

**CALIFORNIA DEPARTMENT OF  
INSURANCE**

**FRAUD DIVISION**

9342 Tech Center Drive  
Sacramento, CA 95826  
Telephone: (916) 854-5760  
Fax Number: (916) 255-3344

**AUTOMOBILE  
INSURANCE FRAUD PROGRAM**

**REQUEST FOR FUNDING  
FISCAL YEAR 2007-2008**

COUNTY OF EL DORADO

**AUTOMOBILE INSURANCE FRAUD FORM 01  
INVESTIGATION/PROSECUTION PROGRAMS  
FISCAL YEAR 2007-08 GRANTS**

**Grant Application  
Checklist and Sequence**

*The Request for Application MUST include the following:*

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

**DEPARTMENT OF INSURANCE**      **FORM 02**  
**GRANT APPLICATION TRANSMITTAL**

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

Contact: Dick Jones

Address: 515 Main Street

Placerville, CA 95667

Telephone: (530) 621-6490

Automobile Insurance Fraud

(1) *Program Title*

July 1, 2007 – June 30, 2008

(2) *Grant Period*

New Funds Being Requested: \$245,443

Estimated Carry-Over Funds: \$ 30,000

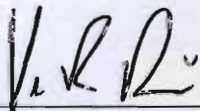
(3) *Grant Amount TOTAL:*    \$275,443

Vern Pierson

(4) *Program Director*

John Mitchell

(5) *Financial Officer*



(6) *District Attorney's Signature*

Name: Vern Pierson

Title: District Attorney

County: El Dorado

Address: same

Telephone: (530) 621-6472

Date: \_\_\_\_\_

## TABLE OF CONTENTS

<u>Contents</u>	<u>Page</u>
Program Contact Form, Form 03	5
Board of Supervisor's Resolution, Form 04	6
Qualifications, Form 05	7
Qualifications, Form 06(a)	11
Organization Chart, Form 06(b)	12
Program Report, Form 07	13
Problem Statement, For 08	19
Program Strategy, Form 09 & 10	22
Budget, Personnel Services, Form 11	26
Budget, Operating Expenses, Form 12	27
Budget, Equipment, Form 13	28
Equipment Logs, Form 14	29
Program Summary, Form 15	30
Prior Year Carry-Over Expenditure Plan, Form 16	31
Prior Year Carry-Over Expenditure Plan, Form 17	32
Attachment A, Joint Plan	33

**PROGRAM CONTACT FORM**

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

Name: Dick Jones  
Title: Deputy District Attorney  
Address: 515 Main Street  
Placerville, Ca. 95667

Telephone Number: 530-621-6490                      FAX Number: 530-621-1280

Provide the name, title, address and telephone number for the Chair of the County Board of Supervisors:

Name: Helen Baumann  
Title: Chairman of the Board of Supervisors  
Address: 360 Fair Lane  
Placerville, Ca. 95667

Telephone Number: 530-621-5654                      FAX Number: 530-622-3645

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

Name: John Mitchell  
Title: Financial Officer  
Address: 515 Main Street  
Placerville, Ca. 95667

Telephone Number: 530-621-6472                      Email: [jmitchell@el-dorado.ca.us](mailto:jmitchell@el-dorado.ca.us)  
FAX Number: 530-621-1280

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

Name: Dick Jones  
Title: Deputy District Attorney  
Address: 515 Main Street  
Placerville, Ca. 95667

Telephone Number: 530-621-6490                      Fax Number: 530-621-1280  
Email: [rjones@el-dorado.ca.us](mailto:rjones@el-dorado.ca.us)

**BOARD OF SUPERVISORS' RESOLUTION**

**The resolution will be sent to the department of insurance after it is received.  
The board will not accept the resolution without county counsel  
approval/review of the Grant Application**

## AUTOMOBILE INSURANCE FRAUD QUALIFICATIONS

**Answer the following questions to describe your experience in investigation and prosecuting automobile insurance fraud cases during the last two (2) fiscal years as specified in the California Code of Regulations, Title 10, Section 2698.60**

- a. What areas were successful and why?**
- b. Specify what unfunded contributions, i.e. financial, equipment, personnel, technology and support, did your county provide to the automobile insurance fraud program.**
- c. Detail and explain the turnover or continuity of personnel assigned to your workers' compensation insurance fraud program.**
- d. List the governmental agencies you have worked with to develop potential workers' compensation insurance fraud cases.**
- e. Was there a distribution of frozen assets in the current reporting period? If yes, please describe.**
- f. List the straining provided to each county staff member in the automobile fraud unit during the 2005-06 fiscal year and the 2006-07 fiscal years.**
- g. Describe what kind of training-outreach you provided in fiscal year 2006-07 to local Special Investigative Units, public and private sectors to enhance the investigation and prosecution of automobile insurance fraud; and or coordination with the Fraud Division, insurers, or other entities.**

The El Dorado County District Attorney's Office is going into its fourteenth year with our Automobile Insurance Fraud Unit. However, for the last several years, during the prior administration, the unit has been devoid of leadership and basically ineffective and has produced very few new cases. Plainly stated, the unit cannot point to any real success in the past two years. Under the new leadership of Vern Pierson, the recently elected district attorney, and former chief assistant district attorney of Amador County, new and innovative programs have been planned and new life given to the unit. Mr. Pierson has assigned a senior deputy district attorney to the program as well as a full time experienced criminal investigator. Also, Mr. Pierson has been authorized by the board of supervisors to add a position of a legal secretary (part-time) to the staff of the unit. This legal secretary will be available to the Elder and Consumer Protection Unit and a portion of her time will be dedicated to the Automobile Fraud Unit. Since Mr.

Pierson's election we have made a major effort to develop our unit, and more importantly, we have instituted a proactive effort of enforcement of the Program. New programs to enforce the law and expedite prosecution have been instituted. Since the program's inception in El Dorado County, our relationship with the Department of Insurance Fraud Division has not been optimum. With our new dedication to the goals and objectives set by the Commissioner and the Fraud Division and Mr. Pierson's known dedication to the program, as exemplified in Amador County, this relationship will mature rapidly.

El Dorado County District Attorney Vern Pierson has initiated and extended El Dorado County's proactive and aggressive insurance fraud program. The deputy district attorney working this unit is Richard A. Jones; he is responsible for the review and prosecution of all cases. Mr. Jones has been practicing law for over 30 years and prior to joining the El Dorado County District Attorney was with a major California insurance company. Mr. Jones duties involved the investigation of internal fraud matters that were then presented to The Fraud Bureau or other law enforcement agencies. District attorney investigator Paul Fisher has been assigned 100% time as the primary automobile insurance fraud investigator, and it is anticipated that there will be a part time investigator assigned to the South Lake Tahoe office. Paul Fisher is establishing and is implementing an aggressive outreach program with anticipated positive results. Note that the assignment of a full-time investigator is predicated on approval of sufficient funding in this grant; the district attorney will request the board of supervisors to increase the department's personnel allocation by one full-time investigator.

**a. What areas were successful and why?**

As indicated earlier, the automobile fraud unit has not been as productive and viable as is needed. There have been prosecutions but of a minimal nature. With the institution of a new and vigorous program and increased interaction with various police agencies, SIU offices and the Fraud Bureau, this unit will become productive and successful.



**b. Detail and explain the turnover or continuity of personnel assigned to your insurance fraud program.**

In the period of 2005-2006, the El Dorado County District Attorney's office suffered the loss of five deputy district attorneys, roughly (40) forty per cent of the trial staff. As a result of these losses of attorney staff, the program did not have a designated attorney actively involved in the day-to-day operations of the program. As a result of then management's failure to address the problem, the program suffered greatly. Since the election of Mr. Pierson, the program has been reinvigorated with a new direction and vitality not before seen in the office .With this new direction and leadership, there will be great success in this coming year of successful prosecutions and investigations.

**c. Specify what unfunded contributions i.e. financial, equipment, personnel, technology and support your county provided to the automobile insurance fraud program.**

Support includes:

Police radios, vests, firearms, safety equipment, district attorney's time to promote program, secure funding from the board of supervisors, meet with fellow district attorneys to apprise them of the program, use of lap top computers, investigative and attorney staff that assists the automobile fraud investigator in the service of search warrants, arrest warrants and investigations, deputy district attorneys that assist the assigned attorneys and supervising deputy district attorneys who primarily supervise the deputy district attorneys assigned to the unit.

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

Presently, the department has established working relationships with the local police agencies as has the deputy district attorney assigned to the fraud Unit. Additionally, the assigned deputy district attorney has met with the Fraud Bureau

representatives from Sacramento as well as SIU agents from Kemper Home and Auto, AIG insurance and Esurance. Also, Mr. Jones, the assigned DDA, has a strong working relationship with the local office of the California Highway Patrol.

**h. Was there a distribution of frozen assets during the current reporting period?**

None.

**i. Describe what kind of training-outreach you provided in fiscal year 2006-07 to local Special Investigative Units, public and private sectors to enhance the investigation and prosecution of automobile insurance fraud; and or coordination with the Fraud Division, insurers or other entities.**

Little or no outreach was done previously due to lack of adequate resources assigned to the program.

We recently initiated contact with several carriers including SIU groups from E-surance, Kemper Auto and Home, and NICB. More contact will be made with many of the carriers in the near future.

To accomplish a part of this goal, our lead deputy district attorney will be attending meetings with insurance carriers in South Lake Tahoe as a result of the high number of vehicles lost in the Angora Fire. These meetings are being organized by Assemblyman Ted Gaines.

Our lead deputy district attorney is working closely with the Department of Insurance in its outreach into fraud program connected to the Angora Fire.

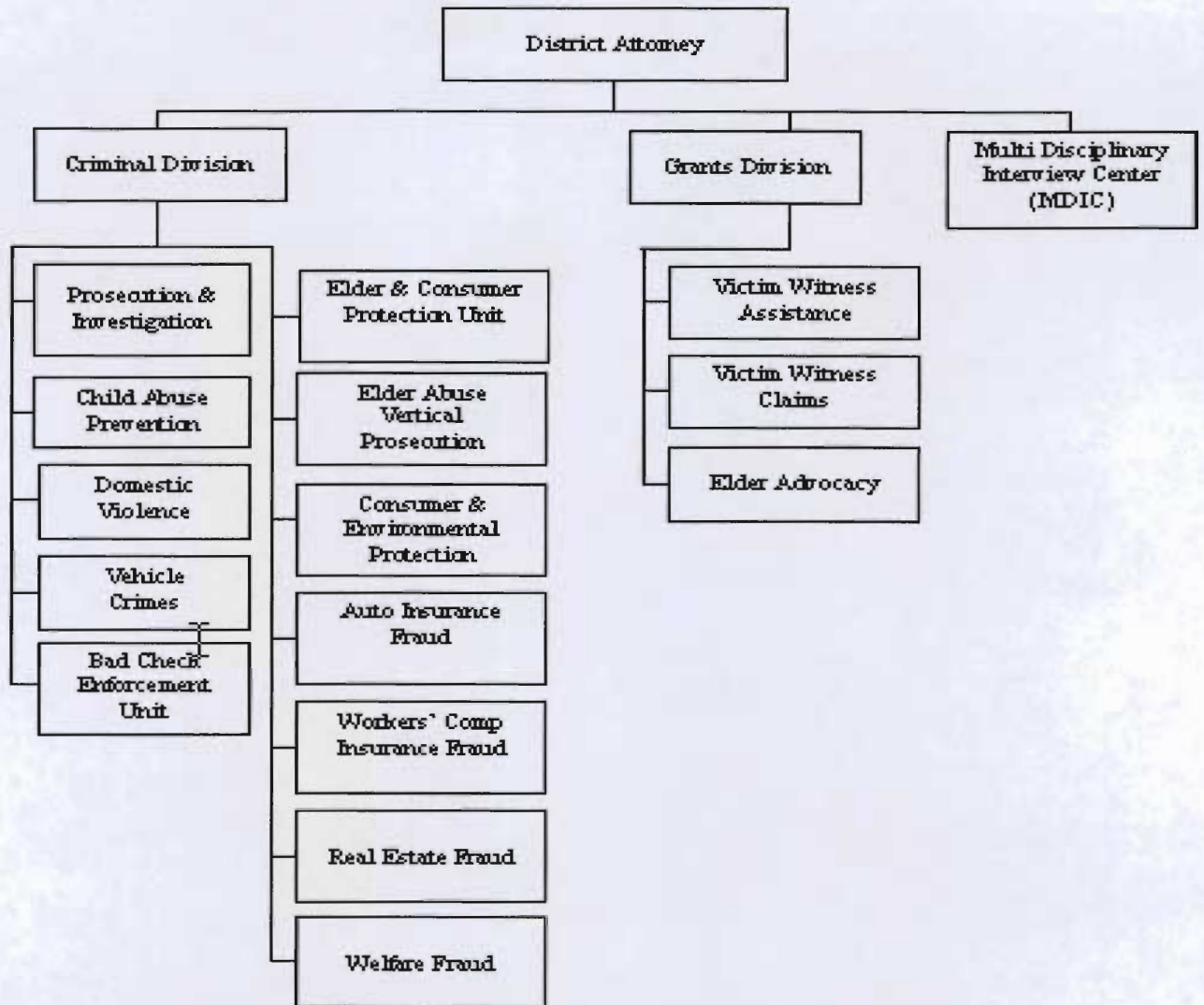
**QUALIFICATIONS**

List the name of the program's prosecutor(s) and investigator(s). For each, list:

1. List the percentage of time devoted to the program.
2. How long have the prosecutor(s)/investigator(s) been with the program?

<b>Prosecutors</b>	<b>% Time</b>	<b>Time With Program Start date/End date</b>
Richard A. Jones	50%	Newly assigned

<b>Investigators</b>	<b>% Time</b>	<b>Time With Program Start date/End date</b>
Paul Fisher	100%	Since June 15
Not yet hired	50%	



**CALIFORNIA DEPARTMENT OF INSURANCE - FRAUD DIVISION  
 AUTOMOBILE INSURANCE FRAUD PROGRAM  
 FISCAL YEAR 2006-2007 (From 7-1-06 to 6-15-07)**

**FORM 07**

**PROGRAM REPORT FOR EL DORADO COUNTY**

<b>I. NUMBER OF SUSPECTED FRAUD CLAIMS          REVIEWED from July 1, 2006 through June 15, 2007</b>
--

<b>II. DOCUMENTED CASE REFERRALS</b>	<b>PENDING</b>	<b>ACCEPTED</b>	<b>REJECTED</b>	<b>APPLICANT CASES</b>	<b>NON APPLICANT CASES</b>
A. CDI - Fraud Division	5	0	4	9	0
B. Private Carrier	0	0	0	0	0
C. Local Law Enforcement	0	0	0	0	0
D. Third Party Administrator	0	0	0	0	0
E. Other	0	0	1	1	0
F. Total (A-E)	5	1	5	10	0

<b>III. INVESTIGATIONS - PRE FILING DECISIONS</b>	<b>CASES</b>	<b>SUSPECTS</b>
A. Number of cases/suspects carried forward on 6/30/06 to FY 2006-2007	2	4
B. Number of NEW cases and suspects initiated from 7/1/06 through 6/15/07	10	11
C. TOTAL cases/suspects (A+B)	12	15
1. Declinations - Rejections	3	3
2. Number of CDI Joint Investigations (from A & B)	1	2
D. Investigative Assist(s)	0	0
1. Number TO outside agency	2	2
2. Number FROM an outside agency	1	1
E. Number of unassisted investigations by District Attorney	9	9

**III. INVESTIGATIONS - PRE FILING DECISIONS CONTINUED**

F. Case Investigations by Categories and Complexities	STANDARD	MEDIUM	COMPLEX	VERY COMPLEX	TOTAL CASES
1. Applicant Fraud	11				
2. Fraud Ring					
3. Staged Accident	1				
4. Capping					
5. Medical Provider Fraud					
6. Insider Fraud					
7. Economic Car Theft					
8. Legal Firm Fraud					
9. Other					
<b>Total (1-9)</b>	<b>12</b>				

IV. ARRESTS THIS REPORTING PERIOD	CASES	DEFENDANTS
A. Arrests by District Attorney - Felony		
B. Arrests by CDI - Felony		
C. Arrest by joint effort CDI/DA - Felony		
D. Arrests by other - Felony		
E. Total (A-D) - Felony		
F. Arrests by District Attorney - Misdemeanor		
G. Arrests by CDI - Misdemeanor		
H. Arrest by joint effort CDI/DA - Misdemeanor		
I. Arrests by other - Misdemeanor		
J. Total (F-I) - Misdemeanor		
<b>K. Total (E+J) - Felonies and Misdemeanors</b>	<b>0</b>	<b>0</b>

V. CASES IN COURT							
A. Cases carried forward on 6/30/06 to FY 06/07 by Categories and Complexities	STANDARD	MEDIUM	COMPLEX	VERY COMPLEX	TOTAL CASES	TOTAL DEFENDANTS	TOTAL CHARGE-ABLE FRAUD (in dollars)
1. Applicant Fraud	1						\$ 3,000.00
2. Fraud Ring							
3. Staged Accident							
4. Capping							
5. Medical Provider Fraud							
6. Insider Fraud							
7. Economic Car Theft							
8. Legal Office Fraud							
9. Other							

**V. CASES IN COURT CONTINUED**

B. New Case filings/indictments initiated 7/1/06 through 6/15/07 by Categories and Complexities	STAN- DARD	MEDIUM	COMPLEX	VERY COMPLEX	TOTAL CASES	TOTAL DEFENDANTS	TOTAL CHARGEABLE FRAUD (in dollars)
1. Applicant Fraud	1						\$ 3,800.00
2. Fraud Ring							
3. Staged Accident							
4. Capping							
5. Medical Provider Fraud							
6. Insider Fraud							
7. Economic Car Theft							
8. Legal Firm Fraud							
9. Other							
C. Total cases in court - Categories and Complexities (A+B)	STAN- DARD	MEDIUM	COMPLEX	VERY COMPLEX	TOTAL CASES	TOTAL DEFENDANTS	TOTAL CHARGEABLE FRAUD (in dollars)
1. Applicant Fraud	2						\$ 6,800.00
2. Fraud Ring							
3. Staged Accident							
4. Capping							
5. Medical Provider Fraud							
6. Insider Fraud							
7. Economic Car Theft							
8. Legal Office Fraud							
9. Other							
10. Total cases in court from (C)	2						\$ 6,800.00

<b>V. CASES IN COURT CONTINUED</b>			
<b>D. Total Cases by Filing Classification</b>			
	<b>CASES</b>	<b>DEFENDANTS</b>	
1. Felony Cases from (C)	2	3	
2. Misdemeanor Cases from (C)	0	0	
3. Civil Cases from (C)	0	0	
<b>E. Court Proceedings</b>			
	<b>CASES</b>	<b>DEFENDANTS</b>	<b>MOTIONS/ HEARINGS</b>
1. Number of Preliminary Hearings			
2. Number Held to Answer			
3. Number of Grand Jury Indictments			
4. Number of Motions requiring a response			
5. Number of Court Hearings			

<b>VI. FELONY DISPOSITIONS</b>	<b>CASES</b>	<b>DEFENDANTS</b>
<b>A. Convictions</b>		
1. Pled Guilty/No Contest	2	4
2. Convicted by Trial	0	0
<b>B. Sentences</b>		
1. State Prison Imposed	1	1
2. County Jail Imposed	1	1
3. Probation, no Jail Imposed	1	2
<b>C. Reduction to Misdemeanor</b>	0	0
<b>D. Municipal Court Dismissals</b>	0	0
<b>E. Superior Court Dismissals</b>	0	0
	<b>AMOUNT ORDERED</b>	<b>AMOUNT COLLECTED</b>
<b>F. Amount of Fines &amp; Penalty Assessments</b>	\$ 200.00	\$ -
<b>G. Amount of Restitution</b>	\$ 3,316.96	\$ -



<b>VII. MISDEMEANOR - DISPOSITIONS</b>	<b>CASES</b>	<b>DEFENDANTS</b>
<b>A. Convictions</b>	0	0
<b>1. Pled Guilty/No Contest</b>	0	0
<b>2. Convicted by Trial</b>	0	0
<b>B. Sentences</b>	0	0
<b>1. County Jail Imposed</b>	0	0
<b>2. Probation no Jail Imposed</b>	0	0
<b>C. Dismissals</b>	0	0
	<b>AMOUNT ORDERED</b>	<b>AMOUNT COLLECTED</b>
<b>D. Amount of Fines &amp; Penalty Assessments</b>	0	0
<b>E. Amount of Restitution</b>	0	0

<b>VIII. CIVIL CASES</b>	<b>NUMBER FILED</b>	<b>NUMBER OF JUDGMENTS</b>
<b>A. Cases carried forward on 7/01/06 to FY 06/07</b>	0	0
<b>B. New Cases filed this reporting period from 7/1/06 through 3/15/07 or 6/15/07</b>	0	0
<b>C. Total Cases (A+B)</b>	0	0
<b>D. Cases Concluded this reporting period.</b>	0	0
	<b>AMOUNT ORDERED</b>	<b>AMOUNT COLLECTED</b>
<b>E. 1. Restitution</b>	0	0
<b>2. Fines and Penalties</b>	0	0
<b>3. Costs</b>	0	0

<b>IX. SEARCH WARRANTS</b>	<b>NUMBER</b>	<b>SUSPECTS</b>	<b>LOCATIONS</b>
<b>A. Total Search Warrants Issued</b>	0	0	0
<b>B. Special Masters Search Warrants</b>	0	0	0

<b>X. OUTREACH TRAINING</b>		
<b>A. Number of training sessions</b>	3	
<b>B. Total number of trainees</b>	1	

**CONVICTION INFORMATION  
COUNTY:**

CASE#	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION/ LOSS	CIVIL FINE	CRIMINAL FINE	VICTIM	REFERRAL SOURCE	DDA NAME
1	06-20001362	Clarissa Kenndey	Suspect	180 days county jail	\$ -	\$ 5,950.00	\$ -	\$ 200.00		R. Jones
2	06-20001362	Dante Galli	Suspect	4 years state prison	\$ -	\$ 5,950.00	\$ -	\$ 200.00		R. Jones
3	2006-034	Amanda Glanville	Suspect	Probation	\$ -	\$ 3,935.00	\$ -	\$ 200.00		R. Jones
4	2006-034	Kevin Stymcist	Suspect	Probation	\$ -	\$ 3,935.00	\$ -	\$ 200.00		R. Jones
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										

\* Insert appropriate letter

- A. CDI - Fraud Division
- B. Private Carrier
- C. Local Law Enforcement
- D. Third Party Administrator
- E. Other

**COUNTY PLAN  
PROBLEM STATEMENT**

- 1. Please describe the types and magnitude of automobile insurance fraud (applicant, medical/legal provider, staged collisions, insider fraud, insurer fraud, economic vehicle theft) relative to the extent of the problem specific to your county. Please use local data or other evidence to support your description.**

El Dorado County is contiguous to Sacramento County on the west, Placer County to the north, and Amador and Alpine Counties to the south. El Dorado County consists of a rural population of approximately 176,204 including an estimated work force of 91,700, the majority of who reside in the Western Slope communities of Placerville, Shingle Springs, Cameron Park and El Dorado Hills. There has been significant growth in the number of businesses and companies that have opened or relocated to the Western Slope area of the county, particularly in the communities of Cameron Park and El Dorado Hills.

There are approximately 6,613 businesses in El Dorado County. Of the businesses in the county, 42% are in the service sector, 20% is retail trade, 12% in the construction area, and 7% in the area of finance and real estate, 4% in wholesale trade and 4% in agriculture, forestry and fishing. Large office complexes staffed by Health Maintenance Organizations, and smaller businesses such as grocery stores, coffee shops and restaurants contributed to the rapid growth of El Dorado Hills and larger retailers like Home Depot have opened in the Placerville area. That growth has contributed significantly to the increase in commercial and residential construction. The area offers a variety of tourist attractions and locally-owned retail businesses and a modest amount of agricultural and timber products. It also serves as a bedroom community for adjacent counties offering greater employment opportunities.

The newly elected district attorney, Vern Pierson, has set a goal of making our office very active in the arena of consumer protection, generally, and fighting insurance fraud specifically. This effort being undertaken by the district attorney dovetails directly with the stated goals of the commissioner and the Fraud Division.. This office will enforce consumer protection laws, inform consumers of their rights and allow citizens of the county access to the office for protection of their rights, as well a forum to report situations of potentially illegal activity. In prior years, suspected fraudulent cases involving automobile insurance fraud were investigated or prosecuted on a limited basis. Though some grant monies were provided to El Dorado County, little was accomplished, either because of the substantial turnover in the office or neglect by the prior management of the office. Now that the new management is in place, and with Mr. Pierson's known accomplishments in this field, El Dorado County is instituting a very aggressive program, staffed with a highly qualified staff of investigators, and a senior and experienced trial attorney.

To that end, Mr. Jones, the DDA assigned to the program, in conjunction with investigator Paul Fisher, now collect copies of all 10851 reports from all the agencies in El Dorado County on a monthly basis. These reports are reviewed in an effort to identify trends that may occur within the county. Although this review has just commenced, it is clear that more training of the officers is needed to help identify cases where economic theft may be occurring. Both Mr. Fisher and Mr. Jones will be attending briefings of the officers so as to direct their attention to the insurance fraud issue. It does appear initially, that many reports are deficient as pertains to insurance information. As this effort continues, we will be better able to identify the breadth and depth of the automobile fraud problem in El Dorado County.

From a review of the past cases in the county and having just received a new case from the Fraud Bureau, the cases seem to be individuals who are acting randomly and are responding to circumstances as they appear. The latest case of insurance fraud is a situation relating to two individuals applying for insurance subsequent to the loss they sustained. A previous case also included two individuals submitting a fraudulent claim after a loss and both individuals pled to felony counts. The similarity of these cases seems to indicate unsophisticated efforts by the suspects in the perpetration of insurance fraud. As our history is so de minimus at this time, it is not yet possible to identify the complete nature of the problem.

**2. What are your plans to meet any announced goals of the Insurance Commissioner? If these goals are not realistic for your county, please state why they are not, and what goals you can achieve?**

The next step in the equation will be contact with insurance company SIUs relative to losses within the county, as well as to notify the SIUs that the district attorney's office is now available to assist them in the investigation and prosecution of insurance fraud. The need for closer contact with the SIUs is to help in the pinpointing of provider fraud as relates to medical services billed but not provided or for services for which the provider is overbilling.

In the furtherance of our goal to become much more effective, a strong effort is being made to reestablish a strong working relationship with the Fraud Bureau. To that end, investigator Hern has submitted several new cases to the office for prosecution. Also, Mr. Jones has met with the head of the SIU office for Kemper Auto and Home Insurance Co. and introduced himself to other SIU investigators. We believe that the goals of the Insurance Commissioner are compatible with the stated goals of this office and the stated directives of Mr. Pierson.

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

The single most important goal of the office will be the effort to be put forth to identify the extent and nature of the automobile insurance fraud problem in the county. It is clear that there is such a problem from a review of theft cases generally, but more effort is needed. As the office suffered greatly in the fighting of insurance fraud under the direction of the previous district attorney, it is anticipated the rebuilding of prior relations

and establishing new relations with insurance fraud professionals will take substantial time and effort. It is with this in mind that an effective outreach program can be planned and implemented to bring the district attorneys office back into the mainstream of fighting fraud through adequate and proper investigation and prosecution of those committing such acts.

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

Project:

- a. 20 new investigations will be initiated during FY 2007-08.
- b. 12 new prosecutions will be initiated during FY 2007-08.

**COUNTY PLAN  
PROGRAM STRATEGY**

**FORM 09**

**1. What is your strategic plan to accomplish the goals as described in question # 2 on page 25?**

In the recent past, the office of the District Attorney of El Dorado County's involvement in fighting and prosecution of automobile fraud has been aberrant\*. Under the prior administration the program, to the extent it existed, was understaffed and without direction. Last year, for example, only one investigator was assigned to the unit and he was limited to 20% of his time. The attorney that was "assigned," would not meet with the investigator, and rarely handled cases.

*\*Aberrant is defined as meaning turning away from what is right; the prior administration was involved in undermining not only the integrity of the office of the district attorney, but the Automobile Fraud Program. The case to which reference is being made is People v. Media Dosh and Wesley Roberts, Case No. P04CRF0647.*

*To preface the case, Mr. Ron Dosh is a prominent attorney in Placerville and Media Dosh is his adult daughter. Mr. Dosh, until this case was adjudicated, was an outspoken critic of the previous district attorney. In the underlying case, Mr. Richard Jones, deputy district attorney, was initially involved. The fraud was that Ms. Dosh reported, through her father, a loss of audio equipment from her car while it was at a repair facility. When Mr. Dosh asked for receipts from his daughter, Ms. Dosh went to her friend, Mr. Roberts, and they created false records to submit to the carrier. A search warrant was served on Mr. Wesley's business and evidence of the creation of the false documents was recovered. As the investigation proceeded, Mr. Dosh became aware of the potential fraud and withdrew the claim.*

*Mr. Jones filed a criminal Complaint charging two counts of Penal Code § 550(a), a straight felony as to both defendants. The original Complaint was filed on December 22, 2004. Thereafter, Mr. Jones was relieved from prosecuting the file and the former district attorney became involved in settlement talks around July, 2005, with the attorney for Ms. Dosh who was a very close friend of Mr. Dosh. The settlement reached with Ms. Dosh resulted in one felony count dismissed outright. Ms. Dosh would enter a plea to the remaining count and the Court would "defer" acceptance of the plea for two years upon certain conditions. The primary condition was for Ms. Dosh to complete a radiological program at a junior college. If she didn't complete the program through no fault of her own, she still could receive the benefit of the deal if the Court approved. The case is now to be heard on November 29, 2007, in Department One.*

Now, however, the office under the new administration is moving forward to meet the demands of a responsive, consumer-oriented office consistent with goals of the Insurance Commissioner. Initially, Mr. Pierson has appointed a senior and experienced trial attorney with a strong insurance background to lead the automobile fraud unit. Also, as of June 15, 2007 Mr. Pierson has appointed an investigator with thirty years experience to the unit on a full time basis. With the core of the unit now in place, the following plan is going to be implemented:

- Reestablish a close working relation with the Fraud Bureau
- Institute an outreach program to reconnect with insurance carriers generally and their SIUs in particular and other professionals in the insurance field.
- Reestablish a working relationship with the California Highway Patrol and the local law enforcement agencies in El Dorado County.
- Continue using the fraud “hotline” that is directly connected to our fraud unit; it is in English and Spanish.
- Re-start “fraud hot-line” newspaper advertising in the counties local newspapers to inform the public of our fraud unit.

As was discussed earlier in the RFA, the DDA and Fraud Investigator now review all 10851 reports from each of the law enforcement agencies in the county on a monthly basis. That has revealed the need for training of each agency to insure the completeness of the report for accurate insurance information. The DDA and Investigator will attend agency briefings and review the need of such reporting in light of the issues of economic auto theft.

2. **A “Joint Plan” must be properly developed and agreed upon by the head of the Automobile Insurance Program of the District Attorney’s Office and the Chief Investigator of the Fraud Division serving the County’s jurisdiction to create the framework for effective communication and resource management in the investigation and prosecution of insurance fraud. See Attachment A, Guidelines for Preparing a Joint Plan.**

**A Joint Plan must be submitted in this application. Each county District Attorney in coordination with the Fraud Division is required to develop and follow the Joint Plan.**

A joint plan is attached.

3. **Describe what kind of training/outreach you plan to provide in Fiscal Year 2006/07 to local Special Investigative Units, public and private sectors to enhance**

**the investigation and prosecution of automobile insurance fraud; and/or coordination with the Fraud Division, insurers, or other entities.**

As a result of past dereliction of responsibility dealing with outside resources, effort is now being made to communicate with SIUs for the various insurance carriers. Also, contact has been made with NICB and the attorney assigned to the unit and the investigator will be attending the meetings sponsored by NICB. In this fashion the professionals in our unit will become known to these groups and be available to assist them with any questions that arise in their investigations in our county. As it becomes clear that our District Attorneys office is again engaged in the fraud effort, we anticipate renewed connection to fighting insurance fraud. As indicated in question One above, this effort will require time to accomplish. The effort has begun in earnest to build a reputation as a team player with the industry and the public.

**4. 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 as the legislative intent specifies.**

In prior years, little if any effort was expended in tracking payment of fines and restitution. The DDA overseeing the fraud unit has begun to correct this situation. Mr. Jones has met with Judge Phimister who presides in the arraignment court that also handles felony preliminary hearings and felony and misdemeanor settlement calendars. The court has agreed to work with our office relative to ensuring restitution will be included in sentencing.

In our county restitution is collected through the probation department and arrangements are in place for the fraud unit to be kept apprised of the status of restitution payments.

Also Mr. Jones has met with Ms. Jackie Davenport of the court administrator's office regarding the fines imposed by the court and the collection of such and payment of such to the Automobile Fraud Account.

Also, the legal secretary assigned to this unit at 50% FTE, will create necessary spreadsheets to track restitution as it is ordered by court and received.



**COUNTY PLAN  
PROGRAM STRATEGY****5. If you are asking for an increase over the amount of grant funds received last fiscal year, how do you plan to utilize the additional funds?**

As our budget proposal outlines, we are, building a program from the beginning. The funds will be used to staff the program with 1.5 investigators who will work closely with the DDA assigned to the fraud unit that has been just established by Mr. Pierson. A legal secretary will assist the unit with support functions and keep statistics, thus allowing the investigators and DDA more time to perform their duties. The board of supervisors will be requested to increase the personnel allocation for this office by one district attorney investigator.

**6. In what areas, do you hope to improve your program in the next fiscal year?**

The El Dorado County District Attorney's office is moving forward to create a viable fraud unit, to include workers compensation insurance fraud and automobile insurance fraud. During the next fiscal year this office will have the ability to staff the unit, which is now being done. The office will, and has, received cases from the Fraud Bureau and is actively pursuing those matters and has filed new court matters.

We are building for the future in our ability to investigate and prosecute cases of automobile fraud and are building an outreach program so to further relations with the Fraud Bureau, insurance companies, SIUs, and the public.

BUDGET CATEGORY AND LINE ITEM DETAIL		COST
<b>A. Personnel Services - Salaries/Employee Benefits</b>		
Salaries (including Tahoe differential, bi-lingual, standby, longevity, overtime, deferred comp.)		
DA Investigator	1.00 FTE	74,938
Deputy DA	0.50 FTE	45,748
Legal Secretary	0.30 FTE	18,113
DA Investigator, part time	0.50 FTE	38,064
<b>Benefits</b> (also includes long-term disability and work. comp. insurance)		
<b>Medicare:</b>		
DA Investigator	1.00 FTE	1,087
Deputy DA, 0.50 FTE		723
Legal Secretary	0.30 FTE	262
DA Investigator, part time	0.50 FTE	37
<b>Health/FLEX:</b>		10,888
DA Investigator	1.00 FTE	7,915
Deputy DA	0.50 FTE	7,915
Legal Secretary	0.50 FTE	7,915
<b>Retirement/PERS</b>		
DA Investigator	1.00 FTE	24,700
Deputy DA	0.50 FTE	9,635
Legal Secretary	0.50 FTE	2,240
<b>Disability Insurance:</b>		
DA Investigator	1.00 FTE	270
Deputy DA	0.50 FTE	180
Legal Secretary	0.50 FTE	65
<b>Unemployment Insurance</b>		
DA Investigator	1.00 FTE	562
Deputy DA	0.50 FTE	180
Legal Secretary	0.50 FTE	135
<b>TOTAL</b>		243,657

<b>BUDGET CATEGORY AND LINE ITEM DETAIL</b>	<b>COST</b>
<b>B. Operating Expenses</b>	
Annual required audit	3,500
Staff Development/Training	2,500
Fuel	600
Investigator vehicle (county fleet costs for maintenance and depreciation)	4,500
Telephone	500
Fraud Ads	2,500
Indirect / Administrative Cost Allocation: salary cost \$176,863 x .10 =	17,686
<b>TOTAL</b>	<b>31,786</b>

<b>BUDGET CATEGORY AND LINE ITEM DETAIL</b>	<b>COST</b>
<b>C. Equipment</b>	0
<b>CATEGORY TOTAL</b>	0
<b>PROGRAM TOTAL</b>	275,443
<b>CARRYOVER TOTAL</b>	30,000
<b>INTEREST TOTAL</b>	0

# EQUIPMENT LOGS

**FORM 14**

Equipment Log for FY 2007-08  
County of El Dorado

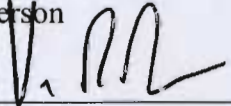
Equipment Ordered	Equipment Cost	Date Ordered	Date Received	Serial Number	Equipment Tag Number
0					

Rows can be inserted as needed.

I certify this report is accurate and in accordance with the approved Grant Award Agreement

Name: Vern Pierson

Title: District Attorney

Signature: 

Date: 4/27/07

**PROGRAM SUMMARY**

**PROGRAM BUDGET FOR THIS GRANT PERIOD:**

**Administrative/ Indirect Costs (if any): \$17,686**

Method:  10% of Personnel Cost minus Benefits

5% of Total Cost minus Equipment

Personnel Services: <b>\$ 243,657</b>	Operating Expenses: <b>\$ 31,786</b>	Equipment: <b>\$ 0</b>	Total Program Cost: <b>\$ 275,443</b>
--	---	---------------------------	--

**PRIOR YEAR CARRY-OVER (UNUSED) EXPENDITURE PLAN**

<b>1. IMPLEMENTING AGENCY:</b>  El Dorado County District Attorney Office	<b>2. PERIOD FUNDS ARE TO BE USED:</b>  July 1, 2007 to June 30, 2008	<b>3. CUMULATIVE CARRY-OVER FUNDS REQUESTED FOR EXPENDITURE</b>  <b>\$ 30,000</b>
--	---	---

**REGULATIONS:**

**Section 2698.64(c) of the California Code of Regulations states,** "Any portion of distributed funds not used for local program purposes at the termination of each annual funding cycle shall be returned to the Insurance Fund to be reprogrammed for use in the subsequent program year for local program purposes. Counties shall provide the Department with an estimate of unused funds within sixty (60) days after the termination of the program period and shall complete the transfer of funds back to the Insurance Fund within thirty (30) days after the completion of the final audit."

**Section 2698.64(d) of the California Code of Regulations states,** "A district attorney who has undertaken investigations and prosecutions which will carryover into a subsequent program may carryover into the subsequent year distributed but unused funds not exceeding twenty-five (25%) of the total annual funding, provided that the district attorney files a written plan which specifies and justifies to the Commissioner how those funds will be used at the end of the program period and at the time of the subsequent application. In the event that, due to extenuating circumstances, distributed funds exceeding twenty-five percent (25%) of the previous total annual funding are unused, the Commissioner shall consider and approve requests for carry-over of the unused funds to the extent that the district attorney provides justification."

**4. PREVIOUS GRANT AWARDS**

	Audited FY 2004 / 2005		Audited FY 2005 / 2006		Estimated FY 2006 / 2007	
Annual Grant Award	\$40,786		\$46,220		\$41,981	
Total Expenditures	\$25,780		\$12,671		\$51,624	
Carry-Over Grant Funds	\$30,797	1	\$39,643	2	\$30,000	3
% of Annual Grant Award not expended	37%		86%		0%	
Interest Earned	\$181		\$608		\$0	

**5. Have you received written approval from CDI to expend any prior year carry-over funds listed above?**

<input checked="" type="checkbox"/>	<b>YES, I have received written approval from CDI to expend prior year carry-over funds listed above.</b>
<input type="checkbox"/>	<b>NO, I have not received written approval from CDI to expend prior year carry-over funds listed above.</b>
<input type="checkbox"/>	<b>NOT APPLICABLE</b>
<b>If yes, please attach a copy of the written approval letter.</b>	
<input type="checkbox"/>	<b>YES, I have attached a copy of the written approval letter from CDI.</b>
<input checked="" type="checkbox"/>	<b>NO, I have not attached a copy of the written approval letter from CDI.</b>
<input type="checkbox"/>	<b>NOT APPLICABLE</b>

**PRIOR YEAR CARRY-OVER (UNUSED) EXPENDITURE PLAN**

**6. EXPENDITURE PLAN FOR TOTAL GRANT CARRY- OVER FUNDS UNEXPENDED:**

The district attorney has added resources to the grant in March/April 2007. Carry-over funds will assist in funding these additional resources and achieve grant objectives.

**PRIOR YEAR CARRY-OVER (UNUSED) EXPENDITURE PLAN****6. IF CARRY-OVER FUNDS EXCEED 25% OF ANNUAL GRANT AWARD, DESCRIBE EXTENUATING CIRCUMSTANCES, AS REQUIRED BY REGULATION:**

**This office has been severely understaffed for several years. Staff resources were not available to commit sufficient staff to this grant.**

**Newly elected (January 2007) district attorney Vern Pierson has obtained additional prosecution and investigation positions (via board of supervisors approval) making it possible to allocate necessary resources to this program, beginning in the latter part of FY 06/07.**



# JOINT INVESTIGATIVE PLAN

## Memorandum of Understanding

### Introduction

- a) The “parties” to this joint plan are the California Department of Insurance – Fraud Division, and the El Dorado County District Attorney’s Insurance Fraud Unit.
- b) The parties to this joint investigative plan recognize that the California Department of Insurance, Fraud Division was established to investigate allegations of insurance fraud throughout the State of California, and is the primary investigative agency in this field. However, while the headquarters for the Fraud Division in Central Northern California is based in Sacramento, its investigative responsibilities encompass twenty-five (25) central and northern counties. Due to this considerable geographical territory, the number of referrals/cases, and the finite number of investigators available, the fraud division cannot reasonably be expected to devote its efforts in any one county. Thus, there exists a critical need for an effective joint plan to address the problem of insurance fraud in each jurisdictional territory.

### 1. Statement of Goals

- a) To promote a close working relationship between the District Attorney’s Insurance Fraud Unit and the Fraud Division, based on dedication to the common goal of fighting insurance fraud, commitment to the highest professional and ethical standards, and mutual respect as law enforcement officers devoted to the pursuit of justice and the protection of the citizens of El Dorado County and the State of California.

- b) To investigate in a timely manner, using professional standards and procedures, and prosecute when appropriate, as many identifiable cases of suspected insurance fraud as we can.
- c) To achieve the best possible anti-insurance fraud program through the efficient and effective use of the limited resources provided, and to promote awareness in this community that the serious problem of insurance fraud is being addressed in a meaningful way by law enforcement.
- d) The Fraud Division and the District Attorney will work together to identify common areas of fraud that tend to drive up the cost of automobile insurance. This would also include identifying those who commit auto fraud. Once the entities or individuals involved in this area of fraud have been identified, the parties agree to work together to arrive at a plan as to how best to reduce or minimize these fraudulent activities.

## 2. Receipt and Assignment of Cases

Present law requires that an insurer who knows or reasonably believes that an act of insurance fraud has been committed, report this information to the Department of Insurance – Fraud Division and the local District Attorney (Insurance Code section 1877.3).

- a) When a suspected fraudulent claim (SFC) or a case referral package is received from an insurer, it will be entered into a database, available for future reference. Both parties will maintain a case tracking system to monitor all SFC's and case referral packages received.

- b) Both parties will communicate on a regular, scheduled basis to discuss SFC's and case referral packages received, with the objective being to avoid duplication of investigative efforts, and to insure that all referrals are being appropriately addressed. When a case is assigned for investigation, the assigning party will notify the other within five (5) working days. A monthly report regarding intake of SFC's and assigned cases will be generated by both parties and mailed to one another by the fifth working day of each month.
  
- c) If the SFC or case referral package is sent only to the fraud division, the fraud division will address the matter, exercising its best discretion on how to proceed, with appropriate notice to the district attorney's insurance fraud unit of the action taken. If the SFC or case referral package is sent only to the district attorney's insurance fraud unit, it will notify the fraud division the action it desires to take, as indicated in paragraphs (d), (e) and (f) below. The information shall include the suspect's name, carrier or administrator and the claim number.
  
- d) As the primary investigative agency in the field of insurance fraud, the fraud division will have "first claim" to an SFC or case referral package sent by an insurer for investigation. There can be exceptions to this provision if the referring insurer specifically requests that the investigation be done by the district attorney's office. The fraud division will be notified immediately to discuss the situation and avoid any duplication of investigative efforts.
  
- e) If the fraud division elects to pursue an investigation of an SFC or case referral sent by an insurer, the district attorney's office insurance fraud unit will suspend any further action on the case, pending the outcome of the fraud division's investigation, and will notify the insurer of the fact in writing.

- f) If the fraud division elects not to pursue an investigation of an SFC or case referral sent by an insurer, because of excessive caseloads, resource limitations, or any other reason, or chooses to defer any matter referred, the district attorney's insurance fraud unit will review the referral for investigation. The referring insurer will be notified of this fact in writing and a copy of the referral will be submitted to the appropriate district attorney's insurance fraud unit.
- g) If the district attorney's insurance fraud unit receives a referral that would be more appropriately handled in another county's jurisdiction, the district attorney's office will forward the referral to the appropriate county and notify the fraud division.

### 3. Investigations

- a) Pursuant to the above provision, and to maximize the expenditure of resources, it is understood and agreed that either party will provide assistance to the other, upon request, in any investigation where such assistance is needed, this could include serving search warrants, interviewing witnesses, making arrests, etc.
- b) Joint investigations may be undertaken in cases where the parties determine it is beneficial to combine resources to achieve the most efficient and effective results. This will be determined on a case-by-case basis.
- c) It is expected that cases will be developed from referrals by insurers, other law enforcement/governmental agencies (CHP; <sup>PPD, SC PD</sup>~~EDD~~; etc), informants, and other responsible sources of information. Outreach programs are encouraged to promote this aspect of the plan.
- d) It is the intent of the joint investigative plan to avoid duplication of investigative efforts by maintaining regular communication to discuss case loads and share information concerning current investigations. The fraud division regional

supervisors will meet at a minimum of twice a year with the district attorney's insurance fraud unit's designee to review the working relationship between both agencies.

- e) The deputy district attorney of the district attorney's fraud unit, or his/her designee, will be available to meet with the fraud division investigator at any time during the investigation of a case when requested by the investigator to discuss any aspect of the case.
  
- f) It is the intent of the parties by maintaining regular communication and adhering to agreed upon plans and procedures, the completed investigation will result in the filing of criminal charges and a successful prosecution. At the same time, however, it is understood that not every case that is investigated will result in prosecution. This can occur when evidence does not develop as expected, material witnesses are no longer available, the case lacks jury appeal, the reasonable likelihood of conviction is minimal, or other unforeseen circumstances develop. The parties will take all possible steps to avoid such situations, as it is not desirable to expend investigative resources that are not prosecuted in court.
  
- g) Any investigative costs associated with a fraud division investigation prior to the complaint being filed shall be incurred by the fraud division. Any costs associated with the investigation after the complaint is filed, shall be incurred by the district attorney's office. Responsibility for costs incurred during a "joint" undercover operation will be determined by the Memorandum of Understanding – see section 5 ( c ).

#### 4. Undercover Operations

- a) Both parties recognize the importance of undercover investigations in those cases where it is felt this technique is a viable means of developing evidence to prove a suspected insurance fraud. The parties agree that undercover operations need to be

highly organized and may be carefully monitored by supervisor level personnel to insure the efficiency and integrity of the investigation. It is understood that undercover operations can be very labor intensive and time consuming, and don't always produce the desired result.

- b) Either party may decide to conduct an undercover operation in a particular case using its own personnel and resources. In a situation where the fraud division conducts its own independent undercover investigation in El Dorado County, the district attorney's insurance fraud unit will be available to provide advice or other assistance required.
- c) In a case where there will be "joint" undercover investigation, there will be a memorandum of understanding (M.O.U.) prepared prior to the start of the investigation, which outlines and specifies the goals and the objectives of the investigation, as well as the duties and responsibilities, including personnel and financial responsibilities, of each of the parties in the investigation.

#### 5. Case Filing Requirements

- a) The initiation of suspected insurance fraud cases will focus not only on the development of probable cause to make an arrest, but also on the obtaining of sufficient evidence to provide the charge beyond a reasonable doubt in a criminal court. It is understood that each case is unique, and certain actions may need to be taken in one case that would not be taken in another.
- b) When submitting a case for prosecution, the investigator will present as complete a package as possible, including a detailed report, outlining the offenses alleged to have been committed, the details of the investigation, and the evidence available to prove the charges, including identification of available witnesses and supporting documentation. In cases involving alleged false statements or

misrepresentations, there must also be identified evidence to show the materiality of the alleged false statement or misrepresentation relating to the claim.

- c) To promote efficiency in this area, fraud division investigators are encouraged to contact the El Dorado County District Attorney early in the investigation of a case to share ideas and develop strategies that will lead to a prosecutable case.
- d) The District Attorney will ensure that all formal case presentations made by the fraud division will be reviewed within ten (10) working days of the presentation or delivery. If additional investigation is needed by the reviewing district attorney, he/she will notify the case investigator immediately. The case investigator will complete the additional investigation as soon as reasonably possible and provide the district attorney with status updates at a minimum of every ten (10) working days until the investigation is completed. The district attorney will further ensure that decisions on complaint filings shall be done in a timely fashion but not longer than thirty (30) days from the date of receipt. If a formal case is rejected for prosecution, the district attorney will prepare a statement in writing stating the reasons for the rejection and provide the statement to the case investigator within ten (10) working days following the rejection.

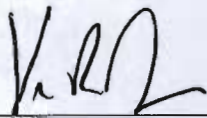
## 6. Training

- a) Parties have been, and will continue to be, active participants in the annual CDAA/CDI insurance fraud training seminar. This will provide a significant portion of the ongoing training of both parties in the area of insurance fraud.
- b) The parties will participate in joint informal training sessions, as necessary, on issues important to the investigation and prosecution of insurance fraud cases. The parties will assist each other, when requested, in training sessions, for insurance

carriers and administrators, or issues important to the detecting, investigation and prosecution of insurance fraud cases. Both parties will notify each other when there is a request for training by an insurance carrier and administrator.

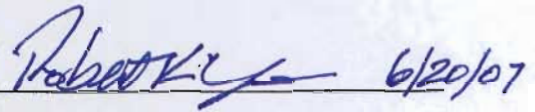
7. Problem Resolution

- a) It is the intent of this joint plan that any problems or differences that may arise between the parties be resolved quickly through early, direct and open communication by those personnel directly involved in the dispute. If necessary, the chief investigator of the fraud division and the prosecutor in charge of the district attorney's office insurance fraud program, or the chief investigator in the district attorney's office may be called upon to resolve any dispute, concentrating on the best interests of the overall insurance program.



---

VERN R. PIERSON  
District Attorney  
El Dorado County



---

ROBERT YEE  
Chief Investigator  
Dept. of Insurance



			PT	MORGAN, FLINT	
		466			
			PT	LINCH, JIMMY	
		14601.1			
			VOP AND PT X 2	GARCIA LOPEZ, DOMINGO	
		VOP 23512 PT 14601.2 PT 23152			
			PT	Decker, Jessica	
		498 (B)(1)			
	ADD-ONS				