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13 **IN THE UNITED STATES DISTRICT COURT**
14 **IN AND FOR THE CENTRAL DISTRICT OF CALIFORNIA**
15 **EASTERN DIVISION**

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

24 Plaintiffs,

25 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. 5:14-cv-02588-JGB

**THIRD AMENDED 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 18. For purposes of Plaintiffs RICO claims, Plaintiffs allege two separate
23 injuries to their business or property. First, Plaintiffs Brayshaw, Viola, Ross-Mullin,
24 Black, Huber, McCullough, Fujiwara, and Stephenson obtained an entitlement to benefits
25 through an order awarded by the Court. In addition, Fujiwara, Barrett, and Park obtained
26 an entitlement to benefits through a statutory and judicial representation of coverage by
27 CorVel and York. Despite this adjudicated order (or admission of compensability
28 judicially), Defendants still delayed Plaintiffs' benefits.

1 19. In addition, all Plaintiffs also maintain a separate property right in their right
2 to file a claim for benefits. This right was additionally injured because Defendants
3 misrepresented the ability of Plaintiffs to file claims, intimidated Plaintiffs to not file a
4 claim, or abused the process by delaying the only available remedies for so long, that
5 Plaintiff's right to benefits were effectively eliminated. This right to benefits is completely
6 separate from the expectancy of benefits. Thus Defendants caused injury to Plaintiffs'
7 business or property completely separate from the expectancy due-process right.

8 What Defendants Did to Firefighter Dustin Fujiwara

9 20. 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. Shortly after Mr. Fujiwara began receiving physical
13 therapy and received an MRI.

14 21. As a member of the Rialto Fire Department, Mr. Fujiwara had a statutory
15 right to submit a claim for benefits through the California Worker's Compensation
16 system¹. *See e.g.* Cal Lab Code § 3600 et seq. Thus the claim for benefits for Mr. Fujiwara
17 amounted to a property right protected by the Due Process clause. *Logan*, 455 U.S. at
18 429-31 ("When governing "rules or understandings" accord a cause of action for an
19 alleged harm, such as a breach of a state statute or contract, the individual has a
20 "legitimate entitlement" to submit that claim for resolution through established
21 adjudicatory procedures.")

22 22. In response to this property right, Mextli Hyde (while working for York)
23 sent Fujiwara to Dr. John Steinmann on September 30, 2010. While doctors are supposed
24 to be unbiased and undirected by a claims company such as York or Rialto, in this case
25 York and Rialto knew full well which doctors will and which will not provide objective
26 evaluations. York and Rialto chose to have Mr. Fujiwara evaluated by Dr. Steinmann.

27 _____
28 ¹ As noted later, Mr. Fujiwara also has a property right in the actual benefits, once he established his entitlement to those benefits. This property right in the claim for benefits is distinct from the entitlement to benefits.

1 Dr. Steinmann not surprisingly claimed a basis to discontinue Mr. Fujiwara's physical
2 therapy and medical benefits for treatment of his injuries.

3 23. Mr. Fujiwara then sought treatment from Dr. Chron, who confirmed that
4 Mr. Fujiwara needed treatment before returning to full duty status. Dr. Chron then
5 continued Mr. Fujiwara's physical therapy benefits. Dr. Chron subsequently found that
6 Mr. Fujiwara needed back surgery to treat his injuries, but Mextli Hyde denied
7 authorization on March 24, 2011. Indeed, rather than investigate Mr. Fujiwara's injury,
8 Hyde instead accused Fujiwara of "Doctor Shopping."

9 24. Hyde's refusal to authorize surgery and pay benefits was a fraudulent
10 communication because York and CorVel knew that Mr. Fujiwara was injured while at
11 work, sought treatment for this injury, and had no valid basis for denying the claim. This
12 claim is clearly compensable under California law. Indeed, a presumption of coverage
13 existed for Fujiwara's injury. In reality, while Hyde represented that she denied the claim
14 because it was not compensable, Hyde actually denied the claim to (1) push the claim to
15 Fujiwara's personal insurance, (2) in the hopes that Fujiwara would simply give up his
16 benefits, and (3) to create a chilling effect regarding worker's compensation claims in
17 Rialto for first responders. In addition, Defendants also misrepresented that it was using
18 the worker's compensation process for a legitimate investigation. When in reality,
19 Defendants used the process (including hearings, depositions, court filings, attorneys, and
20 medical examinations) in order to delay benefits and also to lower Rialto's worker's
21 compensation claims by creating a chilling effect for first responders.

22 25. Without justification, Defendants then forced Mr. Fujiwara to attend a QME
23 with Dr. Wood on May 4, 2011. Not surprisingly, Dr. Wood confirmed that Mr.
24 Fujiwara's injuries were compensable and that he required surgery. Based on Dr. Wood's
25 report, York and CorVel finally agreed to pay for Mr. Fujiwara's surgery on July 20,
26 2011. During Surgery, Dr. Chron further confirmed Mr. Fujiwara's injury to his back.
27 Once CorVel and York accepted Mr. Fujiwara's claim for benefits, York and CorVel
28 conceded that the claim was compensable and created a property right related to the

1 compensability of the claim. The claim had not been adjudicated at the time of surgery
2 because Mr. Fujiwara's claim remained open for benefits, meaning he was not stationary.
3 But, by accepting the claim and providing treatment, CorVel and York had represented
4 that the claim was compensable and conceded to the state of California that the claim was
5 compensable (by not denying the claim within its required deadline).

6 26. Defendants' misrepresentations caused an injury to Fujiwara's property,
7 ultimately harming Mr. Fujiwara's claim for benefits – a right protected by the due
8 process clause. Indeed, Defendants targeted Plaintiff's right to file a claim by using the
9 process in order to intimidate injured workers into not filing claims by throwing every
10 possible roadblock at the injured worker. Moreover, Defendants delayed its investigation
11 and procedure in order to effectively deprive the Plaintiff of his constitutional right to file
12 a claim for benefits. In essence, Mr. Fujiwara required immediate surgery and had no
13 remedy to obtain that surgery despite a property right to make a claim for benefits. In
14 contrast Defendants made the process long and drawn out, effectively eliminating Mr.
15 Fujiwara's right.

16 27. To further add insult to injury, as of July 20, 2011, Mr. Fujiwara had a
17 property right in worker's compensation benefits. As of that date, Rialto, CorVel and
18 York had accepted Mr. Fujiwara's claim as compensable, including that his required
19 surgery was reasonable and necessary. Thus, Mr. Fujiwara maintained a legitimate
20 entitlement to continued benefits because Stockton and Rialto accorded the benefits the
21 past, and thus Fujiwara has a reasonable expectation the benefits would continue in the
22 future and that the undisputed benefits would be paid timely. *See Goldberg v. Kelly*, 397
23 U.S. 254, 260-66, 25 L. Ed. 2d 287, 90 S. Ct. 1011 (1970)(Once welfare payments
24 commence, a welfare recipient has a property interest in continued payments."); *Atkins v.*
25 *Parker*, 472 U.S. 115, 128, 86 L. Ed. 2d 81, 105 S. Ct. 2520 (1985) (food stamps).

26 28. But even after Defendants conceded that Mr. Fujiwara's claim was
27 compensable (and Fujiwara had a property right to those benefits), Hyde, York, Rialto,
28 and CorVel intentionally underpaid and failed to reimburse Mr. Fujiwara for his benefits.

1 Specifically, Mr. Fujiwara missed approximately 9 to 10 months of work as a result of the
2 surgery. But the enterprise intentionally failed to timely pay Fujiwara is benefits (even
3 though he had an established property right protected by the due process clause). Indeed,
4 on September 2, 2011 and June 7, 2012, Mextli Hyde sent letters to Mr. Fujiwara
5 notifying Mr. Fujiwara that his benefits were delayed. Knowing that he was owed
6 benefits, Mr. Fujiwara contacted Ms. Hyde and requested payment. In response, Hyde
7 first stated that she did not “know how to pay” Mr. Fujiwara and that she had lost some of
8 his paper work. After Fujiwara again questioned the calculation of the underpayment,
9 Hyde represented that “per state law she does not have to provide that information.”

10 29. This continual pattern of underpayment and failure to pay benefits was an
11 additional fraudulent communication. Indeed, in contrast to Hyde’s representations, Hyde
12 intentionally failed to timely pay the benefits because she (1) hoped that Fujiwara would
13 simply not fight for his additional owed benefits and (2) Hyde was attempting to create a
14 chilling effect regarding worker’s compensation claims in Rialto for first responders. This
15 further caused harm to Mr. Fujiwara’s property right (the continued timely and proper
16 benefits).

17 30. Finally on September 6, 2013, the California Division of Worker’s
18 Compensation ordered benefits in favor of Dustin Fujiwara. See Exhibit 10. This award
19 specifically found that Fujiwara suffered a 32% disability rating, requiring the payment
20 from the time period of October 2012 to July 2013. This award covered the time periods
21 that Hyde represented she simply did not “know how to pay” Mr. Fujiwara’s benefits.

22 31. As more specifically stated above, Defendants created a pattern and practice
23 of delaying and denying injured workers (like Mr. Fujiwara) their entitlement to workers’
24 compensation benefits. More specifically, Defendants failed to properly supervise and
25 train adjusters like Mextli Hyde, and instead overlooked and covered up its adjuster’s
26 misconduct. In addition, the Defendants had a general policy, pattern and/or practice of
27 encouraging adjusters (like Hyde) to deny and delay legitimate benefits in order to
28 financially benefit Defendants by maintaining contracts with public entities to adjust

1 workers' compensation benefits. Defendants' failure to supervise or discipline its
2 adjusters' conduct, amounts to a departmental policy of overlooking constitutional
3 violations.

4 32. Because the delays in payment of benefits to Fujiwara were so severe,
5 Defendants deprived Fujiwara of his statutorily created benefit and thus violated his due
6 process rights guaranteed by the 14th amendment of the United States Constitution.

7 33. In addition, CorVel and Hyde also acted outrageously while handling
8 Fujiwara's benefits. CorVel and Hyde intentionally made the claims process a
9 battleground for first responders (including Fujiwara), in order to deter claims throughout
10 the Rialto fire department and police department. CorVel and Hyde intentionally fostered
11 an environment that would discourage other injured first responders from seeking
12 benefits. Indeed, since 2008, the city of Rialto has had a reputation for discouraging
13 claims. See Exhibit A. Thus Hyde and CorVel's conduct against Mr. Fujiwara was not
14 related to the actual insurance claim, but rather a larger scheme to lower the City of
15 Rialto's exposure for worker's compensation costs of other employees or other claims by
16 Mr. Fujiwara.

17 34. Furthermore, CorVel specifically retained and chose to hire Mextli Hyde as
18 an adjuster for claims in the City of Rialto, in order to intimidate, harass, and discourage
19 claims by injured first responders. CorVel and the City of Rialto were aware that Hyde
20 had a reputation for purposefully delaying and denying injured first responders their owed
21 benefits. Indeed, Mr. Fujiwara identified Mextli Hyde to the Rialto City Council meeting
22 on September 27, 2011. See Exhibit D (“[Mr. Fujiwara] stated they need to look at the
23 Workers Compensation Insurance Adjuster who is drawing every case out and denying
24 everything she can to slow things down . . . They need to get rid of CorVel or investigate
25 and audit.”). Despite knowing Hyde's reputation among the Rialto first responders,
26 CorVel specifically hired Ms. Hyde from York (and continued to retain Ms. Hyde) in
27 order to lower claims by creating the chilling effect.

28 35. Unfortunately, the delay in payment of benefits and medical care caused

1 separate and distinct physical and financial damage to Mr. Fujiwara. Defendants'
2 fraudulent communication with Mr. Fujiwara, his providers, and the state of California
3 was accomplished through emails, facsimile, the United States Mail, or
4 telecommunication.

5 36. Therefore, Mr. Fujiwara additionally suffered an injury to his property
6 because (1) the Enterprise deprived and delayed Fujiwara's claim for benefits and (2)
7 deprived and delayed benefits after Fujiwara had received an entitlement to the benefits.
8 Fujiwara additionally suffered concrete loss because he suffered out of pocket expenses,
9 including attorney's fees, medical care, medical and legal mileage, travel expenses, meals,
10 lost time from work attending hearings, depositions, and medical appointments, damage to
11 his pension, and lost promotions,

12 37. In addition, the enterprise caused this harm because Fujiwara, medical
13 professionals, and the California Department of Industrial Relations, Division of Worker's
14 Compensation all relied on the Enterprise's misrepresentations. Specifically Fujiwara
15 relied on the Enterprise to obey statutes, court orders, court rules, rules of evidence,
16 written agreements, representations to the court by officers of the court, and
17 representations made under oath to the court by York, CorVel, Rialto and Stockton's and
18 their agents. Indeed, when Defendants stated that they were legitimately using the process
19 and investigating, Mr. Fujiwara relied on those representations to not file claims for unfair
20 claims handling with the Worker's Compensation process. Moreover, the state of
21 California relied on the Enterprise to engage lawfully in the worker's compensation
22 process and not use the process to deter claims.

23 38. The Enterprise consisting of Rialto, York, and CorVel committed each
24 predicate act. This Enterprise first started in 2008 when Rialto and York (through adjuster
25 Mextli Hyde) unreasonably delayed and denied benefits to first responders working for
26 the city of Rialto. In 2011, Rialto then hired CorVel, who in turn hired Mextli Hyde from
27 York. While York was no longer involved in handling the claim for benefits, the
28 enterprise continued the same purpose, with CorVel simply taking York's place and using

1 Mextli Hyde exactly the same way. Furthermore, the Enterprise continued for the same
2 purpose, used the same actors (members of the city of Rialto and Mextli Hyde working for
3 either CorVel or York), and denied the same claims for benefits. In sum the city of Rialto
4 used Mextli Hyde to commit a pattern of mail and wire fraud while Hyde worked for York
5 (2008-2011) and CorVel (2011 to current).

6 39. As with the other first responders subjected to unjustified and unnecessary
7 delays by York and CorVel, Mr. Fujiwara suffered financial loss including attorney's fees,
8 medical care, and medical mileage. Defendants' fraud directly caused injury to Plaintiff
9 because it deprived him of benefits and caused him to pay attorney's fees, medical care
10 (including out-of-pocket deductibles, medical mileage and other costs), suffer emotional
11 pain and damages. Due to the wrongful denial, delay, and scheme Plaintiff suffered
12 significant economic damage, humiliation, worry, distress, and continuing economic and
13 physical damage. Moreover, Defendants delay in financial and medical benefits also
14 caused Plaintiff to suffer the loss of wages (including overtime) and future earning
15 capacity, miss promotions, and damaged his pension expectancy. Additionally, Mr.
16 Fujiwara has suffered financial harm and damage to his credit. Finally, due to the
17 outrageous conduct of Defendants, Mr. Fujiwara suffered severe emotional distress.

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

19 40. Victor Gregory worked as a Firefighter for the Fire Department for the City
20 of Rialto. While working on duty on May 5, 2011, Mr. Gregory injured his knee while
21 exercising at the station, confirmed under applicable standards as a workplace injury. Mr.
22 Gregory reported the injury, but continued working. He later sought treatment for his
23 injured knee and his treating physician, Dr. Daniel Kharrazi, confirmed that Mr. Gregory
24 suffered a torn ACL. In addition on February 28, 2014, Mr. Gregory additionally suffered
25 an on-the-job shoulder injury.

26 41. As a member of the Rialto Fire Department, Mr. Gregory had a statutory
27 right to submit a claim for benefits through the California Worker's Compensation
28 system. *See e.g.* Cal Lab Code § 3600 et seq. Thus the claim for benefits for Mr. Gregory

1 amounted to a property right protected by the Due Process clause.

2 42. Despite this statutory right to file a claim, Defendants refused to approve
3 Mr. Gregory's ACL surgery for months, despite the clear medical testimony confirming
4 surgery. Furthermore, even after Mr. Gregory finally received his needed surgery, CorVel
5 continued to deny payment of the owed indemnity payments for the missed time. Indeed,
6 rather than pay the owed benefits, CorVel attempted to avoid paying the benefits by
7 pressuring Gregory's treating physician and sending a surveillance team to Mr. Gregory's
8 home. Ultimately the delays in treatment forced Mr. Gregory into an early retirement.

9 43. In addition, CorVel simply ignored Mr. Gregory's claim for benefits in his
10 shoulder. Mr. Gregory repeatedly called CorVel regarding the claim, but Mr. Gregory
11 was simply ignored. Ultimately nearly a year later, the CorVel adjuster told Mr. Gregory
12 that CorVel had lost the paperwork for his claim, and therefore would be denying his
13 claim for benefits. In essence, CorVel prevented Mr. Gregory's from making a claim for
14 benefits, by ignoring his claim and then losing the paperwork for the claim. This in turn
15 caused Mr. Gregory a delay of over a year before he was able to re-file his claim for
16 benefits, which further delayed treatment for his shoulder for months. Ultimately, Mr.
17 Gregory filed a claim on July 16, 2015 for benefits to his shoulder.

18 44. CorVel's refusal to accept Mr. Gregory's claim was a scheme to defraud
19 because CorVel knew that Mr. Gregory was injured while at work, sought treatment for
20 this injury, and had no valid basis to refuse to allow the filing of the claim. Moreover,
21 CorVel also engaged in a scheme to defraud by preventing Mr. Gregory from filing a
22 shoulder claim for months by simply ignoring Mr. Gregory's claim. Defendants actually
23 denied (and ignored) the claims to (1) push the claim to Plaintiff's personal insurance, (2)
24 in the hopes that Gregory would simply give up his benefits (or delay filing his claim),
25 and (3) to create a chilling effect regarding worker's compensation claims in Rialto for
26 first responders.

27 45. Defendants' misrepresentations caused an injury to Plaintiff's property
28 because it effectively eliminated Gregory's ability to seek his surgery for ACL

1 reconstruction through the process because Mr. Gregory required immediate medical
2 attention, but had no remedy to seek that immediate medical attention. In addition,
3 Defendants prevented Mr. Gregory from filing a claim for his shoulder by misrepresenting
4 his claim, and ignoring Mr. Gregory's claim. Indeed, Defendants targeted Plaintiff's right
5 to file a claim by using the process in order to intimidate injured workers into not filing
6 claims by throwing every possible roadblock at the injured worker. Moreover, Defendants
7 delayed its investigation and procedure in order to effectively deprive the Plaintiff of his
8 constitutional right to file a claim for benefits, including preventing his reimbursement,
9 and also delaying his need for surgery.

10 46. As more specifically stated above, Defendants created a pattern and practice
11 of delaying and denying injured workers (like Mr. Gregory) their entitlement to workers'
12 compensation benefits. More specifically, Defendants failed to properly supervise and
13 train adjusters like Mextli Hyde, and instead overlooked and covered up its adjuster's
14 misconduct. In addition, the Defendants had a general policy, pattern and/or practice of
15 encouraging adjusters (like Hyde) to deny and delay legitimate benefits in order to
16 financially benefit Defendants by maintaining contracts with public entities to adjust
17 workers' compensation benefits. Defendants' failure to supervise or discipline its
18 adjusters' conduct, amounts to a departmental policy of overlooking constitutional
19 violations.

20 47. Because the delays in payment of benefits to Gregory were so severe,
21 Defendants deprived Gregory of his statutorily created benefit and thus violated his due
22 process rights guaranteed by the 14th amendment of the United States Constitution.

23 48. In addition, CorVel and Hyde also acted outrageously while handling
24 Gregory's benefits. CorVel and Hyde intentionally created hostility towards worker's
25 compensation claims for first responders (including Gregory) in order to deter future
26 claims by additional Rialto fire and police department personnel. CorVel and Hyde
27 intentionally fostered an environment that would discourage other injured first responders
28 from seeking benefits. Indeed, since 2008, the city of Rialto has had a reputation for

1 discouraging claims. *See* Exhibit A. Moreover CorVel and Rialto jointly ensured a
2 retaliatory environment within the city of Rialto against individuals who filed claims,
3 including employment reprimands. In order to discourage claims by other employees,
4 Rialto, CorVel, and Hyde made it well known that a claimant for worker's compensation
5 benefits would be forced through every possible hoop, including insurance medical
6 examinations, litigation, depositions, and repeated denials even in the face of court orders.
7 In sum, Hyde and CorVel's conduct against Mr. Gregory was not related to his actual
8 insurance claims, but rather a larger scheme to lower the City of Rialto's exposure for
9 worker's compensation costs of other employees or future claims by Mr. Gregory.

10 49. Furthermore, CorVel specifically retained and chose to hire Mextli Hyde as
11 an adjuster for claims in the City of Rialto, in order to intimidate, harass, and discourage
12 claims by injured first responders. CorVel and the City of Rialto were aware that Hyde
13 had a reputation for purposefully delaying and denying injured first responders their owed
14 benefits. Indeed, CorVel and Rialto knew that using Hyde as a claims adjuster deterred
15 claims because of her reputation to make the claims ground a battle field.

16 50. Unfortunately, the delay in payment of benefits and medical care caused
17 separate and distinct physical and financial damage to Mr. Gregory. Defendants'
18 fraudulent communication with Mr. Gregory, his providers, and the state of California
19 was accomplished through emails, facsimile, the United States Mail, or
20 telecommunication.

21 51. Therefore, Mr. Gregory additionally suffered an injury to his property
22 because (1) the Enterprise deprived and delayed Gregory's claim for benefits and (2)
23 deprived and delayed benefits after Gregory had received an entitlement to the benefits.
24 Gregory additionally suffered concrete loss because he suffered out of pocket expenses,
25 including attorney's fees, medical care, medical and legal mileage, travel expenses, meals,
26 lost time from work attending hearings, depositions, and medical appointments, damage to
27 his pension, and lost promotions,

28 52. In addition, the enterprise caused this harm because Gregory, medical

1 professionals, and the California Department of Industrial Relations, Division of Worker's
2 Compensation all relied on the Enterprise's misrepresentations. Specifically Gregory
3 relied on the Enterprise to obey statutes, court orders, court rules, rules of evidence,
4 written agreements, representations to the court by officers of the court, and
5 representations made under oath to the court by York, CorVel, Rialto and Stockton's and
6 their agents. Indeed, when Defendants stated that they were legitimately using the process
7 and investigating, Mr. Gregory relied on those representations to not file claims for unfair
8 claims handling with the Worker's Compensation process. Moreover, the state of
9 California relied on the Enterprise to engage lawfully in the worker's compensation
10 process and not use the process to deter claims.

11 53. The Enterprise consisting of Rialto, York, and CorVel committed each
12 predicate act forming the pattern of racketeering alleged in this complaint. This Enterprise
13 first started in 2008 when Rialto and York (through adjuster Mextli Hyde) unreasonably
14 delayed and denied benefits to first responders working for the city of Rialto. In 2011,
15 Rialto then hired CorVel, who in turn hired Mextli Hyde from York. While York was no
16 longer involved in handling the claim for benefits, the enterprise continued the same
17 purpose, with CorVel simply taking York's place and using Mextli Hyde exactly the same
18 way. Furthermore, the Enterprise continued for the same purpose, used the same actors
19 (members of the city of Rialto and Mextli Hyde working for either CorVel or York), and
20 denied the same claims for benefits. In sum the city of Rialto used Mextli Hyde to commit
21 a pattern of mail and wire fraud while Hyde worked for York (2008-2011) and CorVel
22 (2011 to current).

23 54. Because of Defendants conduct, Mr. Gregory suffered financial loss
24 including attorney's fees, medical care, and medical mileage. Defendants' fraud directly
25 caused injury to Plaintiff because it deprived him of benefits and caused him to pay
26 attorney's fees, medical care (including out-of-pocket deductibles, medical mileage and
27 other costs), suffer emotional pain and damages. Due to the wrongful denial, delay, and
28 scheme Plaintiff suffered significant economic damage, humiliation, worry, distress, and

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

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

8 55. Timothy Brayshaw has worked for the police department for the City of
9 Rialto for over 11 years. While protecting the people of Rialto, Mr. Brayshaw suffered a
10 series of injuries while acting in the scope of his employment, including (1) Clostridium
11 Difficile and Pneumonia and (2) a neck and forearm injury. While initially York and
12 CorVel engaged in a scheme to delay these claims for benefits, ultimately York and
13 CorVel accepted these claims. But unfortunately, even after Brayshaw had a vested
14 property right in the entitlement to worker's compensation benefits, Defendants simply
15 continued its scheme to defraud those benefits.

16 **Mr. Brayshaw's On-the-job injury related to Clostridium Difficile and Pneumonia**

17 56. First, sometime between April and August of 2008, Mr. Brayshaw was
18 diagnosed with Clostridium Difficile and Pneumonia by his personal physician, Dr. Shiu.
19 Dr. Shiu confirmed that the injury was work-related under California law. Indeed, under
20 California Labor Code Section 3212, these injuries are presumed covered for peace
21 officers². On June 3, 2009, Mr. Brayshaw filed a claim for coverage under Rialto's
22 workers' compensation insurance.

23 57. As a member of the Rialto Police Department and citizen of the state of
24 California, Mr. Brayshaw had a statutory right to submit a claim for benefits through the
25 California Worker's Compensation system¹. *See e.g.* Cal Lab Code § 3600 et seq. Thus
26 the claim for benefits for Mr. Brayshaw amounted to a property right protected by the Due

27 _____
28 ² 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 Process clause. Logan, 455 U.S. at 429-31.

2 58. In response to this property right, starting on October 8, 2010 claims
3 adjuster Mextli Hyde of (at that time working for York) was assigned to Mr. Brayshaw's
4 cases and repeatedly denied medical treatment recommended by agreed physicians. This
5 specifically included delaying and denying treatment to Mr. Brayshaw. Furthermore, Ms.
6 Hyde has maintained a hostile attitude toward Brayshaw's claim including improperly
7 discouraging him from seeking coverage for his workers' compensation during phone-
8 calls with Mr. Brayshaw.

9 59. Hyde's refusal to authorize benefits was a fraudulent communication
10 because York and CorVel knew that Mr. Brayshaw was injured while at work, sought
11 treatment for this injury, and had no valid basis for denying the claim. This claim is
12 clearly compensable under California law. Indeed, a presumption of coverage existed for
13 the injury. In reality, while Hyde represented that she denied the claim because it was not
14 compensable, Hyde actually denied the claim to (1) push the claim to his personal
15 insurance, (2) in the hopes that Brayshaw would simply give up his benefits, and (3) to
16 create a chilling effect regarding worker's compensation claims in Rialto for first
17 responders. In addition, Defendants also misrepresented that it was using the worker's
18 compensation process for a legitimate investigation. When in reality, Defendants used the
19 process (including hearings, depositions, court filings, attorneys, and medical
20 examinations) in order to delay benefits and also to lower Rialto's worker's compensation
21 claims by creating a chilling effect for first responders.

22 60. Defendants' misrepresentations caused an injury to Brayshaw's property,
23 ultimately harming his claim for benefits – a right protected by the due process clause.
24 Indeed, Defendants targeted Plaintiff's right to file a claim by using the process in order to
25 intimidate injured workers into not filing claims by throwing every possible roadblock at
26 the injured worker. Moreover, Defendants delayed its investigation and procedure in order
27 to effectively deprive the Plaintiff of his constitutional right to file a claim for benefits. In
28 essence, Mr. Brayshaw required immediate treatment and had no remedy to obtain that

1 care despite a property right to make a claim for benefits. In contrast Defendants made the
2 process long and drawn out, effectively eliminating his right.

3 61. To further add insult to injury, after an Agreed Medical Examination
4 confirmed that Mr. Brayshaw was owed benefits for pneumonia and c-diff, on June 25,
5 2012 the Division of Worker's Compensation awarded benefits to Mr. Brayshaw for his
6 injury. See Exhibit, 5, DWC Award related to Tim Brayshaw dated June 25, 2012.
7 Specifically the Division of Workers' Compensation entered an award "in favor of Tim
8 Brayshaw against City of Rialto . . . administered by CorVel." Id. This award was a final
9 adjudication on the merits regarding Mr. Brayshaw's claim for c-diff, including the 242.5
10 sick hours that would be confirmed to payment for indemnity benefits. The Award was
11 then entered and signed by the Administrative law judge. Id.

12 62. Thus, Mr. Brayshaw had a vested property right in worker's compensation
13 benefits. And Mr. Brayshaw maintained a legitimate entitlement to continued benefits
14 because Rialto accorded the benefits in the past, creating a reasonable expectation that the
15 benefits would continue in the future. *See Goldberg v. Kelly*, 397 U.S. 254, 260-66
16 (1970).

17 63. Despite this property right, Rialto and CorVel repeatedly failed to timely
18 make payment to Mr. Brayshaw for 242 hours of 4850 time (approximately, \$10,000.00).
19 Instead, Defendants delayed issuing this undisputed payments, and told Brayshaw that it
20 could not follow the Court's order. This refusal and failure to timely pay benefits amounts
21 to an injury to Brayshaw's property. Specifically, the city human resources officer (Ms.
22 Mohan) told Mr. Brayshaw that she needed confirmation from the Rialto Chief of Police
23 before paying the claim, despite the Court's order. Rialto waited an additional 8 months
24 and then incorrectly amended Mr. Brayshaw's w-2 tax form for 2008, causing Mr.
25 Brayshaw significant tax penalties. To further add insult to injury, CorVel and Rialto also
26 consistently failed to pay for Mr. Brayshaw's mileage and expenses related to his
27 workers' compensation claims. Brayshaw's expenses exceed three thousand dollars
28 (\$3,000.00).

1 February 22, 2012 and on September 16, 2012 Dr. Hopkins recommended chiropractic
2 care or physical therapy and transfer to a pain management specialist for headaches.

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

14 68. In reality, Hyde's refusal to authorize benefits was a fraudulent
15 communication because York and CorVel knew that Mr. Brayshaw was injured while at
16 work, sought treatment for this injury, and had no valid basis for denying the claim. This
17 claim is clearly compensable under California law. Indeed, a presumption of coverage
18 existed for the injury. In reality, while Hyde represented that she denied the claim because
19 it was not compensable, Hyde actually denied the claim to (1) push the claim to his
20 personal insurance, (2) in the hopes that Brayshaw would simply give up his benefits, and
21 (3) to create a chilling effect regarding worker's compensation claims in Rialto for first
22 responders. In addition, Defendants also misrepresented that it was using the worker's
23 compensation process for a legitimate investigation. When in reality, Defendants used the
24 process (including hearings, depositions, court filings, attorneys, and medical
25 examinations) in order to delay benefits and also to lower Rialto's worker's compensation
26 claims by creating a chilling effect for first responders.

27 69. Defendants' misrepresentations caused an injury to Brayshaw's property,
28 ultimately harming his claim for benefits – a right protected by the due process clause.

1 Indeed, Defendants targeted Plaintiff's right to file a claim by using the process in order to
2 intimidate injured workers into not filing claims by throwing every possible roadblock at
3 the injured worker. Moreover, Defendants delayed its investigation and procedure in order
4 to effectively deprive the Plaintiff of his constitutional right to file a claim for benefits. In
5 essence, Mr. Brayshaw required immediate treatment and had no remedy to obtain that
6 care despite a property right to make a claim for benefits. In contrast Defendants made the
7 process long and drawn out, effectively eliminating his right.

8 70. On December 20, 2012, the Division of Worker's Compensation awarded
9 benefits to Mr. Brayshaw for his neck injury. Specifically the Court awarded benefits "in
10 favor of Tim Brayshaw against [the] city of Rialto, administered by CorVel." Importantly
11 this order was signed and entered by the judge and was a final adjudication on the merits
12 of Mr. Brayshaw's claim. The Order accepted Dr. Hopkins' medical examination
13 findings, and included 6 chiropractic visits a year. Therefore as of those dates, Rialto,
14 CorVel and York had accepted Mr. Brayshaw's claims as compensable, including that his
15 required medical treatment was reasonable and necessary. Thus, Mr. Brayshaw
16 maintained a legitimate entitlement to continued benefits accorded in the past, and thus
17 Brayshaw had a reasonable expectation the benefits would continue in the future. See
18 *Goldberg v. Kelly*, 397 U.S. 254, 260-66, 25 L. Ed. 2d 287, 90 S. Ct. 1011 (1970).

19 71. Despite that property right to treatment for his neck and arm, on February
20 23, 2013, Dr. Hopkins recommended chiropractic treatment for Mr. Brayshaw. This
21 request was summarily denied by Mextli Hyde, CorVel and Rialto – even though the
22 Court had awarded Hopkins six chiropractic visits a year. Moreover on May 22, 2013,
23 CorVel and Adjuster Hyde mailed a letter of "Non-Certification Recommendation"
24 denying Dr. Hopkins (CorVel's own doctor) medical treatment recommendation. Dr.
25 Hopkins informed Mr. Brayshaw that Adjuster Hyde had accused Mr. Brayshaw of doctor
26 shopping and [f]alse claims of injury because Mr. Brayshaw treated with Dr. Shiu, Mr.
27 Brayshaw's private physician. In reality, Dr. Hopkins completely rejected Hyde's
28 accusations. Mr. Brayshaw was forced to pay the mounting medical costs and physical

1 therapy while using his personal medical insurance attempting to find relief from his
2 headaches and return to full duty status. Mr. Brayshaw also sustained damage to his right
3 forearm affecting his grip. Mr. Brayshaw worked full duty with this disability due to
4 CorVel's and Hyde's long delays and denials of treatment. For example, during one
5 graveyard shift while handcuffing a DUI suspect, the pain in Mr. Brayshaw's right
6 forearm was so disabling, that Mr. Brayshaw momentarily lost the use of his right hand
7 and dropped the handcuffs.

8 72. In reality, Hyde's refusal to authorize treatment also amounts to a scheme to
9 defraud. Indeed, in contrast to Hyde's representations, Hyde intentionally failed to timely
10 pay the benefits because she (1) hoped that Brayshaw would simply not fight for his
11 additional owed benefits and (2) Hyde was attempting to create a chilling effect regarding
12 worker's compensation claims in Rialto for first responders. This further caused harm to
13 Mr. Brayshaw's property right (the continued timely and proper benefits). Indeed, Hyde
14 specifically attempted to verbally discourage Mr. Brayshaw from pursuing his claim.

15 73. This refusal to authorize treatment was additionally a scheme to defraud.
16 Indeed, in contrast to Hyde's representations, Hyde intentionally failed to pay the benefits
17 because she (1) hoped that Brayshaw would simply not fight for his owed benefits and (2)
18 Hyde was attempting to create a chilling effect regarding worker's compensation claims in
19 Rialto for first responders. This further caused harm to Mr. Brayshaw's property right (the
20 continued timely and proper benefits).

21 74. As more specifically stated above, Defendants created a pattern and practice
22 of delaying and denying injured workers (like Mr. Brayshaw) their entitlement to
23 workers' compensation benefits. More specifically, Defendants failed to properly
24 supervise and train adjusters like Mextli Hyde, and instead overlooked and covered up its
25 adjuster's misconduct. In addition, the Defendants had a general policy, pattern and/or
26 practice of encouraging adjusters (like Hyde) to deny and delay legitimate benefits in
27 order to financially benefit Defendants by maintaining contracts with public entities to
28 adjust workers' compensation benefits. Defendants' failure to supervise or discipline its

1 adjusters' conduct, amounts to a departmental policy of overlooking constitutional
2 violations. Because the delays in payment of benefits to Brayshaw were so severe,
3 Defendants deprived Brayshaw of his statutorily created benefit and thus violated his due
4 process rights guaranteed by the 14th amendment of the United States Constitution.

5 75. In addition, CorVel and Hyde also acted outrageously while handling
6 Brayshaw's benefits. CorVel and Hyde intentionally made the claims process a
7 battleground for first responders (including Brayshaw) in order to deter future claims by
8 additional Rialto fire and police department personnel. CorVel and Hyde intentionally
9 fostered an environment that would discourage other injured first responders from seeking
10 benefits. Indeed, since 2008, the city of Rialto has had a reputation for discouraging
11 claims. *See* Exhibit A. Moreover CorVel and Rialto jointly ensured a retaliatory
12 environment within the city of Rialto against individuals who filed claims, including
13 employment reprimands. In sum, Hyde and CorVel's conduct against Mr. Brayshaw was
14 not related to his actual insurance claims, but rather a larger scheme to lower the City of
15 Rialto's exposure for worker's compensation costs of other employees or future claims by
16 Mr. Brayshaw.

17 76. Furthermore, CorVel specifically retained and chose to hire Mextli Hyde as
18 an adjuster for claims in the City of Rialto, in order to intimidate, harass, and discourage
19 claims by injured first responders. CorVel and the City of Rialto were aware that Hyde
20 had a reputation for purposefully delaying and denying injured first responders their owed
21 benefits. Indeed, CorVel and Rialto knew that using Hyde as a claims adjuster deterred
22 claims because of her reputation to make the claims ground a battle field. More
23 specifically to Mr. Brayshaw, Hyde attempted to additionally damage Mr. Brayshaw's
24 reputation by first interfering with his doctor-patient relationship by alleging to Mr.
25 Brayshaw's physicians that Mr. Brayshaw was acting improperly and faking his injuries.
26 Additionally, Ms. Hyde also told Rialto administrators that Mr. Brayshaw was acting
27 improperly and faking his injuries.

28 77. Unfortunately, the delay in payment of benefits and medical care caused

1 separate and distinct physical and financial damage to Mr. Brayshaw. Defendants'
2 fraudulent communication with Mr. Brayshaw, his providers, and the state of California
3 was accomplished through emails, facsimile, the United States Mail, or
4 telecommunication.

5 78. Mr. Brayshaw suffered an injury to his property because (1) the Enterprise
6 deprived and effectively eliminated Brayshaw's claim for benefits and (2) deprived and
7 delayed benefits after Brayshaw had received an entitlement to the benefits. Brayshaw
8 additionally suffered concrete loss because he suffered out of pocket expenses, including
9 attorney's fees, medical care, medical and legal mileage, travel expenses, meals, lost time
10 from work attending hearings, depositions, and medical appointments, damage to his
11 pension, and lost promotions.

12 79. In addition, the enterprise caused this harm because Brayshaw, medical
13 professionals, and the California Department of Industrial Relations, Division of Worker's
14 Compensation all relied on the Enterprise's misrepresentations. Specifically Brayshaw
15 relied on the Enterprise to obey statutes, court orders, court rules, rules of evidence,
16 written agreements, representations to the court by officers of the court, and
17 representations made under oath to the court by York, CorVel, Rialto and Stockton's and
18 their agents. Indeed, when Defendants stated that they were legitimately using the process
19 and investigating, Mr. Brayshaw relied on those representations to not file claims for
20 unfair claims handling with the Worker's Compensation process. Moreover, the state of
21 California relied on the Enterprise to engage lawfully in the worker's compensation
22 process and not use the process to deter claims.

23 80. The Enterprise consisting of Rialto, York, and CorVel committed each
24 predicate act. This Enterprise first started in 2008 when Rialto and York (through adjuster
25 Mextli Hyde) unreasonably delayed and denied benefits to first responders working for
26 the city of Rialto. In 2011, Rialto then hired CorVel, who in turn hired Mextli Hyde from
27 York. While York was no longer involved in handling the claim for benefits, the
28 enterprise continued the same purpose, with CorVel simply taking York's place and using

1 Mextli Hyde exactly the same way. Furthermore, the Enterprise continued for the same
2 purpose, used the same actors (members of the city of Rialto and Mextli Hyde working for
3 either CorVel or York), and denied the same claims for benefits. In sum the city of Rialto
4 used Mextli Hyde to commit a pattern of mail and wire fraud while Hyde worked for York
5 (2008-2011) and CorVel (2011 to current).

6 81. As a result of Defendants' conduct, Mr. Brayshaw suffered financial loss
7 including attorney's fees, medical care, and medical mileage. Defendants' fraud directly
8 caused injury to Mr. Brayshaw because it deprived him of benefits and caused him to pay
9 attorney's fees, medical care (including out-of-pocket deductibles, medical mileage and
10 other costs), suffer emotional pain and damages. Due to the wrongful denial, delay, and
11 scheme Mr. Brayshaw suffered significant economic damage, humiliation, worry, distress,
12 and continuing economic and physical damage. Moreover, Defendants delay in financial
13 and medical benefits also caused Plaintiff to suffer the loss of wages (including overtime)
14 and future earning capacity, miss promotions, and damaged his pension expectancy. Mr.
15 Brayshaw struggled to sleep at night for months and is being treated for sleep deprivation,
16 experienced unnecessary worry, stress, and concern that impacted his daily activities.

17 82. Because of the delays in treatment, Mr. Brayshaw has worked every day
18 with neck pain that causes tension headaches and occasional numbing down his right
19 shoulder and weakness in his right hand. If left unchecked the headaches are severe
20 enough to interfere with Mr. Brayshaw's vision. Mr. Brayshaw at times consumes 6 to 8
21 "pain-aid" headache tablets a day to combat the headaches caused by the neck injury. The
22 consumption of this amount of pain medication in turn aggravates Mr. Brayshaw's
23 intestinal injury, also causing Mr. Brayshaw to work with low level nausea, diarrhea and a
24 high possibility of future stomach complications, all because CorVel and Hyde denied the
25 necessary medical treatment for Mr. Brayshaw's on-duty injuries. Additionally, Mr.
26 Brayshaw has suffered financial harm and damage to his credit along with IRS issues from
27 2008.

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

1 83. Joseph Viola worked as a police officer for the City of Rialto for over 12
2 years. While on patrol protecting the city of Rialto, Mr. Viola suffered a series of injuries
3 to his lower back while acting in the scope of his employment beginning in the early
4 2000s. Because Mr. Viola was a peace officer, this injury was presumed to be covered.
5 Mr. Viola's treating physician, Dr. Mark Greenspan, further confirmed that he suffered
6 the injury. On April 25, 2011, Mr. Viola filed a claim for workers' compensation benefits.
7 Viola provided testimony, medical records, medical opinions, and other evidence to
8 Defendants and Rialto establishing his right to worker's compensation benefits.

9 84. As a member of the Rialto Police Department, Mr. Viola had a statutory
10 right to submit a claim for benefits through the California Worker's Compensation
11 system. *See e.g.* Cal Lab Code § 3600 et seq. Thus the claim for benefits for Mr. Viola
12 amounted to a property right protected by the Due Process clause. *Logan*, 455 U.S. at 429-
13 31.

14 85. In addition, Mr. Viola also maintained a right to file claims for
15 reimbursement of his out of pocket expenses. Specifically, the right to this claim was a
16 property right protected by the 14th amendment. Throughout the claim, Mr. Viola paid a
17 substantial amount of out-of-pocket expenses, including for medical treatment and
18 insurance payments. However because of defendant's conduct regarding Viola (and other
19 first responders claims for benefits), Mr. Viola did not file a claim because he knew that
20 he would be forced through years of delays and substantial costs for attorney's fees. Thus
21 by creating the hostile environment against worker's compensation claims for first
22 responders, CorVel damaged Mr. Viola's claim for benefits.

23 86. CorVel's refusal to accept Mr. Viola's claims was a scheme to defraud
24 because CorVel knew that Mr. Viola was injured while at work, sought treatment for this
25 injury, and had no valid basis to refuse to allow the filing of the claim. Defendants
26 actually denied the claim to (1) push the claim to Plaintiff's personal insurance, (2) in the
27 hopes that Viola would simply give up his benefits (which he did regarding his
28 reimbursement), and (3) to create a chilling effect regarding worker's compensation

1 claims in Rialto for first responders.

2 87. Defendants' misrepresentations caused an injury to Plaintiff's property
3 because it effectively eliminated Viola's ability to seek his surgery through the process
4 because Mr. Viola required immediate medical attention, but had no remedy to seek that
5 medical attention. Moreover, the misleading statements also prevented Viola from filing
6 his claim for benefit reimbursement entirely. Instead, Defendants also effectively
7 eliminated Mr. Viola's right to file a claim for surgery by delaying the process for so long,
8 despite the clear need for immediate surgical treatment. Indeed, Defendants targeted
9 Plaintiff's right to file a claim by using the process in order to intimidate injured workers
10 into not filing claims by throwing every possible roadblock at the injured worker.
11 Moreover, Defendants delayed its investigation and procedure in order to effectively
12 deprive the Plaintiff of his constitutional right to file a claim for benefits, including
13 preventing his reimbursement, and also delaying his need for surgery.

14 88. 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 an Agreed Medical Examination with Dr. Greenspan further confirmed his disability and a
17 20% impairment. Therefore on September 17, 2013 the Division of Workers'
18 Compensation entered an award "in favor of Joseph Viola against City of Rialto . . .
19 administered by CorVel." See Exhibit, 6, DWC Award for Joe Viola dated September 17,
20 2013. This award was signed by Mr. Viola and the Defense attorney, and entered as an
21 order and signed by Workers' Compensation Administrative Law Judge. This Award was
22 a final adjudication on the merits regarding the permanent impairment rating claim of Mr.
23 Viola. As of that date, Mr. Viola had a vested right in permanent impairment benefits,
24 including the sum of \$13,042.50. . Thus, Mr. Viola maintained a legitimate entitlement to
25 continued benefits because Rialto accorded the benefits in the past, and thus Viola had a
26 reasonable expectation the benefits would continue in the future. See *Goldberg v. Kelly*,
27 397 U.S. 254, 260-66 (1970).

28 89. Unfortunately, despite this clear property right and judicial order granting

1 benefits by the administrative law judge, CorVel, Rialto, and Hyde continued its pattern of
2 delays. More specifically, Mr. Viola's payments for his permanent disability were
3 repeatedly delayed and underpaid without any basis – the same benefits that the
4 Administrative Law Judge of the Division of Worker's Compensation had ordered Rialto
5 and CorVel to pay Mr. Viola. Indeed, with information and belief, Viola's payments have
6 been substantially underpaid and delayed since Rialto and CorVel were ordered by the
7 judge to pay the impairment rating. *See* Exhibit 6.

8 90. This continual pattern of underpayment and failure to pay benefits amounted
9 to a scheme to defraud. Indeed, in contrast to Defendant's representations, Hyde
10 intentionally failed to timely pay the benefits because she (1) hoped that Plaintiff would
11 simply not fight for his additional owed benefits and (2) CorVel was attempting to create
12 a chilling effect regarding worker's compensation claims in Rialto for first responders.
13 This further caused harm to Plaintiff's property right (the continued timely and proper
14 benefits).

15 91. As more specifically stated above, Defendants created a pattern and practice
16 of delaying and denying injured workers (like Mr. Viola) their entitlement to workers'
17 compensation benefits. More specifically, Defendants failed to properly supervise and
18 train adjusters like Mextli Hyde, and instead overlooked and covered up its adjuster's
19 misconduct. In addition, the Defendants had a general policy, pattern and/or practice of
20 encouraging adjusters (like Hyde) to deny and delay legitimate benefits in order to
21 financially benefit Defendants by maintaining contracts with public entities to adjust
22 workers' compensation benefits. Defendants' failure to supervise or discipline its
23 adjusters' conduct, amounts to a departmental policy of overlooking constitutional
24 violations.

25 92. Because the delays in payment of benefits to Viola were so severe,
26 Defendants deprived Viola of his statutorily created benefit and thus violated his due
27 process rights guaranteed by the 14th amendment of the United States Constitution.

28 93. In addition, CorVel and Hyde also acted outrageously while handling

1 Viola's benefits. CorVel and Hyde intentionally created hostility towards worker's
2 compensation claims for first responders (including Viola) in order to deter future claims
3 by additional Rialto fire and police department personnel. CorVel and Hyde intentionally
4 fostered an environment that would discourage other injured first responders from seeking
5 benefits. Indeed, since 2008, the city of Rialto has had a reputation for discouraging
6 claims. *See* Exhibit A. Moreover CorVel and Rialto jointly ensured a retaliatory
7 environment within the city of Rialto against individuals who filed claims, including
8 employment reprimands. In order to discourage claims by other employees, Rialto,
9 CorVel, and Hyde made it well known that a claimant for worker's compensation benefits
10 would be forced through every possible hoop, including insurance medical examinations,
11 litigation, depositions, and repeated denials even in the face of court orders. In sum, Hyde
12 and CorVel's conduct against Mr. Viola was not related to his actual insurance claims, but
13 rather a larger scheme to lower the City of Rialto's exposure for worker's compensation
14 costs of other employees or future claims by Mr. Viola.

15 94. Furthermore, CorVel specifically retained and chose to hire Mextli Hyde as
16 an adjuster for claims in the City of Rialto, in order to intimidate, harass, and discourage
17 claims by injured first responders. CorVel and the City of Rialto were aware that Hyde
18 had a reputation for purposefully delaying and denying injured first responders their owed
19 benefits. Indeed, CorVel and Rialto knew that using Hyde as a claims adjuster deterred
20 claims because of her reputation to make the claims ground a battle field.

21 95. Unfortunately, the delay in payment of benefits and medical care caused
22 separate and distinct physical and financial damage to Mr. Viola. Defendants' fraudulent
23 communication with Mr. Viola, his providers, and the state of California was
24 accomplished through emails, facsimile, the United States Mail, or telecommunication.

25 96. Therefore, Mr. Viola additionally suffered an injury to his property because
26 (1) the Enterprise deprived and delayed Viola's claim for benefits and (2) deprived and
27 delayed benefits after Viola had received an entitlement to the benefits. Viola additionally
28 suffered concrete loss because he suffered out of pocket expenses, including attorney's

1 fees, medical care, medical and legal mileage, travel expenses, meals, lost time from work
2 attending hearings, depositions, and medical appointments, damage to his pension, and
3 lost promotions,

4 97. In addition, the enterprise caused this harm because Viola, medical
5 professionals, and the California Department of Industrial Relations, Division of Worker's
6 Compensation all relied on the Enterprise's misrepresentations. Specifically Viola relied
7 on the Enterprise to obey statutes, court orders, court rules, rules of evidence, written
8 agreements, representations to the court by officers of the court, and representations made
9 under oath to the court by York, CorVel, Rialto and Stockton's and their agents. Indeed,
10 when Defendants stated that they were legitimately using the process and investigating,
11 Mr. Viola relied on those representations to not file claims for unfair claims handling with
12 the Worker's Compensation process. Moreover, the state of California relied on the
13 Enterprise to engage lawfully in the worker's compensation process and not use the
14 process to deter claims.

15 98. The Enterprise consisting of Rialto, York, and CorVel committed each
16 predicate act forming the pattern of racketeering alleged in this complaint. This Enterprise
17 first started in 2008 when Rialto and York (through adjuster Mextli Hyde) unreasonably
18 delayed and denied benefits to first responders working for the city of Rialto. In 2011,
19 Rialto then hired CorVel, who in turn hired Mextli Hyde from York. While York was no
20 longer involved in handling the claim for benefits, the enterprise continued the same
21 purpose, with CorVel simply taking York's place and using Mextli Hyde exactly the same
22 way. Furthermore, the Enterprise continued for the same purpose, used the same actors
23 (members of the city of Rialto and Mextli Hyde working for either CorVel or York), and
24 denied the same claims for benefits. In sum the city of Rialto used Mextli Hyde to commit
25 a pattern of mail and wire fraud while Hyde worked for York (2008-2011) and CorVel
26 (2011 to current).

27 99. Because of Defendants conduct, Mr. Viola suffered financial loss including
28 attorney's fees, medical care, and medical mileage. Defendants' fraud directly caused

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

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

12 100. Mr. Huber worked as a firefighter for the City of Rialto for over 8 years.
13 While lifting a patient on October 7, 2009, Mr. Huber injured his right shoulder. Mr.
14 Huber immediately sought medical treatment, and his treating physician confirmed that he
15 tore his rotator cuff. Mr. Huber then filed a claim for worker's compensation benefits
16 with the State of California.

17 101. As a member of the Rialto Fire Department, Mr. Huber had a statutory right
18 to submit a claim for benefits through the California Worker's Compensation system. *See*
19 *e.g.* Cal Lab Code § 3600 et seq. Thus the claim for benefits for Mr. Huber amounted to a
20 property right protected by the Due Process clause. *Logan*, 455 U.S. at 429-31.

21 102. At first, Rialto and CorVel accepted Huber's claim but did not approve
22 surgery and instead required that he receive physical therapy instead. Even when there
23 was no doubt that surgery was required and no medical basis to deny the claim, CorVel
24 again denied the request for surgery. Ultimately, Mr. Huber requested that the city of
25 Rialto approve the surgery (rather than CorVel) and the surgery was immediately
26 approved.

27 103. CorVel's refusal to accept Mr. Huber's claim was a scheme to defraud
28 because CorVel knew that Mr. Huber was injured while at work, sought treatment for this

1 injury, and had no valid basis to refuse to allow the filing of the claim. Defendants
2 actually denied the claim to (1) push the claim to Plaintiff's personal insurance, (2) in the
3 hopes that Huber would simply give up his benefits, and (3) to create a chilling effect
4 regarding worker's compensation claims in Rialto for first responders.

5 104. Defendants' misrepresentations caused an injury to Plaintiff's property
6 because it effectively eliminated Huber's ability to seek his surgery through the process
7 because Mr. Huber required immediate medical attention, but had no remedy to seek that
8 medical attention. Instead, Defendants effectively eliminated Mr. Huber's right to file a
9 claim by delaying the process for so long, despite the clear need for immediate surgical
10 treatment. Indeed, Defendants targeted Plaintiff's right to file a claim by using the process
11 in order to intimidate injured workers into not filing claims by throwing every possible
12 roadblock at the injured worker. Moreover, Defendants delayed its investigation and
13 procedure in order to effectively deprive the Plaintiff of his constitutional right to file a
14 claim for benefits, including preventing his reimbursement, and also delaying his need for
15 surgery.

16 105. On February 10, 2011, the Court found in favor of Jacob Huber against
17 Rialto and York. The Court then ordered Rialto and York to pay benefits, including
18 "future medical care pursuant to the report of Dr. John Portwood Dated 5/6/10." See
19 Exhibit 8, Request for Award for Jacob Huber. This Award was signed and entered by the
20 Court on February 10, 2011.

21 106. Unfortunately, despite this clear property right and agreed stipulation for
22 benefits, CorVel and Hyde continued its pattern of denials. More specifically, Hyde and
23 York delayed financial payments for weeks without any basis. Moreover, Hyde and York
24 continued to deny medical treatment that was already undisputed and an accepted property
25 claim because the Court had ordered "future medical care pursuant to the report of Dr.
26 John Portwood." This included the specific treatment identified by Dr. Portwood in his
27 report.

28 107. In addition, after the injury, while Mr. Huber still had his arm in a sling,

1 Mextli Hyde attempted to influence Dr. Portwood to release Mr. Huber to work.
2 Importantly, Hyde told Portwood to alter his medical records to release Huber before
3 Portwood even saw Mr. Huber. While the doctor initially released Huber, after his post-
4 operative visit, Dr. Portwood determined that Huber required physical therapy for 4-6
5 weeks and should remain off-work. In sum, rather than honestly handle the claim, Hyde
6 attempted to cut off and manipulate Mr. Huber's benefits, which already were accepted
7 and had a vested property right.

8 108. This continual pattern of underpayment and failure to pay benefits amounted
9 to a scheme to defraud. Indeed, in contrast to Defendant's representations, Hyde
10 intentionally failed to timely pay the benefits because she (1) hoped that Plaintiff would
11 simply not fight for his additional owed benefits and (2) CorVel was attempting to create
12 a chilling effect regarding worker's compensation claims in Rialto for first responders.
13 This further caused harm to Plaintiff's property right (the continued timely and proper
14 benefits). Finally on September 6, 2013, Mr. Huber received his long owed benefits which
15 had been underpaid and delayed for years.

16 109. As more specifically stated above, Defendants created a pattern and practice
17 of delaying and denying injured workers (like Mr. Huber) their entitlement to workers'
18 compensation benefits. More specifically, Defendants failed to properly supervise and
19 train adjusters like Mextli Hyde, and instead overlooked and covered up its adjuster's
20 misconduct. In addition, the Defendants had a general policy, pattern and/or practice of
21 encouraging adjusters (like Hyde) to deny and delay legitimate benefits in order to
22 financially benefit Defendants by maintaining contracts with public entities to adjust
23 workers' compensation benefits. Defendants' failure to supervise or discipline its
24 adjusters' conduct, amounts to a departmental policy of overlooking constitutional
25 violations.

26 110. Because the delays in payment of benefits to Huber were so severe,
27 Defendants deprived Huber of his statutorily created benefit and thus violated his due
28 process rights guaranteed by the 14th amendment of the United States Constitution.

1 111. In addition, CorVel and Hyde also acted outrageously while handling
2 Huber's benefits. CorVel and Hyde intentionally created hostility towards worker's
3 compensation claims for first responders (including Huber) in order to deter future claims
4 by additional Rialto fire and police department personnel. CorVel and Hyde intentionally
5 fostered an environment that would discourage other injured first responders from seeking
6 benefits. Indeed, since 2008, the city of Rialto has had a reputation for discouraging
7 claims. *See* Exhibit A. Moreover CorVel and Rialto jointly ensured a retaliatory
8 environment within the city of Rialto against individuals who filed claims, including
9 employment reprimands. In order to discourage claims by other employees, Rialto,
10 CorVel, and Hyde made it well known that a claimant for worker's compensation benefits
11 would be forced through every possible hoop, including insurance medical examinations,
12 litigation, depositions, and repeated denials even in the face of court orders. In sum, Hyde
13 and CorVel's conduct against Mr. Huber was not related to his actual insurance claims,
14 but rather a larger scheme to lower the City of Rialto's exposure for worker's
15 compensation costs of other employees or future claims by Mr. Huber.

16 112. Furthermore, CorVel specifically retained and chose to hire Mextli Hyde as
17 an adjuster for claims in the City of Rialto, in order to intimidate, harass, and discourage
18 claims by injured first responders. CorVel and the City of Rialto were aware that Hyde
19 had a reputation for purposefully delaying and denying injured first responders their owed
20 benefits. Indeed, CorVel and Rialto knew that using Hyde as a claims adjuster deterred
21 claims because of her reputation to make the claims ground a battle field.

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

26 114. Therefore, Mr. Huber additionally suffered an injury to his property because
27 (1) the Enterprise deprived and delayed Huber's claim for benefits and (2) deprived and
28 delayed benefits after Huber had received an entitlement to the benefits. Huber

1 additionally suffered concrete loss because he suffered out of pocket expenses, including
2 attorney's fees, medical care, medical and legal mileage, travel expenses, meals, lost time
3 from work attending hearings, depositions, and medical appointments, damage to his
4 pension, and lost promotions,

5 115. In addition, the enterprise caused this harm because Huber, medical
6 professionals, and the California Department of Industrial Relations, Division of Worker's
7 Compensation all relied on the Enterprise's misrepresentations. Specifically Huber relied
8 on the Enterprise to obey statutes, court orders, court rules, rules of evidence, written
9 agreements, representations to the court by officers of the court, and representations made
10 under oath to the court by York, CorVel, Rialto and Stockton's and their agents. Indeed,
11 when Defendants stated that they were legitimately using the process and investigating,
12 Mr. Huber relied on those representations to not file claims for unfair claims handling
13 with the Worker's Compensation process. Moreover, the state of California relied on the
14 Enterprise to engage lawfully in the worker's compensation process and not use the
15 process to deter claims.

16 116. The Enterprise consisting of Rialto, York, and CorVel committed each
17 predicate act forming the pattern of racketeering alleged in this complaint. This Enterprise
18 first started in 2008 when Rialto and York (through adjuster Mextli Hyde) unreasonably
19 delayed and denied benefits to first responders working for the city of Rialto. In 2011,
20 Rialto then hired CorVel, who in turn hired Mextli Hyde from York. While York was no
21 longer involved in handling the claim for benefits, the enterprise continued the same
22 purpose, with CorVel simply taking York's place and using Mextli Hyde exactly the same
23 way. Furthermore, the Enterprise continued for the same purpose, used the same actors
24 (members of the city of Rialto and Mextli Hyde working for either CorVel or York), and
25 denied the same claims for benefits. In sum the city of Rialto used Mextli Hyde to commit
26 a pattern of mail and wire fraud while Hyde worked for York (2008-2011) and CorVel
27 (2011 to current).

28 117. Because of Defendants conduct, Mr. Huber suffered financial loss including

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

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

13 118. Carla McCullough worked as a Police Officer for the Police Department for
14 the City of Rialto. While on patrol on, Ms. McCullough was in a severe car accident on
15 October 13, 1998. Initially, the state of California Division of Worker's Compensation
16 ordered that Rialto must provide lifetime medical on August 30, 2004, including
17 chiropractic care as recommended by her treating physician. The Order was then entered
18 by the Worker's Compensation Court and was a final adjudication on the merits.

19 119. Later on July 1, 2013, the state of California Worker's Compensation
20 Appeals Board entered and ordered an additional award "In favor of Carla McCullough
21 against City of Rialto c/o CorVel." See Exhibit 9. This Award was entered and signed by
22 the Administrative Law Judge. Specifically the award granted \$3,000.00 in benefits for
23 disability payments (from 2010) for her injury to her left leg, left calf, and left lower
24 extremity.

25 120. Based on those orders, McCullough had a legitimate entitlement to
26 continued benefits for her injury because CorVel, York, and Rialto accorded the benefits
27 in the past, and thus she had a reasonable expectation the benefits would continue in the
28 future. *Goldberg v. Kelly*, 397 U.S. 254, 260-66 (1970)

1 121. Unfortunately, CorVel, York, and Rialto consistently denied and delayed
2 coverage for Ms. McCullough's treatment, including chiropractic care (as prescribed by
3 her treating physician) that it had previously agreed to provide. Specifically from 2010 to
4 2015, rather than provide the continued on-going care and benefits, Mextli Hyde told Ms.
5 McCullough she needed to simply take muscle relaxers and ibuprofen. Indeed, Hyde told
6 McCullough that "most people don't need as much chiropractic care as her." Moreover,
7 Hyde specifically attempted to persuade Ms. McCullough to use her own personal health
8 insurance for the claim, rather than through her stator benefits. Hyde told McCullough to
9 use health insurance because Hyde knew that injured workers are more likely to not seek
10 worker's compensation benefits if they have already received benefits through private
11 insurance.

12 122. CorVel's refusal to provide benefits to Ms. McCullough was a scheme to
13 defraud because CorVel knew that Ms. McCullough was injured while at work, sought
14 treatment for this injury, and had no valid basis to refuse to allow the filing of the claim.
15 Defendants actually denied (and ignored) the claims to (1) push the claim to Plaintiff's
16 personal insurance, (2) in the hopes that McCullough would simply give up her benefits
17 (or delay filing her claim), and (3) to create a chilling effect regarding worker's
18 compensation claims in Rialto for first responders.

19 123. Defendants' misrepresentations caused an injury to Plaintiff's property
20 because it effectively delayed McCullough's needed chiropractic and medical care
21 benefits. Indeed, Defendants targeted Plaintiff's right to file a claim by using the process
22 in order to intimidate injured workers into not filing claims by throwing every possible
23 roadblock at the injured worker. Moreover, Defendants delayed its investigation and
24 procedure in order to effectively deprive the Plaintiff of her constitutional right to file a
25 claim for benefits, including preventing her reimbursement, and also delaying her need for
26 surgery.

27 124. As more specifically stated above, Defendants created a pattern and practice
28 of delaying and denying injured workers (like Ms. McCullough) their entitlement to

1 workers' compensation benefits. More specifically, Defendants failed to properly
2 supervise and train adjusters like Mextli Hyde, and instead overlooked and covered up its
3 adjuster's misconduct. In addition, the Defendants had a general policy, pattern and/or
4 practice of encouraging adjusters (like Hyde) to deny and delay legitimate benefits in
5 order to financially benefit Defendants by maintaining contracts with public entities to
6 adjust workers' compensation benefits. Defendants' failure to supervise or discipline its
7 adjusters' conduct, amounts to a departmental policy of overlooking constitutional
8 violations.

9 125. Because the delays in payment of benefits to McCullough were so severe,
10 Defendants deprived McCullough of her statutorily created benefit and thus violated her
11 due process rights guaranteed by the 14th amendment of the United States Constitution.

12 126. In addition, CorVel and Hyde also acted outrageously while handling
13 McCullough's benefits. CorVel and Hyde intentionally created hostility towards worker's
14 compensation claims for first responders (including McCullough) in order to deter future
15 claims by additional Rialto fire and police department personnel. CorVel and Hyde
16 intentionally fostered an environment that would discourage other injured first responders
17 from seeking benefits. Indeed, since 2008, the city of Rialto has had a reputation for
18 discouraging claims. *See Exhibit A.* Moreover CorVel and Rialto jointly ensured a
19 retaliatory environment within the city of Rialto against individuals who filed claims,
20 including employment reprimands. In order to discourage claims by other employees,
21 Rialto, CorVel, and Hyde made it well known that a claimant for worker's compensation
22 benefits would be forced through every possible hoop, including insurance medical
23 examinations, litigation, depositions, and repeated denials even in the face of court orders.
24 In sum, Hyde and CorVel's conduct against Ms. McCullough was not related to her actual
25 insurance claims, but rather a larger scheme to lower the City of Rialto's exposure for
26 worker's compensation costs of other employees or future claims by Ms. McCullough.

27 127. Furthermore, CorVel specifically retained and chose to hire Mextli Hyde as
28 an adjuster for claims in the City of Rialto, in order to intimidate, harass, and discourage

1 claims by injured first responders. CorVel and the City of Rialto were aware that Hyde
2 had a reputation for purposefully delaying and denying injured first responders their owed
3 benefits. Indeed, CorVel and Rialto knew that using Hyde as a claims adjuster deterred
4 claims because of her reputation to make the claims ground a battle field.

5 128. Unfortunately, the delay in payment of benefits and medical care caused
6 separate and distinct physical and financial damage to Ms. McCullough. Defendants'
7 fraudulent communication with Ms. McCullough, her providers, and the state of
8 California was accomplished through emails, facsimile, the United States Mail, or
9 telecommunication.

10 129. Therefore, Ms. McCullough additionally suffered an injury to her property
11 because (1) the Enterprise deprived and delayed McCullough's claim for benefits and (2)
12 deprived and delayed benefits after McCullough had received an entitlement to the
13 benefits. McCullough additionally suffered concrete loss because she suffered out of
14 pocket expenses, including attorney's fees, medical care, travel expenses, meals, lost time
15 from work attending hearings, depositions, and medical appointments, damage to her
16 pension, and lost promotions,

17 130. In addition, the enterprise caused this harm because McCullough, medical
18 professionals, and the California Department of Industrial Relations, Division of Worker's
19 Compensation all relied on the Enterprise's misrepresentations. Specifically McCullough
20 relied on the Enterprise to obey statutes, court orders, court rules, rules of evidence,
21 written agreements, representations to the court by officers of the court, and
22 representations made under oath to the court by York, CorVel, Rialto and Stockton's and
23 their agents. Indeed, when Defendants stated that they were legitimately using the process
24 and investigating, Ms. McCullough relied on those representations to not file claims for
25 unfair claims handling with the Worker's Compensation process. Moreover, the state of
26 California relied on the Enterprise to engage lawfully in the worker's compensation
27 process and not use the process to deter claims.

28 131. The Enterprise consisting of Rialto, York, and CorVel committed each

1 predicate act forming the pattern of racketeering alleged in this complaint. This Enterprise
2 first started in 2008 when Rialto and York (through adjuster Mextli Hyde) unreasonably
3 delayed and denied benefits to first responders working for the city of Rialto. In 2011,
4 Rialto then hired CorVel, who in turn hired Mextli Hyde from York. While York was no
5 longer involved in handling the claim for benefits, the enterprise continued the same
6 purpose, with CorVel simply taking York's place and using Mextli Hyde exactly the same
7 way. Furthermore, the Enterprise continued for the same purpose, used the same actors
8 (members of the city of Rialto and Mextli Hyde working for either CorVel or York), and
9 denied the same claims for benefits. In sum the city of Rialto used Mextli Hyde to commit
10 a pattern of mail and wire fraud while Hyde worked for York (2008-2011) and CorVel
11 (2011 to current).

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

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

25 133. John Black worked as a Police Officer for the Police Department for the
26 City of Rialto for over 13 years. While working on-the-job December 29, 2008, Mr.
27 Black suffered an injury to his back. Initially the city accepted Mr. Black's claim but
28 continued to deny his required care and benefits owed from the injury, including treatment

1 required by Mr. Black's treating physicians, Dr. Paul Wakim and Dr. Robert Ahearn.
2 Finally on May 14, 2012, the Division of worker's compensation from the State of
3 California entered an award in favor of Mr. Black. This award was signed and entered by
4 the administrative law judge. This awarded included active medical care recommended
5 by Mr. Black, including chiropractic treatment and physical therapy. Thus, Mr. Black
6 maintained a legitimate entitlement to continued benefits because CorVel accorded the
7 benefits in the past, and thus Black had a reasonable expectation the benefits would
8 continue in the future and that the undisputed benefits would be paid timely.

9 134. But even after the Court's order, Defendants consistently refused to pay for
10 medical benefits owed to Mr. Black, forcing him to pay either out of pocket or through his
11 own health insurance. This included chiropractic and physical therapy that had been
12 awarded by the Court in accordance with Dr. Wakim and Dr. Ahearn's recommendation.
13 Specifically, Defendants repeatedly refused to provide Mr. Black treatment for physical
14 therapy, even though it had previously accepted the claim. Mr. Black also sustained
15 additional exacerbations of his back injury, and was further prescribed physical therapy.
16 But consistent with its patterns, CorVel refused to authorize the treatment. These
17 communications occurred in February 2014, March and April 2013, and October 2012.
18 Unfortunately, Defendants delay in payment of benefits caused separate and distinct
19 physical and financial damage to Mr. Black. Defendants' fraudulent communication with
20 Mr. Black and his providers was accomplished solely through emails, facsimile, the
21 United States Mail, or telecommunication.

22 135. This refusal to timely provide benefits to Black amounts to a scheme to
23 defraud Black of his property right in vested benefits. Indeed, in contrast to Defendant's
24 representations, Defendants intentionally failed to timely pay the benefits because it (1)
25 hoped that Black would simply not fight for his additional owed benefits and (2)
26 Defendants were attempting to create a chilling effect regarding worker's compensation
27 claims in Rialto for first responders. This further caused harm to Mr. Black's property
28 right (the continued timely and proper benefits).

1 136. As more specifically stated above, Defendants created a pattern and practice
2 of delaying and denying injured workers (like Mr. Black) their entitlement to workers'
3 compensation benefits. More specifically, Defendants failed to properly supervise and
4 train adjusters like Mextli Hyde, and instead overlooked and covered up its adjuster's
5 misconduct. In addition, the Defendants had a general policy, pattern and/or practice of
6 encouraging adjusters (like Hyde) to deny and delay legitimate benefits in order to
7 financially benefit Defendants by maintaining contracts with public entities to adjust
8 workers' compensation benefits. Defendants' failure to supervise or discipline its
9 adjusters' conduct, amounts to a departmental policy of overlooking constitutional
10 violations.

11 137. Because the delays in payment of benefits to Black were so severe,
12 Defendants deprived Black of his statutorily created benefit and thus violated his due
13 process rights guaranteed by the 14th amendment of the United States Constitution.

14 138. In addition, CorVel and Hyde also acted outrageously while handling
15 Black's benefits. CorVel and Hyde intentionally made the claims process a battleground
16 for first responders (including Black) in order to deter future claims by additional Rialto
17 fire and police department personnel. CorVel and Hyde intentionally fostered an
18 environment that would discourage other injured first responders from seeking benefits.
19 Indeed, since 2008, the city of Rialto has had a reputation for discouraging claims. *See*
20 Exhibit A. Moreover CorVel and Rialto jointly ensured a retaliatory environment within
21 the city of Rialto against individuals who filed claims, including employment reprimands.
22 In sum, Hyde and CorVel's conduct against Mr. Black was not related to his actual
23 insurance claims, but rather a larger scheme to lower the City of Rialto's exposure for
24 worker's compensation costs of other employees or future claims by Mr. Black.

25 139. Furthermore, CorVel specifically retained and chose to hire Mextli Hyde as
26 an adjuster for claims in the City of Rialto, in order to intimidate, harass, and discourage
27 claims by injured first responders. CorVel and the City of Rialto were aware that Hyde
28 had a reputation for purposefully delaying and denying injured first responders their owed

1 benefits. Indeed, CorVel and Rialto knew that using Hyde as a claims adjuster deterred
2 claims because of her reputation to make the claims ground a battle field.

3 140. Unfortunately, the delay in payment of benefits and medical care caused
4 separate and distinct physical and financial damage to Mr. Black. Defendants' fraudulent
5 communication with Mr. Black, his providers, and the state of California was
6 accomplished through emails, facsimile, the United States Mail, or telecommunication.

7 141. Therefore, Mr. Black additionally suffered an injury to his property because
8 (1) the Enterprise deprived and delayed Black's claim for benefits and (2) deprived and
9 delayed benefits after Black had received an entitlement to the benefits. Black additionally
10 suffered concrete loss because he suffered out of pocket expenses, including attorney's
11 fees, medical care, medical and legal mileage, travel expenses, meals, lost time from work
12 attending hearings, depositions, and medical appointments, damage to his pension, and
13 lost promotions,

14 142. In addition, the enterprise caused this harm because Black, medical
15 professionals, and the California Department of Industrial Relations, Division of Worker's
16 Compensation all relied on the Enterprise's misrepresentations. Specifically Black relied
17 on the Enterprise to obey statutes, court orders, court rules, rules of evidence, written
18 agreements, representations to the court by officers of the court, and representations made
19 under oath to the court by York, CorVel, Rialto and Stockton's and their agents. Indeed,
20 when Defendants stated that they were legitimately using the process and investigating,
21 Mr. Black relied on those representations to not file claims for unfair claims handling with
22 the Worker's Compensation process. Moreover, the state of California relied on the
23 Enterprise to engage lawfully in the worker's compensation process and not use the
24 process to deter claims.

25 143. The Enterprise consisting of Rialto, York, and CorVel committed each
26 predicate act. This Enterprise first started in 2008 when Rialto and York (through adjuster
27 Mextli Hyde) unreasonably delayed and denied benefits to first responders working for
28 the city of Rialto. In 2011, Rialto then hired CorVel, who in turn hired Mextli Hyde from

1 York. While York was no longer involved in handling the claim for benefits, the
2 enterprise continued the same purpose, with CorVel simply taking York's place and using
3 Mextli Hyde exactly the same way. Furthermore, the Enterprise continued for the same
4 purpose, used the same actors (members of the city of Rialto and Mextli Hyde working for
5 either CorVel or York), and denied the same claims for benefits. In sum the city of Rialto
6 used Mextli Hyde to commit a pattern of mail and wire fraud while Hyde worked for York
7 (2008-2011) and CorVel (2011 to current).

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

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

21 145. 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

1 146. As a member of the Rialto Fire Department, Mr. Veloz had a statutory right
2 to submit a claim for benefits through the California Worker's Compensation system. *See*
3 *e.g.* Cal Lab Code § 3600 et seq. Thus the claim for benefits for Mr. Veloz amounted to a
4 property right protected by the Due Process clause. *Logan*, 455 U.S. at 429-31.

5 147. Because he maintained this right to file a claim, Mr. Veloz also submitted a
6 claim for reimbursement of his mileage related to his shoulder claim. In response to that
7 statutory right, adjuster Mextli Hyde simply laughed when Mr. Veloz made a claim.
8 Hyde then intentionally discouraged and refused to allow Mr. Veloz to submit a claim for
9 benefits – a protected statutory right. Thus Hyde caused an injury to Veloz's ability to
10 make a claim (a property right).

11 148. In addition, Defendants also substantially delayed Mr. Veloz's required
12 surgery despite knowing that the claim was compensable and that Mr. Veloz had made a
13 claim for benefits. Despite this statutory right, Defendants sought to effectively eliminate
14 that right by delaying Veloz's surgery to the point where filing a claim was not an
15 effective way for Mr. Veloz to obtain his required and needed medical treatment.

16 149. CorVel's refusal to allow Mr. Veloz to make a claim (and additional denial
17 of his surgeries) was a scheme to defraud because CorVel knew that Mr. Veloz was
18 injured while at work, sought treatment for this injury, and had no valid basis to refuse to
19 allow the filing of the claim. Defendants actually denied the claim to (1) push the claim to
20 Plaintiff's personal insurance, (2) in the hopes that Veloz would simply give up his
21 benefits, and (3) to create a chilling effect regarding worker's compensation claims in
22 Rialto for first responders.

23 150. Defendants' misrepresentations caused an injury to Plaintiff's property
24 because it effectively eliminated Veloz's ability to seek his reimbursement through the
25 process by telling Mr. Veloz not to file a claim. Indeed, Defendants targeted Plaintiff's
26 right to file a claim by using the process in order to intimidate injured workers into not
27 filing claims by throwing every possible roadblock at the injured worker. Moreover,
28 Defendants delayed its investigation and procedure in order to effectively deprive the

1 Plaintiff of his constitutional right to file a claim for benefits, including preventing his
2 reimbursement, and also delaying his need for surgery.

3 151. Finally on June 11, 2014, the Court ordered benefits, including a permanent
4 disability award for Mr. Veloz.

5 152. As more specifically stated above, Defendants created a pattern and practice
6 of delaying and denying injured workers (like Mr. Veloz) their entitlement to workers'
7 compensation benefits. More specifically, Defendants failed to properly supervise and
8 train adjusters like Mextli Hyde, and instead overlooked and covered up its adjuster's
9 misconduct. In addition, the Defendants had a general policy, pattern and/or practice of
10 encouraging adjusters (like Hyde) to deny and delay legitimate benefits in order to
11 financially benefit Defendants by maintaining contracts with public entities to adjust
12 workers' compensation benefits. Defendants' failure to supervise or discipline its
13 adjusters' conduct, amounts to a departmental policy of overlooking constitutional
14 violations.

15 153. Because the delays in payment of benefits to Veloz were so severe,
16 Defendants deprived Veloz of his statutorily created benefit and thus violated his due
17 process rights guaranteed by the 14th amendment of the United States Constitution.

18 154. In addition, CorVel and Hyde also acted outrageously while handling
19 Veloz's benefits. CorVel and Hyde intentionally created hostility towards worker's
20 compensation claims for first responders (including Veloz) in order to deter future claims
21 by additional Rialto fire and police department personnel. CorVel and Hyde intentionally
22 fostered an environment that would discourage other injured first responders from seeking
23 benefits. Indeed, since 2008, the city of Rialto has had a reputation for discouraging
24 claims. *See* Exhibit A. Moreover CorVel and Rialto jointly ensured a retaliatory
25 environment within the city of Rialto against individuals who filed claims, including
26 employment reprimands. In order to discourage claims by other employees, Rialto,
27 CorVel, and Hyde made it well known that a claimant for worker's compensation benefits
28 would be forced through every possible hoop, including insurance medical examinations,

1 litigation, depositions, and repeated denials even in the face of court orders. In sum, Hyde
2 and CorVel's conduct against Mr. Veloz was not related to his actual insurance claims,
3 but rather a larger scheme to lower the City of Rialto's exposure for worker's
4 compensation costs of other employees or future claims by Mr. Veloz.

5 155. Furthermore, CorVel specifically retained and chose to hire Mextli Hyde as
6 an adjuster for claims in the City of Rialto, in order to intimidate, harass, and discourage
7 claims by injured first responders. CorVel and the City of Rialto were aware that Hyde
8 had a reputation for purposefully delaying and denying injured first responders their owed
9 benefits. Indeed, CorVel and Rialto knew that using Hyde as a claims adjuster deterred
10 claims because of her reputation to make the claims ground a battle field.

11 156. Unfortunately, the delay in payment of benefits and medical care caused
12 separate and distinct physical and financial damage to Mr. Veloz. Defendants' fraudulent
13 communication with Mr. Veloz, his providers, and the state of California was
14 accomplished through emails, facsimile, the United States Mail, or telecommunication.

15 157. Therefore, Mr. Veloz additionally suffered an injury to his property because
16 (1) the Enterprise deprived and delayed Veloz's claim for benefits and (2) deprived and
17 delayed benefits after Veloz had received an entitlement to the benefits. Veloz
18 additionally suffered concrete loss because he suffered out of pocket expenses, including
19 attorney's fees, medical care, medical and legal mileage, travel expenses, meals, lost time
20 from work attending hearings, depositions, and medical appointments, damage to his
21 pension, and lost promotions,

22 158. In addition, the enterprise caused this harm because Veloz, medical
23 professionals, and the California Department of Industrial Relations, Division of Worker's
24 Compensation all relied on the Enterprise's misrepresentations. Specifically Veloz relied
25 on the Enterprise to obey statutes, court orders, court rules, rules of evidence, written
26 agreements, representations to the court by officers of the court, and representations made
27 under oath to the court by York, CorVel, Rialto and Stockton's and their agents. Indeed,
28 when Defendants stated that they were legitimately using the process and investigating,

1 Mr. Veloz relied on those representations to not file claims for unfair claims handling with
2 the Worker's Compensation process. Moreover, the state of California relied on the
3 Enterprise to engage lawfully in the worker's compensation process and not use the
4 process to deter claims.

5 159. The Enterprise consisting of Rialto, York, and CorVel committed each
6 predicate act forming the pattern of racketeering alleged in this complaint. This Enterprise
7 first started in 2008 when Rialto and York (through adjuster Mextli Hyde) unreasonably
8 delayed and denied benefits to first responders working for the city of Rialto. In 2011,
9 Rialto then hired CorVel, who in turn hired Mextli Hyde from York. While York was no
10 longer involved in handling the claim for benefits, the enterprise continued the same
11 purpose, with CorVel simply taking York's place and using Mextli Hyde exactly the same
12 way. Furthermore, the Enterprise continued for the same purpose, used the same actors
13 (members of the city of Rialto and Mextli Hyde working for either CorVel or York), and
14 denied the same claims for benefits. In sum the city of Rialto used Mextli Hyde to commit
15 a pattern of mail and wire fraud while Hyde worked for York (2008-2011) and CorVel
16 (2011 to current).

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

1 process (including hearings, depositions, court filings, attorneys, and medical
2 examinations) in order to delay benefits and also to lower Rialto's worker's compensation
3 claims by creating a chilling effect for first responders.

4 165. Defendants' misrepresentations caused an injury to Plaintiff's property
5 because it effectively eliminated Stephenson's ability to seek his required surgery through
6 the process due to the emergency nature of the surgery. Indeed, Defendants targeted
7 Plaintiff's right to file a claim by using the process in order to intimidate injured workers
8 into not filing claims by throwing every possible roadblock at the injured worker.
9 Moreover, Defendants delayed its investigation and procedure in order to effectively
10 deprive the Plaintiff of his constitutional right to file a claim for benefits.

11 166. Ultimately, after finally accepting and paying for Stephenson's medical
12 treatment, Defendants agreed to settle Mr. Stephenson's claim for \$17,365 plus life time
13 medical in February 2015. Indeed, this settlement was based off the undisputed report of
14 Dr. Sofia from December 2014, who determined that Mr. Stephenson suffered a 20%
15 impairment rating. Moreover, Defendant also agreed to provide future medical care as
16 outlined by the report of Dr. Sofia. But because he never received the payment in
17 February 2015, Mr. Stephenson called CorVel approximately once every two weeks to ask
18 the status on the settlement. CorVel employee Annett Jones told Stephenson that CorVel
19 was "busy," and that it had "lost track and haven't heard anything." Mr. Stephenson did
20 not have a worker's compensation attorney representing him during this period. Finally in
21 September 16, 2015, CorVel and Rialto finally submitted the proper paperwork to Mr.
22 Stephenson, which he promptly signed and returned on September 21, 2015.

23 167. Delaying Mr. Stephenson's benefits for an additional 5 weeks, CorVel and
24 Rialto then waited to submit its request for an award to the California Worker's
25 Compensation Board until November 2, 2015. Due to its back-log, the Court then did not
26 enter Mr. Stephenson's Award until December 14, 2015 – nearly a year after Dr. Sofia
27 had determined Mr. Stephenson suffered a 20% impairment rating. Ironically, Stephenson
28 had been told by CorVel and Rialto to obtain a stipulated Finding and Award because it

1 was “a quick, easy way to settle your case while protecting your rights.”

2 168. This refusal to timely pay benefits to Stephenson amounts to a scheme to
3 defraud Stephenson of his property right in the claim for benefits. Indeed, in contrast to
4 Defendant’s representations, Defendants intentionally failed to timely pay the benefits
5 because it (1) hoped that Stephenson would simply not fight for his additional owed
6 benefits and (2) Defendants were attempting to create a chilling effect regarding worker’s
7 compensation claims in Rialto for first responders. This further caused harm to Mr.
8 Stephenson’s property right (the continued timely and proper benefits).

9 169. As more specifically stated above, Defendants created a pattern and practice
10 of delaying and denying injured workers (like Mr. Stephenson) their entitlement to
11 workers’ compensation benefits. More specifically, Defendants failed to properly
12 supervise and train adjusters like Mextli Hyde, and instead overlooked and covered up its
13 adjuster’s misconduct. In addition, the Defendants had a general policy, pattern and/or
14 practice of encouraging adjusters (like Hyde) to deny and delay legitimate benefits in
15 order to financially benefit Defendants by maintaining contracts with public entities to
16 adjust workers’ compensation benefits. Defendants’ failure to supervise or discipline its
17 adjusters’ conduct, amounts to a departmental policy of overlooking constitutional
18 violations.

19 170. Because the delays in payment of benefits to Stephenson were so severe,
20 Defendants deprived Stephenson of his statutorily created benefit and thus violated his
21 due process rights guaranteed by the 14th amendment of the United States Constitution.

22 171. In addition, CorVel and Hyde also acted outrageously while handling
23 Stephenson’s benefits. CorVel and Hyde intentionally made the claims process a
24 battleground for first responders (including Stephenson) in order to deter future claims by
25 additional Rialto fire and police department personnel. CorVel and Hyde intentionally
26 fostered an environment that would discourage other injured first responders from seeking
27 benefits. Indeed, since 2008, the city of Rialto has had a reputation for discouraging
28 claims. *See* Exhibit A. Moreover CorVel and Rialto jointly ensured a retaliatory

1 environment within the city of Rialto against individuals who filed claims, including
2 employment reprimands. In sum, Hyde and CorVel's conduct against Mr. Stephenson
3 was not related to his actual insurance claims, but rather a larger scheme to lower the City
4 of Rialto's exposure for worker's compensation costs of other employees or future claims
5 by Mr. Stephenson.

6 172. Furthermore, CorVel specifically retained and chose to hire Mextli Hyde as
7 an adjuster for claims in the City of Rialto, in order to intimidate, harass, and discourage
8 claims by injured first responders. CorVel and the City of Rialto were aware that Hyde
9 had a reputation for purposefully delaying and denying injured first responders their owed
10 benefits. Indeed, CorVel and Rialto knew that using Hyde as a claims adjuster deterred
11 claims because of her reputation to make the claims ground a battle field.

12 173. Unfortunately, the delay in payment of benefits and medical care caused
13 separate and distinct physical and financial damage to Mr. Stephenson. Defendants'
14 fraudulent communication with Mr. Stephenson, his providers, and the state of California
15 was accomplished through emails, facsimile, the United States Mail, or
16 telecommunication.

17 174. Therefore, Mr. Stephenson additionally suffered an injury to his property
18 because (1) the Enterprise deprived and delayed Stephenson's claim for benefits and (2)
19 deprived and delayed benefits after Stephenson had received an entitlement to the
20 benefits. Stephenson additionally suffered concrete loss because he suffered out of pocket
21 expenses, including attorney's fees, medical care, medical and legal mileage, travel
22 expenses, meals, lost time from work attending hearings, depositions, and medical
23 appointments, damage to his pension, and lost promotions,

24 175. In addition, the enterprise caused this harm because Stephenson, medical
25 professionals, and the California Department of Industrial Relations, Division of Worker's
26 Compensation all relied on the Enterprise's misrepresentations. Specifically Stephenson
27 relied on the Enterprise to obey statutes, court orders, court rules, rules of evidence,
28 written agreements, representations to the court by officers of the court, and

1 representations made under oath to the court by York, CorVel, Rialto and Stockton's and
2 their agents. Indeed, when Defendants stated that they were legitimately using the process
3 and investigating, Mr. Stephenson relied on those representations to not file claims for
4 unfair claims handling with the Worker's Compensation process. Moreover, the state of
5 California relied on the Enterprise to engage lawfully in the worker's compensation
6 process and not use the process to deter claims.

7 176. The Enterprise consisting of Rialto, York, and CorVel committed each
8 predicate act. This Enterprise first started in 2008 when Rialto and York (through adjuster
9 Mextli Hyde) unreasonably delayed and denied benefits to first responders working for
10 the city of Rialto. In 2011, Rialto then hired CorVel, who in turn hired Mextli Hyde from
11 York. While York was no longer involved in handling the claim for benefits, the
12 enterprise continued the same purpose, with CorVel simply taking York's place and using
13 Mextli Hyde exactly the same way. Furthermore, the Enterprise continued for the same
14 purpose, used the same actors (members of the city of Rialto and Mextli Hyde working for
15 either CorVel or York), and denied the same claims for benefits. In sum the city of Rialto
16 used Mextli Hyde to commit a pattern of mail and wire fraud while Hyde worked for York
17 (2008-2011) and CorVel (2011 to current).

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

1 suffered financial harm and damage to his credit.

2
3 **What Defendants Did to Fire Captain Geoffrey Barrett**

4 178. Geoffrey Barrett worked as a Fire Captain for the Fire Department for the
5 City of Rialto. Mr. Barrett suffered a knee and hamstring injury on August 22, 2013.
6 This injury was always clearly compensable under California law and occurred within the
7 scope of his employment with Rialto. As a result of that injury, Mr. Barrett was
8 subsequently diagnosed with a torn meniscus and injured hamstring. In response, Rialto
9 and CorVel accepted Mr. Barrett's claim for his knee injury, but delayed Barrett's surgery
10 and simply ignored Barrett's claim for his hamstring for months.

11 179. First CorVel and Rialto refused to authorize treatment for Barrett's
12 hamstring for over a year. Indeed, Barrett had reported his injury to his hamstring in 2013
13 when he also reports his knee injury. But CorVel told Barrett that it could not provide any
14 treatment for his hamstring. CorVel specifically attempted to dissuade Barrett from filing
15 his claim, and ignored his report of injury – the initiating documentation for a claim for
16 benefits (a statutory right). Finally in late 2014, after protests by Barrett to Rialto, CorVel
17 finally approved treatment from Dr. Karrazi for Barrett's hamstring, including physical
18 therapy.

19 180. As a member of the Rialto Fire Department, Mr. Barrett had a statutory right
20 to submit a claim for benefits through the California Worker's Compensation system¹.
21 *See e.g.* Cal Lab Code § 3600 et seq. Thus the claim for benefits for Mr. Barrett amounted
22 to a property right protected by the Due Process clause. Logan, 455 U.S. at 429-31
23 (“When governing “rules or understandings” accord a cause of action for an alleged harm,
24 such as a breach of a state statute or contract, the individual has a “legitimate entitlement”
25 to submit that claim for resolution through established adjudicatory procedures.”).

26 181. CorVel's refusal to allow Mr. Barrett to make a claim for benefits for nearly
27 a year was a scheme to defraud because CorVel knew that Mr. Barrett was injured while
28 at work, sought treatment for this injury, and had no valid basis for denying the claim.

1 This claim is clearly compensable under California law. In reality, CorVel attempted to
2 dissuade Mr. Barrett's claim and ignored the claim entirely in order to (1) push the claim
3 to his personal insurance, (2) in the hopes that Barrett would simply give up his benefits,
4 and (3) to create a chilling effect regarding worker's compensation claims in Rialto for
5 first responders.

6 182. Defendants' misrepresentations caused an injury to Barrett's property,
7 ultimately preventing him from making a claim for benefits for nearly a year— a right
8 protected by the due process clause. Indeed, Defendants targeted Plaintiff's right to file a
9 claim by using the process in order to intimidate injured workers into not filing claims by
10 throwing every possible roadblock at the injured worker. Moreover, Defendants delayed
11 its investigation and procedure in order to effectively deprive the Plaintiff of his
12 constitutional right to file a claim for benefits.

13 183. Next, despite initially ignoring Barrett's claim for his hamstring injury,
14 CorVel accepted Barrett's knee injury claim. As of that date, Rialto and CorVel had
15 accepted Mr. Barrett's claim as compensable, including that his required surgery was
16 reasonable and necessary. There was not an adjudication at that time because Mr.
17 Barrett's claim remained open for benefits, meaning he was not stationary. But, by
18 accepting the claim and providing treatment, CorVel had represented that the claim was
19 accepted and not denied the claim. Under California law, by not denying the claim of
20 filing a notice of a denial to Mr. Barrett, CorVel judicially admitted that the claim was
21 covered and compensable. Thus, Mr. Barrett maintained a legitimate entitlement to
22 continued benefits because Stockton and Rialto accorded the benefits the past, and thus
23 Barrett has a reasonable expectation the benefits would continue in the future and that the
24 undisputed benefits would be paid timely. See *Goldberg v. Kelly*, 397 U.S. 254, 260-66
25 (1970)

26 184. Despite finding the claim compensable, Defendants repeatedly placed
27 roadblocks in front of Mr. Barrett for his requested surgery. Indeed, Defendant repeatedly
28 denied surgery (despite previously accepting the claim). Finally, after months of delays,

1 Mr. Barrett finally received his needed surgery in July 2014. But to further add insult to
2 injury, CorVel and Rialto continued to refuse to authorize Barrett's post-surgery
3 treatment, including anti-inflammatory prescriptions prescribed by his treating physician.
4 Indeed, these delays in medicine further caused Barrett injuries and prevented Barrett
5 from fully recovering from his injury.

6 185. This continual pattern of roadblocks and denials for Barrett's benefits was
7 an additional fraudulent communication of Barrett's property right in vested benefits.
8 Indeed, in contrast to Defendant's representations, Defendants intentionally failed to
9 timely pay the benefits because it (1) hoped that Barrett would simply not fight for his
10 additional owed benefits and (2) Defendants were attempting to create a chilling effect
11 regarding worker's compensation claims in Rialto for first responders. This further caused
12 harm to Mr. Barrett's property right (the continued timely and proper benefits).

13 186. As more specifically stated above, Defendants created a pattern and practice
14 of delaying and denying injured workers (like Mr. Barrett) their entitlement to workers'
15 compensation benefits. More specifically, Defendants failed to properly supervise and
16 train adjusters like Mextli Hyde, and instead overlooked and covered up its adjuster's
17 misconduct. In addition, the Defendants had a general policy, pattern and/or practice of
18 encouraging adjusters (like Hyde) to deny and delay legitimate benefits in order to
19 financially benefit Defendants by maintaining contracts with public entities to adjust
20 workers' compensation benefits. Defendants' failure to supervise or discipline its
21 adjusters' conduct, amounts to a departmental policy of overlooking constitutional
22 violations.

23 187. Because the delays in payment of benefits to Barrett were so severe,
24 Defendants deprived Barrett of his statutorily created benefit and thus violated his due
25 process rights guaranteed by the 14th amendment of the United States Constitution.

26 188. In addition, CorVel and Hyde also acted outrageously while handling
27 Barrett's benefits. CorVel and Hyde intentionally made the claims process a battleground
28 for first responders (including Barrett) in order to deter future claims by additional Rialto

1 fire and police department personnel. CorVel and Hyde intentionally fostered an
2 environment that would discourage other injured first responders from seeking benefits.
3 Indeed, since 2008, the city of Rialto has had a reputation for discouraging claims. *See*
4 Exhibit A. Moreover CorVel and Rialto jointly ensured a retaliatory environment within
5 the city of Rialto against individuals who filed claims, including employment reprimands.
6 In sum, Hyde and CorVel's conduct against Mr. Barrett was not related to his actual
7 insurance claims, but rather a larger scheme to lower the City of Rialto's exposure for
8 worker's compensation costs of other employees or future claims by Mr. Barrett.

9 189. Furthermore, CorVel specifically retained and chose to hire Mextli Hyde as
10 an adjuster for claims in the City of Rialto, in order to intimidate, harass, and discourage
11 claims by injured first responders. CorVel and the City of Rialto were aware that Hyde
12 had a reputation for purposefully delaying and denying injured first responders their owed
13 benefits. Indeed, CorVel and Rialto knew that using Hyde as a claims adjuster deterred
14 claims because of her reputation to make the claims ground a battle field.

15 190. Unfortunately, the delay in payment of benefits and medical care caused
16 separate and distinct physical and financial damage to Mr. Barrett. Defendants' fraudulent
17 communication with Mr. Barrett, his providers, and the state of California was
18 accomplished through emails, facsimile, the United States Mail, or telecommunication.

19 191. Therefore, Mr. Barrett additionally suffered an injury to his property
20 because (1) the Enterprise deprived and delayed Barrett's claim for benefits and (2)
21 deprived and delayed benefits after Barrett had received an entitlement to the benefits.
22 Barrett additionally suffered concrete loss because he suffered out of pocket expenses,
23 including attorney's fees, medical care, medical and legal mileage, travel expenses, meals,
24 lost time from work attending hearings, depositions, and medical appointments, damage to
25 his pension, and lost promotions,

26 192. In addition, the enterprise caused this harm because Barrett, medical
27 professionals, and the California Department of Industrial Relations, Division of Worker's
28 Compensation all relied on the Enterprise's misrepresentations. Specifically Barrett relied

1 on the Enterprise to obey statutes, court orders, court rules, rules of evidence, written
2 agreements, representations to the court by officers of the court, and representations made
3 under oath to the court by York, CorVel, Rialto and Stockton's and their agents. Indeed,
4 when Defendants stated that they were legitimately using the process and investigating,
5 Mr. Barrett relied on those representations to not file claims for unfair claims handling
6 with the Worker's Compensation process. Moreover, the state of California relied on the
7 Enterprise to engage lawfully in the worker's compensation process and not use the
8 process to deter claims.

9 193. The Enterprise consisting of Rialto, York, and CorVel committed each
10 predicate act. This Enterprise first started in 2008 when Rialto and York (through adjuster
11 Mextli Hyde) unreasonably delayed and denied benefits to first responders working for
12 the city of Rialto. In 2011, Rialto then hired CorVel, who in turn hired Mextli Hyde from
13 York. While York was no longer involved in handling the claim for benefits, the
14 enterprise continued the same purpose, with CorVel simply taking York's place and using
15 Mextli Hyde exactly the same way. Furthermore, the Enterprise continued for the same
16 purpose, used the same actors (members of the city of Rialto and Mextli Hyde working for
17 either CorVel or York), and denied the same claims for benefits. In sum the city of Rialto
18 used Mextli Hyde to commit a pattern of mail and wire fraud while Hyde worked for York
19 (2008-2011) and CorVel (2011 to current).

20 194. Because of Defendants conduct, Mr. Barrett suffered financial loss
21 including attorney's fees, medical care, and medical mileage. Defendants' fraud directly
22 caused injury to Plaintiff because it deprived him of benefits and caused him to pay
23 attorney's fees, medical care (including out-of-pocket deductibles, medical mileage and
24 other costs), suffer emotional pain and damages. Due to the wrongful denial, delay, and
25 scheme Plaintiff suffered significant economic damage, humiliation, worry, distress, and
26 continuing economic and physical damage. Moreover, Defendants delay in financial and
27 medical benefits also caused Plaintiff to suffer the loss of wages (including overtime) and
28 future earning capacity, miss promotions, and damaged his pension expectancy. Mr.

1 Barrett struggled to sleep at night for months and experienced unnecessary worry, stress,
2 and concern that impacted his daily activities. Additionally, Mr. Barrett has suffered
3 financial harm and damage to his credit.

4 What Defendants did to Fire Captain Brian Park

5 195. Brian Park worked as a Fire Captain for the Fire Department for the City of
6 Rialto. On April 18, 2010, while fighting a fire on a hillside, a large boulder fell and
7 pinned Mr. Park's leg. Unfortunately, the weight of the boulder caused Mr. Park to suffer
8 a spiral fracture of his tibia and fibula. Initially CorVel, York, and Rialto accepted Mr.
9 Park's claim and authorized a surgery for his leg with Dr. Ghazal. As of that date, Rialto,
10 CorVel and York had accepted Mr. Park's claim as compensable. More specifically, the
11 claim had not been adjudicated at that time because Mr. Park's claim remained open for
12 benefits, meaning he was not stationary. But, by accepting the claim and providing
13 treatment, CorVel had represented that the claim was compensable and conceded to the
14 state of California that the claim was compensable (by not denying the claim). Thus, Mr.
15 Park maintained a legitimate entitlement to continued benefits because Stockton and
16 Rialto accorded the benefits the past, and thus Park has a reasonable expectation the
17 benefits would continue in the future and that the undisputed benefits would be paid
18 timely. See *Goldberg v. Kelly*, 397 U.S. 254, 260-66 (1970).

19 196. Because Mr. Park continued to suffer severe pain he sought additional
20 treatment and remained off-work at the advice of his doctor for nearly a year. Despite this
21 long period off-work, it was clear to Mr. Park and his physicians that he had not recovered
22 and likely needed an additional surgery. After an appointment in January, Dr. Merkel and
23 Dr. Ghazal again placed Mr. Park off-work. In response to that off-work note, Mextli
24 Hyde while working for York and Rialto told the doctor to change the release to require
25 Mr. Park to return to work before completing treatment. Based on its manufactured
26 evidence, the City and York then refused to issue payment for Mr. Park's workers'
27 compensation benefits and forced him to take sick-time in order to cover his off-duty
28

1 status.

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

9 198. Because of York, CorVel, Hyde, and Rialto’s conduct, Mr. Park has lived
10 the prior 4 years with significant pain in his foot. And despite repeated representations by
11 the City and CorVel that his treatment would be authorized, to this day Mr. Park still has
12 not received all of his required benefits or treatment. In all, Mr. Park was fraudulently
13 denied indemnity benefits, treatment including surgery, and reimbursement for mileage
14 and co-pays that were owed from the treatment. Defendants denied these benefits in order
15 to force Mr. Park to start working for the city sooner than his doctor’s recommended and
16 in order to limit the exposure to its workers’ compensation liability.

17 199. This continual pattern of the failure to pay benefits amounted to a scheme to
18 defraud. Indeed, in contrast to its representations, Defendants intentionally failed to timely
19 pay the benefits because she (1) hoped that Park would simply not fight for his additional
20 owed benefits and (2) Defendants were attempting to create a chilling effect regarding
21 worker’s compensation claims in Rialto for first responders. This further caused harm to
22 Mr. Park’s property right (the continued timely and proper benefits).

23 200. As more specifically stated above, Defendants created a pattern and practice
24 of delaying and denying injured workers (like Mr. Park) their entitlement to workers’
25 compensation benefits. More specifically, Defendants failed to properly supervise and
26 train adjusters like Mextli Hyde, and instead overlooked and covered up its adjuster’s
27 misconduct. In addition, the Defendants had a general policy, pattern and/or practice of
28 encouraging adjusters (like Hyde) to deny and delay legitimate benefits in order to

1 financially benefit Defendants by maintaining contracts with public entities to adjust
2 workers' compensation benefits. Defendants' failure to supervise or discipline its
3 adjusters' conduct, amounts to a departmental policy of overlooking constitutional
4 violations.

5 201. Because the delays in payment of benefits to Park were so severe,
6 Defendants deprived Park of his statutorily created benefit and thus violated his due
7 process rights guaranteed by the 14th amendment of the United States Constitution.

8 202. In addition, CorVel and Hyde also acted outrageously while handling Park's
9 benefits. CorVel and Hyde intentionally made the claims process a battleground for first
10 responders (including Park) in order to deter future claims by additional Rialto fire and
11 police department personnel. CorVel and Hyde intentionally fostered an environment that
12 would discourage other injured first responders from seeking benefits. Indeed, since 2008,
13 the city of Rialto has had a reputation for discouraging claims. *See* Exhibit A. Moreover
14 CorVel and Rialto jointly ensured a retaliatory environment within the city of Rialto
15 against individuals who filed claims, including employment reprimands. In sum, Hyde
16 and CorVel's conduct against Mr. Park was not related to his actual insurance claims, but
17 rather a larger scheme to lower the City of Rialto's exposure for worker's compensation
18 costs of other employees or future claims by Mr. Park.

19 203. Furthermore, CorVel specifically retained and chose to hire Mextli Hyde as
20 an adjuster for claims in the City of Rialto, in order to intimidate, harass, and discourage
21 claims by injured first responders. CorVel and the City of Rialto were aware that Hyde
22 had a reputation for purposefully delaying and denying injured first responders their owed
23 benefits. Indeed, CorVel and Rialto knew that using Hyde as a claims adjuster deterred
24 claims because of her reputation to make the claims ground a battle field. More
25 specifically to Mr. Park, Rialto and York convinced medical professionals to alter an off-
26 work status report in order to lower the city's liabilities.

27 204. Unfortunately, the delay in payment of benefits and medical care caused
28 separate and distinct physical and financial damage to Mr. Park. Defendants' fraudulent

1 communication with Mr. Park, his providers, and the state of California was accomplished
2 through emails, facsimile, the United States Mail, or telecommunication.

3 205. Therefore, Mr. Park additionally suffered an injury to his property because
4 (1) the Enterprise deprived and delayed Park's claim for benefits and (2) deprived and
5 delayed benefits after Park had received an entitlement to the benefits. Park additionally
6 suffered concrete loss because he suffered out of pocket expenses, including attorney's
7 fees, medical care, medical and legal mileage, travel expenses, meals, lost time from work
8 attending hearings, depositions, and medical appointments, damage to his pension, and
9 lost promotions,

10 206. In addition, the enterprise caused this harm because Park, medical
11 professionals, and the California Department of Industrial Relations, Division of Worker's
12 Compensation all relied on the Enterprise's misrepresentations. Specifically Park relied on
13 the Enterprise to obey statutes, court orders, court rules, rules of evidence, written
14 agreements, representations to the court by officers of the court, and representations made
15 under oath to the court by York, CorVel, Rialto and Stockton's and their agents. Indeed,
16 when Defendants stated that they were legitimately using the process and investigating,
17 Mr. Park relied on those representations to not file claims for unfair claims handling with
18 the Worker's Compensation process. Moreover, the state of California relied on the
19 Enterprise to engage lawfully in the worker's compensation process and not use the
20 process to deter claims.

21 207. The Enterprise consisting of Rialto, York, and CorVel committed each
22 predicate act. This Enterprise first started in 2008 when Rialto and York (through adjuster
23 Mextli Hyde) unreasonably delayed and denied benefits to first responders working for
24 the city of Rialto. In 2011, Rialto then hired CorVel, who in turn hired Mextli Hyde from
25 York. While York was no longer involved in handling the claim for benefits, the
26 enterprise continued the same purpose, with CorVel simply taking York's place and using
27 Mextli Hyde exactly the same way. Furthermore, the Enterprise continued for the same
28 purpose, used the same actors (members of the city of Rialto and Mextli Hyde working for

1 either CorVel or York), and denied the same claims for benefits. In sum the city of Rialto
2 used Mextli Hyde to commit a pattern of mail and wire fraud while Hyde worked for York
3 (2008-2011) and CorVel (2011 to current).

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

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

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

22 210. First on December 31, 2008, Mr. Thurman suffered an injury to his cervical
23 and lumbar spine. Next, on June 11, 2009, while pursuing a suspect, Mr. Thurman kicked
24 down the front door of a residence and injured his lower back. Finally, while doing
25 surveillance work, Mr. Thurman again injured his back when forced to jump out of a
26 moving vehicle Mr. Thurman properly reported these injuries and sought treatment from
27 Dr. Sepiol. Dr. Sepiol diagnosed Thurman with an injury to his lumbar spine.

28 211. As a member of the Stockton Police Department, Mr. Thurman had a

1 statutory right to submit a claim for benefits through the California Worker's
2 Compensation system. *See e.g.* Cal Lab Code § 3600 et seq. Thus the claim for benefits
3 for Mr. Thurman amounted to a property right protected by the Due Process clause.

4 212. Because Mr. Thurman worked as a peace officer, a presumption of coverage
5 existed for his lower back injury.³ In addition, under California law an employer "takes an
6 employee as it finds her or him." Thus if a disability results from the acceleration,
7 aggravation, or "lighting up" of a pre-existing condition, the employer is required to
8 compensate for the entire disability even though the injury might have caused little or no
9 disability in a healthier person. *See e.g. Reynolds Elec., etc., Co. v. Workmen's Comp.*
10 *App. Bd.*, supra, 65 Cal.2d 438, 442-443 (1967). Therefore to the extent that Mr.
11 Thurman's injury aggravated a prior condition, the claim was clearly compensable. Mr.
12 Thurman provided testimony, medical records, medical opinions, and other evidence to
13 Defendants and Stockton establishing his right to worker's compensation benefits

14 213. Despite Defendants promises to accept treating physician's opinions, on
15 November 5, 2009, Tanya Mullins, an adjuster working for York sent a notice of denial
16 through the United States Mail denying all medical treatment for his on the job injury. Ms.
17 Mullins alleged, falsely that the claim was not compensable because there was a lack of
18 sufficient medical evidence to establish industrial causation.

19 214. In addition to his back injuries, while working for the Police Department,
20 Mr. Thurman was consistently exposed to harmful exposure from the sun that resulted in
21 skin cancer. Under California Labor Code Section 3212.1, a presumption of coverage for
22 cancer exists for peace officers⁴. Mr. Thurman received treatment for his skin cancer
23 including several procedures from Dr. Abdallah Khourdaji. On August 18, 2011, Mr.
24 Thurman requested coverage under workers' compensation for his treatment and

25
26 ³See California Labor Code § 3213.2. Lower back impairments; law enforcement personnel ("The lower back
27 impairment so developing or manifesting itself in the peace officer shall be presumed to arise out of and in the course
28 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.")

⁴See 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 impairment. Mr. Thurman presented testimony, medical records, medical opinions, and
2 other evidence establishing his right to worker's compensation benefits.

3 215. On November 1, 2011, Paula Fantulin, an a senior adjuster for CorVel, filed
4 a notice regarding denial of workers' compensation benefits through the United States
5 Mail denying medical treatment and payments for his on the job injury.

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

14 217. Despite the presumption of coverage, clear supporting evidence of the injury
15 and supporting medical evidence by Mr. Thurman's treating physicians and QME doctors,
16 CorVel still refused to provide benefits and initiated hearings before the WCAB.

17 218. These denials and refusal to pay benefits were a fraudulent communication
18 because York and CorVel knew that Mr. Thurman was injured while at work, sought
19 treatment for this injury, and had no valid basis for denying the claim. This claim is
20 clearly compensable under California law. Indeed, a presumption of coverage existed for
21 the injury. In reality, while Hyde represented that she denied the claim because it was not
22 compensable, Hyde actually denied the claim to (1) push the claim to Plaintiff's personal
23 insurance, (2) in the hopes that Plaintiff would simply give up his benefits, and (3) to
24 create a chilling effect regarding worker's compensation claims in Stockton for first
25 responders. In addition, Defendants also misrepresented that it was using the worker's
26 compensation process for a legitimate investigation. When in reality, Defendants used the
27 process (including hearings, depositions, court filings, attorneys, and medical
28 examinations) in order to delay benefits and also to lower Stockton worker's

1 compensation claims by creating a chilling effect for first responders.

2 219. Defendants' misrepresentations caused an injury to Thurman's property,
3 ultimately harming Mr. Thurman's claim for benefits – a right protected by the due
4 process clause. Indeed, Defendants targeted Plaintiff's right to file a claim by using the
5 process in order to intimidate injured workers into not filing claims by throwing every
6 possible roadblock at the injured worker. Moreover, Defendants delayed its investigation
7 and procedure in order to effectively deprive the Plaintiff of his constitutional right to file
8 a claim for benefits. In essence, Mr. Thurman required immediate treatment and had no
9 remedy to obtain that surgery despite a property right to make a claim for benefits. In
10 contrast Defendants made the process long and drawn out, effectively eliminating Mr.
11 Thurman's right. Indeed, in this case, Defendant delayed benefits for years, effectively
12 eliminating Mr. Thurman's property right in his claim for benefit due to the severe delays.

13 220. Finally on July 24, 2013, CorVel finally agreed to accept Mr. Thurman's
14 claim for all of his claims. Unfortunately, Defendants delay in payment of benefits and
15 medical care caused separate and distinct physical and financial damage to Mr. Thurman.
16 Defendants' fraudulent communication with Mr. Thurman and his providers was
17 accomplished through emails, facsimile, the United States Mail, or telecommunication.

18 221. As more specifically stated above, Defendants created a pattern and practice
19 of delaying and denying injured workers (like Mr. Thurman) their entitlement to workers'
20 compensation benefits. More specifically, Defendants failed to properly supervise and
21 train adjusters, and instead overlooked and covered up its adjuster's misconduct. In
22 addition, the Defendants had a general policy, pattern and/or practice of encouraging
23 adjusters to deny and delay legitimate benefits in order to financially benefit Defendants
24 by maintaining contracts with public entities to adjust workers' compensation benefits.
25 Defendants' failure to supervise or discipline its adjusters' conduct, amounts to a
26 departmental policy of overlooking constitutional violations.

27 222. Because the delays in payment of benefits to Thurman were so severe,
28 Defendants deprived Thurman of his statutorily created benefit and thus violated his due

1 process rights guaranteed by the 14th amendment of the United States Constitution.

2 223. Unfortunately, the delay in payment of benefits and medical care caused
3 separate and distinct physical and financial damage to Mr. Thurman. Defendants'
4 fraudulent communication with Mr. Thurman, his providers, and the state of California
5 was accomplished through emails, facsimile, the United States Mail, or
6 telecommunication.

7 224. In addition, the enterprise caused this harm because Thurman, medical
8 professionals, and the California Department of Industrial Relations, Division of Worker's
9 Compensation all relied on the Enterprise's misrepresentations. Specifically Thurman
10 relied on the Enterprise to obey statutes, court orders, court rules, rules of evidence,
11 written agreements, representations to the court by officers of the court, and
12 representations made under oath to the court by York, CorVel, Stockton and Stockton's
13 agents. Indeed, when Defendants stated that they were legitimately using the process and
14 investigating, Mr. Thurman relied on those representations to not file claims for unfair
15 claims handling with the Worker's Compensation process. Moreover, the state of
16 California relied on the Enterprise to engage lawfully in the worker's compensation
17 process and not use the process to deter claims.

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

1 suffered financial harm and damage to his credit.

2
3 **What Defendants did to Police Officer Boyd Mayo**

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

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

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

19 229. Finally on June 11, 2011, Mr. Mayo was injured while trying to subdue a
20 suspect, causing injuries to his hand and knee. Dr. Sepiol diagnosed Mr. Mayo with
21 Chondromalacia of his left patella and removed him from full work duties while requiring
22 treatment.

23 230. Mr. Mayo presented testimony, medical records, medical opinions, and
24 other evidence to Stockton and CorVel establishing his right to worker's compensation
25 benefits.

26 231. Despite Defendants' promises to accept, and not consistently ignore,
27 treating physician's opinions, on October 11, 2012, November 12, 2012, and December 6,
28 2012, CorVel adjuster Britney Faith sent denials regarding Mr. Mayo's claims for

1 workers' compensation benefits. The denials were sent through the United States Mail
2 denying medical treatment and payments for his on the job injuries. These denials were
3 fraudulent communications because CorVel knew Mr. Mayo suffered injuries to his hand,
4 fingers, knee, and back. Moreover each incident was documented, including the
5 presumption of back injuries for peace officers. The claims are and were always clearly
6 compensable under California law. Rather than make timely payments, CorVel denied the
7 claim in order to push insurance coverage for Mr. Mayo's treatment to his own healthcare
8 through Stockton, which assisted improper efforts by Stockton to restructure the debt
9 obligations, receive co-pays from Mr. Mayo's personal funds, improperly direct or limit
10 Mayo's care, and increase bill review fees. Defendants also denied the claim in order to
11 create a lulling affect in the hopes that Mr. Mayo would no longer seek workers'
12 compensation benefits. In addition, CorVel refused to follow the requests of Mr. Mayo's
13 treating physicians, and instead delayed the claim for years to lower its obligations for
14 workers' compensation payments.

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

26 233. Mr. Mayo relied on the fraudulent communication because he suffered
27 financial loss including attorney's fees, medical care, and medical mileage. Defendants'
28 fraud directly caused injury to Mr. Mayo because it deprived him of benefits and caused

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

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

11 234. Ms. Ross-Mullin worked as a detective for the Stockton Police Department
12 and on March 16, 2010, she developed anterior chest pain. She was taken by ambulance to
13 the ER and received treatment for her heart injury. Under California Labor Code Section
14 3212, such cardiac injuries are presumed covered for peace officers. Dr. James Sepiol
15 diagnosed Ms. Ross-Mullin with Coronary Artery Disease and confirmed the injury was
16 work-related. Ms. Ross-Mullin presented testimony, medical records, medical opinions,
17 and other evidence to Stockton and Defendants establishing his right to worker's
18 compensation benefits. In addition, Ross-Mullin also suffered from HPV.

19 235. As a member of the Stockton Police Department, Ms. Ross-Mullin had a
20 statutory right to submit a claim for benefits through the California Worker's
21 Compensation system⁵. *See e.g.* Cal Lab Code § 3600 et seq. Thus the claim for benefits
22 for Ms. Ross-Mullin amounted to a property right protected by the Due Process clause.

23 236. Despite the clear evidence for these injuries, Defendants delayed
24 authorization for this treatment. Defendant's refusal to authorize medical treatment and
25 pay benefits was a scheme to defraud because York and CorVel knew that Ms. Ross-
26 Mullin was injured while at work, sought treatment for this injury, and had no valid basis

1 for denying the claim. This claim is clearly compensable under California law. Indeed, a
2 presumption of coverage existed for the injury. In reality, while Defendants represented
3 that it denied the claim because it was not compensable, Defendants actually denied the
4 claim to (1) push the claim to Plaintiff's personal insurance, (2) in the hopes that Plaintiff
5 would simply give up his benefits, and (3) to create a chilling effect regarding worker's
6 compensation claims in Stockton for first responders. In addition, Defendants also
7 misrepresented that it was using the worker's compensation process for a legitimate
8 investigation. When in reality, Defendants used the process (including hearings,
9 depositions, court filings, attorneys, and medical examinations) in order to delay benefits
10 and also to lower Stockton's worker's compensation claims by creating a chilling effect
11 for first responders.

12 237. Finally, over a year later on August 16, 2011 the Division of Worker's
13 Compensation awarded benefits to Ms. Ross-Mullins. See Exhibit 7. In that order, the
14 Judge required CorVel, York, and Stockton to pay any reasonable unpaid medical-legal
15 expenses, with jurisdiction reserved. As of that date Stockton, CorVel, and York had
16 accepted Ms. Ross-Mullin's claim as compensable, including that her required medical
17 treatment was reasonable and necessary. Thus, Ms. Ross-Mullin maintained a legitimate
18 entitlement to continued benefits because Stockton accorded the benefits in the past, and
19 thus she had a reasonable expectation the benefits would continue in the future. *See*
20 *Goldberg v. Kelly*, 397 U.S. 254, 260-66 (1970).

21 238. Yet despite this delayed benefits, CorVel, York, and Stockton failed to
22 reimburse or pay for medical benefits for Ms. Ross-Mullin. Specifically that included
23 treatment for HPV, which directly related to the medical benefits that the Court had
24 previously ordered. Eventually this injury forced Ms. Ross-Mullin to retire from her job.
25 In addition, Mr. Ross-Mullin has been hospitalized at least four times for chest pain - the
26 same injury addressed in the order. Despite a property right in those benefits, Defendants
27 failed to pay for her treatment.

28 239. CorVel's refusal to provide benefits to Ms. Ross-Mullin was a scheme to

1 defraud because CorVel knew that Ms. Ross-Mullin was injured while at work, sought
2 treatment for this injury, and had no valid basis to refuse to allow the filing of the claim.
3 Defendants actually denied (and ignored) the claims to (1) push the claim to Plaintiff's
4 personal insurance, (2) in the hopes that Ross-Mullin would simply give up her benefits
5 (or delay filing her claim), and (3) to create a chilling effect regarding worker's
6 compensation claims in Stockton for first responders.

7 240. Defendants' misrepresentations caused an injury to Plaintiff's property
8 because it effectively delayed Ross-Mullin's needed medical care benefits. Indeed,
9 Defendants targeted Plaintiff's right to file a claim by using the process in order to
10 intimidate injured workers into not filing claims by throwing every possible roadblock at
11 the injured worker. Moreover, Defendants delayed its investigation and procedure in order
12 to effectively deprive the Plaintiff of her constitutional right to file a claim for benefits,
13 including preventing her reimbursement, and also delaying her need for surgery.

14 241. As more specifically stated above, Defendants created a pattern and practice
15 of delaying and denying injured workers (like Ms. Ross-Mullin) their entitlement to
16 workers' compensation benefits. More specifically, Defendants failed to properly
17 supervise and train adjusters, and instead overlooked and covered up its adjuster's
18 misconduct. In addition, the Defendants had a general policy, pattern and/or practice of
19 encouraging adjusters to deny and delay legitimate benefits in order to financially benefit
20 Defendants by maintaining contracts with public entities to adjust workers' compensation
21 benefits. Defendants' failure to supervise or discipline its adjusters' conduct, amounts to a
22 departmental policy of overlooking constitutional violations.

23 242. Because the delays in payment of benefits to Ross-Mullin were so severe,
24 Defendants deprived Ross-Mullin of her statutorily created benefits and thus violated her
25 due process rights guaranteed by the 14th amendment of the United States Constitution.

26 243. Unfortunately, the delay in payment of benefits and medical care caused
27 separate and distinct physical and financial damage to Ms. Ross-Mullin. Defendants'
28 fraudulent communication with Ms. Ross-Mullin, her providers, and the state of

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

3 244. Therefore, Ms. Ross-Mullin additionally suffered an injury to her property
4 because (1) the Enterprise deprived and delayed Ross-Mullin's claim for benefits and (2)
5 deprived and delayed benefits after Ross-Mullin had received an entitlement to the
6 benefits. Ross-Mullin additionally suffered concrete loss because she suffered out of
7 pocket expenses, including attorney's fees, medical care, travel expenses, meals, lost time
8 from work attending hearings, depositions, and medical appointments, damage to her
9 pension, and lost promotions,

10 245. In addition, the enterprise caused this harm because Ross-Mullin, medical
11 professionals, and the California Department of Industrial Relations, Division of Worker's
12 Compensation all relied on the Enterprise's misrepresentations. Specifically Ross-Mullin
13 relied on the Enterprise to obey statutes, court orders, court rules, rules of evidence,
14 written agreements, representations to the court by officers of the court, and
15 representations made under oath to the court by York, CorVel, Stockton and Stockton's
16 and their agents. Indeed, when Defendants stated that they were legitimately using the
17 process and investigating, Ms. Ross-Mullin relied on those representations to not file
18 claims for unfair claims handling with the Worker's Compensation process. Moreover, the
19 state of California relied on the Enterprise to engage lawfully in the worker's
20 compensation process and not use the process to deter claims.

21 246. The Enterprise consisting of Stockton, York, and CorVel committed each
22 predicate act forming the pattern of racketeering alleged in this complaint. In 2011,
23 Stockton then hired CorVel. While York was no longer involved in handling the claim for
24 benefits, the enterprise continued the same purpose, with CorVel simply taking York's
25 place. Furthermore, the Enterprise continued for the same purpose, used the same actors
26 (members of the city of Stockton, York, and CorVel), and denied the same claims for
27 benefits.

28 247. Because of Defendants conduct, Ms. Ross-Mullin suffered financial loss

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

12 **V. PARTIES**

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

18 249. Defendant CorVel Enterprise Comp, Inc., ("CorVel") is a Delaware entity
19 with a principal place of business in California, which adjusts insurance claims made by
20 California employees on behalf of The City of Stockton ("Stockton") and City of Rialto
21 ("Rialto") for coverage under California Labor Code Section 110-139.6, the California
22 Workers' Compensation Act. CorVel Enterprise conducts business in San Bernardino and
23 Riverside County, California.

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

28 b. All acts complained of CorVel Enterprise herein were committed by CorVel

1 Enterprise directly, or under its supervision and direction.

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

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

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

11 250. Defendant YORK RISK SERVICES GROUP, INC. (“York”) formerly
12 operating as Gregory B. Bragg & Associates, Inc. is a foreign corporation who previously
13 adjusted insurance claims made by California employees on behalf of The City of Stockton
14 (“Stockton”) and City of Rialto (“Rialto”) for coverage under California Labor Code Section
15 110-139.6, the California Workers’ Compensation Act.

16 251. York conducts business in San Bernardino and Riverside County, California.

17 a. Service of process may be effected on York by certified mail, return receipt
18 requested, to its registered agent, **CORPORATION SERVICE COMPANY, 2710**
19 **GATEWAY OAKS DR STE 150N, SACRAMENTO CA 95833**

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

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

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

28 e. York is vicariously liable for all acts complained of herein that were

1 committed by or through any authorized servants, employees, or agents of York.

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

7 253. Defendant Mextli Hyde ("Ms. Hyde") upon information and belief, is a natural
8 person, working and residing in Los Angeles County, California. Ms. Hyde may be served
9 by service upon her to **Mextli Hyde 760 RANCHO EL FUERTE DR COVINA, CA**
10 **91724-3653.**

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

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

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

20 **VI. VENUE & JURISDICTION**

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

25 258. Venue is properly laid in the Federal District Court for the District of
26 California, Eastern Division, because plaintiffs reside in that district and defendants do
27 business in person and through their agents and representatives in San Bernardino and
28 Riverside County. Moreover the CorVel entities and Hyde are residents of the Central

1 District of California.

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

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

7 260. The activities affected interstate commerce in several ways including that:

8 a. CorVel and York operate in interstate commerce;

9 b. The mails, telephones, fax and internet communications are all utilized
10 in the course of the activities complained of;

11 c. Denial of benefits caused economic effects on medical service providers
12 and other medical insurance companies many of whom operate in
13 interstate commerce;

14 d. CorVel processed Plaintiffs' claims through a data center located in
15 Portland, Oregon.

16 261. The cities of Stockton and Rialto employed each of the plaintiffs.

17 262. The cities of Stockton and Rialto complied with its obligations under
18 California law to provide firefighters and police officers workers' disability compensation
19 insurance by self-insuring.

20 263. CorVel and York are TPAs (third party administrators) that adjusted
21 workers' compensation claims made by Rialto and Stockton First Responders.

22 264. Mextli Hyde is an adjuster that worked for York and CorVel, and she
23 adjusted claims for the city of Rialto.

24 265. CorVel, and York acted as agents for Rialto and Stockton with regard to the
25 handling of workers' compensation claims.

26 266. Decisions regarding paying claims or terminating payment were made
27 jointly by CorVel, York, Rialto, and Stockton, or were made by CorVel or York after
28 consulting with Rialto and Stockton or were ratified by Rialto and Stockton after being

1 made by CorVel or York.

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

8 a. acted with knowledge that the methods they were using to investigate
9 claims, to have workers examined by physicians of their choice, to decide whether a
10 disability was compensable and to report the results of the investigation to workers,
11 employers, the Department of Workers Compensation, medical providers and others
12 ignored evidence of compensability and produced false evidence that the workers
13 were not entitled to compensation.

14 b. Defendants also ignored information that the methods they used to
15 investigate claims, have workers examined pursuant to statute, and to decide
16 compensability did not accurately reflect the standards for compensability under the
17 Workers' Compensation Act.

18 268. With information and belief, CorVel, York, Stockton, and Rialto
19 misrepresented the coverage of Plaintiffs' claims based on the following:

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

24 b. CorVel, York, Stockton, and Rialto systematically denied claims to create a
25 lulling effect to limit the benefits and treatment sought by injured workers. For
26 example, Defendants denied the claims in hopes that some Plaintiffs will
27 simply not continue to seek benefits under workers' compensation entirely.
28 Indeed, Defendants knew that if a Plaintiff received medical coverage on his

1 own insurance the injured worker would be less likely to continue his claim for
2 workers' compensation if had been denied. In addition, the fraud limited the
3 care sought by Plaintiffs who filed workers' compensation claims benefits
4 during the denial period.

5 c. CorVel, York, Stockton, and Rialto delayed claims by ignoring California law
6 regarding coverage for pre-existing injuries aggravated by a new incident and
7 ignoring injuries presumed covered under California law. *See e.g.* Labor Code
8 Section § 3212.1 (Cancer); § 3212 (Hernia, heart injuries, and pneumonia); and
9 § 3213.2 (lower back).

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

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

16 a. York and CorVel fraudulently denied benefits to workers who York and
17 CorVel knew were entitled to workers' compensation benefits under
18 existing law, in ways more particularly described in the remaining
19 paragraphs of this complaint;

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

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

25 d. Some of these electronic and mail communications contained fraudulent
26 misrepresentations, in that they communicated alleged facts and opinions
27 about the medical condition of the workers and/or about the causes of those
28 conditions and their relationship to employment that York knew were false

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or as to which the York knew there was no genuine basis for the opinions expressed.

- e. Some of the electronic and mail communications were not in themselves false or fraudulent but were employed in the scheme to defraud, such as letters and notices scheduling appointments with physicians for so-called “independent medical examinations,” when the defendants, their agents and attorneys knew from ample past experience that the examinations would not be conducted properly and/or in good faith but would instead be designed to form a basis for denying benefits irrespective of the worker’s medical condition and its compensability;
- f. York and CorVel knew certain of the doctor examiners were not “independent” because they knew the doctors were financially dependent to a significant degree on companies defending insurance claims (including employers, insurers and TPAs);
- g. York and CorVel, and their agents and attorneys, deliberately selected certain doctors to obtain a medical opinion which defendants either directed to be negative as to critical elements of a workers’ compensation claim relating to disability or relationship to employment or knew from ample experience with such doctors would state negative opinions on these elements irrespective of the true facts. These allegations are based in part on information and belief, and are likely to have evidentiary support after a reasonable opportunity for investigation and discovery.
- h. Rialto, Stockton, York and CorVel systematically as part of their scheme to defraud denied benefits by failing to honestly assess evidence that a claimant had a work related disability, and or by failing to honestly investigate and obtain evidence relevant to whether a claimant had a work related disability.

270. In each of the cases in which they terminated or denied benefits, York and

1 CorVel by themselves and through and their agents and attorneys, acted fraudulently, in a
2 scheme to defraud which used the mails and wires in violation of 18 U.S.C. 1961, et seq, by:

- 3 a. failing to investigate honestly whether a claimant was entitled to benefits
4 under California law before they denied or terminated benefits;
- 5 b. denying claims in order to push the benefits to each Plaintiff's private
6 insurance, which allowed Defendants to restructure its debt obligations,
7 receive co-pays from the Plaintiffs, direct or limit care, and increase bill
8 review fees;
- 9 c. denying claims by ignoring California law regarding coverage for pre-
10 existing injuries aggravated by a new incident and ignoring injuries
11 presumed covered under California law. *See e.g.* Labor Code Section §
12 3212.1 (Cancer); § 3212 (Hernia, heart injuries, and pneumonia); and §
13 3213.2 (lower back);
- 14 d. deliberately seeking opinions from doctors York knew would deny
15 compensability or otherwise support a decision to pay less than what was
16 actually owed;
- 17 e. deliberately failing to obtain and to give honest consideration to reports
18 and records of a claimant's treating doctors, and any other relevant
19 information; and
- 20 f. denying claims to create a lulling effect to limit the benefits and
21 treatment sought by injured workers. For example, Defendants denied
22 the claims in hopes that some Plaintiffs will simply not continue to seek
23 benefits under workers' compensation entirely. Indeed, Defendants knew
24 that if a Plaintiff received medical coverage on his own insurance the
25 injured worker would be less likely to continue his claim for workers'
26 compensation if had been denied. In addition, the fraud limited the care
27 sought by Plaintiffs who filed workers' compensation claims benefits
28 during the denial period.

1 271. CorVel and York’s intentional failures to investigate honestly whether a
2 claimant’s disability was work-related under any of the relevant provisions of California law,
3 and their deliberate failure to give honest consideration to the records and reports of a
4 claimant’s treating doctors and any other relevant medical records or information, and to
5 honestly weigh those records and reports against the report of a doctor chosen by defendants
6 to examine a claimant was mail and wire fraud in violation of 18 U.S.C. 1341 and 1343
7 because the mails and wires were used in furtherance of the scheme to defraud. In addition,
8 York’s misrepresentations in order to push the cost of care to Plaintiffs’ out-of-pocket
9 expense violated 18 U.S.C. 1344.

10 272. The predicate acts and violations of RICO alleged herein were committed by
11 one or more of the following enterprises:

12 a. The workers’ compensation personnel at the workers’ compensation
13 claims departments at York and CorVel who handled California workers’
14 compensation claims and personnel at the City of Rialto and the City of
15 Stockton associated in fact formed an “enterprise” for purposes of the
16 Racketeer Influenced and Corrupt Organizations Act (RICO) claims in this
17 case. Because they worked together regularly in adjusting and handling
18 workers’ compensation claims for California workers, they formed an
19 enterprise.

20 b. The two Enterprises consisted of Rialto, York, and CorVel (“the Rialto
21 Enterprise”) and Rialto York and the city of Stockton (“The Stockton
22 Enterprise”). Each Enterprise committed each predicate act.

23 a. The Rialto Enterprise first started in 2008 when Rialto and York
24 (through adjuster Mextli Hyde) unreasonably delayed and denied
25 benefits to first responders working for the city of Rialto. In 2011,
26 Rialto then hired CorVel, who in turn hired Mextli Hyde from
27 York. While York was no longer involved in handling the claim
28 for benefits, the enterprise continued the same purpose, with

1 CorVel simply taking York's place and using Mextli Hyde
2 exactly the same way. Furthermore, the Enterprise continued for
3 the same purpose, used the same actors (members of the city of
4 Rialto and Mextli Hyde working for either CorVel or York), and
5 denied the same claims for benefits. In sum the city of Rialto used
6 Mextli Hyde to commit a pattern of mail and wire fraud while
7 Hyde worked for York (2008-2011) and CorVel (2011 to current).

8 b. Similar to the Rialto Enterprise, Stockton and York first formed
9 an enterprise, which denied and delayed benefits owed to first
10 responders. In 2011, Stockton replaced York with CorVel.
11 However, Stockton and CorVel carried on the exact same purpose
12 against the same claims, and the same class of individuals.

13 c. Additionally or alternatively, CorVel and Stockton, CorVel and Rialto,
14 York and Stockton and York and Rialto, formed separate enterprises,
15 though similar and for the same purpose.

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

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

25 275. By means of the actions described in the complaint, York and CorVel
26 conspired to violate 18 U.S.C. 1962, and conspired with one or more other parties or the
27 employees of the City of Rialto and City of Stockton to violate 18 U.S.C. 1962. York,
28 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.

8 276. 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.

17 277. 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 BY ALL PLAINTIFFS AGAINST CORVEL**
20 **AND YORK — FRAUD IN VIOLATION OF 18 U.S.C. §§1961, 1962, 1964 and**
21 **1965**

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

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

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

1 or otherwise not compensable.

2 281. Plaintiffs additionally suffered injury to their business and property caused
3 by Defendants' conduct. First, Plaintiffs Brayshaw, Viola, Ross-Mullin, Black, Huber,
4 McCullough, Fujiwara, and Stephenson obtained an entitlement to benefits through an
5 order awarded by the Court. In addition, Fujiwara, Barrett, and Park obtained an
6 entitlement to benefits through a statutory and judicial representation of coverage by
7 CorVel and York.

8 282. In addition, Plaintiffs also maintain a separate property right in their ability
9 to file a claim for benefits. This right was additionally injured because Defendants
10 misrepresented the ability of Plaintiffs to file claims, intimidated Plaintiffs to not file a
11 claim, or abused the process by delaying Plaintiff's only available remedies for so long,
12 that Plaintiff's right to benefits was injured. This right to benefits is separate from the
13 expectancy of benefits.

14 283. CorVel and York's fraud directly caused injury to Plaintiffs because it
15 deprived them of workers' compensation benefits and because it caused them the expense
16 of paying attorney fees and medical care. CorVel and York's fraud further caused
17 plaintiff to lose wages and other benefits from the City of Rialto and Stockton, caused
18 injury to credit and caused damages described above.

19 **IX. SECOND CAUSE OF ACTION BY PLAINTIFFS BRAYSHAW, VIOLA,**
20 **ROSS-MULLIN, BLACK, HUBER, MCCULLOUGH, FUJIWARA,**
21 **STEPHENSON, PARK AND BARRETT AGAINST ALL DEFENDANTS —**
22 **UNCONSTITUTIONAL DELAYS OF BENEFITS PURSUANT TO 42 U.S.C.**
23 **§§1983, 1988**

24 284. Plaintiffs bring this claim against CorVel and York, and Mextli Hyde,
25 Tanya Mullins, Paula Fantulin, and Britney Faith, in their individual capacity.

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

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

5 287. Plaintiffs have a due process right in benefits that they have received and
6 have an entitlement to the continued receipt of those benefits. *See Raditch v. U.S.*, 929
7 F.2d 478 (9th Cir. 1991). In addition, Plaintiffs have a due process property right in the
8 claim for benefits through the California Worker’s compensation system. And Plaintiffs
9 established their right to workers’ compensation benefits. Defendants did not have any
10 basis to dispute the expectancy of this benefit. Instead, Defendants created a pattern and
11 practice of delaying and denying injured workers’ entitlement to workers’ compensation
12 benefits because Defendants:

- 13 a. Failed to conduct a reasonable investigation of the events and facts relating to
14 Plaintiff’s claim;
- 15 b. Failed to timely recognize and acknowledge the nature and extent of Plaintiffs’
16 compensable injury
- 17 c. Failed to accept the undisputed evidence regarding Plaintiffs’ claim;
- 18 d. Denied the existence and/or extent of injury without the input of competent
19 individuals with appropriate medical training;
- 20 e. Created pretextual reasons to deny and/or delay payment of Plaintiffs’ claim
21 and Engaged in an “outcome-driven” approach to the claim;
- 22 f. Ignored and refused to consider information favorable to Plaintiffs’ claim for
23 workers’ compensation benefits; and
- 24 g. Failed to ensure that the industry’s best practices were applied consistently
25 with regard Plaintiffs’ claims.

26 288. Defendants’ acts and omissions include, but are not limited to, the
27 following:
28

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

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

25 290. Because the delays were so severe, Defendants deprived Plaintiffs of their
26 statutorily created benefit and thus violated Plaintiffs' due process rights guaranteed by
27 the 14th amendment of the United States Constitution. *See Kraebel v. New York City*

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1 *Department of Housing Preservation & Development*, 959 F.2d 395 (2d Cir. 1992); *Kelly*
2 *v. Railroad Retirement Board*, 625 F.2d 486 (3d Cir.1980).

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

6 **X. THIRD CAUSE OF ACTION BY PLAINTIFFS BRAYSHAW, VIOLA,**
7 **ROSS-MULLIN, BLACK, HUBER, MCCULLOUGH, FUJIWARA,**
8 **STEPHENSON, PARK AND BARRETT AGAINST CORVEL AND YORK**
9 **— UNCONSTITUTIONAL DELAYS OF BENEFITS PURSUANT TO 42**
10 **U.S.C. §§1983, 1988 –CORPORATE LIABILITY**

11 292. Plaintiffs' constitutional rights were violated when Defendants delayed
12 Plaintiffs' receipt of their entitled benefits for years without any cause. The Plaintiffs'
13 injuries directly resulted from the deprivation of Plaintiffs' property rights without due
14 process.

15 293. Defendants are also liable under 42 U.S.C. § 1983 for failing to supervise
16 and train its adjusters, and for overlooking and covering up its adjuster's misconduct. In
17 addition, the Defendants had a general policy, pattern and/or practice of encouraging
18 adjusters to deny and delay legitimate benefits in order to financially benefit Defendants
19 by maintaining contracts with public entities to adjust workers' compensation benefits.
20 Defendants' failure to supervise or discipline its adjusters' conduct, amounts to a
21 departmental policy of overlooking constitutional violations. The Defendants' failure to
22 supervise and train its adjusters, and the Defendants willful blindness towards the
23 constitutional violations of its employees, constitute gross negligence and/or deliberate
24 and conscious indifference to people's rights as applied through 42 U.S.C. Sections 1983
25 and 1988.

26 294. Additionally, Defendants may be held liable under 42 U.S.C. § 1983 for
27 constitutional torts that are committed pursuant to a policy, procedure, practice, or custom.
28 Even if the Defendants' practice of overlooking constitutional torts was not authorized by
an officially adopted policy, the practice may be so common and well-settled that it fairly

1 represents official policy. *See Bd. of County Comm'rs of Bryan County v. Brown*, 520
2 U.S. 397.

3 295. In the present case, the Defendants' formal and informal actions in
4 overlooking, hiding and/or tacitly encouraging adjusters to deny claims that were
5 compensable through its adjusters and claims handlers reflect a policy, practice custom
6 and procedure authorizing and allowing the deprivation through considerable delays of
7 civil rights of Plaintiffs in their property rights. Consequently, the Defendants are liable
8 for harm caused to others, such as Plaintiffs, as a result of its policies, practices customs
9 and procedures.

10 296. Defendants are liable for the constitutional torts of its adjusters because the
11 Defendants sanctioned the following customs, practices, and policies:

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

24 297. At the time each Plaintiff was deprived of their workers' compensation
25 benefits, the adjusters were acting pursuant to an official policy, practice, custom and
26 procedure overlooking and/or authorizing unconstitutional denial of workers'
27 compensation benefits. *See Monell v. New York City Dept. of Social Servs.*, 436 U.S. 658,
28 659 (1978).

1 298. In addition, the Defendants had a general policy, pattern and/or practice of
2 not disciplining adjusters for their conduct, thereby sanctioning the adjuster's actions,
3 which amounted to a departmental policy of overlooking constitutional violations.
4 Defendants' failure to supervise and train its adjusters, and the City's willful blindness
5 towards the constitutional violations of its employees, constitute gross negligence and/or
6 deliberate and conscious indifference to Plaintiffs' rights including.

7 299. By the conduct described above, Defendants acted willfully, wantonly,
8 maliciously oppressively and with conscious disregard for and deliberately indifference to
9 Plaintiffs' constitutional due process rights. By intentionally, delaying and denying
10 Plaintiffs' property rights for workers' compensation benefits, Defendants violated
11 Plaintiffs' clearly established due process guaranteed by the 14th amendment.

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

15 301. The conduct of Defendants was willful, malicious, oppressive and/or
16 reckless, and was of such a nature that punitive damages should be imposed in an amount
17 commensurate with Defendants' wrongful acts.

18 **XI. PRAYER FOR RELIEF**

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

21 a. For compensatory damages for physical pain and suffering, mental and
22 emotional distress, anxiety, and all other general damages alleged and proved at the time
23 of trial all tripled in accordance with RICO;

24 b. Recovery of expert witness fees;

25 c. Recovery of attorney fees;

26 d. Taxable costs incurred herein;

27 e. Pre- and post-judgment interest;

28 f. punitive damages; and

1 g. for all such other and further relief, at law or in equity, to which Plaintiffs
2 may be entitled.

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Respectfully submitted,

DOYLE LLP

/s/ Jeffrey Avery

Michael Patrick Doyle (Admitted *Pro Hac Vice*)
Jeffrey Avery (Cal Bar No. 286873)

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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

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CERTIFICATE OF SERVICE

On February 19, 2016, I electronically submitted the foregoing Second Amended Complaint with the clerk of court for the U.S. District Court, Central District of California, using the electronic case filing system of the court. I hereby certify that I have served all counsel of record electronically or by another manner authorized by Federal Rules of Civil Procedure 5(b)(2).

/S/ Jeffrey Avery

JEFFREY AVERY