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NEWS

Park Avenue Accountant Guilty in Million Dollar Comp Fraud

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NYSIF Chief Deputy Executive Director Francine James today announced the guilty plea of a Park Avenue accountant to mail fraud and submitting a false tax return in connection with the operations of several asbestos abatement companies in a case of workers' compensation fraud involving more than $1.7 million dollars.

Sun "Sunny" H. Park, who operated as an accountant from her home at 470 Park Avenue in New York City, entered her plea before U.S. Senior Judge, Thomas J. McAvoy, United States District Court, Northern District of New York, in Binghamton, NY, on October 29, 2009.

She faces imprisonment for up to 20 years on mail fraud and three years for aiding in the preparation and presentation of a false and fraudulent tax return when she is scheduled to be sentenced in Binghamton Federal Court on February 26, 2010. In addition, as part of her plea Ms. Park agreed to a court order to pay NYSIF full restitution of $1,186,585.

She also must pay restitution of $345,904 to the Zurich Group and $238,187 to Princeton Insurance Company after pleading guilty in the case.

Investigators from NYSIF's Division of Confidential Investigations in Syracuse and New York City initiated the investigation with assistance from the U.S. Attorney's Office, the U. S. Environmental Protection Agency, the IRS, New York State Department of Labor, New York State Department of Environmental Conservation and the New York State Workers' Compensation Board Office of Inspector General.

"NYSIF is grateful for the cooperation of all the investigative authorities that joined in helping to bring an end to a flagrant abuse of the workers' compensation system, amounting to close to two million dollars," Ms. James said.

Ms. Park admitted to aiding "Charlie" Chong Mun Chae in defrauding NYSIF out of premium due for two companies, Charlie Brown Service, Inc., and Top Ace Enterprises, LLC. Mr. Chae pleaded guilty to mail and tax fraud on July 28, 2009.

NYSIF investigators said Ms. Park, who was self-employed, served as an accountant for several companies owned by Mr. Chae that routinely provided temporary laborers for

asbestos abatement companies in Connecticut, New York and Pennsylvania. Mr. Chae's companies underreported the number of employees on his payroll and failed to disclose the true nature of his business as consisting of asbestos abatement.

A routine audit of a NYSIF policyholder in Syracuse, NY, revealed that Mr. Chae's employees were working as asbestos laborers. During a subsequent three-year audit of Charlie Brown Service, Ms. Park gave NYSIF auditors what she said were copies of tax returns that said she filed for the company in 2004, 2005 and 2006.

Following the audit Charlie Brown Service cancelled its policy with NYSIF and failed to pay an outstanding premium balance of $123,456. NYSIF then received a new policy application for Top Ace Enterprises, LLC, which listed "Sunny" Park as president of a temporary service with four clerical employees based in New York City. Investigators then found that "Charlie" Chae owned Top Ace Enterprises and used it as a front for his asbestos abatement activities.

Federal agents subsequently executed search warrants at the homes and offices of Ms. Park and Mr. Chae, uncovering information that showed Charlie Brown Service, Inc., actually owed NYSIF in excess of one million dollars. Ms. Park later admitted that she created fake tax return records for NYSIF's audit, and that she assisted Mr. Chae in falsifying the ownership and business operations for Top Ace Enterprises, LLC, in order to avoid proper workers' compensation insurance premiums.