



Department of Justice

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THREE CONVICTED IN NATIONWIDE FRAUDULENT WORKERS' COMPENSATION INSURANCE SCHEME

_____ Jacksonville, Florida - United States Attorney Robert E. O'Neill, James Casey, Special Agent in Charge, Federal Bureau of Investigation, Jacksonville Division, and Alex Sink, Chief Financial Officer for the State of Florida, today announced the conviction of three defendants in a nationwide fraudulent workers' compensation insurance scheme. Yesterday's convictions followed a six week trial before the Honorable Virginia Hernandez Covington. Each of the defendants were charged with conspiracy, and numerous counts of wire fraud, mail fraud, and money laundering. The convicted defendants are: Donald E. Touchet, age 54 of El Cajon, California; Dr. Richard E. Standridge, age 59 of Tempe, Arizona; and Robert J. Jennings, age 60 and a former resident of Danville, Illinois. Touchet was convicted of all 22 counts in which he was named in the indictment and the maximum penalties he faces is 215 years' imprisonment and a fine of \$7.9 million. Standridge was convicted of all 11 counts in which he was named in the indictment and the maximum penalties he faces is 100 years' imprisonment and a fine of \$3.25 million. Jennings was convicted of all 15 counts in which he was named in the indictment and the maximum penalties he faces is 165 years' imprisonment and a fine of \$5.9 million. Additionally, a forfeiture hearing was held following the jury's verdict and the United States provided the

Court with evidence to support \$38,858,098 in forfeitures from Touchet, \$18,070,806 in forfeitures from Standridge, and \$21,272,624 in forfeitures from Jennings, as proceeds of the fraudulent scheme.

The trial evidence established that the defendants, along with others, conspired between 2001 and April 2004, to defraud client companies of professional employer organizations (PEOs), nationwide, into paying workers' compensation insurance premiums for fraudulent, illegal, and sham workers' compensation insurance coverage. During the conspiracy, conspirators used corporate names of purported insurance companies and offshore foreign corporations in order to provide an air of legitimacy to their fraudulent scheme. Testimony from nine co-conspirators established that the conspirators would, using co-conspirator insurance brokers and consultants, contract with owners and operators of PEOs, to provide their client companies with illegal, fraudulent, and sham workers' compensation insurance. Trial testimony established that owners and operators of PEOs would falsely and fraudulently represent to their client companies that the client companies' employees were legally and legitimately covered under the PEO's workers' compensation insurance policy, knowing that the alleged workers' compensation insurance company did not have the authority to transact business or provide insurance coverage. Testimony further established that as a result of this nationwide scheme, hundreds of thousands of employees throughout the United States were left without any workers' compensation insurance coverage.

Prosecution witnesses included several individuals who suffered catastrophic life-long injuries at their work places, and because of the scheme, did not receive either the wage benefits or the medical benefits that should have been provided through legitimate

workers' compensation insurance coverage. One witness, who lost both of his legs in a work place accident, has never been able to secure his prosthetic legs so that he could walk because of the conspirators' fraud.

Immediately following the verdict, the defendants' bonds were revoked and they were placed into the custody of the US Marshal to await sentencing. Sentencing is scheduled for May 23, 2008, Courtroom 10D, before the Honorable Virginia Hernandez Covington.

The case was investigated by the Federal Bureau of Investigation and the Florida Department of Financial Services, Fraud Division, and was prosecuted by Assistant United States Attorney Mark B. Devereaux.