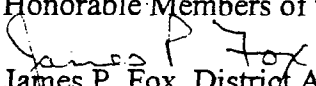


COUNTY OF SAN MATEO
Inter-Departmental Memo

Date: August 17, 2001
Hearing Date: September 11, 2001

TO: Honorable Members of the Board
FROM: 
James P. Fox, District Attorney
Pony #DAO111, Extension 4636
SUBJECT: Application for Renewal of the Workers' Compensation
Insurance Fraud Grant

RECOMMENDATION

Adopt a resolution authorizing submission of an application to the California Department of Insurance for grant funds in the amount of \$410,473 for the Workers' Compensation Insurance Fraud Program for fiscal year 2001-2002.

BACKGROUND

Under the provisions of Sections 1872.83, California Code of Regulations, Subchapter 9, Article 3, Section 2698.55, the California Insurance Commissioner is granted authority to issue funds to District Attorneys throughout the state for the purpose of investigating and prosecuting cases involving workers' compensation insurance fraud. In July 1994, your Board adopted a resolution authorizing the submission of an application to the California Department of Insurance for the subject grant. In November 1994, you approved an Appropriation Transfer Request and an amendment to the Salary Ordinance to add staff and implement the program.

DISCUSSION

An application is required each year to receive state funds through the California Department of Insurance. Program staff salaries and benefits and services and supplies are funded partially by the subject grant and partially by a grant addressing automobile insurance fraud investigation and prosecution. A proposal for that program will be submitted to your Board for approval within the next month.

Since the Insurance Fraud Unit's inception, the unit has received 272 suspected fraudulent claims to investigate and prosecute, resulting in 237 investigations, in many instances involving multiple suspects. The Unit has filed 42 criminal cases, charging 55 defendants with criminal offenses. Of the 47 defendants whose cases have been resolved to date, 45 defendants have been convicted of criminal charges, most of them felony offenses. The

Unit has worked in tandem with the Department of Insurance, Employment Development Department, local law enforcement, various insurance companies and third party administrators, the San Mateo County School Districts, and the Risk Management Division of Employee and Public Services to successfully prosecute fraudulent activities by chiropractors, doctors, attorneys, employers and individual applicants. To date, the unit has been able to attain court ordered restitution for over \$823,917. Orders of restitution can become civil judgments, can be recorded for future collection and usually specify multiple year pay out schedules. Following is a chart showing the amounts ordered and collected since the start of this program.

Fiscal Year	Amount Ordered	Amount Collected
1995-96	\$ 36,009.00	\$ 36,009.00
1996-97	\$186,189.41	* \$ 56,739.61
1997-98	\$ 64,151.15	* \$ 29,361.79
1998-99	\$200,863.64	* \$146,818.30
1999-2000	\$175,442.00	* \$151,329.00
2000-01	\$161,263.65	* \$309,432.47
* Note: This amount includes some restitution collected for orders made in previous years.		

FISCAL IMPACT

Each year, proposed funding levels are established by the Department of Insurance for each county and published in the State's Request for Funding documents as funds earmarked for both grant programs. For fiscal year 2000-01, \$395,527 was requested from the Department of Insurance. The final State award totaled \$370,000 so the District Attorney requested State authorization to spend \$22,094.05 from excess revenue in the Worker's Compensation Trust Fund to meet year-end program needs. Once the subject grant and the above-mentioned automobile insurance fraud grant are approved by the Department of Insurance for fiscal year 2001-2002, it is anticipated that a similar process will occur and the combined insurance fraud grant programs will be fully funded by State and trust fund monies. Assuming approval will be forthcoming from the Department of Insurance for both grants; this current Board action will have no fiscal impact on net county cost.

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

**RESOLUTION AUTHORIZING SUBMISSION OF APPLICATION TO CALIFORNIA
DEPARTMENT OF INSURANCE FOR THE DISTRICT ATTORNEY PROGRAM
FOR INVESTIGATION AND PROSECUTION OF WORKERS' COMPENSATION
INSURANCE FRAUD**

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that:

WHEREAS, the County of San Mateo desires to undertake a certain program designated the program for Investigation and Prosecution of Workers' Compensation Insurance Fraud to be funded, in part, from funds made available through the California Insurance Code section 1872.83, California Code of Regulation Subchapter 9, Article 3, section 2698.55 and administered by the California Department of Insurance (hereinafter referred to as CDI).

WHEREAS, it is agreed that any liability arising out of the performance of this Grant Award Agreement, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency. The State of California and CDI disclaim responsibility for any such liability.

WHEREAS, it is agreed that the grant funds received hereunder shall not be used to supplant expenditures controlled by this body.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the President of this Board of Supervisors hereby authorizes the District Attorney of the County of San Mateo, on behalf of the Board of Supervisors, to submit this proposal to CDI, and is authorized to execute on behalf of the Board of Supervisors the Grant Award Agreement including any extensions or amendments thereof.

**DEPARTMENT OF INSURANCE
GRANT APPLICATION TRANSMITTAL**

Office of the District Attorney, County of San Mateo, hereby makes application for funds under the *workers' compensation* fraud program pursuant to Section 1872.83 of the Insurance Code

Contact: Elaine M. Tipton, Deputy in Charge, Special Prosecutions

Address: 400 County Center, 4th Floor
Redwood City, CA 94063

Telephone: (650) 363-4677

(1) *Program Title*

Program for Investigation
And Prosecution of
Workers' Compensation Fraud

(2) *Grant Period*

July 1, 2001– June 30, 2002

(3) *Grant Amount*

\$ 410,473.00

(4) *Program Director*

Stephen Wagstaffe
Chief Deputy District Attorney
400 County Center, 3rd Flr
Redwood City, CA 94063

(5) *Financial Officer*

Mary Coughlan
Financial Services Manager
400 County Center, 3rd Flr
Redwood City, CA 94063

(6) *District Attorney's Signature*

Name: James P. Fox
Title: District Attorney
County: San Mateo
Address: 400 County Center, 3rd Flr
Redwood City, CA 94063
Telephone: (650) 363-4636
Date: _____

PROGRAM CONTACT FORM

1. Provide the name, title, address and telephone number for the person having day-to-day responsibility for the program.

Name: Elaine M. Tipton
Title: Deputy District Attorney In Charge,
Special Prosecutions
Address: District Attorney's Office
400 County Center, 4th Floor
Redwood City, California 94063
Telephone Number: (650) 363-4677 Fax Number: (650) 599-1681

2. Provide the name, title, address and telephone number of the Chair of the County Board of Supervisors.

Name: Honorable Mike Nevin
Title: President, San Mateo County Board of Supervisors
Address: 400 County Center
Redwood City, California 94063
Telephone Number: (650) 363-4572 Fax Number: (650) 599-1027

3. Provide the name, title, address and telephone number for the District Attorney's Financial Officer.

Name: Mary Coughlan
Title: Financial Services Manager
Address: District Attorney's Office
400 County Center, 3rd Floor
Redwood City, California 94063
Telephone Number: (650) 363-4004 Fax Number: (650) 363-4873

4. Provide the name, title, address and telephone number for the person responsible for the data collection/reporting for the applicant agency.

Name: Elaine M. Tipton
Title: Deputy District Attorney In Charge,
Special Prosecutions
Address: District Attorney's Office
400 County Center, 4th Flr
Redwood City, California 94063
Telephone Number: (650) 363-4677 Fax Number: (650) 599-1681

James P. Fox, District Attorney/Public Administrator



STEPHEN M. WAGSTAFFE
CHIEF CRIMINAL DEPUTY

ASSISTANT DISTRICT ATTORNEYS
MARTIN T. MURRAY
MORLEY PITT

COUNTY OF SAN MATEO

400 COUNTY CENTER, 4TH FLOOR • REDWOOD CITY • CALIFORNIA 94063
DISTRICT ATTORNEY (650) 363-4677 • PUBLIC ADMINISTRATOR (650) 363-4475

June 22, 2001

Mr. Hung Le
California Department of Insurance Fraud Division
9342 Tech Center Drive, Suite 500
Sacramento, CA 95826

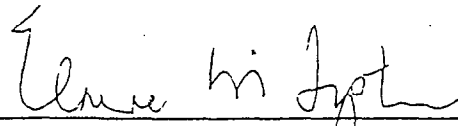
Dear Mr. Le:

Enclosed please find the Worker's Compensation Insurance Fraud Program Application for FY 2001-2002. Per the instructions accompanying the RFA, we hereby advise that we are unable, due to time constraints, to obtain and submit the Board of Supervisors Resolution as part of the enclosed application. It is anticipated that we will be able to submit the resolution to you on or about September 30, 2001. Please advise if there is any problem with this proposed submission date.

The grant application is complete in all other respects. Please feel free to contact me at (650) 363-4677 if there are any questions, concerns or comments regarding the application.

Very truly yours,

JAMES P. FOX, DISTRICT ATTORNEY

By 
Elaine M. Tipton, Deputy In Charge

EMT/ad

INSURANCE FRAUD INVESTIGATION/PROSECUTION PROGRAMS
FISCAL YEAR 2001-2002 GRANTS

Grant Applications Forms
Checklist and Sequence

The request for Application MUST include the following:

- | | <u>YES</u> | <u>NO</u> |
|---|--------------------------|--------------------------------------|
| 1. Is the Grant Application Transmittal sheet completed and signed by the District Attorney? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is an original or certified copy of the Board Resolution included? If NOT, the cover letter must indicate the submission date. | <input type="checkbox"/> | <input type="checkbox"/> (see letter |
| 3. Is the Program Contact Form completed? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Is the Project Budget included? | | |
| a) Line item totals are verified? | <input type="checkbox"/> | <input type="checkbox"/> |
| b) Carryover estimate is included? | | |
| 5. The County Plan includes: | | |
| a) County Plan Qualifications | | |
| b) County Plan Problem Statement | | |
| c) County Plan Program Strategy | | |
| d) Staff Qualifications and Rotational Policies | <input type="checkbox"/> | <input type="checkbox"/> |
| e) Organization chart | | |
| f) Joint Investigative Plan | | |

WORKER'S COMPENSATION INSURANCE FRAUD QUALIFICATIONS

1. Describe the district attorney's experience in investigating and prosecuting worker's compensation insurance. Include any relationships developed or planned with other public or private entities, which may be useful to program operations.

In February 1995, the San Mateo County District Attorney received its first California Department of Insurance (CDI) grant for the investigation and prosecution of Worker's Compensation Insurance Fraud. Upon receipt of the grant award, a specialized team (herein after referred to as "Unit") comprised of one Deputy District Attorney (DDA) and one District Attorney Investigator, each of whom had 50 percent of their caseload dedicated to Worker's Compensation (W.C.) Insurance Fraud, began its work under the supervision of the DDA In Charge of Special Prosecutions. In May 1996, the Unit added a paralegal, and in September 1996, a second DDA was added to the Unit. In April 1998, an extra-help/part-time District Attorney investigator was added to the Unit using authorized excess revenue from W.C. funds. In October 1999, the Unit added a second permanent, full-time District Attorney investigator. Since the inception of the Unit 64 months ago, as of June 15, 2001, both the DDAs and the Investigators have received 272 W.C. cases for investigation, review, and/or filing of criminal charges.

The initiation of these cases has involved submissions to the Unit from CDI, local police agencies and private insurance companies. The original notification of the existence of the Unit, made to local law enforcement agencies and private insurance companies has resulted in numerous non-CDI submissions over the past five years. The Unit continues to increase its referral sources through outreach and notification to additional private insurance companies.

The Unit has been active in establishing working relationships with CDI Fraud Division, California District Attorney's Association (CDAA) Insurance Fraud Committee, Northern California Fraud Investigators Association (NCFIA) and numerous private insurance companies and third party administrators. The Unit has developed close ties with other Bay Area D.A. Insurance Fraud divisions, exchanging information and developments designed to enhance the investigation and prosecution of W.C. fraud.

Since the inception of the Unit, members have attended numerous trainings sponsored by CDAA, NCFIA, CDI, various SIUs and other D.A. Insurance Fraud Units. The Unit plans to continue to participate in such trainings to enhance its efforts. In 1999, 2000 and 2001, the senior DDA in the Unit served as the Chairperson of the CDAA Insurance Fraud Training Sub-Committee, planning, coordinating and supervising CDAA training seminars for DDAs and investigators statewide.

Prior to the CDI grant award enabling the establishment of the Unit, the San Mateo County District Attorney had a long history of insurance fraud prosecutions. These have included prosecutions of insured individuals who have filed fraudulent claims, as well as the prosecutions of attorneys, physicians, chiropractors and other legal and health care professionals who have facilitated the filing of false insurance claims.

QUALIFICATIONS (cont'd)

If the District Attorney has received a grant from CDI prior to this application, list only those achievements made possible by the use of grant funds. Also complete the Summary of closed and pending prosecutions for FY 2000-2001. A page listing program achievements realized with the use of other funds may be included in the Appendix.

2. In FY 1997-98, 46 investigations were initiated and involved an average of 1 identified suspect per investigations. In FY 1998-99, 30 investigations were initiated and involved an average of 1 identified suspect per investigation. In FY 1999-2000, 33 investigations were initiated and involved an average of 1 identified suspects per investigation. From July 1, 2000 to June 15, 2001, 35 investigations were initiated and involved an average of 1 identified suspects per investigation.
3. In FY 1997-98, 5 warrant/indictment was issued, involving an average of 1 suspect and/or defendant. In FY 1998-99, 8 warrants/indictment were issued, involving an average of 2 suspects and/or defendants. In FY 1999-2000, 7 warrants/indictments were issued, involving an average of 4 suspects and/or defendants. From July 1, 2000 to June 15, 2001, 4 warrants/indictments were issued, involving an average of 4 suspects and/or defendants.
4. In FY 1997-98, 7 arrests and 7 surrenders were made. In FY 1998-99, 6 arrests and 8 surrenders were made. In FY 1999-2000, 5 arrests and 3 surrenders were made. From July 1, 2000 to June 15, 2001, 0 arrests and 7 surrenders were made.
5. In FY 1997-98, 6 convictions were obtained involving 6 defendants. Of these convictions, 0 were obtained by trial verdict, 6 were obtained by plea or settlement. In FY 1998-99, 6 convictions were obtained involving 6 defendants. Of these convictions, 2 were obtained by trial verdict, 4 were obtained by plea or settlement. In FY 1999-2000, 10 convictions were obtained involving 10 defendants. Of these convictions, 0 were obtained by trial verdict, 10 were obtained by plea or settlement. From July 1, 2000 to June 15, 2001, 8 convictions were obtained involving 8 defendants. Of these convictions, 0 were obtained by trial verdict, 8 were obtained by plea or settlement.
6. In FY 1997-98, 7 defendants were ordered to pay \$3,405 in fines and penalty assessments. Of this amount \$2,525 was collected from 3 defendants. In FY 1998-99, 3 defendants were ordered to pay \$780 in fines and penalty assessments. Of this amount \$220 was collected from 2 defendants. In FY 1999-2000, 6 defendants were ordered to pay \$1320.00 in fines and penalty assessments. Of this amount \$1,110.00 was collected from 2 defendants. From July 1, 2000 to June 15, 2001, 8 defendants were ordered to pay \$6,340.00 in fines and penalty assessments. Of this amount \$1,210.00 was collected from 2 defendants.
7. In FY 1997-98, 3 defendants were ordered to pay restitution in the amount of \$64,151.15 to victims. Of this amount \$29,361.79 was collected from 2 defendants, benefiting 2 victims. (Note: A Compromise and Release was procured instead of restitution, as requested by the victim insurance carrier, in two cases involving two defendants.) In FY,

1998-99, 5 defendants were ordered to pay restitution in the amount of \$200,863.64 to victims. Of this amount \$146,818.30 was collected from 3 defendants, benefiting 3 victims. In FY 1999-2000, 7 defendants were ordered to pay restitution in the amount of \$175,441.66 to victims. Of this amount \$151,328.97 was collected from 15 defendants, benefiting 12 victims. From July 1, 2000 to June 15, 2001, 5 defendants were ordered to pay restitution in the amount of \$161,263.65 to victims. Of this amount \$309,432.47 was collected from 11 defendants, benefiting 12 victims. (Note: This amount includes some restitution collected for orders made during previous fiscal years).

8. List the name of the program's prosecutor(s) and investigator(s). Under the name of each staff:

- a. List the percentage of their time devoted to the program
- b. How long have the prosecutor(s)/investigator(s) been with the program.
- c. Under the name of each prosecutor and each investigator, list all the cases (by suspect name or by case number, when the case was assigned briefly describe the cases) the prosecutor(s) and investigator(s) have prosecuted during fiscal year 2000-2001. Please also include those cases that were prosecuted without positive result.

Funding Split

Time In Unit

PROSECUTORS

Craig Shaffer	65% Workers Compensation 35% Auto Fraud	6 years 4 months
Joanne Mahoney	65% Workers Compensation 35% Auto Fraud	4 years 10 months

INVESTIGATORS

Terry More	65% Workers Compensation 35% Auto Fraud	3 year 5 months
Russ Banks	65% Workers Compensation 35% Auto Fraud	1 year 9 months

PARALEGAL

Alyssa Duri	65% Workers Compensation 35% Auto Fraud	1 year 2 months
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CASES WORKED ON DURING FY 2000 TO 2001

Prosecutor Suspect Name (Investigator)	Assgnmt Date	Case Description	Loss
SHAFFER:			
Laurence Guy Barbara McCormick Sione Kamuka Jamie Aguila (DOI&EDD)	7/29/97	Premium Fraud: Roofing company pays all overtime and some straight time in cash. Alleged "Subcontractors" given a check which is taken to the bank, cashed and the cashed returned to the employer to be used for cash pay. D. does not report this to insurance carriers or the tax authorities. Case covers a 5-year period.	1,400,000.00
Tai Tran (TM)	5/13/98	Claimant reports shoulder and back injury. At depo D. claims he is not working. Sub rosa finds D. working 12 hours a day, most days of the week at his own furniture store.	43,000.00
Sylina Marquez (TM)	11/10/98	Claimant reports neck and back injuries caused by desk job. D. out on TTD and modified duty for over a year. Sub rosa finds showing no limitation of movement, including engaging in sex with her boyfriend at a local park.	12,000.00
Robert Cereghino (TM)	2/16/00	D. in minor auto accident while on the job. D. then claims extreme neck and back pain. Claims heaviest thing he can lift is his razor. Sub rosa shows no need for neck brace/cane and D. moving without restriction.	21,000.00
Juan Gamez (DOI/EDD)	3/8/99	Premium Fraud. D. runs two Taquerias and catering truck with few reported employees. D. paying cash to employees and suppliers. Employees not reported to EDD or Insurance Carriers.	280,000.00
Anthony Lucero (DOI)	12/15/97	Claimant a warehousemen and alleges back injury. Sub rosa finds D. lifting a large reptile cage on two consecutive days when D. TTD.	13,000.00

Robert Russell Kent Harvey (RB&TM)	11/17/97	Premium Fraud. Russell owns a construction business and Harvey is allegedly a "Subcontractor". Russell claims no employees to his Ins. Carrier. Russell and Harvey hire illegals and pay employees cash. Cash is obtained by various construction loans and rents collected on Russell's rental properties that he and Harvey have constructed.	123,000.00
Raymond Vega	5/12/00	Claimant claims a series of back and neck injuries over a period of years. Claims his condition has worsened over the years to where he can't work even a modified position. Sub rosa finds D. working out a local gym on a regular basis with no apparent physical difficulties.	57,000.00
Arezoo Agharokh	2/7/01	Claimant injured her left hand moving boxes at work. Injury eventually moved to right hand also and up arms. Sub rosa has claimant washing and waxing her vehicle, driving, shopping, running, etc.	97,000.00
Maria Contreras (RB& TM)	1/9/01	Claimant states to have injured her neck, right elbow, and wrists during employment. Sub rosa has claimant leaving doctor office, removing neck brace, and tossing on passenger seat of vehicle.	12,000.00
Bruce Goff	9/15/00	Claimant was out on disability due to non-industrial back injury then returned to work and within one week filed a back injury claim.	5,000.00
Francisco Martinez	2/8/01	Claimant has a back and mental stress claim. Claimant had dispute with supervisor and is attempting to claim TTD, SDI, and unemployment.	5,000.00
Michael Oberg	10/13/00	Claimant claims injury to shoulder while working stockroom. Claimant states never had a prior claim and carrier found 3 prior claims.	1,700.00

Anthony Piazza	12/29/00	Claimant is a chiropractor which is possibly billing for treatment not completed according to an informant.	10,000.00
Catherine Ritchie	1/18/01	Claimant fell out of co-worker's grasp when looking through a window. Claimant attempted modified work for a short period of time and then filed another claim.	25,000.00
Michelle Rodriguez	1/18/01	Claimant claims a foot injury when a package hit her foot at work and is now close to becoming wheelchair bound. Sub rosa has claimant standing for two hours w/out a cane doing yard work.	58,000.00
Sabine Schulz	12/14/00	Claimant injures her back when she has an unwitnessed slip and fall in the employer parking lot. Claimant was diagnosed with scoliosis in 1977 and was recently told she needed surgery.	10,000.00
Paul Pugliesi (TM)	2/29/00	Claimant allegedly injures back lifting in warehouse weeks before reporting injury. D. also files stress claim based on sexual harassment before quitting job.	25,000.00
Deborah Durden (TM)	2/29/00	Insider fraud. D. handles own W.C. claim, as well as another employee's W.C. claim without employer's notice. D. also found to be embezzling employer funds.	75,000.00
Tommy Williams (RB)	5/5/99	Claimant claims neck and back injury from pulling a linen cart. Collecting TTD and SDI concurrently.	17,000.00
Mark Ferreira	6/28/99	Applicant Fraud	Reject
Daniel Lambert(RB)	7/14/99	Applicant Fraud	Reject
Jose Baez	8/2/99	Applicant Fraud	Reject
Dave Cuevas	9/1/99	Applicant Fraud	Reject
Joseph Callaway (TM)	9/30/99	Applicant Fraud	Reject

Manuel Ferreira(RB)	3/16/00	Applicant Fraud	Reject
Clara Ortega	3/3/00	Applicant Fraud	Reject
Candido Machuca	4/7/00	Applicant Fraud	Reject
Mandie Gordon(RB)	5/24/00	Applicant Fraud	Reject
Shirley Harms	7/11/00	Applicant Fraud	Reject
Christopher Harper	9/7/00	Applicant Fraud	Reject
Jenny Hill	12/29/00	Applicant Fraud	Reject
Fulumanu Leilua	1/19/01	Applicant Fraud	Reject
Robert McConnell	2/8/01	Applicant Fraud	Reject
Darrio Nardico	8/25/00	Applicant Fraud	Reject
Curtis Orloff	1/2/01	Applicant Fraud	Reject
Jose Reynoso	4/15/99	Applicant Fraud	Reject
Pamela Scott	9/15/00	Applicant Fraud	Reject

CASES WORKED ON DURING FY 2000 TO 2001

Prosecutor Suspect Name (Investigator)	Assgmt Date	Case Description	Loss
MAHONEY:			
Anisa Zahir (RB)	9/2/99	3-month employee claims injury to neck, back and hands. Ex-husband claims fraud in WC claim.	28,450.00
Abraham Randich (RB)	12/9/99	2 years after P+S with no permanent disability, D claims permanent disability and not having worked for two years. Employment records indicate working as janitor during the previous two years.	25,000.00
Kimutai Rokony (TM & DOI)	3/9/00	Injury to foot and knee. Claims unable to stand. While TTD videotaped performing auto repairs as a business.	158,509.00
Thomas Turner (DOI & EDD)	4/17/00	Roofing contractor fails to disclose entire payroll.	100,000.00
Jimmie Miller Lance Miller (DOI)	12/10/97	Jimmie claims low back injury at construction work site. Treats with chiropractor son, Lance. While TTD, Jimmie videotaped doing construction work at son's chiropractic office and golfing. Investigation determines golfing 18 holes every other day.	93,649.00
Reyna Suriano (TM)	7/24/98	Janitor claims cumulative injuries to arm and back. While TTD determined to be working as housekeeper and elderly aid under assumed name.	31,680.00
Gilberto Morales (RB)	2/17/99	Janitor claims unable to work due to arm/neck pain. While TTD, videotaped working as housepainter. Investigation determines working as housepainter throughout WC claim.	11,000.00

Wendy Hall (TM)	4/26/99	Unwitnessed knee injury. Knee surgery. Fails to disclose long history of knee problems.	89,604.79
Sergio Barbera	3/15/01	Claimant injures left hand and arm, then injures back. Sub rosa shows claimant performing tasks w/out restrictions and in deposition claimant states unable to do these tasks.	39,000.00
Marcela Figueroa (TM)	7/14/00	Claimant fell and injured left foot and arm. While on TTD gains second employer and is working which she denies.	21,000.00
Louis Gonzales & Thais Powers (DOI)	2/27/01	Employer Powers places Boyfriend Gonzales on payroll to cover his medical from a bar fight under workers' comp.	7,000.00
Ernesto Ledesma (RB)	9/22/00	Claimant lost left pinky finger and while on TTD sub rosa shows him working U&C duties for a different employer.	86,350.00
Carmen Morales	1/25/01	Claimant filed claim for Sept. 2000 shoulder injury and stated no prior shoulder injuries. Then filed an April 2000 shoulder injury claim.	200.00
Cameron Nichols	1/25/01	Claimant has yearly back injuries. Employer notifies workers' comp carrier that claimant's calendar has scheduled golf dates.	2,000.00
Benorad Prasad (DOI)	5/1/01	Claimant files back injury claim after being notified his job was being eliminated. Sub rosa shows claimant golfing.	13,500.00
Maria Preciado (RB)	8/25/00	Claimant on TTD from employer and working at second employer.	23,450.00
Mauricio Salazar	12/27/00	Claimant has tendonitis in wrist and on TTD. Sub rosa finds claimant working out at gym on the same day he gives carrier a statement saying he cannot work.	2,500.00

Michael Santiago	7/7/00	Claimant injures back and on TTD. Sub rosa shows claimant landscaping and investigation discovers claimant has been deer hunting with a bow & arrow.	26,000.00
Williams, Linda (DOI)	2/23/01	Claimant hurt her back while moving a patient. While on TTD, working for second employer in same job classification.	31,300.00
Alejandro Ante & Sally McClelland (EDD)	5/24/01	Owners of Club Ante and Vibes Oyster Bar & Café, no worker's comp coverage.	264,000.00
Francisco Ayala	7/6/98	Applicant Fraud	Reject
Daniel Chavez	6/23/98	Applicant Fraud	Reject
Johnson Davis (RB)	11/18/98	Applicant Fraud	Reject
Pierre Medlej	3/19/99	Applicant Fraud	Reject
Carlos Suarez	9/20/99	Applicant Fraud	Reject
Richard Dubin (TM)	11/4/99	Applicant Fraud	Reject
Gabriel Letran	12/1/99	Applicant Fraud	Reject
Deborah Avelar	3/2/00	Applicant Fraud	Reject
Loretta Chamorro	4/4/00	Applicant Fraud	Reject
Jay Saber (DOI & EDD)	5/15/00	Premium Fraud	Reject
Jeffrey Fernandez	6/16/00	Applicant Fraud	Reject

Manuel Melgar	9/7/00	Applicant Fraud	Reject
Asuncion Munoz (DOI)	1/26/01	Applicant Fraud	Reject
Adeline Rodriguez	8/25/00	Applicant Fraud	Reject
Terrance Scott	1/19/01	Applicant Fraud	Reject
Jonathan Taylor	3/27/01	Applicant Fraud	Reject
Ignacio Trevino	10/23/00	Applicant Fraud	Reject
Hamid Sanjari	8/25/00	Applicant Fraud	Reject

Note: Paralegal worked on every case listed above, setting up file, requesting further documentation, preliminary investigation work, criminal history checks, any various other tasks requested by DDA/Investigator.

**WORKERS' COMPENSATION INSURANCE FRAUD
SUMMARY OF CLOSED AND CONTINUING PROSECUTIONS
JULY 1, 2000 – JUNE 15, 2001**

Case Name	Referred By*	Code Sections	Number Arrested	Number Held to Answer	Number Convicted	Fine	Restitution
Juan Gamez SC048928A	O/CDI	UI 2108, 2110.7, 2117.5, 2118.5 PC 487(a) IC 11760(a), 11880(a)	1	1			
Guy	O/CDI	UI 2108, 2110.7, 2117.5, 2118.5	1	1			209,000.00 (paid but not ordered by court)
McCormick		PC 487A	1	1	1	1,100.00	N/A
Aguila		IC 11880, 11760A	1	1	1	1,460.00	N/A
Kamuka			1	Bench Warrant			
SC046951A-D							
Tai Tran	P	IC 1871.4(a)(1) PC 118	1	1	1	560.00	43,226.65
SC045841A							
Anthony Lucero	P	IC 1871.4(A)(1)	1	1	1	580.00	13,000.00
SC046869A							
Sylina Marquez	O	IC 1871.4(a)(1) PC 118	1	1	1	580.00	12,037.00
SC045880A							
Robert Cereghino	P	IC 1871.4(A)(1) PC 118	1	1			
SC048596A							

* CDI (Fraud Division, DOI) P (Private Carrier, S.I.U.) S (Self-Insured Employers)
T (Third Party Administrators) L (Local Law Enforcement) O (Other)

WORKERS' COMPENSATION INSURANCE FRAUD SUMMARY OF CLOSED AND CONTINUING PROSECUTIONS
(Continued)

Case Name	Referred By*	Code Sections	Number Arrested	Number Held to Answer	Number Convicted	Fine	Restitution
Reyna Suriano SC048615A	P	IC 1871.4(a)(1) PC 118, 487(a)	1	1	1	580.00	18,000.00
Gilberto Morales NF302191A	P	IC 1871.4(a)(1) PC 487(a), 118	Arrest Wrnt Issued				
Wendy Hall SC048947A	P	IC 1871.4(a)(1) PC 118	1	1			
Figueroa, Marcela SF311427A	P	IC 1871.4(a)(1) PC 487(a) PC 118	1				
Robert Russell SC048733A Kent Harvey SF306798B	O	UI 2108, 2110.7, 2117.5, 2118.5 PC 487(a) IC 11760A, 11880A	2	N/A	2	1,730.00 110.00	75,000.00 N/A
Williams, Linda SF312585A	CDI	IC 1871.4(a)(1) PC 118 PC 487(a)	1				
Rokony, Kimutai NF310221A	P	IC 1871.4(a)(1) PC 664/487(a) PC 487(a)	1				
Williams, Tommy SF312894A	T	IC 1871.4(a)(1) UI 2101 PC 487(a)	Notice to Appear				

* CDI (Fraud Division, DOI) P (Private Carrier, S.I.U.) S (Self-Insured Employers)
T (Third Party Administrators), L (Local Law Enforcement) O (Other)

PROBLEM STATEMENT

1. (a) Please document and describe the types of worker's compensation insurance fraud (claimant, medical/legal provider, premium/employer fraud, insider fraud, insurer fraud) relative to the extent of the problem specific to your county.

(b) Estimate the magnitude of the workers' compensation insurance fraud problems and identify the type of fraud indicators in your county.

The cost of worker's compensation fraud in California is estimated to be in billions of dollars. We believe that San Mateo County, a metropolitan area with a population of more than 700,000, has a significant workers' compensation insurance fraud problem. In part, the unique geographical location of San Mateo County, contiguous with three of the most heavily populated counties in the state (San Francisco, Alameda and Santa Clara), creates considerable likelihood of spill-over workers' compensation insurance fraud activity within our county.

Since the 1995 inception of the Insurance Fraud Unit in San Mateo County, the gamut of worker's compensation insurance fraud has become more readily apparent. While the number of SFCs reported to DOI has fluctuated over the past six years, there are other indicators present which support the premise that WC. fraud is a pervasive criminal activity within this jurisdiction. These indicators include case referrals from Employment Development Department (EDD), State Franchise Tax Board, self-insureds and citizen complaints. Based on SFCs alone, it can be estimated that approximately 431 instances of W.C. fraud have been reported to DOI over the past six years. However, using other indicators as set forth above, additional cases, not included in the SFCs reported, have been identified.

In the accompanying section of this RFA, entitled "Cases Worked During 2000-2001", the cross-section of cases reflecting the various types of W.C. fraud in San Mateo County are detailed. In this fiscal year, the majority of the W.C. cases have been claimant/applicant fraud, with an accompanying steady number of the more labor-intensive premium fraud cases and one medical provider fraud case. While this most recent fiscal year does not reflect any filed cases involving insider or insurer fraud cases, both of those types of cases have been investigated and prosecuted in previous fiscal years.

Analysis during monthly meetings with the DOI Martinez regional office bear out our assessment of the magnitude and variety of W.C. fraud being committed in San Mateo County. Among the issues discussed, which are specific to San Mateo County, are the relationships between W.C. fraud and the high median income, high cost of living and high cost of doing business, all of which are benchmarks for San Mateo County. These factors tend to affect the number and type of applicant fraud cases as well as premium fraud cases. There appears to be an increase in the number of premium fraud cases resulting from the hyper-competitive economic conditions in this county.

A separate issue of concern is the possibility of underreporting by insurance companies, self-insureds and third party administrators for some of the larger employers in San Mateo County, which tends to both mask and hamper the effectiveness of the Unit's efforts.

2. Identify the county's performance objectives that the county would consider attainable and would have a significant impact in reducing workers' compensation insurance fraud.

1. Collaborate with DOI to train, educate and encourage insurance companies, self-insureds and third party administrators in the identification and reporting of all types of suspected fraud.
2. Establish, maintain, and publicize a mechanism for citizens to directly report suspected W.C. fraud to the Unit.
3. Work with DOI in improving the insurance industry's responsiveness to requests in pending W.C. fraud investigations. Pending investigations which should result in active prosecutions require timely response to requests for documentation and information by the insurance companies. Increasing the number of documented referrals will likely result in more timely filing determinations and increased number of active prosecutions. This effort should include active encouragement to maintain or increase, rather than reduce, SIUs within the industry.

3. What are the long-term goals of the county in the battle against workers' compensation insurance fraud for the next three years?

1. Effectively convey to the insurance industry and employers that it is both prudent and cost effective to identify, investigate and prosecute workers' compensation insurance fraud, regardless of the time, effort and cost involved.
2. Establish public awareness that worker's compensation insurance fraud is a crime, which will result in prosecution and punishment for the perpetrator, as well as negative fiscal consequences for the law-abiding insured citizen and/or employer. The cumulative impact of this message should act as a deterrent to the commission of W.C. insurance fraud by potential perpetrators.

COUNTY PLAN PROGRAM STRATEGY

1. Describe the manner in which the district attorney will address the problem defined in the Problem Statement.

Upon the receipt of Worker's Compensation Insurance grant monies in February of 1995, the Office of the District Attorney created an Insurance Fraud Unit (hereinafter referred to as the "Unit") and added two new positions to its staff, one being a deputy district attorney, and the second a district attorney inspector. Both positions were exclusively assigned to investigate and prosecute insurance fraud. Since then, the attorney and inspector have worked closely together to maximize their efforts in this area. In May of 1996, an additional position was added to the Unit, a paralegal, who provides support in the investigation, case preparation and management of both A.I. and W.C. fraud cases. In September of 1996, a second DDA was added to the Unit, to assume prosecutorial duties for both A.I. and W.C. cases. In April of 1998, an extra-help part-time investigator was added to the Unit, which was filled by two different investigators from April of 1998 through February 1999. In October 1999, the Unit added a second permanent, full time investigator.

As of June 15, 2001, there were 40 pending W.C. fraud investigations and/or criminal cases. All of these pending matters will be carried over into the 2001-2002 fiscal year.

Under the present grant award, 65 percent of the full-time inspectors' and the deputy district attorneys' time is devoted to W.C. fraud cases, and 35 percent of their time is spent on A.I. fraud cases.

The attorneys, paralegal and inspectors will continue to work closely with the CDI Fraud Division on these W.C. fraud cases. In the ongoing effort to improve coordination of referrals and investigation, the Unit submitted to CDI a proposed Joint Plan for Use of Investigative Resources (See attached memo dated December 5, 1995, labeled Exhibit "A"). A 1999 revised joint plan is also attached. (See attached memo dated June 22, 1999, labeled Exhibit "B") This joint plan reflects a procedure that has been in effect for the past three years, providing for the unit to meet with CDI at its regional Martinez office on a monthly basis. When the CDI makes its impending move of its regional office to Benecia, the Joint Plan will be revised appropriately.

The Unit has maintained its contacts with various insurance company SIUs and with self-insured companies, to help these outside sources evaluate and investigate suspected fraudulent claims. This ongoing process has been augmented with training sessions during FY 2000-2001, to better educate their staff on what type of information and documentation is needed for a successful prosecution. For example, in November of 2000, the Unit conducted training for EOS Group (third party administrators). Additionally, the Unit has ongoing interaction with various SIUs and self-insured through participation in the quarterly NCFLA meetings in Concord, as well as attending monthly meetings of the Santa Clara County Insurance Fraud Taskforce.

As is currently the case, the Unit will continue to receive its cases from various sources: the CDI Fraud Division, self-insured entities, citizen informants, local law enforcement, NICB,

PROGRAM STRATEGY (cont'd)

public agencies and insurance companies. Additionally, the Unit continues to receive premium fraud cases from the Employment Development Department (EDD). Other collaborative efforts with EDD have increased significantly and continued in FY 2000-2001. The Unit now regularly obtains investigative information from EDD on all W.C. fraud cases, including both applicant and premium fraud. Additionally we are online with NICB, further enhancing our case preparation.

The Unit will continue to keep the CDI Fraud Division informed as to what cases are being investigated by the Unit, so that resources are not wasted by having tandem investigations ongoing. Keeping the CDI Fraud Division apprised of the cases currently under investigation by the Unit on a monthly basis accomplishes this objective. Specifically, each month the Unit exchanges lists with CDI, reflecting new referrals, cases under investigation and current prosecutions. This exchange protects against duplication of effort, as each agency is apprised of the other's activity.

The attorneys will provide direction to the inspectors and paralegal assigned to the Unit to develop and organize information and evidence, which will culminate in the filing of criminal charges. To this end, the attorneys and inspectors will jointly and separately conduct witness interviews, prepare and execute search warrants, collect background information, and review all documents and materials necessary for a successful prosecution. The paralegal will provide support and assistance to both the attorneys and investigators in procuring and organizing information and documents, summarizing materials, and maintaining records and data necessary for the Unit.

While advocating restitution, the Unit will emphasize the criminal nature of the fraudulent conduct that it investigates and prosecutes.

During this past year, the Unit continued to take an aggressive approach regarding the collection of restitution. While previously seeking that full restitution be ordered, often the Unit experienced frustration in noting the delay involved in actually collecting restitution. Thus, restitution to be made at the time of sentencing is regularly requested during pre-trial/settlement negotiations. As a result, the amount of restitution collected has been significant throughout the past three fiscal years. In FY 98-99, 75% of the restitution ordered during the fiscal year was collected, in an amount exceeding \$146,000. In FY 99-00, that percentage increased to 86%, with more than \$151,000 collected. In FY 00-01, 62% of the \$161,263.65 restitution ordered was collected, with an additional \$209,000.00 collected from a defendant pre-sentencing, thus not part of the "restitution ordered" figure. Therefore, the total amount of restitution collected in FY 2000-2001 is \$309,432.47.

The Unit will continue to publicize its existence, and any case which it prosecutes, to increase the public's awareness of the problem of W.C. insurance fraud and to deter future abuse of the system by labeling it as criminal conduct.

PROGRAM STRATEGY (cont'd)

2. Please elaborate on the District Attorney's plans for outreach to the public and private sectors.

Discussions have been had with several other District Attorney's Insurance Fraud Units to share effective methods of public outreach. Establishment of an 800-telephone number is under consideration, which, with publication in the community, would enable "anonymous" citizens (or employers, co-workers, neighbors and others) concerned about and aware of suspected W.C. insurance fraud to report their suspicions. Interestingly, as a result of the discussions with several other counties, we are not aware of this device being used, even by the larger metropolitan counties. A more appropriate alternative may be to simply publicize, through print advertisements in local newspapers and/or flyers distributed through local business organizations (i.e. Chamber of Commerce, Kiwanis, etc.) a local in-house telephone number which people can call to leave information regarding suspected W.C. insurance fraud. The goal of either of these two types of outreach is to make reporting more readily accessible to individuals who might otherwise be unlikely to provide information.

An additional avenue to explore is to sponsor a forum, in which local companies who are either self-insured or who use third-party administrators, are invited to attend and learn more about workers compensation, disabilities, and "red flags" for fraud. At such a forum the Unit could arrange to have a speaker on subjects such as "Functional Capacity Tests" and other topics related to the identification and rating of disabilities.

3. If the county does not have a full workload, please describe what steps will be taken to improve the situation.

The Unit seeks to aggressively prosecute W.C. insurance fraud, and at times experiences obstacles in obtaining timely investigation and resulting information necessary to file charges and successfully prosecute. Presently, the Unit is in transition as both the senior DDA and the senior investigator (DA Inspector) have resigned from the office as of the end of this fiscal year. While the Unit is anticipating changes in personnel, the present caseload (a combination of W.C. and Auto insurance fraud cases) is more than a full workload for the present DDA and investigator remaining in the Unit. After the transition has been completed and the new investigator and DDA are fully immersed in the presently pending W.C. cases, we will seek to increase our efforts to facilitate the timely completion of W.C. investigations. It is hoped that, with aggressive and timely investigations, the number of W.C. insurance fraud cases being handled by the Unit will be at an appropriate level to constitute a full caseload. This, of course, is an assessment which must be made in the context of the number of pending Auto insurance fraud cases, since the balance of the two caseloads can and does change within any given fiscal year.

4. As part of the overall management plan, describe how the district attorney will achieve the objectives of the program. Describe the hiring plan, activity plan, and time line schedule for the program. Discuss the internal quality control procedures that are in place or will be employed to assure objective achievement. Discuss the budget monitoring procedures that are in place or will be employed.

PROGRAM STRATEGY (cont'd)

Discuss the budget monitoring procedures that are in place or will be employed.

Under the umbrella of the Special Prosecutions Unit of the District Attorney's Office, the Unit is presently staffed with two experienced attorneys who have handled numerous felony cases. The inspectors assigned to the Unit are also experienced in handling felony investigations and are P.O.S.T. certified. In addition, the inspectors have considerable previous experience investigating insurance fraud, in both law enforcement agencies and the private sector. The paralegal is a trained and certified paralegal, with prior experience both with a private insurance company and local law enforcement. The Deputy in Charge of the Special Prosecutions Unit supervises the paralegal and attorneys on a day-to-day basis. The Chief of Inspectors supervises the inspectors. The Unit DDAs work directly with the inspectors and paralegal assigning and overseeing their investigations and other tasks. As previously noted, it is anticipated that as the Unit moves in to FY 2001-02, there will be staffing changes within the Unit.

The performance of each person assigned to the Unit has been, and will continue to be, evaluated on his/her effectiveness in meeting the goals and objectives set forth in this grant proposal, and on general office standards for attorneys, inspectors, and paralegals assigned to similar specialized units. Additionally, performance measures for the Unit are reported on a quarterly basis to the County Manager.

This performance review process includes a periodic review of crime charging and disposition information compiled by the Unit. The Deputy in Charge of the Special Prosecutions Unit meets on a monthly basis with the deputy district attorneys, paralegal and inspectors assigned to the Unit to review their current caseloads. This includes a review of current investigations, the status of current prosecutions, and review of case dispositions, to insure adherence to office and Unit policies. The Deputy-In-Charge also maintains a day-to-day oversight of the Unit's operation. The Chief Deputy District Attorney, as Program Manager, shall have overall management responsibility of the Unit.

There is an ongoing evaluation of the program to determine if the Unit is appropriately staffed, to maximize its potential in investigating and prosecuting workers' compensation insurance fraud. This is done by evaluating the Unit's workload and the amount of time it takes the Unit to put together a successful prosecution, as compared to other special prosecution units within the office. This evaluation process enables the Unit to assess the need for any additional staff, or reallocation of existing staffing. As set forth above, this evaluation process has already resulted in the determination that additional investigative and support resources were needed, as well as an additional prosecuting attorney, all of which were added to the Unit in previous fiscal years.

In the FY 99-00 RFA, the Unit sought and received funding for a second full-time investigator, split 65% to W.C. and 35% to A.I. investigations. Since the position has been filled, the Unit has experienced an enhanced ability to conduct more timely W.C. investigations. The number of W.C. fraud cases investigated has increased by 10% from FY 99-00 to FY 00-01, consistent with a similar increase in SFCs reported for San Mateo County. This reflects the Unit's enhanced ability to conduct more contemporaneous investigations with a second investigator and validates the staffing evaluation that resulted in the addition of that position.

PROGRAM STRATEGY (cont'd)

It is critical to the continued development and effectiveness of the Unit to fund this second investigative position. Thus, funding in an amount over that which is suggested in the planning budget is being requested to ensure continued staffing at the level of FY 2000-2001.

Certain budget monitoring procedures are in place. The Unit has been assigned its own organization number, subordinate to the District Attorney's Criminal Division organization number. This insures the capture of grant-related expenditures as a function of the countywide financial management system. The District Attorney's Financial Officer monitors all grant-related expenditures each accounting period to access trends and the appropriateness of charges.

- 5. A "Joint Investigative Plan" must be properly developed and agreed upon by both District Attorney and the Fraud Division to create the framework for effective communication and resource management in the investigation and prosecution of insurance fraud. See Attachment C- Guidelines for Preparing a Joint Investigative Plan.**

(A Joint Investigative Plan must be submitted in this application. County District Attorney and the Fraud Division are required to develop and to follow the plan.)

See Attachments "A" and "B"

- 6. What other anti-fraud programs or units are maintained within the District Attorneys' Office? How will this program be integrated with them?**

The San Mateo County District Attorney's Office has a Consumer and Environmental Unit, which has responsibility for the prosecution of consumer fraud, environmental crime and multiple victim cases of economic crime. The deputy district attorneys and the inspectors assigned to the insurance fraud unit have used, and will continue to use that resource of expertise and knowledge to better investigate and prosecute W.C. insurance fraud. The staffs of these two Units are housed in close proximity to each other in the District Attorney's Office to encourage the free flow of information and ideas to enhance prosecutorial efforts. Additionally, the San Mateo County District Attorney's Office Family Support Division (FSD) conducts investigations and prosecutions to enforce child support obligations. Information obtained by FSD has been used by the Unit to determine employment and income histories of potential witnesses/suspects. FSD databases also provide investigative information regarding assets and taxes, which can assist the Unit in W.C. cases, both in prosecution and the collection of restitution.

- 7. Describe what kind of training has been received and planned for**

- a) **by the county staff on workers' compensation insurance fraud**
- b) **the local Special Investigative Units to enhance the investigation and prosecution of workers' compensation insurance fraud; and**
- c) **the coordination with the Fraud Division, insurers, or other entities.**

PROGRAM STRATEGY (cont'd)

The DDAs assigned to the Unit are experienced prosecutors of felony cases. In addition to regular "in house" training, the prosecutors are members of the CDAA and its Insurance Fraud sub-committee, and have attended various training sessions put on by CDAA and the Fraud Division of CDI. For the past four years our senior DDA has been the head of the Insurance Fraud Training sub-committee, working with CDAA and the Fraud Division in the training of DA's, Investigators and various other law enforcement personnel.

Our Senior DDA and Paralegal attended this past CDAA/Fraud Division training held in March of 2001. One DDA also attends the CDAA Insurance Fraud committee meetings on a regular basis, which are held approximately bi-monthly, as well as meetings of the regional CDI staff and SIUs put on by various insurance groups. Our Unit members have also conducted in-house training (MCLE certified) for all San Mateo County DDAs, instructing them in the subject of insurance fraud prosecution and its detection.

The DDAs, Inspectors, and Paralegal are all members of the Northern California Fraud Investigators Association. They have attended bi-monthly meetings of NCFIA to discuss current trends in insurance fraud, ongoing investigations, and to share information about current fraud activity occurring in their jurisdictions. DDAs, DA Investigators, SIUs and members of the Fraud Division attend these meetings. In March 2001, one DDA and the Paralegal attended the annual NCFIA training conference. In April 2001, one Unit investigator completed P.O.S.T. certified training which included a training block in A.I. and W.C. fraud. The Paralegal and pector(s) also participate in the Santa Clara County IF Task Force bi-monthly meetings where informal training occurs.

Additionally, the Unit implements an informal training technique in its individual casework, using the facts and issues of each case as a training tool in working with local SIUs to enhance their investigations. This includes personal meetings with SIU personnel assigned by the carrier. As set out in our Joint Investigative Plan, upon request to either the Fraud Division or the District Attorney, training presentations will be made to insurers, attorneys, medical providers and any other organization interested in instruction relating to recognizing and combating insurance fraud. Informal training and the answering of questions relating to insurance fraud for the industry and the public will also continue.

It is anticipated that similar amounts and sources of training will be obtained or provided in FY 2001-2002.

8. Describe staff rotational policies that affect the program.

The normal rotational policy of the San Mateo County District Attorney's Office is to rotate deputies among the felony prosecutorial units (Narcotics, Sexual Assault, Homicide, Career Criminal, General Felony and Insurance Fraud) on a one to two year basis. Before a prosecutor will be selected for the Unit, he or she must have several years of felony prosecution experience. Insurance fraud prosecutors will be assigned, absent extraordinary circumstances, for a minimum of two years so as to minimize disruption to the program. To date, both the

PROGRAM STRATEGY (cont'd)

DDAs have remained in the Unit since their respective assignments. The paralegal position established in 1996 underwent a personnel change after two years when a resignation resulted in a new hiring. That paralegal began working in November 1998, and resigned effective April 3, 2000. The position was immediately filled by a certified paralegal with experience in a private insurance company. There have been two rotations of the first permanent investigator, with two individuals serving in the assignment 21 and 15 months respectively. As previously noted, staffing changes are anticipated early in FY 2001-2002, as there will be openings for one attorney and one investigator created by retirements.

- 9. Labor Code 3820 clearly sets forth the Legislative intent that funds used to combat worker's compensation insurance fraud are to come from the Fraud Account and that those funds should be partly produced by the imposition of the penalties in this section.**

Describe the county's efforts and the District Attorney's plan to obtain restitutions and fines imposed by the court to the Fraud Account as the legislative intent specifies.

The Unit aggressively seeks restitution orders as part of the sentence imposed on any convicted W.C. fraud defendant. Restitution to the victim is viewed as one of our primary goals. Seeking civil penalties pursuant to Government Code section 3820(d) is implemented under the guidelines of subsection (g). To date, neither the nature and seriousness of the fraudulent conduct, the duration or repetition of violations, nor the defendant's financial circumstances, as outlined in Government Code section 3820(g) have militated in favor of seeking civil penalties. This is particularly true in the many cases in which we seek to have the court order restitution. In any case in which the circumstances set forth in Government Code section 3820(g) should justify imposition of civil penalties, they would aggressively be sought.

DEPARTMENT OF INSURANCE

BUDGET CATEGORY AND LINE-ITEM DETAIL	COST
Personal Services – Salaries	
<p>1. <u>DEPUTY DISTRICT ATTORNEY – IV-E</u> (1.3 FTEs)</p> <p>\$4,776.00 per biweekly pay period x 8 pay periods x 1.3 = \$49,670.40 + \$5,014.40 per biweekly pay period x 18 pay periods x 1.3 = \$117,336.96= \$167,007.36.</p> <p>Two attorneys working 65% each will provide capable and experienced prosecutors to be assigned to this unit to screen workers comp insurance fraud cases for acceptance by the Worker's Compensation Insurance Fraud Program Unit and is assigned these cases for prosecution from initial appearance through sentencing.</p> <p>2. <u>DISTRICT ATTORNEY INSPECTOR</u> (1.3 FTEs)</p> <p>\$3,066.40 per biweekly pay period x 13 pay periods x 1.3 = \$51,822.16 + \$3,158.39 per biweekly pay period x 13 pay periods x 1.3 = \$53,376.79= \$105,198.95 Differentials \$5,106.25</p> <p>Three inspectors working 65% each will provide seasoned investigators who will perform original and supplemental investigations and related services in direct support of grant funded attorneys. Duties include: aiding fraud bureau and local police agencies in the investigative process; locating, subpoenaing and providing transportation (if required) to witnesses for preliminary hearings and trial; preparing trial exhibits; establishing and maintaining chain-of-custody for trial evidence; and assisting the attorneys in interviewing witnesses and securing statements.</p> <p>3. <u>PARALEGAL</u> (.65 FTE)</p> <p>\$1,709.60 per biweekly pay period x 8 pay periods x .65 = \$ 8,889.92 + \$1,840.00 per biweekly pay period x 14 pay periods x .65 = \$16,744.00 + \$1,945.60 per biweekly pay period x 4 pay periods x .65 = \$ 5,058.56 = \$30,692.48</p> <p>This position will provide paralegal and administrative support to the attorneys and the inspectors. Duties include: assisting in case preparation; legal research and coordination of effort with insurance companies; maintaining program statistics; and assisting with program status reporting.</p>	<p>\$167,007</p> <p>105,199 5,106</p> <p>30,692</p>
TOTAL SALARIES	\$308,004

DEPARTMENT OF INSURANCE

BUDGET CATEGORY AND LINE-ITEM DETAIL			COST
A. Personal Services – Benefits			
1. <u>DEPUTY DISTRICT ATTORNEY – IV-E</u> (1.3 FTEs)			
Health Insurance	10,627	8.27%	
Dental Insurance	1,920	1.50%	
Retirement	32,394	25.42%	
FICA	10,354	8.06%	
Unemployment Insurance	258	.20%	
Workers Comp Insurance	1,542	1.20%	
Other Employee Benefits	<u>1,032</u>	.80%	
TOTAL	\$58,127 x .65 FTE = \$37,782.55		\$37,783
2. <u>DISTRICT ATTORNEY INSPECTOR</u> (1.3 FTEs)			
Health Insurance	15,380	19.01%	
Dental Insurance	1,196	1.48%	
Retirement	29,124	35.99%	
FICA	0	0%	
Unemployment Insurance	168	.21%	
Workers Comp Insurance	14,784	1.20%	
Other Employee Benefits	<u>744</u>	.80%	
TOTAL	\$618396 x .65 FTE = \$39,907.40		39,907
3. <u>PARALEGAL</u> (.65 FTE)			
Health Insurance	\$ 0	0%	
Dental Insurance	768	1.63%	
Retirement	4,330	9.17%	
FICA	2,887	6.11%	
Unemployment Insurance	48	.10%	
Workers Comp Insurance	277	.59%	
Other Employee Benefits	<u>336</u>	.71%	
TOTAL	\$8,646 x .65 FTE = \$5,619.90		5,620
TOTAL BENEFITS			\$83,310
TOTAL SALARIES and BENEFITS			\$391,314

DEPARTMENT OF INSURANCE

BUDGET CATEGORY AND LINE-ITEM DETAIL	COST
1. <u>Operating Expenses</u>	
1. TRAVEL*	
Travel costs are covered at 65% of program unit costs	
<u>Attorneys</u> = \$3,805	\$3,805
Northern California Fraud Invest. Assn.	
CDAA Insurance Fraud Seminars	
CDAA Summer Conference	
CDAA Winter Conference	
CDAA Insurance Fraud Committee Meetings	
In State Mileage = \$3,805	
<u>Inspectors and Paralegal</u> = \$2,051	2,051
Economic Crime Training	
Northern California Fraud Invest. Assn.	
CDAA Insurance Fraud Seminars	5,856
2. <u>JURY & WITNESS FEES</u> - for grant program only	2,925
This will provide for court transcription services, expert witness consultation/testimony, travel/lodging/per diem and other court case related expenditures.	
3. <u>MEMBERSHIPS</u>	
<u>Attorneys</u> = \$715	715
CDAA NCFIA	
State Bar County Bar	
<u>Inspectors and Paralegal</u> = \$107.25	107
CDAIA NCFIA	
4. <u>MISCELLANEOUS EXPENSE</u>	3,700
Audit (\$1,700), Supplies (\$500), General Supplies (\$500),	
File Cabinet (\$1,000) = \$3,700	
*County travel policy allows for \$.345 per mile when traveling in personal vehicle on County business.	
TOTAL	\$19,159

BUDGET CATEGORY AND LINE-ITEM DETAIL

COST

C. Equipment

N/A

-0-

ESTIMATED CARRYOVER REVENUE FROM FY 2000-01 = none.

Approval has already been granted for the utilization of carryover funds and interest from the Worker's Compensation Program so no additional excess revenue is anticipated at this time.

Should any unanticipated funds remain unexpended at the end of the fiscal year, such funds will be included in the year end report for the Workers' Compensation and Automobile Insurance Programs to be submitted within the grant liquidation period.

CATEGORY TOTAL 0

PROJECT TOTAL \$410,473

County of San Mateo

Family Support Division

Executive Assistant

ASSISTANT DA

FINANCIAL SERVICES
MGR

Public Administrator Unit
1 MGMT ANAL 2 DPA 2 EPO

Bureau of Investigation
1 CHIEF 8 Insp

Fiscal Office Specialist

CHIEF DEPUTY
Municipal Court

CHIEF DEPUTY
Special Services

LEGAL OFFICE SVCS
MGR

RWC MUNI
1 DIC 9 DDA

SSF MUNI
1 DIC 11 DDA

General Felony Pros
7 DDA

Homicide/Verticals
6 DDA

Special Prosecutions
1 DIC 4 DDA
2 Insp 2 DV
Advocates

Statutory Rape Pros
1 DDA

Juvenile Court
1 DIC 2 DDA

Narcotics
2 DDA

Consumer Fraud
1 DIC 2 DDA

Training

Authorized Positions
2000-01

Management	9
Supervisory	13
All Others	94
TOTAL	116

Superior Court
13 Clerical 3 Paraglr

Municipal Court
18 Clerical

Juvenile Court
2 Clerical

Consumer Fraud
2 Clerical

Bureau of Investigat
1 Clerical

Information Technol
1 ITM 1 ITT

ATTACHMENT "A"

ORIGINAL JOINT PLAN OF COOPERATION



STEPHEN M. WAGSTAFFE
CHIEF CRIMINAL DEPUTY

ASSISTANT DISTRICT ATTORNEYS
MARTIN T. MURRAY
MOALEY PITT

COUNTY OF SAN MATEO

401 MARSHALL STREET • REDWOOD CITY • CALIFORNIA 94063
DISTRICT ATTORNEY (415) 363-4536 • PUBLIC ADMINISTRATOR (415) 363-4475

ate: December 5, 1995

to: Beverly Hunter, Manager

from: San Mateo County District Attorney Insurance Fraud Unit

Below, please find our proposal for Joint Plan for Use of Investigative Resources, as requested in your memo of November 15, 1995. We have reviewed and discussed this proposal with Larry Stanford of DOI, and have incorporated his suggestions.

San Mateo District Attorney/DOI Fraud Division Joint Plan for Use of Investigative Resources

OBJECTIVE: Conduct Automobile and Worker's Compensation
Fraud Investigations with Optimal Efficiency

METHODS:

I. Assignment of Cases

1) All Auto and Worker's Compensation fraud cases referred to the County by DOI shall be investigated by the Fraud Division investigator, unless either (1) the Fraud Division requests assistance from the County, or (2) the County prosecuting attorney reviewing the cases believes that County investigatory resources will be of assistance.

2) For all Auto and Worker's Compensation fraud cases referred to the County by non-DOI sources, the County shall take responsibility as the primary investigative resource, with assistance from the Fraud Division upon request of the County, as deemed appropriate by the Fraud Division.

II. Communication Re: Cases

1) In an effort to eliminate duplicate investigations, the County and the Fraud Division regional offices, (Martinez and San Jose) shall provide to one another, on a monthly basis, a list of all newly-received referrals from insurance company S.I.U.'s. This list shall include the claimant's and the insurer's name, and, if the case has been assigned, the investigator's name.

2) The County, both attorney and investigator, will meet with the regional Fraud Division investigators assigned to specific cases on a monthly basis to review pending cases, address filing prerequisites for specific cases, and review pending future joint investigations and potential targets for investigation. These monthly meetings will also provide the opportunity to resolve any problems between the County and Fraud Division, including delayed or unresolved investigative needs and tactics. The County attorney will target the specific cases to be discussed, and arrange to meet with the appropriate investigators.

3) The Fraud Division regional offices (Martinez and San Jose) shall meet with the Bay Area counties (it is anticipated that the majority of the Bay Area counties will submit a similar request/proposal) on a quarterly basis. These meetings will enable the Fraud Division and the various Counties to exchange information regarding multi-jurisdictional cases, and to assess the relative workloads generated by each County for the regional offices.

4) Regularly scheduled meetings shall be held between the County, Fraud Division and insurer S.I.U.'s/claims representatives for the purpose of sharing information and training regarding pending S.I.U. investigations. It is anticipated that these meetings will be held regionally on a quarterly basis, to include the Bay Area counties serviced by the Martinez and San Jose DOI regional offices. Discussions with DOI and a representative of the private insurers indicates that these meetings will commence in early 1996.

Please feel free to contact either Elaine Tipton, 415-599-7326, or Craig Shaffer, 415-363-4784, if you have any questions or comments.

cc: Larry Stanford

ATTACHMENT "B"

CURRENT JOINT PLAN OF COOPERATION

es P. Fox, District Attorney/Public Administrator



STEPHEN M. WAGSTAFFE
CHIEF CRIMINAL DEPUTY

ASSISTANT DISTRICT ATTORNEYS
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COUNTY OF SAN MATEO

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June 22, 1999

To: Chief Investigator Dale Banda
State of California
Department of Insurance

From: Elaine M. Tipton
Deputy in Charge,
Special Prosecutions
San Mateo County
District Attorney's Office

Re: Joint Investigative Plan

Statement of Goals

The purpose of this plan is to formalize our continuing joint efforts to cooperate, communicate, and maximize our resources in the investigation and prosecution of insurance fraud.

Receipt and Assignment of Cases

Under statutory mandate, all Suspected Fraudulent Claims (SFC) in the Worker's Compensation arena are to be sent to both the Fraud Division and the local District Attorney. To ensure that each SFC is not investigated by both the Fraud Division and the District Attorney, a monthly meeting will be scheduled. At that meeting a list of cases that have been referred, currently prosecuted, currently investigated or rejected by the District Attorney will be given to the Fraud Division. In turn, the Fraud Division will also provide a written list of: referrals they have received, cases they are investigating in District Attorney's jurisdiction, and cases they have closed.

Also at that monthly meeting, it will be determined who will investigate those cases, both newly submitted and ongoing, based upon who currently has the resources to do so. This will ensure that no duplicative efforts will be made in investigating the referral. Between said monthly meetings, the Deputy District Attorneys assigned to the Insurance Fraud Unit will be in contact with the Department of Insurance's Martinez branch office on an as needed basis; in person, by telephone or by FAX, to discuss case submissions when action is required prior to the next scheduled monthly meeting.

This procedure will also be followed with the automobile insurance fraud cases. This insures that even if only the Fraud Division or the District Attorney receives a referral, involving either a worker's compensation or automobile SFC, investigative efforts will not be duplicated. More frequent communication between the Fraud Division and the District Attorney will occur on a particular case once it is determined who will be assigned to investigate and prosecute the case.

Investigations

With the District Attorney's limited investigative resources (one full time Inspector, and currently, one part time extra help Inspector) the help of the Fraud Division (FD) to investigate and successfully prosecute insurance fraud cases will be required. As stated above, it will be determined which entity has the current resources to investigate a particular case when that case is received by either the Fraud Division, the District Attorney, or both. To maximize resources, only one investigative entity will do the investigation. This will again insure that no duplicative effort occurs. If assistance is needed in that investigative effort, that will be discussed with the other entity, and every effort will be made to honor that request.

Once the referral is assigned a FD Investigator, a Deputy District Attorney will be assigned to assist in determining the direction of the investigation. The DDA and FD Investigator will meet as soon as possible after the assignment of the case. If the District Attorney's staff is the lead investigative agency, a personal meeting with the DDA assigned to assist the investigation and the DA Inspector will occur as soon as the Inspector has reviewed the referral. At that meeting, an investigative plan will be discussed and agreed upon by the DA Inspector and DDA. Once the initial investigation is complete, the DDA and DA Inspector will again meet to determine if the case can be prosecuted, if further investigation needs to be done, or if the case can not be prosecuted.

If the Fraud Division is the lead investigatory agency, the FD Investigator will also meet with the DDA assigned to assist in the investigation of the referral. A personal meeting between the two will occur as soon as both have read the referred materials. This should occur no later than thirty days after the investigative assignment. At this meeting an investigative plan will be agreed to and a time frame for the completion of the investigation will be discussed. Once that investigation is completed, another personal meeting will occur to discuss filing, further investigation or nonprosecution of the case.

No matter who investigates the referral, contact between the DDA and investigator/Inspector is imperative, and will occur on a regular basis, in person or by telephone, to insure a swift and complete investigation and filing determination.

Undercover Operations

Based on the size of our Insurance Fraud Unit, it is unlikely that the Insurance Fraud Unit will initiate any undercover operations. The District Attorney may suggest the initiation of such an operation to the Fraud Division, and would provide, when possible, investigatory resources and DDA assistance. However, it is not foreseeable that the District Attorney would be the lead investigatory entity in an undercover operation.

If an undercover operation is conducted in the District Attorney's jurisdiction, the District Attorney expects to be informed of said investigation, expects that the undercover operation will be conducted in a safe and professional manner, and may recommend that the operation be terminated if said investigation fails to comply with accepted law enforcement practices and procedures. The District Attorney will also review all requests for surreptitious recordings in any undercover investigation.

Case Filing Requirements

The District Attorney's filing policy requires that it be reasonably likely that a jury will unanimously find the charges proved beyond a reasonable doubt, given the state of the evidence at the time of filing. In general, the following information must be provided before a filing decision can be made:

1. Complete investigative reports, including all search warrants and an index and summary of all documents, photographs, videos and other evidence submitted, in triplicate;
2. Copies, or access to, all documents that have been recovered in the course of the investigation, whether by search warrant or otherwise, and a contact person to assist in discovery requests regarding said materials;
3. A list of anticipated witnesses, including addresses, telephone numbers and dates of birth (DOB's not required for law enforcement personnel);
4. A complete rap sheet on all suspects and witnesses (except law enforcement personnel);
5. DMV printouts and Soundex's on all suspects;
6. Information regarding any inducements or agreements regarding the giving of information or testimony that may have been made to witnesses;

June 22, 1999

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7. Name and telephone number of the investigating officer who will be responsible for the signing of the declaration in support of arrest warrant and to provide additional investigation, if warranted.

Training

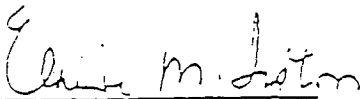
The Fraud Division and the District Attorney will participate in regularly scheduled training produced by the California District Attorneys Association, the Northern California Fraud Investigators Association, POST, and any other training that is warranted.

Upon request to either the Fraud Division or the District Attorney, training presentations will be made to insurers, attorneys, medical providers and any other organization interested in instruction relating to recognizing and combating insurance fraud. Informal training and the answering of questions relating to insurance fraud for the industry and the public will also continue.

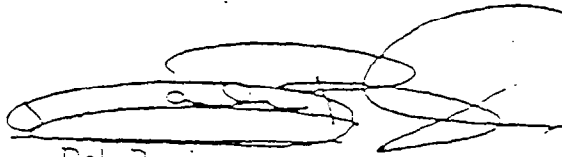
Problem Resolution

Dispute resolution has not been an issue in the past. However, if a dispute does occur, it should be resolved at the earliest possible time, by the prosecutor and the investigator or his/her respective supervisor(s). Final disposition of serious disputes between the Fraud Division and the District Attorney relating to investigations and prosecutions will be made by the District Attorney.

Disputes which deal with prosecutorial decisions will be decided by the District Attorney. Disputes that deal with investigative issues will be decided by the investigative agency in charge of the investigation and the District Attorney.



Elaine M. Tipton
Deputy in Charge
Special Prosecutions
San Mateo County
District Attorney
Fraud Division



Dale Banda
Chief Investigator
Martinez Office
State of California
Department of Insurance

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