



Department of Insurance intensifies efforts to fight workers' compensation fraud in Southern California

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LOS ANGELES, Calif. - The California Department of Insurance (CDI) has made great progress in increasing the number of criminals arrested for in Southern California. As part of the department's fraud enforcement efforts, more than \$95 million in grants has been given to District Attorneys throughout the state to combat workers' compensation fraud since 2011. Over the last three years the department has made more than 500 arrests for workers' compensation fraud.

Workers' compensation fraud is a felony and insurers are required to report suspected fraud, as well as establish a mechanism for funding enforcement and prosecution activities. Workers' compensation fraud occurs in simple to complex schemes that often require difficult and lengthy investigations. There are three main types of workers' compensation insurance fraud which include: claimant fraud, where an employee attempts to defraud their employer often through bogus or exaggerated claims; medical provider fraud, where a medical provider inflates billing and knowingly submits bills with improper medical costs and misrepresents the facts; and under reported wages, where employers misrepresent their payroll to obtain workers' compensation coverage at a lower premium.

"Workers' compensation fraud is a complicated and costly insurance crime in California," Commissioner Dave Jones said. "The price of this fraud is paid by all through higher premiums, endangered workers, and lost jobs. Because of the complex nature of this type of crime, we are diligent in following every lead and committed to fighting workers' compensation fraud in California."

Following are highlights of just some of the workers' compensation cases CDI has investigated over the last few months in Southern California:

Richard Rojas, 58, of Wilmington was arrested April 24, 2014 for three felony counts of insurance fraud, including filing a fraudulent statement to obtain benefits, presenting a fraudulent claim, and attempted perjury. Rojas claimed he was injured when he fell from the cabin of the crane he was operating. Rojas was later terminated due to poor work performance and approximately two months later filed a workers' compensation claim dated after his termination. According to department investigators, eyewitnesses stated Rojas did not fall from the crane. Rojas' claim was denied as he had not reported any injuries to his employer and the claim was dated four days after he was terminated.

John Richard Ortiz, 52, of Wilmington was employed as dock worker for Pro Express. He injured his lower back on May 7, 1999 when he lifted an 80 pound gate. Ortiz filed and received temporary disability payments totaling \$78,220.63 over five years. In December 2004, Ortiz began to receive permanent disability payments totaling more than \$250 per week. Ortiz's wife (Diana) claimed that she was owed compensation for allegedly caring for her husband due to the extent of his limitations. Diana was awarded \$150,000 retroactive pay

for the care she claimed to have provided since October 2002. An investigation revealed that John Ortiz exaggerated the extent of his limitations and his wife had not provided any of the services claimed. The Ortizes are being prosecuted by the Los Angeles County District Attorney's Office. The total dollar loss associated with this fraud was \$357,536. If convicted the couple faces jail time and \$57,857.35 in restitution.

In 2012, Gelacio Martinez Perez aka Gelacio Martinez, 45, of Los Angeles filed a workers' compensation claim against his employer, Trader Vic's Restaurant in downtown Los Angeles, for an alleged back injury. During depositions, Martinez denied filing previous workers' compensation claims against other restaurants. The department's investigation verified previous workers' compensation claims in 2004 and 2008, though Martinez continued to deny them when confronted with the facts. The Los Angeles County District Attorney's office filed felony counts of insurance fraud and attempted perjury, resulting in Martinez facing up to five years in prison and a fine of \$150,000.

Larry Buckner, 59, of Los Angeles was arrested on April 17, 2014 for submitting documents that inflated mileage for physical therapy and doctor visits since 2004 by more than \$25,000. CDI detectives and United States Postal Service Office of Inspector General Special Agents conducted a joint investigation that led to Buckner's arrest. Buckner faces up to five years in state prison and a fine. He will be prosecuted by the Los Angeles District Attorney's Office.

Robert Flores Jr., 42, of Van Nuys, has been charged with workers' compensation fraud for his role in defrauding his insurance company out of more than \$61,000. Flores was an assistant distribution center manager who allegedly sustained a lower back and neck injury on December 16, 2011, while employed by Natural Balance Foods, Inc. Flores claimed he was injured while operating a scissor lift during his shift. The investigation revealed that Flores knowingly misrepresented his physical capabilities and limitations. He was arrested on April 14, 2014.

Raquel Ortiz, 38, of Downey, allegedly falsified a work-related injury she obtained when employed as a caretaker. Ortiz received more than \$63,000 in temporary disability benefits during the time she was supposedly injured. The department's investigation revealed that Ortiz never rendered the services she claimed, and in fact she submitted a fraudulent "Application and Permit for Disposition of Human Remains" to collaborate her story. Additionally Ortiz perjured herself at her deposition hearing. She was booked in the Los Angeles County Inmate Reception Center and will be prosecuted by the Los Angeles District Attorney's Office.

Marco Ordonez, 47, of Hawthorne was arrested on April 9, 2014 for workers' compensation insurance fraud. Ordonez, a warehouse supervisor, alleged continuous trauma injuries to multiple body parts due to repetitive heavy lifting. Ordonez received more than \$46,000 in benefits and paid expenses due to his misrepresentation regarding his physical capabilities. The investigation revealed that Ordonez was working as a tax preparer while receiving workers' compensation benefits; however he had not reported any income to his insurer. The Los Angeles County District Attorney's Office filed multiple felony charges for insurance fraud.

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Media notes:

[Marco Ordonez, 47, booking photo](#)

[Raquel Ortiz, 38, booking photo](#)

[Robert Flores Jr. 42, booking photo](#)

[Larry Buckner, 59, booking photo](#)

[John R. Ortiz, 52, booking photo](#)

[Richard Rojas, 58, booking photo](#)

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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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