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Southeast News

Fla. Workers' Comp Fraud Results in 14-Year Prison Sentence

May 21, 2007

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The former owner and operator of a now-defunct professional employee organization, Miralink Group Inc., left thousands of workers in Florida and several other states without workers' compensation coverage despite collecting more than \$5.8 million in premiums.

One woman, facing mounting medical bills, lost her home and horse farm to foreclosure and was found living in her truck behind a convenience store while King was driving a Mercedes.

Florida Chief Financial Officer Alex Sink applauded a 14-year sentence handed down against Thomas Daniel King on May 16.

"Floridians suffered greatly because of greed, and we are determined to hold everyone involved accountable," Sink said.

King is one of seven individuals charged or convicted in the \$217 million, nationwide scheme in an ongoing joint investigation by the Florida Department of Financial Services' Division of Insurance Fraud, the Federal Bureau of Investigation and the U.S. Attorney's Office.

The department's Division of Workers' Compensation, Division of Consumer Services and Division of Agent and Agency Services played key roles in the investigation, as did the Office of Insurance Regulation also assisted.

In addition to the prison sentence, U.S. District Court Judge Virginia Hernandez-Covington ordered King to serve three years of supervised probation upon his release from prison and to hand over \$250,000 in cash and a vehicle.

King, 44, was convicted in September on 23 federal counts of wire fraud, mail fraud and money laundering stemming from his role in the nationwide scheme.

Miralink, formerly headquartered in Jacksonville, represented to clients that its 33,000 employees were covered by Regency Insurance of the West Indies Ltd. located in Capistrano Beach, Calif. The investigation revealed Miralink knew there was no real coverage.

The joint investigation began in 2002 after the department's Division of Workers' Compensation issued a stop-work order against Miralink for failure to secure workers' compensation insurance. DIF Detective

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Tommy Clark determined that Miralink was using Regency, an unauthorized entity, and as the investigation broadened, evidence mounted that various employee leasing organizations knowingly bought Regency's bogus policies and knowingly put workers at risk.

Indictments unsealed last month named Jerry M. Brewer, 56, Capistrano Beach, Calif., currently residing in England; Donald E. Touchet, 53, El Cajon, Calif.; Richard E. Standridge, 58, Tempe, Ariz., Robert J. Jennings, 59, Danville, Ill.; and Joshua Poole, 33, Atlanta, Ga. Three of the men are facing 215 years or more in prison if convicted on the counts against them.

Also last month, Michael Lee McCafferty, the former chief executive officer of TTC Illinois, was sentenced to 33 months in prison and was ordered to pay \$7 million in restitution for his part in the scheme. Before filing for bankruptcy in 2001, TTC was one of the nation's largest employee leasing organizations with headquarters in Kankakee, Ill., branches in Tampa and Boca Raton, and clients in 40 states.

After Detective Clark began to realize the scope of the alleged scam, he sought assistance from FBI Special Agent Doug Matthews and U.S. Attorney Mark Devereaux. Clark and Matthews conducted interviews of suspects in Arizona, Illinois, Alabama, Kentucky, and South Carolina in relation to the Florida victims.

Further arrests are anticipated.

Source: Florida Department of Financial Services

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