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DA'S OFFICE CHARGES 14 PEOPLE IN WORKERS' COMPENSATION FRAUD SCHEME

RIVERSIDE – Arraignment is scheduled Monday, Nov. 23, 2020, for the first of 14 defendants charged in three separate cases for their roles in a workers' compensation re-training voucher fraud scheme that caused a loss to insurance carriers in excess of \$22 million.

The 14 defendants are charged with a variety of counts including conspiracy, insurance fraud, capping, and receiving kickbacks.

Charged in case RIF2003835 are: Oswaldo Forero, DOB: 9-10-55 of Irvine; and Melbe Zepeda, DOB: 9-10-79, of Bellflower.

Charged in case RIF2003815 are: Jose Luis Gamas, DOB: 6-7-65, of Pomona; Araceli Soto, DOB: 1-11-82, of Ontario; Edward Holguin, DOB: 9-7-84, of Norwalk; Sarvia Ofelia Lopez, DOB: 12-13-67, of San Diego; Juan Francisco Leal Gonzalez, DOB: 2-13-68, of Diamond Bar; and Mauricio Giovanni Sanchez Hernandez, DOB: 7-29-73, of Sherman Oaks.

Charged in case RIF2003819 are: Karla Mariela Arevalo, DOB: 1-2-91, of Fullerton; Estrella Juana Calix, DOB: 10-25-81, of Sylmar; Mariela Cardenas, DOB: 9-21-84, of Moreno Valley; Jose Nicasio Flores Lara, DOB: 9-18-62, of Southgate; and Sandy Lisette Flores, DOB: 4-24-77, of Lakewood.

Sarvia Lopez is scheduled to be arraigned Monday, Nov. 23, at 9:30 at the Hall of Justice in Riverside. Juan Francisco Leal Gonzalez is scheduled to be arraigned Nov. 24, and Manuel Dimas is scheduled to be arraigned on Nov. 25. All other defendants have arraignments scheduled in December 2020 and March 2021.

The investigation started in January 2019 when the Riverside County DA's Office, assisted by the California Department of Insurance and the California Bureau for Private Post-Secondary Education, started looking into suspected fraud at two for-profit vocational schools. The fraud regarding Supplemental Job Displacement Benefits (SJDB) provided by workers' compensation insurance carriers was suspected at Ryon College in Riverside and Sutech School in Los Angeles.

The investigation revealed that two of the charged defendants, Oswaldo Forero and Melbe Zepeda, operated the two "sham" schools that were primarily funded by workers' compensation vouchers. These vouchers, with values ranging from \$6,000 to \$10,000, were intended for injured workers to be re-trained or to assist them in learning new skills to accommodate their disabilities enabling them to re-enter the workforce.

It is alleged that Forero and Zepeda employed numerous "cappers" to illegally recruit students to the two schools they operated. These "cappers" were paid to sign up as many students as possible to attend the schools, even if the student didn't have the requisite educational background – a high school diploma or equivalent. The priority of the defendants was to make money using various tactics such as over-billing for laptops and tools, collecting lucrative vouchers for students that never or rarely attended the school, faking admission tests, and giving students cash for their vouchers.

The cases are being prosecuted by Deputy DAs Kristen Allison, Erika Mulhere, and Matthew Murray of the DA's Insurance Fraud Unit.