

# 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 7, 2002

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 2002-2003. 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, 2002. 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-ad  
Elaine M. Tipton, Deputy In Charge

EMT/ad

**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, 4<sup>th</sup> 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, 2002– June 30, 2003

*(3) Grant Amount*

\$ 221,461.00

*(4) Program Director*

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

*(5) Financial Officer*

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

*(6) District Attorney's Signature*

Name: James P. Fox  
Title: District Attorney  
County: San Mateo  
Address: 400 County Center, 3<sup>rd</sup> 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, 4<sup>th</sup> 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 Jerry Hill  
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, 3<sup>rd</sup> 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, 4<sup>th</sup> Flr  
Redwood City, California 94063  
Telephone Number: (650) 363-4677 Fax Number: (650) 599-1681

**INSURANCE FRAUD INVESTIGATION/PROSECUTION PROGRAMS  
FISCAL YEAR 2002-2003 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   |                                     |                                     |              |

**CALIFORNIA DEPARTMENT OF INSURANCE  
CRIMINAL INVESTIGATIONS BRANCH  
FRAUD DIVISION**

**BUDGET CATEGORY AND LINE-ITEM DETAIL**

BUDGET CATEGORY AND LINE-ITEM DETAIL	COST
<b>A. Personal Services - Salaries</b>	
<p>1. <u>DEPUTY DISTRICT ATTORNEY - IV-E</u> (.70 FTE) <span style="float: right;">\$91,262</span></p> <p>\$5,014.40 per biweekly pay period x 26 pay periods x 0.70 = \$91,262.08</p> <p>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.</p>	
<p>2. <u>DISTRICT ATTORNEY INSPECTOR</u> (.70 FTE) <span style="float: right;">\$59,897</span></p> <p>\$3,204.00 per biweekly pay period x 13.50 pay periods x 0.35 = \$15,138.90  \$3,332.00 per biweekly pay period x 12.50 pay periods x 0.35 = \$14,577.50  Differentials \$ 1,485.75</p> <p>\$2,865.60 per biweekly pay period x 13.50 pay periods x 0.35 = \$13,539.96  \$3,151.60 per biweekly pay period x 12.50 pay periods x 0.35 = \$13,788.25  Differentials \$ 1,366.40</p> <p>Two people 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 attorneys in interviewing witnesses and securing statements.</p>	
<p>3. <u>PARALEGAL</u> (.35 FTE) <span style="float: right;">\$18,174</span></p> <p>\$1,907.00 per biweekly pay period x 4.5 pay periods x 0.35 = \$3,003.53  \$2,016.00 per biweekly pay period x 21.5 pay periods x 0.35 = \$15,170.40</p> <p>This position will provide paralegal and administrative support to the attorney's and 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>	
<b>TOTAL SALARIES</b>	<b>\$169,333</b>

**CALIFORNIA DEPARTMENT OF INSURANCE  
CRIMINAL INVESTIGATIONS BRANCH  
FRAUD DIVISION**

**BUDGET CATEGORY AND LINE-ITEM DETAIL**

<b>BUDGET CATEGORY AND LINE-ITEM DETAIL</b>				<b>COST</b>
<b>A. Personal Services - Benefits</b>				
<b>1. <u>DEPUTY DISTRICT ATTORNEY - IV-E</u></b>				<b>\$20,467</b>
Health Insurance	10,512	11.52%		
Dental Insurance	2,096	2.30%		
Retirement	32,304	35.40%		
FICA	10,528	11.54%		
Unemployment Insurance	264	0.29%		
Workers Comp Insurance	1,728	1.89%		
Other Employee Benefits	1,044	1.14%		
<b>TOTAL</b>	<b>58,476</b>	<b>X 35%</b>	<b>FTE = 20,466.60</b>	
<b>2. <u>DISTRICT ATTORNEY INSPECTOR</u></b>				<b>\$19,632</b>
Health Insurance	7,878	13.15%		
Dental Insurance	1,692	2.82%		
Retirement	29,447	49.16%		
FICA	0	0%		
Unemployment Insurance	161	0.27%		
Workers Comp Insurance	16,241	27.11%		
Other Employee Benefits	672	1.12%		
<b>TOTAL</b>	<b>56,091</b>	<b>X 35%</b>	<b>FTE = 19,631.85</b>	
<b>3. <u>PARALEGAL (.35 FTE)</u></b>				<b>\$3,665</b>
Health Insurance	0	0.00%		
Dental Insurance	846	4.66%		
Retirement	5,640	31.03%		
FICA	3,252	17.89%		
Unemployment Insurance	48	0.26%		
Workers Comp Insurance	348	1.91%		
Other Employee Benefits	336	1.85%		
<b>TOTAL</b>	<b>10,470</b>	<b>X 35%</b>	<b>FTE = 3,664.50</b>	
<b>TOTAL BENEFITS</b>				<b>\$43,763</b>
<b>TOTAL SALARIES AND BENEFITS</b>				<b>\$213,096</b>

**CALIFORNIA DEPARTMENT OF INSURANCE  
CRIMINAL INVESTIGATIONS BRANCH  
FRAUD DIVISION**

**BUDGET CATEGORY AND LINE-ITEM DETAIL**

BUDGET CATEGORY AND LINE-ITEM DETAIL	COST
<b>B. Operating Expenses</b>	
1. <u>TRAVEL*</u>	2,592
Travel costs are covered at 35% of program unit costs	
<u>Attorneys =</u> \$2,275.00 Northern California Fraud Invest. Assn. CDAA Insurance Fraud Seminars CDAA Summer Conference CDAA Winter Conference CDAA Insurance Fraud Committee Meetings * In State Mileage = \$ 317	
<u>Inspectors and Paralegal =</u> \$1,400.00 Economic Crime Training Northern California Fraud Invest. Assn. CDAA Insurance Fraud Seminars	1,400
2. <u>JURY &amp; WITNESS FEES</u> - for grant program only This will provide for court transcription services, expert witness consultation/testimony, travel/lodging/per diem and other court case related expenditures.	1,575
3. <u>MISCELLANEOUS EXPENSE</u> Audit \$ 1,700 Miscellaneous Supplies \$ 600	2,300
4. <u>MEMBERSHIPS</u> - Membership costs are covered at 35% of program unit costs.  Attorneys = \$ 447 CDAA \$ 70.00 NCFIA \$ 36.75 State Bar \$ 273.00 County Bar \$ 67.00  Inspectors and Paralegal = \$ 52.50 CDAIA \$ 17.50 NCFIA \$ 35.00	499
* County travel policy allows for \$.365 per mile when traveling in personal vehicle on County business.	
<b>TOTAL OPERATING EXPENSES</b>	<b>8,366</b>

**CALIFORNIA DEPARTMENT OF INSURANCE  
CRIMINAL INVESTIGATIONS BRANCH  
FRAUD DIVISION**

**BUDGET CATEGORY AND LINE-ITEM DETAIL**

BUDGET CATEGORY AND LINE-ITEM DETAIL		COST
C. Equipment		
	N/A	0
ESTIMATED CARRYOVER REVENUE FROM FY2001-02 = 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		221,461



# **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 88 months ago, as of June 30, 2002, both the DDAs and the Investigators have receive 124 A.I. cases involving 176 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 seven 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 98-99, 12 investigations were initiated and involved an average of 2.2 identified suspect(s) per investigation. In FY 99-00, 17 investigations were initiated and involved an average of 1 identified suspect(s) per investigation. In FY 00-01, 17 investigations were initiated and involved an average of 1 identified suspect(s) per investigation. From July 1, 2001 to June 30, 2002, 16 investigations were initiated and involved an average of 1 identified suspect(s) per investigation.
3. In FY 98-99, 10 warrants/indictments 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. In FY 00-01, 4 warrants/indictments were issued, involving an average of 1 suspect and/or defendant. From July 1, 2001 to June 30, 2002, 8 warrants/indictments were issued, involving an average of 1 suspect and/or defendant.
4. 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. In FY 00-01, 4 arrests/notice to appears (self surrenders) were made. From July 1, 2001 to June 30, 2002, 6 arrests/notice to appears (self surrenders) were made.
5. 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. In FY 00-01, 7 convictions were obtained involving 17 defendants. Of these convictions, 0 was obtained by trial verdict, 7 were obtained by plea or settlement. From July 1, 2001 to June 30, 2002, 3 convictions were obtained involving 5 defendants. Of these convictions, 0 was obtained by trial verdict, 5 were obtained by plea or settlement.
6. 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. In FY 00-01, 16 defendants were ordered to pay \$6,990.00 in fines and penalty assessments. Of this amount \$610.00 was collected from 4 defendants. From July 1, 2001 to June 30, 2002, 5 defendants were ordered to pay \$2,430 in fines and penalty assessments. Of this amount \$1,660.91 was collected from 10 defendants. (Note: The amounts collected include additional fines and penalty assessments collected for orders made during preceding fiscal years).
7. 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 victims. Of this amount \$121,154.47 was collected from 12 defendants, benefiting 11 victims. In FY 00-01, 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. From July 1, 2001 to June 30, 2002, 3 defendants were ordered to pay restitution in the amount of \$25,417.96 to victims. Of this amount \$24,807.55 was collected from 9 defendants, benefiting 9 victims. (Note: The amounts collected include additional restitution collected for orders made during preceding fiscal years).

## QUALIFICATIONS (cont'd)

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 2001-2002. 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	5 years 6 months
Susan Etezadi	65% Workers' Compensation 35% Auto Fraud	1 year

#### INVESTIGATORS

Russ Banks (RB)	65% Workers' Compensation 35% Auto Fraud	2 years 3 months
Sam Gee (SG)	65% Workers' Compensation 35% Auto Fraud	6 months
Nora Fasshauer (NF)	65% Workers' Compensation 35% Auto Fraud	6 months

#### PARALEGAL

Alyssa Duri	65% Workers' Compensation 35% Auto Fraud	2 years 2 months
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# QUALIFICATIONS (cont'd)

## CASES WORKED ON DURING FY 2001-2002

Note: Investigator's initials indicate cases worked on during FY 2001 to 2002

<b>Prosecutor</b> <u>Suspect Name</u> <u>(Investigator)</u>	<u>Assgnmnt</u> <u>Date</u>	<u>Case Description</u>	<u>Amount</u>
<b>Etezadi:</b>			
Donna Walls-Morris* (NICB)	12/11/98	Applicant Fraud. Rear-ended car and gave false insurance info; got insurance on damaged car subsequently, using photo of a similar car	17,472.00
Igor Snarsky* (DOI)	2/19/99	Capping. Involved in staged auto accidents	50,000.00
Tracy Brookshire, Karen Brown, and Patricia Okuniewicz* (DOI)	3/19/01	Insider Fraud. Auto insurance claim adjuster(s) embezzling from employer	13,600.00
Richard Durden (NF)*	9/30/99	Applicant Fraud. Provided false receipt for bed claim	5,000.00
Abed Amas (SG)(DOI)	1/25/02	Applicant Fraud. Claims "stolen" stereo which vehicle does not have wiring setup	2,800.00
Allan & Johnny Decastro (SG)(DOI)	2/11/02	Applicant Fraud. Allan writes estimates for "stolen" parts for Johnny to submit to carrier	6,000.00
David Pele(NF)(SBPD)	2/28/02	Applicant Fraud. Claimant vandalizes own vehicle on tape and submits claim	6,000.00
Michael Babcock	4/11/02	Applicant Fraud. False receipt for business equipment "stolen" from vehicle and claim submitted to two insurance carriers	15,000.00
Sammy Murphy (DOI) (FBI)	10/10/01	Applicant Fraud. Fraudulent claim of scaffolding "stolen" from job site	160,000.00
Raffael Abramson* (DOI)	8/21/00	Applicant Fraud	Reject

## QUALIFICATIONS (cont'd)

Kenneth Knutsen* (RB) (NF)	3/26/01	Applicant Fraud	Reject
David Elms	1/14/02	Applicant Fraud	Reject
J. Flores Valdez (SG)	1/29/02	Legal Firm Fraud	Transfer to CA State BAR Assoc.
Darwin Urbina (SG) (DOI)	1/16/02	Applicant Fraud	Reject

\* Cases transferred from DDA Craig Shaffer to DDA Susan Etezadi upon DDA Shaffer's retirement.

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.

## QUALIFICATIONS (cont'd)

<u>Prosecutor Suspect Name (Investigator)</u>	<u>Assgnmnt Date</u>	<u>Case Description</u>	<u>Amount</u>
<b>Mahoney:</b>			
Jorge Chavez** (SMCSO)	12/31/96	Staged Accident. 3 staged accidents	10,000.00
Roberto Mori** (SMCSO)	12/31/96	Staged Accident. 3 staged accidents	10,000.00
Rudy Fernandez, Francisco Loayza, Julio Oliveram & Leonardo Pinto**(RB)(DOI)	2/2/98	Staged Accident. Involved in two staged collisions involving each other	20,000.00
Vadim Donchu, Andrey Sarkisov** (SMCSO)	5/16/00	Economic car theft. Theft of own vehicle for insurance proceeds	0.00
Josephina Rosas**(SG)	10/30/01	Insider Fraud. Repair work to auto below B.A.R. standards discovered two years later.	2,000.00
Victoria Perryman (SG)	1/31/00	Insider Fraud	Reject
Michelle Rosas (SMCSO)	7/2/01	Insider Fraud	Reject
Andres Valdez	9/10/01	Applicant Fraud	Reject
Hung Manh Cam (SMCSO)	1/17/02	Applicant Fraud	Reject
Amber Garrett (SG)	1/9/02	Applicant Fraud	Reject
Michael Hung (SMCSO)	7/11/01	Applicant Fraud	Reject
Zbignew Korytek (SMCSO)	7/2/01	Applicant Fraud	Reject
Joseph Behar	4/17/01	Legal Firm Fraud	Reject

## QUALIFICATIONS (cont'd)

Sixto Macatangay	3/14/01	Applicant Fraud	Reject
Isabel Trujillo	1/22/02	Insider Fraud	Reject

\*\* Cases both filed and under review are being handled by DDA Susan Etezadi while awaiting recruitment and hiring of new DDA to fill position vacated by DDA Joanne Mahoney.

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.

# **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 (SFCs) for San Mateo County reported to the Fraud Division of CDI from 1999 through 2001 totaled 740 SFCs. (Only 11 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 claimant fraud and insider fraud. (See accompanying "Cases Worked during 2001-2002") In FY 2001-2002, there were multiple cases of applicant fraud both investigated and/or filed, wherein the applicant(s) engaged in various false claims of auto theft or damage, or made multiple claims for the same damage. One case involves 3 defendants who were claims adjusters embezzling from their employer by creating false claims and issuing payment checks to friends, family members and acquaintances. These cases are indicative of the pervasiveness 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 (cont'd)**

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 timelier filing determinations and an 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, 2002, there were 12 pending A.I. fraud investigations and/or criminal cases involving 16 suspects/defendants. All of these pending matters will be carried over into the 2002-2003 fiscal year.

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.") These joint plans reflect procedures that were in effect for the first six years of the Unit's existence, providing for the Unit to meet at its regional Martinez office on a monthly basis. In July of 2001, when CDI was preparing for the move of its regional office from Martinez to Benicia, a revised Joint Plan was discussed and drafted, and signed by both parties, reflecting the agreement of the parties to continue to coordinate investigation of insurance fraud in San Mateo County, with meetings to occur on a monthly basis at the CDI regional office in Benicia (See attached memo dated July 18, 2001, labeled Exhibit "C"). During the past eleven months this Joint Plan has been adhered to as fully as possible.

The Unit has maintained its contact with the 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 facilitated during FY 2001-02 by Unit

## **PROGRAM STRATEGY (cont'd)**

participation in the NICB Quarterly Roundtable Meetings held in the Pleasanton office of Liberty Mutual Insurance Company. At these meetings, numerous SIUs, as well as CDI Fraud Divisions, exchange information and inquiries regarding A.I. fraud, along with training tips for investigation. The Unit also has ongoing interaction with various SIUs and self-insureds through participation in the quarterly NCFLA meetings in Concord. Additionally, the Unit has engaged in significant proactive contact with CSAA during the past six months, so as to increase the opportunity for referrals from this SIU.

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.

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

The past fiscal year has been one of considerable staffing changes as described below, resulting in the focus of effort on handling those cases already pending. While there was limited ability to engage in affirmative outreach to the public, one case currently being prosecuted by the Unit received attention from the media and serves to inform the public as to the existence of investigative and prosecutorial efforts to address A.I. fraud (see Appendix A, News Media Articles). There has continued to be a steady influx of A.I. cases. The rate of either A.I. fraud occurrence and/or reporting appears to be on the rise, as evidenced by the increase in the number of SFCs from 244 in 2000 to 297 in 2001. In fact, the number of SFCs has increased by approximately 22% for each of the past two years, which would indicate that awareness of auto insurance fraud activity, and attendant reporting of that activity, has increased.

## **PROGRAM STRATEGY (cont'd)**

### **3. If the county does not have a full workload, please describe what steps the County will take to improve the situation.**

The Unit seeks to aggressively prosecute A.I. fraud, and at times experiences obstacles in obtaining timely investigation and resulting information necessary to file charges and successfully prosecute. Additionally, staffing changes can and do effect workload. In FY 2001-02, the Unit experienced its most significant staffing changes since its inception seven years ago. The senior DDA, who had been in the Unit from its inception in 1995, has retired. The second DDA in the Unit, who has been assigned to the Unit since 1996, left the office. During this same time, two new investigators were assigned to the Unit to replace one who had retired at the end of FY 00-01, and one who was rotated out of the Unit in January 2002. Presently, the Unit consists of one DDA who is relatively new to the subject matter, and two investigators, one who is new to the subject matter and one who has considerable experience in insurance fraud investigation. The Unit is in the process of filling the second DDA position in the near future, as the County has just exempted the District Attorney from a county-department wide hiring freeze that has been in effect for the past several months.

During this period of transition and understaffing, it has been difficult to maintain optimal productivity. The present caseload for one DDA (which is the temporary combination of the caseloads of two DDAs) is more than a full workload for the present DDA and investigators assigned to the Unit. Upon achieving full staffing status, it is anticipated that the Unit will be able to increase its efforts to facilitate timely completion of A.I. investigations. It is hoped that, with aggressive and timely investigations, the number of A.I. fraud cases being handled by the Unit will be at an appropriate level to constitute two full attorney caseloads. This, of course, is an assessment that 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.

### **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.**

Under the umbrella of the Special Prosecutions Unit of the District Attorney's Office, the Unit is presently staffed with a highly experienced attorney who has handled numerous felony cases, with considerable trial experience in homicides and other complex felonies. It is anticipated that a second attorney with felony experience will be hired and/or assigned to the Unit within the near future. The two inspectors presently assigned to the Unit are both experienced in handling felony investigations and are P.O.S.T. certified. In addition, one of the two inspectors has considerable previous experience investigating insurance fraud, having worked at CDI Fraud Division for three years. 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.

## **PROGRAM STRATEGY (cont'd)**

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 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.

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.

### **5. 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.

## **PROGRAM STRATEGY (cont'd)**

**6. 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. The County and the Fraud Division are required to develop and to follow the plan.)**

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

**7. Describe what kind of training has been received and planned by:**  
**a) 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.**

With the changes in staffing described in sections (3) and (8), "training received" is an area in which the Unit has seen a significant increase during the past fiscal year. The new DDA assigned to the Unit in July 2001, has dedicated a significant amount of time during the past twelve months to receive training in insurance fraud. She has participated in the following training sessions: a one-day MCLE training in workers' compensation law in August 2001, a four-day conference sponsored by NICB on insurance fraud in September 2001, a one-day training in insurance fraud investigations sponsored by CDI in January 2002, a four-day insurance fraud conference in March 2002 and a four-day NCFLA insurance fraud conference in April 2002. She has joined both the CDAA Insurance Fraud committee and Training sub-committee to enhance her knowledge and information exchange with fellow insurance fraud prosecutors throughout the state. Both of the DA inspectors assigned to the Unit have attended the above-described CDAA and NCFLA conferences in 2002, and one of them attended two days of CDI insurance fraud investigation training in Sacramento in January 2002. In addition, both investigators attended the two-week POST-certified DA inspector course, which included training in insurance fraud investigation. The Unit paralegal returned to California State University at Hayward to complete a 16-hour course in advanced workers' compensation law taught by an attorney practicing in the field in March 2002, and also attended a one-day MCLE training in workers compensation law in August 2001, both of which touched on insurance fraud.

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,

## **PROGRAM STRATEGY (cont'd)**

medical providers and any other organization interested in instruction relating to recognizing and combating insurance fraud.

It is anticipated that similar amounts and sources of training will be obtained in FY 2002-2003.

### **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. During FY 2001-02, the Unit has experienced its first turnover in attorney staffing since inception in 1995, as described above in section (3). Thus, a new DDA has rotated in to the assignment, and it is anticipated that another DDA will be assigned to fill the second vacant attorney position within a short period of time. 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, who has now been in the assignment for over two years as of June 2002. Unlike the attorney and investigator positions, rotation of the paralegal is not anticipated, as this is the only paralegal position presently existent in the District Attorney's Office.

There have been two rotations of the first permanent investigator, with two individuals serving in the assignment 21 and 15 months respectively, before being rotated out of the Unit. As previously noted, that position was filled in January 2002 after the retirement of the investigator who had been the third person in the assignment, and who served in that assignment for 39 months. The second investigator position, which was initially filled for 27 months by a DA Inspector hired in to the newly funded position in 1999, has since been filled by a new DA Inspector through a rotation in January 2002. Consequently, the two investigators assigned to the Unit are new in their positions as of January 2002.

### **9. 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 2001-2002.**

The Unit aggressively seeks restitution orders as part of the sentence imposed on any convicted A.I. fraud defendant. Restitution to the victim is one of our primary goals. 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.

## PROGRAM STRATEGY (cont'd)

The following is a list of cases where restitution has been ordered in FY 2001-2002 and what has been collected as of June 30, 2002.

CASE#	SUBJECT NAME	RESTITUTION ORDERED FY 01-02	RESTITUTION RECEIVED FY 01-02
SC046166A	Donna Walls-Morris	17,472.00	*2,472.00
SC050592A	Francisco Loayza	3,695.96	50.00
SC051181A	Julio Oliveram	4,250.00	4,250.00
<b>TOTAL</b>		<b>25,417.96</b>	<b>6,772.00</b>

\* This reflects the full balance due of the total amount ordered (\$17,472.00). This defendant had already paid the bulk of restitution owed in a previous fiscal year; in response to our effort to obtain actual payment of significant restitution as part of the plea negotiation process.



**AUTOMOBILE INSURANCE FRAUD**  
**SUMMARY OF CLOSED AND CONTINUING PROSECUTIONS**  
**JULY 1, 2001 – JUNE 15, 2002**  
 (USE ADDITIONAL PAGE, IF NECESSARY)

Case Name	Referred By*	Code Sections	Number Arrested	Number Held to Answer	Number Convicted	Fine	Restitution
Igor Snarsky SC046217A	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 SC046166A	P	PC 550(B)(1) [4 cts] PC 550(A)(4) PC 487(A) [3 cts]	1	1	1	580.00	17,472.00
Jorge Chavez SF283041A	L	PC 550(A)(1) PC 182.1	Wrnt Issued				
Roberto Mori SC040047A	L	PC 550(A)(1) PC 118	1	1	1		Warrant Issued
Vadim Donchu SC048145A	L	PC 182.1 PC 184 PC 664/548	1	1	1	580.00	0.00
Andrey Sarkisov SC048145B		PC 182.1 PC 184 PC 664/548	1	1	1	110.00	0.00
Rudy Fernandez NF314176A	P		Wrnt Issued				
Francisco Loayza SC050592A		PC 550(A)(3) PC 548	1		1	580.00	3,695.96
Julio Oliveram SC051181A		PC 487(A) PC 550(A)(1) PC 550(B)(3)	1		1	580.00	4,250.00
Leandro Pinto NF314176D			Wrnt Issued				

**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
David Pele NF320432A	P	PC 550(A)(1) PC 148.5 (A)	1				
Tracy Brookshire SF318776A	CDI	PC 550(A)(1) PC 550(A)(5)	1				
Karen Brown SF318776B		PC 487(A) PC 508/487(A) PC 664/487(A)	1				
Patricia Okuniewicz SF318776C			1				

\*    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 of San Mateo

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

RWC MUNI  
1 DIC 9 DDA

SSF MUNI  
1 DIC 11 DDA

General Felony Pros  
7 DDA

Victim Center  
1 Manager 4 Comm  
Wrks 1 Clerical

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

CHIEF DEPUTY  
Special Services

Consumer Fraud  
1 DIC 2 DDA

Training

Authorized Positions  
2002-03

Management	10
Supervisory	13
All Others	100
TOTAL	123

LEGAL OFFICE SVCS  
MGR

Superior Court  
13 Clerical 3 Paraglg

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**



# COUNTY OF SAN MATEO

401 MARSHALL STREET • REDWOOD CITY • CALIFORNIA 94063  
DISTRICT ATTORNEY (415) 363-4536 • PUBLIC ADMINISTRATOR (415) 363-4175

Re: December 5, 1995

Beverly Hunter, Manager

Re: 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 August 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:

#### 1. 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 forces 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, deemed appropriate by the Fraud Division.

## II. Communication Re: Cases

1. In an effort to eliminate duplicate investigations, the Bay and the Grand Division regional offices, (Martinez and Jose) shall provide to one another, on a monthly basis, a list of all newly-received referrals from insurance company U.S.'s. This list shall include the claimant's and the U.S.'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 Grand Division investigators assigned to those cases on a monthly basis to review pending cases, assess filing prerequisites for specific cases, and review any future joint investigations and potential targets for elimination. These monthly meetings will also provide the opportunity to resolve any problems between the County and Grand Division, including delayed or unresolved investigative needs. The County attorney will assign the specific cases to be discussed and arrange to meet with the appropriate investigators.

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

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

Please feel free to contact either Elaine Dixon, 415-361-4726, or Chris Grabber, 415-361-4724, if you have any questions or comments.

Larry Stanford

## **ATTACHMENT "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, 3<sup>RD</sup> FLOOR • REDWOOD CITY • CALIFORNIA 94063  
PUBLIC ADMINISTRATOR (650) 363-4475 • DISTRICT ATTORNEY (650) 363-4638

June 22, 1999

Chief Investigator Dale Banda  
State of California  
Department of Insurance

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

Joint Investigative Plan

## Purpose and 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.

## Scope 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 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 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

With the District Attorney's limited investigative resources (one full time Inspector, and presently, 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 efforts occur. 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 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 ten 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 prosecution 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 ensure 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, 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.

### 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 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 of assets regarding said materials;
3. A list of anticipated witnesses, including addresses, telephone numbers and dates of birth (B'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

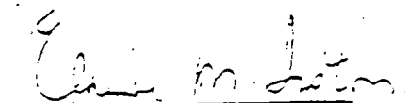
The Fraud Division and the District Attorney will participate in regularly scheduled training produced by the California District Attorneys Association, the Northern California Fraud Investigators Association, POST, and any other training that is warranted.

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

## **ATTACHMENT "C"**

# **GUIDELINES FOR PREPARING A JOINT INVESTIGATIVE PLAN**



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

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

July 18, 2001

Page 2

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 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

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.

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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.



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### Training

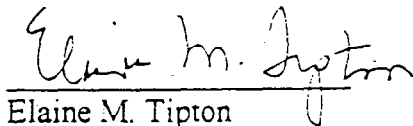
The Fraud Division and the District Attorney will participate in regularly scheduled training produced by the California District Attorneys Association, the Northern California Fraud Investigators Association, POST, and any other training that is warranted.

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.

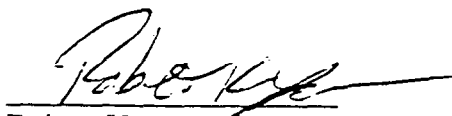
### Problem Resolution

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

EMT/ad

**APPENDIX “A”**

**NEWS MEDIA ARTICLES**

# Press Release



Welcome to the California Department of Insurance's Communications Office Web page.

If you are a member of the public wishing information, please visit the Consumer Services Division homepage or call the Consumer Hotline.

**FOR RELEASE:**

May 29, 2002 (#069)

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## THREE NORTHERN CALIFORNIA RESIDENTS ARRESTED IN CLAIMS PAYMENT SCHEME

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SAN MATEO, CA – The California Department of Insurance (CDI) arrested three northern California residents on multiple counts ranging from insurance fraud to embezzlement and grand theft. The three suspects were booked into the San Mateo County Jail with bail set between \$10,000 and \$20,000 for each. This case is being prosecuted by the San Mateo County District Attorney's Office.

Patricia Anne Okuniewicz, 40, of San Jose surrendered on 10 counts of insurance fraud, one count of embezzlement and grand theft, and one felony count of attempted embezzlement.

Karen Marie Brown, 35, of San Jose also surrendered on one felony count of insurance fraud for presenting false or fraudulent claims for payment, one felony count of grand theft, and an additional felony count of attempted grand theft.

Tracy Catherine Brookshire, 39, of Sonoma surrendered on one felony count of insurance fraud and one felony count of grand theft.

Arrest warrants were issued following an investigation by CDI's Criminal Investigations Branch Fraud Division that revealed the suspects alleged illegal activity.

On August 7, 1998, Patricia Anne Okuniewicz was terminated from her position as a claims adjuster with Pacific Specialty Insurance Company (PSIC), in San Mateo for issuing a fraudulent claim check to a fictitious claimant named Brenda Uribe. As a claims adjuster, Okuniewicz would legitimately settle automobile claims by negotiating both physical damage and bodily injury payments for PSIC insureds. After Okuniewicz settled and closed legitimate claims, she allegedly reopened them, added fictitious claimants and issued claim drafts totaling \$7,528.01 to fellow employees, friends, and fictitious persons.

Brown and Brookshire allegedly cashed the claim drafts and gave the money to Okuniewicz. Brookshire received several hundred dollars from Okuniewicz for her role in cashing a claim draft. Okuniewicz allegedly issued additional claim drafts totaling \$6,462.89 for her personal use, but ultimately voided them out of fear of being discovered.

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