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Construction Labor

REPORT

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State News

California

Contractor Ordered to Pay \$1.4 Million Restitution in Compensation Fraud Scheme

SAN FRANCISCO--A Marin County, Calif., roofing contractor Feb. 7 was ordered to pay \$1.365 million and perform community service, such as doing roofing work for two nonprofits, following his guilty plea to insurance fraud and tax evasion (*California v. Cooper*, Cal. Super. Ct., No. SC141492A, sentencing 2/7/06).

Kenneth Scott Cooper admitted that over a 58-month period he intentionally underreported payroll at Ken Cooper Roofing and Gutter Systems in Novato, Calif., to pay lower workers' compensation insurance premiums (51 CLR 1265, 11/16/05) .

An 18-month, multi-agency probe found Cooper paid some workers a lower hourly rate than reported to the State Compensation Insurance Fund and paid some of his workers in cash to avoid higher premiums and employment taxes, the state alleged.


Cooper failed to pay \$485,000 in taxes based on false returns filed for the 1999-2003 tax years, according to the Franchise Tax Board. Cooper owes an additional \$308,000 in employment taxes, penalties, and interest to the state Employment Development Department.

The Marin County District Attorney's office also charged Cooper last May with defrauding the State Compensation Insurance Fund of approximately \$550,000 in premiums.

Cooper, of San Rafael, Calif., was sentenced in California Superior Court in Marin County to five years' supervised probation, ordered to pay \$1.36 million restitution

to SCIF, EDD, and FTB, and pay a \$50,000 fine, said Marin County Deputy District Attorney Judith Brown.

The 200 hours of community service for Cooper could be served by his company doing two roofs for free for two nonprofit or charitable agencies, Brown said Feb. 27.

"Throughout the investigation we found people thought he was an excellent roofer," she told BNA. "It's not problem with his work at all--it's with his bookkeeping." 

By Joyce Cutler

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