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NEWS RELEASE
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DA'S OFFICE FILES CHARGES IN TWO SEPARATE INSURANCE FRAUD CASES

RIVERSIDE – The co-owner of a Riverside-based janitorial company has been charged by the Riverside County District Attorney's Office with defrauding five insurance carriers of \$2.7 million and, in a separate case, the owner of a substance abuse treatment center in Temecula has been charged with defrauding an insurance company of more than \$250,000.

The two defendants in these separate insurance fraud cases were arraigned today, Wednesday, May 30, 2018.

Following a joint investigation by the DA's Bureau of Investigation and the Inland Empire Premium Fraud Task Force, Patricia Morales, DOB: 4-6-72, of Riverside, has been charged with seven counts of workers' compensation premium fraud as well as an aggravated white collar crime enhancement. Morales co-owned Riverside-based Mac & Mor Cleaning Services which had business contracts and employees in nine states. Morales was responsible for handling the workers' compensation insurance policies for the company's more than 100 employees. She is charged with defrauding five insurance carriers of \$2.7 million during the years 2012-2017 by falsely underreporting the company's payroll. She is accused of forging state payroll records to match what she reported to insurance carriers.

Morales was arraigned on May 30, 2018, at the Hall of Justice in Riverside. She entered not guilty pleas to all counts and now has a felony settlement conference scheduled for June 5, 2018, in Dept. 61.

David Leo Johnson, DOB: 3-17-63, of Temecula, is charged with 30 counts of insurance fraud and an aggravated white collar crime enhancement. Johnson owned Temecula-based Southern California Detox Treatment and Recovery (SCDTR). From February 2015 to May 2016, Johnson is accused of billing more than 90 Health Net policies for treatment SCDTR provided to its clients. An examination of the claims of dozens of policies revealed that they had been double billed and Health Net paid on both sets before it was discovered.

A joint investigation by the DA's Bureau of Investigation and the Federal Bureau of Investigation revealed the following: An examination of the Health Net policies billed by SCDTR showed some policy applications used the SCDTR address as the policyholder's residence. Johnson's credit card was used to make the initial premium payments on 62 percent of the policies. Interviews with clients showed that they did not submit the applications for their health insurance policies and were not aware of how the coverage was obtained. When interviewed, the clients also advised that Johnson did not charge them any of the required patient costs, including deductibles and co-payments. Per the policies that were billed by SCDTR, Health Net does not pay until deductibles are met. These policies carried a 50 percent deductible for substance abuse treatment by out-of-network providers, including SCDTR, up to an annual limit of \$5,000 or more. Health Net would not have accepted or paid on the claims had it been aware that SCDTR had violated the policy provisions by waiving the required patient costs.

Johnson was arraigned on May 30, 2018, at the Hall of Justice in Riverside. He entered not guilty pleas to all counts and now is scheduled for a felony settlement conference on June 4, 2018, in Dept. 61.

Morales' case, RIF1802253, is being prosecuted by Deputy DA Matthew Roberts and Johnson's case, RIF1802515, is being prosecuted by Deputy DA Erika Mulhere. Both prosecutors are with the DA's Insurance Fraud Team.

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