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TWO VOLUSIA COUNTY BUSINESSMEN CHARGED WITH FRAUD

TALLAHASSEE—Two Volusia County business owners are facing felony charges after committing workers' compensation fraud. One failed to provide workers' compensation coverage while the second submitted a fraudulent workers' compensation insurance application.

Barry J. Schultz, 51, owner and operator of Sand Piper Concepts in New Smyrna Beach, and Fredy Cedeno, 38, owner and operator of All About Buildings, Inc. in Orange City, were arrested Thursday on one count each of workers' compensation fraud following an investigation by the Department of Financial Services, Division of Insurance Fraud. The charges will be prosecuted in Volusia County State Attorney's Office.

“Employers who evade paying premiums put their workers at risk of not having the coverage they need if they are injured on the job,” said Florida’s Chief Financial Officer Tom Gallagher, who oversees the department. “Evading premiums also shifts the financial burden to employers who do the right thing and follow the law.”

In October 2004, Schultz was subcontracted to provide the landscaping and irrigation for a condominium under construction. While working on the site, one of Schultz’ employees fell from a retaining wall and was left paralyzed. Shortly after the accident, the general contractor’s workers’ compensation carrier learned Schultz did not have coverage for the injured employee. As a result, the general contractor’s insurance company has paid out more than \$294,000 on the claim.

In August, Cedeno submitted a workers' compensation application to AmComp, and the application indicated that he never had workers' compensation coverage through another carrier, that the company never operated under a different name, and that his company did not owe any outstanding workers' compensation premiums to another carrier. Cedeno changed his company’s name three months prior to the application and owed more than \$52,000 in outstanding workers' compensation premiums.

The Department of Financial Services, Division of Insurance Fraud, investigates fraud in all types of insurance, including health, life, auto, property and workers' compensation. To report information about this case or any other possible insurance fraud case, call the department's Fraud Fighters hotline at 1-800-378-0445. A reward of up to \$25,000 may be offered for information leading to a conviction.

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As a statewide elected officer of the Florida Cabinet, Chief Financial Officer Tom Gallagher oversees the Department of Financial Services, a multi-division state agency responsible for management of state funds and unclaimed property, assisting consumers who request information and help related to financial services, and investigating financial fraud. Gallagher also serves as the State Fire Marshal.