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Campbell police: Former official scammed \$160,000 from Health Trust

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As a supervisor for Silicon Valley nonprofit The Health Trust, Daryl Nguyen was responsible for programs that help people enroll in health insurance programs and that educate individuals dealing with chronic disease.

But Campbell police say Nguyen used his position to steal more than \$160,000 from the nonprofit by billing supplies to a phony company he had set up and coercing employees under his direction to falsify overtime hours.

Nguyen, 41, was arrested Thursday after surrendering to authorities. He was booked into county jail and released on \$200,000 bail, according to police Capt. Dave Carmichael. Nguyen has been charged with two counts of grand theft by the Santa Clara County District Attorney's Office and is scheduled to make his first court appearance July 19.

"They are a nonprofit that does good work in the community," Carmichael said. "They help people with meals on wheels and AIDS services. They do quite a bit of outreach in the community. It's unfortunate such a good organization was victimized by Mr. Nguyen and we're hopeful this investigation and arrest will hopefully lead to some restitution."

Nguyen worked at The Health Trust for about eight years and was the director of wellness access and education until he was fired last year, according to the nonprofit's spokeswoman, Patty Fisher.

Nguyen set up a phantom company called California Creations and would submit check requests for supplies such as marketing materials

and then cash the checks, Carmichael said. Nguyen would then order the supplies or materials through a legitimate company and request a payment, Carmichael said.

Nguyen also coerced two of his employees to receive overtime pay for hours they did not work and then write him a check, Carmichael said. The overtime scam lasted four to six months, Fisher said.

Officials with the non-profit believe the employees did not want to go along with the overtime scheme but did because Nguyen was their boss. The employees did not benefit from the fraudulent pay and were not fired for participating in the scheme, Fisher said.

"He was very clever and he made excuses for why they should help him with this," Fisher said. Some of the excuses were: "He didn't have enough money in his budget to serve all the clients; he wanted to make contributions to a nonprofit."

The Health Trust executives began investigating the overtime scheme in February 2010 after employees came forward regarding rumors about Nguyen. The nonprofit hired an outside investigator and soon discovered the phantom company. Nguyen was fired in April 2010, about the same time the group's officials turned over the results of their internal investigation to Campbell police.

"We are relieved that the district attorney is pursuing this case," Health Trust CEO Frederick Ferrer said in a statement. "We wish to assure our community

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partners that none of their funds have been impacted by this matter, and that we remain committed to advancing the health and wellness of Silicon Valley."

Fisher said the nonprofit has implemented safeguards into its purchasing practices "so this can't happen again."

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