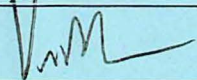


# CONTRACT ROUTING SHEET

Date Prepared: 9/15/15

Need Date: ASAP

**PROCESSING DEPARTMENT:**

Department: District Attorney  
Dept. Contact: Nancy Anderson  
Phone #: 621-6484  
Department  
Head Signature: 

**CONTRACTOR:**

Name: Department of Insurance  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_

**CONTRACTING DEPARTMENT:** District Attorney

Service Requested: FY 2015-2016 Resolution  
Contract Term: 1 year Contract Value: Approx \$307,231  
Compliance with Human Resources requirements? Yes: \_\_\_\_\_ No: \_\_\_\_\_  
Compliance verified by: \_\_\_\_\_

**COUNTY COUNSEL:** (Must approve all contracts and MOU's)

Approved: X Disapproved: \_\_\_\_\_ Date: 9/16/15 By: PT  
Approved: \_\_\_\_\_ Disapproved: \_\_\_\_\_ Date: \_\_\_\_\_ By: \_\_\_\_\_

PLEASE EXPEDITE

EL PASO COUNTY COUNSEL  
2015 SEP 16 4:10:01

PLEASE FORWARD TO RISK MANAGEMENT. THANKS!

**RISK MANAGEMENT:** (All contracts and MOU's except boilerplate grant funding agreements)

Approved: \_\_\_\_\_ Disapproved: \_\_\_\_\_ Date: 9/17/15 By: 3/5  
Approved: \_\_\_\_\_ Disapproved: \_\_\_\_\_ Date: \_\_\_\_\_ By: \_\_\_\_\_

Nothing for Risk

15 SEP 16 PM 4:11

**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 Automobile 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:

Attest:  
James S. Mitrisin  
Clerk of the Board of Supervisors

Ayes:  
Noes:  
Absent:

By: \_\_\_\_\_  
Deputy Clerk

\_\_\_\_\_ Chair, Board of Supervisors

**CALIFORNIA DEPARTMENT OF INSURANCE  
FRAUD DIVISION**

**AUTOMOBILE INSURANCE FRAUD PROGRAM**

**REQUEST-FOR-APPLICATION**

**FISCAL YEAR 2015-2016**

**SECTION III  
APPLICATION AND INSTRUCTIONS**

**Pursuant to Insurance Code Section 1872.8(b)(1)(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.**



**AUTOMOBILE INSURANCE FRAUD  
INVESTIGATION/PROSECUTION PROGRAMS  
FISCAL YEAR 2015-2016 GRANTS**

**Grant Application  
Checklist and Sequence**

*The Application MUST include the following:*

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



# ***GRANT APPLICATION TRANSMITTAL***

## **Instructions for Fiscal Year 2015-2016**

### **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 being requested.
4. Estimated Carry-over Funds: Enter the estimated carry-over 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.



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## 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: JAMES CLINCHARD

Title: ASSISTANT DISTRICT ATTORNEY

Address: 515 MAIN STREET, PLACERVILLE CA 95667

E-mail address: james.clinchard@edcgov.us

Telephone Number: (530) 621-6405 Fax Number: (530) 621-1280

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

Name: JAMES CLINCHARD

Title: ASSISTANT DISTRICT ATTORNEY

Address: 515 MAIN STREET, PLACERVILLE, CA 95667

E-mail address: james.clinchard@edcgov.us

Telephone Number: (530) 621-6405 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 A. MAY

Title: ADMINISTRATIVE TECHNICIAN

Address: 515 MAIN STREET, PLACERVILLE, CA 95667

E-mail address: shaneen.may@edcgov.us

Telephone Number: (530) 621-6490 Fax Number: (530) 295-2530

## **BOARD OF SUPERVISORS RESOLUTION**

### **Instructions for Fiscal Year 2015-2016**

#### **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 2015-2016 fiscal year. If the Resolution cannot be submitted with the application, a letter must be included to indicate when the CDI can expect to receive it (**no later than December 31, 2015**). Grant funds for that particular county will not be released until 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 (*Automobile-California Insurance Code Section 1872.8, California Code of Regulations, Title 10, Section 2698.60 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.



**FORM 04**

The Board of Supervisors' 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, 2015.

***COUNTY PLAN***  
**Overall Instructions for Fiscal Year 2015-2016**

**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 include** elements describing the county's qualifications and the manner in which the district attorney will use grant funds to investigate and prosecute automobile insurance fraud.
- **Will address** the applicability of the Insurance Commissioner's strategic initiatives.
- **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 pages 11 and 12.

## Definitions

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

**Applicant** = Any person who knowingly makes a false statement or representation, deliberately fails to disclose material facts, or knowingly withholds information in order to obtain benefits

**Arrest** = For purposes of the grant application and reporting, arrests with charges filed; includes surrender letters and citations

**Capping** = Also known as “runners” and “steerers” means a person who for pecuniary benefit, procures or attempts to procure a client, patient or customer at the direction or request of, or in cooperation with, a provider that intends to obtain benefits under a contract of insurance, or file a claim against an insured or an insurer for providing services to the client, patient or customer.

**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 (DCR)** = Cases received through specified dates that substantially comply with the documented case referral protocol. FD-1s/SFCs in and of themselves do not constitute a documented case referral.

**✚ DCRs are classified as:**

**Pending** - Cases awaiting review

**Accepted** - Cases that are opened and assigned for investigation

**Rejected** - No further action will occur

**Economic Car Theft** = Automobile theft perpetrated for financial gain, including, but not limited to the following: theft of a motor vehicle for financial gain; reporting that a motor vehicle has been stolen for the purpose of filing a false insurance claim; switching of vehicle identification numbers to obtain title to a stolen motor vehicle; engaging in any act prohibited by Chapter 3.5 (commencing with Section 10801) of Division 4 of the Vehicle Code (Chop Shops).

**Fines** = Fines imposed by the court. Penalty assessments may be included. Do not include booking fees, probation or supervision fees or restitution.

**Fraud Ring** = Also known as Organized Rings, these involve collisions orchestrated by organized criminal activity involving attorneys, doctors, other medical professionals, office administrators and/or cappers



**Insider Fraud** = Fraud committed by employees or agents of an insurance company, self-insured employer, 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 SFCs or phone call referrals, probation violations, or due diligence searches.

**Legal Office Fraud** = Legal provider inflates billing or materially misrepresents the facts

**Medical Provider Fraud** = Medical provider inflates billing, knowingly submits bills with improper medical codes and misrepresents facts.

**Non-Applicant** = Cases that don't fall under the "Applicant" category

**Provider Fraud** = A provider is defined as an individual or entity claiming to supply medical, legal, or other services in connection with a claim. Include in this category items such as capping, billing services, transportation, translation services.

**Staged Accident** = An automobile accident purposefully orchestrated to involve one or an unknowing insured motorist for the purpose of collecting insurance payments made as a result of claims filed against the insured motorist's insurer. Staged accidents may be committed by multiple suspects or fraud rings.

**Suspected Fraudulent Claim (SFC)** = A method established for insurers to report suspected insurance fraud

## THE DOCUMENTED REFERRAL

<b>Summary</b>	<p>This section covers the reporting of <i>substantiated</i> fraud cases. Once all four (4) elements of fraud are identified, a documented referral is warranted. The entire documented referral protocol is included below.</p>
<b>When is a Documented Referral Necessary?</b>	<p>As covered in the previous chapter, anytime there is suspected fraud within the automobile insurance arena, it is required by law that a Suspected Fraudulent Claims report (SFC/FD-1) be submitted to the authorities.</p> <p>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.</p>
<b>What is a Documented Referral?</b>	<p>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.</p>
<b>Documented Referral Outline</b>	<p>Below is a suggested outline of the items and information that make up 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.</p> <p>The California District Attorneys Association and the California Department of Insurance have approved the following protocol.</p>
<b>Section I. General Identification Information</b>	<p>Include the following general items in the report:</p> <ul style="list-style-type: none"><li>• <b>Case Synopsis:</b> 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.</li><li>• <b>Suspect's Information:</b> 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.</li><li>• <b>Insurance Information:</b> Insurance company name, address, adjuster's name and telephone number, SIU investigator's name and telephone number, insurance company file number.</li><li>• 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,</li></ul>

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 (e.g., 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 (e.g., 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 (e.g., 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 (e.g., 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 insurance 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 (DSL5020)
- Doctors First Report of Injury (DSL 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
  - One employer victim
- Loss = Amount of chargeable fraud

#### 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

For example, 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 non-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
8. Search warrant(s) involving 2 or more search locations
9. Special Master Warrant involved
10. Search warrant 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 2015-2016**

**In accordance with the California Code of Regulations, Title 10, Section 2698.63, the county must submit a county plan. Please complete forms 05-09.**

**In answering the questions on Forms 05, 06(a), 06(b) and 07, be sure to include the following information:**

**QUALIFICATIONS**

Complete and submit the Qualifications forms, providing updated information according to the instructions in the form section.

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.

**AUTOMOBILE INSURANCE FRAUD  
QUALIFICATIONS**

Answer the following questions to describe your experience in investigating and prosecuting automobile insurance fraud cases during the last two (2) fiscal years as specified in the California Code of Regulations, Title 10, Section 2698.65.

1. What areas of your automobile insurance fraud operation were successful and why?
2. Specify what unfunded contributions (e.g., financial, equipment, personnel and technology) and support your county provided to the automobile insurance fraud program.
3. Detail and explain the turnover or continuity of personnel assigned to your automobile insurance fraud program. Include any rotational policies your county may have.
4. List the governmental agencies you have worked with to develop potential automobile insurance fraud cases.
5. Was there a distribution of frozen assets in the current reporting period? If yes, please describe. If no, state none.

**EL DORADO COUNTY**

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 Stateline to the east. Despite some population growth in recent years, El Dorado County remains a very rural county with only two incorporated cities: Placerville and South Lake Tahoe. El Dorado County has a population of approximately 183,087 with the majority of the population residing in the Western Slope communities of Placerville, Shingle Springs, Cameron Park, and El Dorado Hills. Geographically, the county is comprised of 1805 square miles and is divided into two distinct areas, the West Slope and the Tahoe Basin.

The El Dorado County District Attorney's Office remains extremely active in the arena of consumer fraud protection, generally, and fighting insurance fraud specifically. This office continues to expand our Fraud Unit to initiate and prosecute more fraud cases. We also continue to look for new ways to educate our citizens and law enforcement on insurance fraud type cases and the resources available to victims. This office allows 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 laws relating to Automobile Insurance Fraud has become a cornerstone of our consumer protection effort. With the limited resources available, El Dorado County has, and is maintaining, a very aggressive program, as evidence by our accomplishments over the last year.



## INTRODUCTION

Vern Pierson, District Attorney, continues to make sure that the El Dorado County District Attorney's Office Insurance Fraud Program is active and effective in investigating and prosecuting cases. Assistant District Attorney James Clinchard continues as the supervisor of the Special Prosecutions Unit which includes the Automobile Insurance Fraud Program. Mr. Clinchard, has over Sixteen years of experience as an attorney in both the civil and criminal area and has extensive experience in major and complex fraud prosecutions. In January of this calendar year the District Attorney's office assigned Deputy District Attorney Brandon Erickson to handle all the auto and insurance related fraud cases for the county. The Special Prosecutions Unit brought back Investigator Mike Franzen full time to handle the investigations aspect of the program. Additionally, Shaneen May has returned to the DA's Office in the position of an Administrative Technician and will be responsible for gathering stats, preparation of the DAR's and assistance with the Annual RFA. This position will serve as the liaison/contact between the DA's office and the Department of Insurance.

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

The El Dorado County District Attorney's Office has been operating under this grant for several years under the direction of our elected District Attorney, Vern Pierson. Auto Fraud cases are a part of the Special Prosecutions Unit, which handles various forms of fraud, financial abuse, and public corruption. Factors which have shown to be very successful in the investigation of auto crimes are the involvement of an investigator, the assigned prosecutor and often the Unit Supervisor at the onset of the review process and the continued vertical prosecution of cases. This often includes a monthly Unit meeting to discuss any ongoing case issues or problems, and generally to stay on track with grant requirements. Additionally, the early collaboration with other agencies has proven productive in the investigation and prosecution of auto cases. We have been successful in increasing orders of restitution and ensuring that victims of auto fraud are able to have their concerns addressed at every stage of prosecution.

Before the Special Prosecutions unit was created, auto fraud cases were received by our office by outside agencies and reviewed by varying Deputy District Attorneys. A District Attorney Investigator would only become involved if follow up was required. Presently, with the assigned Deputy District Attorney and District Attorney Investigator now working together from the onset of the case, the process is streamlined and that allows for greater communication and collaboration throughout the investigation and prosecution.

The early collaboration with other agencies has proven to be extremely successful. In some cases they are the first agency asking for our assistance; in other situations we might be the initiating agency. An example of early collaboration has been the District Attorney's office work with DMV to investigate auto dealers and auto dismantlers. Earlier this calendar year the District Attorney's office, DMV, CHP, Fish and Game, Sheriff's Office and other agencies coordinated a search of an auto dismantler's yard. The owners of the yard are suspected of running a sophisticated chop shop operation, filing false paperwork with the DMV, making false claims and not paying taxes. The investigation is still ongoing since we are awaiting the results of a number of warrants into tax and worker comp issues.

Another noteworthy ongoing case which continued from the last reporting period involved a number of home burglars who were also involved in economic car thefts. The "ringleader" of the burglars took a

plea deal recently that sent him to the state prison for thirty years, after other members of the group were convicted at jury trial and were sentenced to 94 years and 46 years in state prison. These individuals were responsible for an extensive crime spree in El Dorado County that victimized numerous people in their homes and on their property. Taking these individuals off the street and putting them behind bars made an intangible effect on the communities that brought justice to many families so they no can feel safe within their homes again.

As a small county, the majority of our prosecutions are related to economic car theft. However, our office has continued working diligently to steadily increase investigations of applicant/insured fraud. A number of insurance fraud cases have been recently investigated and filed. Our office is working closely with DOI investigators on follow ups and investigations into cases currently pending. Recently, we extradited an individual from Las Vegas, NV on an insured fraud case from 2012 that involved fake stolen car claims. That case is now active again with pending dates coming up.

We have still an increased number of vehicle thefts in our county that we hypothesize is related to the realignment under AB 109 and the release of individuals with theft histories from custody. Additionally, Prop 47 has placed a new burden on our office because many individuals are filing for relief from their felony convictions of Vehicle Code § 10851 under the new law. The law did not affect § 10851 and the courts are rejecting arguments by defense that it does. However, any theft related crimes such as Penal Code § 496d(a) and 550 are effected by the new dollar amount, and we have had to file opposition briefs to these cases. Additionally, when necessary, some cases we actually hold evidentiary hearings to re-litigate dollar amounts of the thefts where it is an issue.

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

The following resources were provided by the El Dorado County District Attorney's Office for the 2014-15 fiscal year:

- The District Office funded 100% of the vehicle costs for the vehicle used by the assigned investigator, which includes servicing, insurance, and fuel costs;
- The District Attorney's time to promote the program to secure funding from the Board of Supervisor's;
- Meetings with fellow District Attorneys to apprise them of the program;
- Investigative and attorney staff that assisted the Auto Fraud Investigator in investigations, sweeps, sting operations, service of warrants, and processing of evidence and;
- We continue pour scarce resources into updating our paperless system to allow greater efficiency and quicker access to case files by the attorneys and/or investigators when outside the office to rapidly respond when needed.

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

As we are a small office, our Deputy District Attorneys are often called upon to multi-task various caseloads and as a DDA progresses in their career they are expected to be able to handle any number of cases. The El Dorado County District Attorney does not have a written rotational policy, but does expect DDAs to rotate through assignments based on staffing and career progression to become well-rounded prosecutors. DDAs are rotated through assignments in preparation of them someday being part of leadership teams that can be knowledgeable about any issues that may arise in any case.

Fiscal year 2014-15 brought some personnel changes to our Insurance Fraud Program from the previous year. Assistant District Attorney James Clinchard, continued to supervise the Special Prosecutions Unit, which includes the Auto Fraud Unit. Deputy District Attorney Jodie Jensen transitioned out of the auto fraud assignment and DDA Brandon Erickson rotated into her position in January 2015. DDA Jensen continues to handle some of her complex cases through the end of the fiscal year that she has familiarity with, and DDA Erickson took over all the pending cases and any new cases that came in to the office since the rotation. This enabled the transition to go smoothly with information sharing between the two DDAs about pending cases and any old cases that may come up. This has been especially important in light of Prop 47 that brought many old cases active again with defendants trying to have their felonies reduced to misdemeanors based on the value of stolen property.

DA Investigator Michael Franzen is again the full time investigator assigned to the auto fraud program. Investigator Franzen brings a wealth of knowledge and expertise to investigations and works side by side with assigned DDAs in evaluating new cases, conductive follow up investigations, tracking down wanted persons and ensure victims are involved in every step of prosecution. Support staff has remained consistent throughout the last year, and recently the office added another legal assistant who was previously with the office. DA Vern Pierson ensures that the auto fraud program at our office never misses a step with overlap of any transition so that information and experience is shared between coworkers and the change happens in a consistent manner within the goals of the program.

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

Over the past few years with the funding received from the California Department of Insurance and the commitment of District Attorney Vern Pierson to the proper handling of these economic crimes, our office has been able to establish and maintain a strong working relationship with a number of agencies. These agencies include our local law enforcement agencies (El Dorado County Sheriff's Office, Placerville Police Department, South Lake Tahoe Police Department and the California Highway Patrol) as well the California Department of Insurance (CDI), the Department of Motor Vehicles (DMV), California Franchise Tax Board (FTB), California Bureau of Auto Repair (BAR), CA Department of Insurance investigators, local fire agencies, and other law enforcement agencies outside our county. Additionally, our investigators have established and created ongoing working relationships with insurance company investigators (SIU's) concerning a number of applicant/insured fraud cases that have been investigated by our office.

In an effort to continue community outreach, our Special Prosecutions Unit continues working with the El Dorado County Sheriff's Department, the Placerville Police Department, the California Highway Patrol, and the South Lake Tahoe Police Department through an interactive program developed by District Attorney Vern Pierson. Attorneys' schedule regular visits to the agencies mentioned above

throughout the year to discuss cases and provide periodic trainings to officers on a variety of topics, including, but not limited to, better investigative techniques for economic auto theft and automobile insurance fraud. In addition, our office continues to play a pivotal role in the County's Arson Task Force.

The past year has seen the Department of Motor Vehicles become more interactive in smaller counties and we are working with DMV to investigate insured/applicant fraud, economic car theft and other crimes. DMV has sent investigators to reach out to us and we have become involved in a number of investigations with DMV from the beginning to end. Recently we were involved with an DMV investigation into an auto dismantler that may be involved in defrauding customers, insurance programs and the DMV itself. The investigation is in the early stages and will likely become much more involved as the year progresses.

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

None.

### 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
BRANDON ERICKSON	90%	January 5, 2015 to Present

Investigators	% Time	Time With Program Start Date/End Date
MICHAEL FRANZEN	100%	November, 2011 to Present

***ORGANIZATIONAL CHART***  
**Instructions for Fiscal Year 2015-2016**

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

**ORGANIZATIONAL CHART**

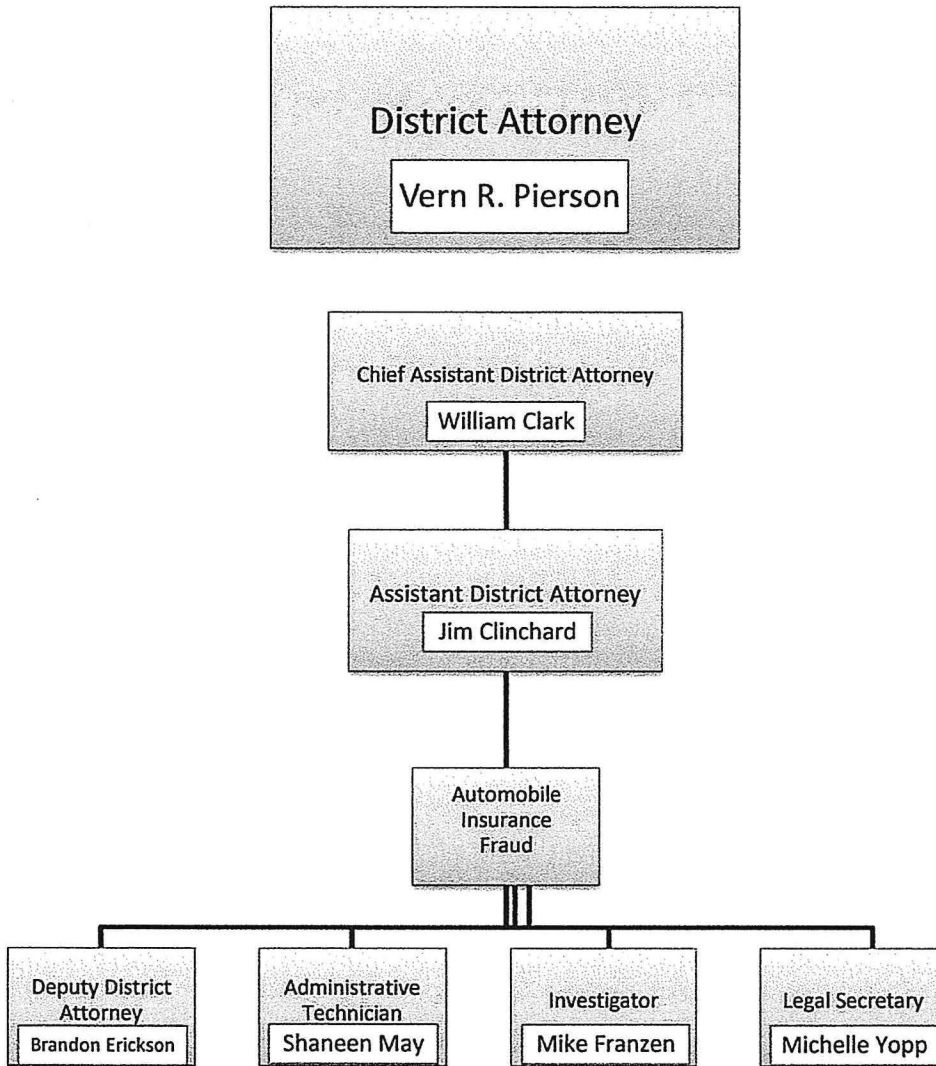
Provide an organizational chart outlining:

- 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's Local Assistance Unit in writing within thirty (30) days.



ORGANIZATIONAL CHART



## ***PROGRAM REPORT*** **Instructions for Fiscal Year 2014-2015**

In order to complete the Program Report, you must have access to the District Attorney Reporting (DAR) that is available on-line.

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 attorneys have 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.

Counties should input their DAR data for the RFA reporting period online. To access the DAR, please go to the California Department of Insurance, Fraud Division Programs page at <http://www.insurance.ca.gov/0300-fraud/0100-fraud-division-overview/10-anti-fraud-prog/>, then **District Attorney Reporting (DAR)**. Once at the program report page, follow the instructions for completing the report and navigating the site. We recommend saving the internet address as a favorite in your internet browser.

Once submitted, a county is not required to mail the RFA reporting period DAR to the Fraud Division. The Local Assistance Unit will download and print a copy of the county's submitted DAR and attach it to the county's RFA when received.

### **COUNTIES CURRENTLY NOT PARTICIPATING IN THE AUTOMOBILE INSURANCE FRAUD PROGRAM**

To complete this section of the RFA online, please e-mail Marita Kwiatkowski at [Marita.Kwiatkowski@insurance.ca.gov](mailto:Marita.Kwiatkowski@insurance.ca.gov) and request a user ID and password for your county.

**QUALIFICATIONS  
PROGRAM REPORT**

**For this application, statistical information will be captured from July 1, 2014 to June 15, 2015.**

**The DAR was submitted electronically on June 23, 2015.**

***PROBLEM STATEMENT***  
**Instructions for Fiscal Year 2015-2016**

**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 automobile insurance may include data and information derived from these sources:

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

El Dorado County only has an estimated population of 183,087 (U.S. Census Bureau), it is a mostly rural community but sits on a major thoroughfare for people to go from the Bay Area and Sacramento to Lake Tahoe, foothill wineries, Gold Country and other tourist destinations in the county. This brings many opportunities for criminals to commit insurance fraud and economic vehicle theft. The offenses share common underlying factors which are believed to derive from the ongoing and immense drug problem involving county residents and visitors to the area, the release of theft convicts from CDCR due to the newly established Prop 47, the Red Hawk Casino, and the individuals traveling through our county committing crimes, and the economy.

El Dorado County suffers greatly from the sale, transportation, and use of narcotics, often due to the major interstate thoroughfare of Highway 50. We have seen an increase in these case types' particularly involving young offenders, and Heroin has been making a comeback. In order to obtain funds for their addiction, they have become involved in various forms of theft including that of vehicles. This is typical with our adult population, but it has become more prevalent with our young offenders. As a result we are seeing an increase in vehicle thefts within both levels of our population.

In addition, vehicle thieves are also committing serious and violent crimes as part of their crime spree. In many instances young offenders are committing robberies and residential burglaries in combination with vehicle theft. Because of the complexity of these cases there is a higher demand upon attorney and investigator resources to ensure proper preparation and handling of the investigation and prosecution.

As a result of the change in the law with AB 109 (state prison realignment) and Prop 47, more prisoners are being released into the community without parole supervision. Thus, this creates two types of auto theft criminals: one who has factors which may disqualify him from a PC 1170(h) and also the repeat low level offender who is constantly PC 1170(h) eligible and gets a local jail sentence without much deterrent effect, and could even be released early if there is jail overcrowding. Thus, the newly convicted criminals are receiving sentences in county prison as opposed to state prison and upon completion of their sentence are released into society again without supervision. This scenario has perpetuated the continued problem facing our county of repeat offenders in the system due to lenient sentencing.

A few years ago Red Hawk Casino, opened its doors for business- drawing more out-of-county visitors impacting the number of economic vehicle theft cases received by our office. The casino is located directly off Highway 50 and provides a quick and easy exit route to Sacramento County and

other outlying areas. The configuration and location of the parking garage provides a convenient spot for criminals to select and steal unattended vehicles. In addition vehicles are being stolen in neighboring counties, typically Sacramento, and then driven to and left in the casino parking garage.

El Dorado County's rural nature and the ongoing economic issues within our county have resulted in an increase of economic vehicle theft for various reasons, including, but not limited to: 1) People cannot afford a vehicle, yet need a vehicle for transportation; 2) vehicles are stolen, used, and then abandoned; and, 3) vehicles are stolen with plans to sell it in whole or in parts for financial gain. A majority of these cases involve individuals acting spontaneously and responding to circumstances or opportunities as they arise.

As illustrated above El Dorado County has a diverse set of factors contributing to automobile insurance fraud. The use and sale of narcotics, the state realignment, the Red Hawk Casino, visitors traveling to and through the county, and the economy are all contributors to the growing problem within this county.

The continued support from the Department of Insurance is critical to the success of this program within our community.

## ***PROGRAM STRATEGY***



## Instructions for Fiscal Year 2015-2016

**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 insurers, medical and legal providers, the Fraud Division, public agencies such as the California Highway Patrol, Bureau of Automotive Repairs, U.S. Customs, 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.**

As discussed in our Problem Statement the sale, transportation and use of narcotics, the recent state realignment, Prop 47, and the Red Hawk Casino are all contributing factors to the continued problem of automobile insurance fraud and economic auto theft. Below is a breakdown of how the county will address the problem including the estimated time frame to achieve the program objectives and activities, the manner in which our office will develop the caseload, the sources for referrals, and coordination of various sectors including insurers, medical and legal providers as well as various public and law enforcement agencies.

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

### **Balanced Caseload**

To accomplish a balanced caseload, our Fraud Unit will continue working closely with law enforcement and other agencies to develop and investigate cases. These collaborative efforts provide additional information, guidance, and expertise as needed. Our office will continue to send deputy district attorneys and investigators to appropriate trainings and additional educational forums. In addition, we have been working diligently in our department as well as with other agencies to increase the number of applicant/insured fraud cases. Due to the transitory nature of El Dorado County and a small fraud investigative unit, it has been a challenge to increase the number of these types of cases. However, we believe that we have shown a strong effort in meeting this stated goal of the Insurance Commissioner. Finally, while we are aware of other types of automobile insurance fraud and continue watching for other violations, our county simply does not see staged collisions or insider fraud on a regular basis.

### **Performance and Continuity within the Program**

This past year brought some personnel changes to our fraud unit. These changes were made for various reasons, but primarily for the benefit of the program. As stated above, Assistant District Attorney James Clinchard continues to supervise the Special Prosecutions Unit, which includes the Auto Fraud Unit. He reviews and approves all felony case dispositions, including that restitution be determined and ordered as a condition of any settlement. Deputy District Attorney Brandon Erickson transitioned into the unit and Deputy District Attorney Jodie Jensen transitioned out of the unit in the beginning of this calendar year. DDA Jensen handled a few cases she had intimate

knowledge of up until the end of the fiscal year. Investigator Franzen has been with the program for several years and is back with the program handling the investigations. District Attorney Pierson is aware of the Commissioner's desire to maintain consistency within the program and remains dedicated to this premise. Our Fraud Unit continues to grow as funds are made available for an increase in personnel.

### **Outreach**

In the coming fiscal year, a concerted effort will be made to reach out to more insurance SIU's to strengthen our working relationship with those units. We plan to discuss within the outreach presentation what is needed for a successful prosecution and how we can work together to apprehend more offenders.

The Special Prosecutions Unit will continue with our training and liaison program with local law enforcement agencies as well as to improve the quality and quantity of investigations and make the agencies aware of the District Attorney's ongoing fight against auto fraud. Additionally, our office plans to provide outreach to the elder communities within El Dorado County to inform and educate them regarding insurance fraud in hopes of fostering a relationship that leads to the apprehension of insurance fraud offenders.

We believe with enhanced outreach to the community more citizens will become increasingly aware of potential fraud. In addition to working with DMV more closely from outset on investigations. We have also made a concerted effort to reach out to the Bureau of Automotive Repair and help investigate their cases and make them more suitable for filing a criminal case on. Recently we filed a case in which a defendant (who was registered sex offender) was ripping off people for their auto repairs for quite some time. The victims would take their damaged cars to be repaired and the defendant would use non-approved parts for repairs, would not do the work he promised, or would over-bill the victims and insurance companies for the repairs. That case is now filed criminal case with numerous insurance companies and victims that will be seeking restitution from this individual.

With community outreach, we hope to impress upon potential victims, including the elderly, the importance of conducting background checks for proper licensing before work is performed on their vehicles. We hope to prevent crimes such as this by making the public aware of the consequences of these crimes through press releases, public engagement and outreach.

Additionally, the Sierra Economic Crimes Task Force (SECTF) that was created in 2014, through the leadership of Assistant District Attorney James Clinchard, continues to reach out to various local investigative and prosecution agencies, including, but not limited to Economic Development Department, Board of Equalization, Department of Insurance, Franchise Tax Board, Department of Business Oversight, Amador County DA's Office, Placer County DA's Office, El Dorado County Sheriff, and CHP. SECTF is still working closely with the California Attorney General's Office underground economy task force (and Deputy AG Peter Williams) to implement a model for State/Local cooperation on economic crimes cases. Further, Assistant District Attorney James Clinchard, and Deputy Attorney General Peter Williams, are working with various statewide fraud and CDAA events to fine tune and promote this model task force working relationship. The goal of

SECTF is to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. SECTF is currently coordinating prosecution efforts with task force members as well as the California Attorney General Underground Economy Unit.

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

An ongoing goal of our office is to continue to increase the number of applicant/insured fraud cases. We are continuing to develop relationships with DOI Investigators, SIU investigators and local law enforcement to uncover and investigate this type of fraud. The District Attorney has made this a priority in our unit and it is a goal we are committed to aggressively and actively pursuing.

Another ongoing goal of our office is to continue to investigate, with the assistance of SECTF, more cases with regional implications. As part of the approved budget for FY 2011-2012 the District Attorney's Office purchased a four-wheel drive vehicle that allows the assigned investigator to travel throughout our very large county, to South Lake Tahoe, and when needed, to the adjacent Counties. As such, the investigator will have the opportunity to build and strengthen the relationship with the local investigative agencies, South Lake Tahoe investigators, as well as many of the other investigators located in Amador, Placer and Sacramento Counties. Greater cooperation by those various regional agencies and expansion of the program into these regions will likely take more than one year to accomplish and to continue to foster and grow relationships with other agencies. As such we believe the continued support of the Sierra Economic Crimes Task Force (SECTF) will help connect members of other agencies with resources to better investigate and prosecute financial crimes and aid victims of these crimes.

Finally, a continued goal of our office is to study case trend to, where possible, identify the extent and nature of the automobile insurance fraud problem in the county. This may include new trends related to insurance fraud in the elder community as well. The impacts of Prop 47 and Realignment mean more criminals with theft and fraud backgrounds are out of custody and will continue to prey upon citizens when opportunity for crime presents itself to these recently released individuals. Our office recognizes the importance of outreach and training and will continue with our efforts to identify those entities that may be unfamiliar with the program as well as those agencies with which we already have a strong working relationship.

### 4. Training and Outreach

- List the training **received** by each county staff member in the automobile fraud unit during fiscal years 2013-2014 and 2014-2015.
- Describe what kind of training/outreach **you provided** in Fiscal Year 2014-2015 to local Special Investigative Units, public and private sectors to enhance the investigation and prosecution of automobile insurance fraud; and/or coordination with the Fraud Division, insurers, or other entities.
- Describe what kind of training/outreach **you plan to provide** in Fiscal Year 2015-2016 to local Special Investigation and prosecution of automobile insurance fraud; and/or coordination with the Fraud Division, insurers or other entities.

### **Training Received FY 13/14**

- James Clinchard, Assistant District Attorney attended the CDAA Winter Conference, which included the Insurance Fraud Committee meeting in December 2013.

The office provides our assistant, attorney and investigator receive constant on-the-job training by meeting at our Unit Meetings and with other agencies as well as staff from other counties with similar programs.

### **Training Received FY 14/15**

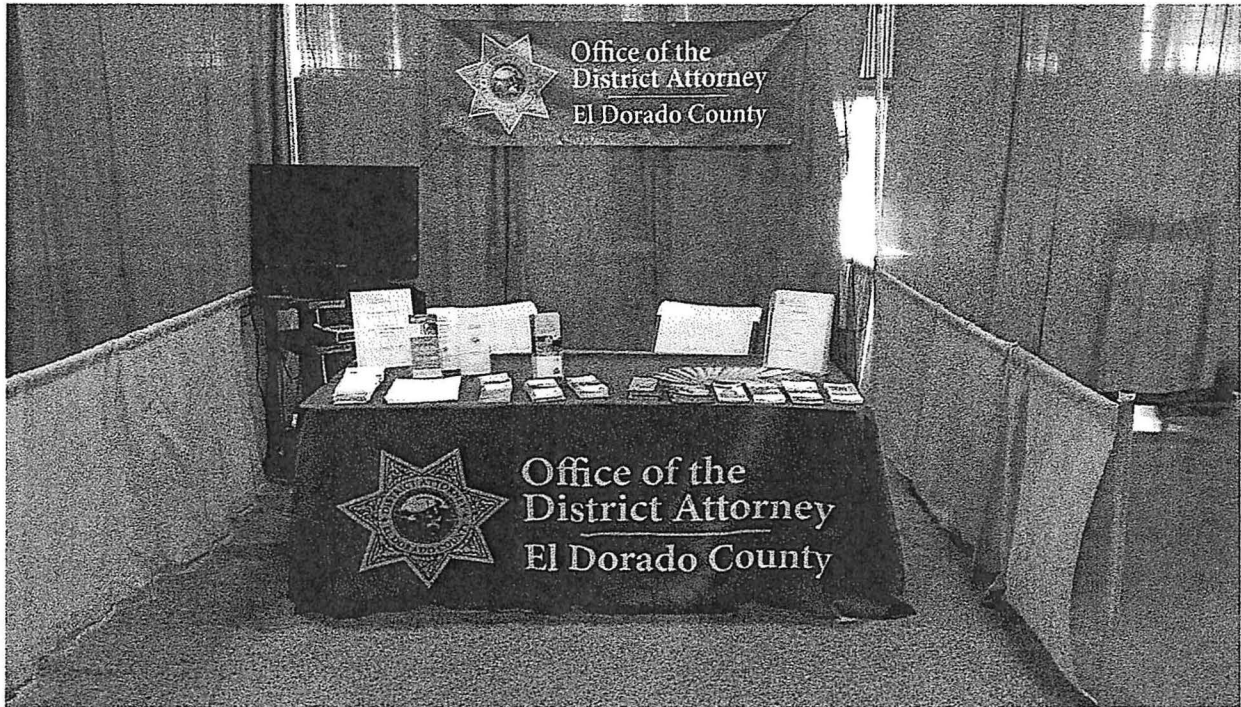
- Deputy District Attorneys Brandon Erickson, Jodie Jensen and District Attorney Investigator Mike Franzen attended the CDAA Fraud Symposium in Newport Beach, CA in December, 2014.
- Assistant District Attorney, James Clinchard, attended the CDAA Winter Conference, which included the Insurance Fraud Committee meeting in January, 2015.

The office provides our assistant, attorney and investigator receive constant on-the-job training by meeting at our Unit Meetings and with other agencies as well as staff from other counties with similar programs.

### **Outreach Provided FY 14/15**

- Sierra Economic Crimes Task Force Meetings
- Worked with Bureau of Automotive Repair to inform them of the details needed for case to be ready to file.
- 6/18/15-6/21/2014 – Multiple District Attorney Investigators manned a booth at the El Dorado County Fair. As part of this outreach effort information was provided to citizens on various types of fraud, including auto fraud. Pamphlets obtained from NICB were utilized in providing this information.





### **Outreach Planned FY 15/16**

Our Special Prosecutions Unit will continue reaching out to law enforcement agencies to strengthen, as well as increase, the number of investigations and make the agencies aware of the District Attorney's ongoing fight against auto fraud. We will continue to foster our strong relationship with investigators at CDI working cooperatively in furtherance of quality investigations. Our office acknowledges that these continued trainings and relationships are fundamental to the success of our program. It is through these meetings with various agencies that attention is drawn to information which is helpful in the identification of potential fraud and how issues need to be addressed in written reports.

In addition the previously mentioned Sierra Economic Crimes Task Force (SECTF) will hold quarterly meetings, and meet regularly with the California Attorney General's Office Underground Economy Task Force. As such we plan to collaborate with other agencies about local trends and provide support and information with agencies who attend to better prosecute financial crimes.

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

Ever since Vern Pierson was elected to be the District Attorney of El Dorado County victim coordination has been a major goal of the office. In fiscal year 2009-2010, our fraud unit worked with the Court to create a restitution tracking system. Our legal assistant uses this system to access court files and to track payments on each of our cases. We are able to determine both the date and amount of each payment made by every fraud unit defendant. Our department implemented a program in fiscal year 2010-2011 to enhance the collections of fines and restitution ordered by the courts in each case. Our Special Prosecutions Unit Administrative Assistant is able to access court



records (in a read only mode) and follow the payments of each defendant. The Administrative Assistant monitors the defendant's progress post-conviction or plea to determine if payments have been received per the court's order.

Additionally, in El Dorado County, the Probation Department is helpful in determining and collecting restitution on felony matters. Arrangements are in place for our Fraud Unit to be kept apprised of the status of restitution payments in relevant cases. If and when our Administrative Assistant determines, or the Probation Department notifies us, that a defendant has not made regular court-ordered payments towards fines and/or restitution, the matter is researched and a violation of probation is filed if appropriate.

Finally, to the extent possible, restitution is ordered in fraud cases at the time of plea/sentencing so that it becomes part of the plea agreement and the defendant cannot contest the amount. At times this is not possible due to an early plea by the defendant and/or non-receipt of restitution information from the victim. The office, as a whole, has a policy that there must be a minimum of three attempts to get restitution amounts from the victims of crimes in writing. Then at the plea deal or at sentencing restitution is required to be stipulated to by the defendant so that there are no longer any issues arising out of restitution orders.

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

Project:

- a. 80-100 new investigations will be initiated during FY 2015-2016.
- b. 60-80 new prosecutions will be initiated during FY 2015-2016.

**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?**

The El Dorado County District Attorney's Office continues building a comprehensive and viable program to fulfill not only the needs of our county, but also to meet the goals and standards of the Commissioner and CDI. The requested increase in funds will be used to staff the program with an investigator who will continue to work closely with the Deputy District Attorney assigned to the unit. The increased funds would also provide funding for additional Deputy District Attorney time to prosecute the increased number of cases. As stated previously, we have achieved our goal of vertically prosecuting cases throughout the entire county to one DDA. The funds for additional investigator time would allow us to initiate and investigate more offenses in the South Lake Tahoe region, as well as the West Slope area of El Dorado County. As shown by our statistics over the past couple of years, increased time by both the investigator and the deputy district attorney has resulted in an increase number of cases investigated, filed, and prosecuted. Specifically we have added an investigative assistant to the unit to help process the increased needs of the Unit. Finally, salary increases are always a part of an office that is primarily personnel based and are an unavoidable and necessary increased cost to the program.

***BUDGET***  
**Instructions for Fiscal Year 2015-2016**

**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 this 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 (e.g., 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 1 ½ clerical positions).

## BUDGET CATEGORY INSTRUCTIONS (Continued)

### 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 **57.5 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 57.5 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

## BUDGET CATEGORY INSTRUCTIONS (Continued)

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 (e.g., 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 1872.8 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.

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

<b>BUDGET CATEGORY INSTRUCTIONS (Continued)</b>
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**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/>.



**FORM 10**

<b>BUDGET CATEGORY AND LINE ITEM DETAIL</b>							<b>COST</b>
<b>A. Personnel Services- Salaries/Employee Benefits</b>							
<b>Salaries</b>	(including Tahoe differential, bi-lingual, standby, longevity and deferred comp)						
		<u>Monthly</u>		<u>Months</u>		<u>FTE</u>	
	DA Investigator	\$ 9,691	x	12	x	1.00	\$116,292
	Assistant DA	11,750	x	12	x	0.05	7,050
	Deputy DA	7,497	x	12	x	0.65	58,477
	Investigative Assistant	4,365	x	12	x	0.05	2,619
	Victim Witness Advocate	3,752	x	12	x	0.05	2,251
	Administrative Technician	4,623	x	12	x	0.05	2,774
	Legal Secretary	4,349	x	12	x	0.05	2,609
<b>Benefits</b>							
	<b>Medicare:</b>						
	DA Investigator	\$ 141	x	12	x	1.00	\$1,692
	Assistant DA	170	x	12	x	0.05	102
	Deputy DA	103	x	12	x	0.65	803
	Investigative Assistant	63	x	12	x	0.05	38
	Victim Witness Advocate	57	x	12	x	0.05	34
	Administrative Technician	67	x	12	x	0.05	40
	Legal Secretary	63	x	12	x	0.05	38

<b>Health/Flex:</b>							
DA Investigator	\$	800	x	12	x	1.00	\$9,600
Assistant DA		2,308	x	12	x	0.05	1,385
Deputy DA		1,783	x	12	x	0.65	13,907
Investigative Assistant		562	x	12	x	0.05	337
Victim Witness Advocate		1,572	x	12	x	0.05	943
Administrative Technician		1,615	x	12	x	0.05	969
Legal Secretary		-	x	12	x	0.05	-
<b>Retirement/ PERS:</b>							
DA Investigator	\$	3,257	x	12	x	1.00	\$39,084
Assistant DA		2,131	x	12	x	0.05	1,279
Deputy DA		1,291	x	12	x	0.65	10,070
Investigative Assistant		966	x	12	x	0.05	580
Victim Witness Advocate		869	x	12	x	0.05	521
Administrative Technician		1,023	x	12	x	0.05	614
Legal Secretary		963	x	12	x	0.05	578
<b>Disability Insurance:</b>							
DA Investigator	\$	23	x	12	x	1.00	\$276
Assistant DA		29	x	12	x	0.05	17
Deputy DA		18	x	12	x	0.65	140
Investigative Assistant		11	x	12	x	0.05	7
Victim Witness Advocate		9	x	12	x	0.05	5
Administrative Technician		11	x	12	x	0.05	7
Legal Secretary		11	x	12	x	0.05	7
<b>TOTAL</b>							<b>\$ 275,145</b>

**FORM 11**

<b>BUDGET CATEGORY AND LINE ITEM DETAIL</b>		<b>COST</b>
<b>B. Operating Expenses</b>		
<b>Law Books:</b>		
	California Insurance Code	\$23.00
<b>Professional Services:</b>		
	Cellular Solutions	600.00
	Pursuit Dynamics	400.00
	Transcription	826.00
<b>Audit Fee:</b>		
	Outside Audit Firm	9,000.00
<b>Staff Development:</b>		
	Insurance Fraud Seminar - .90 FTE DDA (\$300/ea. X 1)	300.00
	Insurance Fraud Seminar - 1.00 FTE Investigator (\$300/ea. X 1)	300.00
<b>Software:</b>		
	Tracking & vehicle Search Software	275.00
<b>Office Expense:</b>		
	Office supplies	150.00
<b>Telephone:</b>		
	Wireless Service - 1.0 FTE Investigator	100.00

<b>Travel &amp; Transportation:</b>		
	Parking	100.00
	Mileage	25.00
	Vehicle Rental	90.00
	Hotel / Lodging	195.00
	Airfare	495.00
	Indirect/Administrative Cost Allocation: Base 10% calculation	19,207
<b>TOTAL</b>		<b>\$32,086.00</b>

**FORM 12**

<b>BUDGET CATEGORY AND LINE ITEM DETAIL</b>	
<b>C. Equipment</b>	<b>COST</b>
None	
<b>CATEGORY TOTAL</b>	\$ -
<b>PROGRAM TOTAL</b>	\$ 307,231
<b>CARRYOVER TOTAL</b>	\$ -
<b>INTEREST TOTAL</b>	\$ -

**EQUIPMENT LOG**

Equipment Log for FY 2014-2015  
County of El Dorado

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

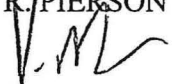
Rows can be inserted as needed.

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: 6/24/15

# 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.

Additionally, a joint plan assists the Insurance Commissioner in assessing the effectiveness of shared fraud program funding in the automobile insurance fraud program.

Some of the benefits of achieving these goals are:

- Reduction or elimination of duplication of effort
- Enhanced investigative support
- An increase in the number of arrests and prosecutions.

#### **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 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 the Insurance Commissioner.

**AUTOMOBILE INSURANCE FRAUD  
JOINT INVESTIGATIVE PLAN  
FISCAL YEAR 2015-2016**

**Memorandum of Understanding**

**Introduction**

The “parties” to this Joint Investigative Plan are the California Department of Insurance Fraud Division, and the El Dorado County District Attorney’s Insurance Fraud Unit.

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

**Statement of Goals**

- A. To promote a close working relationship between the District Attorney’s Insurance Fraud Unit and the Fraud Division, based on dedication to the common goal of fighting insurance fraud, commitment to the highest professional and ethical standards, and mutual respect as law enforcement officers devoted to the pursuit of justice and protection of the citizens of El Dorado County and the State of California.
- B. To investigate in a timely manner, using professional standards and procedures, and prosecute, when appropriate, as many identifiable cases of suspected insurance fraud as we can.
- C. To achieve the best possible anti-insurance fraud program through the efficient and effective use of the limited resources provided, and to promote awareness in this community that the serious problem of insurance fraud is being addressed in a meaningful way by law enforcement.

[1]

- D. The Fraud Division and the District Attorney's Insurance Fraud Unit will work together to identify common areas of fraud that tend to drive up the cost of automobile insurance. This would also include identifying those who commit auto fraud. Once the entities or individuals involved in this area of fraud have been identified, the parties agree to work together to arrive at a plan as to how best to reduce or minimize these fraudulent activities.

### 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/or the local District Attorney (Insurance Code Section 1877.3).

- A. When a suspected fraudulent claim (SFC) or a case referral package is received from an insurer, it will be entered into a database, available for future reference. Both parties will maintain a case tracking system to monitor all SFC's and case referral packages received.
- B. Both parties will communicate on a regular, scheduled basis to discuss SFC's and case referral packages received, with the objective being to avoid duplication of investigative efforts, and to insure that all referrals are being appropriately addressed. When a case is assigned for investigation, the assigning party will notify the other within five (5) working days. A monthly report regarding intake of SFC's and assigned cases will be generated by both parties and mailed to one another by the fifth working day of each month.
- C. If the SFC or case referral package is sent only to the Fraud Division, the Fraud Division will address the matter, exercising its best discretion on how to proceed with appropriate notice to the District Attorney's Insurance Fraud Unit of the action taken. If the SFC or case referral packages is sent only to the District Attorney's Insurance Fraud Unit, it will notify the Fraud Division the action it desires to take, as indicated in paragraphs (d), (e) and (f) below. The information shall include the suspect's name, carrier or administrator and the claim number.
- D. If the Fraud Division elects to pursue an investigation of an SFC or case referral sent by an insurer, the District Attorney's Insurance Fraud Unit will suspend any further action on the case, pending the outcome of the Fraud Division's investigation, and will notify the insurer of the fact in writing.

[2]

- E. If the Fraud Division elects not to pursue an investigation of an SFC or case referral sent by an insurer, because of excessive caseloads, resource limitations, or any other reason, or chooses to defer any matter referred, the District Attorney's Insurance Fraud Unit will review the referral for investigation. The referring insurer will be notified on this fact in writing and a copy of the referral will be submitted to the District Attorney's Insurance Fraud Unit.
- F. If the District Attorney's Insurance Fraud Unit receives a referral that would be more appropriately handled in another county's jurisdiction, the District Attorney's Office shall forward the referral to the appropriate county and notify the Fraud Division.

### Investigations

- A. Pursuant to the above provision, and to maximize the utilization of resources, it is understood and agreed that either party will provide assistance to the other, upon request, in any investigation where such assistance is needed; this could include serving search warrants, interviewing witnesses, making arrests, etc.
- B. Joint investigations may be undertaken in cases where the parties determine it is beneficial to combine resources to achieve the most efficient and effective results. This will be determined on a case-by-case basis.
- C. It is expected that cases will be developed from referrals by insurers, other law enforcement/governmental agencies (California Highway Patrol, Placerville Police Department, South Lake Tahoe Police Department, El Dorado County Sheriff's Department, and California Fire Department) 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 Fraud Division regional supervisors will meet at a minimum of twice a year with the District Attorney's Insurance Fraud Unit lead attorney to review the working relationship between both agencies.
- E. The Deputy District Attorney of the District Attorney's Insurance Fraud Unit, or his/her designee, will be available to meet with the Fraud Division investigator at any time during the investigation of a case when requested by the investigator to discuss any aspect of the case.

[3]

- F. It is the intent of the parties that by maintaining regular communication and adhering to agreed 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 will not lead to a prosecutable case.
- G. Any investigative costs associated with a Fraud Division investigation prior to the complaint being filed shall be incurred by the Fraud Division. Any costs associated with the investigation after the complaint is filed, shall be incurred by the District Attorney's Office. Responsibility for costs incurred during a "joint" undercover operation will be determined by the Memorandum of Understanding – see section 4c.

### Undercover Operations

- A. Both parties recognize the importance of undercover investigations in those cases where it is felt the technique is a viable means of developing evidence to prove a suspected insurance fraud. The parties agree that undercover operations need to be highly organized and may be carefully monitored by supervisor level personnel to insure the efficiency and integrity of the investigation. It is understood that undercover operations can be very labor intensive and time consuming, and don't always produce the desired result.
- B. Either party may decide to conduct an undercover operation in a particular case using its own personnel and resources. In a situation where the Fraud Division conducts its own independent undercover investigation in El Dorado County, the District Attorney's Insurance Fraud Unit will be available to provide advice or other assistance required.
- C. In a case where there will be "joint" undercover investigation, there will be a memorandum of understanding (M.O.U.) prepared prior to the start of the investigation, which outlines and specifies the goals and the objectives of the investigation, as well as the duties and responsibilities including personnel and financial responsibilities, of each of the parties in the investigation.

[4]

### 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 the charge beyond a reasonable doubt in a criminal court. It is understood that each case is unique, and certain actions may need to be taken in one case that would not be taken in another.
- B. When submitting a case for prosecution, the investigator will present as complete a package as possible, including a detailed report, outlining the offenses alleged to have been committed, the details of the investigation and the evidence available to prove the charges, including identification of available witnesses and supporting documentation. In cases involving alleged false statements or misrepresentations, there must also be identified evidence to show the materiality of the alleged false statement or misrepresentation relating to the claim.
- C. To promote efficiency in this area, Fraud Division investigators are encouraged to contact the El Dorado County District Attorney early in the investigation of a case to share ideas and develop strategies that will lead to a prosecutable case.
- D. The District Attorney will ensure that all formal case presentations made by the Fraud Division will be reviewed within ten (10) working days of the presentation or delivery. If additional investigation is needed by the reviewing District Attorney, he/she will notify the case investigator immediately. The case investigator will complete the additional investigation as soon as reasonably possible and provide the District Attorney with status updates at a minimum of every ten (10) working days until the investigation is completed. The District Attorney will further ensure that decisions on complaint filings shall be done in a timely fashion but no longer than thirty (30) days from the date of receipt. If a formal case is rejected for prosecution, the District Attorney will prepare a statement in writing stating the reasons for the rejection and provide the statement to the case investigator within ten (10) working days following the rejection.

### 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.

Problem Resolution

- A. It is the intent of this Joint Investigative Plan that any problems or differences that may arise between the parties be resolved quickly through early, direct and open communication by those personnel directly involved in the dispute. If necessary, the Chief Investigator of the Fraud Division and the prosecutor in charge of the District Attorney's Insurance Fraud Unit or the Chief Investigator in the District Attorney's Office may be called upon to resolve any dispute, concentrating on the best interests of the overall insurance program.



VERN PIERSON  
District Attorney  
County of El Dorado



KATHLEEN ROONEY  
Captain, Department of Insurance  
State of California

Date: 5/29/15

Date: 6/1/15