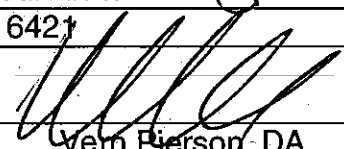


Contract #: Workers Compensation Insurance Fraud FY 12/13  
**CONTRACT ROUTING SHEET**

Date Prepared: 8/31/12


Need Date: ASAP

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


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

EL DORADO COUNTY COUNSEL  
 2012 SEP - 11 PM 3:32

**CONTRACTING DEPARTMENT:** District Attorney  
 Service Requested: FY 12/13 Resolution  
 Contract Term: 7/1/12-6/30/13 Contract Value: \$257,247  
 Compliance with Human Resources requirements? Yes: x No: \_\_\_\_\_  
 Compliance verified by: n/a

**COUNTY COUNSEL:** (Must approve all contracts and MOU's)  
 Approved:  Disapproved: \_\_\_\_\_ Date: 9-10-12 By:   
 Approved: \_\_\_\_\_ Disapproved: \_\_\_\_\_ Date: \_\_\_\_\_ By: \_\_\_\_\_

**PLEASE HAND CARRY TO RISK MANAGEMENT  
 THANKS!**

**RISK MANAGEMENT:** (Must approve all contracts, MOU's and boilerplate grant agreements)  
 Approved:  Disapproved: \_\_\_\_\_ Date: 9-11-12 By:   
 Approved: \_\_\_\_\_ Disapproved: \_\_\_\_\_ Date: \_\_\_\_\_ By: \_\_\_\_\_  
STATE OF CA. PUBLIC ENTITY  
**RISK MANAGER**  
**EL DORADO COUNTY**

RECEIVED  
 HUMAN RESOURCES DEPT.  
 22 SEP 27 PM 3:27

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

**INSURANCE COMMISSIONER  
OF THE STATE OF CALIFORNIA**

**GRANT AWARD AGREEMENT**

**Fiscal Year 2012-13**

**Workers' Compensation Insurance Fraud Program**

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

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

**Duration of Grant:** The grant award is for the program period **July 1, 2012** through **June 30, 2013**.

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

**Amount of Grant:** The grant award agreed to herein is in the amount of **\$257,247**. This amount has been determined by the Insurance Commissioner with the advice and consent of the Fraud Assessment Commission based on the estimated funds collected pursuant to Section 62.6 of the Labor Code. However, the actual total award amount for the county is contingent on the collection of assessments and the authorization for expenditure pursuant to Government Code Section 13000 et seq. The grant award shall be distributed pursuant to Section 1872.83 of the Insurance Code and to the California Code of Regulations Subchapter 9, Article 3, Sections 2698.53, 2698.54, and 2698.57.

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

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

\_\_\_\_\_  
Michael Fong, Budget Officer, CDI

\_\_\_\_\_  
Date

**CALIFORNIA DEPARTMENT OF INSURANCE  
FRAUD DIVISION**

**WORKERS' COMPENSATION  
INSURANCE FRAUD PROGRAM**

**REQUEST-FOR-APPLICATION**

**FISCAL YEAR 2012-2013**

**SECTION III  
APPLICATION AND INSTRUCTIONS**

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

**WORKERS' COMPENSATION INSURANCE FRAUD  
INVESTIGATION/PROSECUTION PROGRAMS  
FISCAL YEAR 2012-2013 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 (Form 02) completed and signed by the district attorney?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Table of Contents	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Is the Program Contact Form (Form 03) completed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Is an original or certified copy of the Board Resolution (Form 04) included? If NOT, the cover letter must indicate the submission date.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. The County Plan includes:		
a) County Plan Qualifications (Form 05)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Staff Qualifications (Form 06(a))	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Organizational Chart (Form 06(b))	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Program Report (DAR or Form 07)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) County Plan Problem Statement (Form 08)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f) County Plan Program Strategy (Form 09)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Is the projected Budget (Forms 10-12) included?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
a) Are line-item totals verified?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Is the Equipment Log (Form 13) completed and signed?	<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 2012-2013**

### **GRANT APPLICATION TRANSMITTAL**

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

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

DEPARTMENT OF INSURANCE  
GRANT APPLICATION TRANSMITTAL

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

Contact: HANS M. UTHE, ASSISTANT DISTRICT ATTORNEY

Address: 1360 JOHNSON BOULEVARD, SOUTH LAKE TAHOE, CA 96150

Telephone: (530) 573-3104

WORKERS COMPENSATION INSURANCE FRAUD 7/1/2012 – 6/30/2013

(1) *Program Title* (2) *Grant Period*

(3) New Funds Being Requested: \$ 263,309

(4) Estimated Carryover Funds: \$ \$ 20,000

VERN R. PIERSON JODI ALBIN

(5) *Program Director* (6) *Financial Officer*



(7) *District Attorney's Signature*

Name: VERN R. PIERSON

Title: DISTRICT ATTORNEY

County: EL DORADO

Address: 515 MAIN STREET

PLACERVILLE, CA 95667

Telephone: (530) 621-6472

Date: APRIL 30, 2012

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# PROGRAM CONTACT FORM

FORM 03

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: HANS M. UTHE

Title: ASSISTANT DISTRICT ATTORNEY

Address: 1360 JOHNSON BOULEVARD

SOUTH LAKE TAHOE, CA 96150

E-mail address: HANS.UTHE@EDCGOV.US

Telephone Number: (530) 573-3104 Fax Number: (530) 544-6413

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

Name: JODI ALBIN

Title: FISCAL ADMINISTRATIVE MANAGER

Address: 515 MAIN STREET

PLACERVILLE, CA 95667

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

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

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

Name: SHANEEN MAY

Title: LEGAL SECRETARY

Address: 515 MAIN STREET

PLACERVILLE, CA 95667

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

Telephone Number: (530) 621-6701 Fax Number: (530) 621-6701

# **BOARD OF SUPERVISORS' RESOLUTION**

## **Instructions for Fiscal Year 2012-2013**

### **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 2012-2013 fiscal year. If the Resolution cannot be submitted with the application, a letter must be included which indicates when the CDI can expect to receive it (**no later than December 31, 2012**). *Grant funds for that particular county will not be released until the CDI receives the Resolution and properly executed Grant Award Agreement.*

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

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

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

***BOARD OF SUPERVISORS' RESOLUTION***

**The Resolution will be sent to the Department of Insurance after it is received. The Board of Supervisors will not accept the Resolution without County Counsel approval/review of the Grant Application. The Resolution will be forwarded by December 31, 2012.**

# **COUNTY PLAN**

## **Overall Instructions for Fiscal Year 2012-2013**

### **COUNTY PLAN**

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

The County Plan:

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

The County Plan consists of the following sections:

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

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

## Definitions

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

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

## THE DOCUMENTED REFERRAL

<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 workers' compensation 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 not all the items may 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, the adjuster name/address/phone number.</li><li>• <b>Other Agencies:</b> Any other agencies working on the case, along with the contact name and telephone number.</li></ul>

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

**Section II.  
Narrative  
Statement**

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

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

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

- The exact statement (misrepresentation) made;
- The date the misrepresentation was made;
- Where it was made and to whom;
- Identification of the exhibit where the misrepresentation is contained (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 (i.e., insurance company, employer, etc.) and the basis for the computation of the loss. The total loss should also be contained in the narrative, but the computation should appear in more detail in this section. In addition to the total losses, also include the costs incurred by your company to investigate the claim.

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

**Section VII.  
Witness List**

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

**Example:  
Claimant Fraud**

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

- Suspected Fraudulent Claim Report (SFC/FD-1)
- Employee Claim Form (DWC-1)
- Employers First Report of Injury (DSL5020)
- Doctors First Report of Injury (DSL5021)
- 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:** An example of a typical premium fraud documented referral should include, but is not limited to, the following information:  
**Premium Fraud**

- 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 six aggravating factors becomes a Very Complex case.

#### **AGGRAVATING FACTORS:**

1. Multiple defendants or suspects
2. Multiple claims by a single defendant or suspect
3. More than 2,000 pages of reviewable material
4. More than 20 witnesses (excluding non-suspect medical providers)
5. More than 6 no-suspect medical providers or other experts
6. A case involving a suspect legal provider(s) or a suspect medical provider(s)
7. More than 2 insurance carriers/self-insureds involved
8. Search warrant(s) involving 2 or more search locations
9. Special Master Warrant involved
10. A search warrant that 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 2012-2013**

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

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

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.

## **WORKERS' COMPENSATION INSURANCE FRAUD QUALIFICATIONS**

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

### **INTRODUCTION**

El Dorado County is contiguous to Sacramento County on the west, Placer County to the north, Amador and Alpine Counties to the south and the Nevada State line to the east. El Dorado County is very rural and has only two incorporated cities: Placerville and South Lake Tahoe. As of the 2010 Census, El Dorado County had a population of 181,058. The majority of the population resides in the Western Slope communities of Placerville, Shingle Springs, Cameron Park and El Dorado Hills. El Dorado County, geographically, is a large county comprised of 1805 square miles. The uniqueness of the county is that it is divided into two distinct sections or areas, the West Slope and the Tahoe Basin. The primary area of businesses located in the county are on the West Slope, and of those, there are only twelve major non-government enterprises situated in the communities of Cameron Park and El Dorado Hills.

District Attorney, Vern Pierson, has set a goal of making our office very active in the arena of consumer protection and fighting insurance fraud. This effort dovetails directly with the stated goals of the Insurance Commissioner and the Fraud Action Commission. Since 2007, our office has aggressively sought to educate consumers and employees of the protections to which they are entitled as well as prosecute those who deny them these protections. This office provides citizens of the County access to the office for protection of their rights, as well as a forum to report situations of potentially illegal conduct. As a significant part of this goal, enforcement of the Workers Compensation Fraud Program has become a cornerstone of the consumer protection effort. This program allows for the protection of unwary workers, as well as protecting those employers who do obey the law. El Dorado County has and is, maintaining a very aggressive program, as evidenced by our accomplishments over the last year. Our program is staffed with a highly qualified investigator and an experienced senior trial attorney.

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

The El Dorado District Attorney's Office has been operating under this grant for five years under the direction of our elected District Attorney, Vern Pierson. We are continuing to be active in the investigations and prosecutions of insurance fraud cases. We are also active in the continued efforts to develop and maintain relationships with outside agencies in this field, as well as engaging in outreach to outside agencies and the public. This is all done in an effort to reduce violations by providing education to employers and employees as well as appropriately punishing those who are not in compliance.

A successful part of our investigations involves field work. Being out in the field and making contact with members of the community is vital to the success of the program. Investigators are often able to identify potential violations and educate both workers and employers on how to make the necessary corrections in order to be compliant. In addition, those in compliance strive to achieve a level playing field by providing information about potential violators as seen by incoming tips received by members of the community.

A balanced caseload continues to be an important focus of our unit. As such we continue to be active in investigating cases under Section 1871.4 of the Insurance Code. These cases are often more time consuming than a 3700.5 LC due to their complexity. We currently have an extensive premium fraud investigation pending where our investigators are working closely with the Employment Development Department (EDD) and the Franchise Tax Board (FTB).

Another successful aspect of our programs includes our relationships with various governmental agencies to develop a more comprehensive investigation. Many violators also have violations with other departments. In an effort to capture all possible violations before filing we work closely with agencies such as, Employment Development Department (EDD), the Division of Labor Standards Enforcement (DLSE) and the California Contractor's State License Board (CSLB), and naturally, the California Department of Insurance (CDI).

Beginning in January, 2011, El Dorado County was one, of only a few counties, chosen by CSLB to participate in their Partner Agency County Taskforce (PACT). Through this taskforce CSLB assigns an investigator to our county to collaboratively work on and investigate cases. The investigator assists in sting operations as well as pursuing independent investigations throughout our county. Working in collaboration with CSLB thru PACT, we were able to conduct one sting operation and one countywide sweep, which resulted in multiple Labor Code Section 3700.5 cases.

Outreach continues to be an important goal of our office. The reformatted "Truth or Consequences" video, created by the California Department of Insurance and District Attorney Vern Pierson, was submitted to our local television station during fiscal year 2011-2012. The video, which is approximately thirty (30) minutes in length, ran on Sierra Community Access, Channel 2. Channel 2 broadcasts to approximately 18,000 homes with 45,000 potential viewers. The process has begun to update this video with its completion expected in July, 2012. The video addresses all types of workers' compensation insurance fraud by presenting re-enactments with discussion on the laws and potential punishments. All District Attorneys in California will have the opportunity to participate in a county "produced" version of the video. We will again be working with Channel 2 to broadcast the video fifteen (15) times a week over several months. We anticipate the video airing in various time slots including weekends and "primetime", as it has in the past. In an effort to address the demographics of our population the outreach the video will also be created in Spanish.

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

The District Attorney's Office has been funding 100% of the vehicle expense for the Workers Compensation Investigator. This includes mileage, servicing and fuel costs.

The following resources were provided by the El Dorado County District Attorney's Office:

- The District Attorney's time to promote the program to secure funding from the Board of Supervisors;
- Meetings with fellow District Attorneys to apprise them of the program; and;

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

Our Workers' Compensation Fraud program continues under the leadership of our elected District Attorney, Vern Pierson. The effort of the office is to maintain continuity within our Workers' Compensation Fraud unit. Since 2009, a legal assistant was added to our unit to assist with statistical accuracy. Our lead prosecuting attorney changed in January of 2012. Prior to this recent change, Deputy District Attorney Vicki Ashworth had been the assigned attorney for one and a half (1 ½ years). Deputy Ashworth replaced the previous attorney who retired after being assigned to the unit for three (3) years. The prosecutors in the Workers Compensation Fraud Unit have decades of years of experience as prosecutors and years of experience handling fraud cases.

Investigator Chis Lindholm is currently assigned full time as the Workers' Compensation investigator. He began his assignment in June of 2011. Mark Messier had previously been our full time investigator since 2008, and retired in August of 2011 after working with and training Investigator Lindholm. Both of those investigators have decades of experience as law enforcement officers and Investigator Lindholm has over ten years' experience in conducting fraud investigations.

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

We have expanded our relationship with CSLB, EDD and DSLE. Our enhanced involvement with EDD has allowed us to significantly expand our criminal investigations and elevate the charging against employers cheating employees of benefits to which they are entitled. As discussed earlier, our working relationship with CSLB continues to grow. Being an active partner in their PACT program, we routinely work closely with

investigators from their agency which has allowed us to increase the number of investigations and contact more people throughout the community.

Working closely with the Department of Insurance has allowed us to investigate more cases this year, specifically as it refers to premium fraud violations. We completed a sting operation with CDI and CSLB which led to numerous new workers' compensation cases. We also have plans to work with CSLB to conduct several sweeps as well as a couple of sting operations in the next fiscal year. The next sting is scheduled for May 16, 2012.

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

We also have a pending investigation coordinated with EDD, Board of Equalization, IRS, Public Guardian and Alta Regional Center involving violations of 3700.5, unemployment sales tax, and abuse of dependent adults under Penal Code Section 368.

The District Attorney's Office also works closely with the MediCal Investigator, SSI investigator, and Welfare Fraud Investigator on cases involving unreported income which will cross over to all of these agencies.

We also work with our local police departments and county sheriff's office.

Additionally, we are working with CDAA and other District Attorneys on the updated "Truth or Consequences" video.

**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

[Redacted Header]		
Name	Percentage	Duration
HANS M. UTHE	20%	NOVEMBER 2011-CURRENT
GLORIA MAS	20%	MARCH 2012-CURRENT

[Redacted Header]		
Name	Percentage	Duration
CHRIS LINDHOLM	100%	JULY 2011-CURRENT



***ORGANIZATIONAL CHART***  
**Instructions for Fiscal Year 2012-2013**

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

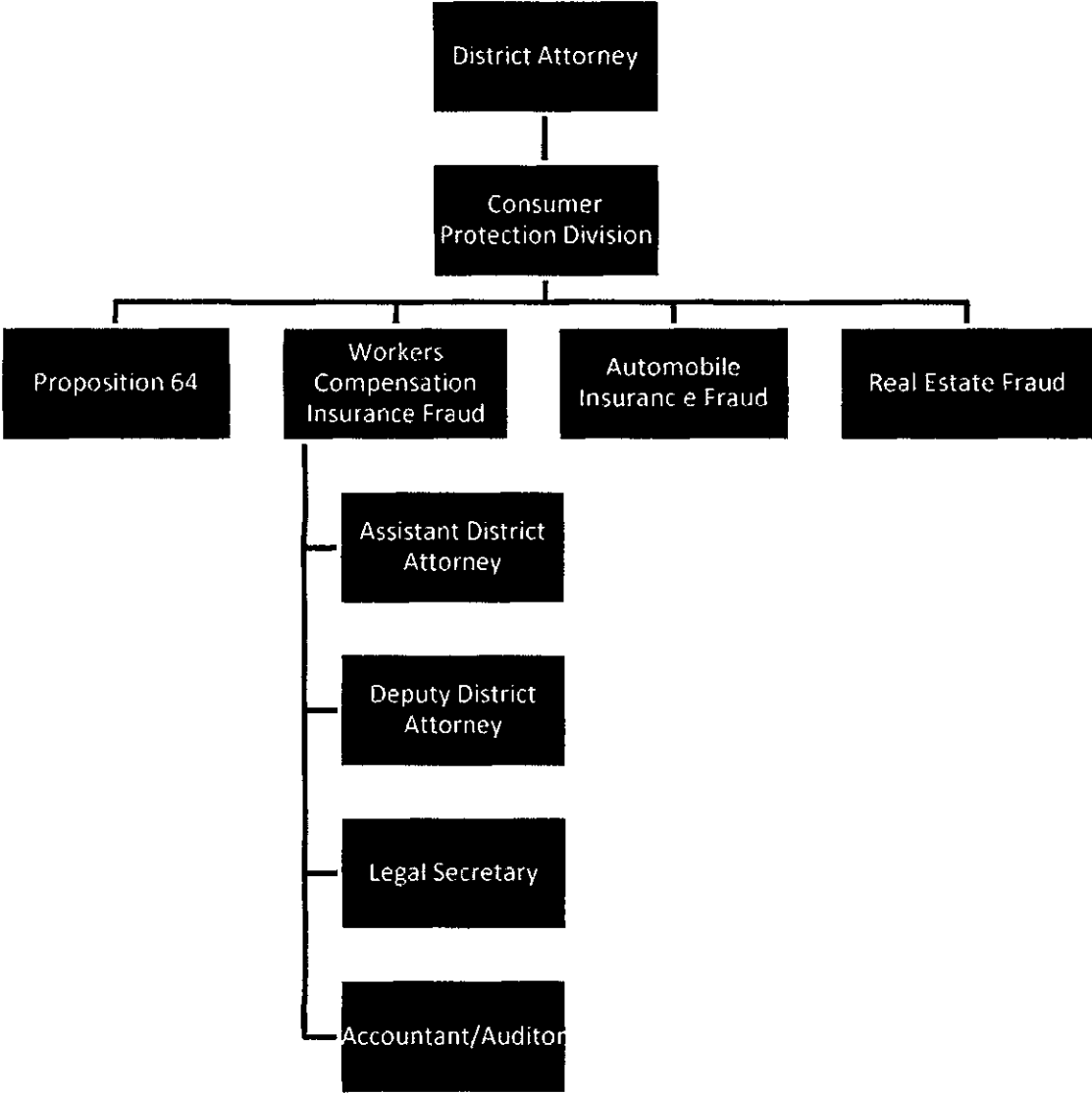
**ORGANIZATIONAL CHART**

Provide an organizational chart outlining:

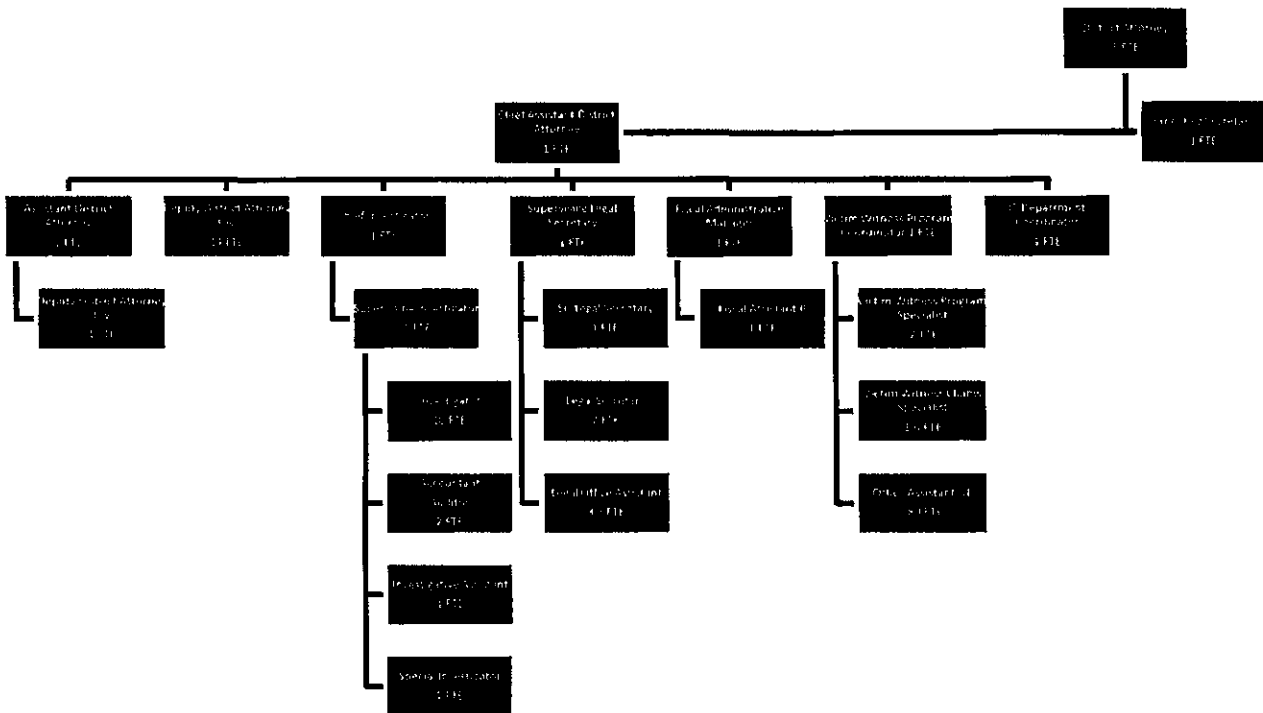
- Personnel assigned to the program. Identify their position, title, and placement in the lines of authority to the elected district attorney.
- The placement of the program staff and their programmatic responsibility.

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

ORGANIZATIONAL CHART



FORM 06(b) continued



***DISTRICT ATTORNEY PROGRAM REPORT (DAR)***  
**Instructions for Fiscal Year 2011-2012**

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 CURRENTLY PARTICIPATING IN THE WORKERS'  
COMPENSATION INSURANCE FRAUD PROGRAM**

Counties currently participating in the Workers' Compensation Insurance Fraud Program should input their DAR data for the RFA reporting period online. To access the report, please go to the California Department of Insurance, Fraud Division home page at <http://www.insurance.ca.gov/0300-fraud/0100-fraud-division-overview> and click the link at **Fraud Division Programs**, then **District Attorney Program Report**. 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.

**Please note, a previously submitted 2011-2012 mid-year DAR can be copied to the current RFA reporting period. Simply use the Search function to bring up your submitted 2011-2012 mid-year DAR report and click the Copy function. This will automatically create a RFA reporting period version and will not require repeated input of some of the data.**

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

**COUNTIES CURRENTLY NOT PARTICIPATING IN THE WORKERS'  
COMPENSATION INSURANCE FRAUD PROGRAM**

We have included an Excel version of the DAR report on the CD for your convenience. You will be required to save the Excel version to a hard drive or another disk, input the data, and include a printed copy with your county's RFA.

If you wish to complete this section of the RFA online, please e-mail Damian Scribner at [scribnerd@insurance.ca.gov](mailto:scribnerd@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, 2011 to April 15, 2012.**

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

***PROBLEM STATEMENT***  
**Instructions for Fiscal Year 2012-2013**

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

**PROBLEM STATEMENT**

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

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

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

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

## COUNTY PLAN PROBLEM STATEMENT

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

As described in our Introduction, El Dorado County has a unique circumstance as the county is divided geographically between the Western Slope and the Tahoe Basin. We have found that while on location in the Basin, non-compliance with the regulations for workers compensation seems to be more the norm rather than the exception. The South Lake Tahoe area is separated from the Placerville area by the Sierra Nevada Mountains and under optimum conditions is an hour or more drive from the District Attorney's office in Placerville. During the winter months there are road closures and/or blockages due to snow and ice.

It is our position that the area of South Lake Tahoe is, in its own way, a separate and distinct community from the West Slope and requires an individual focus. The businesses know this and have little trepidation in ignoring what they are otherwise required to do. It is our desire to have a more pronounced presence in the area so as to enforce the laws as intended.

In order to properly supervise the activity taking place in the Tahoe Basin, our investigator needs to be personally present in those areas. As discussed above, there are obstacles in allowing travel because of weather between the West Slope and the Basin. Additionally, the terrain found in some of the Basin areas, necessitate appropriate transportation. As such, a four wheel drive vehicle is critical to allow travel and inspection of these areas. The District Attorney's Office has requested to utilize funds from the 2011/2012 grant award to purchase a four wheel drive vehicle. The department is awaiting approval.

Our efforts on the West Slope have broadened over the past year in conformity with the FAC and CDI stated goals. This effort has determined that even though the business community is relatively small, compared to larger urban counties, employer abuse is nevertheless present. This remains particularly true during the economic downturn. Our unit continues to strive toward expanding our efforts in 1871.4 IC cases

As a result of our increased outreach efforts, more cases are being brought to our attention from outside, particularly competitive businesses. In so many of our willfully uninsured cases, employers state they are aware of the need to have workers' compensation insurance coverage to protect their employees, but are simply unable to afford the coverage during these tough economic times. We have received a relatively positive reaction to our presence in the community and see that maintaining such

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

We recognize that the impact upon those affected by the dishonest conduct of either the employer or employee has substantial impact upon the aggrieved person or entity, as well as the State of California. It is our duty to hold those, who are culpable for this form of conduct, responsible to the aggrieved party or parties. It is our hope in this regard to ensure compliance with the regulations and laws in order to maintain a level playing field in the business community.



***PROGRAM STRATEGY***  
**Instructions for Fiscal Year 2012-2013**

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

**PROGRAM STRATEGY**

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

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

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

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

## COUNTY PLAN PROGRAM STRATEGY

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

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

We have a sting operation planned for May 16, 2012 in the Tahoe Basin. The District Attorney's Office is teaming with the California State Licensing Board (CSLB) to invite contractors to bid on the construction of homes. We selected the Basin because it is a part of our county that we have been targeting. The Basin is not as closely monitored as the West Slope, due to the distance and weather and terrain obstacles.

As to the prosecution of offenders, we will prioritize our prosecutions of the more serious offenses. The complex and felony level cases will receive our primary attention. As we have our workers' compensation attorney's unit now available about 40% of the time, we must utilize their time with the utmost efficiency. In addition, one attorney is allocated to the program from the Basin and another on the West Slope. This allows for an attorney presence in both locations. At the same time, we will continue our focus on the willfully uninsured employer cases pursuant to Section 3700.5 LC. Finally, we will continue to work with CDI and other sources to develop, investigate, and prosecute claimant fraud cases under Section 1871.4 IC.

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

- We were able to dramatically increase our outreach program by working with our local public television station. Our District Attorney, Vern Pierson helped create a video several years ago that addresses all facets of workers' compensation fraud, including penalties. We are recreating and updating this video and expect to have that completed by June 2012. We will submit the updated video, as we did in the past, to the local public station. We expect the video to air up to fifteen (15) times a week in several different time slots, as they have done in the past. As previously stated in our Qualifications section, the public channel reaches 18,000 homes with 45,000 potential viewers.

- The current “Truth or Consequences” video is located on our County of El Dorado, District Attorney website which is available to the public. The website will be immediately updated upon release of the new video.
- The department will be exploring during FY 12/13 the use of other social media outlets including, but not limited to, Facebook and Twitter.
- In addition to the above outreach, we are working with a gated community which includes approximately 20,000.00 residents. Any service providers are provided a tag to post in their vehicles for entry. Our investigator is working with security to place the 3700.5 Labor Code advisement on the back of the tag to provide notice to the employer of their obligations.
- We are expecting to have an attorney from the fraud unit work in the field with our investigator. Many of the employers and workers in areas where fraud occurs are primarily Spanish speaking. One of the attorneys in our fraud unit is fluent in Spanish and can assist the investigator in obtaining and providing information to the potential offenders. It is also helpful to have the team working together at the onset of the investigations.
- Finally, we were able to dramatically increase the actual amount of fines and restitution collected on cases. This fiscal year we collected over \$15,058 in fines and restitution. This is a substantial increase over the previous grant year and shows our diligent efforts in ensuring monies are being paid by offenders.

As to specific areas, we will continue as follows:

**Applicant Fraud:**

1. Meet with business owners and office managers to promote awareness and understanding of the Program we now have, and the means by which applicant fraud is detected and reported.
2. Continue to advertise our Fraud Program in local and regional newspapers, and closely monitor our Fraud Hotline and internet website.
3. Maintain a working relationship with county Risk Management and their counterparts in the City of Placerville and South Lake Tahoe.
4. Provide prompt responses to case referrals from CDI, insurance providers, third party administrators, and complaints received through our Fraud Hotline and internet website.
5. Maintain public awareness of the Program through personal appearances at business and industry functions.
6. Continue our excellent relationship with EDD, Department of Labor, Division of Labor Standards and Enforcement, and CSLB.

**Premium Fraud:**

1. Conduct joint-investigations with the Contractor's State License Board to identify unlicensed contractors, many of whom under-report their employees or fail to secure insurance.
2. Maintain liaison with EDD and review the results of their compliance audits of local businesses.
3. Meet with and encourage local law enforcement to be alert to premium fraud issues when search warrants are served on local businesses.
4. Involve as a part of our outreach program, contact with seasonal employers such as growers in the agricultural community and ski resorts.

**Other Fraud:**

1. Meet with business owners, office managers, and county departments to promote awareness and understanding of the Program and the means by which legal/medical, and capping fraud is detected and reported.
2. Advertise our Program in local and regional newspapers, and closely monitor our Fraud Hotline and internet website.
3. Maintain a liaison with county Risk Management and their counterparts with the City of Placerville and South Lake Tahoe.
4. Provide prompt responses to case referrals from CDI, insurance providers, third party administrators, and complaints received through our Fraud Hotline and internet website.
5. Promote the Program through personal appearances at business and industry functions.

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

We will maintain an open-door policy for every source from which a fraud case referral could be made, be it an informant, an insurance company, law enforcement agency or the

Department of Insurance. We have responded to referrals from all of these sources and intend to continue that process into the next fiscal year.

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

The lead attorney will review, in a timely manner, all new cases referred to us for investigation, prioritize them, provide a timely response and apply the appropriate investigative resource.

The county will continue to apply an early-detection and prevention approach to the workers' compensation insurance fraud problem. Early detection will be made possible by facilitating the fraud reporting process and prevention through education and vigorous prosecution. As we continue to learn more about the issues that confront our county, we will apply our knowledge and direct our efforts toward new methods of detection, prevention and prosecution.

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

El Dorado County takes very seriously the stated goals of both the Insurance Commissioner and the Fraud Assessment Commission. Over the past couple of years, we have expended substantial effort to achieve a balanced caseload. The majority of our prosecuted cases involve violations of Section 3700.5 LC, however, we have strived to increase the number of investigations of cases under Section 1871.4 IC. We will achieve this by working closely with CDI and following up on all credible leads regarding all types of fraud.

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

Finally, we will continue to build and improve our outreach program. As stated earlier in this application, we were able to provide a thirty (30) minute video on workers' compensation fraud to our local public television station. The video is currently being aired up to fifteen times a week in various time slots. The public station reaches 18,000

homes with 45,000 potential viewers. We hope to expand on these efforts into the next year and speak to various groups regarding the video. We are updating the video in English and Spanish which should be completed by June 2012. This would assist in efforts to offer a statewide outreach program by offering the video to other counties, for their use, once it is completed.

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

While we continue to work toward a balanced caseload, this is a goal is an on-going challenge. As stated, we are always working with other agencies to develop a wide range of workers' compensation fraud cases. We believe this is necessary in achieving our goal of a balanced caseload.

The process of collecting restitution is always a continuing effort. With the statistical data base that the legal assistant maintains, we always have a current balance of each defendant making payments. If they are not in compliance, we send the defendants letters reminding them of their obligation and if that is not successful, we place the matter on the Court calendar. Just recently our reminder payment letters resulted in the Court receiving more than \$2,000 in fine recovery.

### **4. Training and Outreach**

- List the training **received** by each county staff member in the workers' compensation fraud unit during Fiscal Years 2010-2011 and 2011-2012.

Our investigator, Chris Lindholm, and lead prosecutor, Hans Uthe, attended the California District Attorney Association's Fraud Symposium in November of 2011. Investigator Lindholm also attended the Northern California Fraud Investigators Association conference in April 2012. Additionally, both the attorney and investigator receive constant on-the-job training by meeting with other agencies as well as staff from other counties with similar programs. Unfortunately, trial and court schedules did not allow us to attend any formal conferences in fiscal year 2010-2011.

- Describe what kind of training/outreach **you provided** in Fiscal Year 2011-2012 to local Special Investigative Units, public and private sectors to enhance the investigation and prosecution of workers' compensation insurance fraud; and/or coordination with the Fraud Division, insurers, or other entities.

We coordinated efforts with Amador, Calaveras, and Placer County investigators in conducting a sweep on April 16, 2012, in Placer County. Areas of interest included, but were not limited to, nail salons and "mom and pop" grocery outlets.

- Describe what kind of training/outreach you plan to provide in Fiscal Year 2012-2013 to local Special Investigative Units, public and private sectors, to enhance the investigation and prosecution of workers' compensation insurance fraud; and/or coordination with the Fraud Division, insurers, or other entities.

We have a specific presentation to be made by our investigator and attorney directed toward our elder community. The team will present information on Workers' Compensation Fraud to the Elder Protection Unit and senior citizens. We have several senior citizen centers in El Dorado County. We plan to provide information and hand out pamphlets to the members who are potential victims who are particularly vulnerable.

We expect to continue expanding our outreach program for fiscal year 2012-2013. As stated, several years ago our elected District Attorney, Vern Pierson, worked in conjunction with CDI and several other District Attorneys in creating a workers' compensation fraud video. At the time the video was created, it was offered to each county as part of a statewide outreach effort. Each District Attorney was given the opportunity to record his/her own personal introduction and statement on the video to be used in their individual counties. We are remaking this video on workers' compensation which should be complete by June 2012. This video was created for several reasons: One, this video would give CDI and District Attorneys throughout the state, the opportunity to present a consistent message on Workers' Compensation Fraud. Second, we will have each District Attorney personalize the video to use in their respective counties to create a comprehensive, consistent statewide outreach program.

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

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

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

Upon determination that an individual has failed to make payments, a letter is sent to the defendant reminding him/her of the court order and the need to make regular payments. These defendants are also advised that continued failure to make payments may result in

a violation of probation being filed with the court. We believe it is through these diligent efforts that we were able to significantly increase the amount collected for fines and restitution. Our efforts in this regard will continue into the next fiscal year as we strive to achieve even greater compliance in this area.

In this past fiscal year, we collected \$2,520.00 in restitution monies.

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

Project: Our primary objective for fiscal year 2012-2013 is to build stronger presence in the Basin area in addition to working in cooperation with outside agencies as well as county departments to enhance our program. We will continue in our efforts to reach businesses and employees regarding workers' compensation fraud and how they can identify such fraud and notify our unit of potential violations. We recognize that a balanced caseload is an important aspect of our program and will continue with our efforts to achieve that goal.

As indicated above, we are reaching out to different agencies and communities to assist in educating the public and potential victims and violators of the requirement under the law. We are reaching out to a gated community of 20,000.00 residents. Workers are provided a tag to place in their vehicle upon entry into the community. We are requesting to provide 3700.5 Labor Code notifications on the back of the tags.

We are working with the El Dorado County Tax Collector on two fronts. We are working with them to have the 3700.5 Labor Code notification included in the packets received when a party obtains or recertifies their business license. We are also working with them in field work to seek out businesses that don't have business licenses or workers' compensation insurance.

- a. 35 new investigations will be initiated during FY 2012-2013.
- b. 20 new prosecutions will be initiated during FY 2012-2013.

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

We are not requesting funding above the amount awarded in FY 2011/2012.



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

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

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

Finally, a number of our 3700.5 LC investigations led to the apprehension of violators who had unrelated warrants from other jurisdictions. Several offenders had felony warrants for which they were booked as well and released to other counties.

***BUDGET***  
**Instructions for Fiscal Year 2012-2013**

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

**BUDGET**

General:

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

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

## **BUDGET CATEGORY INSTRUCTIONS**

### **PROGRAM BUDGET**

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

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

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

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

#### **1. Non-Allowable Budget Items**

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

#### **2. Allowable Budget Items**

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

## BUDGET CATEGORY INSTRUCTIONS (Continued)

### Specific Budget Categories

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

8. **Personnel Services - Salaries/Employee Benefits – Form 10**
9. **Operating Expenses – Form 11**
10. **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.

## BUDGET CATEGORY INSTRUCTIONS (Continued)

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).

### 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 **55.5 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 55.5 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.

## BUDGET CATEGORY INSTRUCTIONS (Continued)

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

**Applicants must have on file an indirect cost allocation plan**, which demonstrates how the rate was established. This plan must clearly indicate that line-items charged to a direct cost category (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 1872.83 of the California Insurance Code as adopted guidelines, in the Application and County Plan.

### C. Equipment:

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

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

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

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

## **BUDGET CATEGORY INSTRUCTIONS (Continued)**

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

### **PROGRAM TOTAL**

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

### **OTHER PROGRAM FUNDS**

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

### **ADDITIONAL GUIDANCE**

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

**Salaries**

**(Including Tahoe differential, bi-lingual, standby, longevity and deferred comp)**

		102,970
DA Investigator	1.00 FTE	26,354
Assistant District Attorney	.20 FTE	21,852
Deputy District Attorney	.20 FTE	2,081
Legal Secretary	.05 FTE	3,125
Forensic Auditor	.05 FTE	

**Benefits**

**Medicare:**

DA Investigator	1.00 FTE	1,493
Assistant District Attorney	.20 FTE	373
Deputy District Attorney	.20 FTE	317
Legal Secretary	.20 FTE	30
Forensic Auditor	.10 FTE	45

**Health/Flex:**

DA Investigator	1.00 FTE	21,825
Assistant District Attorney	.20 FTE	3,780
Deputy District Attorney	.20 FTE	1,200
Legal Secretary	.05 FTE	0
Forensic Auditor	.05 FTE	831

**Retirement/PERS:**

DA Investigator	1.00 FTE	29,645
Assistant District Attorney	.20 FTE	4,787
Deputy District Attorney	.20 FTE	4,067
Legal Secretary	.05 FTE	387
Forensic Auditor	.05 FTE	582

**Disability Insurance:**

DA Investigator	1.00 FTE	353
Assistant District Attorney	.20 FTE	91
Deputy District Attorney	.20 FTE	79
Legal Secretary	.05 FTE	8
Forensic Auditor	.05 FTE	11



<b>Unemployment Insurance:</b>		
DA Investigator	1.00 FTE	805
Assistant District Attorney	.20 FTE	161
Deputy District Attorney	.20 FTE	161
Legal Secretary	.05 FTE	40
Forensic Auditor	.05 FTE	40
<b>TOTAL</b>		227,493

**FORM 11**

<b>Memberships:</b>	
California District Attorney Investigator's Association	30
Northern California Fraud Investigators Association	40
<b>Law Books:</b>	
California Insurance Code	23
<b>Fuel Costs:</b>	
Co Vehicle 15-211 DA Investigator Lindholm	1,000
<b>Rent &amp; Lease Vehicle:</b>	
Co Vehicle 15-211 DA Investigator Lindholm est. mileage 18,283 x .2547 (Fleet Rate)	4,657
<b>Audit Fee:</b>	
El Dorado County Auditor/Controller (required)	11,300
<b>Training:</b>	
NCFIA- (1.0) Investigators	325
Insurance Fraud Seminar- .20 FTE DDA	60
Insurance Fraud Seminar- .20 FTE AST. DA	60
Insurance Fraud Seminar- 1.0 FTE Investigator	300
<b>Travel:</b>	
Meals	344
Lodging	2,000
<b>Telephone:</b>	
AT&T Mobility Aircard (\$37.50/mo)	450
Indirect/Administrative Cost Allocation:	15,527
<b>TOTAL</b>	<b>36,116</b>

**FORM 12**

<b>CATEGORY TOTAL</b>	0
<b>PROGRAM TOTAL</b>	263,609
<b>INTEREST TOTAL</b>	0

**EQUIPMENT LOG**

Equipment Log for FY 2011-2012  
County of EL DORADO

[REDACTED]					
Fujitsu Scanner	\$1,060.40	8/09/11	8/12/11	329461	104574

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: APRIL 30, 2012

# ATTACHMENT A

## JOINT PLAN

### GUIDELINES FOR PREPARING A JOINT PLAN

#### **Purpose of the Joint Plan**

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

#### **ELEMENTS OF THE PLAN**

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

**1. Statement of Goals**

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

**2. Receipt and Assignment of Cases**

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

**3. Investigations**

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

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

**4. Undercover Operations**

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

5. **Case Filing Requirements**

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

6. **Training**

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

7. **Problem Resolution**

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

8. **Joint Acceptance of Plan, Required Signatures and Date**

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

**ATTACHMENT A**  
**JOINT INVESTIGATIVE PLAN**

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

**Fiscal Year: 2012/2013**

**INTRODUCTION**

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

**1. STATEMENT OF GOALS**

- a) To promote a close working relationship between “CDI” and “DA” based on dedication to the common goal of fighting insurance fraud, commitment to the highest professional and ethical standards, and mutual respect as law enforcement officers devoted to the

pursuit of justice and the protection of the citizens of El Dorado County and the State of California.

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

## **2. RECEIPT AND ASSIGNMENT OF CASES**

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

- a) When a suspected fraudulent claim (SFC) or a case referral package is received from an insurer, it shall be entered into a database, available for future reference. Both parties will maintain a case tracking system to monitor all SFC’s and case referral packages received.
- b) Both parties will communicate on a regular, scheduled basis to discuss SFC’s and case referral packages received, with the objective being to avoid duplication of investigative efforts, and to insure that all referrals are being appropriately addressed. When a case is assigned for investigation, the assigning party will notify the other within five (5) working days. A monthly report regarding intake of SFC’s and assigned cases will be



generated by both parties and mailed to one another by the fifth working day of each month.

- c) If the SFC or case referral package is sent only to “CDI”, “CDI” will address the matter, exercising its best discretion on how to proceed, with appropriate notice to the “DA” of the action taken. If the SFC or case referral package is sent only to the “DA”, it will notify “CDI” of the action it desires to take, as indicated in paragraphs (d), (e) and (f) below. The information shall include the suspect’s name, carrier or administrator and the claim number.
- d) As the primary investigative agency in the field of insurance fraud, “CDI” will have “first claim” to an SFC or case referral package sent by an insurer for investigation. There can be exception to this provision if the referring insurer specifically requests that the investigation be done by the “DA”. “CDI” will be notified immediately to discuss the situation and avoid any duplication of investigative efforts.
- e) If “CDI” elects to pursue an investigation of an SFC or case referral sent by an insurer, the “DA” will suspend any further action on the case, pending the outcome of the “CDI” investigation, and will notify the insurer of the fact in writing.
- f) If “CDI” elects not to pursue an investigation of an SFC or case referral sent by an insurer, because of excessive caseloads, resource limitations, or any other reasons, or chooses to defer any matter referred, the “DA” will review the referral for investigation. The referring insurer will be notified of this fact in writing and a copy of the writing will be submitted to the “DA”.
- g) If the “DA” receives a referral that would be more appropriately handled in another county’s jurisdiction, the original receiving district attorney’s office will forward the referral to the appropriate county and notify “CDI”.

### **3. INVESTIGATIONS**

- a) Pursuant to the above provision, and to maximize the use of resources, it is understood and agreed that either party will provide assistance to the other, upon request, in any investigation where such assistance is needed. This assistance could include, but is not limited to, serving search warrants, interviewing witnesses and making arrests.
- b) Joint investigations may be undertaken in cases where the parties determine it is beneficial to combine resources to achieve the most efficient and effective results. This will be determined on a case-by-case basis.
- c) It is expected that cases will be developed from referrals by insurers, other law enforcement/governmental agencies (CHP; EDD; etc), informants, and other responsible sources of information. Outreach programs are encouraged to promote this aspect of the plan.
- d) It is the intent of the Joint Investigative Plan to avoid duplication of investigative efforts by maintaining regular communication to discuss caseloads and share information concerning current investigations. The "CDI" regional supervisors will meet a minimum of twice a year with the "DA" designee to review the working relationship between both agencies.
- e) The deputy district attorney of the "DA", or his/her designee, will be available to meet with the fraud division investigator at any time during the investigation of a case when requested by the investigator to discuss any aspect of the case.
- f) It is the intent of the parties by maintaining regular communication and adhering to agreed upon plans and procedures, the completed investigation will result in the filing of criminal charges and a successful prosecution. At the same time, however, it is understood that not every case that is investigated will result in prosecution. This can occur when evidence does not develop as expected, material witnesses are no longer available, the case lacks jury appeal, the reasonable likelihood of conviction is minimal,

or other unforeseen circumstances develop. The parties will take all possible steps to avoid such situations, as it is not desirable to expend investigative resources that are not prosecuted in court.

- g) Any investigative costs associated with a “CDI” investigation prior to the complaint being filed shall be incurred by “CDI”. Any costs associated with the investigation after a complaint has been filed, shall be incurred by the “DA”. Responsibility for costs incurred during a “joint” undercover operation will be determined by the Memorandum of Understanding – see section 5 ( c ).

#### **4. UNDERCOVER OPERATIONS**

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

## **5. CASE FILING REQUIREMENTS**

- a) The initiation of suspected insurance fraud cases will focus not only on the development of probable cause to make an arrest, but also on the obtaining of sufficient evidence to support the charge beyond a reasonable doubt in a criminal court. It is understood that each case is unique, and certain actions may need to be taken in one case that would not be taken in another.
  
- b) When submitting a case for prosecution, the investigator will present as complete a package as possible, including a detailed report, outlining the offenses alleged to have been committed, the details of the investigation, and the evidence available to prove the charges, including identification of available witnesses and supporting documentation. In cases involving alleged false statements or misrepresentations, there must also be identified evidence to show materiality of the alleged false statement or misrepresentation to the claim.
  
- c) To promote efficiency in this area, "CDI" investigators are encouraged to contact the "DA" early in the investigation of a case to share ideas and develop strategies that will lead to a prosecutable case.
  
- d) The "DA" will ensure that all formal case presentations made by "CDI" will be reviewed within ten (10) working days of the presentation or delivery. If additional investigation is needed, as determined by the reviewing district attorney, he/she will notify the case investigator immediately. The case investigator will complete the additional investigation as soon as reasonably possible and provide the "DA" with status updates at a minimum of every ten (10) working days until the investigation is completed. The "DA" will further ensure that decisions on complaint filings shall be done in a timely fashion but not longer than thirty (30) days from the date of receipt. If a formal case is rejected for prosecution, the district attorney will prepare a statement in writing stating the reasons for the rejection and provide the statement to the "CDI" case investigator within ten (10) working days following the rejection.

**6. TRAINING**

- a) Parties have been, and will continue to be, active participants in the annual CDAA/CDI Insurance Fraud Training Seminar. This will provide a significant portion of the ongoing training of both parties in the area of insurance fraud.
  
- b) The parties will participate in joint informal training sessions, as necessary, on issues important to the investigation and prosecution of insurance fraud cases. The parties will assist each other, when requested, in training sessions, for insurance carriers and administrators, or issues important to the detecting, investigation, and prosecution of insurance fraud cases. Both parties will notify each other when there is a request for training by an insurance carrier and administrator.

**7. PROBLEM RESOLUTION**

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

DATED: 4/15/12 \_\_\_\_\_  
VERN R. PIERSON  
District Attorney  
County of El Dorado

DATED: April 17, 2012 \_\_\_\_\_  
ROBERT YEE  
Bureau Chief, Fraud Division  
Department of Insurance

**ATTACHMENT "B"**

**OMITTED DUE TO CONFIDENTIALITY**