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ORANGE COUNTY DISTRICT ATTORNEY
NEWS RELEASE
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FOR IMMEDIATE RELEASE

Case # 18CF2307

Date: August 22, 2018

**THREE DEFENDANTS CHARGED WITH TAX FRAUD AND
 WORKERS' COMPENSATION INSURANCE FRAUD FOR
 MISREPRESENTING EMPLOYEE STATUS OF INJURED WORKERS**

SANTA ANA, Calif. – Three defendants were charged with defrauding a workers' compensation insurance company by misrepresenting uninsured injured workers as employees of a different company. They are also charged with failing to report wages, withhold payroll taxes, and pay employment taxes for wages earned to California Employment Development Department (EDD).

Defendant	Charges	Maximum Sentence	Court Date
Veronica G. Lake, 47, Mission Viejo	Charged on Aug. 16, 2018, with the following felony counts: <ul style="list-style-type: none"> • (9) Theft by false pretenses • (2) Making fraudulent statements to an insurer • (4) Failing to withhold and pay employment taxes 	16 years and eight months in state prison	Arraignment
Luis Enrique Perez, 49, Yorba Linda			Sept. 25, 2018, 8:30 a.m.
Scott Wesley Smith, 36, Orange			Department C-55, Central Justice Center, Santa Ana

Circumstances of the Case

- In 2013, Luis Perez owned and operated several temporary employee staffing companies including BaronHR, LLC. Lake worked for Perez as his Controller, while Smith worked as the Director of Safety. In September 2013, Smith formed Titan Personnel, Inc. and acted as its CEO, CFO, Secretary and sole Director.
- Despite losing its workers' compensation insurance on July 1, 2013, Perez is accused of unlawfully continuing to operate BaronHR and contract with outside companies to provide temporary employees.
- Between December 2013 and September 2014, the defendants are accused of conspiring to fraudulently report 47 injured employees of BaronHR as employees of Titan to American International Group, Inc. (AIG) to avoid liability for its employees who were injured at

work, and to hide BaronHR's failure to obtain workers' compensation insurance as mandated by law.

- As a result, AIG became liable for approximately \$393,000 worth of expenses for claims of individuals not covered by their insurance policy.
- The defendants are further accused of conspiring to commit tax fraud by failing to report, withhold, and pay employment and personal income tax for 36 BaronHR employees, including individuals they attempted to report to AIG as Titan Personnel employees, to the EDD.

The OCDA Bureau of Investigation and EDD jointly investigated this case.

Prosecutor: Deputy District Attorney Steven Schriver, Insurance Fraud Unit

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