

Grand Jury Indicts San Diego Employers for Unemployment & Workers' Comp Fraud

By: Caroline Chen and Del Quentin Wilber, The Washington Post

San Diego County District Attorney Bonnie M. Dumanis announced charges today against four businesses, their owners and several employees who were indicted on various types of insurance fraud including workers compensation fraud, unemployment fraud and tax evasion.

Owners of A1 Patio and Remodeling Experts in Encinitas, Christina Engineering in Escondido, Quality Way Building Maintenance in National City and Rufino's Landscaping of Escondido were all indicted by the grand jury in December for their roles in bilking insurance companies and the state tax board out of \$1.5 million. Fourteen defendants were indicted in December. Of those, four were arraigned on January 6, and the remainder is scheduled to be arraigned at 1:30 p.m. today in Department 11 of the downtown San Diego Superior Court. They include Joshua Swarhout, James Hooper, Andrew Curtis, Billy Ray Alsbrook, George Norton, Jacob Kuhn, Pat Gee, Tim Mountney, and Tom Jarvis. If the defendants fail to appear for arraignment, warrants will be issued for their arrest.

"Insurance fraud costs Americans across the country \$80 billion a year," DA Dumanis said. "In California, it costs consumers \$15 billion annually. The conduct of these defendants is a slap in the face to law abiding businesses and to employees who are out of work and whose legitimate unemployment benefits have expired." Those indicted include:

- Russ E. Kubart of A1 Patio and Remodeling Experts. When an employee of Kubart's injured himself after falling from a deck at a jobsite, Kubart told the employee to tell medical staff he injured himself at home because Kubart did not have workers' compensation insurance. Loss to known victims is \$160,000.
- Ten employees of Christina Engineering were indicted for their roles in receiving unemployment benefits at the same time they were being paid cash to work, which they were encouraged to do by their employer. Loss to known victims is \$350,000.
- Marcos Castaneda, of Quality Way Building Maintenance was indicted on four counts of felony insurance fraud for his role in intentionally lying about his payroll in order to receive reduced workers compensation premiums. Loss to known victims is \$133,921.
- Rufino Aguiluz and his wife, Maria Foulk of Rufino's Landscaping, were indicted on several

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counts of insurance fraud, payroll tax evasion and income tax evasion for their roles in failing to report payroll to various workers' compensation insurance carriers and tax collectors. Loss to known victims is \$952,202.

"Businesses that commit workers compensation premium fraud not only raise costs for their honest competitors, but also put the health and financial well-being of their workers at risk, said Dennis Jay, Executive Director of Washington, D.C.-based Coalition Against Insurance Fraud."

"We applaud San Diego County for going after these cheaters. This anti-fraud initiative will help other businesses stay honest, protect employees and will lead to fairer insurance rates for all."

"The integrity of the California workers' compensation system depends on employers, workers, insurers and providers working together in good faith," said Carol Newman, Acting President and CEO of the State Compensation Insurance Fund. "The State Fund appreciates the ongoing efforts of the San Diego District Attorney in combating this serious fraud, which threatens the health of California's economy."

"Whether it's payroll tax evasion or against the employer-funded unemployment insurance program, fraud is costly to all of us," said Employment Development Department Chief