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**TWO BUSINESS OWNERS CHARGED WITH \$2.6 MILLION FRAUD  
AGAINST NEW YORK STATE INSURANCE FUND**

*Both Businesses and Its Owners Charged with Grand Larceny;  
The NYSIF Disburses Money to Employees Receiving Workers Compensation;  
Defendants Face Up To 15 and 25 Years Respectively in Prison if Convicted*

Queens District Attorney Melinda Katz, joined by Superintendent of the New York State Department of Financial Services Linda A. Lacewell and New York State Inspector General Letizia Tagliafierro, today announced that Manuel Sanchez and his business Lagos Construction have been charged with grand larceny and other crimes for allegedly failing to pay insurance premiums of more than \$2 million for workers' compensation insurance covering employees. A second business owner, Rosa Rodriguez, and her company, Encinos Construction, have also been charged with grand larceny for allegedly concealing \$3 million in revenue during their audits with New York State Insurance Fund and allegedly defrauding the Fund of more than \$460,000 in insurance premiums.

District Attorney Katz said, "Employees depend on the worker's compensation insurance for their much-needed wages and medical care when they are injured on the job. This is a promise that must be kept to our hard-working labor force. These two employers allegedly pocketed money that should have helped fund the insurance program. This is unacceptable. I want to thank my law enforcement partners for their diligence investigating these two cases. Both defendants will be held accountable."

NYSDFS Superintendent Lacewell said, "Instead of doing the right thing to provide hard-earned benefits to employees during this difficult time, these two employers allegedly pursued insurance fraud for their own benefit. Insurance fraud not only hits the bottom line of insurance companies, it also hits the pocketbooks of consumers through higher premiums. I commend the joint investigative efforts of DFS and our law enforcement counterparts."

Inspector General Tagliafierro said, "The workers' compensation system exists to protect employees – and their employers – should they get injured while on-the-job. It is unacceptable that companies would fail to protect their employees and flout the law. That is why we continue to vigorously pursue and investigate fraud and abuse in the workers' compensation system across New York State. These individuals and their companies will now be held responsible for their deception thanks to the great work of District Attorney Katz's office and our partners in law enforcement."

Sanchez, 50, of 100<sup>th</sup> Street in East Elmhurst, and his business, Lagos Construction Corporation, also on 100<sup>th</sup> Street, were arraigned late yesterday before Queens Criminal Court Judge Scott Dunn on a complaint

charging them with grand larceny in the first degree, insurance fraud in the first degree, falsifying business records in the first degree, offering a false instrument for filing in the first degree and fraudulent practice. Judge Dunn ordered defendant Sanchez to return to Court on March 3, 2021. If convicted, Sanchez faces up to 8 1/3 to 25 years in prison.

According to the charges, Lagos Construction was a policyholder with NYSIF, which provided workers compensation benefits for the business's employees. Between April 2014 and April 2018, NYSIF conducted four audits conducted on Lagos Construction's business records to verify the appropriate amount Lagos should pay in premiums to the Fund. The audits included a review of the company's checkbooks, banks statements, contracts, tax returns, unemployment insurance reports and other documents. It is alleged that Sanchez and the business falsified records and underreported the amount of business it conducted in order to avoid paying \$2.2 million in insurance premiums.

Defendant Rodriguez, 37, of 112th Street in Corona and her company Encinos Construction Corporation, also on 112<sup>th</sup> Street, were arraigned last Tuesday night before Queens Criminal Court Judge Eugene Guarino on a complaint charging them with grand larceny in the second degree, insurance fraud in the second degree, falsifying business records in the first degree, offering a false instrument for filing in the first degree and fraudulent practices. Judge Guarino order Rodriguez to return to Court on March 3, 2021. If convicted, Rodriguez faces up to between 5 to 15 years in prison.

According to the charges, an audit of Encinos Construction's books and records from October 2015 through August 2017 allegedly showed Rodriguez and her company concealed revenue totaling \$3 million and therefore defrauded NYSIF of more than \$460,000 plus interest in insurance premiums.

The investigation was conducted by investigators with the New York State Insurance Fraud, the New York State Department of Financial Services and the New York State Inspector General's Office.

Senior Assistant District Attorney Rosemary Buccheri, of the District Attorney's Fraud's Bureau, is prosecuting the case under the supervision of Assistant District Attorneys Joseph Conley, Bureau Chief, Herman Wun, Deputy Bureau Chief, and under the overall supervision of Executive Assistant District Attorney of Investigations Gerard A. Brave.

*Criminal complaints and indictments are accusations. A defendant is presumed innocent until proven guilty.*

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