA Dumanis said. "Our insurance fraud team did an excellent job collaborating with the California Department of Insurance and state investigators to investigate and prosecute the Kwons."

For nearly a decade, Good Neighbor Services concealed their real payroll information in order to fraudulently obtain workers' compensation insurance from multiple companies including Travelers, Norguard, AIG, Southern Insurance, Everest National, Preferred Employers, State Compensation Insurance Fund and Employers Compensation Insurance. In doing this, the company avoided paying more than \$3.6 million in insurance premiums and evaded paying over \$3.3 million in payroll taxes.

Employees who were interviewed said they were paid with checks bearing the name of

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Coalition Against Insurance Fraud

businesses other than Good Neighbor Services throughout the course of their employment, even though they wore uniforms with the Good Neighbor Services' logo and identified the Kwons as the owners. The employees also said they did not receive overtime pay or workers' compensation benefits when they were injured on the job, and they feared retaliation if they reported their injuries. One employee said she had to repeatedly ask for medical attention for her injury. "Workers' compensation premium scams are deeply unfair to honest businesses that play by the rules," said Dennis Jay, Executive Director of the Coalition against Insurance Fraud. "Cheaters gain an unfair competitive advantage and raise workers' compensation premiums, which are passed along to consumers in higher prices." compensation and unemployment insurance."

The District Attorney's Office is asking additional employees who worked with the Kwons and were denied workers' compensation benefits to come forward. Anyone with information about the abuse of employee rights or the Kwons' use of shell companies should call: 800-315-7672 or 800-927-4357.

Gloria Lee

Bankrupt and needing cash, the Las Vegas pet-shop owner tried to burn alive 27 terrified puppies locked in their cages. Incredibly, her own security cameras recorded the nighttime action.

She teamed up with her lover, Kirk Bills, who she let into the store via the back door according to the security footage. He spread gasoline from red cans around the store — and coated the locked cages full of cringing puppies. She tried to frame her husband for the deed and file a \$100,000 insurance claim.

Luckily the fire fizzled. Lee received up to 14 years in prison and Bills up to a decade.

Martin Pang

His business in Seattle was struggling, so Pang started a warehouse insurance blaze that killed four fire fighters. Walter Kilgore, James Brown, Gregory Shoemaker and Randy Terlicker died when the floor collapsed and they were thrown into the burning basement. Seven other fire fighters just managed to escape a similar fate.

Pang then took thievery to new heights. From inside the penitentiary he supposedly tried to steal the identities of the investigators in his case, although he was not criminally charged. A court ruled in April that he must repay nearly \$1 million to the families of the fire fighters. Pang had earlier received 35 years in prison.

Jose Urena

An NYPD cop who took an oath to defend the law, instead routinely broke it in serial fashion. Driving a Mercedes-Benzes drained Urena's bank accounts, so he launched a spree of false auto claims. Among them:

Urena lied that someone had vandalized his leased ML350. He used the insurance money to repair pre-existing damage. Urena then reported the car stolen the day before his lease expired. He had a cohort burn it, and cashed another insurance check for phantom repairs.

His next Mercedes proved too expensive so he rear-ended a U-Haul, trying to convince his insurer to declare the car a total loss. A Dodge Charger came after that. Urena was involved in a crash and made an inflated claim for pre-existing damage. He could spend up to three years in prison when sentenced.

Stephen Krawitz

Dozens of mostly elderly and low-income clients urgently needed insurance settlements that Krawitz had negotiated for them, but the Manhattan personal-injury lawyer stole their money — more than \$1.9 million worth. One

victim was a 96-year-old great-grandmother who hurt her shoulder in a car crash.

Krawitz also stole \$65,000 from Robert Rough, who was dying of cancer. A car crash left him with severe nerve damage in his hands, costing him his business. Rough died without receiving any money.

Meanwhile, Krawitz lived in a \$2-million home and sent his kids to private school. Krawitz will be schooled in a jail cell since he received up to 12 years in state prison.

Dr. Aria Sabit

Patients received useless and painful spinal surgeries so a neurosurgeon could steal \$11 million from insurers. The Detroit doctor convinced many patients to get spinal fusion surgeries they didn't need. Sabit did surgeries on nearly everyone who walked into his clinic.

The pain continued long after a bungled surgery for some patients. He also sliced open and closed some patients without doing any repair work at all. Tonocca Scott must wear a back brace with a DVD case taped inside to keep his spine straight. He can sit for only a few minutes and has placed his dream of a computer-technology career on hold.

A repeat offender, Sabit pulled a similar scam in California, where he implanted unneeded devices and performed unnecessary surgery. Sabit could spend up to 11 years in federal prison when sentenced.

Jose Lantigua

Vacationing in his native Venezuela proved fatal, at least according to Jose Lantigua's death certificate. He supposedly died from an illness and was cremated there, except the Jacksonville, Florida, resident bribed bureaucrats to issue forged death documents in a fumbled plot to fake his death for approximately \$9 million in life insurance.

He sought a passport using a North Carolina driver license in the name of a postal worker whose identity he had stolen. Lantigua's height, eyes, hair color and other identifiers were significantly different from Ernest Wills, Lantigua's victim. The fraudster will spend up to 12 years in prison when sentenced.

Theresa Fisher & Lindsay Hardgraves

Fisher and Hardgraves ran a surgery center in Orange County, California. Insurers were billed \$71 million, much of it for uninsured plastic surgery charged as legitimate medical treatment. Over \$50 million was paid to the women before the fraudulent scheme was discovered.

They bribed patients with tummy tucks, breast enlargements and liposuction. The tradeoff: The patients underwent insured surgeries they didn't need — endoscopies, colonoscopies and others.

Tummy tucks were billed as hernia operations. Nose jobs were deviated septums. Patients were also coached on how to fake symptoms and foil insurers. Fisher received three years in federal prison and Hardgraves five months.

William Worthy

More than 17,000 trusting consumers thought they'd bought legitimate health insurance only to find out it was fake. The South Carolina-based Worthy erected a large network of fake health insurers geared solely to steal premiums. It was one of the largest such rings in the country. The ring stole up to \$28 million in premiums, even fleecing church pastors with a bogus insurance plan. Consumers were often left with huge medical bills they had to pay themselves — more than \$7 million total.

Worthy's unlicensed insurers routinely denied legitimate claims. He used the customer premiums to support a princely lifestyle and will possibly spend decades in federal prison when sentenced. Largest such scams in U.S. history.

Pierre Collins

The Minneapolis-area man beat his 10-year-old son, Barway, to death and then duct-taped his body and tossed him into the Mississippi River like cordwood for just \$50,000 in life-insurance money.

Collins had paid the premiums just two days before Barway disappeared and he had also asked the insurer about raising the coverage on Barway from \$30,000 to \$50,000. For Collins, that was the market price of a child's life.

He owed child support for multiple children and was unemployed. Cell-phone pings placed him near the spot where Barway's body was found. After denying that he had nothing to do with his son's disappearance, he confessed earlier this year. Collins received 40 years in prison.

These convicted Hall of Shamers are helping to brand insurance fraud as a crime that society should oppose with greater resolve. And they are publicly positioning fraud fighters as effective crime busters intent on shining a light on a crime that impacts everyone.