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**NEWS RELEASE**



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## Workers' Compensation Insurance Fraud Warning

VENTURA, Calif. – District Attorney Erik Nasarenko advises Ventura County businesses that the District Attorney's Office actively investigates and prosecutes instances of worker exploitation, fraud perpetrated against employees, and wage workers' compensation fraud to protect employees by ensuring all businesses operating in Ventura County provide their employees with the appropriate medical care and benefits.

Almost every working Californian is protected by the workers' compensation system. It is important that employers and employees alike understand workers' compensation insurance and how it works. Workers' compensation insurance is founded on the premise that workers should be protected from and compensated for injury or illness occurring in the workplace. Workers' compensation is based on a no-fault system, which means that an injured employee does not need to prove that the injury or illness was someone else's fault to receive workers' compensation benefits for an on-the-job injury or illness.

"When businesses operate illegally without workers' compensation insurance, the economic damage and the medical care expense gets passed on to law-abiding businesses and residents," said Ventura County District Attorney Investigator Gabby Rodriguez.

Workers' compensation insurance fraud is a major cost driver for the insurance industry, and it places employers who abide by the rules at a significant competitive disadvantage. It also exploits employees who, while working for an under-insured employer, sustain an injury. These employees often do not receive proper medical care for job-related injuries due to this fraud.

Some unscrupulous employers will pay cash wages and underreport payroll for the purpose of reducing workers' compensation insurance premiums and state unemployment taxes. The combination of high premium rates and a difficult economy provide motivation for these employers

to commit premium fraud. The amount of unreported payroll can run into millions of dollars if the fraudulent behavior goes undetected.

Some unscrupulous insurance brokers may be similarly tempted to “educate” employers on how to get a lower premium by misclassifying workers or misreporting payrolls. This activity has a negative economic impact on honest employers who are forced to pay higher premiums due to this fraud. This crime is particularly harmful for contractors who are underbid by competitors cheating the system by using false payroll reports to lower premiums. Insurer fraud undermines the public’s perception of insurance companies and jeopardizes the credibility of the workers’ compensation system.

Local business owners have the following workers’ compensation insurance obligations if they have employees:

1. Business owners must report **ALL** their employees to its workers’ compensation insurance company.
2. Business owners must classify their workers accurately and correctly.

Should you discover a business operating without workers’ compensation insurance, contact the Ventura County District Attorney’s Workers’ Compensation Insurance Fraud Unit at (805) 662-1750.