



**District Attorney
COUNTY OF TULARE
AGENDA ITEM**

BOARD OF SUPERVISORS

KUYLER CROCKER
District One

PETE VANDER POEL
District Two

AMY SHUKLIAN
District Three

J. STEVEN WORTHLEY
District Four

MIKE ENNIS
District Five

AGENDA DATE: October 23, 2018 - REVISED

Public Hearing Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Published Notice Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Advertised Published Notice	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
County Counsel Sign Off	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Meet & Confer Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Electronic file(s) has been sent	Yes	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Personnel Resolution attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>

CONTACT PERSON: Robert Dempsie PHONE: 636-5494

SUBJECT: Approve an agreement with the Insurance Commissioner of the State of California for the Automobile Insurance Fraud Prosecution Program.

REQUEST(S):

That the Board of Supervisors:

1. Approve the Grant Award Agreement to accept grant funding from the Insurance Commissioner of the State of California for the Automobile Insurance Fraud Prosecution Program in the amount of \$180,000, retroactive to July 1, 2018 through June 30, 2019. This grant is retroactive due to having received the signed grant award in late September 2018.
2. Find that the Board had authority to enter into the proposed agreement as of July 1, 2018 and that it was in the County's best interest to enter into the agreement on that date.
3. Authorize the District Attorney to sign the Grant Award Agreement for the Automobile Insurance Fraud Program.
4. Direct the Board Clerk to prepare a certified copy of the resolution for the District Attorney's Office.
5. Agree that any liability arising out of the performance of the Grant Award Agreement, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency, and acknowledge that the State of California and the California Department of Insurance disclaim responsibility for any such liability.

SUBJECT: Approve an agreement with the Insurance Commissioner of the State of California for the Automobile Insurance Fraud Prosecution Program.

DATE: October 23, 2018

SUMMARY:

The purpose of the Automobile Insurance Fraud Prosecution Program (Auto Program) is to increase the investigation and prosecution of automobile insurance fraud cases. The Program targets those individuals who are actively involved in defrauding Tulare County businesses, governmental entities, medical providers and insurance companies through filing false claims for automobile insurance payments. The Office of the District Attorney has been awarded this grant for over a decade.

In Fiscal Year 2017/2018, the Auto Program staff investigated 100 new cases, filed 10 cases and secured 5 convictions.

The grant period for this renewal is July 1, 2018 through June 30, 2019. However, the countersigned Grant Award Agreement, which the District Attorney of the County is specifically required to sign, was not received from the California Department of Insurance until September 20, 2018. Therefore, the District Attorney's Office requests that this agreement is approved retroactive to July 1, 2018.

A prior agreement, identical except for the term or time period and/or dollar value, was approved as to form by County Counsel on November 27, 2017, and was approved by the Board of Supervisors on December 5, 2017. The substantive deviations from the standard County boilerplate identified in the prior agenda item were:

1. The agreement requires the County to agree to release the State from any liability arising out of the performance under the agreement.

The proposed renewal agreement does not include any additional deviations from the standard County boilerplate. The only changes from the prior agreement are to the time period of the agreement, from July 1, 2017 through June 30, 2018 to July 1, 2018 through June 30, 2019. The price for services has not changed.

FISCAL IMPACT/FINANCING:

The Automobile Insurance Fraud Prosecution Program grant (Budget Unit 3181) for \$180,000 covers the period of July 1, 2018 through June 30, 2019. The District Attorney's Office is not requesting additional Net County Cost for this program beyond the already adopted FY 18/19 Net County Cost.

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

The County's five-year Strategic Business Plan and Management System include Safety and Security initiatives to provide for the safety and security of the public. The authorization to accept continued grant funding from the California Department of Insurance helps to fulfill this initiative by continuing to provide dedicated staff to investigate and prosecute workers' compensation insurance fraud cases throughout Tulare County, protecting businesses and individuals from being victims of this kind of fraud.

SUBJECT: Approve an agreement with the Insurance Commissioner of the State of California for the Automobile Insurance Fraud Prosecution Program.

DATE: October 23, 2018

ADMINISTRATIVE SIGN-OFF:


Robert Dempsie
Assistant District Attorney

Cc: County Administrative Office

Attachment(s) 1) Grant Award Agreement
 2) Grant Application

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA**

**IN THE MATTER OF APPROVE AN
AGREEMENT WITH THE INSURANCE
COMMISSIONER OF THE STATE OF
CALIFORNIA FOR THE AUTOMOBILE
INSURANCE FRAUD PROSECUTION
PROGRAM**

)
) Resolution No. _____
) Agreement No. _____
)
)
)

UPON MOTION OF SUPERVISOR _____, SECONDED BY
SUPERVISOR _____, THE FOLLOWING WAS ADOPTED BY THE
BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD _____
_____, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: MICHAEL C. SPATA
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY: _____
Deputy Clerk

* * * * *

1. Approved the Grant Award Agreement to accept grant funding from the Insurance Commissioner of the State of California for the Automobile Insurance Fraud Prosecution Program in the amount of \$180,000, retroactive to July 1, 2018 through June 30, 2019. This grant is retroactive due to having received the signed grant award in late September 2018.
2. Found that the Board had authority to enter into the proposed agreement as of July 1, 2018 and that it was in the County's best interest to enter into the agreement on that date.
3. Authorized the District Attorney to sign the Grant Award Agreement for the Automobile Insurance Fraud Program.
4. Directed the Board Clerk to prepare a certified copy of the resolution for the District Attorney's Office.
5. Agreed that any liability arising out of the performance of the Grant Award Agreement, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency, and acknowledge that the State of California and the California Department of Insurance disclaim responsibility for any such liability.

**INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA**

GRANT AWARD AGREEMENT

Fiscal Year 2018-19

Automobile Insurance Fraud Program

The Insurance Commissioner of the State of California hereby makes an award of funds to **Tulare County**, Office of the District Attorney, in the amount and for the purpose and duration set forth in this grant award.

This grant award consists of this agreement and the application for the grant and made a part hereof. By acceptance of the grant award, the grant award recipient agrees to administer the grant project in accordance with all applicable statutes, regulations and Request-for-Application (RFA).

Duration of Grant: The grant award is for the program period, **July 1, 2018** through **June 30, 2019**.

Purpose of Grant: This grant award is made pursuant to the provisions of California Insurance Code §1872.8 and shall be used solely for the purposes of enhanced investigation and prosecution of automobile insurance fraud and economic car theft cases.

Amount of Grant: The grant award agreed to herein is in the amount of **\$180,000**. This amount has been determined by the Insurance Commissioner. However, the actual total award amount for the county is contingent on the collection and the authorization for expenditure pursuant to the Government Code §13000 et seq. The grant award shall be distributed pursuant to §1872.8 of the Insurance Code and to the California Code of Regulations Sub-Chapter 9, Article 4, §2698.65.

<p>Official Authorized to Sign for Applicant/Grant Recipient</p> <p>_____</p> <p>Name: Tim Ward Title: District Attorney</p> <p>Address: 221 South Mooney Blvd., Room 224 Visalia, CA 93291</p> <p>Date: _____</p>	<p>DAVE JONES Insurance Commissioner</p> <p>_____</p> <p>Name: George Mueller Title: Deputy Commissioner</p> <p>Date: _____</p>
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I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purposes of this expenditure.

Crista Hill, Budget Officer, CDI

Date

**APPLICATION
FOR THE
AUTOMOBILE INSURANCE FRAUD PROGRAM
FISCAL YEAR 2018-2019**

Submitted By:

**Office of the District Attorney
County of Tulare
Tim Ward, District Attorney**



Submitted To:

**California Department Of Insurance
Fraud Division**



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FORM 01

**GRANT APPLICATION CHECKLIST and SEQUENCE
FISCAL YEAR 2017-2018**

THE APPLICATION MUST INCLUDE THE FOLLOWING:

	<u>YES</u>	<u>NO</u>
1. GRANT APPLICATION TRANSMITTAL (FORM 02) completed and signed by the district attorney?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. PROGRAM CONTACT FORM (FORM 03) completed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Original or certified copy of the BOARD RESOLUTION (FORM 04) included? If NOT, the cover letter must indicate the submission date.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. TABLE OF CONTENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. The County Plan includes:		
a) COUNTY PLAN QUALIFICATIONS (FORM 05)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) STAFF QUALIFICATIONS (FORM 06(A))	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) ORGANIZATIONAL CHART (FORM 06(B))	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) PROGRAM REPORT (DAR OR FORM 07)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) COUNTY PLAN PROBLEM STATEMENT (FORM 08)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f) COUNTY PLAN PROGRAM STRATEGY (FORM 09)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Projected BUDGET (FORMS 10-12) included?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
a) LINE-ITEM TOTALS VERIFIED?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) PROGRAM BUDGET TOTAL (FORM 12) matches the amount requested on FORM 02?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. EQUIPMENT LOG (FORM 13) completed and signed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. JOINT PLAN (Attachment A) completed and signed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. CONFIDENTIAL CASE DESCRIPTIONS (Attachment B) Is all content readable? A partial narrative is not acceptable.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. ELECTRONIC VERSION (CD/DVD) included?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

FORM 02

GRANT APPLICATION TRANSMITTAL

AUTOMOBILE INSURANCE FRAUD PROGRAM

Grant Period: July 1, 2018 to June 30, 2019

Office of the District Attorney, County of Tulare, hereby makes application for funds under the Automobile Insurance Fraud Program pursuant to Section 1872.8 of the California Insurance Code.

Contact: Darlene Tyndal, Grants & Program Coordinator

Address: 2637 West Burrel Avenue

Visalia, CA 93291

Telephone: (559) 205-1011

(1) New Funds Being Requested: \$ 193,165

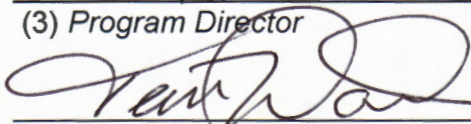
(2) Estimated Carryover Funds: \$ 1,800

Robert Dempsie

(3) *Program Director*

Yun-Gyung Park-Moore

(4) *Financial Officer*



(5) *District Attorney's Signature*

Name: Tim Ward

Title: District Attorney

County: Tulare

Address: 221 S. Mooney Blvd., Room 224

Visalia, CA 93291

Telephone: (559) 636-5494

Date: 6/20/18

FORM 03

**AUTOMOBILE INSURANCE FRAUD PROGRAM
PROGRAM CONTACT FORM
FISCAL YEAR 2017-2018**

1. Provide contact information for the person with day-to-day operational responsibility for the program, who can be contacted for questions regarding the program.

- a. Name: Robert Dempsie
- b. Title: Supervising Attorney
- c. Address: 2637 West Burrel
- d. Visalia, CA 93291
- e. E-mail address: rdempsie@co.tulare.ca.us
- f. Telephone Number: (559) 205-1001 Fax Number: (559) 624-1077

2. Provide contact information for the District Attorney's Financial Officer.

- a. Name: Yun-Gyung Park-Moore
- b. Title: Fiscal Manager
- c. Address: 2637 West Burrel
- d. Visalia, CA 93291
- e. E-mail address: rpmoore@co.tulare.ca.us
- a. Telephone Number: (559) 205-1003 Fax Number: (559) 624-1077

3. Provide contact information for questions regarding data collection/reporting.

- a. Name: Darlene Tyndal
- b. Title: Grants & Program Coordinator
- c. Address: 2637 West Burrel
- d. Visalia, CA 93291
- e. E-mail address: dtyndal@co.tulare.ca.us
- f. Telephone Number: (559) 205-1011 Fax Number: (559) 624-1077

FORM 05

**COUNTY PLAN: QUALIFICATIONS
FISCAL YEAR 2017-2018**

1. What areas of your automobile insurance fraud operation were successful and why?

INVESTIGATIONS

Over the past two years, our Auto Insurance Fraud investigator continues to be busy with a large number of SFCs to review. In fiscal year 16/17, we received 103 SFCs from the California Department of Insurance. This year, we have received another 99, for a total of 202 SFCs in the past two years.

Each of these SFCs is reviewed by the Program Investigator, with occasional assistance from other general funded investigators to help pare down the caseload. Investigators assess the viability of each case and either closes it, determining there is not enough evidence, or orders the claim file for further information and review.

A breakdown of the status of the investigator's caseload is as follows:

FY 17/18 CASES	CASES	SUSPECTS
Cases carried into FY 17/18	90	97
New Cases in FY 17/18	100	100
Total Cases*	190	197
Reviewed & Closed by Inv.	118	121
Under Investigation	11	12
Rejected by DDA	3	5
Cases in Court	1	1
Warrants	2	2
Convictions	4	5
Under DDA Review	4	4
Pending Further Information	52	53
Total	195	203

** Total cases excludes those in court (5 cases, 6 defendants)*

In addition to reviewing and closing 118 cases this fiscal year, Investigators John Lee (July through October) and John Clark (October to present) have also reviewed 55 documented case referrals.

A few examples of successful investigations this year include:

- **Case # VCF364521 (Hoffman)** – Hoffman was involved in an accident on the morning of June 10, 2016, when she collided with another vehicle. No injuries occurred and the parties opted to not have the police respond. Hoffman was not able to provide insurance at the time of the accident but provided her contact information. Later that evening, she obtained insurance online through Esurance and filed a claim.

Evidence was obtained through statements and Esurance's web site to show the insurance was purchased after the accident. Hoffman was interviewed by Investigator Clark and she persisted in her denial of filing a false complaint, stating she did not receive the insurance benefit for filing the claim.

The case was submitted, charges filed, and an arrest warrant issued. Investigator Clark contacted her parents, grandparents and friends, and went to her last known address. Eventually, Hoffman contacted Investigator Clark, telling him that she will take care of the warrant with an attorney in a few weeks, as she had just had a baby and had some complications. On June 15, 2018, Hoffman turned herself into the court.

- **Case # VCF349144 (Ontiveros)** – Ontiveros filed a claim with Sentry Insurance on August 31, 2016, saying her vehicle was vandalized. An inquiry into Ontiveros' insurance claim history indicated that she had previously filed a similar claim with similar damages with Infinity Insurance. An investigative comparison was conducted and revealed the current claim included prior damages which were actually on the vehicle claim that was filed with Infinity.

When Ontiveros was confronted with the suspected fraud claim, she challenged the validity of the claim and said that the damages were different. Investigator Lee submitted the case and charges were filed against Ontiveros. Ontiveros's defense attorney made multiple discovery motions which included due diligence for additional evidence insurance policy inception that was possibly retained by the insurance broker. Investigator Clark received the service request and sought to obtain proof of policy inception, recordings of conversations, and photographs that may have been taken at the time of insurance inception. Because the insurance brokers were independently operated, there were no application standardization, however, information and documents were retrievable from the parent company in Anaheim. Investigator Clark completed the discovery due diligence and a court hearing was set.

On May 29, 2018, Ontiveros pled guilty to Penal Code Section 550(b)(1).

- **Case # VCF366755 (Rodriguez)** – Rodriguez sold his vehicle to a private party on September 17, 2017 and received a check for \$3,500 as payment. On September 18, 2017, Rodriguez's wife attempted to cash the check and discovered the checking account was closed with insufficient funds. Afterwards, Rodriguez filed a claim with State Farm saying his vehicle was stolen, leaving out details of the sale. He then reported to the Tulare Police Department that the vehicle was stolen by use of a forged check.

On September 20, 2017, the vehicle was found abandoned by California Highway Patrol and was impounded as a recovered stolen vehicle. On September 25, 2017, Rodriguez contacted State Farm a second time with information that the alleged stolen vehicle was recovered. Rodriguez received \$2,100 from the insurance company.

The police report and Rodriguez' statements were reviewed by an investigator assisting with the caseload. On May 23, 2018, Rodriguez was approached with the evidence and he admitted that he reported the incident with the police department and filed the claim with the insurance company.

Charges have been filed against Rodriguez for violation of Penal Code 550(b)(1) and arrest warrant has been issued.

- **Case # VCF366904 (Tucker)** – Tucker was involved in a traffic accident on November 4, 2017 at 10:32 a.m. in Visalia. Local police and an ambulance responded. At 12:27 p.m., Tucker went to Workman's Auto Insurance Company and purchased an automobile policy. She did not mention the accident she was involved in a couple of hours prior to purchasing the policy.

On November 6, 2017, Tucker filed a claim with the insurance company indicating that she was involved in an accident on November 4, 2017 at 1:30 p.m. The insurance company reviewed the policy inception time and the traffic accident reports and determined that Tucker had made a fraudulent claim.

A review of the evidence verified the sequence of events. On May 23, 2018, Tucker was interviewed by an investigator assisting in the program. She admitted that she did not have an active insurance during the accident, yet filed a claim for the accident. She indicated that she was told by an uninvolved party that her policy, though purchased after the accident, covered the whole day. She further contended that she received benefits for the other party involved in the accident since it was their fault and her policy did not provide any benefits. She indicated she would be seeking additional benefits for personal injury and injuries to her children who were passengers in her vehicle.

Charges have been filed against Rodriguez for violation of Penal Code 550(b)(1) and arrest warrant has been issued.

CONVICTIONS

Throughout the last two years, the program prosecutor, Deputy District Attorney (DDA) Spencer Johnston, has secured 11 convictions (six felonies and five misdemeanors). This includes:

- **Case # VCF349800 (Chavero)** – Defendant filed a claim with Farmers Insurance, saying he accidentally hit the wall at a Payless Shoe Store. Investigation revealed the defendant's son Roberto, who had a suspended license and was an excluded driver on

the car insurance policy, was actually the driver at the time of the incident. He had fled on foot and called his dad, who arrived at the scene and told officers he was driving the car.

Chavero was charged with PC 550(b)(1) and plead to that charge on March 1, 2018.

- **PCF351293A & PCF351293B (DeLaCruz)** – This case involved two defendants, brother and sister Frank and Crystal. In March of 2017, Crystal’s mother reported her car as stolen from her house, and filed a claim with Sentry Insurance. Crystal was found to be the registered owner, but claimed she sold the car to her mother for \$1,000 but never transferred the title. The vehicle was later found but was stripped and burned.

A CHP/Tulare County Regional Auto Theft Task Force (T-RATT) investigator was provided information provided to the CHP’s office by an anonymous caller. The caller alleged that Frank towed and burned the vehicle, but that parts were stripped prior to setting it on fire. The CHP/T-RATT’s extensive investigation revealed that Crystal and Frank knowingly made false statements to both the police and the insurance company, that Crystal knew the vehicle was not at her mom’s house, but at her brother’s house because he was fixing it. The brother’s house turned out to be a chop shop. She also admitted to taking the rims prior to the car being “stolen”.

Crystal pled guilty in July 2017 to a violation of Vehicle Code 10501(a), a misdemeanor. Frank pled guilty in November 2017 to a violation of PC 550(b)(1) and 451(d) Arson.

2. Specify any unfunded contributions (i.e., financial, equipment, personnel, and technology) and support your county provided to the automobile insurance fraud program.

Many staff lend their expertise and assistance to the Program, but are charged to other funding sources. As a policy, we do not charge administration time or indirect costs to our grants. Non-grant funded contributions to this program include:

- We will cover 70% of the Program prosecutor through the Workers’ Compensation Insurance Fraud Program and the other 5% through our general fund.
- We will cover 50% of the Program’s investigator aide through our general fund.
- We utilize our general funded investigators to assist with case review when the volume gets high. These investigators review and file or review and close cases at no cost to the grant.
- Our legal office assistants spend time scanning and processing documents for program cases. They are paid through our general fund.

- Fiscal staff review and post timesheets, ensuring the grant is properly charged for staff hours, while also reviewing, coding and entering expenses associated with training and operations. All are paid by our general fund.
- The supervising attorney and supervising investigator both meet frequently with grant funded staff to review cases and offer support, and are paid through our general fund.
- The grants & program coordinator is actively involved in the Program, but is paid through our general fund.

Unfunded contributions to the program also include:

- Costs cell phones (\$780 annually) and two-way radios (\$360 annually) for Program staff are covered under our general fund.
3. Detail and explain the turnover or continuity of personnel assigned to your automobile insurance fraud program. Include any rotational policies your county may have.

It is the District Attorney's policy to rotate staff periodically to allow for the opportunity to broaden investigative and prosecutorial skills. However, the rotation of staff assigned to special programs is usually minimized, so as not to disrupt the effective operation of those programs. Assignments to special programs, including the Automobile Insurance Fraud Program, are typically long term. If a need to rotate staff presents itself (i.e., staff leave our employment), replacement staff are carefully considered, and only those demonstrating significant investigative skills and prosecutorial experience are selected.

DDA Johnston was the Program prosecutor from August 1, 2015, through June 1, 2018, when he left our employment to work in a neighboring county. He was replaced by DDA Jimmy Voge. Investigator Lee was the Program investigator from July 1, 2016 until November 2017. He was replaced by Investigator Clark. Cristal Rodarte was the Investigator Aide from October 2016 to November 2017. She was replaced by Krista Miller.

Experience and qualifications for these program staff are included later in this application.

4. List the governmental agencies you have worked with to develop potential automobile insurance fraud cases.

Our program investigator continues to collaborate with key agencies to develop cases. We utilize the services of the Fresno Regional Office, Tulare County Reduce Auto Theft Task Force (TRATT), the California Highway Patrol, Tulare County Sheriff, local municipal police departments, and the Bureau of Automotive Repair (BAR). These agencies work together to provide assistance with search warrants and information to establish solid cases.

This year, three cases received from local law enforcement (Farmersville and Dinuba Police Departments, as well as one case from TRATT) resulted in convictions.

Investigator Clark stays in close communication with TRAFF, the multi-agency consortium which meets frequently to share information and identify trends and developments in order to alert one another to potential criminal activity.

Investigator Clark also attends Special Investigation Round Table meetings as well as the Central Chapter Western States Auto Theft Investigators (WSATI) Association meetings. WSATI Association meetings are attended by investigators from several insurance agencies and district attorney offices, local law enforcement officers, and the California Department of Forestry and Fire Protection (CalFIRE). Attendees share information on cases and discuss trends in their auto fraud insurance programs.

5. Were any frozen assets distributed in the current reporting period? (Assets may have been frozen in previous years.) If yes, please describe. If no, state none.

None.

FORM 06(a)

COUNTY PLAN: STAFFING
Fiscal Year 2018-2019

COUNTY OF TULARE

Prosecutors	% Time	Time With Program Start Date/End Date
Spencer Johnston, Deputy District Attorney	25%	August 2015 – June 2018
Jimmy Voge	25%	June 2018 – present

COUNTY OF TULARE

Investigators	% Time	Time With Program Start Date/End Date
John Lee, DA Investigator	100%	July 2016 – November 2017
John Clark, DA Investigator	100%	November 2017 – present
Cristal Rodarte, Investigator Aide	50%	October 2016 – November 2017
Krista Miller, Investigator Aide	50%	November 2017 – present

Prosecutor

DDA Jimmy Voge came to our office in November 2015 and recently took on the dual prosecutor role of Auto Insurance Fraud and Workers' Compensation Fraud prosecutor. DDA Voge was most recently the special prosecutor for our Marijuana Suppression Unit, handling all of the county's serious marijuana-related felonies. He has conducted 10 jury trials, including four felony trials involving child abuse, hit and run, and DUI. DDA Voge earned a BA degree in Philosophy from Boston College, and received his JD from Santa Clara University School of Law.

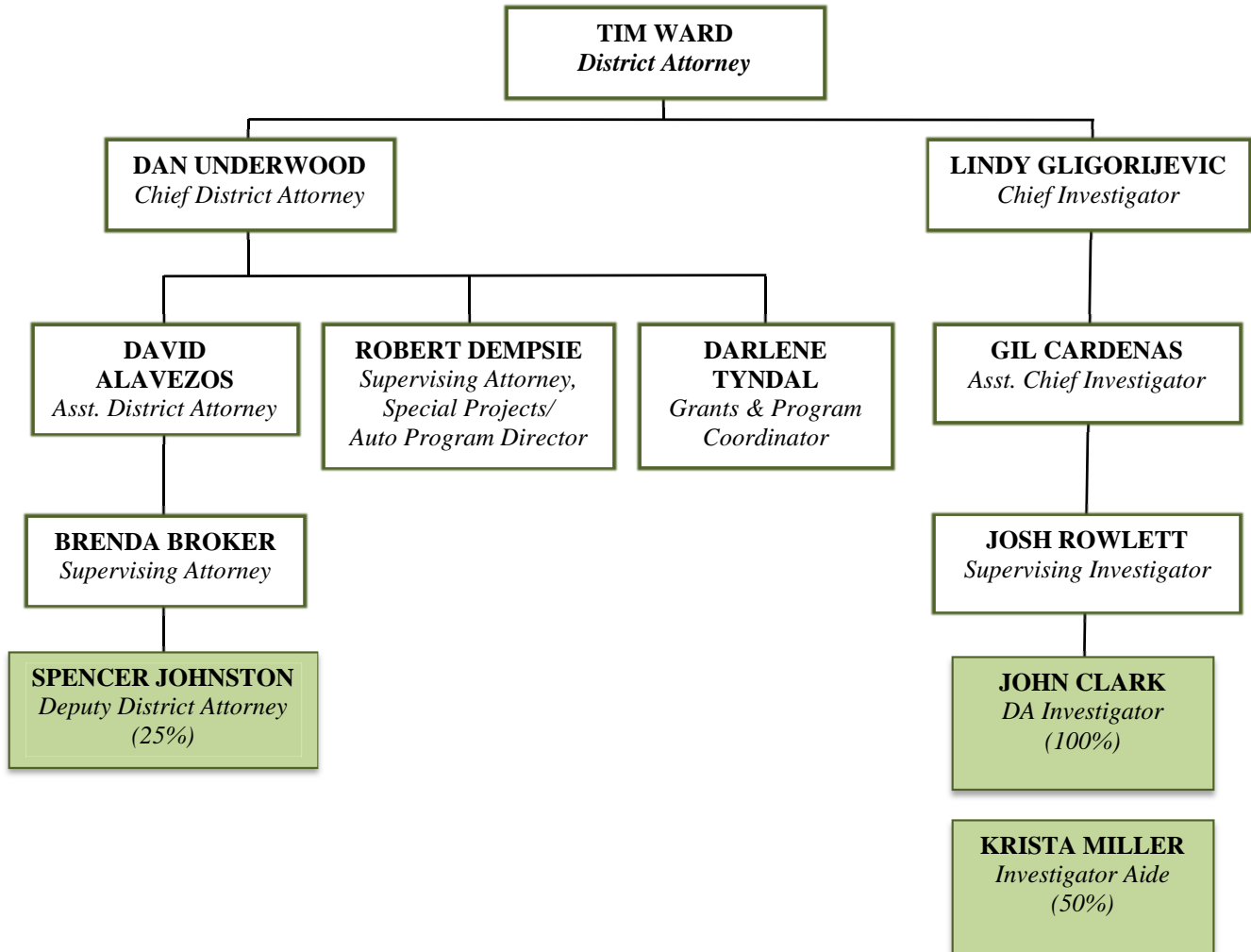
Investigators


Investigator Clark has spent his entire career in law enforcement, spending 34 years with the Los Angeles Police Department before making his way to our office. He was an investigator for our Workers' Compensation Insurance Fraud and Real Estate Fraud Programs before joining the Auto Insurance Fraud program in November 2017.

Investigator Aide Miller (formerly Dotson) came to our office November 2016, bringing three years of experience in customer service. She spent one year as an aide in the Workers' Compensation Insurance Fraud program before moving to assist on this grant. She retrieves and logs all incoming referrals, requests claim files, reviewing them for content and substance, and maintains unit statistics. Krista graduated from Milan Institute in 2014, completing the Registered Dental Assistant Program, where she received a leadership award for her outstanding academic work.

FORM 06(b)

**COUNTY PLAN: ORGANIZATIONAL CHART
FISCAL YEAR 2017-2018**



 = Staff currently funded through this grant by % funded

FORM 07

**COUNTY PLAN: DISTRICT ATTORNEY PROGRAM REPORT
FISCAL YEAR 2017-2018**

DAR (FORM 07) is submitted online

**STATISTICAL INFORMATION WILL BE CAPTURED
FROM JULY 1, 2017 TO JUNE 15, 2018**

To access the DAR webpage on the CDI website, click on the following link or copy the URL into your browser.

<http://www.insurance.ca.gov/0300-fraud/0100-fraud-division-overview/10-anti-fraud-prog/dareporting.cfm>

FORM 08

**COUNTY PLAN: PROBLEM STATEMENT
FISCAL YEAR 2017-2018**

PROBLEM STATEMENT

Describe the types and magnitude of automobile insurance fraud (e.g., applicant, medical/legal provider, staged collisions, insider fraud, insurer fraud, fraud ring, capping, and economic vehicle theft) relative to the extent of the problem specific to your county.

Use local data or other evidence to support your description.

CAUSES OF FRAUD IN THE CENTRAL VALLEY

Tulare County sits in the middle of California's Central Valley, an area plagued by some of the highest rates of poverty in the United States. Nearly half a million people (454,143) live in an area that spans 4,839 miles, a good portion of that being rural farms and dairies. It is comprised of eight incorporated cities and 59 unincorporated census designated places (CDPs), where one in five residents reside. Its unemployment rate continues to hover in the double digits (11.1%), with some CDPs as high as 22.4%¹. One in four residents live below the poverty level, with a whopping 38% of children living in poverty.² At \$42,031, Tulare County's median household income is far below the state's average of \$61,818³.

These factors significantly contribute to the social conditions that foster criminal activity. The low income/unemployment rate combination plays a role in so many drivers not having insurance coverage for their automobiles, that is, until after they are in an accident and hurriedly purchase a policy after the fact. The County's rural nature lends itself to economic car theft, our second most common type of case. There is plenty of remote farmland, where fraudsters are enticed to set their vehicle on fire and flee the scene without any witnesses.

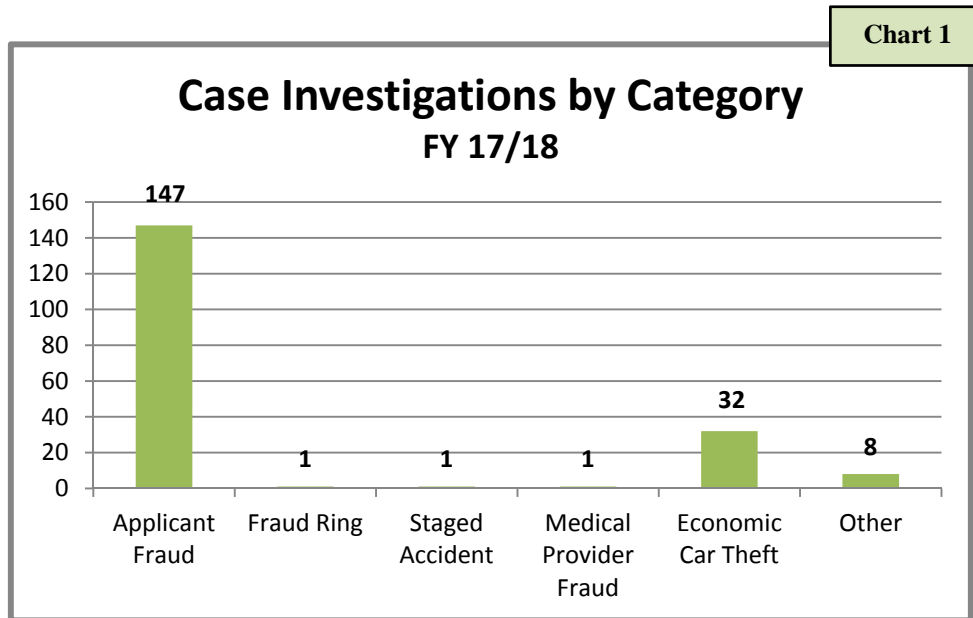
HISTORICAL FRAUD TRENDS

As seen in Chart 1 on the following page, a review of case types on this year's caseload reveals the continuing trend of applicant fraud being the most common type of automobile insurance fraud committed, followed by economic car theft. Together, these case types made up 94% of our caseload this year.

¹ EDD, March 2018

² U.S. Census 2012-2016 American Community Survey 5-Year Estimates

³ United State Census Bureau



FRAUD IMPACT

Automobile insurance fraud hurts everyone – not just the insurance companies that cover the fraudulent losses. The losses to the insurance companies are passed on to consumers through increased insurance rates. It is essential that we make every attempt to aggressively investigate and prosecute auto insurance fraud in order to keep auto insurance rates affordable for all.

FORM 09

**COUNTY PLAN: PROGRAM STRATEGY
FISCAL YEAR 2017-2018**

1. Explain how your county plans to resolve the problem described in your problem statement. Include improvements in your program.

We have been using a multi-faceted approach to fight auto insurance fraud for several years. Outreach and education, aggressive investigation/prosecution, and collaborative partnerships are all solutions to address the problems identified in this application. We plan to combat auto insurance fraud in Tulare County through the following key components:

- **Outreach & Education**
It is important that people are aware of what auto insurance fraud is, and that our office pursues this fraudulent activity. Witnesses need to know how to report suspected fraud as well. We will continue to attend large community events to disseminate information about our program.
- **Aggressive Investigation**
As mentioned earlier, Investigator Clark has a hefty caseload. He will continue to review and quickly close cases that aren't viable, while ordering the claim file for promising cases.
- **Prosecution**
DDA Voge will continue to vertically prosecute all Program cases, seeking the harshest penalty and ordering maximum restitution available in each case.
- **Collaborative Partnerships**
We will continue to coordinate with the various agencies involved in auto insurance fraud, including insurers, medical and legal providers, the Fraud Division, CHP, and local law enforcement agencies. As part of the Special Prosecution Division, this unit has access to information from our Financial Crimes, Welfare Fraud, and Workers' Compensation Insurance Fraud units. This integration provides a wealth of information sharing that can lead to auto insurance fraud investigations. The prosecutor and investigator will also continue to work closely with their counterparts in our DMV Auto Theft Program. This allows for the coordination of investigations and vigorous prosecution of cases of auto insurance fraud, which otherwise may have been overlooked as an isolated auto theft case.

Investigator Clark will also continue to participate on the Tulare County Vehicle Theft Task Force, which is comprised of all local police departments, the Sheriff's Office, CHP, and Cal-Fire. The unit is active with the Central Valley Auto Theft Task Force, the Central Valley Fraud Committee, and surrounding district attorney's

offices. Additionally, we have routine contact with investigators from the National Insurance Crime Bureau, BAR, State Medical Examiners Board, Fraud Bureau investigators, and third party administrators.

Finally, we have a comprehensive Joint Plan with the Department of Insurance, Fraud Division, Fresno Regional Office. This plan addresses our intent to reduce duplication of efforts, enhance investigative support, and increase the number of arrests and prosecutions. A signed Joint Plan is included as Attachment A to this application.

2. What are your plans to meet the announced goals of the Insurance Commissioner?
Copies have been provided for your reference.

Commissioner Jones stresses the need for program performance and continuity. We utilize grant funds to adequately staff the program in proportion to the high volume of investigative work necessary in this program. We also carefully review program expenditures and submit statistical data reports on time to ensure our program meets the standards of the Commissioner.

A coordinated and aggressive outreach program is also a goal of the Commissioner. As mentioned previously in this application, we consider outreach to be a key component of our program, and we will continue to make appearances at community events to make the public aware that we WILL investigate and prosecute this type of fraud. We ran a Public Service Announcement regarding automobile insurance fraud that aired on seven radio stations in August 2017. The advertisement was aired on English and Spanish channels, and was designed to be a deterrent to those even considering committing fraud. The PSA was paid for out of our approved FY 2016/2017 budget.

Commissioner Jones has again set the goal of having a balanced caseload, with the focus on fraudulent activities having the greatest fiscal impact to the system. For Tulare County, these include claimant fraud and economic car theft, which make up the bulk of our cases. We will do our due diligence in investigating and prosecuting these cases, ensuring that money paid out under these fraudulent claims is rightfully returned to the insurance companies.

3. What goals do you have that require more than a single year to accomplish?

All of our goals can be accomplished throughout the fiscal year.

4. Training and Outreach

- List the **training received** by each county staff member in the automobile insurance fraud unit **during Fiscal Years 2016-2017 and 2017-2018**.

The following lists the relevant trainings attended by program staff over the last two fiscal years, broken down by past and current staff:

Current Program Staff

Investigator Clark

- ✓ WASATI - Law Enforcement Heavy Equipment Identification Training (February 2018)

Investigator Aide Miller

- ✓ Anti-Fraud Allowance Anti-Fraud Conference (April 2018)
- ✓ CDAA Fraud Symposium (October 2017)
- ✓ CDI - Insurance Fraud is a Crime (May 2017)
- ✓ Employers' Fraud Task Force Symposium (January 2017)

Past Program Staff

DDA Johnston

- ✓ CDAA California High Tech and Digital Evidence Symposium (April 2018)
- ✓ CDAA Fraud Symposium (October 2017)
- ✓ CDAA Fraud Symposium (September 2016)

Investigator Lee

- ✓ CDI - Insurance Fraud is a Crime (May 2017)
- ✓ CDAA Fraud Symposium (September 2016)
- ✓ Staged Collision and Auto Fraud, CDI (May 2017)

Investigator Aide Rodarte

- ✓ CDI - Insurance Fraud is a Crime (May 2017)
- ✓ CDAA Fraud Symposium (September 2016)

- Describe what kind of training/outreach **you provided in Fiscal Year 2017-2018** to local Special Investigative Units, as well as, public and private sectors to enhance the investigation and prosecution of automobile insurance fraud. Also describe any coordination with the Fraud Division, insurers, or other entities.

Tulare County does not have any SIUs in its jurisdiction, so our focus remains on providing outreach to the community. We believe that educating the public at large will bring more awareness of auto insurance fraud and the legal ramifications of being involved. We also seek to create a mindset that fraud will not be tolerated, creating a deterrent to all types of fraud in Tulare County. Over the past two fiscal years, we have manned booths at various large community events, including:

- **September 2017 – Tulare County Fair:** manned a booth and handed out informational brochures to 150 attendees.
- **February 2018 – World Ag Expo:** manned a booth and handed out informational brochures to 75 attendees.
- **February 2018 – Visalia Police Department:** DDA Johnston and Investigator Clark presented roll call training to officers at the beginning of five different shifts. They

presented information on indicators of auto insurance fraud, as well as what type of evidence the prosecutor expects before filing a case. A total of 25 officers received this training.

- Describe what kind of training/outreach **you plan to provide in Fiscal Year 2018-2019.**

It is our policy to have the Program investigator interview the SIU investigator and/or appraiser listed in the documented case referral to verify the accuracy of the notes in the claim file. While doing so, the investigator discusses the likelihood of filing criminal charges based on the referral, explaining the “beyond a reasonable doubt” threshold to file criminal charges, as opposed to their civil standard necessary to deny a claim.

We will also continue to set up booths at large community events, including the Tulare County Fair and the World Ag Expo, effectively reaching large numbers of Tulare County residents.

New this year will be providing educational outreach to auto body repair shops. Investigator Clark will be visiting random shops to educate them on commonly used tactics by applicant fraud defendants. They will be encouraged not to conspire with customers when they suspect that customer may be involved in fraudulent behavior (i.e. asking the shop to create false or inflated invoices).

5. Describe the county’s efforts and the district attorney’s plan to obtain restitution and fines imposed by the court to the Automobile Fraud Account.

We continue to request that the court order restitution and fines in every case possible, and to request restitution as a matter of probation or parole terms. While the responsibility to collect those fees and fines falls to our County’s Probation Department, our Program’s investigator aide connects monthly with them to determine which defendants are paying as ordered and which are not actively paying.

It should be noted that the amount of restitution ordered has decreased as the number of cases where there is no chargeable fraud have increased.

In the last two fiscal years, we have ordered \$66,632 and collected \$35,752 in restitution, while ordering \$2,800 and collecting \$2,760 in fines.

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

Projection:

- a. 20 new investigations will be initiated during FY 2018-2019
- b. 8 new prosecutions will be initiated during FY 2018-2019

7. If you are asking for an increase over the amount of grant funds awarded last fiscal year, please provide a brief description of how you plan to utilize the additional funds.

<u>\$ 193,165</u> FY 2018-2019 Grant REQUEST	<u>\$ 180,000</u> FY 2017-2018 Grant AWARD	<u>\$ 13,165</u> FY 2018-2019 Increase Requested
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Utilization Plan:

The increase in our grant request represents the increasing cost of operating this program. We are once again only asking for 50% of the investigator aide. The remaining 50% is covered by our general fund.

AUTOMOBILE INSURANCE FRAUD PROGRAM PROGRAM BUDGET: PERSONNEL EXPENSES FISCAL YEAR 2018-2019		
COUNTY OF TULARE		
A. PERSONNEL SERVICES: Salaries and Employee Benefits	COST	
The following salaries and benefits are average figures for the purpose of budgeting. Actual staff placed in the program will determine exact salary figures. Benefits Package/Cafeteria Plan includes medical, dental, vision, and life insurance, plus bar dues for attorneys.		
Deputy District Attorney: .25 FTE - The DDA will be responsible for the vertical prosecution of Program cases. This attorney will report to the Financial Crimes Division Supervising Attorney. The grant will cover 25% of the salary and benefits for this position.		
Salary:	\$87,566	
Benefits: Retirement:	\$9,168	
Social Security:	\$6,699	
Benefits Pkg:	\$9,843	
Sick Leave Buyback	\$842	
Worker's Comp:	\$1,900	
POB	\$5,709	
	<u>\$9,843</u>	
Sub Total Benefits:	\$44,004	50%
DDA Total Salary and Benefits:	\$131,570	@ 25%
		\$32,892
DA Investigator: 1 FTE - The investigator will be responsible for the investigation of Program cases. This investigator will report to the Fraud Bureau's Supervising Investigator. The grant will cover 100% of the salary and benefits for this position.		
Salary:	\$77,973	
Benefits: Retirement:	\$12,554	
Social Security:	\$5,965	
Benefits Pkg:	\$11,287	
Sick Leave Buyback	\$1,499	
Worker's Comp:	\$1,900	
POB	\$4,957	
	<u>\$4,957</u>	
Sub Total Benefits:	\$38,162	49%
DA Inv. Total Salary and Benefits:	\$116,135	
		\$116,135
Investigator Overtime:	80 hours x \$56.23 per hour =	\$4,498
Investigator Aide: .50 FTE - The aide will assist the program investigator as needed, track case status, and ensure restitution is paid. The grant will cover 50% of the salary and benefits for this position.		
Salary:	\$36,919	
Benefits: Retirement:	\$3,865	
Social Security:	\$2,824	
Benefits Pkg:	\$9,626	
Sick Leave Buyback	\$710	
Worker's Comp:	\$1,900	
POB	\$2,407	
	<u>\$2,407</u>	
Sub Total Benefits:	\$21,332	58%
Inv. Aide Total Salary and Benefits:	\$58,251	@ 50%
		\$29,125
A. PERSONNEL SERVICES TOTAL		\$182,652

AUTOMOBILE INSURANCE FRAUD PROGRAM PROGRAM BUDGET: OPERATING EXPENSES FISCAL YEAR 2018-2019	
COUNTY OF TULARE	
B. OPERATING EXPENSES	COST
Training and Travel CDAA, NCFIA or other relevant training for program staff. Actual expenses will be pro-rated according to staff funding %. Registration: \$350 x 1.75 x 1	

FORM 13

**AUTOMOBILE INSURANCE FRAUD PROGRAM
PROGRAM BUDGET: EQUIPMENT LOG
PRIOR FISCAL YEAR 2017-2018**

COUNTY NAME: Tulare

Equipment Ordered	Equipment Cost	Date Ordered	Date Received	Serial Number	Equipment Tag Number

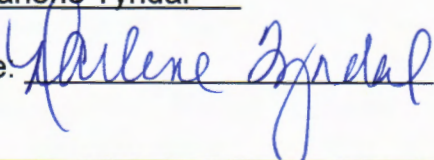
Rows can be inserted as needed.

☒ **No equipment purchased.**

I certify this report is accurate and in accordance with the Grant guidelines.

Name: Darlene Tyndal

Title: Grants & Program Coordinator

Signature: 

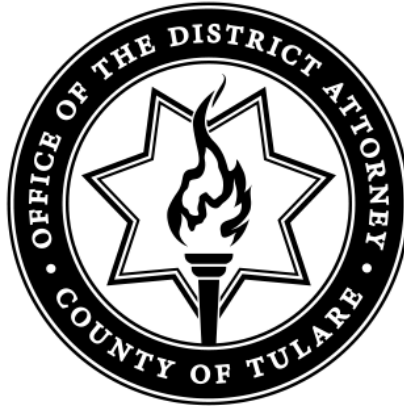
Date: 6/21/18

ATTACHMENT A

JOINT PLAN

JOINT PLAN

BETWEEN THE



**OFFICE OF THE DISTRICT ATTORNEY
COUNTY OF TULARE**

TIM WARD, DISTRICT ATTORNEY

AND THE

**CALIFORNIA DEPARTMENT OF INSURANCE
FRAUD DIVISION
CENTRAL VALLEY REGIONAL OFFICE**

FISCAL YEAR 2018-2019

OVERVIEW

For over a decade, the Office of the Tulare County District Attorney (District Attorney) has been steadily moving forward in its investigation and prosecution of workers' compensation and automobile insurance fraud in Tulare County. Collaboration has been key to our success.

Our Automobile Insurance Fraud Program staff has been actively involved in the Central Chapter Western States Auto Theft Investigators (WSATI) Association, as well as the Tulare County Reduce Auto Theft Task Force (TRATT). In addition, we actively participated in the San Joaquin Valley Premium Fraud Consortium from 2005 to 2017, and have been an active participating member of the Central Valley Workers' Compensation Fraud Task Force (Task Force) since its inception on August 2, 2017. As spelled out in the Memorandum of Understanding (MOU) that governs this collaborative effort, the mission of the Task Force is to successfully investigate and prosecute all areas of workers' compensation fraud in the Central Valley counties focusing members' combined resources on complex medical fraud cases. In addition, the Task Force will work premium fraud and applicant fraud cases as directed by the Insurance Commissioner's goals and objectives.

This level of involvement has highlighted the problem of workers' compensation and automobile insurance fraud throughout the Central Valley, and has been a showcase for cooperation and collaboration. The ability to work closely with the myriad agencies involved in these collaborative groups has yielded significant investigative results and similar success in court.

STATEMENT OF GOALS

As the workload increases for both the District Attorney and the Fraud Division, strong communication and the efficient use of current resources are essential if we are to work together to effectively combat insurance fraud in Tulare County. Therefore, the District Attorney and Fraud Division agree to work together to achieve our overarching goal: **effectively investigate and prosecute those who commit insurance fraud in Tulare County.**

To that end, we have identified five goals and accompanying objectives that not only allow us to meet the larger goal, but also align with objectives identified by Insurance Commissioner Dave Jones (Medical Provider Fraud, Performance and Continuity Within the Program, Outreach, and Balanced Caseload) and the Fraud Assessment Commission (Funding of and Performance Within the Program, Joint Plans and Memorandums of Understanding, Outreach and Public Awareness, and Balanced Effort Against all Types of Fraud).

Both parties agree to investigate cases having the greatest financial impact on the workers' compensation system in Tulare County, while continuing to provide outreach to the community to deter insurance fraud and reduce the overall occurrence of these types of crimes.

Each agency agrees that anti-fraud efforts must be conducted in a cost effective and efficient manner with professionalism, productivity and effectiveness being the overriding principles governing the relationship.

JOINT PLAN GOALS

GOAL 1: Promote the Efficient and Effective Usage of Finite Investigative Resources Resulting in Convictions

Objective 1-1: Avoid Any Duplication of Investigations

A continual concern of interested parties, from insurance carriers to the Fraud Assessment Commission, is the efficient usage of investigative resources. A review of the cases investigated and prosecuted reveals no cases handled by the District Attorney have experienced an overlap or duplication of investigation with the Fraud Division. To continue this record the following activities are established:

Activities:

- All case referrals to the Fraud Division or the District Attorney shall be logged in a database;
- On a monthly basis or as needed, the Fraud Division Staff and the District Attorney Investigators shall confer and compare referral postings; and
- Each office will, on a monthly basis or as needed, provide a confidential list of cases referred and opened for investigations by each office.

Objective 1-2: Institute Pre-Investigation Review of Suspected Fraud Referrals

A percentage of suspected fraud referrals do not warrant prosecution for several reasons. Identifying such cases immediately will eliminate the fruitless usage of investigative resources. Furthermore, pre-investigation review can provide information that better utilizes investigative resources.

Fraud Division detectives shall confer with the Deputy District Attorney to review suspected fraud referrals, as necessary, prior to initiating an investigation.

Objective 1-3: Facilitate Expeditious Filing Review of Submitted Investigations

Expeditious but careful review of cases submitted for prosecution is in the best interests of both agencies. Such review allows for a redeployment of investigative resources when necessary, the freeing of resources for other cases and the efficient allocation of prosecution resources. The complexity of cases impact the rapidity of prosecution review but in all cases, the intent is to expeditiously render a filing decision.

Activities:

- All investigative case referrals to the District Attorney for a filing decision shall be resolved within 60 days of the referral date except in cases of significant complexity;
- In complex cases, the Deputy District Attorney and the submitting Detective shall confer and develop a reasonable timeline for review and decision;

- All case referrals for filing at a minimum shall include:
 - 1) All investigative narrative reports;
 - 2) List of witnesses interviewed;
 - 3) Copies of recorded witness interviews;
 - 4) Statement from the suspect(s) if available;
 - 5) Copies of any sub rosa video footage if available;
 - 6) Copy of relevant documents from the insurance claim file;
 - 7) Copy of relevant correspondence between suspect(s) and carrier;
 - 8) Relevant medical records;
 - 9) Any other relevant documentation such as, but not limited to, accounting reports, canceled checks, or cell phone records; and
 - 10) The full insurance file or medical file in the possession of the Fraud Division will be made available on request.
- Cases shall be filed when the evidence presented in the referral proves each element of the offense sufficiently. Sufficiency of proof means a legal and ethical presentation to a jury by a prosecutor is not merely a possibility but is professionally sustained.

GOAL 2: Facilitate Communication Between the Fraud Division and the District Attorney

Objective 2-1: Establish Criteria for Request of Fraud Division Resources

Criteria for requesting the use of Fraud Division resources shall include the following:

- Cases requiring multiple search warrants;
- Very complex cases; and
- Cases requiring audit services when the District Attorney's forensic auditor is not available.

Objective 2-2: Open Information Sharing

Any information held by each office pertaining to a referral can either provide further leads or preclude the need for an investigative function. The sharing of such information will save time thereby increasing the efficiency of investigations.

Activities:

- On a weekly basis or as necessary, Fraud Division Staff and the District Attorney Investigators shall inform the other of investigative information available on new referrals.
- Information pertaining to open investigations shall be transmitted expeditiously.
- On a quarterly basis, the District Attorney will file a conviction report with

attached certified copies of court sentencing minute orders for reported cases with the Fraud Division.

Objective 2-3: Create and maintain active linkage

Due to the demands of case investigations, active linkage can be a problem. Our good intentions of networking may fall to the wayside when a crucial witness needs to be interviewed. Creating and maintaining a consistent time for face to face interaction will provide a forum to share information, exchange ideas, build continuity and thereby increase the efficiency of investigations.

Activities:

- As designated by the respective agencies, Fraud Division Staff and the District Attorney Investigators shall meet face to face alternately in Fresno and Visalia.
- On a quarterly basis or periodically as established, Fraud Division staff and the Investigators from the District Attorney will participate in the Central Valley Workers' Compensation Fraud Task Force meetings.

Objective 2-4: Expeditious Conflict Resolution

Despite open communication and the best intentions, conflicts and differences of opinion may develop periodically. The expeditious discussion of such conflict will not only save time, thereby increasing the efficiency of investigations, but further enhance the working relationship between agencies.

Activities:

- As needed, Fraud Division staff and the District Attorney investigators shall update each other on investigative information available;
- In the event a conflict between detectives or with prosecutors develops, using the open lines of communication established, the detectives or prosecutors will seek resolution. If a resolution can not be achieved at this level, the immediate supervisors shall jointly meet with the detectives/prosecutors to seek resolution. It is anticipated that most, if not all conflicts will be resolved by this step; and
- If a conflict persists, the Captain of the Fraud Division and the Chief Investigator for the District Attorney shall meet and confer.

Objective 2-5: Joint Case Development

The two agencies shall communicate at collaborative meetings during (the Central Valley Workers' Compensation Fraud Task Force to identify any complex, multi-jurisdictional cases that would require in depth investigative efforts across agencies. Once a joint case is identified, the two agencies agree to:

- Set a date for the initial meeting between the Fraud Division detectives and

- the Deputy District Attorney within two weeks of identifying such cases; and
- Communicate on a weekly basis or as needed depending on the complexity of the case and any new information that becomes available.

GOAL 3: Increase the Level of Confidence and Trust Between the Fraud Division and the District Attorney

Objective 3-1: Develop Uniform Investigative Skills and Knowledge

Confidence and trust between agencies will be enhanced by sharing a common skill and knowledge base. Investigators must rely on one another. Understanding and knowing investigators from either agency operate with the same levels of skill, knowledge and experience will foster team building and interoperability.

Activities:

- Conduct quarterly informal joint training on topics and issues relevant to fraud investigations and prosecutions; and
- Since no SIUs exist in Tulare County, investigators from the Fraud Division District Attorney will create a joint training that can be offered to law enforcement agencies and self-insurers in Tulare County when a need is identified; and
- Jointly attend the annual CDAA sponsored insurance fraud training.

Objective 3-2: Develop a Uniform Investigative Report Format

A uniform investigative report format will assist either agency in readily comprehending information contained in reports. Using similar formats will promote consistency in investigations thereby increasing confidence in such investigations.

Activities:

- Begin regular meetings between Fraud Division and the District Attorney to develop uniform reporting format.

GOAL 4: Conduct High Impact Joint Investigative Operations

Objective 4-1: Provide Mutual Assistance on Major Investigative Operations

Mutual assistance is currently a part of the working relationship between the Fraud Division and the District Attorney. This Joint Plan continues this policy.

Activities:

- Assist on search warrants requiring multiple location service;
- Provide back up support on arrest warrants where necessary; and
- Where appropriate, conduct undercover operations.

Objective 4-2: Conduct Undercover Operations Where Appropriate

Undercover operations at times are the only effective means of addressing particular types of fraud such as provider fraud or mill activity. In order to maximize the potential for success, both agencies agree to work cooperatively and where appropriate, jointly.

Activities:

- Undercover operations by either agency shall be conducted according to current legal standards and in deference to the safety of the agents and the public.
- Such undercover operations whether conducted separately or in conjunction, shall be confidentially disclosed to avoid any negative outcomes.
- Command and control of the undercover operation shall reside with the agency initiating the activity unless by mutual agreement command is transferred.

Objective 4-3: Conduct a High Profile Joint Operation Targeting Uninsured Employers

A multiple agency operation targeting uninsured employers is intended to make a major impact in the region. A joint operation increases the reach and also the opportunity for media coverage.

Activities:

- Develop targeting plan;
- Assemble participating agencies; and
- Conduct operation in the second quarter of the fiscal year.

Objective 4-4: Stay Involved with the Central Valley Workers' Compensation Fraud Task Force

Both premium fraud cases and medical fraud cases can be major undertakings for any agency. Often these cases involve multiple counties and agencies. This region-wide Task Force, composed of investigators from District Attorney offices throughout the San Joaquin Valley and detectives from the Fraud Division (along with the Employment Development Department and the Franchise Tax Board) will jointly investigate major premium fraud and medical fraud cases without regard to in which county the case originated. The Task Force will then provide investigative support on the case when

prosecuted in the designated county. The Task Force will also conduct high visibility regional enforcement of uninsured businesses.

Activities:

- Attend regular Task Force meetings between the Fraud Division and the District Attorney offices in the region;
- Continue operating under the MOU for the Task Force; and
- Seek an appropriate level of funding to operate and maintain the Consortium.

GOAL 5: Increase Fraud Awareness in the Business Community, Labor Sector and the General Public Through Educational Activities

Objective 5-1: Educate Businesses

Activities:

- As needed, conduct business forums on insurance issues relevant to the business community;
- Conduct training for businesses on site regarding insurance fraud; and
- Create public service messages directed at business.

Objective 5-2: Create Deterrent Factors

Activities:

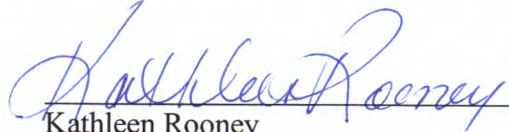
- Publicize every conviction through all media formats;
- Use real case information in all presentations regarding insurance fraud, including sub-rosa tapes, video interviews and testimonials where available;
- Submit conviction information to trade publications, union newsletters, and through local chambers of commerce; and
- Create public service messages.

It is the intent of each agency to efficiently and effectively investigate and prosecute Workers' Compensation Insurance Fraud and Automobile Insurance Fraud. We are committed to these programs and will work diligently to ensure their success.



Tim Ward
District Attorney
Office of the District Attorney
County of Tulare

4/19/18
Date



Kathleen Rooney
Assistant Chief
Department of Insurance
Fraud Division

April 16, 2018
Date

ATTACHMENT B
CASE DESCRIPTIONS (CONFIDENTIAL)



**District Attorney
COUNTY OF TULARE
AGENDA ITEM**

BOARD OF SUPERVISORS

KUYLER CROCKER
District One

PETE VANDER POEL
District Two

AMY SHUKLIAN
District Three

J. STEVEN WORTHLEY
District Four

MIKE ENNIS
District Five

AGENDA DATE: October 23, 2018 - **REVISED**

Public Hearing Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Published Notice Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Advertised Published Notice	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
County Counsel Sign Off	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Meet & Confer Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Electronic file(s) has been sent	Yes	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Personnel Resolution attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>

CONTACT PERSON: Robert Dempsie PHONE: 636-5494

SUBJECT: Approve an agreement with the Insurance Commissioner of the State of California for the Workers' Compensation Insurance Fraud Program.

REQUEST(S):

That the Board of Supervisors:

1. Approve the Grant Award Agreement to accept grant funding from the Insurance Commissioner of the State of California for the Workers' Compensation Insurance Fraud Prosecution Program in the amount of \$540,309, retroactive to July 1, 2018 through June 30, 2019. This grant is retroactive due to having received the signed grant award in late September 2018.
2. Find that the Board had authority to enter into the proposed agreement as of July 1, 2018 and that it was in the County's best interest to enter into the agreement on that date.
3. Authorize the District Attorney to sign the Grant Award Agreement for the Workers' Compensation Insurance Fraud Program.
4. Direct the Board Clerk to prepare a certified copy of the resolution for the District Attorney's Office.
5. Agree that any liability arising out of the performance of the Grant Award Agreement, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency, and acknowledge that the State of California and the California Department of Insurance disclaim responsibility for any such liability.

SUBJECT: Approve an agreement with the Insurance Commissioner of the State of California for the Workers' Compensation Insurance Fraud Program

DATE: October 23, 2018

SUMMARY:

The purpose of the Workers' Compensation Insurance Fraud Prosecution Program (WC Program) is to increase the investigation and prosecution of fraudulent workers' compensation cases. The Program targets those individuals who are actively involved in defrauding Tulare County businesses, governmental entities, and insurance companies of millions of dollars through false claims and premium fraud. The Office of the District Attorney has been awarded this grant for over a decade.

In Fiscal Year 2017/2018, the WC Program staff investigated 34 new cases, and secured 15 convictions, ordering over \$3.3 million in restitution to be paid back to victims.

The grant period for this renewal is July 1, 2018 through June 30, 2019. However, the countersigned Grant Award Agreement, which the District Attorney of the County is specifically required to sign, was not received from the California Department of Insurance until September 20, 2018. Therefore, the District Attorney's Office requests that this agreement is approved retroactive to July 1, 2018.

A prior agreement, identical except for the term or time period and/or dollar value, was approved as to form by County Counsel on November 27, 2017, and was approved by the Board of Supervisors on December 5, 2017. The substantive deviations from the standard County boilerplate identified in the prior agenda item were:

1. The agreement requires the County to agree to release the State from any liability arising out of the performance under the agreement.

The proposed renewal agreement does not include any additional deviations from the standard County boilerplate. The only changes from the prior agreement are to the time period of the agreement, from July 1, 2017 through June 30, 2018 to July 1, 2018 through June 30, 2019, and the dollar amount of the agreement, from \$509,336 to \$540,309. The price for services has not changed.

FISCAL IMPACT/FINANCING:

The Workers' Compensation Insurance Fraud Prosecution Program grant (Budget Unit 3182) for \$540,309 covers the period of July 1, 2018 through June 30, 2019. The District Attorney's Office is not requesting additional Net County Cost for this program beyond the already adopted FY 18/19 Net County Cost.

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

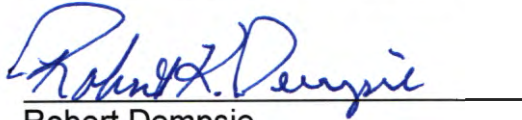
The County's five-year Strategic Business Plan and Management System include Safety and Security initiatives to provide for the safety and security of the public. The authorization to accept continued grant funding from the California Department

SUBJECT: Approve an agreement with the Insurance Commissioner of the State of California for the Workers' Compensation Insurance Fraud Program

DATE: October 23, 2018

of Insurance helps to fulfill this initiative by continuing to provide dedicated staff to investigate and prosecute workers' compensation insurance fraud cases throughout Tulare County, protecting businesses and individuals from being victims of this kind of fraud.

ADMINISTRATIVE SIGN-OFF:



Robert Dempsie
Assistant District Attorney

Cc: County Administrative Office

Attachment(s) 1) Grant Award Agreement
 2) Grant Application

BEFORE THE BOARD OF SUPERVISORS COUNTY OF TULARE, STATE OF CALIFORNIA

IN THE MATTER OF APPROVE AN
AGREEMENT WITH THE INSURANCE
COMMISSIONER OF THE STATE OF
CALIFORNIA FOR THE WORKERS'
COMPENSATION INSURANCE FRAUD
PROGRAM

)
) Resolution No. _____
) Agreement No. _____
)
)
)

UPON MOTION OF SUPERVISOR _____, SECONDED BY
SUPERVISOR _____, THE FOLLOWING WAS ADOPTED BY THE
BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD _____
_____, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: MICHAEL C. SPATA
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY: _____
Deputy Clerk

* * * * *

1. Approved the Grant Award Agreement to accept grant funding from the Insurance Commissioner of the State of California for the Workers' Compensation Insurance Fraud Prosecution Program in the amount of \$540,309, retroactive to July 1, 2018 through June 30, 2019. This grant is retroactive due to having received the signed grant award in late September 2018.
2. Found that the Board had authority to enter into the proposed agreement as of July 1, 2018 and that it was in the County's best interest to enter into the agreement on that date.
3. Authorized the District Attorney to sign the Grant Award Agreement for the Workers' Compensation Insurance Fraud Program.
4. Directed the Board Clerk to prepare a certified copy of the resolution for the District Attorney's Office.
5. Agreed that any liability arising out of the performance of the Grant Award Agreement, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency, and acknowledge that the State of California and the California Department of Insurance disclaim responsibility for any such liability.

**INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA**

GRANT AWARD AGREEMENT

Fiscal Year 2018-19

Workers' Compensation Insurance Fraud Program

The Insurance Commissioner of the State of California hereby makes an award of funds to **Tulare County**, Office of the District Attorney, in the amount and for the purpose and duration set forth in this grant award.

This grant award consists of this agreement and the application for the grant and made a part hereof. By acceptance of the grant award, the grant award recipient agrees to administer the grant program in accordance with all applicable statutes, regulations, and Request-for-Application (RFA).

Duration of Grant: The grant award is for the program period **July 1, 2018** through **June 30, 2019**.

Purpose of Grant: This grant award is made pursuant to the provisions of California Insurance Code Section 1872.83 and shall be used solely for the purposes of enhanced investigation and prosecution of workers' compensation insurance fraud cases.

Amount of Grant: The grant award agreed to herein is in the amount of **\$540,309**. This amount has been determined by the Insurance Commissioner with the advice and consent of the Fraud Assessment Commission based on the estimated funds collected pursuant to Section 62.6 of the Labor Code. However, the actual total award amount for the county is contingent on the collection of assessments and the authorization for expenditure pursuant to Government Code Section 13000 et seq. The grant award shall be distributed pursuant to Section 1872.83 of the Insurance Code and the California Code of Regulations Subchapter 9, Article 3, Sections 2698.53, 2698.54, and 2698.57.

<p>Official Authorized to Sign for Applicant/Grant Recipient</p> <p>Name: Tim Ward Title: District Attorney</p> <p>Address: 221 South Mooney Blvd., Room 224 Visalia, CA 93291</p> <p>Date: _____</p>	<p>DAVE JONES Insurance Commissioner</p> <p>Name: George Mueller Title: Deputy Commissioner</p> <p>Date: _____</p>
--	--

I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purposes of this expenditure.

Crista Hill, Budget Officer, CDI

Date

**APPLICATION
FOR THE
WORKERS' COMPENSATION
INSURANCE FRAUD PROGRAM
FISCAL YEAR 2018-2019**

Submitted By:

**Office of the District Attorney
County of Tulare
Tim Ward, District Attorney**



Submitted To:

**California Department Of Insurance
Fraud Division**



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FORM 01

**GRANT APPLICATION CHECKLIST and SEQUENCE
FISCAL YEAR 2017-2018**

THE APPLICATION MUST INCLUDE THE FOLLOWING:

	<u>YES</u>	<u>NO</u>
1. GRANT APPLICATION TRANSMITTAL (FORM 02) completed and signed by the district attorney?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. PROGRAM CONTACT FORM (FORM 03) completed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Original or certified copy of the BOARD RESOLUTION (FORM 04) included? If NOT, the cover letter must indicate the submission date.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. TABLE OF CONTENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. The County Plan includes:		
a) COUNTY PLAN QUALIFICATIONS (FORM 05)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) STAFF QUALIFICATIONS (FORM 06(A))	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) ORGANIZATIONAL CHART (FORM 06(B))	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) PROGRAM REPORT (DAR OR FORM 07)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) COUNTY PLAN PROBLEM STATEMENT (FORM 08)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f) COUNTY PLAN PROGRAM STRATEGY (FORM 09)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Projected BUDGET (FORMS 10-12) included?	<input type="checkbox"/>	<input type="checkbox"/>
a) LINE-ITEM TOTALS VERIFIED?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) PROGRAM BUDGET TOTAL (FORM 12) matches the amount requested on FORM 02?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. EQUIPMENT LOG (FORM 13) completed and signed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. JOINT PLAN (Attachment A) completed and signed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. CONFIDENTIAL CASE DESCRIPTIONS (Attachment B) Is all content readable? A partial narrative is not acceptable.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. ELECTRONIC VERSION (CD/DVD) included?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

FORM 02

GRANT APPLICATION TRANSMITTAL

WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM

Grant Period: July 1, 2018 to June 30, 2019

Office of the District Attorney, County of Tulare, hereby makes application for funds under the Workers' Compensation Insurance Fraud Program pursuant to Section 1872.83 of the California Insurance Code.

Contact: Darlene Tyndal, Grants & Program Coordinator

Address: 221 S. Mooney Blvd, Room 224

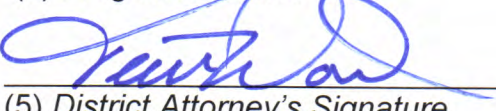
Visalia, CA 93291

Telephone: (559) 205-1011

(1) New Funds Being Requested: \$ 547,637

(2) Estimated Carryover Funds: \$ 0

Robert Dempsie Rainbow Park-Moore
(3) Program Director (4) Financial Officer


(5) District Attorney's Signature

Name: Tim Ward

Title: District Attorney

County: Tulare

Address: 221 S. Mooney Blvd., Room 224

Visalia, CA 93291

Telephone: (559) 636-5494

Date: 4/20/2018

FORM 03

**WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM
PROGRAM CONTACT FORM
FISCAL YEAR 2017-2018**

1. Provide contact information for the person with day-to-day operational responsibility for the program, who can be contacted for questions regarding the program.

- a. Name: Robert Dempsie
- b. Title: Supervising Attorney
- c. Address: 221 S. Mooney Blvd., Room 224
- d. Visalia, CA 93291
- e. E-mail address: rdempsie@co.tulare.ca.us
- f. Telephone Number: (559) 205-1001 Fax Number: (559) 624-1077

2. Provide contact information for the District Attorney's Financial Officer.

- a. Name: Rainbow Park-Moore
- b. Title: Fiscal Manager
- c. Address: 221 S. Mooney Blvd., Room 224
- d. Visalia, CA 93291
- e. E-mail address: rpmoore@co.tulare.ca.us
- a. Telephone Number: (559) 205-1003 Fax Number: (559) 624-1077

3. Provide contact information for questions regarding data collection/reporting.

- a. Name: Darlene Tyndal
- b. Title: Grants & Program Coordinator
- c. Address: 221 S. Mooney Blvd., Room 224
- d. Visalia, CA 93291
- e. E-mail address: dtyndal@co.tulare.ca.us
- f. Telephone Number: (559) 205-1011 Fax Number: (559) 624-1077

FORM 05

**COUNTY PLAN: QUALIFICATIONS
FISCAL YEAR 2017-2018**

1. What areas of your workers' compensation insurance fraud operation were successful and why?

Tulare County has continued to operate a successful program, and there are several areas we'd like to highlight as part of that success.

We continue to carry a large caseload. Throughout the 2017/2018 fiscal year, our WC Program staff handled a total of 93 cases (56 carryover cases and 37 new cases).

Of those, 19 were reviewed and closed by program investigators, 13 were thoroughly investigated, but ultimately rejected due to insufficient evidence, five are defendants out to warrant, three are under attorney review, 18 are currently under investigation, and 12 are inactive. Another twenty three were filed, and of those, 10 resulted in a conviction (10 cases with 11 defendants), one case was dismissed, and 12 are currently in court.

The following represents successful areas of our WC Program.

A. CASES IN COURT

Deputy District Attorney Spencer Johnston is finishing up his second year as the program's prosecutor. He has secured nine convictions through April 15, 2018, and has another 11 cases in various stages of adjudication.

Supervising DDA Doug Rodgers was successful in securing a felony conviction for Juan Ayala, as well as a misdemeanor conviction for Alfredo Ayala, two of the eight defendants in the long-running JA Contracting case. Both defendants have a restitution hearing and sentencing set for May 7, 2018. Juan Ayala has already agreed to pay EDD, one of the victims in this case, \$3,368,857 in restitution. That number may increase based on the outcome of the hearing in May. This will be reported at the Fraud Assessment Commission meeting in June. Four JA Contracting defendants remain in court.

In the last two fiscal years (FY 16/17 and 7/1/17 through 4/15/18), we have secured 30 convictions – five felony and 25 misdemeanor – while ordering \$237,317 in restitution and \$108,289 in fines. A breakdown of those convictions can be seen in the following table.

CONVICTIONS <i>Fiscal Year 17/18 through 4/15/18</i>	
Case Type	No. of Convictions
Applicant Fraud	9
Premium Fraud	3
Uninsured Employer	18
TOTAL	30

A synopsis of a few of our cases in court include:

- **People vs. Jackson (Claimant Fraud)** – Jackson was injured on the job several years ago. After being on TDD for a few years, he began exaggerating his shoulder and hand injuries, saying he had progressive physical limitations and levels of severe pain. He testified at a deposition that he experiences severe pain from every day activities like lifting a gallon of milk, shaving, and even putting on his glasses. However, sub rosa video showed him performing many different activities far more strenuous than those he described, showing no evidence of pain or restraint. Jackson is being charged with violating Insurance Code 1871.4(a)(1) and Penal Code 550(a)(1), both felonies. A jury trial is set for May 17, 2018.
- **People vs. Mario Gutierrez (Premium Fraud)** – in 2013, an employee of a local citrus packing house was injured on the job, losing his thumb. During an investigation of that potential uninsured employer case, the owner of the packing house said he wasn't responsible, as 24/7 Farm Labor Contracting provided him with the labor crew, and that company was providing insurance for its employees. Gutierrez is the owner of the business. A search warrant provided evidence that, when reviewed by our forensic auditor, Gutierrez had been making cash payments to employees, and under-reporting his payroll. By doing this, he reduced his premium by \$16,276 in one year. Gutierrez is charged with IC 11760(a). A preliminary hearing is set for May 7, 2018.
- **People vs. Mark Gutierrez (Uninsured Employer Fraud)** – the victim in this case met with Gutierrez about a kitchen remodel. She paid Gutierrez \$5,800 in cash for the work. After she complained about the quality of his work, Gutierrez abandoned the project. The victim reported this to CSLB. Gutierrez was found to have no contractor's license and no workers' compensation insurance coverage for his two employees. He was charged with violating Labor Code 3700.5, along with Business & Professions Codes 7028(a) and BP 7027.1. Gutierrez pled guilty to all charges in January 2018.

B. SOLID INVESTIGATIONS

- **Case No. 17-014681 (Claimant Fraud)** – in this case, the defendant claimed he sustained facial injuries at work on May 13, 2016, when, while carrying a crate of fruit through an orchard, he tripped and fell, hitting his face against a trailer and the crate. The defendant suffered a nasal fracture, lacerations and contusions, resulting in a six day hospital stay. The insurance company's SIU investigation revealed that no one witnessed the alleged trip and fall. However, several people did witness a physical altercation the defendant was involved in with a co-worker on that same day.

DA Investigator Alonzo Gutierrez interviewed said co-worker, who told him that on that day, the defendant was drunk and wouldn't stop bothering him. He said he punched the defendant once in the face because "he wouldn't shut up and was being disrespectful." The defendant denied being intoxicated at the time of the injury, then later changed his story, saying he had one beer a few hours prior to his injury. However, hospital records told a different story, showing Agustin's blood alcohol level at the time of his admission to be 0.28.

A preliminary hearing for this case is set for April 30, 2018.

- **Case No. 17-01-000525 (Provider Fraud)** – our program received an SFC from Insurance Company of the West in October 2017 regarding the suspect submitting suspicious billing claims to them. ICW found the suspect, through her interpreting company, had billed for Spanish interpreting services she allegedly provided – to English speaking patients. ICW's investigation revealed that the suspect billed ICW \$3,090 for interpreting services on claims with no corresponding date of medical service associated with medical reporting and billing records turned over by the alleged provider listed on her invoices. She double billed the insurance company over 100 times, to the tune of \$14,440.

Investigator Gutierrez interviewed four witnesses. Witness statements revealed none of the witnesses were able to identify the suspect from a photo, and all four stated they had never heard of the suspect's name. Three witnesses stated they have never been treated by the doctor at the clinic where the suspect allegedly provided the interpreting services for them. One witness stated that at the clinics where he was treated, the entire staff speaks Spanish, so he wouldn't have a need for interpreting services. One witness stated he speaks only English. Incidentally, his interview was conducted entirely in English.

This investigation is ongoing.

- **Case No. 16-01-000518 (Premium Fraud/Uninsured Employer Fraud)** – in September 2016, our office received an SFC regarding a local roofing company that was intentionally reducing its workers' compensation insurance premiums by incorrectly reporting the company's employee wages. The SFC indicated that EDD records revealed the company reported having three roofers employed from 2013 to

2014, and two roofers from 2014 to 2017. They also reported having less than \$50,000 in payroll annually during those years. However, SCIF records showed the same company's owner reported gross invoices of \$486,728 from June 29, 2014 to June 29, 2015, and \$881,564 for the period of June 29, 2015 through June 29, 2016.

DA Investigator Khoua Lopez' investigation so far has revealed six to seven roofers employed by the company. She interviewed two homeowners who used the company, and both stated six employees worked on their roof. While DA Investigator Louie Cantu was performing routine compliance checks, he came across this business, finding seven roofers working, all of whom confirmed they were employed by the company.

Investigator Lopez served a search warrant for the company's bank records on April 5, 2018, and is waiting for those records. She is also planning on serving a search warrant at the business owner's home, and will be utilizing the assistance of the Central Valley Workers' Compensation Insurance Fraud Task Force.

- **Case No. 18-01-000133 (Premium Fraud/Uninsured Employer Fraud)** – during routine compliance checks, Investigator Lopez came across six people working on the roof of a home. She interviewed the workers, who indicated they'd been working for the business owner for an extended period of time. Some said they weren't on the payroll and were paid in cash.

The company's bank records were obtained via search warrant. The EDD records were requested but have not yet been received. On April 5, 2018, Investigator Lopez received a copy of the SCIF policy records. Those records will be compared to the bank and EDD records once those are received.

Case No. 17-01-000469 (Premium Fraud) – in this case, an employee of the suspect's business filed a workers' compensation insurance claim for an injury sustained in March 2017, but the suspect reported he had no payroll during that same time. Investigator Roselyn Oakes served a search warrant on the suspect's business and bank accounts. Those records proved the suspect did have payroll during the time period in question. A SCIF audit in December 2017 revealed the suspect underreported his payroll on two policies – one by \$182,135, and the other by \$165,374, and that his premium underpayment for the period of December 2015 to December 2017 was over \$40,000. This investigation is ongoing.

C. OUTREACH/TRAINING

Outreach and training efforts this year include training presentations given to employees of Young's Trucking and attendees of our annual Rural Crime School, a presentation at the Employers' Fraud Task Force's symposium, and another to the EFTF's board members. In addition, we staffed booths at the Ruiz Foods Health Fair, the Tulare County Fair, the World Ag Expo, and the Farmworker Resource Fair. Over one thousand people were reached this year through our efforts.

CLARIFICATIONS

There are a few things regarding this application and its accompanying District Attorney Report (DAR) that we'd like to bring to your attention.

- ✓ The number of carryover cases and associated suspects (III.A.) was reduced by one in the RFA DAR. During our review to complete the latest report, we realized we counted the JA Contracting case twice in error for the six month report. That has now been corrected.
 - ✓ In the RFA DAR, the number of uninsured employer cases in court (V.A.6.) was reduced by one. This is due to the case of Nikolas Renteria, who should have been in the "Warrant" section of our tracking spreadsheet, and instead was in the "Cases in Court" section.
 - ✓ In the RFA DAR, the numbers in our Outreach Training section (X.) were reduced. It was found that the numbers reported in our six month DAR (20 outreach sessions and 1,574 attendees) actually represented calendar year January through December 2017. The correct numbers for FY 17/18 are now reflected in the RFA DAR.
 - ✓ In Attachment B, we define "Inactive" not as those cases that aren't being actively worked, but those that, for various reasons, are on hold for the moment. Some are very new, and have been reviewed but remain unassigned due to case load management. Some have been investigated and are waiting on the documented case referral, or are waiting on documents requested from an agency that have not yet been received. All cases, regardless of the referral source, are reviewed, a file made, and a case number assigned.
2. Specify any unfunded contributions (i.e., financial, equipment, personnel, and technology) and support your county provided to the workers' compensation insurance fraud program.

As our personnel costs continue to rise each year, our General Fund absorbs various operating expenses associated with the WC Program that don't fit within the budget. Unfunded contributions in the current fiscal year have included:

- Approximately \$2,600 in fuel and vehicle maintenance for the cars assigned to investigators;
- Approximately \$900 in membership costs;
- The Program Director and Grants & Program Coordinator commit numerous hours to the overall well-being of the WC Program, but neither are covered under this budget. They both travel to each of the Fraud Assessment Commission (FAC) meetings to ensure the commissioners' missives are heard and implemented. The Grants & Program

Coordinator also reviews requests for training, and grant expenditure requests, ensuring they are in compliance and alignment with the program budget. She also completes and submits the three required District Attorney Reports.

- Legal office assistants assist in scanning and processing documents for program cases. Premium fraud cases often require the assistance of our forensic auditor, who reviews large amounts of bank and payroll records and compiles information for investigators. None of these staff are included in the budget.
 - Our office does not charge an indirect cost for services performed by administrative and accounting staff. These are necessary services, but are covered through our general fund.
3. Detail and explain the turnover or continuity of personnel assigned to your workers' compensation insurance fraud program. Include any rotational policies your county may have.

We are pleased to have two program veterans in Alonzo Gutierrez (program investigator since July 2014) and Spencer Johnson (program prosecutor since May 2016). We had new staff join the program this year as well.

In July 2017, DA Investigator Floyd Hager was reassigned and replaced by Roselyn Oakes. She was then replaced by Khoua Lopez in February 2018. In November 2017, DA Investigator Suzie Cheean was reassigned and replaced by Louie Cantu. Also in November 2017, Investigator Aide Krista Dotson was reassigned and replaced by Charles Clark.

Experience and qualifications for these new program staff are included later in this application.

It is the District Attorney's policy to rotate staff periodically to allow for the opportunity to broaden investigative and prosecutorial skills. However, the rotation of staff assigned to special programs is usually minimized, so as not to disrupt the effective operation of those programs. Assignments to special programs such as the Workers' Compensation Insurance Fraud Investigation/Prosecution program are typically long term. If a need to rotate staff presents itself (i.e., staff leaving our employment), replacement staff are carefully considered, and only those demonstrating significant investigative skills and prosecutorial experience are selected.

4. List the governmental agencies you have worked with to develop potential workers' compensation insurance fraud cases.

We continue to partner with CSLB, the California Department of Corrections, EDD, and the Franchise Tax Board to develop our and strengthen our cases. In addition, we work with area District Attorney offices, EDD and Franchise Tax Board as part of the Central Valley Workers' Compensation Insurance Fraud Task Force.

5. Were any frozen assets distributed in the current reporting period? (Assets may have been frozen in previous years.) If yes, please describe. If no, state none.

None.

FORM 06(a)

**COUNTY PLAN: STAFFING
FISCAL YEAR 2018-2019**

COUNTY OF TULARE

Prosecutors	% Time	Time With Program Start Date/End Date
Spencer Johnston, Deputy District Attorney	70%	May 2016 – Present

COUNTY OF TULARE

Investigators	% Time	Time With Program Start Date/End Date
Alonzo Gutierrez, DA Investigator	100%	July 2014 – Present
Suzie Chhean, DA Investigator	100%	July 2015 – November 2017
Louie Cantu, DA Investigator	100%	November 2017 - Present
Floyd Hager, DA Investigator	100%	June 2016 – July 2017
Roselyn Oaks, DA Investigator	100%	July 2017 – February 2018
Khoua Lopez, DA Investigator	100%	February 2018 - Present
Krista Dotson, Investigator Aide	100%	Dec. 2016 – November 2017
Charles Clark, DA Investigator	100%	November 2017 – Present

Prosecutor

Deputy District Attorney Spencer Johnston joined our office in 2011. After spending one year each on the Misdemeanor and Juvenile Teams, he joined the Visalia Felony Prosecutions Team, where he worked for two years before being assigned to the Auto Insurance Fraud program in August 2015. Early in FY 16/17, the Department of Insurance approved our plan to make DDA Johnston the prosecutor for both the Auto Insurance Fraud and Workers' Compensation Insurance Fraud programs. DDA Johnston earned a BA degree in social ecology from UC Irvine and received his JD from Southwestern University School of Law.

Investigators

Currently Funded

Investigator Alonzo Gutierrez came to our office in 2013 with 10 years of law enforcement experience and nine years of experience as an investment broker. Investigator Gutierrez served in

the welfare fraud, identity theft and homicide units before joining the program in July 2014. He quickly made an impact, filing six cases and reviewing and closing numerous others.

Investigator Louie Cantu came to our office in 2014 with 32 years of experience in law enforcement. His former assignments included trial preparation and the Tulare County Gang Task Force, and joined the WC Fraud unit in November 2017. Investigator Cantu earned his AS degree from Fresno City College, and holds Basic, Intermediate and Advanced POST certificates.

Investigator Khoua Lopez began her law enforcement career with our office shortly after completing her Basic Peace Officer Training in 2001. In her 17 years here, she has worked numerous assignments, including in the Welfare Fraud, Child Support, Auto Insurance Fraud, and Violence Against Women units. She joined the WC Fraud unit in February 2018.

In November 2017, Investigator Aide Charles Clark took over the duties of retrieving and logging all incoming referrals, requesting claim files, reviewing them for content and substance, maintaining unit statistics, and contacting employers throughout the county for outreach opportunities. He has worked in our office since 2012, serving as an Investigative Technician II (subpoena server) for four years before being promoted to an Investigator Aide in the Real Estate Fraud unit in December 2016. Charles graduated from San Francisco State University where he earned a BA in Political Science.

Previously Funded Within FY 17/18

Investigator Suzie Chhean brings a total of 11 years of law enforcement experience to her role in the program. After serving as a patrol officer with the City of Exeter Police Department for six years, Investigator Chhean joined our office in the Welfare Fraud Unit. In her five years with our office, she has also investigated child support violation cases and general felonies. Investigator Chhean holds a Bachelor of Science in Business Administration, as well as a Master of Science in Business Administration.

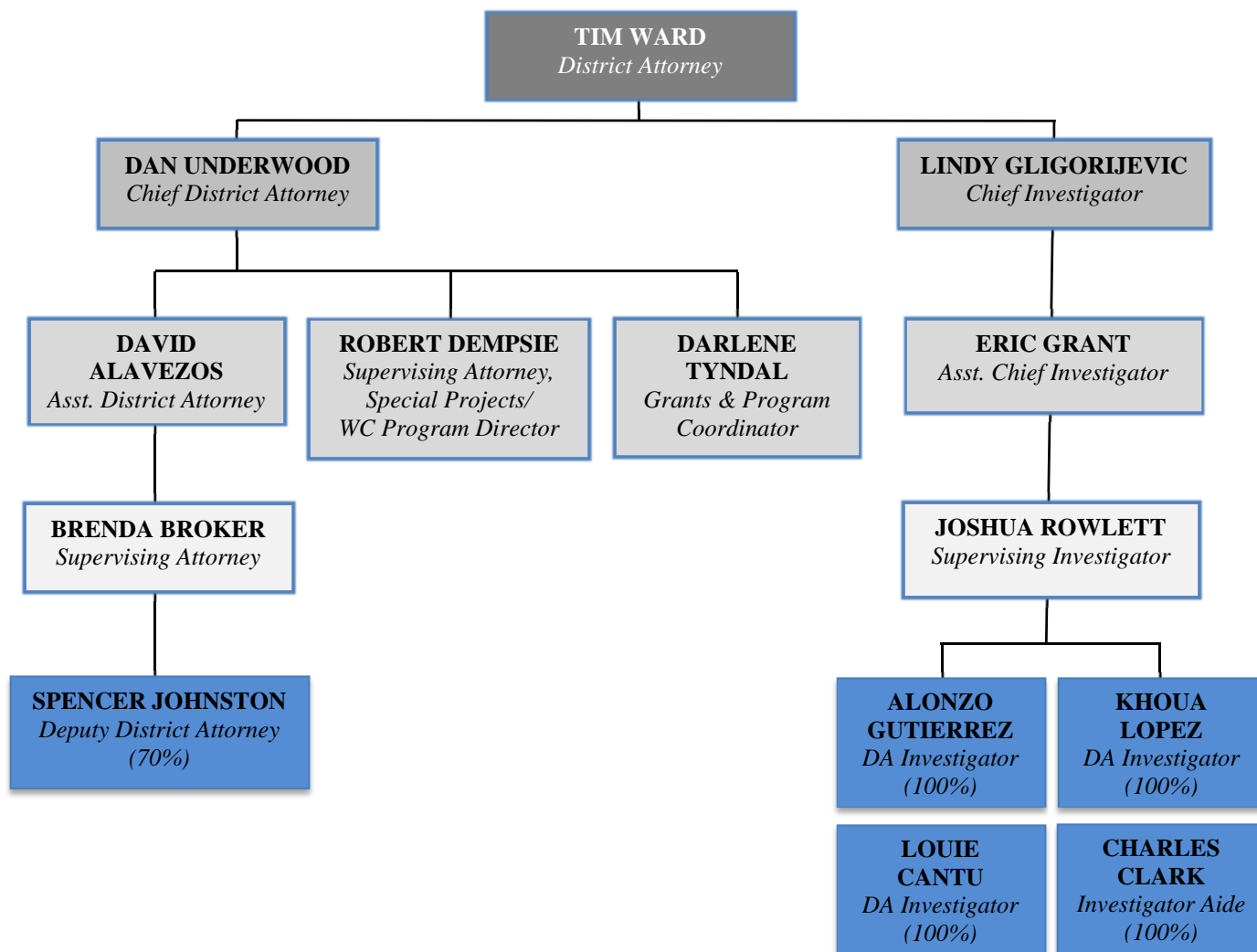
Investigator Floyd Hager has made law enforcement his career for the last 20 years. He came to our office in 2013 from the Tulare County Sheriff's Department, where he held various positions, including property crimes detective and patrol sergeant. Prior to his current assignment, Investigator Hager worked in the Welfare Fraud Unit and spent one year in the Auto Insurance Fraud Unit. He holds an AA degree in General Education from the University of Phoenix.


Investigator Roselyn Oakes began her career in our office in 2008 as a Legal Office Assistant, doing work for the Ag Crimes, General Criminal Investigations, In-Home Supportive Services, and Welfare Fraud units. After completing Basic Peace Officer Training, she remained in our office as an investigator, and has worked in the Welfare Fraud, Crimes Against Persons, and WC Fraud units. Investigator Oakes holds a BA in Criminology, Law & Society from UC Irvine. She holds Basic and Intermediate POST certificates.

Investigator Aide Krista Dotson came to our office November 2016, bringing three years of experience in customer service. Krista graduated from Milan Institute in 2014, completing the Registered Dental Assistant Program, where she received a leadership award for her outstanding academic work.

FORM 06(b)

**COUNTY PLAN: ORGANIZATIONAL CHART
FISCAL YEAR 2018-2019**



 = Staff currently funded through this grant

FORM 07

**COUNTY PLAN: DISTRICT ATTORNEY PROGRAM REPORT
FISCAL YEAR 2018-2019**

DAR (FORM 07) is submitted online

**STATISTICAL INFORMATION WILL BE CAPTURED
FROM JULY 1, 2017 TO APRIL 15, 2018**

To access the DAR webpage on the CDI website, click on the following link or copy the URL into your browser.

<http://www.insurance.ca.gov/0300-fraud/0100-fraud-division-overview/10-anti-fraud-prog/dareporting.cfm>

FORM 08

**COUNTY PLAN: PROBLEM STATEMENT
FISCAL YEAR 2017-2018**

PROBLEM STATEMENT

Describe the types and magnitude of workers' compensation insurance fraud (e.g., claimant, single/multiple medical/legal provider, premium/employer fraud, insider fraud, insurer fraud) relative to the extent of the problem specific to your county.

Use local data or other evidence to support your description.

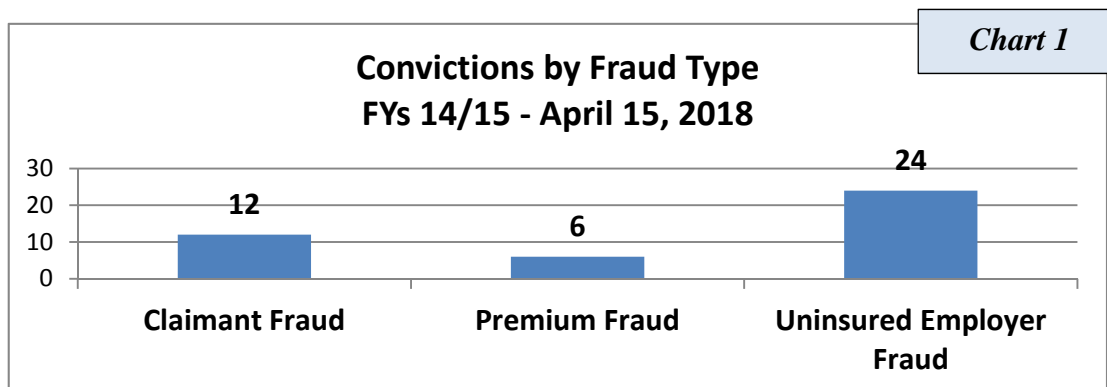
CAUSES OF FRAUD IN THE CENTRAL VALLEY

California has a notoriously large underground economy, which grows larger each year. The Labor Enforcement Task Force reported in its Five Year Report (2012-2016) to the Legislature that on average, 91% of the businesses they targeted for noncompliance inspection each month were out of compliance with at least one of the LETF's partner agencies (EDD, CSLB, DIR and several others). This underscores the underground economy issue. And Tulare County sits at the heart of it.

Our fairly low cost of living attracts low-skilled and un-skilled workers, typically hired for construction, tree trimming, landscaping, and farm labor jobs. These employees often accept work under the table, with their employers all too willing to pay cash to avoid taxes and insurance premiums. It is in these industries that we find the majority of our uninsured employer cases. Premium fraud is also often tied into the underground economy, as farm labor contractors often hire cheap day labor to keep their overhead costs low and their bids competitive.

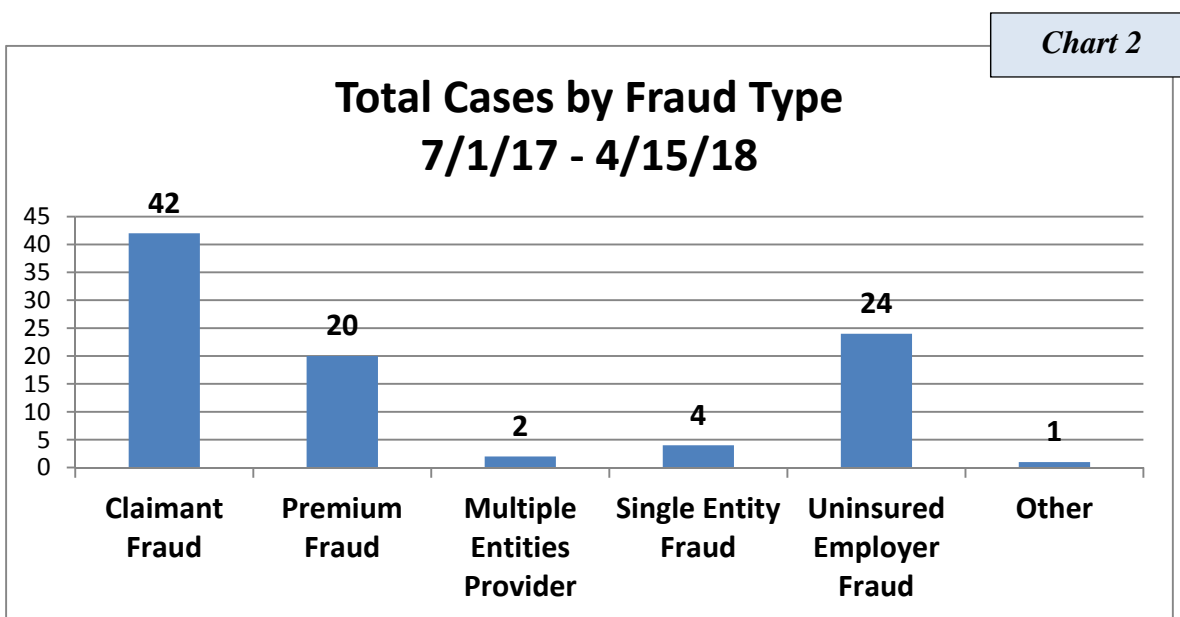
HISTORICAL FRAUD TRENDS

Over the last four fiscal years, program investigators have reviewed 110 SFCs, over one-third of which ultimately resulted in a conviction (42). Chart 1 below reveals those convictions by the most common fraud types during that time period.



Uninsured employer fraud continues to be the source of the majority of our convictions. Although this type of fraud has been given the label “low hanging fruit,” it is of serious concern to those of us in the Central Valley as we grapple with the underground economy’s economic effect on our local tax resources and the hit the state budget takes, which affects us all. In addition, employees that get hurt on the job, and whose employers evade their responsibility to provide workers’ compensation insurance coverage to their employees, are often left to find a way to pay for their treatment on their own. Fearing losing their job or even that their employer will turn them in for being undocumented, they remain silent, either covering the costs out of their own pocket or getting little to no care for their injuries. This is unconscionable.

Chart 2 below reflects our current, balanced caseload, which shows claimant fraud, premium fraud and uninsured employer fraud continue to persist, while provider fraud has finally made its way to Tulare County.



FORM 09

**COUNTY PLAN: PROGRAM STRATEGY
FISCAL YEAR 2017-2018**

1. Explain how your county plans to resolve the problem described in your problem statement. Include improvements in your program.

The Tulare County District Attorney's Office has been operating this program for many years. Each year, we take a look at what made our program successful, and what we could be doing differently as fraud trends arise and goals and priorities change.

We will continue to implement the key elements of our program, which include outreach, educating employers, staff training, aggressive investigation, and collaborative partnerships. We plan to combat workers' compensation insurance fraud in Tulare County through the following key components:

Outreach

Members of the community need to understand the importance of workers' compensation insurance: that it exists to protect them as employees if they are legitimately injured on the job; that as an employer, they must cover their employees; and that there will be ramifications should anyone be caught committing fraud. To disseminate this message, program staff plan to staff informational booths at large community events (including the Tulare County Fair, World Ag Expo, and the Farmworker Women's Conference), and will continue to schedule presentations to employers and other community groups to reach as many people in Tulare County as possible.

Employer Education

It is important to educate employers about their legal obligation to carry appropriate workers' compensation insurance, and equally important to ensure they know what to do if they suspect an employee is committing claimant fraud. As we don't have any SIUs in Tulare County, program staff will continue to reach out to local businesses to offer our informational presentations to their leadership teams as well as their staff.

Staff Training

The District Attorney's Office prides itself on having a well-trained staff, and we will continue to make training a priority for WC Program staff. As reflected on pages 21 and 22, program staff attends relevant formal training, including the CDAA Fraud Symposium and either the NCFIA or SCFIA fraud conferences, as well as informal training held by collaborative partners. Funds to cover training costs are included in our proposed budget.

Aggressive Investigation

Some cases require simple routine investigative efforts, while other more complex cases involve intense and time consuming investigative measures. Our investigators are committed to working together, going above and beyond to obtain information that will result in a solid case and, ultimately, a conviction.

Collaborative Partnerships

The fight against workers' compensation insurance fraud can't happen without effective collaboration. Cases are referred from a variety of agencies, including the Department of Insurance, Fraud Division, local law enforcement, federal and state agencies, and our own investigators involved in other programs. We will continue our communication with each of these agencies to ensure fraud is being addressed swiftly.

We will also continue our effective working relationships with the Central Valley Workers' Compensation Insurance Fraud Task Force, the EFTF, and local, state and federal agencies. The CVWCIF Task Force was created last summer. Members include the California Department of Insurance's Fresno regional office, and the Counties of Fresno, Tulare, Kings, Kern, Madera and Merced. Also participating as needed will be the Employment Development Department and the Franchise Tax Board. Each agency will offer their time and expertise to jointly investigate all areas of workers' compensation fraud in the Central Valley.

Finally, we have a comprehensive Joint Plan with the Department of Insurance, Fraud Division, Fresno Regional Office. This plan addresses our intent to reduce duplication of efforts, enhance investigative support, and increase the number of arrests and prosecutions. An original signed Joint Plan is included as Attachment A to this application.

2. What are your plans to meet the announced goals of the Insurance Commissioner and the Fraud Assessment Commission? Copies have been provided for your reference.

Our office is committed to meeting the goals and objectives of both Insurance Commissioner Dave Jones and the Fraud Assessment Commission.

Both Commissioner Jones and the FAC stress the need for program performance. We utilize grant funds to adequately staff the program in proportion to the high volume of cases and need for compliance checks to battle the Underground Economy in Tulare County. We carefully review program expenditures and submit statistical data reports on time to ensure our program meets the standards of both the Commissioner and the FAC.

A coordinated and aggressive outreach program is also a common key goal. As mentioned in this application, we consider outreach to be a key component of our program, and we will continue to make appearances at businesses and community events alike, while also sharing our knowledge with other agencies. In addition, with the intention of creating a deterrent to

fraud, we will continue to make the public aware of workers' compensation insurance fraud and our program activity with periodic press releases, which often get picked up by the local news. One such press release is included as Attachment C, along with the news story that ran shortly after our press release was disseminated to the public.

Commissioner Jones and the FAC have again set the goal of having a balanced caseload, with the focus on fraudulent activities having the greatest fiscal impact to the system. For Tulare County, these include employer claimant fraud, premium fraud and the willfully uninsured. As mentioned previously, our cases in court are primarily comprised of these three types of fraud, and we are aggressively pursuing these perpetrators in Tulare County. We will also continue to make compliance checks, sending a message to the business community that they must have workers' compensation insurance coverage for all of their employees. We will continue to seek out additional premium fraud cases that are imbedded within current cases. Finally, we will do our due diligence in investigating and prosecuting claimant fraud cases, ensuring that money paid out under these fraudulent claims is rightfully returned to the insurance companies.

Tackling medical provider fraud is one of Commissioner Jones' goals, and the FAC mentions this as being one type of fraud that has the greatest economic impact. We now have six of these cases, three of which are under investigation.

Another mutual target is the goal of funded counties entering into joint plans and memorandums of understanding. That goal has been met. We have updated and entered into a new Joint Plan for FY 18/19 (included under Attachment A), and are members of the Central Valley Workers' Compensation Insurance Fraud Task Force. A memorandum of understanding for that Task Force is included under Attachment D.

3. What goals do you have that require more than a single year to accomplish?

N/A

4. Training and Outreach

- List the **training received** by each county staff member in the workers' compensation fraud unit **during Fiscal Years 2016-2017 and 2017-2018**.

The following lists the relevant trainings attended by program staff over the last two fiscal years, broken down by past and current staff:

Current Program Staff

DDA Johnston

- ✓ CDAA Fraud Symposium, September 2016
- ✓ Employers' Fraud Task Force Symposium, January 2017
- ✓ CDAA Fraud Symposium, October 2017
- ✓ Premium and Medical Provider Fraud Training, Alameda County District Attorney's Office, February 2018
- ✓ California High Tech and Digital Evidence Symposium, CDAA, April 2018

Investigator Gutierrez

- ✓ CDAA Fraud Symposium, September 2016
- ✓ SCFIA Annual Anti-Fraud Conference, October 2016
- ✓ Employers' Fraud Task Force Symposium, January 2017
- ✓ CDAA Fraud Symposium, October 2017
- ✓ Premium and Medical Provider Fraud Training, Alameda County District Attorney's Office, February 2018

Investigator Cantu

- ✓ Premium and Medical Provider Fraud Training, Alameda County District Attorney's Office, February 2018

Investigator Lopez

- ✓ Premium and Medical Provider Fraud Training, Alameda County District Attorney's Office, February 2018

Investigator Aide Clark

- ✓ Premium and Medical Provider Fraud Training, Alameda County District Attorney's Office, February 2018
- ✓ Basic Skills for the District Attorney Non-Sworn Investigator, American River College, March 2018

Past Program Staff

Investigator Aide Dotson

- ✓ Employers' Fraud Task Force Symposium, January 2017
- ✓ Insurance Fraud is a Crime, CDI, May 2017
- ✓ CDAA Fraud Symposium, October 2017

Investigator Oakes

- ✓ CDAA Fraud Symposium, October 2017

Investigator Hager

- ✓ CDAA Fraud Symposium, September 2016
- ✓ Employers' Fraud Task Force Symposium, January 2017
- ✓ Insurance Fraud is a Crime, CDI, May 2017

Investigator Chhean

- ✓ CDAA Fraud Symposium, September 2016
- ✓ SCFIA Annual Anti-Fraud Conference, October 2016
- ✓ Employers' Fraud Task Force Symposium, January 2017
- ✓ Insurance Fraud is a Crime, CDI, May 2017

- Describe what kind of training/outreach **you provided in Fiscal Year 2017-2018** to local Special Investigative Units, as well as, public and private sectors to enhance the investigation and prosecution of workers' compensation insurance fraud. Also describe any coordination with the Fraud Division, insurers, or other entities.

Because Tulare County doesn't have any SIUs in its jurisdiction, our focus remains on providing training to private sector businesses and public agencies, and outreach to the community at large.

The following outlines the training and outreach provided by WC Program Staff in FY 17/18. Because the cutoff date for information in our annual application falls in April, we have included training that occurred after April 2017 with this list.

- **May 2017 – Setton Farms:** At the request of the business, DA Investigators Gutierrez, Chhean, and Hager provided a training over two days to 356 employees.
- **June 2017 - Employers' Fraud Task Force:** DA Investigator Gutierrez made a presentation at the "How to Fight Workers' Compensation Fraud" workshop hosted by the EFTF in association with District Attorney's offices in Tulare, Kern, Fresno and Kings Counties.
- **July 2017 – Young's Trucking:** At the request of the business, DA Investigators Gutierrez, Chhean, and Hager provided training presentations at four locations to 168 employees.
- **August 2017 – Employers' Fraud Task Force Symposium:** A presentation was given by DA Investigator Gutierrez and Supervising Investigator Greg to approximately 200 people in attendance.
- **September 2017 – Tulare County Fair:** Manned a booth that was visited by 195 people throughout the course of the fair, providing information about workers' compensation rights and fraud.

- **October 2017 – Ruiz Foods Health Fair:** Manned a booth that was visited by 250 employees of the company, providing information about workers' compensation rights and fraud.
- **January 2018 – EFTF Advisory Board:** Gave a presentation to the Board at one of their meetings.
- **February 2018 – Farmworker Resource Fair:** Manned a booth that was visited by 120 people, providing information about workers' compensation rights and fraud.
- **February 2018 – World Ag Expo:** Manned a booth that was visited by over 300 attendees. Discussed workers' compensation fraud and handed out program brochures over the course of three days.



At left: Investigator Alonzo Gutierrez gives a training presentation to employees of Setton Farms in May 2017.

At right: Investigator Alonzo Gutierrez and Supervising Investigator Gregg White give a training presentation to attendees of the Employers' Fraud Task Force Symposium in August 2017.



- Describe what kind of training/outreach **you plan to provide in Fiscal Year 2017-2018.**

The WC Program staff will continue outreach efforts within the agricultural industry, targeting some of the larger employers, such as Young's Commercial Transfer, Sunkist Growers, and Setton Pistachio. The program staff will also continue to attend health fairs, the World Ag Expo, the Porterville and Tulare County Fairs, the Farmworker Resource Fair, and other civic and community group events.

5. Describe the county's efforts and the district attorney's plan to obtain restitution and fines imposed by the court to the Workers' Compensation Fraud Account pursuant to California Insurance Code Section 1872.83(b)(4).

Obtaining restitution for victims and increasing the rate of collection in workers' compensation insurance fraud cases is a priority of our District Attorney and this program. The program prosecutor requests that the court order restitution and fines in every case possible, and to request restitution as a matter of probation or parole terms.

Upon sentencing, a CR-110, Order for Restitution and Abstract of Judgment is prepared. This document is issued by the criminal court and proves the victim's right to collect restitution. It allows the victim to enforce the restitution order as a judgment in civil court. The victim also has the ability to enforce the civil judgment by putting liens on real property or garnishing wages.

Once a conviction and order for restitution and/or fines have been obtained, the responsibility for their collection resides with the Tulare County Probation Department. The Investigator Aide works closely with the Probation Department to determine amounts paid, and ensure defendants are making payments as agreed. The Investigator Aide receives monthly updates, and alerts the program investigators when restitution isn't being paid as a condition of probation.

Over the past two fiscal years, we have collected \$163,432 in restitution, and \$10,783 in fines. We expect that number to rise next year, as the two JA Contracting defendants are expected to agree to pay large amounts in restitution.

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

Projection:

- a. 30 new investigations will be initiated during FY 2018-2019
- b. 25 new prosecutions will be initiated during FY 2018-2019

7. If you are asking for an increase over the amount of grant funds awarded last fiscal year, please provide a brief description of how you plan to utilize the additional funds.

<u>\$ 547,637</u> FY 2018-2019 Grant REQUEST	<u>\$ 509,336</u> FY 2017-2018 Grant AWARD	<u>\$ 38,301</u> FY 2018-2019 Increase Requested
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Utilization Plan:

In FY 12/13, our total award was \$504,393. Since then, we have kept our annual request for grant funds close to that amount, only asking for what is actually needed to run a successful program. This year, due to step increases and cost of living adjustments, our request is quite a bit higher than it has been the last several years. We slashed our operations budget to minimize the higher request, but still have a \$38,301 increase over last year's award. This increase truly reflects what is needed to continue to sufficiently staff the program.

8. Local district attorneys have been authorized to utilize Workers' Compensation Insurance Fraud funds for the investigation and prosecution of an employer's willful failure to secure payment of workers' compensation as of January 2003. Describe the county's efforts to address the uninsured employer's problem.

To ensure employers, employees, and consumers are all protected to the fullest extent of the law, we continue to take an aggressive approach with the uninsured employer problem in Tulare County, and do so in myriad ways.

We occasionally partner with CSLB to conduct sweeps, which usually result in cases being filed. We also utilize our County's list of approved construction permits, and make compliance checks at many of those construction sites. The purpose of these compliance checks is to inform and educate local employers of the requirements of carrying the proper state-mandated contractor's license and workers' compensation insurance. All businesses that are found out of compliance are issued a 3700.5 letter. We do a 30 days follow up to check for compliance, and find that most do become compliant.

We conducted a two day compliance check in March 2018. DA Investigators made on site visits to 36 businesses, including landscaping, construction companies, tree trimming, garage door repair companies, and concrete masonry workers. Of those, 18 businesses were found to be out of compliance. They were educated on the requirements regarding workers' compensation insurance and holding the proper contractor's license. Follow-up investigations will be conducted to ensure compliance with these companies has been met, however, if subjects are still found to be in violation, criminal charges could be filed.

One of the benefits of doing these field compliance checks is the opportunity to find premium fraud cases. During the March detail, 18 of the businesses contacted had insurance coverage, but further investigation revealed four of them may be committing premium fraud.

We have opened investigations on all four, and search warrants for bank records have already been served on two of them.

FORM 10

WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM PROGRAM BUDGET: PERSONNEL EXPENSES FISCAL YEAR 2018-2019 COUNTY OF TULARE		
A. PERSONNEL SERVICES: Salaries and Employee Benefits		COST
The following salaries and benefits are average figures for the purpose of budgeting. Actual staff placed in the program will determine exact salary figures. Benefits Package/Cafeteria Plan includes medical, dental, vision, and life insurance, plus bar dues for attorneys.		
Deputy District Attorney: 1 FTE - The DDA will be responsible for the vertical prosecution of program cases. The grant will cover 70% of the salary and benefits for this position. Adjustments to the funding % will be made at year's end to meet actual time spent in the grant, but will not exceed 70%.		
Salary:	\$118,021	
Benefits: Retirement:	\$22,845	
Social Security:	\$9,029	
Worker's Comp:	\$1,950	
Sick Leave Buyback	\$1,419	
Benefits Pkg:	\$11,176	
Sub Total Benefits:	\$46,419	39%
DDA Total Salary and Benefits:	\$164,440	@ 70%
		\$115,108
DA Investigator: 3 FTEs - Three investigators will be responsible for the investigation of program cases, outreach, and assistance to other collaborative agency partners when necessary. The grant will cover 100% of the salary and benefits for these 3 positions.		
Salary:	\$237,821	
Benefits: Retirement:	\$57,086	
Social Security:	\$18,258	
Worker's Comp:	\$5,850	
Sick Leave Buyback	\$2,858	
Benefits Pkg:	\$33,861	
Sub Total Benefits:	\$117,913	50%
DA Inv. Total Salary and Benefits:	\$355,734	
		\$355,734
Investigator Aide: 1 FTE - This position will assist investigators as needed, track case status, and ensure restitution is paid. The grant will cover 100% of the salary and benefits for the fiscal year.		
Salary:	\$40,476	
Benefits: Retirement:	\$7,654	
Social Security:	\$3,096	
Worker's Comp:	\$1,950	
Sick Leave Buyback	\$486	
Benefits Pkg:	\$8,066	
Sub Total Benefits:	\$21,252	53%
Inv. Aide Total Salary and Benefits:	\$61,728	
		\$61,728
Supervising Deputy District Attorney: - The Supervising DDA will handle the two large premium fraud cases that have continued into this fiscal year. The grant will cover 16 hours of the Sup. DDA's time in this position.		
Annual Salary and Benefits:	\$178,711	
Hourly Rate:	\$85.92	
Sup. DDA Total Salary and Benefits	\$1,375	
		\$1,375
A. PERSONNEL SERVICES TOTAL		\$533,945

FORM 11

WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM	
PROGRAM BUDGET: OPERATING EXPENSES	
FISCAL YEAR 2018-2019	
COUNTY OF TULARE	
B. OPERATING EXPENSES	COST
Training and Travel CDAA, NCFIA, SCFIA or other relevant training for 5 program staff. Actual expenses will be pro-rated according to funding %.	
Registration: \$390 x 5 staff x 1 training \$1,950	
Lodging: \$125 x 5 nights x 5 staff \$3,125	
Per Diem: \$61 x 5 days x 5 staff <u>\$1,525</u>	
Total:	

[illegible]

FORM 13

**WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM
PROGRAM BUDGET: EQUIPMENT LOG
PRIOR FISCAL YEAR 2017-2018**

COUNTY NAME: Tulare

Equipment Ordered	Equipment Cost	Date Ordered	Date Received	Serial Number	Equipment Tag Number

Rows can be inserted as needed.

☒ **No equipment purchased.**

I certify this report is accurate and in accordance with the Grant guidelines.

Name: Darlene Tyndal Title: DA Grants & Program Coordinator

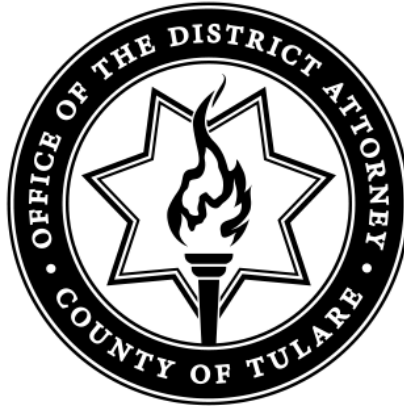
Signature:  Date: 4/24/18

ATTACHMENT A

JOINT PLAN

JOINT PLAN

BETWEEN THE



**OFFICE OF THE DISTRICT ATTORNEY
COUNTY OF TULARE
TIM WARD, DISTRICT ATTORNEY**

AND THE

**CALIFORNIA DEPARTMENT OF INSURANCE
FRAUD DIVISION
CENTRAL VALLEY REGIONAL OFFICE**

FISCAL YEAR 2018-2019

OVERVIEW

For over a decade, the Office of the Tulare County District Attorney (District Attorney) has been steadily moving forward in its investigation and prosecution of workers' compensation and automobile insurance fraud in Tulare County. Collaboration has been key to our success.

Our Automobile Insurance Fraud Program staff has been actively involved in the Central Chapter Western States Auto Theft Investigators (WSATI) Association, as well as the Tulare County Reduce Auto Theft Task Force (TRATT). In addition, we actively participated in the San Joaquin Valley Premium Fraud Consortium from 2005 to 2017, and have been an active participating member of the Central Valley Workers' Compensation Fraud Task Force (Task Force) since its inception on August 2, 2017. As spelled out in the Memorandum of Understanding (MOU) that governs this collaborative effort, the mission of the Task Force is to successfully investigate and prosecute all areas of workers' compensation fraud in the Central Valley counties focusing members' combined resources on complex medical fraud cases. In addition, the Task Force will work premium fraud and applicant fraud cases as directed by the Insurance Commissioner's goals and objectives.

This level of involvement has highlighted the problem of workers' compensation and automobile insurance fraud throughout the Central Valley, and has been a showcase for cooperation and collaboration. The ability to work closely with the myriad agencies involved in these collaborative groups has yielded significant investigative results and similar success in court.

STATEMENT OF GOALS

As the workload increases for both the District Attorney and the Fraud Division, strong communication and the efficient use of current resources are essential if we are to work together to effectively combat insurance fraud in Tulare County. Therefore, the District Attorney and Fraud Division agree to work together to achieve our overarching goal: **effectively investigate and prosecute those who commit insurance fraud in Tulare County.**

To that end, we have identified five goals and accompanying objectives that not only allow us to meet the larger goal, but also align with objectives identified by Insurance Commissioner Dave Jones (Medical Provider Fraud, Performance and Continuity Within the Program, Outreach, and Balanced Caseload) and the Fraud Assessment Commission (Funding of and Performance Within the Program, Joint Plans and Memorandums of Understanding, Outreach and Public Awareness, and Balanced Effort Against all Types of Fraud).

Both parties agree to investigate cases having the greatest financial impact on the workers' compensation system in Tulare County, while continuing to provide outreach to the community to deter insurance fraud and reduce the overall occurrence of these types of crimes.

Each agency agrees that anti-fraud efforts must be conducted in a cost effective and efficient manner with professionalism, productivity and effectiveness being the overriding principles governing the relationship.

JOINT PLAN GOALS

GOAL 1: Promote the Efficient and Effective Usage of Finite Investigative Resources Resulting in Convictions

Objective 1-1: Avoid Any Duplication of Investigations

A continual concern of interested parties, from insurance carriers to the Fraud Assessment Commission, is the efficient usage of investigative resources. A review of the cases investigated and prosecuted reveals no cases handled by the District Attorney have experienced an overlap or duplication of investigation with the Fraud Division. To continue this record the following activities are established:

Activities:

- All case referrals to the Fraud Division or the District Attorney shall be logged in a database;
- On a monthly basis or as needed, the Fraud Division Staff and the District Attorney Investigators shall confer and compare referral postings; and
- Each office will, on a monthly basis or as needed, provide a confidential list of cases referred and opened for investigations by each office.

Objective 1-2: Institute Pre-Investigation Review of Suspected Fraud Referrals

A percentage of suspected fraud referrals do not warrant prosecution for several reasons. Identifying such cases immediately will eliminate the fruitless usage of investigative resources. Furthermore, pre-investigation review can provide information that better utilizes investigative resources.

Fraud Division detectives shall confer with the Deputy District Attorney to review suspected fraud referrals, as necessary, prior to initiating an investigation.

Objective 1-3: Facilitate Expeditious Filing Review of Submitted Investigations

Expeditious but careful review of cases submitted for prosecution is in the best interests of both agencies. Such review allows for a redeployment of investigative resources when necessary, the freeing of resources for other cases and the efficient allocation of prosecution resources. The complexity of cases impact the rapidity of prosecution review but in all cases, the intent is to expeditiously render a filing decision.

Activities:

- All investigative case referrals to the District Attorney for a filing decision shall be resolved within 60 days of the referral date except in cases of significant complexity;
- In complex cases, the Deputy District Attorney and the submitting Detective shall confer and develop a reasonable timeline for review and decision;

- All case referrals for filing at a minimum shall include:
 - 1) All investigative narrative reports;
 - 2) List of witnesses interviewed;
 - 3) Copies of recorded witness interviews;
 - 4) Statement from the suspect(s) if available;
 - 5) Copies of any sub rosa video footage if available;
 - 6) Copy of relevant documents from the insurance claim file;
 - 7) Copy of relevant correspondence between suspect(s) and carrier;
 - 8) Relevant medical records;
 - 9) Any other relevant documentation such as, but not limited to, accounting reports, canceled checks, or cell phone records; and
 - 10) The full insurance file or medical file in the possession of the Fraud Division will be made available on request.
- Cases shall be filed when the evidence presented in the referral proves each element of the offense sufficiently. Sufficiency of proof means a legal and ethical presentation to a jury by a prosecutor is not merely a possibility but is professionally sustained.

GOAL 2: Facilitate Communication Between the Fraud Division and the District Attorney

Objective 2-1: Establish Criteria for Request of Fraud Division Resources

Criteria for requesting the use of Fraud Division resources shall include the following:

- Cases requiring multiple search warrants;
- Very complex cases; and
- Cases requiring audit services when the District Attorney's forensic auditor is not available.

Objective 2-2: Open Information Sharing

Any information held by each office pertaining to a referral can either provide further leads or preclude the need for an investigative function. The sharing of such information will save time thereby increasing the efficiency of investigations.

Activities:

- On a weekly basis or as necessary, Fraud Division Staff and the District Attorney Investigators shall inform the other of investigative information available on new referrals.
- Information pertaining to open investigations shall be transmitted expeditiously.
- On a quarterly basis, the District Attorney will file a conviction report with

attached certified copies of court sentencing minute orders for reported cases with the Fraud Division.

Objective 2-3: Create and maintain active linkage

Due to the demands of case investigations, active linkage can be a problem. Our good intentions of networking may fall to the wayside when a crucial witness needs to be interviewed. Creating and maintaining a consistent time for face to face interaction will provide a forum to share information, exchange ideas, build continuity and thereby increase the efficiency of investigations.

Activities:

- As designated by the respective agencies, Fraud Division Staff and the District Attorney Investigators shall meet face to face alternately in Fresno and Visalia.
- On a quarterly basis or periodically as established, Fraud Division staff and the Investigators from the District Attorney will participate in the Central Valley Workers' Compensation Fraud Task Force meetings.

Objective 2-4: Expeditious Conflict Resolution

Despite open communication and the best intentions, conflicts and differences of opinion may develop periodically. The expeditious discussion of such conflict will not only save time, thereby increasing the efficiency of investigations, but further enhance the working relationship between agencies.

Activities:

- As needed, Fraud Division staff and the District Attorney investigators shall update each other on investigative information available;
- In the event a conflict between detectives or with prosecutors develops, using the open lines of communication established, the detectives or prosecutors will seek resolution. If a resolution can not be achieved at this level, the immediate supervisors shall jointly meet with the detectives/prosecutors to seek resolution. It is anticipated that most, if not all conflicts will be resolved by this step; and
- If a conflict persists, the Captain of the Fraud Division and the Chief Investigator for the District Attorney shall meet and confer.

Objective 2-5: Joint Case Development

The two agencies shall communicate at collaborative meetings during (the Central Valley Workers' Compensation Fraud Task Force to identify any complex, multi-jurisdictional cases that would require in depth investigative efforts across agencies. Once a joint case is identified, the two agencies agree to:

- Set a date for the initial meeting between the Fraud Division detectives and

- the Deputy District Attorney within two weeks of identifying such cases; and
- Communicate on a weekly basis or as needed depending on the complexity of the case and any new information that becomes available.

GOAL 3: Increase the Level of Confidence and Trust Between the Fraud Division and the District Attorney

Objective 3-1: Develop Uniform Investigative Skills and Knowledge

Confidence and trust between agencies will be enhanced by sharing a common skill and knowledge base. Investigators must rely on one another. Understanding and knowing investigators from either agency operate with the same levels of skill, knowledge and experience will foster team building and interoperability.

Activities:

- Conduct quarterly informal joint training on topics and issues relevant to fraud investigations and prosecutions; and
- Since no SIUs exist in Tulare County, investigators from the Fraud Division District Attorney will create a joint training that can be offered to law enforcement agencies and self-insurers in Tulare County when a need is identified; and
- Jointly attend the annual CDAA sponsored insurance fraud training.

Objective 3-2: Develop a Uniform Investigative Report Format

A uniform investigative report format will assist either agency in readily comprehending information contained in reports. Using similar formats will promote consistency in investigations thereby increasing confidence in such investigations.

Activities:

- Begin regular meetings between Fraud Division and the District Attorney to develop uniform reporting format.

GOAL 4: Conduct High Impact Joint Investigative Operations

Objective 4-1: Provide Mutual Assistance on Major Investigative Operations

Mutual assistance is currently a part of the working relationship between the Fraud Division and the District Attorney. This Joint Plan continues this policy.

Activities:

- Assist on search warrants requiring multiple location service;
- Provide back up support on arrest warrants where necessary; and
- Where appropriate, conduct undercover operations.

Objective 4-2: Conduct Undercover Operations Where Appropriate

Undercover operations at times are the only effective means of addressing particular types of fraud such as provider fraud or mill activity. In order to maximize the potential for success, both agencies agree to work cooperatively and where appropriate, jointly.

Activities:

- Undercover operations by either agency shall be conducted according to current legal standards and in deference to the safety of the agents and the public.
- Such undercover operations whether conducted separately or in conjunction, shall be confidentially disclosed to avoid any negative outcomes.
- Command and control of the undercover operation shall reside with the agency initiating the activity unless by mutual agreement command is transferred.

Objective 4-3: Conduct a High Profile Joint Operation Targeting Uninsured Employers

A multiple agency operation targeting uninsured employers is intended to make a major impact in the region. A joint operation increases the reach and also the opportunity for media coverage.

Activities:

- Develop targeting plan;
- Assemble participating agencies; and
- Conduct operation in the second quarter of the fiscal year.

Objective 4-4: Stay Involved with the Central Valley Workers' Compensation Fraud Task Force

Both premium fraud cases and medical fraud cases can be major undertakings for any agency. Often these cases involve multiple counties and agencies. This region-wide Task Force, composed of investigators from District Attorney offices throughout the San Joaquin Valley and detectives from the Fraud Division (along with the Employment Development Department and the Franchise Tax Board) will jointly investigate major premium fraud and medical fraud cases without regard to in which county the case originated. The Task Force will then provide investigative support on the case when

prosecuted in the designated county. The Task Force will also conduct high visibility regional enforcement of uninsured businesses.

Activities:

- Attend regular Task Force meetings between the Fraud Division and the District Attorney offices in the region;
- Continue operating under the MOU for the Task Force; and
- Seek an appropriate level of funding to operate and maintain the Consortium.

GOAL 5: Increase Fraud Awareness in the Business Community, Labor Sector and the General Public Through Educational Activities

Objective 5-1: Educate Businesses

Activities:

- As needed, conduct business forums on insurance issues relevant to the business community;
- Conduct training for businesses on site regarding insurance fraud; and
- Create public service messages directed at business.

Objective 5-2: Create Deterrent Factors

Activities:

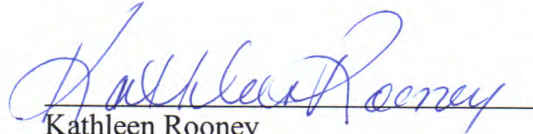
- Publicize every conviction through all media formats;
- Use real case information in all presentations regarding insurance fraud, including sub-rosa tapes, video interviews and testimonials where available;
- Submit conviction information to trade publications, union newsletters, and through local chambers of commerce; and
- Create public service messages.

It is the intent of each agency to efficiently and effectively investigate and prosecute Workers' Compensation Insurance Fraud and Automobile Insurance Fraud. We are committed to these programs and will work diligently to ensure their success.



Tim Ward
District Attorney
Office of the District Attorney
County of Tulare

4/19/18
Date



Kathleen Rooney
Assistant Chief
Department of Insurance
Fraud Division

April 16, 2018
Date

ATTACHMENT B

CASE DESCRIPTIONS (CONFIDENTIAL)

ATTACHMENT C

DA PRESS RELEASE



OFFICE OF THE DISTRICT ATTORNEY
COUNTY OF TULARE

Tim Ward, *District Attorney*

PRESS RELEASE

3/16/18

**INVESTIGATORS CONDUCT COMPLIANCE CHECK OF LOCAL
CONTRACTORS AND SERVICE COMPANIES**

Investigators from the Tulare County District Attorney's Office Workers' Compensation Fraud Unit conducted a two-day workers' compensation insurance compliance check on March 7th and 8th, 2018, in Visalia and Porterville. The purpose of the compliance check was to inform and educate local employers of the requirements of carrying the proper state-mandated contractor's license and workers' compensation insurance.

Investigators contacted over 36 businesses which included landscapers, construction companies, tree trimmers, garage door repair companies, and concrete masonry workers.

As a result, 18 of the 36 businesses contacted were in compliance with the mandated State of California workers' compensation insurance laws and carried the proper State Contractor's license. The noncompliant businesses were educated on the requirements regarding workers' compensation insurance and holding the proper contractor's license.

Follow-up investigations will be conducted to ensure compliance with these companies has been met, and future compliance checks will be completed throughout the County in the coming months to ensure employers, employees, and consumers are all protected to the fullest extent of the law.

The Office of the District Attorney has a dedicated prosecutor and criminal investigator assigned to workers' compensation fraud.

Anyone with information regarding businesses allegedly out of State compliance may contact Assistant Chief Gilbert Cardenas at (559) 636-5410.

*Media inquiries can be directed to the Office of the District Attorney, County of Tulare
Assistant District Attorney Dave Alavezos (559) 636-5494*

Local

18 businesses fail to meet state laws

DA compliance check reveals problems

Sheyanne N Romero
Visalia Times-Delta
USA TODAY NETWORK

Of the 36 businesses checked by Tulare County District Attorney's Workers' Compensation Fraud Unit, half were out of compliance, investigators said.

During a two-day compliance check, investigators visited businesses in Visalia and Porterville. Investigators were checking for proper state-mandated

contractor's licenses and workers' compensation insurance.

The businesses included landscapers, construction companies, tree trimmers, garage door repair companies and masonry workers.

Of the 36 businesses check, half of them didn't have a contractors license. The noncompliant businesses were "educated" on the requirements of

See COMPLIANCE, Page 8A



During a two-day compliance check, DA investigators visited businesses in Visalia and Porterville. TULARE COUNTY DISTRICT ATTORNEY

ATTACHMENT D
CENTRAL VALLEY WORKERS' COMPENSATION
INSURANCE FRAUD TASK FORCE
MEMORANDUM OF UNDERSTANDING

Memorandum of Understanding

Between

The California Department of Insurance

And

**The District Attorneys of Fresno, Tulare, Kings, Kern, Merced and Madera Counties, the
Employment Development Department and the Franchise Tax Board**

For a Workers' Compensation Fraud Task Force

Introduction:

This Memorandum of Understanding (MOU) establishes an agreement to operate an inter-agency Workers' Compensation anti-fraud partnership together with the Fresno County District Attorney's Office, the Tulare County District Attorney's Office, the Kings County District Attorney's Office, the Kern County District Attorney's Office, the Merced County District Attorney's Office, the Madera County District Attorney's Office and the California Department of Insurance. In addition, the California Franchise Tax Board and the California Employment Development Department will be participating members. Any salary and benefits associated with these positions shall be the responsibility of the participating agency.

Background:

In 2016, the total population for **Fresno** County was 979,915 people. Currently, their grant funding allows for two full-time prosecutors and three full time investigators to investigate and prosecute workers' compensation fraud.

In 2016, the total population for **Kern** County was 884,788 people. Currently, their grant funding allows for two full-time prosecutors and one full time investigator, one paralegal and one Investigative Aide to investigate and prosecute workers' compensation fraud.

In 2016, the total population for **Kings** County was 154,434 people. Currently, their grant funding allows for 50% of one prosecutor and one and a one-half investigators to investigate and prosecute workers' compensation fraud.

In 2016, the total population for **Madera** County was 154,697 people. Currently, they receive no grant funding related to workers' compensation fraud.

In 2016, the total population for **Merced** County was 268,672 people. Currently, their grant funding allows for 28% of one prosecutor's time, 40% of one paralegal's time, 30% of one

Central Valley Workers' Compensation Fraud Task Force

investigator's time and 100% of an Extra-help Office Assistant to investigate and prosecute workers' compensation fraud.

In 2016, the total population for **Tulare** County was 460,437 people. Currently, their grant funding allows for one fulltime prosecutor and three fulltime investigators to investigate and prosecute workers' compensation fraud.

In addition to the Central Valley District Attorneys' offices dedicated units, the California Department of Insurance (CDI), Fresno Office, has one investigator, one auditor, one Sergeant and a Captain to work cases, coordinate with allied agencies and provide leadership as well as a dedicated location for Task Force efforts consisting of housing of fulltime Task Force staff, Task Force and/or other group meetings, case review and strategy meetings, training of workers' compensation personnel, a command center for special operations and resource sharing.

Participating on an as needed/as available basis are the investigative branches of the Franchise Tax Board (FTB) and the Employment Development Department (EDD). These state agencies have cases that arise out of the work of the Central Valley Workers' Compensation Fraud Task Force (Task Force) and their regional personnel lend expertise and resources to assist Task Force cases.

Given the challenges of one investigator working alone in a county to make an impact on workers' compensation fraud in their community, and those that come with working a complex premium fraud or medical provider fraud case that affects multiple counties in the central California region, the idea was formed to work together as a task force to combine our existing resources to fight insurance fraud on a more effective scale with a more robust program through inter-agency cooperation. Smaller agencies and those with new personnel can benefit by shortening their learning curve in working with a task force of experienced personnel as well as ramp up and navigate a larger case much more quickly. Conversely they can participate (schedule permitting) with larger counties working in unison on complex and large scale cases and in enforcement operations such as the execution of search warrants and arrest details. When evidence in these types of cases can be collected in a coordinated effort and the cases completed in a tighter time-frame, the success of the case and its outcome are significantly improved.

Mission:

To have a Workers' Compensation Fraud Task Force in central California that successfully investigates and prosecutes all areas of workers' compensation fraud in our counties focusing our combined resources on complex medical fraud cases. In addition, the Task Force will work premium fraud and applicant fraud cases as directed by the Insurance Commissioner's goals and objectives. This task force approach will include all areas of workers' compensation fraud, but will be committed to focusing on those cases which have the highest impact in our communities as well as cases that cross county lines.

Program Objectives:

- Utilize state and regional resources in a coordinated manner to reduce the impact of workers' compensation fraud and related criminal activity.
- Investigate, arrest and prosecute individuals and criminal enterprises that commit or conspire to commit workers' compensation fraud and related criminal activities.
- Use contemporary technology to develop investigation and prosecution strategies to reduce workers' compensation fraud activity.
- In conjunction with District Attorneys, develop investigative and prosecutorial strategies that will significantly and measurably address the incidences of workers' compensation fraud in the region.
- Establish liaisons and communication between allied agencies, the insurance industry and other public and private sectors to enhance intelligence and informant development.
- Through outreach, educate the public about fraud and deter others from committing fraud.
- Publicize the consequences of committing fraud by utilizing social media and other sources to report prosecutions, convictions and sentencing.

Organizational Structure/Direction:

This Task Force includes investigators and prosecutors from local and state law enforcement. All participants acknowledge that the Task Force is a joint operation in which all agencies act as partners. There will be three levels of Task Force participation.

Level I: Full-time member - assigned to CDI regional office. Attends all related meetings and functions. Due to alternative work schedules, the primary Task Force working days of the week will be Tuesday, Wednesday and Thursday. However, operations remain open and flexible to suit the needs of the Task Force.

Level II: Part-time member - may be assigned to the CDI regional office, including intermittently. Attends quarterly meetings and other meetings when possible, participates in large-scale cases that encompass the member's county, participates in training when needed and assists in multi-agency sweeps, searches and outreach activities. The Task Force assists such member when requested.

Central Valley Workers' Compensation Fraud Task Force

Level III: Participating member - attends quarterly meetings and related functions when available. The Task Force assists such members when requested.

The day-to-day operational supervision of sworn personnel and administrative control of the Task Force is the responsibility of the assigned Task Force Sergeant. This Sergeant will be staffed by the California Department of Insurance. The Sergeant will work cooperatively with other supervisors and investigators from the participating agencies to keep them informed of issues and progress. Responsibility for the personal and professional conduct of Task Force members shall remain with the respective agencies in keeping with each agency's rules regarding conduct and policy.

The overall goals, mission, reporting and conflict resolution of this Task Force will be the responsibility of the Task Force Commander. The California Department of Insurance will staff this position with the Captain of the Fresno Regional Office. The Task Force Commander will report to the participating District Attorney's offices quarterly on the activities of the Task Force.

The California Department of Insurance will provide at least one detective and one forensic auditor to work at Level I on the Task Force.

Fresno County will provide one fulltime District Attorney Investigator to work at Level I on the Task Force. (Full-time member).

Tulare County will provide one part-time District Attorney Investigator to work at Level II or III on the Task Force. (Part-time or Participating member).

Kings County will provide one part-time District Attorney Investigator to work at Level II or III on the Task Force. (Part-time or Participating member).

Kern County will provide one part-time District Attorney Investigator to work at Level III on the Task Force. (Participating member).

Merced County will provide one part-time District Attorney Investigator to work at Level III on the Task Force. (Participating member).

Madera County will not be funded and will participate on the Task Force on an as-needed basis. (Participating member).

FTB and EDD will provide one part-time Special Agent/Investigator to the Task Force on an as-needed basis, meeting no less than once a quarter with the Task Force. (Participating member).

The Task Force Sergeant will strive to ensure equity in investigation and prosecution efforts among the participating agencies on par with their financial and actual contributions to the work of the Task Force.

Investigations:

All investigations will be conducted in the spirit of cooperation. Investigations will follow guidelines established by each agency's respective policy manual and/or guidelines. Report formatting will be consistent among the Task Force members who are housed (Level I or Level II) at CDI as part of the Task Force and will follow the format utilized by the California Department of Insurance.

The routine investigative strategy regarding case development and direction shall be the responsibility of the Task Force Sergeant.

Prosecution:

There will be an assigned Deputy District Attorney (DDA) to this Task Force. Cross-designation to file cases in all participating jurisdictions can occur should the need arise. The assigned DDA shall be contacted on a regular basis for updates, legal opinions and guidance. "Vertical Prosecution" shall be used on all cases investigated by the Task Force and the team should strive to meet with the DDA on a weekly basis or as often as practicable.

Vertical Prosecution means that supervisors and investigators will work together with the assigned DDA(s) at the earliest opportunity during the initial investigation and will build the investigation from inception through prosecution and final adjudication as a team.

The DDA shall be available to provide legal review and, when appropriate, shall file Task Force cases warranting criminal complaint. Any salary and benefits associated with this position shall be the responsibility of the participating agency. The DDA shall retain sole charging, filing and settling authority for all cases. Prior to any settlement offers the DDA will discuss their decision with the assigned investigator(s).

Fresno County will dedicate one full-time Deputy District Attorney to be regularly available for consultation who will provide support and guidance to the Task Force.

Cases for Kings, Kern, Tulare, Merced and Madera counties will be overseen by their respective assigned attorney staff.

Media Relations and Releases:

Media release information regarding joint Task Force operations will be coordinated by the Task Force Commander and made jointly by all participating agencies. No unilateral press releases will be made by any participating agency without prior notification to participating agencies and approval of the Task Force Commander.

Conflict Resolution Procedures:

Every effort will be made to work in collaboration and cooperation for the benefit of the mission. Members are encouraged to work out conflict at the lowest level possible. If this cannot be accomplished, the Task Force Sergeant will intervene to provide resolution. If the issue still cannot be resolved, then commanding officers from each agency may be called upon to resolve the issue with the Captain of the Fraud Division for the Fresno Regional Office taking the lead role in mediating the issue.

Use of Force Issues:

Use of force shall comply with the laws of the State of California and the individual agency policy of each member participating in the Task Force. Any concerns regarding the use of force by a member of the Task Force shall be reported to the Task Force Sergeant and that member's supervisor.

Complaint Procedures:

Complaint procedures shall comply with the laws of the State of California and the individual agency policy of each Task Force participant. Any complaint against a Task Force member shall be reported to the Task Force Sergeant and the supervisor of the involved member at their employing agency.

Disciplinary Action:

Any concerns regarding disciplinary action shall be discussed with and is the responsibility of the supervisor of the member at their employing agency.

Use of Funds for Undercover Operations:

Office members of the Task Force who are under the direction of the Task Force Sergeant will have access to the Department of Insurance's Investigative Fund and must adhere to the policies and procedures regarding use of that fund.

The Investigative Fund is authorized by Insurance Code §§1879.4(a) and 1879.4(b) and the Department of Insurance. Expenditures from the Investigative Fund are for items supporting investigations where the origin of the item or relationship to the Task Force is to be concealed so the investigation is not jeopardized. Most often expenditures will relate to undercover activity. The CDI Fraud Division's manual will be followed when funds are used. The Captain of the Department of Insurance Fraud Division's Fresno Regional Office, or a designee, will be responsible for all funds expended from the Investigative Fund. Reports of expenditures shall be prepared by the Task Force Sergeant, or a designee, on Investigation Expense Vouchers and forwarded to the Captain for review or approval as appropriate.

Funding for Equipment:

Each participating agency will provide the necessary equipment for their participants to be effective in the Task Force including laptops, cellular phones and vehicles. The California Department of Insurance will provide working space for each participating member, as available, to ensure active and collaborative participation.

Funding for Training:

Each participating agency will fund necessary training that would be useful to the detection and investigation of workers' compensation fraud.

Liability and Responsibility:

Each member agency shall be responsible for the acts, errors or omissions of its assigned investigators, DDAs, officers, agents or employees. Personnel assigned to the Task Force shall be deemed to be continuing under the employment of their respective agencies and shall continue to have the same powers, duties, privileges, responsibilities and immunities as are conferred upon them in their own jurisdictions.

No member agency shall be responsible for the acts, errors, or omissions of another member agency's investigators, DDAs, officers, agents or employees, nor will they incur any liability arising out of the services and activities of another member agency's investigators, DDAs, officers, agents or employees.

Policy and Procedures for Amending MOU:

Upon receiving all signatures, this MOU will remain in effect until a participating party requests an amendment. Any changes to this MOU must be approved by all participating agencies according to the following process:

- Recommended changes shall be provided in writing to all participating agencies.
- Once a recommendation for change has been submitted, the Task Force Commander shall arrange a meeting for the Task Force participants to discuss the proposed change.
- This meeting shall take place within 30 days from the day that all parties have received the proposed change.
- Upon commencement of such meeting, the party recommending the change shall present the proposed change and the reason for the change. Upon completion of the presentation, open discussion will commence, followed by a vote. If additional time is needed to research any matter involving the change, a subsequent meeting will be scheduled by the Task Force Commander within 30 days.

Central Valley Workers' Compensation Fraud Task Force

- Following the vote, if any change to the MOU is approved, a revised MOU will be distributed with the change and all parties will sign the revised document.

Duration and Termination:

This MOU will be in effect beginning on the last date of the signing listed below through June 30, 2018. Task Force member agencies may voluntarily withdraw participation at any time by providing 30 days prior written notice to the CDI Fresno Captain who will disseminate the notification to all parties of this MOU.

The effective date of this MOU will signify the creation of the Central Valley Workers' Compensation Fraud Task Force (CVWCFTF). This MOU will effectively terminate the San Joaquin Valley Premium Fraud Consortium Mutual Assistance Agreement.

Joint Acceptance of MOU:

The undersigned represent that they have read the above and have the authority to execute these procedures on behalf of their respective agencies and, in signing this agreement, represent a concurrence with the support of the program and the operating procedures set forth in this document. A copy of the fully executed MOU will be provided to each signor as well as the CDI contract administrator within 7 days of approval.

California Department of Insurance
George Mueller
Deputy Commissioner
Enforcement Branch

Date

Fresno County District Attorney's Office
Edith Treviso
Chief Deputy District Attorney

Date

Tulare County District Attorney's Office
Tim Ward
District Attorney

Date

Central Valley Workers' Compensation Fraud Task Force

Kings County District Attorney's Office
Robert Waggle
Chief Investigator

Date

Kern County District Attorney's Office
Gregory A. Pulskamp
Supervising Deputy District Attorney

Date

Merced County District Attorney's Office
Larry D. Morse II
District Attorney

Date

Madera County District Attorney's Office
John Markle
Chief Investigator

Date

Franchise Tax Board
Chris Beach, CEA
Audit Division

Date

Employment Development Department
Frank Waldschmitt
Supervising Criminal Investigator II

Date