California Department of Insurance

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Paving contractors arrested for workers' compensation, prevailing wage and payroll fraud

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Paving Contractors Arrested for Workers' Compensation, Prevailing Wage and Payroll Fraud

CORONA, Calif. - On Friday, June 6, 2014 five suspects associated with three paving companies were arrested in Corona on 24 felony counts of workers' compensation insurance fraud, payroll tax evasion, prevailing wage fraud and denying employees workers' compensation insurance benefits. Losses associated with this case total $7,377,023.

"Contractors have an obligation to their employees and to their customers to maintain adequate workers' compensation insurance," said Commissioner Jones. "Dodging this responsibility placed others at great financial risk and resulted in an unfair advantage to under bid professionals that operate above board and within the law."

Three paving and striping companies, Prestige Striping Services, United Paving Co. and Yeguada Trujillo, Inc., owned and operated in Corona, allegedly paid overtime and cash bonuses and then inaccurately reported wages to their workers' compensation insurance carrier or the Employment Development Department.

Officials also discovered that these companies were not paying the required prevailing wages on public works projects and co-mingling their employees with Superior Pavement Markings, Inc., a union company previously owned by Sabas Trujillo.

Between June and September 2013, search warrants were served at the businesses and their banks. Based on a review of all the records seized and the Prestige Striping and United Paving employee interviews, it was determined that these companies, along with Yeguada Trujillo, Inc., were committing workers' compensation insurance fraud, payroll tax evasion, prevailing wage fraud and denying employees workers' compensation insurance benefits.

The loss in workers' compensation insurance premiums is $1,014,041.66, the loss in payroll tax liabilities is $4,122,660.37and the loss in prevailing wage fraud is $2,240,321.03 for a total loss of$7,377,023.06.

Suspects arrested included owner Sabas Trujillo, his brother Rick Trujillo, his brother's wife Lucia Trujillo, their account manager for United Paving Company, Laura Fitzpatrick and Alex Trujillo the production manager for Prestige Striping were all implicated during the department's investigation.

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Media Notes:

This case was investigated by the California Department of Insurance, Inland Empire Premium Fraud Task Force which consists of personnel from the Department of Insurance, Employment Development Department, the Franchise Tax Board, and two local County District Attorney's Offices. Also participating in this investigation is the California Department of Industrial Relations Prevailing Wage Fraud Unit who assisted in determining the loss on Public Works projects.

List of suspects, no booking photos available:

- Sabas Trujillo, 35 of Corona (CSLB# 770786, 776306, 827632, 865828, 937531).
- Lucia Trujillo, 38 of Corona is the wife of Sabas Trujillo.
- Rick Trujillo, 37 of Corona (CSLB# 936519, 937531, 934317, 827632).
- Alex Trujillo, 26 of Corona (CSLB# 991209).
- Laura Fitzpatrick, 31 of Anaheim Hills is the accounting manager for United Paving Company.

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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