



Orange County District Attorney & Department of Industrial Relations *Press Release*



FOR IMMEDIATE RELEASE

Case # 16CF0765

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Contact:	Peter Melton Public Information Officer California Department of Industrial Relations	Susan Kang Schroeder Chief of Staff Orange County District Attorney	Roxi Fyad Spokesperson Orange County District Attorney
Office:	510-286-7046	714-347-8408	714-347-8405
Cell:		714-292-2718	714-323-4486

FIVE DEFENDANTS ARRAIGNED FOR COMMITTING OVER \$635,000 IN TAX AND INSURANCE FRAUD AND FAILING TO PAY EMPLOYEES PREVAILING WAGE ON PUBLIC WORKS CONTRACTS

SANTA ANA, Calif. – Five defendants were arraigned yesterday April 12, 2016, for committing over \$635,000 in tax and insurance fraud and failing to pay employees prevailing wage on public works contracts. Babak Brian Abghari, 36, Newport Coast, Homayoun Harry Abghari, 57, Huntington Beach, Julio Roberto Alvarado, 47, San Pedro, Cody Lawson, 34, Long Beach, Phyllis Martinez, 51, Anaheim, are each charged with eight felony counts of taking and receiving a portion of a worker's wage on a public work, 56 felony counts of recording a false or forged instrument, six felony counts of making a false statement to discourage an injured worker from claiming benefits, and seven felony counts of willful failure to pay taxes, with sentencing enhancement allegations for property loss over \$200,000. Babak Aghari and Homayoun Aghari are also charged with three felony counts of misrepresenting facts to a workers' compensation insurance company. If convicted, the defendants face a maximum sentence of 49 years and six months in state prison. The defendants are scheduled for a pre-trial hearing on May 12, 2016, at 8:30 a.m. in Department C-55, Central Justice Center, Santa Ana.

Houmayoun Abghari and Babak Abghari are accused of owning and operating PCN3, a general contracting company that mainly conducts public works projects.

Between Jan. 1, 2000, and March 30, 2015, the defendants are accused of fraudulently paying PCN3's employees less than the prevailing wage in cash, and keeping the extra money owed to their employees. The defendants are accused of "shorting" the victims' hours on certified payroll reports and/or requiring their victims' to give cash back.

Martinez is accused of working as an office clerk at PCN3 and knowingly signing fraudulent certified payroll records under penalty of perjury.

Lawson is accused of working as a superintendent and Alvarado is accused of working as a foreman for PCN3 on public work's projects. Lawson and Alvarado are accused of not paying employment taxes. Lawson and Alvarado are accused of giving paychecks or cash to victims for their work on the projects.

On several occasions the defendants are accused of telling the victims to get a fictitious business license and paying them less than the prevailing wage for sub-contracting work they performed.

Houmayoun Abghari and Babak Abghari are accused of discouraging the victims from filing for workers' compensation benefits after being injured on the work. Houmayoun Abghari and Babak Abghari are accused of knowingly filing false tax returns in which they understated the pay and amount of hours that their employees received.

One of the victims contacted the International Brotherhood of Iron Workers, who notified the Orange County District Attorney's Office (OCDA). The OCDA and the Department of Industrial Relations and Labor Commissioners Office investigated this case.

"Prevailing wage laws are on the books to ensure skilled workers on public construction contracts are paid fairly, and employers who skirt these laws with wage theft are committing crimes," said California Labor Commissioner Julie A. Su. "My office is proud to work with the Orange County District Attorney's Office on our common goals of bringing scofflaws to justice and ensuring a level playing field for legitimate businesses in the State."

Deputy District Attorney Donde McCament of the Insurance Fraud Unit is prosecuting this case.

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