

Biggest Worker's Compensation Scam in Southern California Totaling More Than \$3 Million Dollars

On June 25, 1999, a doctor from southern California, was ordered to pay \$250,000 in fines and was sentenced to five years' probation after his conviction in Los Angeles County Superior Court on three money laundering charges. The doctor is awaiting trial on securities and insurance fraud charges. Both cases were brought by the Los Angeles District Attorney's Office in connection with the doctor's role as the alleged mastermind of what authorities call one of the biggest worker's compensation scams in southern California during the late 1980s and early 1990s.

The California Department of Justice, Bureau of Narcotics Enforcement, assisted the Los Angeles District Attorney's Office by conducting a review of the Currency and Banking Retrieval System (CBRS) database for BSA reports relating to the doctor. The review was accomplished through FinCEN's Gateway System. Four Suspicious Activity Reports, 33 CTRs, eight Currency Transaction Report by Casino (CTRCs), 16 Foreign Bank Account Reports (FBARs), and one Currency or Monetary Instrument Report (CMIR) were filed. The Deputy District Attorney (DDA) handling the prosecution said the documents revealed that no CTRs had been filed for 1989-1992. A certified document stating that no CTRs were filed during this time was introduced into evidence. This was very important to forestall the defense claim that CTRs in fact were filed. The DDA further said the one-month trial has ended with a conviction on three counts of violating the State of California's money laundering law, with the intent to commit California tax fraud.

The DDA indicated, in preparing documents for sentencing, that because the case involved the laundering of \$3 million, it is the state's largest money laundering case to date.

(Source: Deputy District Attorney, Los Angeles District Attorney's Office)

[Published in The SAR Activity Review – Trends, Tips & Issues, Issue 1, October 2000]