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11 **IN THE UNITED STATES DISTRICT COURT**
12 **IN AND FOR THE CENTRAL DISTRICT OF CALIFORNIA**
13 **EASTERN DIVISION**

13 JOHN BLACK, VICTOR GREGORY,
14 THOMAS STEPHENSON, JACOB
15 HUBER, CARLA MCCULLOUGH,
16 TIM BRAYSHAW, DUSTIN
17 FUJIWARA, JOSEPH VIOLA, JUSTIN
18 VELOZ, GEOFFREY BARRETT,
19 BRIAN PARK, RUSSELL THURMAN,
20 BOYD MAYO, and VERNELL ROSS-
21 MULLIN,

22 Plaintiffs,

23 v.

24 CORVEL ENTERPRISE INC.; YORK
25 RISK SERVICES GROUP, INC.;
26 TANYA MULLINS; PAULA
27 FANTULIN; BRITNEY FAITH; and
28 MEXTLI HYDE,

Defendants.

Case No. _____

COMPLAINT AND JURY DEMAND

1 Plaintiffs, John Black, Victor Gregory, Thomas Stephenson, Jacob Huber, Carla
2 McCullough, Tim Brayshaw, Dustin Fujiwara, Joseph Viola, Justin Veloz, Geoffrey Barrett,
3 Brian Park, Russell Thurman, Boyd Mayo, and Vernell Ross-Mullin, (together, “First
4 Responder Plaintiffs”, or “Plaintiffs”), by and through their attorney undersigned, and for
5 their complaint against the Defendant, allege as follows:

6 **I. FACTUAL OVERVIEW OF THE CASE**

7 1. Firefighters and Police Officers routinely put their lives on the line to
8 protect the citizens of their community, believing that they will not be abandoned if
9 wounded or injured in the line of duty. The municipalities and those entrusted with the
10 responsibility for responding to on the job injuries to their employees by the
11 municipalities, have a moral and legal obligation to timely and responsibly meet the
12 medical and basic living expenses of first responders who are injured while serving in the
13 line of duty. An on the job injury to these public servants should not result in medical
14 conditions worsened by delay and denial of necessary care, nor should it leave the first
15 responder, or her family, financially battered and emotionally drained.

16 2. Those entrusted with caring for the needs of injured first responders bear a
17 clear responsibility to do so in a supportive manner, and not to create obstacles bound to
18 worsen the physical and financial conditions of these valiant men and women. This case
19 is based upon a long term and ongoing scheme to delay and deny timely payment of
20 critically needed workers’ compensation medical and other payments owed to legitimately
21 injured first responders of the City of Rialto (“Rialto”) and the City of Stockton
22 (“Stockton”). CorVel Enterprises Inc., (“CorVel”) and York Risk Services Group
23 (“York”) are each well aware of these critical needs. Instead of carrying out the duties
24 consistent with these legal and moral obligations, CorVel and York routinely and
25 improperly choose to hurl frivolous and legally unsound roadblock after roadblock to
26 wrongfully deny care to Rialto and Stockton’s first responders, with the assistance of
27 some Rialto and Stockton administrators. As a result, injured first responders, and their
28 families, endure significant delays in medical care, often severe financial distress, and

1 deleterious impacts on their ultimate physical and financial condition. After being hurt on
2 the job, these first responder Plaintiffs, and others, have been met with abuse and worry,
3 rather than the basic medical care and living expenses so necessary after an on the job
4 injury. This misconduct, and its impact on first responders, has been the subject of grand
5 jury investigation and report, with no significant change in the financially motivated
6 misbehavior at the expense of these First Responder Plaintiffs and others.

7 **II. THE CITY OF RIALTO**

8 3. The city of Rialto is self-insured for Workers' Compensation. Rialto also
9 purchases excess insurance coverage for workers' compensation claims through the
10 California State Association of Counties – Excess Insurance Authority (“CSAC-EIA”).

11 4. Initially, Rialto contracted with Gregory B. Bragg & Associates to
12 administer claims for workers' compensation by Rialto employees. In July 2008, York
13 Risk Services purchased Gregory B. Bragg & Associates including its liabilities and
14 contracts. York then hired adjuster Mextli Hyde to adjust the Rialto workers'
15 compensation claims. York, Hyde, and Rialto consistently delayed and denied coverage
16 for work-related injuries and instead forced injured workers through every possible barrier
17 in an attempt to discourage workers' compensation claims. In June 2011, Rialto
18 subsequently contracted with CorVel for both third party administration and bill review.
19 CorVel hired Mextli Hyde and continued to delay and deny Plaintiffs' claims through
20 roadblock after roadblock. Rialto paid CorVel and York based on a flat fee per claim and
21 a percentage of savings of utilization and bill review, creating a clear incentive for
22 improper conduct when abused.

23 5. York, CorVel, and Rialto engaged in a pattern of fraudulently denying and
24 delaying legitimate claims in order to lower the liability of the city, while at the same time
25 maximizing the TPA's revenues (and allowing the TPA to maintain and obtain contracts
26 with other public entities based on their “outstanding” financial performance at the
27 expense of public servants). Upon information and belief, the fraud was accomplished
28

1 through the following:

- 2 a. Rialto, York, and CorVel denied claims in order to push the benefits to each
3 Plaintiff's private insurance, which allowed Defendants to restructure its debt
4 obligations, impose co-pays on the Plaintiffs, direct or limit care, arbitrarily
5 negotiate fees with providers, and increase bill review fees.
- 6 b. Rialto, York, and CorVel also systematically denied claims to limit the
7 benefits and treatment sought by injured workers, by effectively driving them
8 to abandon legitimate injury claims by a sheer mass of improper obstacles. For
9 example, Defendants denied claims in hopes that some Plaintiffs will simply
10 abandon efforts to seek benefits under workers' compensation for legitimate
11 injuries. Indeed, York, CorVel, and Rialto knew that if a Rialto First
12 Responder received medical coverage under his or her own health insurance
13 the injured worker would be less likely to continue his claim for workers'
14 compensation if CorVel or York had denied the claim. In addition, the denials
15 limited the care sought by Plaintiffs who filed workers' compensation claims
16 benefits during the denial period because Plaintiffs were less likely to seek
17 medical treatment paid if the claimant had to pay the expenses out-of-pocket.
- 18 c. Rialto, York, and CorVel ignored California law regarding coverage for pre-
19 existing injuries aggravated by a new incident and ignoring the presumption of
20 coverage under California law for Peace Officers. *See e.g.* Labor Code Section
21 § 3212.1 (Cancer); § 3212 (Hernia, heart injuries, and pneumonia); and §
22 3213.2 (lower back).
- 23 d. Rialto, York, and CorVel ignored treating physicians and instead delayed and
24 denied claims until the injured workers attended either an Agreed Medical
25 Examination ("AME") or a Qualified Medical Examination ("QME"),
26 regardless if the claim was compensable and an AME or QME was
27 necessitated by a fair review of the facts presented by treating doctors.
- 28 e. Rialto, York, and CorVel placed frivolous hurdles in front of claimants in

1 order to delay benefits and postpone exposure for claims. Rialto, York, and
2 CorVel also used the process improperly to dispute claims it knew were
3 compensable despite no reasonable basis to dispute the claims – effectively
4 delaying benefits for years through the backlogged Court system.

5 6. In sum, Rialto, York, and CorVel were financially motivated to deny
6 legitimate claims, and Defendants did just that. The San Bernardino County Grand Jury
7 even investigated York and Rialto’s claims handling of workers’ compensation system for
8 Rialto Police Department employees, confirming improper conduct. *See* Exhibit “1,” San
9 Bernardino County Grand Jury Report. On September 30, 2010, the Grand Jury reported
10 that York had improperly delayed and denied claims that should have been timely paid.
11 Specifically the Grand Jury found that “a review of officer injury claim files indicate that
12 the City has failed to approve, in a timely manner, continuing and follow-up treatment or
13 therapy for claimants.” *Id.* The Grand Jury then concluded that Rialto and York must
14 “[p]rovide medical services immediately to prevent further injury and to shorten off duty
15 time.” *Id.* Unfortunately, the report did not lead to a significant change in the improper
16 practices confirmed by the investigating Grand Jury.

17 7. But even after Rialto contracted with CorVel, CorVel, Hyde, and Rialto
18 continued York’s fraudulent denials and instead motivated its adjuster to deny valid
19 claims like the Plaintiffs. Indeed, Rialto, CorVel, and York created a pattern and practice
20 of delaying legitimate claims in order to benefit the city and the TPAs. For example,
21 CorVel and Rialto maintained a claim closing ratio of 100%, reduced the amount Rialto
22 paid per year on claim management by \$365,000, reduced open claim incurred valued by
23 \$955,000.00, reduced total lost time days over 100%, and delayed reimbursing injured
24 workers for out-of-pocket expenses. Moreover, CorVel and Rialto’s denials lowered the
25 total paid \$251,979.00 in CorVel’s first full year of service to the city and an additional
26 \$384,754.00 the following year. Finally, total lost time days were reduced 33% (from
27 5,400 days to 3,599) in the CorVel’s year and an additional 51% reduction (from 3,599 to
28 1,746 lost days) in the 2012-2013 fiscal year. This pattern of systematic delays is

1 illustrated by conduct involved in handling of the Plaintiff's claims in this case.

2 **III. THE CITY OF STOCKTON**

3 8. Similar to Rialto, the City of Stockton has maintained self-insurance for
4 Workers' Compensation since 1979, under California Certificate Number 7147. Stockton
5 also purchases excess insurance coverage for workers' compensation claims through the
6 California State Association of Counties – Excess Insurance Authority ("CSAC-EIA").
7 Stockton maintains a \$500,000.00 per claim self-insured retention for its workers'
8 compensation claims. Thus the first \$500,000.00 owed for benefits of each injury claim is
9 owed directly by the City of Stockton.

10 9. Initially, Stockton contracted with Gregory B. Bragg & Associates to
11 administer claims for workers' compensation by Rialto employees. In July 2008, York
12 Risk Services purchased Gregory B. Bragg & Associates including its liabilities and
13 contracts. In October 2010, Stockton then contracted with CorVel for to adjust claims for
14 workers' compensation for the city of Stockton employees. CorVel then hired York's
15 former adjusters to adjust the Stockton's workers' compensation claims. York, CorVel
16 and Stockton consistently delayed and denied coverage for work-related injuries and
17 instead forced injured workers through every possible barrier in an attempt to discourage
18 workers' compensation claims. Stockton paid CorVel and York based on a flat fee per
19 claim and a percentage of savings of utilization and bill review.

20 10. CorVel, York, and Stockton engaged in a pattern of fraudulently denying
21 and delaying legitimate claims in order to lower the liability of the city, while at the same
22 time maximizing CorVel's revenues. This fraud was accomplished through the following:

23 a. Stockton, York, and CorVel denied claims in order to push the benefits to each
24 Plaintiff's private health insurance, which allowed Defendants to restructure its
25 debt obligations, receive credit for co-pays from the Plaintiffs personal funds,
26 direct or limit care, negotiate payments from providers without regard to
27 existing obligations, and increase bill review fees.

28 b. Stockton, York, and CorVel also systematically denied claims to limit the

1 benefits and treatment sought by injured workers, by effectively driving them
2 to abandon legitimate injury claims by a sheer mass of improper obstacles For
3 example, Defendants denied claims in hopes that some Plaintiffs will simply
4 not continue to seek benefits under workers' compensation entirely. Indeed,
5 Defendants knew that if a Plaintiff received medical coverage on his own
6 insurance, the injured worker would be less likely to continue his claim for
7 workers' compensation if had been denied. In addition, the fraud limited the
8 care sought by Plaintiffs who filed workers' compensation claims benefits
9 during the denial period.

10 c. Stockton, York, and CorVel ignored California law regarding coverage for pre-
11 existing injuries aggravated by a new incident and ignoring injuries presumed
12 covered under California law. *See e.g.* Labor Code Section § 3212.1 (Cancer);
13 § 3212 (Hernia, heart injuries, and pneumonia); and § 3213.2 (lower back).

14 d. Stockton, York, and CorVel regularly and routinely ignored treating
15 physicians, instead delayed and denied claims until the injured workers
16 attended either an Agreed Medical Examination ("AME") or a Qualified
17 Medical Examination ("QME"), whether reasonable, necessary, or consistent
18 with their obligations to their injured employees to confirm timely medical and
19 other benefits.

20 e. Stockton, York, and CorVel placed frivolous hurdles in front of claimants in
21 order to delay benefits and postpone exposure for claims to future years.
22 Stockton, York, and CorVel then used the process improperly to dispute claims
23 it knew were compensable despite no reasonable basis to dispute the claims –
24 effectively delaying benefits for years through the backlogged Court system.

25 11. For example, in order to induce plaintiffs into employment as police officers
26 for the city of Stockton, Stockton represented to the Stockton Plaintiffs that each
27 Plaintiff's on-the-job injuries would be covered under Stockton's workers' compensation
28 insurance. And Stockton continually represented that on-the-job injuries would be covered

1 under its workers' compensation plan. Stockton even expressly stated that most workers'
2 compensation claims were handled routinely, as long as Plaintiff's treating doctor
3 correlated the injury to the on-the-job event and placed the injured employee off-work.
4 Defendants' factual representations were further documented in the Stockton Workers'
5 Compensation Handbook.

6 All injuries, regardless of severity, are covered if they are caused by your
7 job.

8 . . .

9 If your claim is accepted as compensable, Workers' Compensation Law
10 provides for lost wages in the form of temporary disability. **These**
11 **payments may be provided as long as the treating doctor says you are**
12 **unable to work, and you are off work for more than three days.** There
13 may be further payments provided after you return to work if the doctor
14 indicates you have permanent restrictions.

15 . . .

16 Most job injury claims are handled routinely as the benefits are set by the
17 Legislature. If you feel you have not received all benefits due you, contact
18 City Risk Services or the TPA.

19 See Exhibit "2," "Stockton Workers' Compensation Handbook."

20 12. But when each Plaintiff suffered injuries on-the-job, York, CorVel, and
21 Stockton consistently delayed payment of medical and disability benefits. In addition,
22 Defendants refused to accept Plaintiffs' treating physicians' reports and instead issued
23 denials (and delays) of benefits. York, CorVel, and Stockton then forced Plaintiffs
24 through a pattern of road blocks, which forced them to pay for their own medical benefits
25 and substantially delayed income benefits.

26 13. To further add insult to injury, during the late 2000s, the city also faced
27 financial crisis because of substantially increasing retirements costs, downtown
28 revitalization effort, falling property-tax revenues, and drastically increasing workers'
compensation costs. After years of financial struggle, the city of Stockton filed for
Bankruptcy protection in 2012.

14. Because workers' compensation benefits are a protected statutory rights
(and bankruptcy would expose Stockton to excessive penalties and litigation), Stockton

1 could not restructure its substantial workers' compensation debt through bankruptcy.
2 Rather than restructuring benefits (like Stockton did with welfare benefits plans and health
3 care costs), Stockton instead looked "to other means to control what is spent on its
4 workers' compensation program." In fact, the City put out the following statement when
5 reviewing CorVel's performance:

6 Unlike an employer sponsored health benefit program that allows freedom
7 to structure benefit levels, benefit levels in the worker's compensation
8 system are fixed by statute and regulation and employers must abide by
9 these guidelines in paying medical and indemnity benefits.

10 . . .

11 The City has historically funded the Workers Compensation Program on the
12 basis of actual claim expenditures in any given year. During periods of
13 fiscal crisis any excess or remaining funds were used to fill other gaps and,
14 therefore, no fund reserve has been allowed to accumulate. Similar to
15 pension or health plan reserves, the Workers Compensation Program should
16 accumulate reserves equal to total claim values in order to be considered
17 fully funded since claims may develop and accrue costs over a period of
18 years. The current present value of estimated outstanding losses for existing
19 claims is just over \$57 Million, of which approximately \$42 Million is
20 unfunded according to the most recent actuarial report.

21 . . .

22 In summary, with rising indemnity and medical costs and an inability to
23 restructure statutory benefit obligations, **the City must look to other means
24 to control what is spent on its workers' compensation program.**

25 *See* Exhibit "3," Stockton's Issuance of Request for Proposal, dated March 19,
26 2013.

27 15. In sum, as a direct result of the increasing costs (and because the workers'
28 compensation fund was \$42 million in the red), Stockton, CorVel, and York
systematically delayed and denied coverage for workers' compensation injuries to lower
workers' compensation funds. For example, Stockton, CorVel, and York were aware that
Stockton maintained a high percentage of open claims. In fact, a benchmark study showed
that Stockton's open/close claims ratio was substantially higher than similar cities.
Moreover, Defendants knew that nearly \$42 million of the open claims inventory
remained unfunded. To lower Stockton's exposure, Stockton, CorVel, and York

1 artificially decreased the open claims ratio by closing (or denying) claims such as
2 Plaintiffs without an investigation of the individual facts of each case. These delays and
3 denials resulted in substantial fiscal relief for Stockton by shifting medical costs to outside
4 medical providers and delaying claims exposure for income benefits for years.

5 **IV. ADDITIONAL SPECIFIC DETAILS REGARDING EACH PLAINTIFF**

6 16. Plaintiffs file this lawsuit within the applicable limitations period of first
7 suspecting that Defendants caused the harm sustained by Plaintiffs, within the applicable
8 limitations period of first suspecting or having reason to suspect any wrongdoing, and
9 within the applicable limitations period of first discovering the injuries the nature of the
10 Plaintiffs' injuries and their relationship to Defendants' misconduct was inherently
11 undiscoverable, and consequently, the discovery rule should be applied to toll the running
12 of the statute of limitations until Plaintiffs knew, or through the exercise of reasonable
13 care and diligence, should have known of the existence of their claims against Defendants.
14 Plaintiffs did not discover, and through the exercise of reasonable care and due diligence,
15 could not have discovered, their injuries earlier. Further, Plaintiffs did not have
16 knowledge of facts that would lead a reasonable, prudent person to make inquiry to
17 discover Defendants' tortious conduct. Under appropriate application of the discovery
18 rule, Plaintiffs' suit was filed well within the applicable statutory limitations period.

19 17. Defendants are estopped from asserting a statute of limitations defense
20 because they fraudulently concealed from Plaintiffs the nature of Plaintiffs' injuries and
21 the connection between the injury and Defendants.

22 **What Defendants Did to Police Officer Russell Thurman**

23 18. Russell Thurman worked as a homicide detective for the City of Stockton
24 Police Department. During his 18 years serving the people of Stockton, Mr. Thurman
25 sustained multiple injuries that were consistently delayed and denied by York, Stockton,
26 and CorVel, despite Defendants' promises that Mr. Thurman's on-the-job injuries would
27 be covered by Stockton's workers' compensation.

28 19. First on December 31, 2008, Mr. Thurman suffered an injury to his cervical

1 and lumbar spine. Next, on June 11, 2009, while pursuing a suspect, Mr. Thurman kicked
2 down the front door of a residence and injured his lower back. Finally, while doing
3 surveillance work, Mr. Thurman again injured his back when forced to jump out of a
4 moving vehicle Mr. Thurman properly reported these injuries and sought treatment from
5 Dr. Sepiol. Dr. Sepiol diagnosed Thurman with an injury to his lumbar spine.

6 20. Because Mr. Thurman worked as a peace officer, a presumption of coverage
7 existed for his lower back injury.¹ In addition, under California law an employer “takes an
8 employee as it finds her or him.” Thus if a disability results from the acceleration,
9 aggravation, or “lighting up” of a pre-existing condition, the employer is required to
10 compensate for the entire disability even though the injury might have caused little or no
11 disability in a healthier person. *See e.g. Reynolds Elec., etc., Co. v. Workmen's Comp.*
12 *App. Bd.*, supra, 65 Cal.2d 438, 442-443 (1967) (“It is well settled that the acceleration,
13 aggravation, or ‘lighting up’ of a preexisting non-disabling condition is an injury in the
14 employment causing it . . .”) Therefore to the extent that Mr. Thurman’s injury aggravated
15 a prior condition, the claim was clearly compensable. Mr. Thurman provided testimony,
16 medical records, medical opinions, and other evidence to Defendants and Stockton
17 establishing his right to worker’s compensation benefits

18 21. Despite Defendants promises to accept treating physician’s opinions, on
19 November 5, 2009, Tanya Mullins, an adjuster working for York sent a notice of denial
20 through the United States Mail denying all medical treatment for his on the job injury. Ms.
21 Mullins alleged, falsely that the claim was not compensable because there was a lack of
22 sufficient medical evidence to establish industrial causation. This denial was a fraudulent
23 communication because York knew that Mr. Thurman was injured while at work, sought
24 treatment for this injury, Dr. Sepiol confirmed his need for treatment, and York had no
25 valid basis for denying the claim. This claim is clearly compensable under California law.

26
27 ¹See California Labor Code § 3213.2. Lower back impairments; law enforcement personnel (“The lower back
28 impairment so developing or manifesting itself in the peace officer shall be presumed to arise out of and in the course
of the employment. This presumption is disputable and may be controverted by other evidence, but unless so
controverted, the appeals board is bound to find in accordance with it.”)

1 Instead, York and Stockton denied the claim in order to push insurance coverage for Mr.
2 Thurman's treatment to his own healthcare through Stockton, which allowed Stockton to
3 assist in their efforts to restructure the debt obligations, receive co-pays from Mr.
4 Thurman, and direct or limit Mr. Thurman's care. Defendants also denied the claim in
5 order to create a lulling affect and in the hopes that Mr. Thurman would no longer seek
6 workers' compensation benefits. In addition, York refused to follow the requests of Mr.
7 Thurman's treating physicians, and instead delayed the claim for years to lower its
8 obligations for workers' compensation payments.

9 22. In addition to his back injuries, while working for the Police Department,
10 Mr. Thurman was consistently exposed to harmful exposure from the sun that resulted in
11 skin cancer. Under California Labor Code Section 3212.1, a presumption of coverage for
12 cancer exists for peace officers². Mr. Thurman received treatment for his skin cancer
13 including several procedures from Dr. Abdallah Khourdaji. On August 18, 2011, Mr.
14 Thurman requested coverage under workers' compensation for his treatment and
15 impairment. Mr. Thurman presented testimony, medical records, medical opinions, and
16 other evidence establishing his right to worker's compensation benefits.

17 23. On November 1, 2011, Paula Fantulin, an a senior adjuster for Corvel, filed
18 a notice regarding denial of workers' compensation benefits through the United States
19 Mail denying medical treatment and payments for his on the job injury. This denial was a
20 fraudulent communication because CorVel knew Mr. Thurman suffered skin cancer, knew
21 Mr. Thurman had been constantly exposed to the sun during his employment with
22 Stockton, knew that under California law a presumption of coverage existed for peace
23 officers, and had no evidence the claim was not covered. This claim is and was always
24 clearly compensable under California law. Instead, CorVel denied the claim in order to
25 push insurance coverage for Mr. Thurman's cancer treatment to his own healthcare
26 through Stockton, which improperly assisted Stockton's efforts to restructure the debt

27
28 ²See California Labor Code § 3212.1 ("The cancer so developing or manifesting itself in these cases shall be presumed to arise out of and in the course of the employment.")

1 obligations, receive co-pays from Mr. Thurman, direct Mr. Thurman's care, and increase
2 bill review fees. Defendants also denied the claim in an attempt to create so many
3 obstacles that Mr. Thurman would be discouraged from seeking workers' compensation
4 benefits. In addition, CorVel refused to follow the requests of Mr. Thurman's treating
5 physicians, and instead delayed the claim for two years to improperly attempt to lower its
6 obligations for workers' compensation payments.

7 24. Without a valid reason, CorVel then forced Mr. Thurman to attend three
8 separate Qualified Medical Examinations ("QME") with Dr. Stephen P. Abelow on
9 January 21, 2010, July 22, 2011 and January 16, 2012. Through the QME process, Dr.
10 Abelow confirmed that Mr. Thurman suffered injuries to his back and required disability
11 payments. In addition, despite the presumption of cancer coverage, CorVel also forced
12 Mr. Thurman to attend an additional QME with Dr. Scott Anderson on May 7, 2012. Dr.
13 Anderson also confirmed that Mr. Thurman's injuries were industrial and he found that
14 Mr. Thurman had a 35% impairment of the whole person.

15 25. Despite the presumption of coverage, clear supporting evidence of the injury
16 and supporting medical evidence by Mr. Thurman's treating physicians and QME doctors,
17 CorVel still refused to provide benefits and initiated hearings before the WCAB. Not
18 surprisingly, but only after the long delay caused by York and Corvel's improper denials,
19 on July 24, 2013, CorVel finally agreed to accept Mr. Thurman's claim for all of his
20 claims. Unfortunately, Defendants delay in payment of benefits and medical care caused
21 separate and distinct physical and financial damage to Mr. Thurman. Defendants'
22 fraudulent communication with Mr. Thurman and his providers was accomplished solely
23 through emails, facsimile, the United States Mail, or telecommunication.

24 26. Mr. Thurman relied on the fraudulent communication because he suffered
25 financial loss including attorney's fees, medical care, and medical mileage. Defendants'
26 fraud directly caused injury to Mr. Thurman because it deprived him of benefits and
27 caused him to pay attorney's fees, medical care (including out-of-pocket deductibles,
28 medical mileage and other costs), suffer emotional pain and damages. Moreover,

1 Defendants delay in financial and medical benefits also caused Thurman to suffer the loss
2 of wages (including overtime) and future earning capacity, miss promotions, and damaged
3 Mr. Thurman's pension expectancy. Due to the wrongful denial, delay, and scheme Mr.
4 Thurman suffered significant economic damage, humiliation, worry, distress, and
5 continuing economic and physical damage. Mr. Thurman struggled to sleep at night for
6 months and experienced unnecessary worry, stress, and concern that impacted his daily
7 activities. Additionally, Mr. Thurman has suffered financial harm and damage to his credit.

8 **What Defendants did to Police Officer Boyd Mayo**

9 27. Boyd Mayo worked as a police officer for the City of Stockton for over
10 eight years. While protecting the people of the city of Stockton, Mr. Mayo suffered a
11 series of injuries to his back, knees, and hand while protecting the citizens of the city.

12 28. First on May 9, 2009, while jumping over a fence, Mr. Mayo suffered an
13 injury to his right pinky finger. That same day, Mr. Mayo sought treatment for his finger,
14 which was consistently documented. After receiving treatment for his finger, Mr. Mayo's
15 doctor eventually determined Mr. Mayo was stationary and suffered a 2% personal
16 impairment rating from the injury.

17 29. Next, on August 1, 2010, Mr. Mayo injured his back during the course of
18 auto patrol. Mr. Mayo felt instant sharp pain and reported the injury. Mr. Mayo sought
19 treatment from Dr. James Sepiol who confirmed his back injury and temporarily took Mr.
20 Mayo off work. Because Mr. Mayo worked as a peace officer, a presumption of coverage
21 existed for his lower back injury. In addition, under California law an employer "takes an
22 employee as it finds her or him." Therefore to the extent that Mr. Mayo's injury
23 aggravated a prior condition, the claim was clearly compensable.

24 30. Finally on June 11, 2011, Mr. Mayo was injured while trying to subdue a
25 suspect, causing injuries to his hand and knee. Dr. Sepiol diagnosed Mr. Mayo with
26 Chondromalacia of his left patella and removed him from full work duties while requiring
27 treatment.

28 31. Mr. Mayo presented testimony, medical records, medical opinions, and

1 other evidence to Stockton and CorVel establishing his right to worker's compensation
2 benefits.

3 32. Despite Defendants' promises to accept, and not consistently ignore,
4 treating physician's opinions, on October 11, 2012, November 12, 2012, and December 6,
5 2012, CorVel adjuster Britney Faith sent denials regarding Mr. Mayo's claims for
6 workers' compensation benefits. The denials were sent through the United States Mail
7 denying medical treatment and payments for his on the job injuries. These denials were
8 fraudulent communications because CorVel knew Mr. Mayo suffered injuries to his hand,
9 fingers, knee, and back. Moreover each incident was documented, including the
10 presumption of back injuries for peace officers. The claims are and were always clearly
11 compensable under California law. Rather than make timely payments, CorVel denied the
12 claim in order to push insurance coverage for Mr. Mayo's treatment to his own healthcare
13 through Stockton, which assisted improper efforts by Stockton to restructure the debt
14 obligations, receive co-pays from Mr. Mayo's personal funds, improperly direct or limit
15 Mayo's care, and increase bill review fees. Defendants also denied the claim in order to
16 create a lulling affect in the hopes that Mr. Mayo would no longer seek workers'
17 compensation benefits. In addition, CorVel refused to follow the requests of Mr. Mayo's
18 treating physicians, and instead delayed the claim for years to lower its obligations for
19 workers' compensation payments.

20 33. Again without justification, CorVel then forced Mr. Mayo to attend an
21 Agreed Medical Examination ("AME") with Dr. Stephen P. Abelow on August 6, 2013,
22 long after Mr. Mayo's initial injuries. Not surprisingly, Dr. Abelow confirmed that Mr.
23 Mayo's injuries were compensable and that he suffered impairment that was compensable
24 under California law. Nearly a year later on June 24, 2014, after the long delay caused by
25 York and Corvel's improper denial, CorVel finally agreed to accept Mr. Mayo's claim
26 through a stipulation filed with the Court. Unfortunately, Defendants delay in payment of
27 benefits and medical care caused separate and distinct physical and financial damage to
28 Mr. Mayo. Defendants' fraudulent communication with Mr. Mayo and his providers was

1 accomplished solely through emails, facsimile, the United States Mail, or
2 telecommunication.

3 34. Mr. Mayo relied on the fraudulent communication because he suffered
4 financial loss including attorney's fees, medical care, and medical mileage. Defendants'
5 fraud directly caused injury to Mr. Mayo because it deprived him of benefits and caused
6 him to pay attorney's fees, medical care (including out-of-pocket deductibles, medical
7 mileage and other costs), and suffer emotional pain and damages. Due to the wrongful
8 denial, delay, and scheme Mr. Mayo suffered significant economic damage, humiliation,
9 worry, distress, and continuing economic and physical damage. Moreover, Defendants
10 delay in financial and medical benefits also caused Mayo to suffer the loss of wages
11 (including overtime) and future earning capacity, miss promotions, and damaged Mr.
12 Mayo's pension expectancy. Mr. Mayo struggled to sleep at night for months and
13 experienced unnecessary worry, stress, and concern that impacted his daily activities.
14 Additionally, Mr. Mayo has suffered financial harm and damage to his credit.

15 **What Defendants Did to Police Detective Vernel Ross-Mullin**

16 35. Ms. Ross-Mullin worked as a detective for the Stockton Police Department
17 and on March 16, 2010, she developed anterior chest pain. She was taken by ambulance to
18 the ER and received treatment for her heart injury. Under California Labor Code Section
19 3212, such cardiac injuries are presumed covered for peace officers. Dr. James Sepiol
20 diagnosed Ms. Ross-Mullin with Coronary Artery Disease and confirmed the injury was
21 work-related. Ms. Ross- Mullin presented testimony, medical records, medical opinions,
22 and other evidence to Stockton and Defendants establishing his right to worker's
23 compensation benefits.

24 36. Despite Defendants promises to accept treating physician's opinions, York
25 sent a notice of delayed payment regarding Ms. Ross-Mullin's claim for workers'
26 compensation benefits. The denials were sent through the United States Mail denying
27 medical treatment and payments for his on the job injuries. The denials were a fraudulent
28 communications because CorVel knew Ms. Ross-Mullin suffered injuries to her heart.

1 And CorVel, York, and Stockton knew Ms. Ross-Mullin's injury was presumed to be
2 covered. The claim is and was always clearly compensable under California law. CorVel
3 and Defendants' completely ignored California workers' compensation law, including
4 the presumption of coverage for heart injuries. Instead, CorVel denied the claim in order
5 to push insurance coverage for Ms. Ross-Mullin's treatment to his own healthcare through
6 Stockton, which improperly assisted efforts of Stockton to restructure the debt obligations,
7 receive co-pays from Mr. Ross-Mullin's personal funds, direct or limit Mr. Ross-Mullin's
8 care, and increase bill review fees. Moreover, Defendants also denied the claim to
9 discourage her from seeking his statutory benefits by throwing down improper obstacles
10 by imposing unnecessary obstacles to overcome. In addition, CorVel, York, and Stockton
11 refused to follow the requests of Ms. Ross-Mullin's treating physicians, and instead
12 delayed the claim for over a year in an improper effort to lower its obligations for
13 workers' compensation payments.

14 37. Finally, over a year later on August 16, 2011 Stockton and CorVel filed a
15 stipulation covering Ms. Ross-Mullin's injury. In that stipulation CorVel, York, and
16 Stockton agreed to pay "any reasonable unpaid medical-legal expenses, with jurisdiction
17 reserved." Yet despite this delayed benefits, CorVel, York, and Stockton failed to
18 reimburse or pay for medical benefits for Ms. Ross-Mullin Eventually this injury forced
19 Ms. Ross-Mullin to retire from her job. Unfortunately, Defendants delay in payment of
20 benefits and medical care caused separate and distinct physical and financial damage to
21 Ms. Ross-Mullin. Defendants' fraudulent communication with Ms. Ross-Mullin and her
22 providers was accomplished solely through emails, facsimile, the United States Mail, or
23 telecommunication.

24 38. Ms. Ross-Mullin relied on the fraudulent communication because she
25 suffered financial loss including attorney's fees, medical care, and medical mileage.
26 Defendants' fraud directly caused injury to Plaintiff because it deprived her of benefits
27 and caused her to pay attorney's fees, medical care (including out-of-pocket deductibles,
28 medical mileage and other costs), suffer emotional pain and damages. Due to the wrongful

1 denial, delay, and scheme Plaintiff suffered significant economic damage, humiliation,
2 worry, distress, and continuing economic and physical damage. Moreover, Defendants
3 delay in financial and medical benefits also caused Plaintiff to suffer the loss of wages
4 (including overtime) and future earning capacity, miss promotions, and damaged her
5 pension expectancy. Ms. Ross-Mullin struggled to sleep at night for months and
6 experienced unnecessary worry, stress, and concern that impacted his daily activities.
7 Additionally, Ms. Ross-Mullin has suffered financial harm and damage to her credit.

8 **What Defendants Did to Firefighter Dustin Fujiwara**

9 39. For 12 years, Dustin Fujiwara worked as a Firefighter and Paramedic for the
10 City of Rialto Fire Department. While working on duty on August 25, 2010, Fujiwara
11 injured his back lifting a patient. Mr. Fujiwara subsequently completed the filing for a
12 claim for workers' compensation and began receiving physical therapy, as well as an MRI
13 to confirm his injuries.

14 40. Mextli Hyde through York Insurance Company sent Fujiwara to Dr. John
15 Steinmann on September 30, 2010. While doctors are supposed to be unbiased and
16 undirected by a claims company such as York or Rialto, in this case York and Rialto knew
17 full well which doctors will and which will not provide objective evaluations. York and
18 Rialto chose to have Mr. Fujiwara evaluated by Dr. Steinmann. Dr. Steinmann not
19 surprisingly claimed a basis to discontinue Mr. Fujiwara's physical therapy and medical
20 benefits for treatment of his injuries.

21 41. Mr. Fujiwara then sought treatment from Dr. Chron, who confirmed that
22 Mr. Fujiwara needed treatment before returning to full duty status. Dr. Chron then
23 continued Mr. Fujiwara's physical therapy benefits. Dr. Chron subsequently found that
24 Mr. Fujiwara needed back surgery to treat his injuries, but Mextli Hyde denied
25 authorization on March 24, 2011. This denial was a fraudulent communication because
26 York and Corvel knew that Mr. Fujiwara was injured while at work, sought treatment for
27 this injury, and had no valid basis for denying the claim. This claim is clearly
28 compensable under California law. Indeed, a presumption of coverage existed for

1 Fujiwara's injury. Instead, Defendants denied the claim in order to push insurance
2 coverage for Mr. Fujiwara's treatment to his own health insurance, which assisted
3 improper efforts by Rialto to restructure the debt obligations, receive co-pays from Mr.
4 Fujiwara, direct or limit Mr. Fujiwara's care, and increase bill review fees. Defendants
5 also denied the claim to create as many obstacles as in the hopes that Mr. Fujiwara would
6 no longer seek workers' compensation benefits. In addition, Defendants refused to follow
7 the requests of Mr. Fujiwara's treating physicians, and instead delayed the claim to lower
8 its obligations for workers' compensation payments.

9 42. Without justification, Defendants then forced Mr. Fujiwara to attend a QME
10 with Dr. Wood on May 4, 2011. Not surprisingly, Dr. Wood confirmed that Mr.
11 Fujiwara's injuries were compensable and that he required surgery. Based on Dr. Wood's
12 report, York and CorVel finally agreed to pay for Mr. Fujiwara's surgery on July 20,
13 2011. During Surgery, Dr. Chron further confirmed Mr. Fujiwara's injury to his back.

14 43. But even after delaying Mr. Fujiwara's surgery with no basis, Hyde, York,
15 Rialto, and CorVel continually underpaid and failed to reimburse Mr. Fujiwara for his
16 benefits. Indeed, on September 2, 2011 and June 7, 2012, Mextli Hyde sent letters to Mr.
17 Fujiwara notifying Mr. Fujiwara that his benefits were delayed. Finally on September 6,
18 2013, Mr. Fujiwara finally received a stipulation from Defendants confirming his owed
19 benefits. In addition, despite constant emails and calls to Hyde, CorVel and Hyde refused
20 to provide the basis for its denials. Indeed when questioned regarding the calculations for
21 his workers' compensation benefits, Hyde told Mr. Fujiwara that "per state law she does
22 not have to provide that information."

23 44. Unfortunately, Defendants delay in payment of benefits and medical care
24 caused separate and distinct physical and financial damage to Mr. Fujiwara. Defendants'
25 fraudulent communication with Mr. Fujiwara and his providers was accomplished solely
26 through emails, facsimile, the United States Mail, or telecommunication.

27 45. As with the other first responders subjected to unjustified and unnecessary
28 delays by York and Corvel, Mr. Fujiwara relied on the fraudulent communication because

1 he suffered financial loss including attorney's fees, medical care, and medical mileage.
2 Defendants' fraud directly caused injury to Plaintiff because it deprived him of benefits
3 and caused him to pay attorney's fees, medical care (including out-of-pocket deductibles,
4 medical mileage and other costs), suffer emotional pain and damages. Due to the wrongful
5 denial, delay, and scheme Plaintiff suffered significant economic damage, humiliation,
6 worry, distress, and continuing economic and physical damage. Moreover, Defendants
7 delay in financial and medical benefits also caused Plaintiff to suffer the loss of wages
8 (including overtime) and future earning capacity, miss promotions, and damaged his
9 pension expectancy. Additionally, Mr. Fujiwara has suffered financial harm and damage
10 to his credit.

11 **What Defendants Did to Firefighter Victor Gregory**

12 46. Victor Gregory worked as a Firefighter for the Fire Department for the City
13 of Rialto. While working on duty on May 5, 2011, Mr. Gregory injured his knee while
14 exercising at the station, confirmed under applicable standards as a workplace injury. Mr.
15 Gregory reported the injury, but continued working. He later sought treatment for his
16 injured knee and his treating physician, Dr. Daniel Kharrazi, confirmed that Mr. Gregory
17 suffered a torn ACL.

18 47. Despite Defendants' promises to accept treating physician's opinions in
19 2011, CorVel adjuster Mextli Hyde sent a denial regarding Mr. Gregory's claims for
20 workers' compensation benefits. The denial was sent through the United States Mail
21 denying medical treatment and payments for his on the job injuries. The denials were a
22 fraudulent communications because CorVel knew that Mr. Gregory suffered injuries to his
23 knee. The claims are and were always clearly compensable under California law. Instead,
24 CorVel denied the claim in order to push insurance coverage for Gregory's treatment to
25 his own health insurance, which improperly assisted Rialto's efforts to restructure the debt
26 obligations, receive co-pays from Mr. Gregory's personal funds, direct or limit Mr.
27 Gregory's care, and increase bill review fees. Moreover, Defendants also denied Mr.
28 Gregory's claim to discourage him from seeking his statutory benefits by throwing down

1 improper obstacles. In addition, CorVel refused to follow the requests of Mr. Gregory's
2 treating physicians, and instead delayed the claim for years to lower its obligations for
3 workers' compensation payments.

4 48. Several months later, Mr. Gregory finally received his needed surgery, but
5 CorVel continued to deny payment of the owed indemnity payments for the missed time.
6 Indeed, rather than pay the owed benefits, CorVel attempted to avoid paying the benefits
7 by pressuring Gregory's treating physician and sending a surveillance team to Mr.
8 Gregory's home. Finally on October 28, 2013, CorVel filed a stipulation to pay Mr.
9 Gregory his owed benefits. Unfortunately, Defendants delay in payment of benefits and
10 medical care caused separate and distinct physical and financial damage to Mr. Gregory.
11 Defendants' fraudulent communication with Mr. Gregory and his providers was
12 accomplished solely through emails, facsimile, the United States Mail, or
13 telecommunication.

14 49. Mr. Gregory relied on the fraudulent communication because he suffered
15 financial loss including medical care (including out-of-pocket deductibles, medical
16 mileage and other costs), and medical mileage. Defendants' fraud directly caused injury
17 to Plaintiff because it deprived him of benefits and caused him to pay for medical care
18 (including out-of-pocket deductibles, medical mileage and other costs), suffer emotional
19 pain and damages. Due to the wrongful denial, delay, and scheme Plaintiff suffered
20 significant economic damage, humiliation, worry, distress, and continuing economic and
21 physical damage. Moreover, Defendants delay in financial and medical benefits also
22 caused Plaintiff to suffer the loss of wages (including overtime) and future earning
23 capacity, miss promotions, and damaged his pension expectancy. Mr. Gregory struggled
24 to sleep at night for months and experienced unnecessary worry, stress, and concern that
25 impacted his daily activities. Additionally, Mr. Gregory has suffered financial harm and
26 damage to his credit.

27 **What Defendants Did to Police Officer Timothy Brayshaw**

28 50. Timothy Brayshaw has worked for the police department for the City of

1 Rialto for over 11 years. While protecting the people of Rialto, Mr. Brayshaw suffered a
2 series of injuries to his while acting in the scope of his employment.

3 51. First, between April and August of 2008, Mr. Brayshaw was diagnosed with
4 Clostridium Difficile and Pneumonia by his personal physician, Dr. Shiu. Dr. Shiu
5 confirmed that the injury was work-related under California law. Indeed, under California
6 Labor Code Section 3212, these injuries are presumed covered for peace officers³. On
7 June 3, 2009, Mr. Brayshaw filed a claim for coverage under Rialto's workers'
8 compensation insurance. Mr. Brayshaw provided testimony, medical records, medical
9 opinions, and other evidence to Defendants proving his entitlement for benefits.

10 52. On October 8, 2010 claims adjuster Mextli Hyde of York Insurance Services
11 Group was assigned to Mr. Brayshaw's cases and has continued to deny medical treatment
12 recommended by agreed QME physicians. For example, Ms. Hyde has maintained a
13 hostile attitude toward Brayshaw's claim including improperly discouraging him from
14 seeking coverage for his workers' compensation during phone-calls with Mr. Brayshaw.
15 For example, CorVel and Hyde have failed to reimburse Mr. Brayshaw for needed
16 medications and medical expenses.

17 53. Unfortunately, during August of 2013, Officer Brayshaw had a reoccurrence
18 of Clostridium Difficile. Dr. Zagelbaum's report of September 9, 2013 state Mr.
19 Brayshaw's medical expenses and sick time used were "Industrial Related". But CorVel
20 and the City of Rialto denied the continuing damage. A second examination by Dr. Green
21 the original QME was completed on February 7, 2014. Dr. Green's report of February 14,
22 2014 agrees with Dr. Zagelbaum's report, in that the 2013 reoccurrence of Clostridium
23 Difficile is industrial related. Unfortunately, CorVel continued to deny the claim, even
24 after two separate QME physicians report the injury is industrial related.

25 54. Next on June 2, 2011, while on-the-job, Mr. Brayshaw was rear-ended by a
26 driver who fell asleep behind the wheel. As a result of the collision, Mr. Brayshaw

27 _____
28 ³ California Labor Code § 3212 ("The hernia, heart trouble, or pneumonia so developing or manifesting itself in those cases shall be presumed to arise out of and in the course of the employment.")

1 suffered a neck, cervical injury and right forearm injury. August 18, 2011, Mr. Brayshaw
2 filed a claim for coverage under Rialto's workers' compensation insurance.

3 55. Mr. Brayshaw agreed to treat with the City of Rialto and CorVel's
4 orthopedic physician, Dr. Hopkins of Arrowhead Orthopedics, because Hyde personally
5 assured Brayshaw that she was concerned for Mr. Brayshaw's [w]elfare, because neck
6 injuries are so dangerous." Hyde scheduled an MRI on June 29, 2011. At the time, Mr.
7 Brayshaw was experiencing headaches; shooting pain (electric shocks) and numbness to
8 his right shoulder extending to Mr. Brayshaw's right forearm, accompanied by complete
9 loss of use of Mr. Brayshaw's right hand. On July 7, 2011, after the MRI, Mr. Brayshaw
10 returned for a follow-up appointment at St. Bernardine Medical Center, Occupational
11 Health. P.A. Smirl informed Mr. Brayshaw the MRI showed damage to the area of the
12 neck that is associated with the nerves for the right shoulder and forearm. P.A. Smirl then
13 told Mr. Brayshaw the MRI substantiates his injury claim.

14 56. Dr. Hopkins report of February 22, 2012 and again on September 16, 2012
15 recommended chiropractic care or physical therapy and transfer to a pain management
16 specialist for headaches. On May 22, 2013, CorVel and Adjuster Hyde mailed a letter of
17 "Non-Certification Recommendation", denying Dr. Hopkins (CorVel's own doctor)
18 medical treatment recommendation. Dr. Hopkins informed Mr. Brayshaw that Adjuster
19 Hyde had accused Mr. Brayshaw of doctor shopping and [f]alse claims of injury because
20 Mr. Brayshaw treated with Dr. Shiu, Mr. Brayshaw's private physician. In reality, Dr.
21 Hopkins completely rejected Hyde's accusations. In reality, Mr. Brayshaw was forced to
22 pay for mounting medical costs and physical therapy while using his personal medical
23 insurance attempting to find relief from his headaches and return to full duty status. Mr.
24 Brayshaw also sustained damage to his right forearm affecting his grip. Mr. Brayshaw
25 worked full duty with this disability due to CorVel's and Hyde's long delays and denials
26 of treatment. For example, during one graveyard shift while handcuffing a DUI suspect,
27 the pain in Mr. Brayshaw's right forearm was so disabling, that Mr. Brayshaw
28 momentarily lost the use of his right hand and dropped the handcuffs.

1 57. Shortly after, Mr. Brayshaw was treated by Dr. Lilly on July 23, 2012 at Mr.
2 Brayshaw's own expense. On July 25, 2012, Dr. Hopkins examined Mr. Brayshaw for the
3 continuing forearm injury. Dr. Hopkins agreed the forearm injury was due to the traffic
4 collision of June 2, 2011. Dr. Hopkins also told Mr. Brayshaw that an approval for
5 treatment from CorVel would take 4 to 6 weeks, in which Mr. Brayshaw would have to
6 work light duty. CorVel's delays in treatment forced Mr. Brayshaw to treat with his
7 personal physician, using his own medical insurance and bear the financial burden for
8 treatment. Mr. Brayshaw was able to return to work on July 30, 2012 as opposed to
9 waiting months for CorVel to approve treatment. On August 21, 2012, CorVel sent Mr.
10 Brayshaw a notice of delayed benefits. CorVel was conducting an [e]mployer level
11 investigation. On October 15, 2012, CorVel and Adjuster Hyde finally accepted the right
12 forearm injury – yet CorVel has refused to reimburse Mr. Brayshaw of any expenses, time
13 lost and medical treatment.

14 58. Despite Defendants promises to accept treating physician's opinions on
15 August 21, 2012 CorVel adjuster Mextli Hyde sent denials regarding Mr. Brayshaw's
16 claims for workers' compensation benefits. The denial was sent through the United States
17 Mail denying medical treatment and payments for his on the job injuries. The denials
18 were a fraudulent communications because CorVel knew that Mr. Brayshaw suffered
19 injuries that occurred on the job. Moreover, Mr. Brayshaw's injuries were presumed
20 covered under California law. The claims are and were always clearly compensable under
21 California law. Instead, CorVel denied the claim in order to push insurance coverage for
22 Mr. Brayshaw's treatment to his own health insurance, which improperly assisted efforts
23 by Rialto to restructure its debt obligations, receive co-pays from Mr. Brayshaw, direct or
24 limit Mr. Brayshaw's care, and increase bill review fees. Moreover, Defendants also
25 denied Mr. Brayshaw's claim to discourage him from seeking his statutory benefits by
26 throwing down improper obstacles in the hopes that Mr. Brayshaw would simply give up.
27 In addition, CorVel refused to follow the requests of Mr. Brayshaw's treating physicians,
28 and instead delayed the claim for years to lower its obligations for workers' compensation

1 payments. Instead of providing Mr. Brayshaw with his owed benefits, Hyde instead
2 accused Mr. Brayshaw of filing false claims.

3 59. After an AME report confirmed that Mr. Brayshaw was owed benefits for
4 pneumonia and c-diff, on June 25, 2012 the Commission awarded benefits to Mr.
5 Brayshaw for his injury through an agreed stipulation. Rialto and CorVel failed to fulfill
6 the agreement, including the payment to Mr. Brayshaw for 242 hours of 4850 time
7 (approximately, \$10,000.00). The City of Rialto credited Mr. Brayshaw 242 hours of sick
8 time and issued an amended 2008 W-2 in 2013. The IRS promptly denied the amended
9 2008 Tax Return citing statute of limitations. Mr. Brayshaw has now incurred costs to
10 amend his 2008 tax return. Rialto also assured Mr. Brayshaw it had spoken to the IRS and
11 the amended taxes and W-2 would be accepted. Mr. Brayshaw was provided no assistance
12 when he asked Rialto to correct the 2008 tax problem with the IRS that Rialto and CorVel
13 have created. On December 20, 2012, the Commission awarded benefits to Mr. Brayshaw
14 for his neck injury through agreed stipulation. A petition to re-open was filed by Mr.
15 Brayshaw on September 30, 2013. Yet even after CorVel and Rialto agreement to provide
16 Mr. Brayshaw benefits related to his neck injury, CorVel consistently refused to pay for
17 the necessary treatment, including his chiropractic care that was confirmed in the
18 stipulation. In addition, CorVel and Rialto consistently failed to pay for Mr. Brayshaw's
19 mileage and expenses related to his workers' compensation claims. Brayshaw's expenses
20 exceed three thousand dollars (\$3,000.00). Mr. Brayshaw was even forced to request a
21 hearing in order to receive his clearly owed reimbursement benefits. Defendants'
22 fraudulent communication with Brayshaw and his providers was accomplished solely
23 through emails, facsimile, the United States Mail, or telecommunication.

24 60. Mr. Brayshaw relied on the fraudulent communication because he suffered
25 financial loss including attorney's fees, medical care, and medical mileage. Defendants'
26 fraud directly caused injury to Mr. Brayshaw because it deprived him of benefits and
27 caused him to pay attorney's fees, medical care (including out-of-pocket deductibles,
28 medical mileage and other costs), suffer emotional pain and damages. Due to the wrongful

1 denial, delay, and scheme Mr. Brayshaw suffered significant economic damage,
2 humiliation, worry, distress, and continuing economic and physical damage. Moreover,
3 Defendants delay in financial and medical benefits also caused Plaintiff to suffer the loss
4 of wages (including overtime) and future earning capacity, miss promotions, and damaged
5 his pension expectancy. Mr. Brayshaw struggled to sleep at night for months and is being
6 treated for sleep deprivation, experienced unnecessary worry, stress, and concern that
7 impacted his daily activities. Because of the delays in treatment, Mr. Brayshaw works
8 every day with neck pain that causes tension headaches and occasional numbing down his
9 right shoulder and weakness in his right hand. If left unchecked the headaches are severe
10 enough to interfere with Mr. Brayshaw's vision. Mr. Brayshaw at times consumes 6 to 8
11 "pain-aid" headache tablets a day to combat the headaches caused by the neck injury. The
12 consumption of this amount of pain medication in turn aggravates Mr. Brayshaw's
13 intestinal injury, also causing Mr. Brayshaw to work with low level nausea, diarrhea and a
14 high possibility of future stomach complications, all because CorVel and Hyde denied the
15 necessary medical treatment for Mr. Brayshaw's on-duty injuries. Additionally, Mr.
16 Brayshaw has suffered financial harm and damage to his credit along with IRS issues from
17 2008.

18 **What Defendants did to Police Officer Joseph Viola**

19 61. Joseph Viola worked as a police officer for the City of Rialto for over 12
20 years. While on patrol protecting the city of Rialto, Mr. Viola suffered a series of injuries
21 to his lower back while acting in the scope of his employment beginning in the early
22 2000s. Because Mr. Viola was a peace officer, this injury was presumed to be covered.
23 Mr. Viola's treating physician, Dr. Mark Greenspan, further confirmed that he suffered
24 the injury. On April 25, 2011, Mr. Viola filed a claim for workers' compensation benefits.
25 Viola provided testimony, medical records, medical opinions, and other evidence to
26 Defendants and Rialto establishing his right to worker's compensation benefits. Thus
27 Rialto was required to promptly provide Viola benefits.

28 62. Despite Defendants promises to accept treating physician's opinions in

1 2011, CorVel adjuster Mextli Hyde sent denials regarding Viola's claims for workers'
2 compensation benefits. The denial was sent through the United States Mail denying
3 medical treatment and payments for his on-the-job injuries. The denials were a fraudulent
4 communications because CorVel knew that Mr. Viola suffered injuries to his back.
5 Moreover, Mr. Viola's injuries were presumed covered under California law. The claims
6 are and were always clearly compensable under California law. Instead, CorVel denied
7 the claim in order to push insurance coverage for Mr. Viola's treatment to his own health
8 insurance, which improperly assisted efforts by Rialto to restructure its debt obligations,
9 receive co-pays from Mr. Viola, direct or limit Mr. Viola's care, and increase bill review
10 fees. Moreover, Defendants also denied Mr. Viola's claim to discourage him from
11 seeking his statutory benefits by throwing down improper obstacles. In addition, CorVel
12 refused to follow the requests of Mr. Viola's treating physicians, and instead delayed the
13 claim for years to lower its obligations for workers' compensation payments.

14 63. Subsequent to the denial, CorVel, Rialto, and its agents attempted to coerce
15 Mr. Viola to sign a settlement agreement stipulating to a 0% impairment rating. Finally
16 after sending Mr. Viola through an Agreed Medical Exam that further confirmed his
17 disability, on September 17, 2013 Defendants agreed to stipulate to a 20% impairment
18 rating for Viola. Unfortunately, Defendants delay in payment of benefits and medical care
19 caused separate and distinct physical and financial damage to Viola. Defendants'
20 fraudulent communication with Viola and his providers was accomplished through emails,
21 facsimile, the United States Mail, or telecommunication.

22 64. Mr. Viola relied on the fraudulent communication because he suffered
23 financial loss including attorney's fees, medical care, and medical mileage. Defendants'
24 fraud directly caused injury to Plaintiff because it deprived him of benefits and caused
25 him to pay attorney's fees, medical care (including out-of-pocket deductibles, medical
26 mileage and other costs), suffer emotional pain and damages. Due to the wrongful denial,
27 delay, and scheme Plaintiff suffered significant economic damage, humiliation, worry,
28 distress, and continuing economic and physical damage. Moreover, Defendants delay in

1 financial and medical benefits also caused Plaintiff to suffer the loss of wages (including
2 overtime) and future earning capacity, miss promotions, and damaged his pension
3 expectancy. Additionally, Mr. Viola has suffered financial harm and damage to his credit.

4 **What Defendants Did to Firefighter Jacob Huber**

5 65. Mr. Huber worked as a firefighter for the City of Rialto for over 8 years.
6 While lifting a patient on October 7, 2009, Mr. Huber injured his right shoulder. Mr.
7 Huber immediately sought medical treatment, and his treating physician confirmed that he
8 tore his rotator cuff.

9 66. Despite Defendants promises to accept treating physician's opinions in
10 2010, CorVel and York adjuster Mextli Hyde sent denials regarding Huber's claims for
11 workers' compensation benefits. The denial was sent through the United States Mail
12 denying medical treatment and payments for his on the job injuries. The denials were a
13 fraudulent communications because CorVel knew that Huber suffered injuries to his back.
14 The claims are and were always clearly compensable under California law. Instead,
15 CorVel denied the claim in order to push insurance coverage for Huber's treatment to his
16 own health insurance, which improperly assisted efforts by Rialto to restructure its debt
17 obligations, receive co-pays from Huber, direct or limit Huber's care, and increase bill
18 review fees. Moreover, Defendants also denied Huber's claim to discourage him from
19 seeking his statutory benefits by throwing down improper obstacles. Instead, Hyde,
20 CorVel and York attempted to convince Huber into receiving cheaper conservative
21 treatment despite his doctors' confirmation that the surgery was required. In addition,
22 CorVel refused to follow the requests of Huber's treating physicians, and instead delayed
23 the claim to lower its obligations for workers' compensation payments.

24 67. Subsequent to the denial, Defendants finally accepted Mr. Huber's claim
25 and granted him surgery. In addition on February 10, 2011, Defendants agreed to
26 stipulate to payments for Huber's disability. Unfortunately, Defendants delay in payment
27 of benefits and needed surgery caused separate and distinct physical and financial damage
28 to Huber. Defendants' fraudulent communication with Huber and his providers was

1 accomplished solely through emails, facsimile, the United States Mail, or
2 telecommunication.

3 68. Mr. Huber relied on the fraudulent communication because he suffered
4 financial loss including attorney's fees, medical care, and medical mileage Defendants'
5 fraud directly caused injury to Plaintiff because it deprived him of benefits and caused
6 him to pay attorney's fees, medical care (including out-of-pocket deductibles, medical
7 mileage and other costs), suffer emotional pain and damages. Due to the wrongful denial,
8 delay, and scheme Plaintiff suffered significant economic damage, humiliation, worry,
9 distress, and continuing economic and physical damage. Moreover, Defendants delay in
10 financial and medical benefits also caused Plaintiff to suffer the loss of wages (including
11 overtime) and future earning capacity, miss promotions, and damaged his pension
12 expectancy. Additionally, Mr. Huber has suffered financial harm and damage to his credit.

13 **What Defendants Did to Police Officer Carla McCullough**

14 69. Carla McCullough worked as a Police Officer for the Police Department for
15 the City of Rialto. While on patrol on, Ms. McCullough was in a severe car accident on
16 October 13, 1998. Initially, Defendants stipulated to cover Ms. McCullough's claim on
17 August 30, 2004. Unfortunately over the next 15 years, CorVel, York, and Rialto
18 consistently denied and delayed coverage for Ms. McCullough's treatment, including
19 chiropractic care that it had previously agreed to provide. Thus Ms. McCullough was
20 forced to file multiple claims for workers' compensation benefits to receive her required
21 benefits.

22 70. Despite Defendants promises to accept treating physician's opinions and
23 promises to cover Ms. McCullough's claim, CorVel adjuster Mextli Hyde sent a denial
24 regarding Ms. McCullough's claims for workers' compensation benefits multiple times in
25 2010 through 2013. The denials were sent through the United States Mail denying medical
26 treatment and payments for her on the job injuries. The denials were a fraudulent
27 communications because CorVel knew that Ms. McCullough suffered injuries to her back.
28 Moreover, Ms. McCullough's injuries were presumed covered under California law. The

1 claims are and were always clearly compensable under California law. Instead, CorVel
2 denied the claim in order to push insurance coverage for Ms. McCullough's treatment to
3 her own healthcare through Rialto, which improperly assisted efforts by Rialto to
4 restructure its debt obligations, receive co-pays from Ms. McCullough, direct or limit Ms.
5 McCullough's care, and increase bill review fees. Moreover, Defendants also denied Ms.
6 McCullough's claim to discourage her from seeking his statutory benefits by throwing
7 down improper obstacles. In addition, CorVel refused to follow the requests of Ms.
8 McCullough's treating physicians, and instead delayed the claim for years to lower its
9 obligations for workers' compensation payments.

10 71. Indeed, rather than provide the continued on-going care and benefits, Mextli
11 Hyde told Ms. McCullough she needed to simply take muscle relaxers and ibuprofen.
12 Hyde, CorVel and York continued to delay Ms. McCullough's required treatment in order
13 to lower its costs, in the hopes that Ms. McCullough would give up on her statutory
14 benefits. In essence, Hyde, York, and CorVel forced Ms. McCullough to file two more
15 claims for worker's compensation benefits. Finally, on August 20, 2011 Defendants filed
16 a stipulation agreeing to continue care for Ms. McCullough, including chiropractic
17 treatment. Then again on July 1, 2013, CorVel and Rialto stipulated to continued care for
18 Ms. McCullough. Unfortunately, Defendants delay in payment of benefits and needed
19 medical care caused separate and distinct physical and financial damage to McCullough.
20 Defendants' fraudulent communication with McCullough and her medical providers was
21 accomplished solely through emails, facsimile, the United States Mail, or
22 telecommunication.

23 72. Ms. McCullough relied on the fraudulent communication because she
24 suffered financial loss including attorney's fees, medical care, and medical mileage.
25 Defendants' fraud directly caused injury to Plaintiff because it deprived her of benefits
26 and caused her to pay attorney's fees, medical care (including out-of-pocket deductibles,
27 medical mileage and other costs), suffer emotional pain and damages. Due to the wrongful
28 denial, delay, and scheme Plaintiff suffered significant economic damage, humiliation,

1 worry, distress, and continuing economic and physical damage. Moreover, Defendants
2 delay in financial and medical benefits also caused Plaintiff to suffer the loss of wages
3 (including overtime) and future earning capacity, miss promotions, and damaged her
4 pension expectancy. Ms. McCullough struggled to sleep at night for months and
5 experienced unnecessary worry, stress, and concern that impacted her daily activities.
6 Additionally, Ms. McCullough has suffered financial harm and damage to her credit.

7 **What Defendants Did to Police Officer John Black**

8 73. John Black worked as a Police Officer for the Police Department for the
9 City of Rialto for over 13 years. While working on-the-job December 29, 2008, Mr.
10 Black suffered an injury to his back. Initially the city accepted Mr. Black's claim but
11 continued to deny his required care and benefits owed from the injury, including treatment
12 required by Mr. Black's treating physicians, Dr. Paul Wakim and Dr. Robert Ahearn.

13 74. Despite Defendants promises to accept treating physician's opinions 2011
14 through 2012, CorVel and York adjuster Mextli Hyde sent denials regarding Mr. Black's
15 claims for workers' compensation benefits. The denials were sent through the United
16 States Mail denying medical treatment and payments for his on the job injuries. The
17 denials were fraudulent communications because Defendants knew that Mr. Black
18 suffered injuries to his back. The claims are and were always clearly compensable under
19 California law. Instead, CorVel denied the claim in order to push insurance coverage for
20 Mr. Black's treatment to his own health insurance, which improperly assisted efforts by
21 Rialto to restructure its debt obligations, receive co-pays from Mr. Black, direct or limit
22 Mr. Black's care, and increase bill review fees. Moreover, Defendants also denied Mr.
23 Black's claim to discourage him from seeking his statutory benefits by throwing down
24 improper obstacles. In addition, CorVel refused to follow the requests of Mr. Black's
25 treating physicians including Dr. Paul Wakim, Dr. Decky, and Dr. Robert Ahearn, and
26 instead delayed the claim for years to lower its obligations for workers' compensation
27 payments.

28 75. Finally on May 14, 2012, CorVel and Rialto agreed to stipulate to coverage

1 for Mr. Black's injury, including treatment and payment for disability benefits. But even
2 after the stipulation, Defendants consistently refused to pay for medical benefits owed to
3 Mr. Black, forcing him to pay either out of pocket or through his own health insurance.
4 Unfortunately, Defendants delay in payment of benefits caused separate and distinct
5 physical and financial damage to Mr. Black. Defendants' fraudulent communication with
6 Mr. Black and his providers was accomplished solely through emails, facsimile, the
7 United States Mail, or telecommunication.

8 76. Mr. Black relied on the fraudulent communication because he suffered
9 financial loss including attorney's fees, medical care, and medical mileage. Defendants'
10 fraud directly caused injury to Plaintiff because it deprived him of benefits and caused
11 him to pay attorney's fees, medical care (including out-of-pocket deductibles, medical
12 mileage and other costs), suffer emotional pain and damages. Due to the wrongful denial,
13 delay, and scheme Plaintiff suffered significant economic damage, humiliation, worry,
14 distress, and continuing economic and physical damage. Moreover, Defendants delay in
15 financial and medical benefits also caused Plaintiff to suffer the loss of wages (including
16 overtime) and future earning capacity, miss promotions, and damaged his pension
17 expectancy. Mr. Black struggled to sleep at night for months and experienced unnecessary
18 worry, stress, and concern that impacted his daily activities. Additionally, Mr. Black has
19 suffered financial harm.

20 **What Defendants Did to Rialto Firefighter Justin Veloz**

21 77. Justin Veloz worked in the fire department for the City of Rialto for over 8
22 years. While protecting the city of Rialto, Mr. Veloz suffered a series of injuries to his
23 while acting in the scope of his employment. First in 2009, Mr. Veloz suffered a hernia
24 injury while lifting a patient. Not too long thereafter, on September 27, 2010, Mr. Veloz
25 injured his shoulder while fighting a fire. Mr. Veloz sought treatment for both of his
26 injuries and reported the injuries to his employer. Dr. Kim, Mr. Veloz's treating physician,
27 confirmed that surgery was necessary both for a hernia and his shoulder injury.

28 78. Despite Defendants promises to accept treating physician's opinions in

1 2011, CorVel adjuster Mextli Hyde sent denials regarding Mr. Veloz's claims for
2 workers' compensation benefits. The denials were sent through the United States Mail
3 denying medical treatment and payments for his on the job injuries. The denials were a
4 fraudulent communications because CorVel knew Mr. Veloz suffered the injury.
5 Moreover, Mr. Veloz's injuries were presumed covered under California law. The claims
6 are and were always clearly compensable under California law. Instead, CorVel denied
7 the claim in order to push insurance coverage for Mr. Veloz's treatment to his own health
8 insurance, which improperly assisted efforts by Rialto to restructure its debt obligations,
9 receive co-pays from Mr. Veloz, direct or limit Mr. Veloz's care, and increase bill review
10 fees. Moreover, Defendants also denied Mr. Veloz's claim to discourage him from
11 seeking his statutory benefits by throwing down improper obstacles. In addition, CorVel
12 refused to follow the requests of Mr. Veloz's treating physicians, and instead delayed the
13 claim for years to lower its obligations for workers' compensation payments.

14 79. In addition, Defendants consistently refused to reimburse Mr. Veloz for his
15 owed mileage and relates expenses. Finally on June 11, 2014, CorVel and Rialto agreed
16 to stipulate to coverage for Mr. Veloz' injury, including his surgery and payment for
17 permanent disability benefits. Unfortunately, Defendants delay in payment of benefits and
18 needed surgery caused separate and distinct physical and financial damage to Mr. Veloz.
19 Defendants' fraudulent communication with Mr. Veloz and his providers was
20 accomplished solely through emails, facsimile, the United States Mail, or
21 telecommunication.

22 80. Mr. Veloz relied on the fraudulent communication because he suffered
23 financial loss including attorney's fees, medical care, and medical mileage. Defendants'
24 fraud directly caused injury to Plaintiff because it deprived him of benefits and caused
25 him to pay attorney's fees, medical care (including out-of-pocket deductibles, medical
26 mileage and other costs), suffer emotional pain and damages. Due to the wrongful denial,
27 delay, and scheme Plaintiff suffered significant economic damage, humiliation, worry,
28 distress, and continuing economic and physical damage. Moreover, Defendants delay in

1 financial and medical benefits also caused Plaintiff to suffer the loss of wages (including
2 overtime) and future earning capacity, miss promotions, and damaged his pension
3 expectancy. Additionally, Mr. Veloz has suffered financial harm and damage to his credit.

4 **What Defendants Did to Rialto Firefighter Thomas Stephenson**

5 81. Thomas Stephenson worked as a Firefighter for the Fire Department for 11
6 years for the City of Rialto. While working on duty in July 2012, Mr. Stephenson injured
7 his shoulder while climbing down a water tower. Mr. Stephenson reported the injury, and
8 sought treatment for his shoulder from Dr. Ronny Ghazal. Dr. Ghazal confirmed that Mr.
9 Stephenson suffered a torn labrum.

10 82. Despite Defendants promises to accept treating physician's opinions,
11 CorVel adjuster Mextli Hyde refused to authorize Mr. Stephenson's required surgery. The
12 denial was sent through the United States Mail denying medical treatment and payments
13 for his on the job injuries. The denials were a fraudulent communications because CorVel
14 knew that Mr. Stephenson suffered injuries to his back. The claims are and were always
15 clearly compensable under California law. Instead, Defendants denied the claim in order
16 to push insurance coverage for Mr. Stephenson's treatment to his own health insurance,
17 which improperly assisted efforts by Rialto to restructure its debt obligations, receive co-
18 pays from Mr. Stephenson, direct or limit Mr. Stephenson's care, and increase bill review
19 fees. Moreover, Defendants also denied Mr. Stephenson's claim to discourage him from
20 seeking his statutory benefits by throwing down improper obstacles. In addition, CorVel
21 refused to follow the requests of Mr. Stephenson's treating physicians, and instead
22 delayed the claim to lower its obligations for workers' compensation payments.

23 83. Finally, after months of delays, Mr. Stephenson finally received his needed
24 surgery on December 10, 2012. Unfortunately, Defendants delay in payment of benefits
25 and needed surgery caused separate and distinct physical and financial damage to Mr.
26 Stephenson. Defendants' fraudulent communication with Stephenson and his providers
27 was accomplished solely through emails, facsimile, the United States Mail, or
28 telecommunication.

1 84. Mr. Stephenson relied on the fraudulent communication because he
2 suffered financial loss including attorney's fees, medical care, and medical mileage.
3 Defendants' fraud directly caused injury to Plaintiff because it deprived him of benefits
4 and caused him to pay attorney's fees, medical care (including out-of-pocket deductibles,
5 medical mileage and other costs), suffer emotional pain and damages. Due to the wrongful
6 denial, delay, and scheme Plaintiff suffered significant economic damage, humiliation,
7 worry, distress, and continuing economic and physical damage. Moreover, Defendants
8 delay in financial and medical benefits also caused Plaintiff to suffer the loss of wages
9 (including overtime) and future earning capacity, miss promotions, and damaged his
10 pension expectancy. Additionally, Mr. Stephenson has suffered financial harm and damage
11 to his credit.

12 **What Defendants Did to Fire Captain Geoffrey Barrett**

13 85. Geoffrey Barrett worked as a Fire Captain for the Fire Department for the
14 City of Rialto. Mr. Barrett suffered a knee and hamstring injury on August 22, 2013.
15 This injury was always clearly compensable under California law and occurred within the
16 scope of his employment with Rialto. As a result of that injury, Mr. Barrett was
17 subsequently diagnosed with a torn meniscus.

18 86. Despite Defendants promises to accept treating physician's opinions CorVel
19 adjuster Mextli Hyde refused to authorize Mr. Barrett's claims for workers' compensation
20 benefits. The denial was sent through the United States Mail denying medical treatment
21 and payments for his on the job injuries. The denials were a fraudulent communications
22 because CorVel knew Mr. Barrett suffered injuries to his leg and knee. The claims are
23 and were always clearly compensable under California law. Instead, CorVel denied the
24 claim in order to push insurance coverage for Mr. Barrett's treatment to his own health
25 insurance, which improperly assisted efforts by Rialto to restructure its debt obligations,
26 receive co-pays from Mr. Barrett, direct or limit Mr. Barrett's care, and increase bill
27 review fees. Moreover, Defendants also denied Mr. Barrett's claim to discourage him
28 from seeking his statutory benefits by throwing down improper obstacles. In addition,

1 CorVel refused to follow the requests of Mr. Barrett's treating physicians, and instead
2 delayed the claim for years to lower its obligations for workers' compensation payments.

3 87. Finally, after months of delays, Mr. Barrett finally received his needed
4 surgery in July 2014. Unfortunately, Defendants delay in payment of benefits and needed
5 surgery caused separate and distinct physical and financial damage to Mr. Barrett.
6 Defendants' fraudulent communication with Mr. Barrett and his providers was
7 accomplished solely through emails, facsimile, the United States Mail, or
8 telecommunication.

9 88. Mr. Barrett relied on the fraudulent communication because he suffered
10 financial loss including medical care and medical mileage Defendants' fraud directly
11 caused injury to Plaintiff because it deprived him of benefits and caused him to pay
12 attorney's fees, medical care (including out-of-pocket deductibles, medical mileage and
13 other costs), suffer emotional pain and damages. Due to the wrongful denial, delay, and
14 scheme Plaintiff suffered significant economic damage, humiliation, worry, distress, and
15 continuing economic and physical damage. Moreover, Defendants delay in financial and
16 medical benefits also caused Plaintiff to suffer the loss of wages (including overtime) and
17 future earning capacity, miss promotions, and damaged his pension expectancy. Mr.
18 Barrett struggled to sleep at night for months and experienced unnecessary worry, stress,
19 and concern that impacted his daily activities. Additionally, Mr. Barrett has suffered
20 financial harm and damage to his credit.

21 What Defendants did to Fire Captain Brian Park

22 89. Brian Park worked as a Fire Captain for the Fire Department for the City of
23 Rialto. On April 18, 2010, while fighting a fire on a hillside, a large boulder fell and
24 pinned Mr. Park's leg. Unfortunately, the weight of the boulder caused Mr. Park to suffer
25 a spiral fracture of his tibia and fibula. Initially CorVel, York, and Rialto accepted Mr.
26 Park's claim and authorized a surgery for his leg with Dr. Ghazal. Because Mr. Park
27 continued to suffer severe pain he sought additional treatment and remained off-work at
28 the advice of his doctor. During an appointment with Dr. Merkel and Dr. Ghazal in

1 January, York and Rialto pushed the doctors to release Mr. Park back to work before
2 completing treatment. But the doctors maintained Mr. Park's off-duty status. After the
3 nurse case manager submitted the off-duty work status, York and the city instructed the
4 doctor to change Mr. Park's off-work status. The City and York then refused to issue
5 payment for Mr. Park's workers' compensation benefits and forced him to take sick-time
6 in order to cover his off-duty status.

7 90. Despite Defendants' promises to accept treating physician's opinions,
8 CorVel adjuster Mextli Hyde sent a denial regarding Mr. Park's claims for workers'
9 compensation benefits. The denial was sent through the United States Mail denying
10 medical treatment and payments for his on the job injuries. The denials were a fraudulent
11 communications because CorVel knew that Mr. Park suffered injuries. . The claims are
12 and were always clearly compensable under California law. Instead, CorVel denied the
13 claim in order to push insurance coverage for Mr. Park's treatment to his own health
14 insurance, which improperly assisted efforts by Rialto to restructure its debt obligations,
15 receive co-pays from Mr. Park, direct or limit Mr. Park's 's care, and increase bill review
16 fees. Moreover, Defendants also denied Mr. Park's claim to discourage him from seeking
17 his statutory benefits by throwing down improper obstacles. In addition, CorVel refused
18 to follow the requests of Mr. Park's treating physicians, and instead delayed the claim for
19 years to lower its obligations for workers' compensation payments.

20 91. Mr. Park then sought treatment from Dr. Kamran Jamshidinia for his leg and
21 foot. York agreed initially to authorize the appointment from Dr. Jamshidinia, but before
22 the appointment, York completely cut off all care. Rialto and York, then told Mr. Park
23 that his care was denied because the treatment involved a 9 month recovery – meaning the
24 treatment would cost the city Mr. Park's services for too long. Because he was left with
25 no choice regarding his work-status, Mr. Park began to work light duty in severe pain on
26 April 4, 2011.

27 92. In all, Mr. Park was fraudulently denied indemnity benefits, treatment
28 including surgery, and reimbursement for mileage and co-pays that were owed from the

1 treatment. Defendants denied these benefits in order to force Mr. Park to start working for
2 the city sooner than his doctor's recommended and in order to limit the exposure to its
3 workers' compensation liability.

4 93. Finally in 2011, Defendants agreed to reimburse Mr. Park his owed time.
5 But Defendants continued to delay treatment for his surgery. In addition, with information
6 and belief, CorVel finally approved Mr. Park's surgery in the fall of 2014. Unfortunately,
7 Defendants delay in payment of benefits and medical care caused separate and distinct
8 physical and financial damage to Mr. Park. Defendants' fraudulent communication with
9 Mr. Park and his providers was accomplished solely through emails, facsimile, the United
10 States Mail, or telecommunication.

11 94. Mr. Park relied on the fraudulent communication because he suffered
12 financial loss including attorney's fees, medical care, and medical mileage. Defendants'
13 fraud directly caused injury to Plaintiff because it deprived him of benefits and caused
14 him to pay attorney's fees, medical care (including out-of-pocket deductibles, medical
15 mileage and other costs), suffer emotional pain and damages. Due to the wrongful denial,
16 delay, and scheme Plaintiff suffered significant economic damage, humiliation, worry,
17 distress, and continuing economic and physical damage. Moreover, Defendants delay in
18 financial and medical benefits also caused Plaintiff to suffer the loss of wages (including
19 overtime) and future earning capacity, miss promotions, and damaged his pension
20 expectancy. Mr. Park struggled to sleep at night for months and experienced unnecessary
21 worry, stress, and concern that impacted his daily activities. Additionally, Mr. Park has
22 suffered financial harm and damage to his credit.

23 **V. PARTIES**

24 95. Plaintiffs Russell Thurman, Boyd Mayo, Vernell Ross-Mullin, John Black,
25 Victor Gregory, Thomas Stephenson, Jacob Huber, Carla McCullough, Tim Brayshaw,
26 Dustin Fujiwara, Joseph Viola, Justin Veloz, Geoffrey Barrett and Brian Park reside in
27 California or Oregon. All plaintiffs are or were employees of the City of Rialto and the
28 City of Stockton and work or worked in either the Fire Department or Police Department.

1 96. Defendant CorVel Enterprise Comp, Inc., (“CorVel”) is a Delaware entity
2 with a principal place of business in California, which adjusts insurance claims made by
3 California employees on behalf of The City of Stockton (“Stockton”) and City of Rialto
4 (“Rialto”) for coverage under California Labor Code Section 110-139.6, the California
5 Workers’ Compensation Act. CorVel Enterprise conducts business in San Bernardino and
6 Riverside County, California.

7 a. Service of process may be effected on CorVel Enterprise by certified mail,
8 return receipt requested, to its registered agent, **CORPORATION SERVICE**
9 **COMPANY, 2710 GATEWAY OAKS DR STE 150N, SACRAMENTO,**
10 **CALIFORNIA 95833.**

11 b. All acts complained of CorVel Enterprise herein were committed by CorVel
12 Enterprise directly, or under its supervision and direction.

13 c. All acts complained of CorVel Enterprise herein that were committed by and
14 through its authorized servants, employees, and agents, were committed while acting
15 within the scope of their employment, service agreement, and agency, in concert with
16 Defendant CorVel Enterprise.

17 d. All acts complained of CorVel Enterprise herein that were committed through
18 any of its servants, employees, or agents, were also ratified by CorVel Enterprise.

19 e. CorVel Enterprise is vicariously liable for all acts complained of herein that
20 were committed by or through any authorized servants, employees, or agents of
21 CorVel Enterprise.

22 97. Defendant YORK RISK SERVICES GROUP, INC. (“York”) formerly
23 operating as Gregory B. Bragg & Associates, Inc. is a foreign corporation who previously
24 adjusted insurance claims made by California employees on behalf of The City of Stockton
25 (“Stockton”) and City of Rialto (“Rialto”) for coverage under California Labor Code Section
26 110-139.6, the California Workers’ Compensation Act.

27 98. York conducts business in San Bernardino and Riverside County, California.

28 a. Service of process may be effected on York by certified mail, return receipt

1 requested, to its registered agent, **CORPORATION SERVICE COMPANY, 2710**
2 **GATEWAY OAKS DR STE 150N, SACRAMENTO CA 95833**

3 b. All acts complained of York herein were committed by York directly, or under
4 its supervision and direction.

5 c. All acts complained of York herein that were committed by and through its
6 authorized servants, employees, and agents, were committed while acting within the
7 scope of their employment, service agreement, and agency, in concert with Defendant
8 York.

9 d. All acts complained of York herein that were committed through any of its
10 servants, employees, or agents, were also ratified by York.

11 e. York is vicariously liable for all acts complained of herein that were
12 committed by or through any authorized servants, employees, or agents of York.

13 99. At all times and in all actions plead in this complaint; York and CorVel
14 were acting as agent for, or in concert with certain Rialto and Stockton administrators.
15 York and CorVel were the third party administrators (TPA) for Stockton and Rialto and
16 required to adjust and administer workers' compensation claims and were supposed to
17 exercise independent and unbiased investigation and handling of injury claims.

18 100. Defendant Mextli Hyde ("Ms. Hyde") upon information and belief, is a natural
19 person, working and residing in Los Angeles County, California. Ms. Hyde may be served
20 by service upon her to **Mextli Hyde 760 RANCHO EL FUERTE DR COVINA, CA**
21 **91724-3653.**

22 101. Defendant Paula Fantulin upon information and belief, is a natural person,
23 working and residing in San Joaquin County, California. Fantulin may be served by service
24 upon her to **Paula Fantulin, 2837 Christina Ave Stockton, CA 95204-1415.**

25 102. Defendant Brittany M. Faith upon information and belief, is a natural person,
26 working and residing in San Joaquin County, California. Faith may be served by service
27 upon her to **Brittany M. Faith 724 E Mayfair Ave Stockton, CA 95207-4838.**
28

1 103. Defendant Tanya Mullins upon information and belief, is a natural person,
2 working and residing in San Joaquin County, California. Mullins may be served by service
3 upon her to **Tanya Mullins, 682 Valentine Ct Galt, CA 95632-3312.**

4 **VI. VENUE & JURISDICTION**

5 104. Federal question jurisdiction is conferred by Plaintiffs' claims under the
6 Federal Racketeer Influence and Corrupt Organizations Act, 18 USC §1961 et seq (RICO)
7 and 42 U.S.C. §§1983, 1988. The Court has jurisdiction over Plaintiffs' additional claims
8 based on 28 USC §1367(a).

9 105. Venue is properly laid in the Federal District Court for the District of
10 California, Eastern Division, because plaintiffs reside in that district and defendants do
11 business in person and through their agents and representatives in San Bernardino and
12 Riverside County. Moreover the CorVel entities and Hyde are residents of the Central
13 District of California.

14 **VII. ALLEGATIONS COMMON TO ALL CAUSES OF ACTION**

15 106. This case is based upon a long term and ongoing scheme to delay and deny
16 California workers' compensation benefits to plaintiffs when CorVel, York, Rialto, and
17 Stockton knew that they did not have a sound basis under the law and facts of each case
18 for doing so.

- 19 107. The activities affected interstate commerce in several ways including that:
- 20 a. CorVel and York operate in interstate commerce;
 - 21 b. The mails, telephones, fax and internet communications are all utilized
22 in the course of the activities complained of;
 - 23 c. Denial of benefits caused economic effects on medical service providers
24 and other medical insurance companies many of whom operate in
25 interstate commerce;
 - 26 d. CorVel processed Plaintiffs' claims through a data center located in
27 Portland, Oregon.

28 108. The cities of Stockton and Rialto employed each of the plaintiffs.

1 109. The cities of Stockton and Rialto complied with its obligations under
2 California law to provide firefighters and police officers workers' disability compensation
3 insurance by self-insuring.

4 110. CorVel and York are TPAs (third party administrators) that adjusted
5 workers' compensation claims made by Rialto and Stockton First Responders.

6 111. Mextli Hyde is an adjuster that worked for York and CorVel, and she
7 adjusted claims for the city of Rialto.

8 112. CorVel, and York acted as agents for Rialto and Stockton with regard to the
9 handling of workers' compensation claims.

10 113. Decisions regarding paying claims or terminating payment were made
11 jointly by CorVel, York, Rialto, and Stockton, or were made by CorVel or York after
12 consulting with Rialto and Stockton or were ratified by Rialto and Stockton after being
13 made by CorVel or York.

14 114. In every instance complained of herein CorVel, York, Rialto and Stockton, as
15 part of an ongoing enterprise and scheme more particularly described in the remaining
16 paragraphs fraudulently refused to pay workers' compensation benefits to workers. They
17 denied benefits without reasonable investigation and without forming a good faith belief that
18 the standards for compensable disability had not been met when evidence of entitlement to
19 benefits had been provided by the workers. Instead defendants:

20 a. acted with knowledge that the methods they were using to investigate
21 claims, to have workers examined by physicians of their choice, to decide whether a
22 disability was compensable and to report the results of the investigation to workers,
23 employers, the Department of Workers Compensation, medical providers and others
24 ignored evidence of compensability and produced false evidence that the workers
25 were not entitled to compensation.

26 b. Defendants also ignored information that the methods they used to
27 investigate claims, have workers examined pursuant to statute, and to decide
28 compensability did not accurately reflect the standards for compensability under the

1 Workers' Compensation Act.

2 115. With information and belief, CorVel, York, Stockton, and Rialto
3 misrepresented the coverage of Plaintiffs' claims based on the following:

4 a. CorVel, York, Stockton, and Rialto denied claims in order to push the benefits
5 to each Plaintiff's private insurance, which allowed Defendants to restructure
6 its debt obligations, receive co-pays from the Plaintiffs, negotiate with medical
7 providers, direct or limit care, and increase bill review fees.

8 b. CorVel, York, Stockton, and Rialto systematically denied claims to create a
9 lulling effect to limit the benefits and treatment sought by injured workers. For
10 example, Defendants denied the claims in hopes that some Plaintiffs will
11 simply not continue to seek benefits under workers' compensation entirely.
12 Indeed, Defendants knew that if a Plaintiff received medical coverage on his
13 own insurance the injured worker would be less likely to continue his claim for
14 workers' compensation if had been denied. In addition, the fraud limited the
15 care sought by Plaintiffs who filed workers' compensation claims benefits
16 during the denial period.

17 c. CorVel, York, Stockton, and Rialto delayed claims by ignoring California law
18 regarding coverage for pre-existing injuries aggravated by a new incident and
19 ignoring injuries presumed covered under California law. *See e.g.* Labor Code
20 Section § 3212.1 (Cancer); § 3212 (Hernia, heart injuries, and pneumonia); and
21 § 3213.2 (lower back).

22 d. CorVel, York, Stockton, and Rialto ignored treating physicians entirely and
23 instead delayed and denied claims until the injured workers attended either an
24 Agreed Medical Examination ("AME") or a Qualified Medical Examination
25 ("QME").

26 116. The actions of York and CorVel as described generally above and with greater
27 particularity below violated RICO, 18 U.S.C. 1962 (c) and (d) in the following ways:

28 a. York and CorVel fraudulently denied benefits to workers who York and

1 CorVel knew were entitled to workers' compensation benefits under
2 existing law, in ways more particularly described in the remaining
3 paragraphs of this complaint;

4 b. This fraud was accomplished in part by use of the United States mail and
5 by electronic communications in violation of 18 USC 1341 and 1343.

6 c. This fraud also violated 18 U.S.C. § 1344 because Defendants' scheme
7 to defraud enabled Defendants to obtain and retain funds under the
8 custody or control of a financial institution.

9 d. Some of these electronic and mail communications contained fraudulent
10 misrepresentations, in that they communicated alleged facts and opinions
11 about the medical condition of the workers and/or about the causes of those
12 conditions and their relationship to employment that York knew were false
13 or as to which the York knew there was no genuine basis for the opinions
14 expressed.

15 e. Some of the electronic and mail communications were not in themselves
16 false or fraudulent but were employed in the scheme to defraud, such as
17 letters and notices scheduling appointments with physicians for so-called
18 "independent medical examinations," when the defendants, their agents
19 and attorneys knew from ample past experience that the examinations
20 would not be conducted properly and/or in good faith but would instead be
21 designed to form a basis for denying benefits irrespective of the worker's
22 medical condition and its compensability;

23 f. York and CorVel knew certain of the doctor examiners were not
24 "independent" because they knew the doctors were financially dependent
25 to a significant degree on companies defending insurance claims (including
26 employers, insurers and TPAs);

27 g. York and CorVel, and their agents and attorneys, deliberately selected
28 certain doctors to obtain a medical opinion which defendants either

1 directed to be negative as to critical elements of a workers' compensation
2 claim relating to disability or relationship to employment or knew from
3 ample experience with such doctors would state negative opinions on these
4 elements irrespective of the true facts. These allegations are based in part
5 on information and belief, and are likely to have evidentiary support
6 after a reasonable opportunity for investigation and discovery.

7 h. Rialto, Stockton, York and CorVel systematically as part of their scheme
8 to defraud denied benefits by failing to honestly assess evidence that a
9 claimant had a work related disability, and or by failing to honestly
10 investigate and obtain evidence relevant to whether a claimant had a work
11 related disability.

12 117. In each of the cases in which they terminated or denied benefits, York and
13 CorVel by themselves and through and their agents and attorneys, acted fraudulently, in a
14 scheme to defraud which used the mails and wires in violation of 18 U.S.C. 1961, et seq, by:

- 15 a. failing to investigate honestly whether a claimant was entitled to benefits
16 under California law before they denied or terminated benefits;
- 17 b. denying claims in order to push the benefits to each Plaintiff's private
18 insurance, which allowed Defendants to restructure its debt obligations,
19 receive co-pays from the Plaintiffs, direct or limit care, and increase bill
20 review fees;
- 21 c. denying claims by ignoring California law regarding coverage for pre-
22 existing injuries aggravated by a new incident and ignoring injuries
23 presumed covered under California law. *See e.g.* Labor Code Section §
24 3212.1 (Cancer); § 3212 (Hernia, heart injuries, and pneumonia); and §
25 3213.2 (lower back);
- 26 d. deliberately seeking opinions from doctors York knew would deny
27 compensability or otherwise support a decision to pay less than what was
28 actually owed;

- 1 e. deliberately failing to obtain and to give honest consideration to reports
2 and records of a claimant's treating doctors, and any other relevant
3 information; and
- 4 f. denying claims to create a lulling effect to limit the benefits and
5 treatment sought by injured workers. For example, Defendants denied
6 the claims in hopes that some Plaintiffs will simply not continue to seek
7 benefits under workers' compensation entirely. Indeed, Defendants knew
8 that if a Plaintiff received medical coverage on his own insurance the
9 injured worker would be less likely to continue his claim for workers'
10 compensation if had been denied. In addition, the fraud limited the care
11 sought by Plaintiffs who filed workers' compensation claims benefits
12 during the denial period.

13 118. CorVel and York's intentional failures to investigate honestly whether a
14 claimant's disability was work-related under any of the relevant provisions of California law,
15 and their deliberate failure to give honest consideration to the records and reports of a
16 claimant's treating doctors and any other relevant medical records or information, and to
17 honestly weigh those records and reports against the report of a doctor chosen by defendants
18 to examine a claimant was mail and wire fraud in violation of 18 U.S.C. 1341 and 1343
19 because the mails and wires were used in furtherance of the scheme to defraud. In addition,
20 York's misrepresentations in order to push the cost of care to Plaintiffs' out-of-pocket
21 expense violated 18 U.S.C. 1344.

22 119. The predicate acts and violations of RICO alleged herein were committed by
23 one or more of the following enterprises:

- 24 a. The workers' compensation personnel at the workers' compensation
25 claims departments at York and CorVel who handled California workers'
26 compensation claims and personnel at the City of Rialto and the City of
27 Stockton associated in fact formed an "enterprise" for purposes of the
28 Racketeer Influenced and Corrupt Organizations Act (RICO) claims in this

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case. Because they worked together regularly in adjusting and handling workers' compensation claims for California workers, they formed an enterprise.

b. Additionally or alternatively, the following persons or entities are an "enterprise" which acted to defraud Plaintiffs of their workers' compensation benefits:

i. the workers' compensation claims personnel at York and CorVel who handled California claims and the personnel at the Cities of Rialto and Stockton;

iii. the workers' compensation claims personnel at York and CorVel plus the doctors employed by York to examine the plaintiffs, associating in fact in the handling of workers' compensation claims.

iii. the workers' compensation claims personnel at York who handled California claims and the personnel at CorVel; and

iv. the workers' compensation claims personnel at York and CorVel.

120. Each enterprise was an organization which existed not only for the purpose of defrauding Plaintiffs of their workers' compensation benefits; the enterprise engaged in other activities, such as the administration of workers' compensation claims and the examination of individuals claiming workers' compensation and other benefits. Each enterprise has existed for many years, and in each enterprise different persons had different roles concerning the conduct of the enterprise, not limited to the commission of the fraudulent acts complained of herein.

121. Two or more enterprises may have acted together to defraud one or more Plaintiffs of their workers' compensation benefits.

122. By means of the actions described in the complaint, York and CorVel conspired to violate 18 U.S.C. 1962, and conspired with one or more other parties or the employees of the City of Rialto and City of Stockton to violate 18 U.S.C. 1962. York, CorVel, Rialto, and Stockton through the actions of their employees involved in the handling

1 of California workers' compensation claims, and physicians chosen by York, CorVel, Rialto,
2 and Stockton to examine claimants, agreed to participate in the commission of the predicate
3 acts which are alleged in this complaint. Such actions of conspiracy proximately caused or
4 contributed to Plaintiffs' damages, as a result of which defendants are liable to Plaintiffs
5 under section 1962(d). The allegations in this paragraph are based on information and belief,
6 and are likely to have evidentiary support after a reasonable opportunity for investigation and
7 discovery.

8 123. With regard to the claims of the individual plaintiffs and all other victims of
9 the scheme, Defendant used the mail and wires for interstate communications in effectuation
10 of their scheme, demonstrating and involving a threat of continuing racketeering activity
11 against employees of Rialto and Stockton who are entitled to California workers'
12 compensation benefits. Defendant's actions violated 18 U.S.C. 1341, 1343, and 1344. The
13 claims of each plaintiff arise under 18 U.S.C. §§1961, 1962, 1964 and 1965. The allegations
14 made in the following individual claims are based on the facts alleged herein, and in part on
15 information and belief and are likely to have evidentiary support after a reasonable
16 opportunity for further investigation and discovery.

17 124. Each and every one of the forgoing common allegations is intended to apply to
18 all the counts of this complaint as though fully restated in each.

19 **VIII. FIRST CAUSE OF ACTION AGAINST CORVEL AND YORK —**
20 **FRAUD IN VIOLATION OF 18 U.S.C. §§1961, 1962, 1964 and 1965**

21 125. As set forth in detail above, each of the Plaintiffs suffered a work related
22 injury.

23 126. For each Plaintiff, York and CorVel acting in concert with one or more of
24 the enterprises discussed above refused to pay benefits due to the Plaintiffs under
25 California law.

26 127. These refusals were supported by fraudulent communications in violation of
27 18 USC sections 1341, 1343, and 1344 that claimed that the injury was not work-related
28 or otherwise not compensable.

1 128. CorVel and York's fraud directly caused injury to Plaintiffs because it
2 deprived them of workers' compensation benefits and because it caused them the expense
3 of paying attorney fees and medical care. CorVel and York's fraud further caused
4 plaintiff to lose wages and other benefits from the City of Rialto and Stockton, caused
5 injury to credit and caused damages described above.

6 **IX. SECOND CAUSE OF ACTION AGAINST CORVEL AND YORK—**
7 **CONSTRUCTIVE FRAUD**

8 129. CorVel, York, and Hyde owed Plaintiffs a quasi-fiduciary or confidential
9 duty because CorVel, Hyde, and York controlled the medical and financial benefits for
10 Plaintiffs.

11 130. CorVel, York, and Hyde failed to disclose to Plaintiffs material information
12 that CorVel, York, and Hyde owed a duty to disclose to Plaintiffs.

13 131. Plaintiffs relied on CorVel's failure to disclose material information

14 132. Plaintiffs were directly injured by reason of CorVel's failures to disclose
15 material information.

16 133. Defendants conduct was so extreme and outrageous that it is not within the
17 range of activities expected of insurance companies. Indeed, the acts or motives of
18 Defendants do not constitute a risk reasonably encompassed within the workers'
19 compensation bargain. `

20 **X. THIRD CAUSE OF ACTION AGAINST CORVEL AND YORK —**
21 **FRAUD AND FRAUD IN THE INDUCEMENT**

22 134. Defendants acted fraudulently as to each representation made to Plaintiffs
23 concerning material facts for the reason they would not have acted and which Defendants
24 knew were false or made recklessly without any knowledge of their truth. The
25 representations were made with the intention that they be acted upon by Plaintiffs, who
26 relied on those representations, thereby causing injury and damage to Plaintiffs.

27 135. Defendants' representations regarding the compensability of Plaintiffs
28 claims were made with the intent of misleading Plaintiffs in relying upon those

1 representations, and Plaintiffs were justified in relying, and did in fact rely, upon such
2 misrepresentations.

3 136. Defendants knew that the statements were false at the time Defendants made
4 the statements and Defendants' misrepresentations were material.

5 137. As a direct and proximate result of Defendants' misrepresentations,
6 Plaintiffs were injured as described above.

7 138. Defendants conduct was so extreme and outrageous that it is not within the
8 range of activities expected of insurance companies. In addition, the acts or motives of
9 Defendants do not constitute a risk reasonably encompassed within the workers'
10 compensation bargain.

11 **XI. FOURTH CAUSE OF ACTION AGAINST CORVEL AND YORK —**
12 **VIOLATION OF BUSINESS & PROFESSIONS CODE § 17200**

13 139. Defendants' scheme of fraudulent misrepresentations and omissions to
14 Plaintiffs constitutes unlawful, unfair, or fraudulent business acts and practices, under
15 what is commonly known as the California Unfair Competition Law ("UCL"), California
16 Business and Professions Code §§ 17200 et seq.

17 140. Defendants' fraudulent misrepresentations and omissions to Plaintiffs were
18 made in California. For example, the fraudulent denials of workers' compensation
19 benefits were received by Plaintiffs in the state of California.

20 141. As set forth above, Defendants have fraudulently received or retained
21 significant amounts from Plaintiffs, directly and proximately caused by its fraudulent
22 schemes of denying legitimate claims and other practices.

23 142. As a result of their conduct described above, Defendants have been and will
24 be unjustly enriched. Specifically, Defendants have been unjustly enriched by denying
25 and delaying paying legitimate claims for on-the-job injuries.

26 143. Plaintiffs, pursuant to California *Business & Professions Code* § 17203,
27 seek an order of this court compelling the Defendants to provide restitution and injunctive
28

1 relief calling for Defendants, and each of them, to cease unfair business practices in the
2 future.

3 **XII. FIFTH CAUSE OF ACTION AGAINST ALL DEFENDANTS —**
4 **UNCONSTITUTIONAL DELAYS OF BENEFITS PURSUANT TO 42 U.S.C.**
5 **§§1983, 1988**

6 144. Plaintiffs bring this claim against CorVel and York, and Mextli Hyde,
7 Tanya Mullins, Paula Fantulin, and Britney Faith, in their individual capacity.

8 145. At all times relevant to this case, defendants had an obligation to comply
9 with the due process requirements set forth in the Fifth and Fourteenth Amendments to the
10 United States Constitution. Defendants failed to meet their due process obligations with
11 respect to Plaintiffs.

12 146. In committing the acts complained of herein, Defendants acted under color
13 of state law to deprive Plaintiffs of certain constitutionally protected rights under the Fifth
14 and Fourteenth Amendments to the Constitution of the United States including, but not
15 limited to: the right not to be deprived of property without due process of law.

16 147. Plaintiffs have a due process right in the expectancy of their benefits for
17 workers' compensation. *See Raditch v. U.S.*, 929 F.2d 478 (9th Cir. 1991). And Plaintiffs
18 established their right to workers' compensation benefits. Defendants did not have any
19 basis to dispute the expectancy of this benefit. Instead, Defendants created a pattern and
20 practice of delaying and denying injured workers' entitlement to workers' compensation
21 benefits because Defendants:

- 22 a. Failed to conduct a reasonable investigation of the events and facts relating to
23 Plaintiff's claim;
- 24 b. Failed to timely recognize and acknowledge the nature and extent of Plaintiffs'
25 compensable injury
- 26 c. Failed to accept the undisputed evidence regarding Plaintiffs' claim;
- 27 d. Denied the existence and/or extent of injury without the input of competent
28 individuals with appropriate medical training;

- 1 e. Created pretextual reasons to deny and/or delay payment of Plaintiffs' claim
- 2 and Engaged in an "outcome-driven" approach to the claim;
- 3 f. Ignored and refused to consider information favorable to Plaintiffs' claim for
- 4 workers' compensation benefits; and
- 5 g. Failed to ensure that the industry's best practices were applied consistently
- 6 with regard Plaintiffs' claims.

7 148. Defendants' acts and omissions include, but are not limited to, the
8 following:

- 9 a. Intentionally denying workers' compensation benefits without a reasonable
- 10 basis for such denial;
- 11 b. Knowingly terminating workers' compensation benefits without a
- 12 reasonable basis for such action;
- 13 c. Failing to perform an adequate and reasonable investigation or evaluation to
- 14 determine whether any termination of benefits was supported by a reasonable
- 15 basis;
- 16 d. Unreasonably interpreting Defendants' obligations to arbitrarily and
- 17 capriciously delay, decrease, and deny benefits owed to Plaintiffs;
- 18 e. Abusing the litigation process and procedures as a tool to delay, decrease,
- 19 and deny benefits owed to Plaintiffs;
- 20 f. Needlessly compelling Plaintiffs through administrative litigation to receive
- 21 benefits under his workers' compensation insurance policy;
- 22 g. Delaying, decreasing, and denying benefits to Plaintiffs with the intent to
- 23 cause them to accept a compromised amount of the benefits that should have been
- 24 due and owing under their workers' compensation insurance policy;
- 25 h. Failing to adopt and implement reasonable standards for investigating and
- 26 evaluating benefits due to Plaintiffs; and
- 27 i. Placing the financial interests of Defendants above the interests of Plaintiffs.
- 28

1 149. Through the pattern and practice described above, Defendants consistently
2 delayed property rights owed to each Plaintiff, and instead forced them to attend hearings,
3 medical examinations, depositions, and placed road block after road block in front of
4 injured workers' legal entitlement to benefits. These delays lasted anywhere from months
5 to years. Defendants lacked any basis or reason to delay these benefits.

6 150. Because the delays were so severe, Defendants deprived Plaintiffs of their
7 statutorily created benefit and thus violated Plaintiffs' due process rights guaranteed by
8 the 14th amendment of the United States Constitution. *See Kraebel v. New York City*
9 *Department of Housing Preservation & Development*, 959 F.2d 395 (2d Cir. 1992); *Kelly*
10 *v. Railroad Retirement Board*, 625 F.2d 486 (3d Cir.1980).

11 151. As a direct and proximate result of the violation of their constitutional rights
12 by the Defendants, Plaintiffs suffered general and special damages as alleged in this
13 Complaint and are entitled to relief under 42 U.S.C §1983.

14 **XIII. SIXTH CAUSE OF ACTION AGAINST CORVEL AND YORK —**
15 **UNCONSTITUTIONAL DELAYS OF BENEFITS PURSUANT TO 42 U.S.C.**
16 **§§1983, 1988 –CORPORATE LIABILITY**

17 152. Plaintiffs' constitutional rights were violated when Defendants delayed
18 Plaintiffs' receipt of their entitled benefits for years without any cause. The Plaintiffs'
19 injuries directly resulted from the deprivation of Plaintiffs' property rights without due
20 process.

21 153. Defendants are also liable under 42 U.S.C. § 1983 for failing to supervise
22 and train its adjusters, and for overlooking and covering up its adjuster's misconduct. In
23 addition, the Defendants had a general policy, pattern and/or practice of encouraging
24 adjusters to deny and delay legitimate benefits in order to financially benefit Defendants
25 by maintaining contracts with public entities to adjust workers' compensation benefits.
26 Defendants' failure to supervise or discipline its adjusters' conduct, amounts to a
27 departmental policy of overlooking constitutional violations. The Defendants' failure to
28 supervise and train its adjusters, and the Defendants willful blindness towards the

1 constitutional violations of its employees, constitute gross negligence and/or deliberate
2 and conscious indifference to people's rights as applied through 42 U.S.C. Sections 1983
3 and 1988.

4 154. Additionally, Defendants may be held liable under 42 U.S.C. § 1983 for
5 constitutional torts that are committed pursuant to a policy, procedure, practice, or custom.
6 Even if the Defendants' practice of overlooking constitutional torts was not authorized by
7 an officially adopted policy, the practice may be so common and well-settled that it fairly
8 represents official policy. *See Bd. of County Comm'rs of Bryan County v. Brown*, 520
9 U.S. 397.

10 155. In the present case, the Defendants' formal and informal actions in
11 overlooking, hiding and/or tacitly encouraging adjusters to deny claims that were
12 compensable through its adjusters and claims handlers reflect a policy, practice custom
13 and procedure authorizing and allowing the deprivation through considerable delays of
14 civil rights of Plaintiffs in their property rights. Consequently, the Defendants are liable
15 for harm caused to others, such as Plaintiffs, as a result of its policies, practices customs
16 and procedures.

17 156. Defendants are liable for the constitutional torts of its adjusters because the
18 Defendants sanctioned the following customs, practices, and policies:

- 19 a. Failing to adequately supervise or observe its adjusters and personnel;
- 20 b. Failing to discharge or discipline adjusters who are unfit for duties, as shown
21 by prior actions;
- 22 c. Failure to train its adjusters and personnel;
- 23 d. Encouraging and incentivizing adjusters to deny claims in order to achieve a
24 higher closing ratio and lowering costs;
- 25 e. Adopting a practice where claims adjusters who wrongfully deny benefits, as
26 shown by their prior actions, are allowed to continue in their positions;
- 27 f. Intentionally denying workers' compensation benefits without a reasonable
28 basis for such denial; and

1 g. knowingly terminating workers' compensation benefits without a reasonable
2 basis for such action.

3 157. At the time each Plaintiff was deprived of their workers' compensation
4 benefits, the adjusters were acting pursuant to an official policy, practice, custom and
5 procedure overlooking and/or authorizing unconstitutional denial of workers'
6 compensation benefits. *See Monell v. New York City Dept. of Social Servs.*, 436 U.S. 658,
7 659 (1978)

8 158. In addition, the Defendants had a general policy, pattern and/or practice of
9 not disciplining adjusters for their conduct, thereby sanctioning the adjuster's actions,
10 which amounted to a departmental policy of overlooking constitutional violations.
11 Defendants' failure to supervise and train its adjusters, and the City's willful blindness
12 towards the constitutional violations of its employees, constitute gross negligence and/or
13 deliberate and conscious indifference to Plaintiffs' rights including.

14 159. By the conduct described above, Defendants acted willfully, wantonly,
15 maliciously oppressively and with conscious disregard for and deliberately indifference to
16 Plaintiffs' constitutional due process rights. By intentionally, delaying and denying
17 Plaintiffs' property rights for workers' compensation benefits, Defendants violated
18 Plaintiffs' clearly established due process guaranteed by the 14th amendment.

19 160. As a direct and proximate result of the violation of their constitutional rights
20 by the Defendants, Plaintiffs suffered general and special damages as alleged in this
21 Complaint and are entitled to relief under 42 U.S.C §1983.

22 161. The conduct of Defendants was willful, malicious, oppressive and/or
23 reckless, and was of such a nature that punitive damages should be imposed in an amount
24 commensurate with Defendants' wrongful acts.

25 **XIV. PRAYER FOR RELIEF**

26 Plaintiffs respectfully pray that Plaintiffs have judgment entered against Defendant
27 and for an award of damages as follows:

28 a. For compensatory damages for physical pain and suffering, mental and

1 emotional distress, anxiety, and all other general damages alleged and proved at the time
2 of trial all tripled in accordance with RICO;

- 3 b. Recovery of expert witness fees;
- 4 c. Recovery of attorney fees;
- 5 d. Taxable costs incurred herein;
- 6 e. Pre- and post-judgment interest;
- 7 f. punitive damages; and
- 8 g. for all such other and further relief, at law or in equity, to which Plaintiffs
9 may be entitled.

10
11 Respectfully submitted,

12 **DOYLE RAIZNER LLP**

13
14 /s/ Jeffrey Avery

15 _____
16 Michael Patrick Doyle (*Pro Hac Vice* pending)

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JURY DEMAND

Plaintiffs hereby demand a trial by jury, a right enshrined in the Constitution of the United States of America and of the State of California and preserved by the sacrifices of many.

/s/ Jeffrey Avery

JEFFREY AVERY