



— THE UNITED STATES ATTORNEY'S OFFICE —
EASTERN DISTRICT OF CALIFORNIA

**United States Attorney Benjamin B. Wagner
Eastern District of California**

**Auburn Man Sentenced To 18 Months In Prison For Lying To Obtain Workers'
Compensation Funds**

FOR IMMEDIATE RELEASE

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Docket #: 2:11-cr-182 TLN

SACRAMENTO, Calif. — Bruce Lee Cearlock, 79, of Auburn, was sentenced today by United States District Judge Troy L. Nunley to 18 months in prison for making false statements to obtain federal employee's compensation, United States Attorney Benjamin B. Wagner announced. Cearlock was also ordered to pay restitution of over \$73,000.

This case was the product of an investigation by the Department of Defense, Defense Criminal Investigative Service (DCIS), Sacramento; the Naval Criminal Investigative Service (NCIS); and the United States Department of Labor — Office of the Inspector General. Assistant United States Attorney Jean M. Hobler prosecuted the case.

According to court documents, Cearlock received workers' compensation benefits under the Federal Employees' Compensation Act (FECA) for an injury that he suffered as a civilian employee for the U.S. Navy on August 26, 1987. When filing the periodic reports required by the Office of Workers' Compensation Program (OWCP) to justify continued payments, between 2006 and 2008, Cearlock stated under penalty of perjury that he was neither self-employed nor involved in "any business enterprise."

However, from at least 1999 until 2011, Cearlock was involved in operating "Fuse," a bar in San Francisco, and ran various businesses prior to Fuse dating back to 1987. In his role in operating Fuse, Cearlock hired and fired employees, made decisions on capital expenditures, and interacted with private citizens and public officials as the owner of Fuse. In addition, during this time period, Cearlock was the president and secretary of a privately held corporation, Alleycorp Inc., whose sole purpose was to own the Fuse nightclub. Shares in Alleycorp were split equally between Cearlock and his wife. On the basis of his statements to OWCP that he was not involved in any business enterprise, and his continuing statements that he was incapable of earning wages due to his 1987 injury, Cearlock continued to receive federal disability benefits.