

**CALIFORNIA DEPARTMENT OF  
INSURANCE**

**FRAUD DIVISION**

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Sacramento, CA 95826  
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**WORKERS' COMPENSATION  
INSURANCE FRAUD PROGRAM**

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

**COUNTY OF EL DORADO**

**WORKERS' COMPENSATION INSURANCE FRAUD  
INVESTIGATION/PROSECUTION PROGRAMS  
FISCAL YEAR 2007-08 GRANTS**

**FORM 01**

**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**  
**GRANT APPLICATION TRANSMITTAL**

**FORM 02**

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

Contact: Mark Messier

Address: 515 Main Street

Placerville, CA 95667

Telephone: (530) 621-6412

Workers' Compensation Insurance Fraud July 1, 2007 – June 30, 2008

(1) *Program Title*

(2) *Grant Period*

New Funds Being Requested: \$256,484

Estimated Carry-Over Funds: \$ 0

(3) *Grant Amount TOTAL:* \$256,484

Vern Pierson

John Mitchell

(4) *Program Director*

(5) *Financial Officer*

(6) District Attorney's Signature

Name: Vern Pierson

Title: District Attorney

County: El Dorado

Address: same

Telephone: (530) 621-6472

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

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**PROGRAM CONTACT FORM**

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

Name: Mark Messier  
Title: Criminal Investigator  
Address: 515 Main Street  
Placerville, Ca. 95667

Telephone Number: 530-621-6472                      FAX Number: 530-621-1280

2. 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

3. 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

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

Name: Mark Messier  
Title: Criminal Investigator  
Address: 515 Main Street  
Placerville, Ca. 95667

Telephone Number: 530-621-6472                      Fax Number: 530-621-6472  
Email: [mmessier@el-dorado.ca.us](mailto:mmessier@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

**WORKERS' COMPENSATION INSURANCE FRAUD****COUNTY PLAN****QUALIFICATIONS**

Answer the following questions to describe your experience in investigation and prosecuting workers' compensation fraud cases during the last two (2) fiscal years as specified in the California Code of Regulations, Title 10, Section 2698.55

1. What areas were successful and why?
2. What areas didn't you succeed in and why?
3. Specify what unfunded contributions, i.e. financial, equipment, personnel, technology and support, did your county provide to the workers' compensation insurance fraud program.
4. Detail and explain the turnover or continuity of personnel assigned to your workers' compensation insurance fraud program.
5. List the governmental agencies you have worked with to develop potential workers' compensation insurance fraud cases.
6. Was there a distribution of frozen assets in the current reporting period? If yes, please describe.
7. 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 workers' compensation 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 fifteenth year with our Workers' Compensations Insurance Fraud Unit. However, for the last several years and during the prior administration, the unit has been somewhat ineffective. Vern Pierson, recently elected district attorney, and former chief assistant district attorney of Amador County, has implemented a new Elder and Consumer Protection Unit, with Workers' Compensation Insurance Fraud as a key component. 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 the position of forensic auditor to the staff of the office. This individual will be available to the Elder and Consumer Protection Unit and a portion of his time will be dedicated to the Workers' Compensation Unit.

Since Mr. Pierson's election in January 2007, we have made a major effort to develop our unit, and more importantly, we have instituted a proactive effort of enforcement. New programs to enforce the law and expedite prosecution have been instituted.

As noted above, the county's previous 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.

During the last years of the program in El Dorado County relationships with various other agencies have been established. This includes the State Compensation Fund, California Employment Development Department, the California Franchise Tax Board, California State Contractors License Board, the IRS, and local law enforcement and licensing agencies, all of whom provide the expertise and assistance necessary to conduct an effective and successful fraud program.

## **PROGRAMS**

El Dorado County's new proactive and aggressive fraud program is being directed a by seasoned and experienced fraud prosecutor. The deputy district attorney working this unit is Richard A. Jones; he is responsible for the review and prosecution of all cases. District attorney investigator Mark Messier has been assigned 100% to the Workers' Compensation Fraud Program. A part time investigator will be employed and assigned to the South Lake Tahoe office.

Mark Messier, the workers' compensation fraud investigator, is establishing and implementing an aggressive outreach program with anticipated positive results. The programs consist of the following components:

1. Meet and confer with the Department of Insurance Fraud Division.
2. Request and provide assistance via the Department of Insurance Fraud Division.



3. Focus on prominent insurance companies within El Dorado County, and confer with insurance company representatives, i.e., adjusters, claims managers, special investigation units, legal counsel, and executives.
4. Provide educational lectures to local business, community groups and associations. This will be done by deputy district attorney Richard A. Jones and investigator Mark Messier. The focus will be on identifying both applicant and employer workers' compensation fraud and the legal implications to both the employers and employees.
5. Consult with and combine efforts with Amador County in presentations of common interest.
6. Meet with major grower associations within the county, as well as significant medical providers, hospitals and clinics, concerning the need to report injuries to workers.

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

With the beginning of our much more vigorous program, there is increased interaction with various agencies that assist in the identification of problem areas within the county. Working jointly with the agencies and with the training and experience of previous investigators, there was some success in combating fraud within the county.

**2. What areas didn't you succeed in and why?**

In Fiscal Year 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. To compound this loss, the investigator left the office and was not replaced for approximately 10 months. As a result of these losses and the management 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.

**3. Specify what unfunded contributions i.e. financial, equipment, personnel, technology and support did your county provide to the workers' compensation insurance fraud program.**

Grant unfounded contributions include:

- Police radios, vests, firearms, safety equipment
- District attorney's time to promote program, secure funding from the board of supervisors, and meet with fellow district attorneys to apprise them of the program,
- Lap top computers
- Investigative and attorney staff that assists the workers' compensation 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.

**4. Detail and explain the turnover or continuity of personnel assigned to your workers' compensation insurance fraud program?**

The El Dorado County District Attorney's office, under the prior administration, sustained substantial turnover of staff attorneys and investigators. In the last two to three year period there have been three different investigators. For the last several years, there has not been a dedicated deputy district attorney assigned to the unit. To compound these losses, no satisfactory measures were undertaken to backfill the open positions. Under the leadership of the newly elected district attorney, Vern Pierson, a senior and very experienced attorney has

been assigned to the unit. This has been supplemented by the appointment of an experienced criminal investigator.

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

Investigator Messier and attorney Jones are actively building/reaffirming relationships with:

- State Contractors License Board
- Department of Insurance
- Franchise Tax Board
- State Labor Commission
- Employment Development Department
- Underground Economic Crimes Task Force
- El Dorado County Risk Management Department
- California Highway Patrol
- Placerville City Government
- City of South Lake Tahoe.

Also, Mr. Jones and Mr. Messier have developed a close working relationship with the Amador County deputy district attorney, Mr. Zambrano. This effort has been in the area of general advice in the re-establishment of the Workers' Compensation Fraud Program and in the creation of a significant joint outreach program, including the updating of the Amador County video on workers compensation.

**6. Was there a distribution of frozen assets in the current reporting period?**

No.

**7. 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 workers' compensation**

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

None, due to lack of resources as noted above.

**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<br/>Start date/End date</b> |
|--------------------|---------------|--|
|                    |               |  |
| Richard A. Jones   | 20%           | Newly assigned                                   |
|                    |               |  |
|                    |               |  |
|                    |               |  |
|                    |               |  |
|                    |               |  |
|                    |               |  |
|                    |               |  |

| <b>Investigators</b>          | <b>% Time</b> | <b>Time With Program<br/>Start date/End date</b> |
|-------------------------------|---------------|--|
|                               |               |  |
| Mark Messier                  | 100%          | 3 months   |
|                               |               |  |
| To be hired, South Lake Tahoe | .50%          |  |
|                               |               |  |
|                               |               |  |
|                               |               |  |
|                               |               |  |



**DAR Activity**

This information has been transmitted electronically to the department of insurance as provided in the RFA, page 18.

**COUNTY PLAN  
PROBLEM STATEMENT**

**1. Please document and describe the type of worker's compensation insurance fraud relative to the extent of the problem specific to your county. Estimate the magnitude of the workers' compensation insurance fraud problems and identify the type of fraud indicators in your county.**

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 those 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, 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 rural nature of El Dorado County, 1,805 square miles, and its lack of significant industry is reflected in the substantial number of skilled and semi-skilled laborers who earn their living in the building trades, job classifications which typically raise the insurance costs to employers. Those trades are replete with small entrepreneurs, some of whom avoid their insurance obligations by failing to obtain workers' compensations insurance, under-reporting their payroll, misclassifying their employees, reporting employees as independent contractors and concealing their prior claims through business name-changes. Such conduct by employers creates unfair competition in the industry and places significant risks to the employees. This conduct also allows these employees to earn income while on disability or public assistance, and enables them to avoid child support and other legal obligations.



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 conduct. As a significant part of this goal, enforcement of The Workers' Compensation Fraud Program has become a cornerstone of the Consumer Protection effort. This program allows for the protection of unwary workers, as well as protecting those employers who do obey the law. A strong effort will be made to address legal/medical and premium fraud. In prior years, suspected fraudulent cases involving workers' compensation 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 lack of priority 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 has is instituting a very aggressive program, staffed with a highly qualified staff of investigators and a senior and experienced trial attorney.

As an example of the efforts being expended and the urgency of the problem, investigator Messier has initiated a 3700.5 Program as of February 2007. He has conducted 20 investigations (as of April 15) that include recorded personal interviews with multiple subjects and digital photographs of workers and locations. Note that in the prior 18 months, from July 1, 2005 through December 31, 2006, a total of 10 cases were initiated and reported to the Department of Insurance.

Investigator Messier, in cooperation with the El Dorado County Building Department obtains weekly, a listing of all building permits issued. He then reviews the listings for contractors involved. By checking with the CSLB web site he ascertains which contractors are claiming to have no employees and thus pay for no workers compensation insurance. He then visits those constructions sites and investigates the scene for violations. At times he will "on-view" construction work being done and check the CSLB website from his vehicle. If there appears to be a violation he makes contact and investigates. For those in apparent violation he issues a warning notice to obtain insurance. For those in compliance he leaves a notice asking for assistance in identifying those unfairly operating without workers compensation insurance.

This has met with appreciation and enthusiasm from contractors lawfully operating within the law. Though labor intensive, the results of this effort have proven to be very worthwhile. This is also in keeping with our outreach program of contacting the homeowner and contractors who comply with the law and having a presence in the community demonstrating our dedication to enforcement of the law.

Investigator Messier has also worked with CSLB investigators on two cases in 2007. In one case, a sting was set up at a house in our county. A repeat offender was cited by CSLB investigators for contracting without a license. Investigator Messier was present in case a workers compensation violation came to light. Although no workers compensation violation occurred, investigator Messier was present to secure the scene,

arrest the suspect for another violation and tow the suspect's truck. He was also present with CSLB investigators and EDD agents when an unlicensed contractor was cited at another county location. A large cement pour using workers not covered by workers compensation insurance was anticipated but moved unexpectedly to another day. The suspected employees did not show up at the scene. A warning notice was given to the unlicensed contractor by investigator Messier. His business activities are being monitored.

Investigator Messier is also working on premium and applicant fraud cases with investigators from the department of insurance. He is in routine contact with the CDI investigators and support personnel and they plan to conduct several joint operations.

In keeping with district attorney Pierson's vision of affecting an immediate implementation of the Workers' Compensation Fraud Program in El Dorado County, arrangements have been made with Amador County for attorney oversight. Armando Zambrano, lead attorney for their program, is providing legal review of developing cases as well as appearing in court when necessary. Mr. Zambrano has made himself available to El Dorado County investigators during the transition and reassignment of our lead attorney.

The previous investigator made numerous public speaking appearances and one-on-one contacts with the business community and the public in an effort to make this office available to the public and in an effort to educate the community concerning this type of fraud, and this effort will be continued into the next year. . The office of the district attorney has generated premium fraud reporting through this effort. While the program has not received substantial reports concerning legal/medical-related fraud, this office continues to seek out this type of activity.

Applicant fraud and the uninsured employer remain the activities most frequently reported to our office. This could likely be attributed to the presence of the semi-skilled labor force on the Western Slope and the transient labor force in the South Lake Tahoe area. In the situations of applicant fraud, the employees are often low-paid seasonal employees who seldom develop the organizational loyalty requisite to discourage false claims of job-related injuries. Additionally, blue-collar workers are more often engaged in activities with a greater risk of injury that places additional financial burdens on employers, both of whom provide increased incentives for the unscrupulous to abuse the workers' compensation insurance system.

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

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

This county has focused some effort over the last two years in public education, business community contacts and proactive investigative activity. Since taking over the program, Mr. Messier, will work on increasing the proactive approach to investigations involving uninsured employers. He will continue in the effort to conduct an outreach program, similar to a community policing approach, in order to involve the employees of the various areas of the county. It is the intent that this will help in identifying those subjects who continue to operate in the underground economy. The office has identified problem areas in the County, such as construction, landscaping and some retail trades that tend to have higher incidences of non-coverage. With the assistance of the Department of Insurance, State Contractors Board and the State Department of Industrial Relations, we will be able to identify and prosecute these offenders. In working with these organizations, it has been determined that the “sweeps” and “stings” are good tools to be utilized in these types of situations. Plans have been made to perform these types of investigations during this fiscal year.

The plan has already been put in motion with the addition of the Spanish fraud hotline and Spanish newspaper publications. Upon the conclusion of a large uninsured employer case on the east slope of the county, it was clear that this program was not reaching our Hispanic population. These efforts have been put in place to better educate those workers as to their rights while working. In addition to these steps, future outreach is planned in the communities and industries closely linked to the Hispanic population.

Based on the activity reported during the fiscal year of 2006-2007, primarily since February of 2007, we anticipate opening 45 new investigation cases during fiscal year 2007 - 2008 in the 3700.5 effort. Of the number of cases opened, it is anticipated that 33% will result in prosecution. Since February of 2007, Mr. Messier has conducted twenty (20) separate investigations, as discussed above. In addition to the twenty cases, there is a backlog of four (4) applicant files pending and we anticipate several new cases to be developed. One of these pending files is with the Amador County District Attorney's office for review by Mr. Zambrano.

Of the twenty cases investigator Messier has initiated, five resulted in suspects obtaining proper workers' compensation insurance after being given written warnings. Four other cases have resulted in misdemeanor charges being filed. Two other cases have charges pending.

Separate from the 20 investigations by Mr. Messier, the State Contractors License Board referred one matter of contracting without a license. Mr. Messier, upon further investigation, determined there was a workers' compensation element as well as a grand theft attendant to the case. That matter has been reviewed by the El Dorado County District Attorney's office and felony charges will be filed.

As we progress further, we fully anticipate that some of these matters will carry over into the next year. This will become more evident when an investigator is assigned to our South Lake Tahoe office.

**4. Performance Objectives:**

- a. 45 new investigations will be initiated during FY 2007-08.
- b. 15 new prosecutions will be initiated during FY 2007-08.

**COUNTY PLAN  
PROGRAM STRATEGY****1. What is your strategic plan to accomplish the goals as described in question # 2 on page 28?**

Our goal, through funding by CDI and in conjunction with various insurance companies SIU divisions and in conjunction Amador County, is to maintain an experienced and dedicated staff to address the issues described in the Problem Statement. The means by which we intend to address those problems are as follows:

**Applicant fraud:**

- 1). Meet with business owners, office managers and Risk Management supervisors to promote awareness and understanding of the program and the means by which applicant fraud is detected and reported.
- 2). Advertise our program in local and regional newspapers, and closely monitor our Fraud Hot Line and Internet web site, in both English and Spanish.
- 3). Maintain a close liaison with county Risk Management and their counterparts with the City of Placerville and South Lake Tahoe.
- 4). Provide prompt responses to case referrals from CDI, insurance providers, third party administrators and complaints received through our Fraud Hot Line and Web Site.
- 5). Promote the program through personal appearances at business and industry functions.

**Premium fraud:**

- 1). Identify new-construction projects through a review of county building permits and inspect job sites for compliance with insurance regulations, as described in The Problem Statement.
- 2). Conduct joint-investigations with the Contractor's State License Board to identify unlicensed contractors, many of whom under-report their employees or fail to secure insurance.
- 3). Maintain liaison with EDD and review the results of their compliance audits of local businesses.
- 4). Meet with and encourage local law enforcement to be alert to premium fraud issues when search warrants are served on local businesses.
- 5). Involve as a part of our outreach program, contact with seasonal employers such growers in the agricultural community and ski resorts.

### **Other Fraud:**

- 1). Meet with business owners, office managers and Risk Management/Human Resource supervisors to promote awareness and understanding of the Program and the means by which legal/medical, insider, capping fraud is detected and reported.
- 2). Advertise our program in local and regional newspapers, and closely monitor our Fraud Hot Line and Internet web site.
- 3). Maintain a close liaison with county Risk Management and their counterparts with the City of Placerville and South Lake Tahoe.
- 4). Provide prompt responses to case referrals from CDI, insurance providers, third party administrators and complaints received through our Fraud Hot Line and Web Site.
- 5). Promote the program through personal appearances at business and industry functions.

We intend to accept all cases presented to us for investigation and prosecution, apply to those cases the knowledge and experience gained through prior investigations and prosecutions, investigate those cases when warranted, and vigorously apply the appropriate criminal and civil remedies.

We will maintain an open-door policy for every source from which a fraud case referral could be made, be it an informant, an insurance company, law enforcement agency or the department of insurance. We have responded to referrals from all of those sources and intend to continue that process in FY 2007/2008.

In keeping with our “open door” policy, we will be available to CDI, SIU divisions and private investigative groups working with insurance companies to offer legal consultation, review of potential cases and search warrant requests.

Our investigator will immediately review all new cases referred for investigation, prioritize them, provide a timely response and apply the appropriate investigative resource.

The county will continue to apply an early-detection and prevention approach to the workers’ compensation insurance fraud problem. Early detection made possible by facilitating the fraud reporting process, and prevention through education and vigorous prosecution. Each year we learn more about the problems that confront our county and have applied our efforts toward new methods of detection and prevention.

***The following describes the management plan by which the district attorney intends to achieve the objectives of the program, the hiring plan, the internal quality control and the budget monitoring plan employed:***

The general program quality, monitoring of the budget, and the evaluation of performance objectives would be addressed at staff meetings attended by the following:

- . The district attorney.
- . The chief assistant & assistant district attorney in Placerville..
- . Deputy district attorneys assigned to the program
- . The chief investigator.
- . The investigator
- . Financial officer

The purpose of the staff meetings would be to discuss and evaluate the implementation, objectives and progress of each portion of the program, and to make adjustments necessary to meet the program goals.

The financial officer will monitor all expenditures of the program to insure that all expenditures fall within the grant budget, and will present at the quarterly meetings a report on budget expenditures for the previous quarter and a projection of expected expenditures for the remaining portions of the fiscal year. The financial officer will also insure a proper accounting of all court ordered reimbursements to the program and insure precise grant-related timekeeping.

The role of the chief investigator will be to evaluate the performance of the investigators assigned to the program, review the investigators' monthly time study reports, and make recommendations for training and effective time management.

The district attorney will retain responsibility for the assignment, supervision and training of staff assigned to the program.

We believe that our plan, in conjunction with our existing resources, will result in timely and thorough investigations, promote public awareness, inspire confidence in the insurance industry, encourage the participation and cooperation of the public and private sector, and reduce the incidence of fraud.

2. **A "Joint Plan" must be properly developed and agreed upon by the head of the Workers' Compensation 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.**

To create a framework for effective communication and resource management in the investigation and prosecution of workers' compensation insurance fraud, a Joint

Investigative Plan was developed and presented by the district attorney and the Fraud Division. That plan has been attached to this report.

- 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 workers' compensation insurance fraud; and/or coordination with the Fraud Division, insurers, or other entities.**

The planned training for the investigator will include participation in advanced investigations courses through (but not limited to) the department of insurance and training seminars presented by the Northern California Fraud Investigators Association, the California District Attorneys' Association and California Financial Crimes Investigators Association when offered.

The current investigator was assigned in February of 2007, and is an experienced police officer with some 16 years experience. Mr. Messier has eight years of experience as an investigator in the child support division of the district attorneys office, in addition to his time as a peace officer.

For FY 2007/08, this office intends to provide the assigned staff with training through conferences, training seminars, mentoring programs, loans, inter-agency operations and by making available all relevant training bulletins, periodicals and memoranda related to their responsibilities.

*The following represents the staff rotational policies that affect the Program:*

There currently exists no mandatory policy to routinely rotate deputy district attorneys or investigators assigned to the program. It was the expressed opinion of the district attorney that absent a request or compelling circumstance, a strict policy of mandatory rotations would not best serve the interests and goals of the program. The district attorney recognized that stability, expertise, goal orientation and knowledge of the industry outweighed the benefits of cross-training.

- 4. 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 as the legislative intent specifies.**

The collection of restitution to reimburse victims of financial crimes and to reimburse the financial crimes program, when appropriate, will become an integral part of our prosecution effort. The office will track each file in which restitution has been ordered to determine how much has been paid. If it is determined that restitution is not being paid, the file will be reviewed for the filing of a violation of probation hearing to determine why this aspect of the court order is not being followed.

**FORM 10**

- 5. 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.**

This office will aggressively and proactively search for and prosecute employers who have failed to obtain workers' compensation insurance for their employees as described as a part of our 3700.5 program. The district attorney has encouraged the reporting of this activity through media venues, advertising and through public appearances. The program manager will also spend, and has, a large amount of time in the field, checking retail businesses, construction sites, the service industries and other places where uninsured employers are likely to be operating in an effort to discover this activity. .

The district attorney is looking into other ways of detecting and prosecuting uninsured employers. One of the methods that the district attorney will utilize to combat this problem is by participating in "sting" type operations administered by the California State Contractors Licensing Board. The CSLB regularly operates sting operations throughout the state in an effort to detect contractors that operate without required licensing and workers' compensation insurance. The program manager has already made plans to participate in all such operations in El Dorado County in the future.

**6. 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 a part of the El Dorado County plan to intensify its effort in combating Workers' Compensation Fraud, the additional funds will be used to support the assignment of an experienced deputy district attorney to oversee the program together with a dedicated and full time criminal investigator. In addition, there will be an investigator assigned to the program in the South Lake Tahoe office on a fifty percent basis. A forensic auditor will assist the program in a couple of areas: (a) for employer fraud, analyzing what premiums should have been had the employer not misrepresented their employees work, and (b) applicant fraud, determining what a employers premiums would have been absent the fraud.. A legal secretary will also assist with support activities including maintaining statistics needed for reporting.

Most importantly, with dedicated people to the program, El Dorado County will be re-establishing its relationship with the Fraud Bureau. Over the past few years, this relationship has been allowed to dwindle which has not provided the effort needed to fight fraud. This relationship is critical in our efforts and efforts have already begun in area and will continue into the future.

Please note that in the current fiscal year 2006-2007 our budget, including carryover is \$75,555. Due to the increased program emphasis since February 2007, we expect expenditures for the full fiscal year to exceed \$90,000. These expenditures are primarily for the investigator, full time since March 2007, and the deputy district attorney who also began working the program in March. The forensic auditor and legal secretary will not be employed sometime later.

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

We will improve our entire program as we move forward this next year. An area of particular concern at the outset is the outreach segment. This is a segment in need of immediate attention and involves a two step intervention by the investigator and the deputy district attorney assigned.

First, we will coordinate with Amador County in their program. This provides the ability to share resources and allows for an effort between the contiguous counties of El Dorado, Amador and Placer. By joining in this effort, resources are appropriately used for the common benefit of all the counties.

Second, and in conjunction with our outreach program, we will increase our intervention with local businesses and local chambers of commerce. Involved in this aspect will be contact with our local hospital, Marshall Hospital. This will be an effort to locate workers who have been injured and the employer has no workers' compensation insurance. This has not been attempted previously.

Our outreach will also involve our contacting the local Growers Association who hire a large segment of the Hispanic population.

We will be reestablishing our contacts with the insurance companies SIUs', local government offices concerning there workers' compensation issues, and becoming more involved in business organizations by presenting to them our goals and objectives.

We will be working with the Amador County District Attorney program in updating their video presentation about the workers' compensation fraud problem. Mr. Pierson was deeply involved in the original production and is very enthusiastic about introducing the production in El Dorado County.

| <b>BUDGET CATEGORY AND LINE ITEM DETAIL</b>  |          | <b>COST</b> |
|--|----------|-------------|
| <b>A. Personnel Services - Salaries/Employee Benefits</b>  |          |             |
| <b>Salaries</b> (including Tahoe differential, bi-lingual, standby, longevity, overtime, deferred comp.) |          |             |
| DA Investigator  | 1.50 FTE | 108,660     |
| Deputy DA  | 0.20 FTE | 19,899      |
| Legal Secretary  | 0.30 FTE | 10,868      |
| Forensic Auditor   | 0.15 FTE | 8,168       |
| <b>Benefits</b>  |          |             |
| <b>Medicare:</b>   |          |             |
| DA Investigator  | 1.50 FTE | 1,576       |
| Deputy DA,   | 0.20 FTE | 289         |
| Legal Secretary  | 0.30 FTE | 158         |
| Forensic Auditor   | 0.15 FTE | 118         |
| <b>Health/FLEX:</b>  |          |             |
| DA Investigator  | 1.50 FTE | 15,888      |
| Deputy DA  | 0.20 FTE | 3,166       |
| Legal Secretary  | 0.30 FTE | 4,749       |
| Forensic Auditor   | 0.15 FTE | 2,376       |
| <b>Retirement/PERS</b>   |          |             |
| DA Investigator  | 1.50 FTE | 35,818      |
| Deputy DA  | 0.20 FTE | 3,854       |
| Legal Secretary  | 0.30 FTE | 1,344       |
| Forensic Auditor   | 0.15 FTE | 1,010       |
| <b>Disability Insurance:</b>   |          |             |
| DA Investigator  | 1.50 FTE | 405         |
| Deputy DA  | 0.20 FTE | 72          |
| Legal Secretary  | 0.30 FTE | 39          |
| Forensic Auditor   | 0.15 FTE | 29          |
| <b>Unemployment Insurance</b>  |          |             |
| DA Investigator  | 1.50 FTE | 843         |
| Deputy DA  | 0.20 FTE | 149         |
| Legal Secretary  | 0.30 FTE | 81          |
| Forensic Auditor   | 0.15 FTE | 61          |
| <b>TOTAL</b>   |          | 219,620     |

| BUDGET CATEGORY AND LINE ITEM DETAIL  |        |
|---|--------|
| B. Operating Expenses   | COST   |
| Program Audit (required): El Dorado County Auditor/Controller                       | 1,500  |
| Fraud Hot Line ads in local newspapers  | 1,500  |
| Vehicle, full-time investigator, 12,000 miles x .327 (maintenance and depreciation) | 3,924  |
| Fuel  | 800    |
| Investigator desk phone \$15 per month x 12 months)                                 | 180    |
| Investigator cell phone (\$75 / month x 12 months)                                  | 900    |
| Travel/training   | 1,500  |
| Indirect / Administrative Cost Allocation: \$147,595 x 10% =                        | 14,760 |
| <b>TOTAL</b>  | 25,064 |

| <b>BUDGET CATEGORY AND LINE ITEM DETAIL</b>   |             |
|---|-------------|
| <b>C. Equipment</b>   | <b>COST</b> |
| Two laptop computers, air-cards, for Internet/Cell connections; \$3,500 each            | 7,000       |
| Two 10 mega pixel digital cameras with SLR zoom lenses and accessories,<br>\$1,200 each | 2,400       |
| Two digital camcorders with extra battery; \$1,200 each                                 | 2,400       |
| <b>CATEGORY TOTAL</b>   | 11,800      |
| <b>PROGRAM TOTAL</b>  | 256,484     |
| <b>CARRYOVER TOTAL</b>  | 0           |
| <b>INTEREST TOTAL</b>   | 0           |

# EQUIPMENT LOGS

**FORM 14**

## Equipment Log for FY 2006-07

County of El Dorado

| Equipment Ordered | Equipment Cost | Date Ordered | Date Received | Serial Number | Equipment Tag Number |
|-------------------|----------------|--------------|---------------|---------------|----------------------|
| None              |                |              |               |               |                      |
|                   |                |              |               |               |                      |
|                   |                |              |               |               |                      |
|                   |                |              |               |               |                      |
|                   |                |              |               |               |                      |
|                   |                |              |               |               |                      |
|                   |                |              |               |               |                      |
|                   |                |              |               |               |                      |
|                   |                |              |               |               |                      |

Rows can be inserted as needed.

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

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

**PROGRAM SUMMARY**

**PROGRAM BUDGET FOR THIS GRANT PERIOD:**

**Administrative/ Indirect Costs (if any): \$3,125**

Method:  10% of Personnel Cost minus Benefits

5% of Total Cost minus Equipment

|  |   |                               |  |
|--|---|-------------------------------|--|
| <b>Personnel Services:</b><br>\$ 219,620 | <b>Operating Expenses:</b><br>\$ 25,064 | <b>Equipment:</b><br>\$11,800 | <b>Total Program Cost:</b><br>\$ 256,484 |
|--|---|-------------------------------|--|

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

|  |   |   |
|--|---|---|
| <b>1. IMPLEMENTING AGENCY:</b><br><br>El Dorado<br>County District Attorney Office | <b>2. PERIOD FUNDS ARE TO BE USED:</b><br><br>July 1, 2007<br>to<br>June 30, 2008 | <b>3. CUMULATIVE CARRY-OVER FUNDS REQUESTED FOR EXPENDITURE</b><br><br>\$ 0 |
|--|---|---|

**REGULATIONS:**

**Section 2698.53(c) of the California Code of Regulations states,** "Any portion of distributed funds not used for local program purposes at the termination of each program period as specified in the Request for Application shall be returned to the Workers' Compensation Fraud Account in 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 to the Insurance Fund within thirty (30) days after the completion of the final audit."

**Section 2698.53(d) of the California Code of Regulations states,** "A district attorney who has undertaken investigations and prosecutions which will continue into a subsequent year may carry over into the subsequent year distributed but unused funds not exceeding twenty-five percent (25%) of the total annual funding, provided that the district attorney specifies and justifies in writing to the Commissioner how those funds will be used (1) at the end of the program period and (2) at the time of the subsequent application. In the event that distributed, but unused, funds exceed twenty-five (25%) of the previous total annual funding, due to extenuating circumstances, the Commissioner shall consider and approve requests for carry-over to the extent that the district attorney provides justification."

**4. PREVIOUS GRANT AWARDS**

|                                      | <b>Audited<br/>FY 2004 / 2005</b> |   | <b>Audited<br/>FY 2005 / 2006</b> |   | <b>Estimated<br/>FY 2006 / 2007</b> |
|--------------------------------------|-----------------------------------|---|-----------------------------------|---|-------------------------------------|
| Annual Grant Award                   | \$60,000                          |   | \$33,460                          |   | \$49,944                            |
| Total Expenditures                   | \$20,659                          |   | \$46,812                          |   | \$75,555                            |
| Carry-Over Grant Funds               | \$41,657                          | 1 | \$29,195                          | 2 | \$0                                 |
| % of Annual Grant Award not expended | 66%                               |   | 0%                                |   | 0%                                  |
| Interest Earned                      | \$48                              |   | \$890                             |   | \$0                                 |

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

- YES**, I have received written approval from CDI to expend prior year carry-over funds listed above.
- NO**, I have not received written approval from CDI to expend prior year carry-over funds listed above.
- NOT APPLICABLE**
- If yes, please attach a copy of the written approval letter.**
- YES**, I have attached a copy of the written approval letter from CDI.
- NO**, I have not attached a copy of the written approval letter from CDI.
- NOT APPLICABLE**

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

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

No carry-over is expected.



**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:**

No carry-over expected.

# **Attachment A**

## **Joint Plan**

## ATTACHMENT B

***THIS ATTACHMENT IS SUBMITTED AS A SEPARATE  
ADDENDUM TO THE APPLICATION AND IS CONSIDERED  
CONFIDENTIAL.***

1. Please include in this attachment information considered confidential, specifically criminal investigations, whether active or inactive.
2. Briefly describe all cases either being investigated and/or pending prosecution during Fiscal Year 2006-07 including those being worked jointly with CDI. (These descriptions shall also include investigated cases with no result.) List case prosecutor(s) and investigator(s).

| <b>Name</b>                 | <b>Investigation Case #</b> | <b>Prosecutor(s) Investigator(s)</b> | <b>Date Assigned</b>  | <b>Description</b>                               |
|-----------------------------|-----------------------------|--------------------------------------|-----------------------|--|
| <b>Kang</b>                 | <b>2003-118</b>             | <b>Uthe/Morgan</b>                   | <b>December 2003</b>  | <b>1871.4 CIC</b>                                |
| <b>McIntyre</b>             | <b>2005-048</b>             | <b>Scott-Messier w/DOI</b>           | <b>May 2005</b>       | <b>Premium Fraud</b>                             |
| <b>Bujor</b>                | <b>2006-001</b>             | <b>Scott-Messier</b>                 | <b>January 2006</b>   | <b>3700.5 LC</b>                                 |
| <b>Terri Jones</b>          | <b>2005-056</b>             | <b>P-Jones, I-Messier</b>            | <b>July 2006</b>      | <b>Applicant Fraud</b>                           |
| <b>Lisa Addiego</b>         | <b>2006-094</b>             | <b>P-Jones, I-Messier</b>            | <b>July 2006</b>      | <b>Applicant Fraud</b>                           |
| <b>Charel Winston</b>       | <b>2006-105</b>             | <b>P-Jones, I-Messier</b>            | <b>September 2006</b> | <b>Applicant Fraud / Rej</b>                     |
| <b>Dr David Barton</b>      | <b>2006-137</b>             | <b>P-Jones, I-Messier</b>            | <b>November 2006</b>  | <b>Medical Prov. Fraud Unfounded</b>             |
| <b>Rusinko Construction</b> | <b>2006-138</b>             | <b>P-Jones, I-Messier</b>            | <b>November 2006</b>  | <b>3700.5 LC No Fraud Found</b>                  |
| <b>Connie Werner</b>        | <b>2006-140</b>             | <b>P-Sutherland, I-Messier</b>       | <b>November 2006</b>  | <b>1871.4 Expired SOL 11368 H&amp;S Rejected</b> |
|                             |                             |                                      |                       |  |



