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Grand Jury Issues Indictments Against Seven Defendants In Case Alleging A Local Vocational School Defrauded Injured Workers of Benefits Valued at More Than \$100,000

District Attorney Cynthia Zimmer announced today the issuance and filing of indictments against seven defendants by the Kern County Grand Jury. The Grand Jury has issued indictments for seven people connected with a Bakersfield vocational school for participation in an insurance-fraud conspiracy. The alleged scam involved the theft of over \$100,000 in benefits meant to help injured workers return to the job market by providing training in a new occupation.

The individuals indicted were employees and owners of Instituto Hispano Americano (“IHA”), located on Chester Avenue, as well as employees of two local law offices.

The charges center around the alleged misuse of Supplemental Job Displacement Benefit Vouchers. These vouchers generally provide injured workers with up to \$6,000 for retraining at a post-secondary educational institution. That retraining is meant to make the injured worker more competitive in the job market because they are otherwise unable to return to their former employer due to being on total or temporary disability.

The Indictment alleges that the conspirators defrauded over 20 insurance companies out of more than \$100,000 by exploiting the voucher program. The case alleges that the defendants would systematically send false or misleading documentation to insurance carriers that falsely attested that the injured workers were eligible to obtain voucher money, but the students in truth did not meet the minimum

qualifications for enrollment in the program. IHA allegedly lied about dozens of test results for exams that were required for enrollment pursuant to California Education Code section 94904.

Injured workers were directed to the school by employees of local law offices, who would be paid as much as \$600 per person for referring students to the school. It is illegal to engage in paid referrals under the workers' compensation system pursuant to Labor Code sections 3215 and 139.32.

Charges against those indicted include conspiracy to commit insurance fraud, concealing facts affecting entitlement to insurance benefits, and offering or receiving money in exchange for referrals. The charges alleged span 85 counts.

All seven defendants have been arraigned, pled not guilty, and are currently awaiting trial in the Kern County Superior Court. The case number is BF185018A-G; defendants are Anna Ayala-Reyes, Sylvia Carrillo, Evelyn Cruz, Martin Cruz, Nelfido Rolando Cruz, Cynthia Ozaeta, Sandra Paredes.

The grand jury's indictment was the product of years of investigation and preparation by attorneys and investigators from the Kern County District Attorney's Office as well as detectives with the California Department of Insurance. The investigation included the execution of multiple search warrants, arrests in multiple counties, and review of thousands of documents seized.

District Attorney Cynthia Zimmer commented on the Indictments; "Like many types of programs that benefit the public at large, worker's compensation laws can only help the people who need it most if they are protected from fraud and other schemes designed to misappropriate funds. When evidence of abuse of the workers compensation system is identified, it will be investigated and prosecuted to hold wrongdoers accountable and ensure that benefits remain available for those genuinely qualified to receive them."

Insurance Commissioner Ricardo Lara also commented on the indictments: "By allegedly misusing benefits designed to help injured workers re-enter the workforce and be able to make a living, this business cheated workers, insurance companies and our state. Workers' compensation vouchers are a vital program for retraining injured workers and the Department of Insurance will continue to protect it."