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TWENTY- SEVEN VICTIMS
OF FRAUD SCHEME TO RECEIVE RESTITUTION TOTALING \$2.9 MILLION

Jacksonville, Florida - United States Attorney A. Brian Albritton, James Casey, Special Agent in Charge, Federal Bureau of Investigation, Jacksonville Division, and Alex Sink, Chief Financial Officer for the State of Florida, announce the distribution today of more than \$2.9 million to victims of a nationwide workers' compensation insurance fraud scheme. The victims receiving restitution payments are injured workers who did not receive their workers' compensation insurance (WCI) benefits for their work-related injuries, because their employers, Professional Employee Organizations (PEOs), knowingly and illegally failed to secure lawful and legitimate WCI as required under State laws. During the scheme, which spanned early 2001 through March, 2004, workers that suffered catastrophic injuries, including death, were left without any insurance coverage for medical bills, lost wages, or survivor benefits. The fraud in this scheme affected workers in virtually every state in the continental United States, including employees in the State of Florida.

Since the 1980s, it has become commonplace for employers to contract with PEOs, which are licensed employee leasing companies, to perform employment functions, including paying social security and payroll taxes, acquiring and managing health insurance, and acquiring and managing WCI for their employees. PEOs technically "hire" the employees of the companies or businesses ("client companies") and "lease" the employees back to the client companies so the PEOs legally can perform such functions.

In the State of Florida, when a client company contracts with a PEO to perform its employment functions, the PEO must secure WCI for the employees of the client company through an authorized WCI carrier. In the normal course of business, the PEO collects WCI funds from its client companies and uses the funds to pay the cost of the employees' WCI premiums. The WCI carrier then pays various medical expenses, lost wages, and other benefits for employees injured on the job.

In this nationwide scheme, however, the conspirators collected millions of dollars from the client companies to purchase WCI but then knowingly provided illegal, fraudulent, and in fact non-existent WCI to the companies by contracting with sham WCI carriers. They therefore left millions of workers completely uninsured.

Thus far, fourteen conspirators involved in the WCI scheme - owners/operators of the PEOs or PEO agents - have been prosecuted and one conspirator remains a fugitive. Sentences for the conspirators have ranged from 24 months' imprisonment to 22 years' imprisonment. In addition to holding the fraud scheme participants criminally responsible, the United States Attorney's Office and the State of Florida's Department of Financial Services have sought to provide restitution to those uncompensated injured workers that failed to receive the WCI benefits due them. To secure the funds necessary to make restitution payments to the injured workers, the United States seized the conspirators' real and personal property, including, among other things, a condominium in Ponte Vedra, a pristine condition 1964 Chevrolet Corvette convertible and other high-end vehicles, a painting by Picasso, valuable memorabilia, and expensive jewelry.

One severely injured and uncompensated victim of the conspirators' scheme was Mitchell Dean Powell, of Lake Butler, Florida. Mr. Powell was a truck driver for a Lake City, Florida trucking company that carried sand and gravel for concrete companies. In 2001, Mr. Powell was unloading a load at a sand mine in Grandin, Florida, when he fell

approximately twelve feet from the top of his truck's trailer, severely injuring his head, collar bone, and arm. He had to be life-flighted from the scene to the hospital. The PEO responsible for providing Mr. Powell's WCI, however -T.T.C., based in Kankakee, Illinois - had knowingly used sham WCI carriers, and Mr. Powell therefore had no real WCI coverage. Thus, Mr. Powell's medical bills were never paid; nor was his lost salary. As a result of his injuries, Mr. Powell has permanent brain damage, resulting in speech, memory, and motor skill problems. He has to be cared for by his sister. Today, because of the prosecution of this case and the seizure of the conspirators' assets, a check in the amount of \$350,000 will be paid to Mitchell Powell.

Another victim is Cheryl Miller, a resident of the greater Jacksonville area employed through Hospice. Ms Miller severely injured her back while caring for a Hospice patient. As a result, she was unable to work. The PEO responsible for providing Ms. Miller's WCI was Miralink Group, Inc. ("Miralink"), in Jacksonville, had utilized a sham WCI carrier. As a result, Ms. Miller never received her medical or salary WCI benefits. Her failure to receive those benefits resulted in her losing her home. Today, as a result of the prosecution of this case and the seizure of the conspirators' assets, a check in the amount of \$50,733.28 will be paid to Ms. Miller.

Another victim of Miralink's use of a sham WCI carrier was David Goodwin of Ocala, Florida. On April 18, 2002, Mr. Goodwin was working for a landscaping business in Ocala and was severely injured. While using a gas-powered hedge trimmer, he stepped in an armadillo hole, resulting in a spinal cord compression injury requiring surgery. Mr. Goodwin filed a WCI claim; however, because the WCI policy was as sham, he never received his benefits. Because the injury left Mr. Goodwin disabled and he did not receive the salary component of his WCI benefits, he, his wife, and his four children suffered tremendously. Today, as a result of the prosecution of this case and the seizure of the

conspirators' assets, a check in the amount of \$56,475.61 will be paid to Mr. Goodwin.

Mr. Ronald Fernandez of Vero Beach, Florida, is another victim. Mr. Fernandez was employed by a roof tile manufacturer. On May 14, 2002, Mr. Fernandez suffered a workplace injury which resulted in severe neck trauma requiring surgery. Unable to work and left without any WCI benefits, because his PEO was Miralink, Mr. Fernandez was evicted from his home and lost his vehicle. Today, Mr. Fernandez, a Purple Heart recipient from the Vietnam conflict, will receive a restitution check in the amount of \$101,036.

This case was investigated by the Federal Bureau of Investigation and the Florida Department of Financial Services, Insurance Fraud Division. It was prosecuted by Assistant United States Attorneys Mark B. Devereaux and Bonnie Glober.