



LOS ANGELES COUNTY DISTRICT ATTORNEY'S OFFICE MEDIA RELATIONS DIVISION

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Former security company owner convicted in Workers Comp fraud

LOS ANGELES – The former owner of a security company that employed 2,700 workers statewide was convicted today of defrauding the state in an elaborate workers comp fraud scheme, the District Attorney's office announced.

A jury deliberated three days before finding Ousama Karawia, the former owner and president of International Protective Services Inc. and a reserve L.A. County Sheriff's Deputy, guilty of seven felony counts, including grand theft of labor, two counts of insurance fraud and four counts of illegal possession of assault weapons, said Deputy District Attorney Anthony Colannino who prosecuted the case for the Healthcare Fraud Division.

The jury also found Allan Terrill Bailey, the company's vice president for quality assurance, guilty of four counts of failure to file tax returns and one count of illegal possession of an assault weapon.

Karawia's company provided security for firms and government agencies around the country, including the downtown Los Angeles County Courthouse and the Statute of Liberty in New York.

Prosecutors argued that Karawia, 48, and Bailey, 43, conspired to hide the true number of IPS employees by creating a shell company, International Armored Solutions Inc., in order to avoid paying higher workers compensation insurance premiums to the State Compensation Insurance Fund.

Karawia told state officials he only employed about 35 workers at the new company, IAS, and that it was not part of his other company. The State Compensation Insurance Fund alleged the fraud cost California more than \$10.1 million in lost workers comp premiums, Colannino said.

Karawia was arrested at his Brentwood home on April 15, 2009, following a three-month investigation by the D.A.'s Bureau of Investigation.

Both men return to court Feb. 20 for sentencing before Superior Court Judge Sam Ohta. Karawia is facing up to 10 years in county jail. Bailey is facing up to six years in county jail.

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