Contract #: Workers Compensation Insurance Fraud Grant FY11/12

CONTRACT ROUTING SHEET

Date Prepared: 8/16/11 **Need Date:** ASAP

PROCESSING DEPARTMENT:
Department: District Attorney
Dept. Contact: Jodi Albin
Phone #: x 6421
Department Head Signature: Vern Pierson, DA

CONTRACTOR:
Name: Department of Insurance
Address:
Phone:

CONTRACTING DEPARTMENT: District Attorney
Service Requested: FY 11/12 Resolution
Contract Term: 7/1/11-6/30/12 Contract Value: $330,000
Compliance with Human Resources requirements? Yes: x No:
Compliance verified by: n/a

COUNTY COUNSEL: (Must approve all contracts and MOU's)
Approved: ✓ Disapproved: Date: 8-17-11 By:
Approved: Disapproved: Date: By:

PLEASE HAND CARRY TO RISK MANAGEMENT.
THANKS!

RISK MANAGEMENT: (Must approve all contracts, MOU's and boilerplate grant agreements)
Approved: ✓ Disapproved: Date: 8/22/11 By:
Approved: Disapproved: Date: By:

OTHER APPROVAL: (Specify department(s) participating or directly affected by this contract).
Departments:
Approved: Disapproved: Date: By:
Approved: Disapproved: Date: By:

RESOLUTION NO.

OF THE BOARD OF SUPERVISORS OF THE COUNTY OF EL DORADO

WHEREAS, *the El Dorado County Board of Supervisors desires to undertake a certain program designated Worker's Compensation Insurance Fraud to be funded in part from funds made available through the California Insurance Code Section 1872.83, California Code of Regulations Subchapter 9, Article 3 Section 2698.55 and administered by the California Department of Insurance:*

NOW, THEREFORE, BE IT RESOLVED *that the District Attorney of the El Dorado County District Attorney's Office is authorized to execute, on behalf of the Board Of Supervisors, the Grant Award Agreement including any extensions or amendments thereof which would be prompted by changes in funding levels from the State of California and would not increase net county costs:*

BE IT FURTHER RESOLVED *that the grant funds received hereunder shall not be used to supplant expenditures controlled by this body.*

PASSED AND ADOPTED by the Board of Supervisors of the County of El Dorado at a regular meeting of said Board, held the _____ day of _____, 20___, by the following vote of said Board:

Ayes:

Attest:
Suzanne Allen de Sanchez
Clerk of the Board of Supervisors

Noes:
Absent:

By:_____
Deputy Clerk

_____
Chairman, Board of Supervisors

I CERTIFY THAT:
THE FOREGOING INSTRUMENT IS A CORRECT COPY OF THE ORIGINAL ON FILE IN THIS OFFICE.

DATE: _____

Attest: Suzanne Allen de Sanchez, Clerk of the Board of Supervisors of the County of El Dorado, State of California.

By: _____

INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA

GRANT AWARD AGREEMENT

Fiscal Year 2011-12

Workers' Compensation Insurance Fraud Program

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

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

Duration of Grant: The grant award is for the program period **July 1, 2011** through **June 30, 2012.**

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

Amount of Grant: The grant award agreed to herein is in the amount of **$330,000.** This amount has been determined by the Insurance Commissioner with the advice and consent of the Fraud Assessment Commission based on the estimated funds collected pursuant to Section 62.6 of the Labor Code. However, the total actual award amount for the county is contingent on the collection of assessments and the authorization for expenditure pursuant to Government Code Section 13000 et seq. The grant award will be distributed pursuant to Section 1872.83 of the Insurance Code and to the California Code of Regulations Subchapter 9, Article 3, Sections 2698.53, 2698.54, and 2698.57.

Official Authorized to Sign for Applicant/Grant Recipient	**DAVE JONES** Insurance Commissioner
Name: Vernon Pierson Title: District Attorney Address: 515 Main Street Placerville, CA 95667 Date:	Name: **Rick Plein** Title: Deputy Commissioner Date:

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

Kerry Li , Fiscal Officer, CDI _____ Date _____

CALIFORNIA DEPARTMENT OF INSURANCE
FRAUD DIVISION

WORKERS' COMPENSATION
INSURANCE FRAUD PROGRAM

REQUEST-FOR-APPLICATION

FISCAL YEAR 2011-2012

SECTION III
APPLICATION AND INSTRUCTIONS

The amounts distributed for FY 2011-2012 are contingent on the collection from insurers and self-insured employers. The CDI reserves the right to adjust district attorney funding levels pursuant to the FY 2011-12 State Budget Act. For fiscal year 2011-2012, up to $30,128,000 will be available to distribute pending budget appropriation for FY 2011-2012.

Pursuant to Insurance Code Section 1872.83(d), the application for funding is a public document and may be subject to disclosure. However, information submitted to the California Department of Insurance concerning criminal investigations, whether active or inactive, is considered confidential.

WORKERS' COMPENSATION INSURANCE FRAUD INVESTIGATION/PROSECUTION PROGRAMS FISCAL YEAR 2011-2012 GRANTS

Grant Application Checklist and Sequence

The Application MUST include the following:

	YES	NO
1. Is the Grant Application Transmittal sheet (Form 02) completed and signed by the district attorney?	☒	☐
2. Table of Contents	☒	☐
3. Is the Program Contact Form (Form 03) completed?	☒	☐
4. Is an original or certified copy of the Board Resolution (Form 04) included? If NOT, the cover letter must indicate the submission date.	☐	☒
5. The County Plan includes:		
a) County Plan Qualifications (Form 05)	☒	☐
b) Staff Qualifications (Form 06(a))	☒	☐
c) Organizational Chart (Form 06(b))	☒	☐
d) Program Report (DAR or Form 07)	☒	☐
e) County Plan Problem Statement (Form 08)	☒	☐
f) County Plan Program Strategy (Form 09)	☒	☐
6. Is the projected Budget (Forms 10-12) included?	☒	☐
a) Line-item totals are verified?	☒	☐
7. Is the Equipment Log (Form 13) completed and signed?	☒	☐
8. Joint Plan (Attachment A)	☒	☐
9. Case Descriptions (Attachment B)	☒	☐

GRANT APPLICATION TRANSMITTAL
Instructions for Fiscal Year 2011-2012

GRANT APPLICATION TRANSMITTAL

The Grant Application Transmittal is the cover page for the application. The official signing the face sheet for the applicant must be the district attorney for the county. The Grant Application Transmittal must also name the contact person who is designated to answer any questions about the proposed program.

1. Program Title:	Enter the complete title of the program.
2. Grant Period:	Enter the beginning and ending dates of funding as specified in the grant application instructions.
3. Grant Amount:	Enter the total amount of state funds requested.
4. Estimated Carryover Funds:	Enter the estimated carryover funds from the previous fiscal year(s).
5. Program Director:	Enter the name and title of the individual ultimately responsible for the program.
6. Financial Officer:	Enter the name and title of the person who will be responsible for all fiscal matters relating to the program. This person must be someone other than the program director.
7. Official Submitting Application:	Enter the name, title, county, address and telephone number of the district attorney submitting the application. The district attorney's original signature (not a stamped, photocopied or faxed version) must be on the Grant Application Transmittal.

FORM 02

DEPARTMENT OF INSURANCE
GRANT APPLICATION TRANSMITTAL

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: VICKI L. ASHWORTH, DEPUTY DISTRICT ATTORNEY

Address: 515 MAIN STREET, PLACERVILLE, CA 95667

Telephone: (530)621-6472

WORKERS COMPENSATION INSURANCE FRAUD — 7/1/2011 – 6/30/2012
(1) *Program Title* — (2) *Grant Period*

(3) New Funds Being Requested: $ 621,018.00

(4) Estimated Carryover Funds: $ 15,000.00

VERN R. PIERSON — (5) *Program Director*

JODI ALBIN — (6) *Financial Officer*

(7) *District Attorney's Signature*

Name: VERN R. PIERSON

Title: DISTRICT ATTORNEY

County: EL DORADO

Address: 515 MAIN STREET

PLACERVILLE, CA 95667

Telephone: (530) 621-6472

Date: May 2, 2011

TABLE OF CONTENTS
Instructions for Fiscal Year 2011-2012

DEPARTMENT OF INSURANCE
PROGRAM CONTACT FORM

1. Provide the name, title, address and telephone number of the person having day-to-day operational responsibility for the program, and who can be contacted with questions regarding the program.

   Name: VICKI L. ASHWORTH

   Title: DEPUTY DISTRICT ATTORNEY

   Address: 515 MAIN STREET

   PLACERVILLE, CA 95667

   E-mail address: VICKI.ASHWORTH@EDCGOV.US

   Telephone Number: (530) 621-6472 Fax Number: (530) 621-1280

2. Provide the name, title, address and telephone number of the District Attorney's Financial Officer.

   Name: JODI ALBIN

   Title: FISCAL ADMINISTRATIVE MANAGER

   Address: 515 MAIN STREET

   PLACERVILLE, CA 95667

   E-mail address: JODI.ALBIN@EDCGOV.US

   Telephone Number: (530) 621-6421 Fax Number: (530) 621-1280

3. Provide the name, title, address and telephone number of the person who may be contacted for questions regarding data collection/reporting for the applicant agency.

   Name: SHANEEN MAY

   Title: LEGAL SECRETARY

   Address: 515 MAIN STREET

   PLACERVILLE, CA 95667

   E-mail address: SHANEEN.MAY@EDCGOV.US

   Telephone Number: (530) 621-6472 Fax Number: (530) 621-1280

BOARD OF SUPERVISORS' RESOLUTION
Instructions for Fiscal Year 2011-2012

RESOLUTION

Commitment to funding shall be in the form of a Grant Award Agreement and shall require an enabling Resolution from the County Board of Supervisors approving and authorizing execution of the agreement. The County Board of Supervisors' Resolution must specify the Board's desire to participate in the program and should delegate authority to the district attorney (or other county official) to execute the Agreement and any modifications thereof.

A Resolution from the Board of Supervisors authorizing the applicant to enter into a Grant Award Agreement with the CDI is required. An original or a certified copy of the current Board Resolution for the new grant period must be submitted to receive funding for the 2011-2012 fiscal year. If the Resolution cannot be submitted with the application, a letter must be included which indicates when the CDI can expect to receive it (**no later than December 30, 2011**). *Grant funds for that particular county will not be released until the CDI receives the Resolution and properly executed Grant Award Agreement.*

The Board Resolution must designate the official authorized by title to sign the Grant Award Agreement for the applicant. Additionally, the Resolution must include a statement accepting liability for the local program. A sample Resolution follows on page 9.

NOTE: The Resolution must include all of the elements contained in the sample.

1. Enter the full names of the County Board of Supervisors making the Resolution.
2. Enter the proposed program. This should be the same as the title of the proposed program on the Grant Application Transmittal.
3. Enter the funding source (*Workers' Compensation*-California Insurance Code Section 1872.83, California Code of Regulations, Title 10, Section 2698.55 et. seq.).
4. Enter the full title of the administrator or executive (e.g., district attorney) that is authorized to submit the application, including any extensions or amendments. This person will sign the Grant Award Agreement.
5. Enter the full title of the organization that will submit the application.
6. Enter the same as item (1).
7. Enter the date of the meeting in which the Resolution was adopted.
8. Enter the votes of the members in the appropriate category.
9. Enter the signature of the person signing on behalf of the Board.
10. Enter the date of certification.
11. Enter the typed name and title of the person making the certification.
12. Enter the signature of the person attesting that this is a true copy of the Resolution. This must be a person other than the person who signed on behalf of the Board or Council (see item 9).
13. Enter the date attested.
14. Enter the typed name and title of the person attesting.

BOARD OF SUPERVISORS' RESOLUTION

The Resolution will be sent to the Department of Insurance after it is received. The Board of Supervisors will not accept the Resolution without County Counsel approval/review of the Grant Application. The Resolution will be forwarded by December 31, 2011.

COUNTY PLAN
Overall Instructions for Fiscal Year 2011-2012

COUNTY PLAN

The County Plan is the main body of information about the local program. It describes the need for funding to address investigation and prosecution of insurance fraud demands through appropriate and achievable objectives and activities. **Each district attorney's program award shall be based on the evaluation of the County Plan.** The County Plan shall be evaluated by a Review Panel which is comprised of two members of the Fraud Assessment Commission, the Chief of the Fraud Division or his or her designee, the Director of the Department of Industrial Relations or his or her designee, and an expert in consumer crime investigation and prosecution who is designated by the Insurance Commissioner.

The County Plan:

- **Shall include** elements describing the county's qualifications and the manner in which the district attorney will use grant funds to investigate and prosecute workers' compensation insurance fraud.
- **Will address** the applicability of the Insurance Commissioner's strategic initiatives and the Fraud Assessment Commission's objectives.
- **Shall contain the forms** included in the application forms package.

The County Plan consists of the following sections:

- **QUALIFICATIONS (Forms 05, 06(a), 06(b) and 07)**
- **PROBLEM STATEMENT (Form 08)**
- **PROGRAM STRATEGY (Form 09)**

In order to complete the County Plan, reference the definitions on page 11.

Definitions

For purposes of program reporting and grant applications, terms and concepts are defined as follows:

- Arrest
  For purposes of the grant application and reporting, arrests include surrenders and citations.
- Cases
  Multiple defendant cases should be counted as single cases, not a separate case for each defendant unless the number or names of the individual defendants are specified.
- Cases in court
  Filed cases, up to and including sentencing hearing, excluding warrants and appeals.
- Chargeable fraud
  The total amount of fraud that would result from all the counts actually charged or would be charged.
- Documented Case Referral
  Cases received through specified dates that substantially comply with the documented case referral protocol. FD-1's/SFC's in and of themselves do not constitute a documented case referral.
- Documented Case Referrals are classified as:
  Pending - cases awaiting review
  Accepted - cases that are opened and assigned for investigation
  Rejected - no further action will occur
- Fines
  Fines imposed by the court. Penalty assessments may be included. Do not include booking fees, probation or supervision fees, or restitution.
- Insider fraud
  Fraud committed by employees or agents of an insurance company, self-insured employer, or third-party administrator as defined in California Insurance Code Section 1877.
- Investigations
  Investigation opened means cases in which an investigator or DDA has been assigned. It does not include screening activities such as the initial review of SFC's or phone call referrals, initial California Insurance Code 1877.3 referrals, probation violations, or due diligence searches.
- Provider fraud
  A provider is defined as an individual or entity claiming to supply medical, legal, or other services in connection with a workers' compensation claim. Include in this category items such as capping, billing services, transportation and translation services.

THE DOCUMENTED REFERRAL

Summary

This section covers the reporting of *substantiated* fraud cases. Once all four (4) elements of fraud are identified, a documented referral is warranted. The entire documented referral protocol is included below.

When is a Documented Referral Necessary?

As covered in the previous chapter, anytime there is suspected fraud within the workers' compensation insurance arena, it is required by law that a Suspected Fraudulent Claims report (SFC/FD-1) be submitted to the authorities.

After further investigation, more evidence to substantiate the suspicion may be found. In those cases, consider submitting a "documented referral" to law enforcement. A documented referral assists law enforcement and increases the chances of prosecution.

What is a Documented Referral?

A documented fraud referral entails much more information than allowed for on the SFC/FD-1. While each case of suspected fraud is unique, most experts in law enforcement have agreed that the items of information discussed below, in the documented referral protocol, cover the necessary items. However, be aware that individual district attorney offices may have other items that they will request based on the facts of the case.

Documented Referral Outline

Below is a suggested outline of the items and information that comprise of a documented referral. Note that all the items may not be applicable to each claim. However, the more developed the case, the greater the possibility that there will be enough information for law enforcement to open a criminal investigation.

The California District Attorneys Association and the California Department of Insurance have approved the following protocol.

Section I. General Identification Information

Include the following general items in the report:

- **Case Synopsis:** A short, one-paragraph summary of the case. Include general identification information, including all information available on the suspect and a short summary of the case.
- **Suspect's Information:** Suspect's name, alias, address, telephone number, employer, employer's address, employer's telephone number, suspect's employment position, DOB, POB, sex, race, height, weight, hair color, eye color, social security number, DMV number and prior claim history.
- **Insurance Information**: Insurance company name, address, adjuster's name and telephone number, SIU investigator's name and telephone number, insurance company file number.
- If reporting a policy or premium fraud case, you may want to provide the name of the auditor, underwriter, etc., in lieu of, or in addition to, the adjuster name/address/phone number.
- **Other Agencies**: Any other agencies working on the case, along with the contact name and telephone number.

- **Referral Form**: Include a copy of the previously submitted Suspected Fraudulent Claim (SFC/FD-1) form.

Section II. Narrative Statement

After the general identification section, complete a narrative statement of the facts of the case. Here are some tips for writing a complete narrative statement:

- The statement should be written in chronological order. Start with the beginning of the case, include the investigation conducted, and conclude with the current status of the fraudulent claim.
- When necessary, each statement should reference exhibits that support the statement.
- Make specific reference to relevant documents in the insurance company or claims files (i.e., reports, interviews, witnesses, medical files, depositions, videotapes, etc.). For every document described in the narrative statement, there should be an explanation of the document's origin (i.e., where it came from, where it was found). Specify which witnesses can testify to its authenticity.
- The narrative should include all the facts, both good and bad.
- If aware of any potential defenses the suspect might assert, those should be included in your narrative.
- Omit opinions; use only facts.
- If a timeline would be helpful to explain the chronological order of events, it should be included in the exhibit section and referenced in the narrative statement.

For every misrepresentation alleged, the following information should be provided:

- The exact statement (misrepresentation) made;
- The date the misrepresentation was made;
- Where it was made and to whom;
- Identification of the exhibit where the misrepresentation is contained (i.e., WC claim, letter from Dr. "A," report of interview of "B," computer printout, application for insurance, etc.);
- Evidence which proves the representation is untrue (e.g., deposition pg. 1, line 15; sub rosa videotape at 2349-3542; Dr. "C" letter, dated 4/3/92; report of interview with "D");
- An explanation of why the misrepresentation is important to the case; and
- Identification of witnesses who will testify to this conclusion.

Section III. Date of Discovery of Suspected Fraud

In the documented referral, it is imperative that the earliest date the possible criminal activity was discovered be provided. Include specific statements about when and how the fraud was discovered, who discovered it, and why it was not discovered earlier.

Section IV. Exhibit List

Every exhibit referenced in the narrative statement should have a number and be listed in the order the exhibits are referenced in the narrative statement. This list should be placed just following the narrative statement of the case. Audiotapes, videotapes, transcripts and any available

photographs of the suspect should be included. If a statement is attributed to a witness in the narrative statement, there should be a report of interview for that witness in the exhibits. The report of interview should state who is being interviewed, the date, time and location of the interview. All persons present during the interview should be noted. If it is taped, this should be noted in the report or interview. For documents listed in the Exhibit List, there should be an indication of where each document came from.

Example: Exhibit 1 - Application for insurance policy on 1994 Toyota Tercel, contained in underwriting file for "X" Insurance Company for policy number 123456; Exhibit 2 - Faxed letter sent by Joe Suspect to "X" Insurance Company on March 5, 1993 and placed in "X" Insurance Company's claim file No. 654321 by adjuster Mary Jones.

Section V. Crimes Requested to be Charged

For each crime sought to be charged, there should be a short statement explaining the basis for this request.

Example: Insurance Code 1871.4(a)(1) – Claimant stated there were no prior injuries to his back during an appointment with Dr. Jones (See Exhibit 8 - Dr. Jones' report, dated January 15, 1996). In fact, claimant had seen Dr. Smith previously and told him that he had injured his back in an auto collision (See Exhibit 11 - Dr. Smith intake report, dated March 20, 1995).

Section VI. Loss and Restitution

There should be a summary of the monetary loss to all victims (i.e., insurance company, employer, etc.) and the basis for the computation of the loss. The total loss should also be contained in the narrative, but the computation should appear in more detail in this section. In addition to the total losses, also include the costs incurred by your company to investigate the claim.

If you have information regarding assets of the suspect, place that information here. This is particularly important if the loss exceeds $100,000.00.

Section VII. Witness List

There should be a section that lists the names of all witnesses, their addresses, phone numbers, and any identification information available to the investigator (e.g., date of birth, social security number, driver's license information) in case the witness moves. This section should also reveal the importance of the witness by explaining, in one or two sentences, what he/she will be able to testify to.

Example: Claimant Fraud

An example of a typical claimant workers' compensation documented case referral should include, but is not limited to, the following information:

- Suspected Fraudulent Claim Report (SFC/FD-1)
- Employee Claim Form (DWC-1)
- Employers First Report of Injury (DSLR5020)
- Doctors First Report of Injury (DSLR 5021)
- Medical reports that focus on the claimant's current disabling condition and/or past medical history
- Documentation in support of the claim submitted by the claimant (e.g., letters, affidavits, medical bills, etc.)

- Copies of deposition transcription
- Copies of reports of interviews and/or recorded statements
- Photographs and/or videotapes along with investigative reports
- All claims database information
- Substantiation of employment while disabled
- Substantiation of prior claims from other insurers
- DO NOT send attorney-client privileged communications

Example: Premium Fraud

An example of a typical premium fraud documented referral should include, but is not limited to, the following information:

- Suspected Fraudulent Claim Report (SFC/FD-1)
- Application
- Payroll Reports
- Audits
- Certificate of Insurance
- Claims Information
- Secretary of State Information
- Department of Corporations
- Contractors State License Board
- Quarterly Employee Tax Statements
- Employee Wage Reports
- Prevailing Wage Statements
- Policy Information
- DO NOT send attorney-client privileged communications

Other Types of Suspected Fraud

For other types of suspected fraud (e.g., medical, legal, pharmacy, employer, agent/broker, embezzlement), use the guidelines contained in this protocol.

Sending the Documented Referral

These documented referrals should be simultaneously submitted to the California Department of Insurance, Enforcement Branch, Fraud Division and the local district attorney's office.

Include complete addresses of all agencies/entities referral information is sent to.

Do not send original documents or a copy of the entire investigative file until requested to do so.

Questions?

For questions regarding this process, please contact the local California Department of Insurance, Fraud Division Regional office or the local district attorney.

*** CASE CATEGORIES

Standard Case:

- One defendant
- Loss under $10,000 — Loss = Amount of chargeable fraud
- One employer victim

Medium Case:

- Loss from $10,000 up to $49,999

Complex Case:

- Loss from $50,000 up to $250,000

Very Complex Case:

- Loss greater than $250,000

The above-stated loss amounts are only guidelines for each category. Notwithstanding the guidelines, a case shall be elevated from one category to any other higher category if the necessary number of aggravating factors, as stated below, exist:

A Standard case + at least 2 Aggravating factors = A Medium case
A Medium case + at least 2 Aggravating factors = A Complex case
A Complex case + at least 2 Aggravating factors = A Very Complex case

e.g., A Standard case with at least 6 Aggravating factors becomes a Very Complex case.

AGGRAVATING FACTORS:

1. Multiple defendants or suspects
2. Multiple claims by a single defendant or suspect
3. More than 2,000 pages of reviewable material
4. More than 20 witnesses (excluding non-suspect medical providers)
5. More than 6 no-suspect medical providers or other experts
6. A case involving a suspect legal provider(s) or a suspect medical provider(s)
7. More than 2 insurance carriers/self-insured's involved
8. Search warrant(s) involving 2 or more search locations
9. Special Master Warrant involved
10. Search warrants which requires assistance of an expert in its execution (e.g., computer expert, auditor, etc.). This does not refer to the typical expertise of the searching police officer(s).
11. More than 2 public agencies (excluding D.A.) involved
12. Undercover operation by law enforcement
13. Grand Jury Proceedings
14. One or more Motions (other than a P.C. 995 motion) requiring a filed response
15. More than 2 contested Court hearings, not including arraignment and preliminary hearings

QUALIFICATIONS COUNTY PLAN
Instructions for Fiscal Year 2011-2012

In accordance with California Code of Regulations, Title 10, Section 2698.55, the county must submit a county plan. Please complete forms 05-09.

In answering the questions on Forms 05, 06 and 07 be sure to include the following information:

QUALIFICATIONS

The Qualifications Section consists of these forms:

- *Form 05*
- *Form 06(a)*
- *Form 06(b)*
- *Form 07*

Complete and submit the Qualifications forms, providing updated information according to the instructions in the form section. **Please complete Attachment B, which is a confidential document**.

If the county has received a grant award from the CDI in prior years, the outcomes reported in this section shall represent activities funded by the grant award. Outcomes achieved through county or other funding sources shall be designated separately.

WORKERS' COMPENSATION INSURANCE FRAUD QUALIFICATIONS

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

INTRODUCTION

El Dorado County is contiguous to Sacramento County on the west, Placer County to the north, Amador and Alpine Counties to the south and the Nevada State line to the east. El Dorado County is very rural and has only two incorporated cities: Placerville and South Lake Tahoe. As of December 2008, El Dorado County had a population of 180,185. The majority of the population resides in the Western Slope communities of Placerville, Shingle Springs, Cameron Park and El Dorado Hills. El Dorado County, geographically, is a large county comprised of 1805 square miles. The uniqueness of the county is that it is divided into two distinct sections or areas, the West Slope and the Tahoe Basin. The primary area of businesses located in the county are on the West Slope, and of those, there are only twelve major non-government enterprises situated in the communities of Cameron Park and El Dorado Hills.

Our 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 Insurance Commissioner and the Fraud Action Commission. Since 2007, our office has aggressively sought to educate consumers and employees of the protections to which they are entitled as well as prosecute those who deny them these protections. This office will allow citizens of the County access to the office for protection of their rights, as well as 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. Now that our workers compensation team is in place, and with D.A. Pierson's known accomplishments in the field, El Dorado County has and is, maintaining a very aggressive program, as evidenced by our accomplishments over the last year. Our program is staffed with a highly qualified investigator, and an experienced senior trail attorney.

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

The El Dorado County District Attorney's Office is completing its fourth year of this grant under the direction of our elected District Attorney, Vern Pierson. We have continued to develop our range of cases and investigations, continued reaching out to other agencies to assist in our efforts, and continued with our relationships with outside

entities to strengthen the quality and quantity of our cases. Our ongoing effort to balance our caseload, in conformity with the stated goals of the Fraud Assessment Commission and the Insurance Commissioner, will remain over the next fiscal year.

The Section 3700.5 Labor Code cases have been established as the most successful component of our program. We continue to see success in this area because our investigative staff remains active in our community. Our one full-time investigator, Mark Messier, has worked over the past year with Clayton Steacker, a part-time investigator, on the Workers Compensation Insurance Fraud cases. Mr. Messier and Mr. Steacker were active in the field, making contact with individuals, some of which were properly licensed and insured. These contacts have allowed them to continue building strong ties with citizens in the county and be a presence in the community. Based on these established ties, our unit receives tips regarding willfully uninsured which leads to follow-up and contact of those violators. Additionally, simply being out in the community allows the investigators to observe work sites and make immediate contact with employers and workers to determine if they are properly licensed and insured. For the most part, most of these types of contacts result in a violation of section 3700.5 of the Labor Code. Were the investigators not out in the community, these violators would not have come to our attention. Over the last couple of years, having a presence in our community has proven to be, and will continue to be, an important aspect of our unit.

A balanced caseload continues to be an important focus of our relatively small unit. To that end, our unit has been able to investigate and be involved in a number of cases involving claimant fraud under section 1871.4 of the Insurance Code. This type of case is more time consuming and difficult for us to investigate because we are a small unit. However, as we strive to achieve a more balanced caseload, we continue to reach out to other agencies for assistance and education. As a result, in just the past fiscal year, our unit was involved in no less than ten (10) claimant fraud investigations and we continue to receive referrals from CDI. As our investigator obtains additional training and experience, our investigations in this area are becoming more thorough and concise. As a result, we currently have an extensive premium fraud investigation pending where our investigator has been working closely with the Employment Development Department (EDD) and the Franchise Tax Board (FTB).

Additionally, over the past two years, we have strengthened and expanded our relationships with other governmental agencies. Through these ongoing relationships, our investigator is beginning to develop a wider range of cases. To accomplish this as well as more variety in the types of cases our unit handles, we routinely seek out additional assistance from other agencies, such as EDD, FTB, the Division of Labor Standards Enforcement (DLSE) and the California Contractor's State License Board (CSLB). Of course, we still maintain a close and cooperative working relationship with the California Department of Insurance (CDI).

In January, 2011, El Dorado County was one, of only a few counties, chosen by CSLB to participate in their Partner Agency County Taskforce (PACT). Through this taskforce, CSLB assigns a specific investigator to our county to help work on and investigate cases. The investigator assists in sting operations as well as working his own independent investigations in our county. Working in collaboration with CSLB thru PACT, we were

able to conduct one sting operation and one countywide sweep, which resulted in multiple Labor Code Section 3700.5 cases.

Our outreach program was another area of growth. First, in September 2010, Ms. Ashworth and Mr. Messier were invited to attend and speak at an industry meeting hosted by CSLB. Other law enforcement agencies, CDI, industry employers, employee representatives and other individuals representing other statewide interests attended the meeting. Second, Mr. Messier, Mr. Steacker and Doug Ropel (CSLB) contacted the El Dorado County Building/Permit Department to re-establish a working relationship with that department. Our investigators reacquainted key department employees with our program in order to build a more interactive relationship. Since that time, our unit has been contacted on a number of occasions by the building/permit department, which led to 3700.5 LC investigations and prosecutions. Finally, we re-formatted a "Truth or Consequences" video that our elected District Attorney, Vern Pierson, created a few years ago. The video addresses all types of workers' compensation insurance fraud by presenting re-enactments with discussion on the laws and potential punishments. The video, which is approximately thirty (30) minutes in length, was submitted to our local television station, Sierra Community Access, Channel 2. Channel 2 broadcasts to approximately 18,000 homes with 45,000 potential viewers. Channel 2 has agreed to broadcast the video fifteen (15) times a week over the next several months. The video will air in various time slots including weekends and "primetime". We are excited to see the results from this outreach and hope to expand it next year by remaking the video and creating a version in Spanish to reach our Spanish-speaking residents in the community.

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

El Dorado County provided funding for police radios, vests, firearms, and safety equipment. The following resources were provided by the El Dorado County District Attorney's Office:

- The District Attorney's time to promote the program to secure funding from the Board of Supervisors;
- Meetings with fellow District Attorneys to apprise them of the program; and;
- Investigative and attorney staff that assisted the Workers' Compensation Fraud Investigator in investigations, sweeps, sting operations, and service of warrants.

Additionally, on occasion, deputy district attorneys, not assigned to the program, assist the assigned attorney by making court appearances when the assigned attorney needs coverage due to calendar conflicts.

3. Detail and explain the turnover or continuity of personnel assigned to your workers' compensation insurance fraud program. Include any rotational policies your county may have.

As our Workers' Compensation Fraud program continues under the leadership of our elected District Attorney, Vern Pierson, the effort of the office is to maintain continuity within our Workers' Compensation Fruad unit. In 2009, a legal assistant was added to our unit to assist with statistical accuracy. The prosecuting attorney changed in July 2010 when Deputy District Attorney Vicki Ashworth replaced the previous attorney who retired after being assigned to the unit for three (3) years. Ms. Ashworth has previous experience in the Workers' Compensation Fraud area and was able to move forward with the existing caseload. Additionally, in September 2010, Clayton Steacker was hired as a part-time investigator to assist our program investigator, Mark Messier, with a growing caseload. Mr. Steacker brings with him a wealth of previous experience and he has quickly proven himself to be a valuable asset to our unit. Mr. Messier has been assigned to this unit for over four (4) years and quickly trained Mr. Steacker on fraud investigations. These changes have been positive for the unit and have enhanced our unit's performance. While we had an attorney change and added additional staff, it remains the policy of this office to not change the core of our unit so as to maintain our experience and continuity levels within the guidelines of both CDI and the FAC.

Our policy also remains that all workers compensation fraud cases, whether investigated in the South Lake Tahoe area or Placerville, will be initially filed through the District Attorney's Placerville office and in the Superior Court in Placerville for efficiency purposes. However, there is no guarantee that efforts to keep cases in Placerville, will always be successful. If we are unable to keep cases in Placerville, it would require the lead attorney to travel to South Lake Tahoe and/or increase the need for additional funding of an attorney in our South Lake Tahoe office. This is important, particularly in winter months, as Highway 50 is the main artery through the Sierras and is often closed or too hazardous to travel.

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

Building on our relations established over the last several years, we have expanded our efforts to enhance those relations and build new relationships. We have expanded our relationship with CSLB, EDD and DSLE. Our enhanced involvement with EDD has allowed us to significantly expand our criminal investigations and elevate the charging against employers cheating employees of benefits to which they are entitled. As discussed earlier, our working relationship with CSLB has grown extensively over the past year. Being a part of their PACT program, we routinely work closely with investigators from that agency which has allowed us to increase the number of investigations and contact more people in the community.

Working closely with the Department of Insurance has allowed us to investigate more cases this year, specifically as it refers to premium fraud violations. We completed a sting operation with CDI and CSLB which led to numerous new workers' compensation

cases. We also have plans to work with CSLB to undertake a couple of sting operations in the next fiscal year.

We continue working with the FTB in our investigations and were successful in closing out several tax cases this past year, including one which resulted in a felony plea. FTB also proved instrumental in another felony case where they helped retrieve records and worked with us on the resolution of the case.

Finally, with the help of EDD, FTB, and SCIF, we are currently investigating a large scale premium fraud case. This case involves potential unemployment insurance code and other substantial financial violations.

5 Was there a distribution of frozen assets in the current reporting period? If yes, please describe. If no, state none.

NONE

FORM 06(a)

QUALIFICATIONS

List the name of the program's prosecutor(s) and investigator(s). Include position titles and percentages for any vacant positions to be filled. For each, list:

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

Prosecutors	% Time	Time With Program Start date/End date
VICKI ASHWORTH	35 – 40%	7/1/10 TO PRESENT

Investigators	% Time	Time With Program Start date/End date
MARK MESSIER	100%	JANUARY, 2007 TO PRESENT
CLAYTON STEACKER	17%	SEPTEMBER, 2010 - PRESENT

ORGANIZATIONAL CHART
Instructions for Fiscal Year 2011-2012

The Organizational Chart is to be an attachment provided by the county and labeled as Form 06(b).

ORGANIZATIONAL CHART

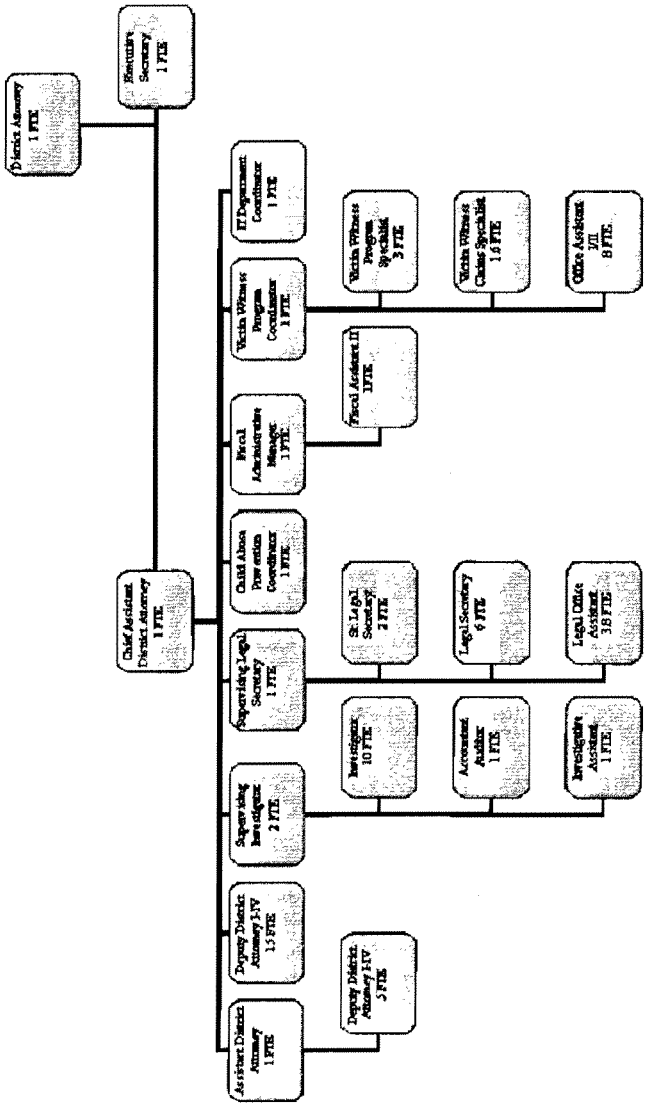
Provide an organizational chart outlining:

- Personnel assigned to the program. Identify their position, title and placement in the lines of authority to the elected district attorney.
- The placement of the program staff and their programmatic responsibility.

If there are any changes of personnel as shown on Form 02 and Form 03, the county must notify the Fraud Division, Local Assistance Unit in writing within thirty (30) days.

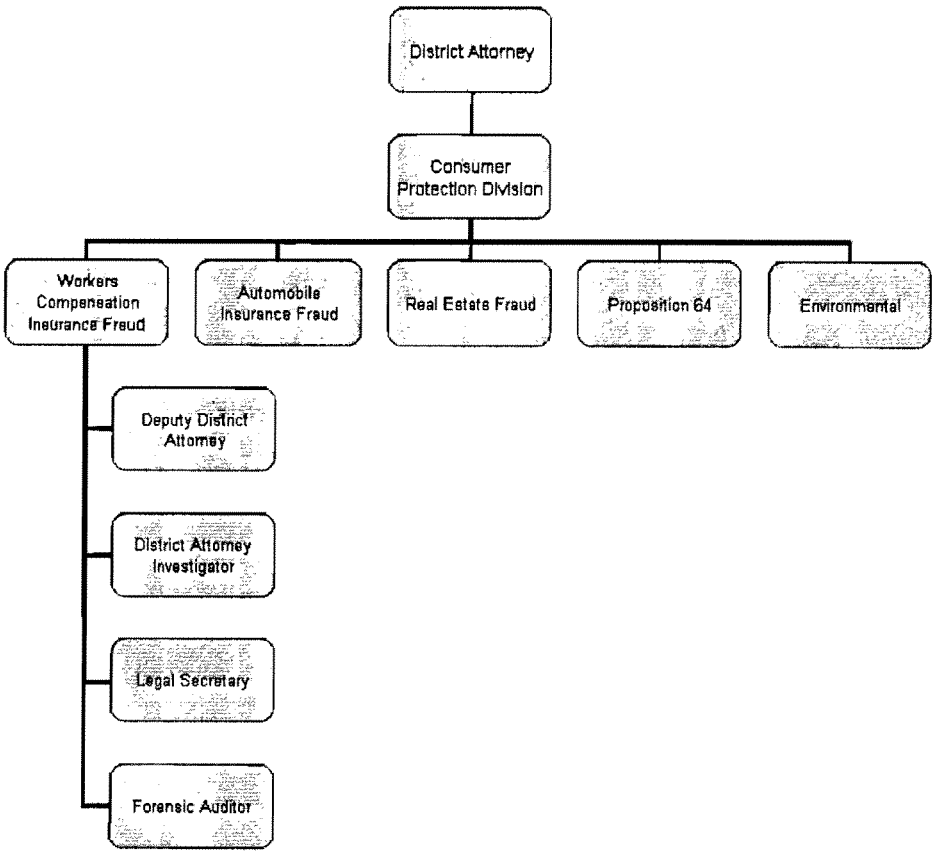
FORM 06(b)

ORGANIZATIONAL CHART



FORM 06(b)

ORGANIZATIONAL CHART



DISTRICT ATTORNEY PROGRAM REPORT (DAR)
Instructions for Fiscal Year 2010-2011

The DAR provides actual data on activities such as investigations, cases, arrests, convictions and other statistical information. Completion of the program report reflects that the Fraud Division and county district attorney's met their mutual obligation to protect the public from economic loss and distress by actively investigating and arresting those who commit insurance fraud, and to reduce the overall incidence of insurance fraud through anti-fraud outreach to the public, private, and governmental sectors.

This version of the DAR comprises the program activity for the RFA reporting period July 1, 2010 through April 15, 2011.

FORM 07

This information has been provided electronically to the Department of Insurance pursuant to the DISTRICT ATTORNEY PROGRAM REPORT (DAR) Instructions contained in the grant application.

PROBLEM STATEMENT
Instructions for Fiscal Year 2011-2012

In answering the questions on Form 08, be sure to include the following information:

PROBLEM STATEMENT

Describe the nature and extent of the problem in the county. Include in your responses, the following:

- Its sources and causes
- Its economic and social impacts
- Its unique aspects, if any
- What is needed to resolve the problem

Supporting data and evidence, or indicators of fraudulent activity, related to workers' compensation insurance may include data and information derived from these sources:

- Self-insured employers
- Other local law enforcement entities
- Insurers
- The Fraud Division, and/or the Investigation Division of the California Department of Insurance
- Other interested parties

COUNTY PLAN
PROBLEM STATEMENT

Please describe the types and magnitude of workers' compensation insurance fraud (e.g., claimant, single/multiple medical/legal provider, premium/employer fraud, insider fraud, insurer fraud) relative to the extent of the problem specific to your county. Please use local data or other evidence to support your description

As described in our Introduction, El Dorado County has a unique circumstance as the county is divided geographically between the West Slope and the Tahoe Basin. The situation that exists, as between the two areas, is that the businesses in the Basin are virtually unchecked in any meaningful way for compliance for workers compensation rules and regulations as contrasted to businesses on the West Slope. We have found that on the occasions we have been in the Basin, non-compliance with the regulations for workers compensation seems to be the norm rather than the exception. The South Lake Tahoe area is separated from the Placerville area by the Sierra Nevada Mountains and under optimum conditions is an hour plus drive from the District Attorney's office in Placerville. During the winter months there are road closures or blockages due to snow and ice. In essence, the area is most difficult to access for one investigator from Placerville.

It is our position that the area of South Lake Tahoe is, in its own way, a separate and distinct community from the West Slope and requires an individual focus. The businesses know this and have little trepidation in ignoring what they are otherwise required to do. It is our desire to have a more pronounced presence in the area so as to enforce the laws as intended. As a side note, we have had several investigations, prosecutions, and convictions for workers' compensation related cases, which support our conclusions and our request for additional help in that venue.

Our efforts on the West Slope have broadened over the past year in conformity with the FAC and CDI stated goals. This effort has determined that even though the business community is relatively small, compared to larger urban counties, employer abuse seems to be growing. This remains particularly true during the economic downturn. As our unit strives to expand our efforts in 1871.4 IC cases and balance our caseload, we continue to see a steady stream of 1871.4 IC case referrals. However, the complexity of these matters consume a substantial amount of our investigators' time and we are attempting to measure his time so as to maintain our public awareness efforts against his actual investigative time so that we provide a well-rounded effort.

As a result of our increased outreach efforts, more cases are being brought to our attention from outside, particularly anonymous, sources. In so many of our willfully uninsured cases, employers state they are aware of the need to have workers' compensation insurance coverage to protect their employees, but are simply unable to afford the coverage during these tough economic times. We have received a relatively

positive reaction to our presence in the community and see that maintaining such presence as a vital part of our program. There is simply no better way to get the word out regarding our efforts to crackdown on violators than through the employers we have contacted. The professional manner in which we conduct ourselves has further enhanced our public image in the community and helped us in case investigations. As evidenced by the statistical data submitted with this application, the uninsured employer cases under Section 3700.5 LC remain the most active component of our program.

We recognize that the impact upon those affected by the dishonest conduct of either the employer or employee has substantial impact upon the aggrieved person or entity, as well as the State of California. It is our duty to hold those, who are culpable for this form of conduct, responsible to the aggrieved party or parties.

PROGRAM STRATEGY
Instructions for Fiscal Year 2011-2012

In answering the questions on Form 09, be sure to include the following information:

PROGRAM STRATEGY

This section **shall specify** how the district attorney will address the problem, defined in the Problem Statement, through the use of program funds.

The discussion **should include** the steps that will be taken to address the problem, as well as the estimated time frame(s) to achieve program objectives and activities. Specifically, this section **should describe**:

- The manner in which the district attorney will develop his or her caseload;
- The sources for referrals of cases; and
- A description of how the district attorney will coordinate various sectors involved, including employers, insurers, medical and legal providers, the Fraud Division, self-insured employers, public agencies such as Department of Industrial Relations, Employment Development Department, and local law enforcement agencies.

Required: A current District Attorney/Fraud Division Joint Plan for the use of investigative resources is required and included with the application (Attachment A).

COUNTY PLAN
PROGRAM STRATEGY

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

   The primary focus, as has been our continued goal, will be upon vigorous prosecution of offenders. We shall continue our outreach to victims, employers and the business community. We will continue building even stronger relationships with outside agencies (i.e. EDD, CSLB) and include them in our investigations to ensure all appropriate charges are considered. We will continue with our efforts to conduct multi-agency operations as well as sweeps of businesses to verify compliance with workers' compensation insurance requirements.

   As to the vigorous prosecution of offenders, we will prioritize our prosecutions of the more serious offenses. With the nature and complexity of our pending caseload, the felony level matters must receive the most attention. As we have our lead workers' compensation attorney now available about 40% of the time, we must utilize her time with the utmost efficiency. At the same time, we will continue our focus on the willfully uninsured employer cases pursuant to Section 3700.5 LC. Finally, we will continue to work with CDI and other sources to develop, investigate, and prosecute claimant fraud cases under Section 1871.4 IC.

   We improved our program in a number of ways this past fiscal year:

   - In September 2010, we were able to augment our program with a part-time investigator, Clayton Steacker. Due to this addition as well as our involvement with CSLB in their PACT program, we saw the number of cases investigated and prosecuted increase over last fiscal year.

   - We were able to dramatically increase our outreach program by working with our local public television station. Our District Attorney, Vern Pierson helped create a video several years ago that addresses all facets of workers' compensation fraud, including penalties. We provided this video to the local public station and they are currently airing the video up to fifteen (15) times a week in several different time slots. As previously stated in our Qualifications section, the public channel reaches 18,000 homes with 45,000 potential viewers.

   - In addition to the above outreach, our prosecutor and main investigator were invited to speak at an Industry Trades Association meeting hosted by CSLB in September 2010. This meeting was attended by approximately 70 representatives in the construction industry (representing 100,000 members). Also, Mr. Messier spoke to a group of employees at the El

Dorado County Building Services Permits Department regarding the types of cases we handle and ways they can assist us in discovering violations.

- Finally, we were able to dramatically increase the actual amount of fines and restitution collected on cases. This fiscal year we collected over $23,000 in fines and restitution. This is a substantial increase over the previous grant year and shows our diligent efforts in ensuring monies are being paid by offenders.

In combating the ongoing fraud in El Dorado County, we are hoping to increase our additional investigator's time substantially in the coming grant year. Not surprisingly, with current budget cuts by the county, this is proving most difficult without additional funding. However, we will continue in our vigorous efforts to investigate and prosecute offenders of all types as well as reach out to the community to build awareness of our program.

As to specific areas, we will continue as follows:

Applicant Fraud:

1. Meet with business owners and office managers to promote awareness and understanding of the Program we now have, and the means by which applicant fraud is detected and reported.

2. Continue to advertise our Fraud Program in local and regional newspapers, and closely monitor our Fraud Hotline and internet website.

3. Maintain a working relationship with county Risk Management and their counterparts in 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 website.

5. Maintain public awareness of the Program through personal appearances at business and industry functions.

6. Continue our excellent relationship with EDD, Department of Labor, Division of Labor Standards and Enforcement, and CSLB.

Premium Fraud:

1. 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.

2. Maintain liaison with EDD and review the results of their compliance audits of local businesses.

3. Meet with and encourage local law enforcement to be alert to premium fraud issues when search warrants are served on local businesses.

4. Involve as a part of our outreach program, contact with seasonal employers such as growers in the agricultural community and ski resorts.

Other Fraud:

1. Meet with business owners, office managers, and county departments to promote awareness and understanding of the Program and the means by which legal/medical, and capping fraud is detected and reported.
2. Advertise our Program in local and regional newspapers, and closely monitor our Fraud Hot Line and internet website.
3. Maintain a 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 website.
5. Promote the Program through personal appearances at business and industry functions.

We intend to readily review 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 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 these sources and intend to continue that process into the next fiscal year.

In keeping with this "open door" policy, we will be, and have been; available to CDI, EDD, CSLB, SIU divisions of insurance carriers and private investigate groups working with insurance companies to offer legal consultation, review potential cases, and search warrant requests.

The lead attorney will review, in a timely manner, all new cases referred to us 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. As we continue to learn more about the issues that confront our county, we will apply our knowledge and direct our efforts toward new methods of detection, prevention and prosecution.

2. **What are your plans to meet any 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? What is your strategic plan to accomplish the goals?**

El Dorado County takes very seriously the stated goals of both the Insurance Commissioner and the Fraud Assessment Commission. Over the past couple of years, we have expended substantial effort to achieve a balanced caseload. Although the majority of our prosecuted cases involve violations of Section 3700.5 LC, we have filed a number of cases under Section 1871.4 IC. Additionally, we have strived to increase the number of investigations of cases under Section 1871.4 IC. While we are a small county and it is not always easy, we will continue to work towards a balanced caseload. We will achieve this by working closely with CDI and following up on all credible leads regarding all types of fraud.

Additionally, we recognize that working closely with other agencies is beneficial to all involved. To that end, as stated previously, we have built strong working relationships with CDI, EDD, CSLB, DLSE and the FTB, amongst others. We will continue to regularly communicate with these agencies so that any work done on cases is not only beneficial, but efficient as well. We recognize that resources are limited and believe that working cohesively with other agencies is our responsibility and the best use of our resources. We routinely work as a team on operations and other investigations, particularly with CDI and CSLB. We look forward to continuing with these strong working relationships.

At the beginning of fiscal year 2010-2011, our lead prosecutor changed due to the previous attorney retiring. The new prosecutor, Vicki Ashworth, was able to quickly pick up the existing caseload and move forward. In fact, our statistical data shows that the number of cases investigated and prosecuted has increased. Additionally, the amount of restitution and fines collected by our unit increased significantly, having collected over $23,000. Our unit will continue to move forward, strive to accomplish a greater caseload, as well as increase the quality of our investigations. Our program is maintaining a high level of performance and we expect this to continue.

Finally, we will continue to build and improve our outreach program. As stated earlier in this application, we were able to provide a thirty (30) minute video on workers' compensation fraud to our local public television station. The video is currently being aired up to fifteen times a week in various time slots. The public station reaches 18,000 homes with 45,000 potential viewers. We hope to expand on these efforts into the next year and speak to groups regarding the video. To that end, we have requested additional funds this year to support our efforts to update this video and make a Spanish speaking version. This would assist in efforts to offer a statewide outreach program by offering the video to other counties, for their use, once it is completed.

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

Our outreach efforts, with regard to remaking the workers' compensation fraud video, may take more than a year to achieve. This is based on the time required for this type of project, as well as production and distribution time. However, it is a project we are excited to begin and believe this would be an excellent start to a statewide outreach program.

While we continue to work towards a balanced caseload, this is a goal that will require more than one year to accomplish. As stated, we are always working with other agencies to develop a wide range of workers' compensation fraud cases. We believe this is necessary in achieving our goal of a balanced caseload.

4. **Training and Outreach**

- **List the training received by each county staff member in the workers' compensation fraud unit during fiscal years 2009-2010 and 2010-2011.**

  During fiscal year 2009-2010, our lead attorney and investigator attended the California District Attorney's Association Conference on fraud. Additionally, both the attorney and investigator receive constant on-the-job training by meeting with other agencies as well as staff from other counties with similar programs. Unfortunately, trial and court schedules did not allow us to attend any formal conferences in fiscal year 2010-2011. However, we expect to attend appropriate fraud conferences in fiscal year 2011-2012.

- **Describe what kind of training/outreach you provided in Fiscal Year 2010-2011 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.**

  In September 2010, Ms. Ashworth and Mr. Messier were invited to attend and speak at an industry meeting hosted by CSLB. Other law enforcement agencies, CDI, industry employers, employee representatives and other individuals representing other statewide interests attended the meeting. Next, Mr. Messier, investigator Clayton Steacker and Doug Ropel (CSLB) met with employees at the El Dorado County Building/Permit Department and training them on our program and what they could look for to assist us in developing cases. Finally, we reformatted a "Truth or Consequences" video on workers' compensation fraud that our elected District Attorney, Vern Pierson, helped create a few years ago. The reformatted video was then provided to our local public television station. The station is currently airing the video up to fifteen times a week in various time slots reaching a potential 45,000 viewers. We have also continued with maintaining our fraud hotline in both English and Spanish.

- **Describe what kind of training/outreach you plan to provide in Fiscal Year 2011-2012 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.**

  In fiscal year 2011-2012, we expect to continue expanding our outreach program. As stated, several years ago our elected District Attorney, Vern Pierson, worked in conjunction with CDI and several other District Attorneys in creating a workers' compensation fraud video. At the time the video was created, it was offered to each county as part of a statewide outreach effort. Each District Attorney was given the opportunity to record his/her own personal introduction and statement on the video to be used in their individual counties. We are requesting additional funds to remake this video on workers' compensation fraud for several reasons. One, this video would give CDI and District Attorneys, throughout the state, the opportunity to present a consistent message on Workers' Compensation Fraud. Second, we will have each District Attorney personalize the video to use in their respective counties to create a comprehensive, consistent statewide outreach program.

  Additionally, we expect to continue meeting with county departments to educate them on our program and to further build our working relationships. We will also continue attending appropriate industry meetings and continue with our interaction with various SIU divisions within insurance carriers.

5. **Describe the county's efforts and the district attorney's plan to obtain restitution and fines imposed by the court to the Workers' Compensation Fraud Account as the legislative intent specifies.**

   In fiscal year 2009-2010, our unit created a system, along with the court, where our legal assistant can access court files and track monies paid, pursuant to court orders, on each case. From those court records, we are able to determine each payment a defendant makes, as well as the date and amount of such payments. Likewise, our access indicates if a defendant fails to make scheduled payments. The fraud team legal assistant regularly reviews the progress of payments on each case.

   Upon determination that an individual has failed to make payments, a letter is sent to the defendant reminding him/her of the court order and the need to make regular payments. These defendants are also advised that continued failure to make payments may result in a violation of probation being filed with the court. We believe it is through these diligent efforts that we were able to significantly increase the amount collected for fines and restitution. Our efforts in this regard will continue into the next fiscal year as we strive to achieve even greater compliance in this area.

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

   Project: Our primary objective for fiscal year 2011-2012 is to build stronger cooperation with outside agencies as well as county departments to enhance our program. We will continue in our efforts to reach businesses and employees regarding workers' compensation fraud and how they can identify such fraud and notify our unit of potential violations. Finally, we recognize that a balanced caseload is an important aspect of our program and will continue with our efforts to achieve that goal.

   a. 35 new investigations will be initiated during FY 2011-2012.
   b. 20 new prosecutions will be initiated during FY 2011-2012.

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

   We are requesting a significant increase this year for several reasons. First, we continue to identify a strong need for an investigator in the South Lake Tahoe region. As described earlier, the Tahoe area needs more attention than one investigator can provide. Although we are trying our best to cover the Tahoe area, travel and weather issues make it an inefficient use of our investigator's time. This is especially true given the increase caseload our program is experiencing. We continue to receive tips, through our Fraud Hotline and other sources, on workers' compensation fraud cases in the Tahoe area. As such, we see a strong need for enforcement in that area, particularly with recent investigations. It is our position that we need an investigator in the Tahoe area in order to have a stronger presence in the community, to efficiently investigate cases, and hold violators responsible.

   As stated previously, we are also requesting additional funds so that we may expand our outreach program. We seek to achieve this by updating our workers' compensation fraud video to bring it current and to also produce a Spanish-speaking version. This would assist in efforts to offer a statewide outreach program by offering the video to other counties, for their use, once it is completed.

8. **Local district attorney's 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.**

   El Dorado County takes the problem of willfully uninsured employers very seriously and this is the most active part of our program. Uninsured employers are an ongoing problem in our county that has only continued growing due to the economic downturn. Based on the number of cases we investigated and prosecuted, this problem is not getting better any time soon. As such, we will continue to vigorously identify, investigate and prosecute these violators as appropriate.

As stated previously, one of the strongest elements of our program is the fact that our full-time investigator, Mark Messier, is active in the community. Mr. Messier is diligent in getting out in the community, stopping by job sites that he observes to contact employers who appear to have employees working with them that day. He is able to check their license and insurance status while in the field and determines if there are any violations occurring. In addition to making contact with the employers, Mr. Messier routinely talks to the employees who are on the job site to follow-up on information provided by the employer. Many times we find that the employer will state to Mr. Messier that the other person(s) present are simply volunteers or not working, but rather "learning". Yet, when Mr. Messier follows-up with the employee, he is informed that he/she is in fact an employee who is working for the employer and being paid a particular wage. But for Mr. Messier remaining active in the community and making these contacts, these violators would more than likely not be caught and held responsible.

Finally, a number of our 3700.5 LC investigations led to the apprehension of several violators who had unrelated warrants from other jurisdictions. One of those violators was prosecuted by the federal government and is currently facing a lengthy federal prison sentence. Several other offenders had felony warrants for which they were booked as well and released to other counties.

BUDGET
Instructions for Fiscal Year 2011-2012

In preparing to provide the information requested on Forms 10-13, be sure to consider the information provided below, as well as follow the detailed instructions provided:

BUDGET

General:

The budget is the basis for management, fiscal review, and audit. Funding Formula planning levels are included with this package.

Counties may supplement grant funds with funds from other sources such as those discussed in Form 05, question #2. However, applicants should not include any funds or expenses from these sources in the program budget.

BUDGET CATEGORY INSTRUCTIONS

PROGRAM BUDGET

The purpose of the Program Budget is to demonstrate implementation of the proposed plan with the funds available through the program. Program costs must be directly related to the objectives and activities of the program. The budget must cover the entire grant period. In the budget, include only those items covered by grant funds. All budgets are subject to the CDI's modification and approval.

The CDI requires the applicant to develop a cost-effective line-item budget that will enable them to meet the intent and requirements of the program, and ensure the successful implementation of the program. Applicants should prepare a realistic and prudent budget that avoids unnecessary or unusual expenditures that would detract from the achievement of the objectives and activities of the program. The following information is provided to assist in the preparation of the budget. Strict adherence to all required and prohibited items is expected. Failure by the applicant to include required items in the budget does not excuse responsibility to comply with those requirements.

Program funds must be used to support enhanced investigation and prosecution of insurance fraud and shall not be used to supplant funds that, in the absence of program funds, would be made available for any portion of the local insurance fraud program.

Budget modifications are allowable as long as they do not change the grant award amount. Budget modifications across budget categories (i.e., personal services, operations and equipment) require CDI approval. **Each budget modification request shall be made in writing before it can be approved.**

1. Non-Allowable Budget Items

- Real property purchases and improvements
- Aircraft or motor vehicle, except the purchase of motor vehicles specifically requested/justified to, and approved in advance by, the Commissioner
- Interest payments
- Food and beverages, except as purchased in connection with program-related travel. Food and beverage costs shall not exceed the applicants' per diem schedule.
- Weapons or ammunition unless included as part of a benefit package

2. Allowable Budget Items

Allowable costs are those costs incurred in direct support of local program activities, including program personnel, program-related travel, equipment costs proportional to their program-related use, facilities cost, expert witness fees and audits.

BUDGET CATEGORY INSTRUCTIONS (Continued)

Specific Budget Categories

There is a separate form for each of the following three budget categories:

A. **Personnel Services - Salaries/Employee Benefits – Form 10**
B. **Operating Expenses – Form 11**
C. **Equipment – Form 12**

Each budget category requires line-item detail that addresses the method of calculation and justification for the expense. Enter the amount of each line-item in the right-hand column of the Budget Category form. All charges must be clearly documented **and rounded off to the nearest whole dollar**. Enter the total amount of the budget category at the bottom of the form. **If additional pages are needed, total only the last page of each budget category.**

The bottom of the Equipment Category form contains a format for identifying the program total and other revenue items. **This section must be completed and submitted even if there were no line-items identified in the Equipment Category.**

A. **Personnel Services - Salaries/Employee Benefits:**

1. **Salaries:** Personnel services include all services performed by staff that are directly employed by the applicant and must be identified by position and percentage of salaries. All other persons are to be shown as consultants in the Operating Expenses Category supported by a memorandum of understanding, contract, or operational agreement, which must be kept on file by the grantee and made available for review during a CDI site visit, monitoring visit, or audit. Sick leave, vacation, holidays, overtime, and shift differentials must be budgeted as salaries.

2. **Benefits:** Employee benefits must be identified by type and percentage of salaries. Applicants may use fixed percentages of salaries to calculate benefits. Budgeted benefits cannot exceed those already established by the applicant.

   Employer contributions or expenses for social security, employee life and health insurance plans, unemployment insurance, and/or pension plans are allowable budget items. Other benefits, such as uniforms or California Bar Association dues, are allowable budget items if negotiated as part of an employee benefit package.

A line item is required for each different position/classification, but not for each individual employee. If several people will be employed full-time or part-time in the same position/classification, provide the number of full-time equivalents (e.g., three half-time clerical personnel should be itemized as 1½ clerical positions).

B. Operating Expenses:

Operating expenses are defined as necessary expenditures exclusive of personnel salaries, benefits and equipment. Such expenses may include specific items directly charged to the program, and in some cases, an indirect cost allowance. The expenses must be grant-related (e.g., to further the program objectives as defined in the grant award) and be encumbered during the grant period.

The following items fall within this category: consultant services such as subcontractors who are not employed by the applicant, travel, office supplies, training materials, research forms, equipment maintenance, software equipment rental/lease, telephone, postage, printing, facility rental, vehicle maintenance, answering service fees, audit, administrative costs, and other consumable items. Furniture and office equipment **costing less than $1,000 per unit (including tax, installation, and freight) or with a useful life of less than one-year fall within this category.**

1. **Travel Budget** for all anticipated travel related to the program is based on the travel policy established by the county. If a county does not have a travel policy, the state mileage rate can be used, which is a maximum of **51 cents per mile,** unless a higher rate is justified. When program employees are authorized by program department heads or designees to operate a privately owned vehicle on program-related business and no local travel policy exists, the employee will be allowed to claim 51 cents per mile without certification.

2. **Facility Rental** up to $18 per square foot annually ($1.48 per square foot per month) with maintenance is allowable. If the rental costs for office space exceed these rates, it must be consistent with the prevailing rate in the local area.

3. **Rented or Leased Equipment:** If equipment is to be rented or leased, an explanation and cost analysis will be required if the application is selected for funding.

4. **Confidential Fund Expenditures** are costs that will be incurred by grant-funded personnel working undercover or in another investigative capacity. It may include the purchase of information, physical evidence, or services.

5. **Indirect Costs/Administrative Overhead:** Applicants may set aside grant funds for indirect costs/administrative overhead. Indirect costs are those not readily itemized or assignable to a particular program, but necessary to the operation of the organization and the performance of the program. The costs of operating and maintaining facilities, accounting services, and administrative salaries are examples of indirect costs. Flat rates not exceeding 10 percent (10%) of personnel salaries (excluding benefits and overtime), or 5 percent (5%) of total direct program costs (excluding equipment) may be budgeted by applicants for indirect/administrative costs. You must specify the amount and the method of calculation for these costs.

   Applicants must have on file an indirect cost allocation plan, which demonstrates how the rate was established. This plan must clearly indicate that line-items charged to a direct cost category (i.e., postage) are ***not*** included in the indirect cost category. All costs included in the plan must be supported by formal accounting records that substantiate the propriety of eventual charges.

6. **Audits:** The budget may include a line item for the cost of obtaining an independent financial audit. The financial audit is to be prepared by either an independent auditor who is a qualified state or local government auditor, an independent public accountant licensed by the State of California, or the County Auditor/Controller. The audit shall indicate that local expenditures were made for the purposes of the program, as specified in Section 1872.83 of the California Insurance Code as adopted guidelines, in the Application and County Plan.

C. Equipment:

Equipment is defined as non-expendable tangible personal property having a useful life of more than one-year and costing $1,000 or more per unit (including tax, installation, and freight).

A line-item is required for each different type of equipment, but not for each specific piece of equipment (e.g., three laser jet printers must be one line-item, not three).

Rented or leased equipment must be budgeted as an Operating Expense. "Lease to Purchase" agreements are generally not allowable. If a "Lease to Purchase" is requested, prior approval is required.

An equipment log must be completed listing all equipment purchases made with the prior fiscal year CDI grant.

BUDGET CATEGORY INSTRUCTIONS (Continued)

Automobiles: The purchase of automobiles must be justified to and approved by the Commissioner. A separate justification must be submitted. If approved, county procurement policies must be followed.

PROGRAM TOTAL

Place the total amount for the entire budget in the space provided at the bottom right corner of the Budget Category and Line-Item Detail Form. This amount must match the amount requested for the program.

OTHER PROGRAM FUNDS

Interest Income: Include the amount of interest accrued to the base program funds. Interest income shall be used to further local program purposes.

ADDITIONAL GUIDANCE

Counties are also referred to the California State Controller's office (SCO) and its Accounting Standards and Procedures for Counties manual (Government Code Section 30200 and California Code of Regulations, Title 2, Division 2, Chapter 2) that, along with minimal required accounting practices, includes basic guidance regarding grant program budgets. Counties may download a copy of this manual at the SCO website http://www.sco.ca.gov/ard/manual/cntyman.pdf or request copies by completing and submitting the SCO request form at http://www.sco.ca.gov/Files-ARD/manual_manualrequest.pdf

BUDGET CATEGORY AND LINE-ITEM DETAIL A. Personnel Services - Salaries/Employee Benefits		COST
Salaries **(Including Tahoe differential, bi-lingual, standby, longevity and deferred comp)**		
		214,798
DA Investigator	2.00 FTE	59,023
Deputy District Attorney	.50 FTE	8,356
Legal Secretary	.20 FTE	6,275
Forensic Auditor	.10 FTE	
Benefits		
Medicare:		6,228
DA Investigator	2.00 FTE	835
Deputy District Attorney	.50 FTE	122
Legal Secretary	.20 FTE	91
Forensic Auditor	.10 FTE	
Health/Flex:		60,560
DA Investigator	2.00 FTE	10,780
Deputy District Attorney	.50 FTE	1,755
Legal Secretary	.20 FTE	1,635
Forensic Auditor	.10 FTE	
Retirement/PERS:		132,788
DA Investigator	2.00 FTE	10,573
Deputy District Attorney	.50 FTE	1,534
Legal Secretary	.20 FTE	1,152
Forensic Auditor	.10 FTE	
Disability Insurance:		1,464
DA Investigator	2.00 FTE	75
Deputy District Attorney	.50 FTE	30
Legal Secretary	.20 FTE	23
Forensic Auditor	.10 FTE	
Unemployment Insurance:		3,220
DA Investigator	2.00 FTE	403
Deputy District Attorney	.50 FTE	161
Legal Secretary	.20 FTE	81
Forensic Auditor	.10 FTE	
TOTAL		$ 521,962

BUDGET CATEGORY AND LINE-ITEM DETAIL B. Operating Expenses	COST
Memberships:	
California District Attorney's Association	55
State Bar of California	200
California District Attorney Investigator's Association	15
Northern California Fraud Investigators Association	80
Law Books:	
California Insurance Code	23
Fuel Costs:	
Co Vehicle 15-169 Messier	1,000
Co Vehicle XX_XXX Investigator	1,000
Rent & Lease Vehicle:	
Co Vehicle 15-169 Messier est. mileage 10,925 x .3062 (Fleet Rate)	3,345
Co Vehicle XX_XXX Investigator est. mileage 10,925 x .3062 (Fleet Rate)	3,345
Audit Fee:	
El Dorado County Auditor/Controller (required)	11,300
Training:	
NCFIA- (2.0) Investigators	550
Insurance Fraud Seminar- .50 FTE DDA	18
Insurance Fraud Seminar- 2.0 FTE Investigator	700
Travel:	
Meals	720
Lodging	2400
Telephone:	
AT&T Mobility Aircard ($38.29/mo)	460
Statewide Outreach Program:	
Video (English and Spanish)	45,000
Indirect/Administrative Cost Allocation:	28,845
TOTAL	$ 99,056

FORM 12

BUDGET CATEGORY AND LINE-ITEM DETAIL C. Equipment	COST
CATEGORY TOTAL	$ 0
PROGRAM TOTAL	$ 621,018
INTEREST TOTAL	$ 0

FORM 13

EQUIPMENT LOG

Equipment Log for FY 2010-2011
County of El Dorado

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

Rows can be inserted as needed.

☒ No equipment purchased.

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

Name: VERN R. PIERSON Title: DISTRICT ATTORNEY

Signature: _____ Date: MAY 2, 2011

ATTACHMENT A
JOINT PLAN

GUIDELINES FOR PREPARING A JOINT PLAN

Purpose of the Joint Plan
A Joint Plan helps achieve some very important goals for both county district attorney's and the Fraud Division. The joint plan, when properly developed and agreed upon, creates the framework for effective communication and resource management in the investigation and prosecution of insurance fraud.

ELEMENTS OF THE PLAN
Based upon review of past and current joint plans by county prosecutors and the Fraud Division, the following elements should be covered within the plan, but should not be considered all-inclusive:

1. **Statement of Goals**
   Include what is expected to be achieved by the joint plan. The joint plan will reflect the Insurance Commissioner's strategic initiatives and the Fraud Assessment Commission's objectives.

2. **Receipt and Assignment of Cases**
   Discuss the procedures to deal with fraud complaints and referrals that are received by only the Fraud Division or district attorney. What if both offices receive the same complaint? What arrangements will be made to avoid duplication of effort? How often will the two agencies meet/confer to share information on case referrals?

3. **Investigations**
   When the district attorney first receives a case, discuss the criteria for when/if the Fraud Division's resources will be requested. Identify the plans and methods to develop cases between the two agencies and with allied agencies. Identify how the parties will avoid any duplication of investigative efforts. Define the manner in which the case investigative plan is in concurrence to investigate and prosecute if the fact expectation is met.

   Discuss the time frames for initial and follow-up meetings between the assigned Fraud Division investigator(s) and the assigned prosecutor(s) for a case. Discuss how soon after a joint investigation is opened, the named prosecutor(s) and investigator(s) will be expected to meet.

4. **Undercover Operations**
   Discuss the expectations and roles of both offices with respect to undercover operations conducted by the Fraud Division or jointly with district attorney investigators.

5. **Case Filing Requirements**
   Discuss the filing requirements for cases presented to the county prosecutor. Set forth the guidelines that are generally expected for case filings.

6. **Training**
   Discuss plans for any joint training between the District Attorney's office and the Fraud Division. Indicate any plans to conduct joint training and outreach to insurance companies (and Special Investigative Units), other law enforcement agencies, self-insurers and others.

7. **Problem Resolution**
   Discuss the procedures and methods to resolve issues that may surface during the investigative/prosecutorial stages. At what level are they to be resolved? Include a discussion of the process to be used in resolving any conflict in the direction or scope of the investigation.

8. **Joint Acceptance of Plan, Required Signatures and Date**
   Both the county prosecutor, in charge of the insurance fraud program, and the Captain of each Fraud Division Regional Office, responsible for that county and program, must agree upon the plan. **Both parties must sign and date the Joint Plan**. Copies of all Joint Plans will be maintained at the Fraud Division Headquarters in Sacramento for review by both the Insurance Commissioner and the Fraud Assessment Commission.

ATTACHMENT A

JOINT INVESTIGATIVE PLAN

Memorandum of Understanding between The California Department of Insurance – Fraud Division and the El Dorado County District Attorney

Fiscal Year: 2011/2012

INTRODUCTION

a) The "parties" included in this joint plan are the California Department of Insurance – Fraud Division (hereinafter referred to as "CDI"), and the El Dorado County District Attorney's Office - Insurance Fraud Unit (hereinafter referred to as "DA").

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 "CDI" of 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 "CDI" and "DA" 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 can be done.

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) "CDI" and "DA" will work together to identify common areas of fraud that tend to drive up the cost of workers' compensation insurance. This would also include identifying those employers who commit premium fraud. Once the entities involved in these areas 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 shall 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 "CDI", "CDI" will address the matter, exercising its best discretion on how to proceed, with appropriate notice to the "DA" of the action taken. If the SFC or case referral package is sent only to the "DA", it will notify "CDI" of 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, "CDI" will have "first claim" to an SFC or case referral package sent by an insurer for investigation. There can be exception to this provision if the referring insurer specifically requests that the investigation be done by the "DA". "CDI" will be notified immediately to discuss the situation and avoid any duplication of investigative efforts.

e) If "CDI" elects to pursue an investigation of an SFC or case referral sent by an insurer, the "DA" will suspend any further action on the case, pending the outcome of the "CDI" investigation, and will notify the insurer of the fact in writing.

f) If "CDI" 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 reasons, or chooses to defer any matter referred, the "DA" will review the referral for investigation. The referring insurer will be notified of this fact in writing and a copy of the writing will be submitted to the "DA".

g) If the "DA" receives a referral that would be more appropriately handled in another county's jurisdiction, the original receiving district attorney's office will forward the referral to the appropriate county and notify "CDI".

3. INVESTIGATIONS

a) Pursuant to the above provision, and to maximize the use 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 assistance could include, but is not limited to, serving search warrants, interviewing witnesses and making arrests.

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; 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 caseloads and share information concerning current investigations. The "CDI" regional supervisors will meet a minimum of twice a year with the "DA" designee to review the working relationship between both agencies.

e) The deputy district attorney of the "DA", 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 "CDI" investigation prior to the complaint being filed shall be incurred by "CDI". Any costs associated with the investigation after a complaint has been filed, shall be incurred by the "DA". 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 "CDI" and "DA" recognize the importance of undercover investigations in certain 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 will 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 "CDI" conducts its own independent undercover investigation in El Dorado County, the "DA" will be available to provide advice or other assistance as 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 support 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 materiality of the alleged false statement or misrepresentation to the claim.

c) To promote efficiency in this area, "CDI" investigators are encouraged to contact the "DA" early in the investigation of a case to share ideas and develop strategies that will lead to a prosecutable case.

d) The "DA" will ensure that all formal case presentations made by "CDI" will be reviewed within ten (10) working days of the presentation or delivery. If additional investigation is needed, as determined 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 "DA" with status updates at a minimum of every ten (10) working days until the investigation is completed. The "DA" 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 "CDI" 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 problem. If necessary, the chief investigator of the "CDI" and the prosecutor in charge of the "DA", or the chief investigator in the district attorney's office may be called upon to resolve any problem, concentrating on the best interests of the overall insurance program.

DATED: 4/26/11

VERN R. PIERSON
District Attorney
County of El Dorado

DATED: 4/26/11

ROBERT YEE
Captain, Fraud Division
Department of Insurance