

COUNTY OF SAN MATEO
Inter-Departmental Memo

Date: September 11, 2001
Hearing Date: October 2, 2001

TO: Honorable Members of the Board
FROM: *James P. Fox*
James P. Fox, District Attorney
Pony #DAO111, Extension 4636

SUBJECT: Application for Renewal of the Automobile 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 \$217,712 for the Automobile Insurance Fraud Program for fiscal year 2001-2002.

BACKGROUND

Under the provisions of Sections 1872.8, California Code of Regulations Subchapter 9, Article 4, Section 2698.65, 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 automobile 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 worker's compensation insurance fraud investigation and prosecution. A proposal for that program was submitted to your Board for approval on September 11, 2001.

Since the Insurance Fraud Unit's inception, the unit has received 109 suspected fraudulent auto insurance claims to investigate and prosecute resulting in the filing of 51 cases involving 75 defendants. The Unit has worked in tandem with the Department of Insurance, various insurance companies, third party administrators, law enforcement agencies and departments and private citizens to successfully prosecute auto insurance fraud. The purpose of this program is to investigate and prosecute individuals who violate the law. However, orders of restitution are

often sought in these cases which can become civil judgments eliminating the necessity of victims pursuing civil litigation. These orders can be recorded for future collection and usually specify multiple year pay out schedules. The following chart provides data for the past six years regarding funding and collections.

Fiscal Year	Grant Award Amounts	Number of Persons Ordered to Pay	Number of Persons who Paid	Total Number of Victims	Number of Victims Paid	Total Ordered	Total Collected (current/previous FYs)
1995-96	\$ 135,000	3	1	9	7	\$ 63,430	\$ 36,009
1996-97	\$ 137,081	7	2	7	2	\$153,543	\$ 21,074
1997-98	\$ 151,651	5	4	6	5	\$125,862	\$ 46,070
1998-99	\$ 179,758	13	9	19	15	\$168,635	\$104,820
1999-2000	\$ 199,585	6	12 *	16	11	\$131,461	\$121,154
2000-01	\$ 200,000	4	9 *	7	7 *	\$ 78,306	\$113,965
*Number of people from prior and current years' cases in which restitution was ordered.							

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 2000-2001, \$213,273 was requested from the Department of Insurance. The final State award totaled \$200,000 so the District Attorney requested State authorization to spend \$1,745.89 from excess revenue in the Automobile Insurance Fraud 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
AUTOMOBILE 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 Automobile Insurance Fraud to be funded, in part, from funds made available through the California Insurance Code section 1872.8, California Code of Regulation Subchapter 9, Article 4, Section 2698.65 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, IT IS 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 *automobile insurance* 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
Automobile Insurance Fraud

(2) *Grant Period*

July 1, 2001– June 30, 2002

(3) *Grant Amount*

\$ 217,712.00

(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: _____

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

August 16, 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 Automobile 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 October 31, 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
Elaine M. Tipton, Deputy In Charge

EMT/ad

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

**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 checked="" 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 checked="" type="checkbox"/> (see letter |
| 3. Is the Program Contact Form completed? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. Is the Project Budget included? | | |
| a) Line item totals are verified? | <input checked="" 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 checked="" type="checkbox"/> | <input type="checkbox"/> |
| e) Organization chart | | |
| f) Joint Investigative Plan | | |

DEPARTMENT OF INSURANCE

BUDGET CATEGORY AND LINE-ITEM DETAIL

COST

A. Personal Services – Salaries

1. DEPUTY DISTRICT ATTORNEY – IV-E (.70 FTE)

\$4,776.00 per biweekly pay period x 8 pay periods x .70 = \$ 26,745.60 +
 \$5,014.40 per biweekly pay period x 18 pay periods x .70 = \$ 63,181.44 =
 \$89,927.04.

\$89,927

Two attorneys working 35% each will provide capable and experienced prosecutors to be assigned to this unit to screen automobile insurance fraud cases for acceptance by the Automobile Insurance Fraud Program Unit and are assigned these cases for prosecution from initial appearance through sentencing.

2. DISTRICT ATTORNEY INSPECTOR (.70 FTE)

\$3,066.40 per biweekly pay period x 13 pay periods x .70 = \$27,904.24 +
 \$3,158.39 per biweekly pay period x 13 pay periods x .70 = \$28,741.35 =
 \$56,645.59
 Differentials \$2,832.28

56,646
 2,832

inspectors working 35% 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.

3. PARALEGAL (.35 FTE)

\$1,709.60 per biweekly pay period x 8 pay periods x .35 = \$ 4,786.88 +
 \$1,840.00 per biweekly pay period x 14 pay periods x .35 = \$ 9,016.00 +
 \$1,945.60 per biweekly pay period x 4 pay periods x .35 = \$ 2,723.84 =
 \$16,526.72

16,527

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.

TOTAL SALARIES

\$165,932

DEPARTMENT OF INSURANCE

BUDGET CATEGORY AND LINE-ITEM DETAIL	COST
A. Personal Services – Benefits	
1. <u>DEPUTY DISTRICT ATTORNEY – IV-E</u>	
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	$\$58,127 \times .35 \text{ FTE} = \$20,344.45$ \$20,344
2. <u>DISTRICT ATTORNEY INSPECTOR (1.3 FTEs)</u>	
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	$\$61,396 \times .35 \text{ FTE} = \$21,488.60$ 21,489
3. <u>PARALEGAL (.65 FTE)</u>	
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	$\$8,646 \times .35 \text{ FTE} = \$3,026.10$ 3,026
TOTAL BENEFITS	\$44,859
TOTAL SALARIES and BENEFITS	\$210,791

DEPARTMENT OF INSURANCE

BUDGET CATEGORY AND LINE-ITEM DETAIL

COST

B. Operating Expenses

1. TRAVEL*

Travel costs are covered at 35% of program unit costs

Attorneys = \$2,050.04

\$2,050

Northern California Fraud Invest. Assn.

CDA A Insurance Fraud Seminars

CDA A Summer Conference

CDA A Winter Conference

CDA A Insurance Fraud Committee Meetings

Inspectors and Paralegal = \$1,103.46

1,103

Economic Crime Training

Northern California Fraud Invest. Assn.

CDA A Insurance Fraud Seminars

2. JURY & WITNESS FEES - for grant program only

1,575

This will provide for court transcription services, expert witness consultation/testimony, travel/lodging/per diem and other court case related expenditures.

3. MISCELLANEOUS EXPENSE

Audit (\$1,700), Miscellaneous Supplies (\$50)

1,750

4. MEMBERSHIPS - Memberships costs are covered at 35% of program unit costs.

Attorneys = \$385

385

CDA A

NCFIA

State Bar

County Bar

Inspectors and Paralegal = \$57.75

58

CDAIA

NCFIA

*County travel policy allows for \$.345 per mile when traveling in personal vehicle on County business.

TOTAL

\$6,921

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 Automobile Insurance Program so no additional excess revenue is anticipated at this time.	
CATEGORY TOTAL 0	
PROJECT TOTAL \$217,712	

AUTOMOBILE INSURANCE FRAUD QUALIFICATIONS

1. Describe the district attorney's experience in investigating and prosecuting automobile insurance fraud and economic car theft. 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 Automobile Insurance (A.I.) 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 Automobile 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 investigator was added to the Unit using authorized excess revenue from W.C. funds. In October 1999, the Unit added a second full-time District Attorney investigator. Since the inception of the Unit 76 months ago, as of June 30, 2001, both the DDAs and the Investigators have received 108 A.I. cases involving 159 suspects for investigation, review, and/or filing of criminal charges.

The initiation of these cases has involved submissions to the Unit from CDI and San Mateo County inter-agency Vehicle Theft Task Force (VTTF), DMV, CHP, local police agencies, fire department arson investigators, car dealerships, self-insured rental car 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 six 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, third party administrators and self-insureds. 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 A.I. 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

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)

2. In FY 97-98, 18 investigations were initiated and involved an average of 1.7 identified suspect per investigations. In FY 98-99, 12 investigations were initiated and involved an average of 2.2 identified suspect per investigation. In FY 99-00, 17 investigations were initiated and involved an average of 1 identified suspects per investigation. From July 1, 2000 to June 30, 2001, 17 investigations were initiated and involved an average of 1 identified suspects per investigation.
3. In FY 97-98, 11 warrant/indictment was issued, involving an average of 1 suspect and/or defendant. In FY 98-99, 10 warrants/ complaints were issued, involving an average of 2.4 suspects and/or defendants. In FY 99-00, 9 warrants/indictments were issued, involving an average of 1 suspect and/or defendant. From July 1, 2000 to June 30, 2001, 4 warrants/indictments were issued, involving an average of 1 suspect and/or defendant.
4. In FY 97-98, 11 arrests were made. In FY 98-99, 24 arrests/notice to appears (self surrenders) were made. In FY 99-00, 9 arrests/notice to appears(self surrenders) were made. From July 1, 2000 to June 30, 2001, 4 arrests/notice to appears(self surrenders) were made.
5. In FY 97-98, 8 convictions were obtained involving 8 defendants. Of these convictions 1 was obtained by trial verdict, 7 were obtained by plea or settlement. In FY 98-99, 12 convictions were obtained involving 17 defendants. Of these convictions, 0 were obtained by trial verdict, 12 were obtained by plea or settlement. In FY 99-00, 19 convictions were obtained involving 18 defendants. Of these convictions, 1 was obtained by trial verdict, 18 were obtained by plea or settlement. From July 1, 2000 to June 30, 2001, 7 convictions were obtained involving 17 defendants. Of these convictions, 0 was obtained by trial verdict, 7 were obtained by plea or settlement.
6. In FY 97-98, 4 defendants were ordered to pay \$1830 in fines and penalty assessments. Of this amount \$550 was collected from 2 defendants. In FY 98-99, 15 defendants were ordered to pay \$4,630 in fines and penalty assessments. Of this amount \$510 was collected from 3 defendants. In FY 99-00, 15 defendants were ordered to pay \$3,330 in fines and penalty assessments. Of this amount \$1,426 was collected from 8 defendants. From July 1, 2000 to June 30, 2001, 16 defendants were ordered to pay \$6,990.00 in fines and penalty assessments. Of this amount \$610.00 was collected from 4 defendants. (Note: This amount includes some fines and penalty assessments collected for orders made during the previous fiscal years).
7. In FY 97-98, 5 defendants were ordered to pay restitution in the amount of \$125,862.06 to victims. Of this amount \$46,070.30 was collected from 4 defendants, benefiting 5 victims. In FY 98-99, 13 defendants were ordered to pay restitution in the amount of \$168,634.75 to victims. Of this amount \$104,820.10 was collected from 9 defendants, benefiting 15 victims. In FY 99-00, 6 defendants were ordered to pay restitution in the amount of \$131,461.23 to

QUALIFICATIONS (con't.)

victims. Of this amount \$121,154.47 was collected from 12 defendants, benefiting 11 victims. From July 1, 2000 to June 30, 2001, 4 defendants were ordered to pay restitution in the amount of \$78,306.91 to victims. Of this amount \$113,965.51 was collected from 9 defendants, benefiting 7 victims. (Note: This amount includes some restitution collected for orders made during the previous fiscal years).

QUALIFICATIONS (con't.)

8. List the name of the program's prosecutor(s) and investigator(s). Under the name of each staff:
- List the percentage of their time devoted to the program.
 - How long have the prosecutor(s)/investigator(s) been with the program.
 - 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, **and briefly describe the case**) the prosecutor(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 5 months
Joanne Mahoney	65% Workers Compensation 35% Auto Fraud	4 years 11 months

INVESTIGATORS

Terry More (TM)	65% Workers Compensation 35% Auto Fraud	3 years 5 months
Russ Banks(RB)	65% Workers Compensation 35% Auto Fraud	1 year 10 months

PARALEGAL

Alyssa Duri	65% Workers Compensation 35% Auto Fraud	1 year 3 months
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QUALIFICATIONS (con't.)

Prosecutor Suspect Name (Investigator)	Assgnmnt Date	Case Description
Mahoney:		
Roberto Mori	12/31/96	Staged accident
Horatio Ortez (Sheriff's Office)	7/16/99	Arson of van for insurance proceeds
Rudy Fernandez, Julio Oliveram & Leonardo Pinto(RB)	2/2/98	Involved in staged collision
Najib Salehi (RB)	6/4/98	Involved in staged collision
Leandro Rosas; Kimi Rosas; Ignacio Hernandez; Susan Hernandez; Luis Chicas; Rafael Mendez; David Pulido; Rachel Schram; Craig Schram; Josefina Rosas(CHP)	5/27/99	Auto body shop owner arranged various staged collisions and stolen cars
Carlos Mandigma	5/3/00	Claims same damage on 2 different claims
Adim Donchu, Andrey Sarkisov	5/16/00	Staged theft for insurance proceeds
Joseph Behar	4/17/01	Possible fraud ring with claimant as attorney. Numerous open/shut chiropractic offices and imaging centers. Same capper connected to each office.
Sixto Macatangay	3/14/01	Claimant in auto injury case also connected to above-mentioned case (Joseph Behar). Was treated at same facilities and capper also documented in this case.
Dennis Chavez	9/8/00	Filed false auto claim for electronic equipment that was not in the vehicle
Scott Lombardi	1/16/01	Claimant states gear shop switched engines on his truck, switched seats, etc. while in shop.
Son Kim Truong	1/18/01	Insured driver involved in a swoop and squat
Stephen Bigler and Erica Rico	11/14/00	Husband and wife claim same damages twice
ang Huang and Sui Yu	11/2/00	Little damage on vehicle claiming extensive injuries

QUALIFICATIONS (con't.)

CASES WORKED ON DURING FY 2000-2001

Note: Investigator's initials indicate cases worked on during FY 2000 to 2001

Prosecutor Suspect Name (Investigator)	Assgnmnt Date	Case Description
Shaffer:		
Donna Walls-Morris	12/11/98	Rear-ended car and gave false insurance info; got insurance on damaged car subsequently, using photo of a similar car
Igor Snarsky; Clara Galant; Galina Galant; Leonid Galant; Zoya Galant (DOI)	2/19/99	Involved in staged auto accidents
Babb, Bowers, Hermanson & Montalvo (DOI)	11/17/99	Ring of Δs submitting claims in same/similar losses over a long period of time
John Azevedo	2/24/00	Suspected staged accident
Michael Quinn (DOI)	4/4/00	Insider Fraud. Δ issued checks to husband to pay off restitution on another case, as payoffs on legitimate claims
Fabio Cazares	3/19/01	Claiming same auto damage twice
Raffael Abramson (DOI)	8/21/00	Presents false receipts for "stolen" stereo
Michael Abrams(DOI)	11/8/00	Purchased vehicle through broker on the internet and it was never delivered
Michael Alfiano (DOI)	11/2/00	Claims motorcycle stolen in S.F. with numerous personal items
Kenneth Knutsen	3/26/01	Rcvd long-term disability checks while employed elsewhere
Patricia Okuniewicz (DOI)	3/19/01	Claim adjuster embezzling from employer
Andrew Pekarek	10/23/00	Overstated vehicle damage and no verbal or written contact with carrier
Richard Durden	9/30/99	Provided false receipt for bed claim
Robert McConnell	2/8/01	Customer had unwitnessed injury when pallet of trashcans fell on his knee

QUALIFICATIONS (con't.)

McDonald's Franchise	2/9/01	Submitted duplicate invoices for same machine repair
Robert Villalobos	5/7/01	Claimant makes fraudulent auto claims and makes fraudulent charges on customer credit cards
Victoria Perryman/Michael Glynn (RB)	1/31/00	Backdating of auto policies to cover accidents
Jorge Chavez	12/31/96	3 staged accidents

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.

AUTOMOBILE INSURANCE FRAUD
SUMMARY OF CLOSED AND CONTINUING PROSECUTIONS
JULY 1, 2000 – JUNE 15, 2001)
 (USE ADDITIONAL PAGE, IF NECESSARY)

Case Name	Referred By*	Code Sections	Number Arrested	Number Held to Answer	Number Convicted	Fine	Restitution
Igor Snarsky	CDI	PC 550(A)(3) PC 550(B)(2) [3 cts] PC 550(B)(1) [2 cts] PC 487(A) PC 664/487(A)	1		1		Pending Sentencing
Donna Walls-Morris	P	PC 550(B)(1) [4 cts] PC 550(A)(4) PC 487(A) [3 cts]	1	1	1		Pending Sentencing
Carlos Mandigma	CDI	PC 550(A)(1) PC 487(A) PC 664/487(A)	1	1	1	220.00	2,240.00
Jorge Chavez	L	PC 550(A)(1) PC 182.1	Wrnt Issued				
Michael Quinn	CDI	PC 508>FEL PC 496(A)	1	1	1	380.00	8,500.00
Roberto Mori	L	PC 550(A)(1) PC 118	1	1	1		Warrant Issued
Donchu, Vadim	L	PC 182.1 PC 184 PC 664/548	1	1			
Sarkisov, Andrey		PC 182.1 PC 184 PC 664/548	1	1			
Horatio Ortez	L	PC 451(D) PC 550(A)(1) PC 148.5(A)	1	1	1	580.00	N/A
Dennis Chavez	O	PC 550(B)(1)	1		1	580.00	N/A

AUTO INSURANCE FRAUD SUMMARY OF CLOSED AND CONTINUING PROSECUTIONS
(Contd)

Case Name	Referred By*	Code Sections	Number Arrested	Number Held to Answer	Number Convicted	Fine	Restitution
Fabio Cazares	P	PC 550(A)(1) PC 550(B)(1)	1		1	580.00	988.20
Stephen Bigler	P	PC 550 (A)(2) PC 550 (B)(2) PC 664/487(A)	1	1	Dismissed		
Erica Rico		PC 550 (A)(2) PC 550 (B)(2) PC 664/487(A)	1	1	1	580.00	N/A
Leandro Rosas	L	PC 182.1 PC 550(A)(1) [10 cts] PC 548 [7 cts] PC 487(A) [7 cts] PC 664/487(A) [3 cts]	1	1	1	220.00	66,578.71
Kimi Rosas		PC 182.1 PC 550(A)(1) [3 cts] PC 548 [2 cts] PC 487(A) [3 cts]	1	1	1	220.00	N/A
Ignacio Hernandez		PC 182.1 PC 550(A)(1) PC 548 PC 664/487(A) PC 148.5(B)	1	1	1	580.00	N/A

AUTO INSURANCE FRAUD SUMMARY OF CLOSED AND CONTINUING PROSECUTIONS
(Contd)

Susan Hernandez	PC 182.1 PC 550(A)(1) PC 548 PC 487(A)	1	1	1	110.00	N/A
Luis Chicas	PC 182.1 PC 550(A)(1) PC 548 PC 664/487(A)	1		1	620.00	N/A
Rafael Mendez	PC 182.1 PC 550(A)(1) PC 548 PC 487(A)	1	1	1	220.00	N/A
David Pulido	PC 182.1 PC 550(A)(1) [2 cts] PC 548 [2 cts] PC 487(A) PC 664/487(A)	1	1	1	420.00	N/A
Rachel Schram	PC 182.1 PC 550(A)(1) [3 cts] PC 548 [2 cts] PC 487(A) [2 cts] PC 664/487(A)	1		1	550.00	N/A

AUTO INSURANCE FRAUD SUMMARY OF CLOSED AND CONTINUING PROSECUTIONS
(Contd)

Craig Schram	PC 182.1 PC 550(A)(1) [2 cts] PC 548 PC 664/487(A) PC 487(A)	1		1	550.00	N/A
Josefina Rosas	PC 182.1 PC 550(A)(1) [2 cts] PC 548 [2 cts] PC 664/487(A) [2 cts]	1	1	1	580.00	N/A

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

COUNTY PLAN PROBLEM STATEMENT

QUESTION 1

- A. Please document and describe the types of automobile insurance fraud and economic car theft (claimant, medical/legal provider, capping, staged accident, fraud ring, insider fraud, economic car theft) relative to the extent of the problem specific to your county.
- B. Estimate the magnitude of the automobile insurance fraud problems and identify the type of fraud indicators in your county.

The cost of automobile 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, also has a significant auto 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 A.I. fraud activity within our county.

The number of suspected A.I. fraud claims (SFC's) for San Mateo County reported to the Fraud Division of CDI from 1998 through 2000 totaled 572 SFCs. (Only 12 counties out of 58 have had a higher SFC rate than San Mateo County during this same three-year period.) Additional information received from Fraud Bureau, U.S. Customs, VTTF and private insurance investigations indicate a growing number of suspected fraudulent claims.

In San Mateo County, the types of A.I. fraud seen most frequently are staged accident/fraud rings and economic car theft. (See accompanying "Cases Worked during 2000-2001") In FY 2000-2001, there were 4 separate cases originally involving 20 defendants, in which multiple defendants in each case engaged in either staged accidents, economic car theft, or fraudulent claims, while operating as rings in each of these cases. These cases are indicative of the complexity of the A.I. fraud problem in San Mateo County. In addition, the potential for enormous financial gain is a strong motivation to commit these types of A.I. fraud, given the high cost of living in San Mateo County. For example, many of the economic car theft cases involve expensive high-end vehicles, quite common in San Mateo County where the median income is one of the highest in the state.

QUESTION 2

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

1. Increase number of A. I. Fraud investigations initiated by referral from local law enforcement.

PROBLEM STATEMENT (contd)

2. Expedite A.I. fraud investigations to facilitate timely prosecutions.
3. Work with DOI in improving the insurance industry's responsiveness to requests in pending A.I. 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.
4. Continue to actively seek, obtain and monitor payment of restitution in A.I. fraud cases.

QUESTION 3

What are the long-term goals of the county in the battle against automobile insurance fraud for the next three years?

1. Collaborate with DOI to train, educate, and encourage local law enforcement in the identification and reporting of all types of suspected A.I. fraud arising out of routine traffic and criminal investigations.
2. Effectively convey to the insurance industry that it is both prudent and cost effective to identify, investigate, and prosecute automobile insurance fraud, regardless of the time, effort, and cost involved.
3. Establish public awareness that automobile 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 A.I. 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. What are the sources for referrals of cases for investigation and/or prosecution? Are referrals received directly from the Fraud Division, insurers, the California Highway Patrol, or other local law enforcement agencies? Describe how the district attorney will coordinate with various sectors, including insurers, medical and legal providers, the Fraud Division, the California Highway Patrol and local law enforcement agencies.

Upon the receipt of Automobile 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 (DDA), 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 October of 1999, the unit added a second full-time investigator.

As of June 30, 2001, there were 25 pending A.I. fraud investigations and/or criminal cases involving 34 suspects/defendants. All of these pending matters will be carried over into the 2001-2002 fiscal year.

In 1995, when the Unit was first funded by CDI, 50 percent of the attorney's and investigator's time was devoted to Auto Insurance fraud cases; and 50 percent to Worker's Compensation cases. Under the present grant award, 65 percent of the 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 A.I. 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.") A current joint plan, reflecting the ongoing discussions between CDI Fraud Division and the Unit, is included in this application (See attached memo dated July 18, 2001, labeled Exhibit "C").

The Unit continues to maintain its contact with the various insurance company SIUs and with self-insured companies, to help these outside sources evaluate and investigate suspected fraudulent claims.

PROGRAM STRATEGY (contd)

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, CHP, NICB, public agencies and insurance companies. The Unit will continue to keep the CDI Fraud Division informed as to what cases are being investigated by the Unit, so the resources are not wasted by having tandem investigations. This is done by keeping the CDI Fraud Division apprised of the cases currently under investigation by the Unit on a monthly basis, as well as by phone and fax on an as needed basis.

The unit will also continue to meet with the San Mateo County VTTF, which includes CHP and local police department members, to exchange information and receive direct referrals of A.I. fraud and economic car theft.

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.

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

1a. 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 A.I. 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 A.I. 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.

1b. 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 A.I. insurance fraud, and at times experiences obstacles in obtaining timely investigation and resulting information necessary to file charges

PROGRAM STRATEGY (contd)

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 A.I. fraud cases) is more than a full workload at the present staffing level. After the transition has been completed and the new investigator and DDA are fully immersed in the presently pending A.I. cases, we will seek to increase our efforts to facilitate the timely completion of A.I. investigations. It is hoped that, with aggressive and timely investigations, the number of A.I. 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 W.C. insurance fraud cases, since the balance of the two caseloads can and does change within any given fiscal year.

- 2. 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.**

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 paralegal experience with both a private insurance company and local law enforcement. The paralegal and attorneys are supervised on a day-to-day basis by the Deputy in Charge of the Special Prosecutions Unit. 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.

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.

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 investigations, the status of current prosecutions, and review 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 auto insurance fraud. This is done by evaluating the Unit's workload and the amount of time it takes the Unit to put together

PROGRAM STRATEGY (contd)

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, or reallocation of staffing. This evaluation process has already resulted in the determination that additional investigative and support resources were needed, as well as an additional prosecuting attorney, which were added to the Unit in previous fiscal years.

In the FY 1999-2000 RFA, the Unit sought and received funding for a second full-time investigator, split 65% to W.C. and 35% to A.I. investigations. In the time since the position has been filled, the Unit has experienced an enhanced ability to conduct more timely A.I. investigations. While the actual number of filed A.I. cases decreased from FY 1999-2000 to FY 2000-2001, the number of A.I. investigations has remained constant. It is critical to the continued development and effectiveness of the Unit to fund this second investigative position because of the volume of combined W.C. and A.I. investigations, which could not be handled by a single D.A. Investigator. 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 assess trends and the appropriateness of charges.

3. What other anti-fraud programs or units are maintained with the district attorney's 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 automobile 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.

4. 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 automobile insurance fraud.

See Attachment C – Guideline for Preparing a Joint Investigative Plan (A Joint Investigative Plan must be submitted in this application. County and the Fraud Division are required to develop and to follow the plan.)

See Attached Exhibit "A", "B" and "C".

PROGRAM STRATEGY (contd)

5. Describe what kind of training has been received and planned for,
- a) by the county staff on automobile insurance fraud
 - b) the local Special Investigative Units to enhance the investigation and prosecution of automobile insurance fraud and economic car theft; and
 - c) the coordination with the Fraud Division, insurers, CHP or other entities.

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 three 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 will again chair the Training sub-committee for FY 2000-2001.

Our Senior DDA and both Investigators attended this past CDAA/Fraud Division training held in March of 2000. One DDA also attends the CDAA Insurance Fraud sub-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 also conduct in-house training (MCLE certified) for all San Mateo County DDAs, instructing them in the subject of insurance fraud prosecution and its detection. It is anticipated that similar amounts and sources of training will be obtained or provided in FY 2000-2001.

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.

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 2000, one DDA and both Inspectors attended the annual NCFIA training conference.

It is anticipated that similar amounts and sources of training will be obtained in FY 2000-2001.

6. 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

PROGRAM STRATEGY (contd)

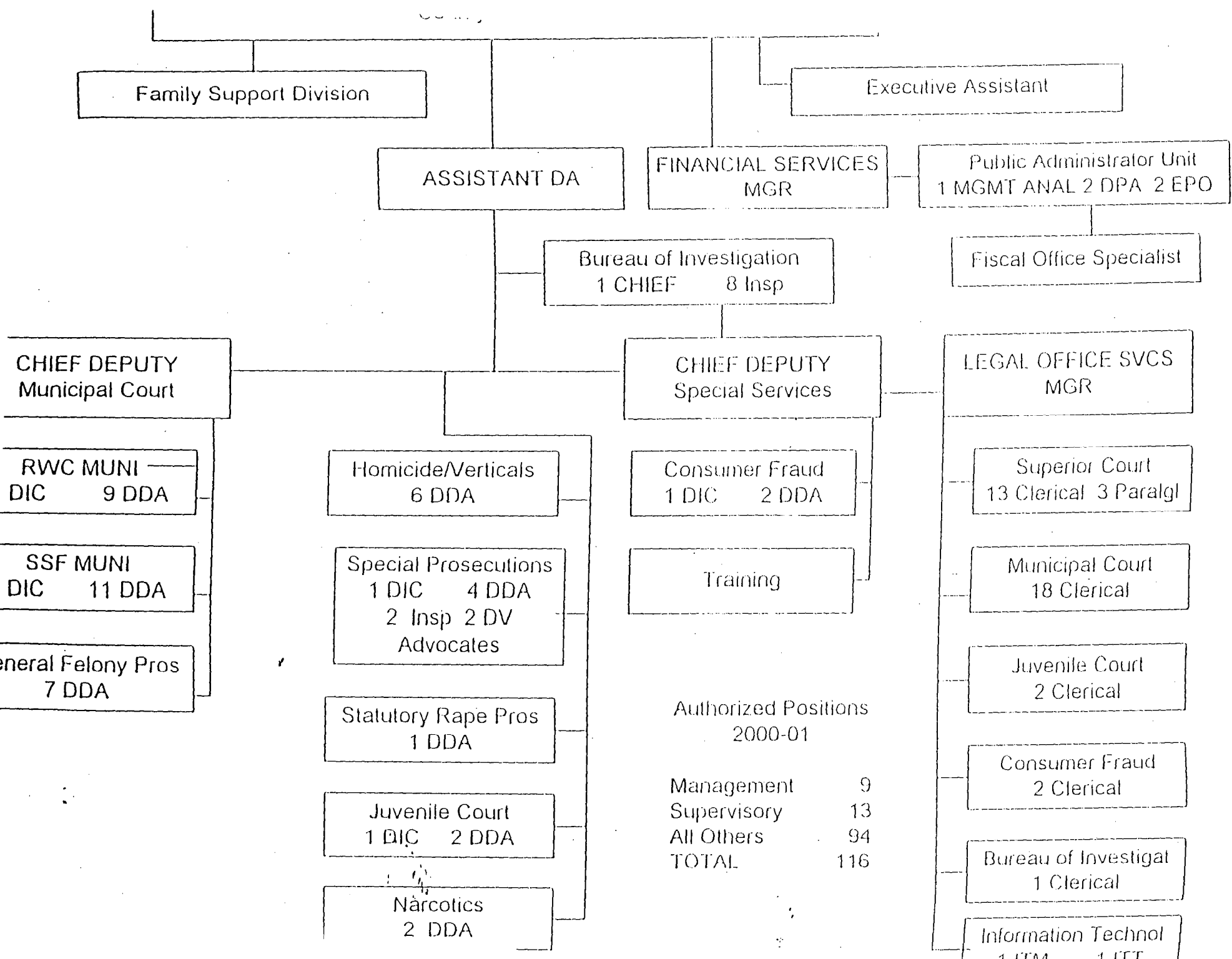
Circumstances, for a minimum of two years so as to minimize disruption to the program. To date, both the DDAs have remained in the Unit since their respective assignments. The paralegal position established in 1996 underwent a personnel change after two years when a resignation resulted in a new hiring. 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, the current investigator has resigned after three years in the assignment. The second investigator has been in his position for 21 months as of June 30, 2001.

7. Describe the county's efforts and the District Attorney's plan to obtain restitutions and fines imposed by the court. List of cases when restitution has been requested and the amount that was collected in fiscal year 2000-2001.

Over the past three years, the Unit has taken a more 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 pretrial/settlement negotiations. As a result, the amount of restitution collected has increased significantly during FY 00-01, with 96 % of the restitution ordered during this fiscal year already collected, in an amount exceeding \$75,078.00.

The following is a list of cases where restitution has been ordered in FY 2000-2001 and what has been collected as of June 30, 2001.

Defendant	Case #	Ordered	Collected
Mandigma, Carlos	SC047614A	2,240.00	0.00
Quinn, Michael	SC047664A	8,500.00	8,500.00
Cazares, Fabio	SC049513A	988.20	0.00
Rosas, Leandro	SC047117A	66,578.71	66,578.71
Totals		78,306.91	75,078.71



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

Homicide/Verticals
6 DDA

Consumer Fraud
1 DIC 2 DDA

Superior Court
13 Clerical 3 Paraglr

SSF MUNI
1 DIC 11 DDA

Special Prosecutions
1 DIC 4 DDA
2 Insp 2 DV
Advocates

Training

Municipal Court
18 Clerical

General Felony Pros
7 DDA

Statutory Rape Pros
1 DDA

Authorized Positions
2000-01

Juvenile Court
2 Clerical

Juvenile Court
1 DIC 2 DDA

Management	9
Supervisory	13
All Others	94
TOTAL	116

Consumer Fraud
2 Clerical

Narcotics
2 DDA

Bureau of Investigat
1 Clerical

Information Technol
1 IMA 1 IFT

EXHIBIT "A"

ORIGINAL JOINT PLAN OF COOPERATION



STEPHEN M. WAGSTAFFE
CHIEF CRIMINAL DEPUTY

ASSISTANT DISTRICT ATTORNEYS
MARTIN T. MURRAY
MOLEY 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

o: Beverly Hunter, Manager

rom: 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.

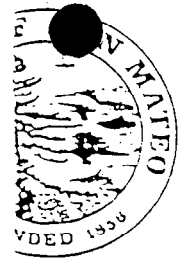
4) Regularly scheduled meetings shall be held between the County, Fraud Division and insurer S.I.U.'s/claims representatives for the purpose of sharing information and training regarding pending S.I.U. investigations. It is anticipated that these meetings will be held regionally on a quarterly basis, 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, 415-999-7326, or Craig Shaffer, 415-361-4784, if you have any questions or comments.

cc: Larry Stanford

EXHIBIT "B"

CURRENT JOINT PLAN OF COOPERATION



STEPHEN M. WAGSTAFFE
CHIEF CRIMINAL DEPUTY

ASSISTANT DISTRICT ATTORNEYS
MARTIN T. MURRAY
MORLEY PITT

COUNTY OF SAN MATEO

400 COUNTY CENTER, 3RD FLOOR • REDWOOD CITY • CALIFORNIA 94063
PUBLIC ADMINISTRATOR (650) 363-4475 • DISTRICT ATTORNEY (650) 363-4636

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 insure 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 insure 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 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;

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

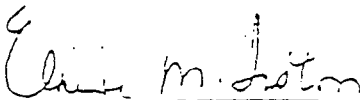
The Fraud Division and the District Attorney will participate in regularly scheduled training produced by the California District Attorneys Association, the Northern California Fraud Investigators Association, POST, and any other training that is warranted.

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.

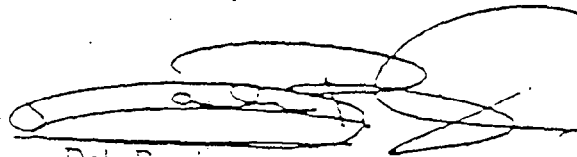
Problem Resolution

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

EXHIBIT "C"

**REVISED CURRENT JOINT PLAN OF
COOPERATION AS OF JULY 18, 2001**

James P. Fox, District Attorney/Public Administrator



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July 18, 2001

To: Chief Investigator Robert Yee
State of California
Department of Insurance

From: Elaine M. Tipton
Deputy in Charge
Insurance Fraud Unit
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 in San Mateo County.

Receipt and Assignment of Cases

Under statutory mandate, all Suspected Fraudulent Claims (SFCs) in the Worker's Compensation arena are to be sent to both the Fraud Division and the local District Attorney. To insure that each SFC is not investigated by both the Fraud Division and the District Attorney, a

monthly meeting will occur between the agencies at the Fraud Division's regional office, presently in Martinez but soon to be relocated to Benicia. 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 the District Attorney's jurisdiction, and cases they have closed.

At the 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. In addition, the monthly meetings will provide the opportunity for the prosecuting attorney(s) to discuss pending investigations with the individual investigator already assigned to, and working on, the case.

Between said monthly meetings, the Deputy District Attorneys assigned to the Insurance Fraud Unit will in be contact with the Fraud Division's 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 ensures 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

The District Attorney has limited investigative resources (presently one full time Inspector handling both workers' compensation and automobile insurance fraud and an unfilled opening for a second Inspector). Thus, the help of the Fraud Division 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 to a Fraud Division (FD) Investigator, a Deputy District Attorney (DDA) will be assigned to assist in determining the direction of the investigation. The DDA and the FD Investigator will meet as soon as possible after the assignment of the case. If the

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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.

Upon formal presentation of a documented referral by the FD Investigator to the DDA, the DDA will review the materials presented within ten working days of receipt, unless otherwise stated. A personal or telephonic meeting between the two will occur as soon thereafter as is practicable. At this meeting the DDA will indicate whether additional investigation is necessary, and, if so, an investigative plan will be agreed to. A time frame for the completion of the investigation will be discussed and the FD investigator will thereafter provide the DDA with status updates of the additional investigation within 10 working day intervals, unless otherwise agreed to by the parties, until the investigation is completed. Once that investigation is completed, another personal or telephonic meeting will occur to discuss filing, further investigation or nonprosecution of the case. If charges are filed, the DDA will do so in a timely fashion, not to exceed 30 days from the completion of the investigation unless otherwise discussed. If the case is rejected, the DDA will prepare a written memo stating the reasons for the rejection and provide that memo to the FD investigator upon its completion. The FD Investigator will thereafter notify the complaining party of the decision.

In an additional effort to avoid unnecessary duplication of investigative efforts, when an insurer, employer, third party administrator or private investigator seeks to present a documented referral, both the DA and Fraud Division will be notified and expected to be present whenever feasible. If attendance by both agencies is not feasible, the agency attending the presentation will advise the other as to the merits of the referral and discuss initiation of an investigation.

Regardless of 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, investigative resources and DDA assistance. However, it is not foreseeable that the District Attorney would be the lead investigative 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 proven 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;
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. The District Attorney and the Fraud Division will participate in joint trainings and outreach within San Mateo County. Informal training and the answering of questions relating to insurance fraud for the industry and the public will also continue.

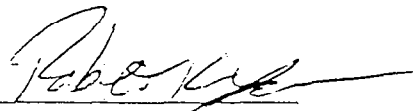
Problem Resolution

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
Insurance Fraud Unit
San Mateo County
District Attorney



Robert Yee
Chief Investigator
Martinez/Benicia Office
State of California
Department of Insurance Fraud Division