



Business owner arrested on multiple felony charges for illegal business operations and workers' compensation insurance fraud

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HUMBOLDT COUNTY, Calif. - Tim Shelley, 57, owner of Tim's Plumbing was arrested yesterday on felony charges of workers' compensation insurance fraud and grand theft. A joint investigation with the Department of Insurance and Humboldt County District Attorney's Office uncovered Shelley's multiple illegal business operations, alleged warranty scam and insurance fraud.

"Refusing to provide workers' compensation insurance can be devastating to employees and it is illegal," said Insurance Commissioner Dave Jones. "California business owners should know that it is their responsibility to provide workers' compensation insurance. We continue to find individuals that choose to disregard the law, but I am committed to working with our law enforcement partners to stop those who commit insurance fraud."

During the course of the investigation, it was discovered that Shelley deliberately failed to obtain workers' compensation insurance for his employees. There were instances in which employees were injured and were discouraged from claiming workers' compensation benefits. As a result, severely injured workers were unable to afford their medical costs for treatment and suffered significant financial hardships.

Further investigation revealed that Shelley was also allegedly operating a warranty replacement scam. The scam involved removing warranty tags on water heaters installed for customers and then turning in a false warranty claim, Shelley received a number of free replacement units from the manufacturer.

Shelley was arrested on June 24, 2014. The Humboldt County District Attorney's Office will be prosecuting the case. If convicted, Shelley faces up to 18 years in state prison and \$260,000 in fines.

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The California Department of Insurance, established in 1868, is the largest consumer protection agency in California, regulating the \$123 billion insurance marketplace. In 2013 the California Department of Insurance received more than 170,000 calls from consumers and helped recover over \$63 million in claims and premiums. Please visit the Department of Insurance web site at www.insurance.ca.gov. Non-media inquiries should be directed to the Consumer Hotline at 800.927.HELP or 213.897.8921. Telecommunications Devices for the Deaf (TDD), please dial 800.482.4833.

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