



Massachusetts**Contractor Indicted for Fraudulently Evading
\$88,000 in Workers Compensation Premiums**

BOSTON--A defunct New Hampshire drywall company and its owner were indicted by a Massachusetts grand jury Oct. 12 for lying about payroll to reduce their workers' compensation costs by \$88,000 (*Massachusetts v. TMJ Construction Co.*, Mass Super. Ct., docket number unavailable, 10/12/05).

Michael Jenkins and TMJ Construction Co., of Merrimack, N.H., will be arraigned on charges of larceny by false pretenses and workers compensation premium evasion on Nov. 9 in Suffolk County Superior Court, Massachusetts Attorney General Tom Reilly (D) said.

According to the indictments, Jenkins in February and March 2004 submitted materially false statements when applying for a Massachusetts workers' compensation insurance policy issued by Granite State Insurance, a subsidiary of American International Group.

Indictment Alleges Underreporting

Jenkins is accused of underreporting the company's payroll expenses and denying any prior insurance history in his submissions to the Massachusetts Workers Compensation Rating and Inspection Bureau (WCRIB) to artificially reduce his assessed premium by nearly \$88,000.

Had Jenkins accurately reported his history and expenses, his workers' comp cost would have been adjusted from \$514 to \$88,529, according to the Insurance Fraud Bureau of Massachusetts, which said that Jenkins previously had been issued three policies.

The WCRIB places workers' compensation insurance coverage for employers who are unable to obtain coverage from the voluntary market, by assigning a private insurer to issue a Massachusetts policy, collect premium, and pay any claims. Payroll expense and insurance history are key factors in setting the

premiums charged to employers.

AIG discovered the false statements several months after the policy took effect, according to Reilly.

Jenkins did not return a call for comment.

Earlier this year, Reilly ordered Jenkins and TMJ to pay more than \$14,000 for several workplace violations. The citations alleged independent contractor misclassification, failing to pay employees properly, and filing false payroll records.



By Rick Valliere

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