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Media Calls Only: 916-492-3566

Commissioner Poizner Announces Arrest of Los Angeles Area Duo in \$6.3 Million Workers' Comp Insurance Fraud Scheme

Insurance Commissioner Steve Poizner announced today that Andrew Kim (aka Sung Young Kim), 43, and Chan Hee Yang (aka Chan Hee Ko), 61, both of Northridge, were arrested by the California Department of Insurance on multiple counts of insurance premium fraud and conspiracy connected to **Bell Building Maintenance Company** - a janitorial business based in Sherman Oaks. The alleged fraud amounts to more than \$6.3 million dollars.

"Insurance fraud is a \$500 tax on every man, woman and child in California," said Commissioner Poizner. "Whether it's workers' comp fraud as alleged in this case, auto insurance fraud or homeowners insurance fraud, we will find you, we will arrest you and we will bring you to justice."

According to CDI investigators, Bell Building Maintenance Company, through Chan and Kim, purposefully misrepresented the number of employees working for the janitorial company in an effort to reduce the proper rate of workers' compensation insurance premium. The criminal investigation was launched in September of 2006 based upon a referral from State Fund.

According to payroll reports allegedly submitted to State Fund by Kim, from 2000 to 2005, the only employees of the company consisted of Kim and his wife. As a result, the company was only required to pay the minimum amount of premium to receive a workers' compensation insurance policy during this period. However, the investigation revealed that, in reality, Bell Building Maintenance Company was a much larger operation that employed hundreds of janitors servicing numerous private companies and public entities in Los Angeles, Ventura, Orange, San Bernardino and Riverside counties. Chan, who is not Kim's wife, was later identified as the company's corporate president during this time period.

A State Fund audit of documents seized by CDI personnel in October of 2006 determined that Bell Building Maintenance Company intentionally underpaid premiums from 1998 through 2006 in the amount of \$4,466,936.52. A subsequent audit conducted by the California Employment Development Department revealed that Chan failed to accurately report employee wages and/or wage payments from April 2001 through December 2006. This, allegedly, resulted in her underpaying her payroll, unemployment insurance, and state disability insurance taxes in the amount of \$1,889,580.15.

Kim has been formally charged with one count of criminal conspiracy; ten counts of presentation of false/fraudulent writing to public entity; one count of misrepresentation to obtain a lower rate with State Fund; and, one count of misrepresentation to obtain a lower rate with a carrier other than State Fund - all felonies. His bail has been set at \$3.28 million.

Chan has been formally charged with one count of criminal conspiracy; ten counts of presentation of false/fraudulent writing to public entity; one count of misrepresentation to obtain a lower rate with State Fund; one count of misrepresentation to obtain a lower rate with a carrier other than State Fund; one count of failure to pay tax; one count of false tax return; one count of failure to make contributions; and, one count of failure to make contributions to the Disability Fund - all felonies. Her bail has been set at \$3.3 million.

The case is being prosecuted by the Los Angeles County District Attorney's Office. The California State Compensation Fund and Employment Development Department (EDD) assisted in the investigation.

Commissioner Poizner oversees sixteen CDI Enforcement Branch regional offices throughout the state. Close to 1900 insurance fraud-related arrests have been made by the Department of Insurance's Enforcement Branch since Commissioner Poizner took office in 2007 - more arrests than have been made during any other two year period, under any previous insurance commissioner.

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