

# Application Report



## Applicant Organization:

El Dorado

## Project Name:

FY 22-23 WC El Dorado

## Funding Announcement:

FY 22-23 Workers' Compensation Insurance Fraud Program

## Requested Amount:

\$453,381.00

## Project Summary:

FY 22-23 WC El Dorado

## Authorized Certifying Official:

Vern Pierson      vern.pierson@edcgov.us      530-621-6472

## Project Director/Manager:

James Clinchard      james.clinchard@edcgov.us      530-621-6472

## Case Statistics / Data Reporter:

Ryan Lorey      ryan.lorey@edcgov.us      -

## Compliance/Fiscal Officer:

Kerri Williams-Horn      kerri.williams-horn@edcgov.us      -

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**Section Name:** Overview Questions

**Sub Section Name:** General Information

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### 1. Applicant Question: Multi-County Grant

**Is this a multi-county grant application request? If Yes, select the additional counties.**

#### Applicant Response:

No

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### 2. Applicant Question: Estimated Carryover

**Enter the estimated carryover funds from the previous fiscal year. If none, enter "0".**

#### Applicant Response:

\$130,000.00

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### 3. Applicant Question: Contact Updates

**Have you updated the Contacts and Users for your Program? Did you verify the Contact Record for your County's District Attorney?**

- **Contacts** are those, such as your elected District Attorney, who need to be identified but do not need access to GMS.
- **Users** are those individuals who will be entering information/uploading into GMS for the application. **Confidential Users** have access to everything in all your grant applications. **Standard Users** do not have access to the Confidential Sections where Investigation Activity is reported. Typical Standard Users are budget personnel.

**Applicant Response:**

Yes

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**4. Applicant Question:** Program Contacts

**Identify the individuals who will serve as the Program Contacts. These individuals shall be entered as a User or Contact in GMS.**

*On the final submission page, you will link these individuals' contact records to the application.*

**Project Director/Manager** is the individual ultimately responsible for the program. This person must be a Confidential User.

**Case Statistics/Data Reporter** is the individual responsible for entering the statistics into the DAR (District Attorney Program Report). This person should be a Confidential User.

**Compliance/Fiscal Officer** is the individual responsible for all fiscal matters relating to the program. This must be someone other than the Project Director/Manager. This person is usually a Standard User.

**Applicant Response:**

Program Contacts	Name
Project Director / Manager	James Clinchard
Case Statistics / Data Reporter	Ryan Lorey
Compliance / Fiscal Officer	Kerri Williams-Horn

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**5. Applicant Question:** Statistical Reporting Requirements

**Do you acknowledge the County is responsible for separately submitting a Program Report using the CDI website, DA Portal?**

*To access the DAR webpage on the CDI website: right click on the following link to open a new tab, or copy the URL into your browser.*

<http://www.insurance.ca.gov/0300-fraud/0100-fraud-division-overview/10-anti-fraud-prog/dareporting.cfm>

**Applicant Response:**

Yes

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**6. Applicant Question:** Required Documents Upload

**Have you reviewed the Application Upload List and properly named and uploaded the documents into your Document Library?**

*To view/download the Application Upload List: go the Announcement, click View, and at the top of the page select*

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Attachments. Items must be uploaded into the Document Library before you can attach them to the upcoming questions.

**Applicant Response:**

Yes

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**Sub Section Name:** BOS Resolution

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**1. Applicant Question:** BOS Resolution

**Have you uploaded a Board of Supervisors (BOS) Resolution to the Document Library and attached it to this question?**

*A BOS Resolution for the new grant period must be uploaded to GMS to receive funding for the 2022-2023 Fiscal Year. If the resolution cannot be submitted with the application, it must be uploaded no later than January 2, 2023. There is a sample with instructions located in the Announcement Attachments, 3b.*

**Applicant Response:**

No

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**2. Applicant Question:** Delegated Authority Designation

**Choose from the selection who will be the person submitting this application, signing the Grant Award Agreement (GAA) in GMS, and approving any amendments thereof.**

*The person selected must be a Confidential User, who will attest their authority and link their contact record on the submission page of this application. A sample Designated Authority Letter is located in the Announcement Attachments, 3a. CDI encourages the contact named as Project Director/Manger be the designated authority, should that be your selection.*

**Applicant Response:**

County District Attorney, named in BOS Resolution

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**Section Name:** County Plan

**Sub Section Name:** Qualifications and Successes

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**1. Applicant Question:** Successes

**What areas of your workers' compensation insurance fraud program were successful and why?**

*Detail your program's successes for ONLY the 20-21 and 21-22 Fiscal Years. It is not necessary to list every case. If a case is being reported in more than one insurance fraud grant program, clearly identify the component(s) that apply to this program. If you are including any task force cases in your caseload, name the task force and your county personnel's specific involvement/role in the case(s). Information regarding investigations should be given a reference number and details provided only in the Confidential Section, question 1.*

**Applicant Response:**

El Dorado County continues to be the cornerstone county agency of the successful Northern Impact Workers'

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Compensation Insurance Fraud Task Force (Task Force) and remains committed to the belief that the task force model is the best approach to combating the regional problems associated with high impact cases that are the main cost drivers to the state's insurance system. While maintaining and facilitating this successful regional approach to the problem of insurance fraud, El Dorado County also continues to address fraud which is localized and unique to our county. As such, our one full time investigator and one part time investigator balance their time between their Task Force responsibilities and their county obligations. This balance can be seen by the number of uninsured cases investigated and filed in El Dorado County this past year, as well as the high impact cases investigated by El Dorado in conjunction with the other participating Task Force counties.

One of the long term goals that has been repeatedly cited in our RFAs has been our desire to secure "speedily paid" restitution for the victims of insurance fraud. Since the 2020-2021 grant year, our county has collected over \$140,000 in restitution. Of the \$587,503 in restitution ordered over the last five years, \$550,307 has been paid to the insurance companies. This accounts for over a 93% collection rate for our county's workers' compensation program, which is exponentially higher than the collection rates for any other criminal case type. Our success in collecting restitution in workers' compensation cases is directly connected to our practice of tying the timely payment of restitution to some incentive for the defendant. For example, in most cases, the defendant is required to plead to a felony charge or charges and be placed on formal, supervised probation for a period of three years, with travel restrictions in place. But, as an incentive to pay off restitution as soon as possible, we typically include a provision in the plea agreement which allows for the felony to be reduced to a misdemeanor and the formal probation to be converted to informal probation without travel restrictions, once the restitution is paid in full. No one wants to be a convicted felon, and everyone wants to be able to travel freely, so this is a huge "carrot" for acquiring timely paid restitution for the victims of insurance fraud. As evidenced by our restitution collection rates, this practice is definitely working.

Over the past year, we have initiated 19 new investigations and filed charges in eight new workers' compensation cases, including a felony premium fraud case. Even with the continuing pandemic we have also been successful in resolving four previously filed workers' compensation cases and securing new restitution orders for our victims. So far this year, we have collected over \$19,532.00 in restitution.

For example, we recently received the Court's ruling on an insurer case awarding the victim \$18,003.00. The case of William Flynn (**El Dorado County Case #P19CRM0229**), involved an individual and his employee who had contracted to build a live edge bar and iron railing at a new brewery under construction. The substandard and uncompleted work caused the victim to be out thousands of dollars and required him to hire a different company to remove and redo the iron railings.

We are continuing to be hopeful we will be able to resolve or take to trial a large premium fraud case where the main point at issue is restitution. The Boulay Construction Company case (**El Dorado County Case #P19CRF0323**) is a large "ex-mod" case that was investigated by the Task Force. Multiple felony premium fraud charges were filed in late 2019 after an investigation revealed that Donald Boulay, the owner of Boulay Construction Inc., in an effort to avoid paying high ex-mod rates, moved his employees into a newly created shell company named MBC Construction Inc., which had no ex-mod. Even though Boulay named one of his former employees, Michael Corrie, as the owner of the "new company", Boulay continued to use his employees and his own equipment on the original construction company's projects in El Dorado County and throughout the Sacramento area. SCIF estimated the total premium loss that resulted from this fraud at \$607,000. The Task Force investigation concluded that the actual loss exceeded one million dollars. Because of this discrepancy in the loss amount, we have not been able to reach an agreement on restitution, even though both defendants are prepared to plead out to these charges. We are continuing to have discussions with all parties involved and are optimistic this case will come to a conclusion during the 2022-2023 year. Another premium fraud case that the Task Force worked on this past year was the Archer case (**El Dorado County Case #22CR0233**). This investigation involves another construction company with an ex-mod evasion. Charges were filed in February of this year based on Archer construction moving the majority of its workforce over to Allison construction to avoid the higher ex-mod premium rates. John Allison was an employee of Archer construction. Financial records show Archer was the main source of income for Allison construction. When the ex-mod was no longer a factor in Archers premium, the employees were moved back under Archer construction. Interviews with employees revealed they did not know they were now working for Allison construction and were never told about the company switch. SCIF estimates the premium loss was a total of \$127,795.33.

The claimant case of Wendy Lapuma was successfully resolved this past year. (**El Dorado County Case # P21CRF0231**) Charges were filed in April of 2021 and Ms. Lapuma entered a plea in October of 2021. Ms. Lapuma reported she suffered multiple injuries from a fall while working for Target. Covert surveillance which captured the event showed Ms. Lapuma did not in fact fall and she filed a false workers compensation claim with the insurance company. Restitution was ordered in the amount of \$1,717.03 and as of this date she has paid \$1,132.00 of that amount.

## **2. Applicant Question:** Task Forces and Agencies

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

### **Applicant Response:**

Employment Development Department  
Social Security Administration  
Department of Human Services  
California Department of Business Oversight  
California Public Utilities Commission  
Department of Consumer Affairs  
Department of Insurance  
Federal Bureau of Investigation  
Cal Fire  
Board of Equalization  
Franchise Tax Board  
Department of Labor Standards Enforcement  
State Compensation Insurance Fund  
Department of Health and Human Services – MediCal Fraud Unit  
El Dorado County Sheriff's Department  
Placerville Police Department  
South Lake Tahoe Police Department  
California District Attorneys Association  
South Lake Tahoe Business License Department  
Placerville Business License Department  
El Dorado County Environmental Management  
El Dorado County Revenue and Recovery  
El Dorado County Child Support Services  
El Dorado County Tax Collector  
U.S. Department of Housing and Urban Development – Office of Inspector General  
California Department of Justice  
Yolo County District Attorney's Office  
Placer County District Attorney's Office  
Sacramento County District Attorney's Office  
Nevada County District Attorney's Office  
Napa County District Attorney's Office  
Sutter County District Attorney's Office  
Yuba County District Attorney's Office  
Colusa County District Attorney's Office  
Tax Recovery and Criminal Enforcement "TRACE" Task Force  
National Insurance Crime Bureau "NICB" Task Force

### **OUT OF STATE AGENCIES**

Nevada Department of Insurance  
Nevada Contractors State Licensing Board  
Washoe County District Attorney's Office

### 3. Applicant Question: Unfunded Contributions

**Specify any unfunded contributions and support (i.e., financial, equipment, personnel, and technology) your county provided in Fiscal Year 21-22 to the workers' compensation insurance fraud program.**

#### Applicant Response:

Unfunded contributions include El Dorado County District Attorney Vern Pierson's time to promote the Workers' Compensation Insurance Fraud Program to secure funding from the El Dorado County Board of Supervisors. District Attorney Pierson additionally spends time conducting outreach with the community whenever possible by promoting the Workers' Compensation Insurance Fraud Unit and task force. Additional unfunded contribution include Chief Investigator Jeff Dreher's time to provide supervision to Investigators Lorey and Lindholm, along with Supervising Investigator Bryan Kuhlmann's time providing supervision to the grant programs. This additional time includes training, supplying equipment, and providing Information Technology support across all grant programs, which cannot be allocated to any single program.

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### 4. Applicant Question: Personnel Continuity

**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.**

#### Applicant Response:

The El Dorado County District Attorney's Office Workers' Compensation Fraud Unit continues under the leadership of District Attorney Vern Pierson. The workers' compensation program operates within the office's Special Prosecution Unit, which is supervised by Assistant District Attorney James Clinchard.

Investigator Ryan Lorey works as the full time Investigator for El Dorado County's workers' compensation insurance fraud unit. Investigator Lorey joined the workers' compensation insurance fraud unit in 2019 and will continue as the full time Investigator in this assignment.

Investigator Chris Lindholm has been investigating workers compensation insurance fraud in El Dorado County since 2011 and has been a part of the Task Force since its inception. Investigator Lindholm retired, but has returned as a part time investigator. His knowledge and experience is utilized by offering investigative assistance to the Task Force and the El Dorado County workers' compensation fraud unit two days per week.

The El Dorado County District Attorney's Office does not have a rotational policy, however the Deputy District Attorney assignments are generally rotated every two to three years. For continuity purposes and to ensure the integrity of workers compensation cases and investigations, the office has traditionally made every effort to keep the same Deputy District Attorney (DDA) and DA Investigators (DAI) assigned to the workers' compensation grant.

DDA Jodie Jensen took over the worker's compensation assignment in July of 2021 for the El Dorado County District Attorney's Office. She additionally serves as the lead attorney for the Task Force. For the 22-23 grant year she will continue to remain in these positions.

El Dorado County has further maintained consistency by having Assistant District Attorney James Clinchard, who has supervised the Special Prosecutions Unit since 2012, continue to manage the Workers' Compensation Insurance Fraud Program.

The continuation of the Task Force will ensure that our investigators and prosecutor have maximum exposure to other agencies, and foster consistency in our investigations and prosecution efforts by focusing on broad based best practices of various Task Force agencies. This effort to encourage collaboration is a continued investment in the future of an already very productive program, and also an attempt to aid in the investigation of bigger and more complex fraud cases.

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### 5. Applicant Question: Frozen Assets Distribution

**Were any frozen assets distributed in the current reporting period?**

*If yes, please describe. Assets may have been frozen in previous years.*

**Applicant Response:**

No

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**Sub Section Name:** Staffing

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**1. Applicant Question:** Staffing List

**Complete the chart and list the individuals billed to the program, including prosecutor(s), investigator(s), and support staff. Include any vacant positions to be filled.**

*For each, list the percentage of time devoted to the program and the start and end dates the individual is billed to the program.*

**Applicant Response:**

Name	Role	Start Date	End Date (leave blank if N/A)	% Time
Ryan Lorey	District Attorney Investigator	07/01/2022		100
Chris Lindholm	District Attorney Investigator	07/01/2022		100
Jodie Jensen	Deputy District Attorney	07/01/2022		35
Diana Fedrow	Sr. Paralegal	07/01/2022		5

**Applicant Comment:**

Billing against the program is not limited to the positions and individuals listed above. At times, our office will utilize available resources as needed to support WC grant objectives. This includes the use of other employed Investigators and Attorneys, as well as other Support Staff.

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**2. Applicant Question:** FTE and Position Count

**Complete the FTE and Position Chart, summarizing the positions listed in the previous question.**

*The chart should match what you will be entering in the budget. The budget entry will roll over into Post Award.*

**Applicant Response:**

Salary by Position	# of Positions	FTE (1.00 = 2080 hours/year)
Supervising Attorneys		
Attorneys	1	.35
Supervising Investigators		
Investigators (Sworn)	2	1.46
Investigators (Non-Sworn)		
Investigative Assistants		
Forensic Accountant/Auditor		
Support Staff Supervisor		
Paralegal/Analyst/Legal Assistant/etc.	1	.05
Clerical Staff		
Student Assistants		
Over Time: Investigators		
Over Time: Other Staff		
Salary by Position, other		
	<b>Total: 4.00</b>	<b>Total: 1.86</b>

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**3. Applicant Question:** Organizational Chart

**Upload and attach to this question an Organizational Chart; label it "22-23 WC (county name) Org Chart".**

*The organizational chart should outline:*

- *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 program responsibility.*

**Applicant Response:**

[FY 22-23 WC El Dorado Org Chart v2.pdf](#) - PDF FILE

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**Sub Section Name:** Problem Statement & Program Strategy

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**1. Applicant Question:** Problem Statement

**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.**

*Use local data or other evidence to support your description.*

#### **Applicant Response:**

As the State of California continues to recover from the Covid-19 pandemic and effects of the lockdowns, so does El Dorado County. The unemployment rate has improved within the County and as of March 2022 sits at around 3.9%, almost back to a pre-pandemic rate. Many communities within the County rely heavily on the tourism industry and as such were greatly impacted by the pandemic and will continue to recover slowly as more people start to feel comfortable traveling again and the tourism dollars start flowing back into the Lake Tahoe and wine country regions of the County.

What we continue to see since the pandemic lockdowns started is an uptick in workers' compensation cases, both premium fraud and claimant fraud. This makes sense when one considers the fact that many local business owners, who have been struggling to stay afloat, have clearly been tempted to cut insurance costs by either underreporting and / or misclassifying employees to their carriers, or not securing workers' compensation insurance at all. The incentive to commit claimant fraud has similarly increased given the current employment insecurity that exists for most workers in most of the fields that dominate our local economy (e.g. hotel workers, restaurant workers, etc.).

El Dorado County continues to face unique fraud issues related to its geography and location as a "border county" with Nevada. In the Lake Tahoe Basin, we continue to find that many of the illegal employers working in that region are from the Reno/Carson City area of Nevada. They are able to easily "play" the border and the differences between the two states to their advantage in manipulating the system. Compounding the problem further in the Lake Tahoe Basin is a large number of absentee landlords who own vacation rental property. Often these landlords rely on social media and other internet search engines to locate and coordinate maintenance and repairs to their properties. Later when it is discovered that the work was substandard or the initial problem compounded, the landlord has very little in the way of evidence to assist in the identification of the person(s) they hired to perform the work.

In the Western Slope area of El Dorado County, residential development fueled by Bay Area transplants seeking economic and social refuge, continue to be one of the economic flagships of the region. Although these residential developments are being planned and built by large reputable companies, much of the ancillary work contracted for after the new homeowners move in (e.g. landscaping, pool installation, interior upgrades, etc..) are being performed by the "lowest bid contractors" who – often – are operating illegally without any / sufficient workers' compensation insurance coverage.

Finally, another issue which continues to be a problem is the low number of referrals we are receiving from the insurance carriers. We only received one SFC this year. Given the ongoing pandemic, these low numbers can be easily explained due to the fact that the lockdowns made it very difficult for the insurance company SIU's to conduct investigations, meet with the insured, and execute audits; but we hope to see more SFC's this next grant year now that things are continuing to open back up.

#### **CLAIMANT:**

During the 2021/22 fiscal year, El Dorado County received one SFC involving claimant fraud. An investigation was opened and the claim file is currently under review. In addition El Dorado County is currently investigating an employee of a pool company who reported a knee injury. While collecting benefits he was reportedly also working for a different company and failed to report this job or income to the insurance carrier (**El Dorado County Case #21AW019906**)

#### **PROVIDER:**

Currently El Dorado County District Attorney's Office has no provider fraud cases. During the last fiscal year we came to a conclusion of the Dr. Laura Anderson case. (**Sacramento County Case 19FE005977**). This Task Force case was previously dismissed in Sacramento County based on unforeseen issues which arose with the primary expert witness. When the case was dismissed we intended to refile the case after obtaining a second expert witness to conduct an audit

and corroborate the findings of the first expert. Retaining an expert witness was a much more difficult and lengthy process than first anticipated. Based on the length of the delay and the second audit the case was no longer in a position where we believed it could be successfully prosecuted and the difficult decision was made to not refile charges.

**PREMIUM:**

During the 2021/22 fiscal year, El Dorado County did not receive a single SFC related to premium fraud. However, both El Dorado County and the Task Force currently have several premium fraud cases which have been filed and are pending in criminal court (e.g. **Boulay and Archer**).

**INSIDER FRAUD:**

Currently El Dorado County District Attorney's Office has no insider fraud cases.

**INSURER:**

Insurer cases currently comprise approximately 60% of the El Dorado County's workers' compensation fraud unit case load.

**2. Applicant Question:** Problem Resolution Plan

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

*Information regarding investigations should be given a reference number and details provided only in the Confidential Section, question 2, and marked "Problem Resolution".*

**Applicant Response:**

El Dorado County is the lead county agency in the Task Force and remains fully committed to its mission of dealing with this regional problem with a multijurisdictional and multidisciplinary approach. We continue to believe that the Task Force is clearly the best plan and course of action to aggressively and efficiently investigate and prosecute the high impact and complex cases that affect the entire region of El Dorado, Sacramento, Yolo and Nevada counties. Without the Task Force, El Dorado and the other Task Force counties would be unable to simultaneously investigate multiple high impact cases in a timely fashion. Moreover, as the Task Force and its members continue to operate in this collaborative environment, individual members are developing increased expertise and skillsets that complement each other, resulting in quicker and more effective investigative plans and execution of individual tasks. For example, the Archer premium fraud case as mentioned above is a Task Force case that El Dorado County was able to file this past year. CDI investigator Jennifer Hollander and El Dorado County Investigator Ryan Lorey worked together on this very involved and lengthy investigation.

Additionally, with respect to the relatively low number of SFC's we have received over the last two years (only seven in total), we will continue to engage in "virtual" outreach with the SIU's and, since the lockdowns have been fully lifted, reinstate in-person meetings and trainings at insurance carriers. Our goal this upcoming grant year is to meet with as many SIU's in our region as possible and inform them about the abilities and effectiveness of the Task Force.

In regards to the problem of absentee landlords with houses in the Tahoe Basin using the internet to blindly find local contractors to fix problems at properties they have no easy or direct oversight of (thereby making themselves easy targets for unscrupulous contractors), Investigators Lorey and Lindholm have a plan to use the permit information for these rental properties maintained by the City of South Lake Tahoe to target the absentee landlords with information regarding how to protect themselves from falling victim to out of state, unqualified, and illegal construction individuals. Investigators Lorey and Lindholm also plan to continue to perform proactive sweeps on the Western Slope with our partnering agencies, CSLB, DLSE, and EDD. They will continue to monitor the contractors they have had previous contact with for noncompliance as Investigators Lorey and Lindholm have found that often times these contractors obtain the proper documents to come into compliance just long enough to go back to work, but then fail to maintain the necessary licenses and insurance.

**3. Applicant Question:** Plans to Meet IC and FAC Goals

**What are your plans to meet the 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. Include your strategic plan to accomplish these goals. *Copies of the Goals can be found in the Announcement Attachments, 4g and 4h.*

## Applicant Response:

**JOINT PLAN** – El Dorado County is committed to its relationship with the Northern Impact Worker’s Compensation Insurance Fraud Taskforce. El Dorado County provides the lead DDA and a full time investigator to the task force. We recognize that in working together with our allied agencies we are able to more effectively pursue these typically complex investigations.

**PROVIDER FRAUD** - El Dorado County in conjunction with the Task Force has proven they are more than willing to aggressively pursue provider fraud cases. EL Dorado County has one case currently under investigation. **(El Dorado County Case 20AW021463)**. These investigations and cases would not be possible without the combined manpower and knowledge base of the Task Force. To maintain our momentum in the field of provider fraud, we will continue to conduct outreach and peer-to-peer training with the California Medical Board Investigators. The Medical Board investigates physicians for issues pertaining to the standard of care. By crosschecking those physicians the Medical Board alleges are not meeting the minimum standard of care against workers' compensation databases, El Dorado County believes we can identify specific questionable physicians in our region and work with the SIU's in order to generate referrals.

**OUTREACH** - The Insurance Commissioner and Fraud Assessment Commission, as well as El Dorado County, believe outreach in the community, with both private companies and state and local agencies has a direct crime prevention impact on workers' compensation fraud . El Dorado County has an energetic outreach program that has created many positive and productive relationships. El Dorado County will continue our passionate outreach program locally (both in person and locally), and will be conducting outreach with SIU's not in our region via Zoom.

El Dorado County also has a robust on-line presence and will continue this effort.

Facebook: <https://www.facebook.com/EIDoradoDA>

Twitter: <https://twitter.com/EIDoradoDA>

**CLAIMANT FRAUD** - El Dorado County recognizes that Claimant fraud has a substantial financial impact on the workers' compensation insurance system. That impact is felt greatly here as El Dorado County is one of the largest employers in the county and is self-insured. We will continue to meet with the county's Risk Management Department as well as the other county departments in an attempt to get first line supervisors and managers to understand their roles, responsibilities, and laws pertaining to working with each other and the county's Third Party Administrator to root out employees who are committing Claimant fraud. Additionally, we will take the same approach with local business so that they too can be more effective in working with their workers' compensation insurance adjusters. As mentioned above we are actively investigating a claimant fraud case and will complete that investigation in the coming year and if appropriate file charges. **(El Dorado County Case 21AW019906)**.

**PREMIUM FRAUD** - El Dorado County also recognizes the financial impact premium fraud has on the workers' compensation system. Of the few referrals El Dorado County has received where it is alleged that premium fraud is the crime; the construction industry is the biggest violator. El Dorado County has, and will always continue to vigorously investigate and prosecute those who refuse to conduct themselves fairly and on a level economic playing field. We will continue to conduct outreach to the construction industry associations, building officials, and SIU's in an attempt to generate referrals. We currently have two cases filed in El Dorado County for ex-mod evasion.

**UNINSURED** - This is the one area El Dorado County has the most control in rooting out suspected violators. Approximately 60% of our case load is comprised of uninsured employers. Our entire office staff is keenly aware of our program and reviews reports submitted by other agencies with potential workers' compensation violations in mind. Our investigators frequently will drive through various communities within the County and conduct compliance checks. This is a practice that will continue in the 2022-2023 grant year.

**4. Applicant Question:** Multi-Year Goals

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

**Applicant Response:**

El Dorado County currently has a few high impact investigations and prosecutions we believe will require more than a single year to investigate and bring to a conclusion. One is a continuing investigation in a provider fraud case (20AW021463). A second investigation underway is the Noble Flooring case. (El Dorado County case #22AW004862). We also have two prosecutions pending on ex-mod premium fraud cases which are large volume cases and at least one them we expect to take more than a year before we could see it proceeding to trial if we are not able to reach a settlement agreement.

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**5. Applicant Question:** Restitution and Fines

**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 pursuant to California Insurance Code Section 1872.83(b) (4).**

**Applicant Response:**

As mentioned above, DDA Jensen continues to make a concerted effort to build incentives into the plea deals offered to expedite the payment of restitution. DDA Jensen continues this effort and as a result, there has been an uptick in the collection of these monies. To further incentivize the collection, our staff monitors the money collected and when payments are not being made, defendants are mailed reminder letters of their obligation and consequences they face if they fail to meet those obligations.

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**6. Applicant Question:** Restitution Numbers

**Provide the amount of restitution ordered and collected for the past five fiscal years.**

If this information is not available, provide an explanation.

**Applicant Response:**

Fiscal Year	Restitution Ordered	Restitution Collected
2021-22	\$32,483.00	\$19,532.00
2020-21	\$23,979.00	\$120,470.00
2019-20	\$15,890.00	\$265,612.00
2018-19	\$321,611.00	\$131,777.00
2017-18	\$193,540.00	\$12,919.00
	<b>Total: \$587,503.00</b>	<b>Total: \$550,310.00</b>

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**7. Applicant Question:** Utilization Plan

**Your budget provides the amount of funds requested for Fiscal Year 22-23.**

**Provide a brief narrative description of your utilization plan for the Fiscal Year 22-23 requested funds.**

*If an increase is being requested, please provide a justification. Any information regarding investigations should be given a reference number and details provided only in the Confidential Section, question 2, and marked "Utilization Plan."*

**Applicant Response:**

The El Dorado County District Attorney's Office is requesting a total of \$453,381 for the 2022-2023 fiscal year. The office plans to fund (2) Investigators solely dedicated to investigating Workers' Compensation Fraud cases. One of the two investigators is an Extra-Help position with an FTE of 0.46, while the other investigator is a fulltime position. Our funding request will also support an Attorney at 0.35 FTE, working on applicable WC fraud cases. To further assist the investigators and the attorney, the budget request includes funding for 0.05 FTE Paralegal. Operating expenses include various items that are critical for the participation in the program such as, but not limited to, training/travel, software, office supplies, professional services, fuel, etc. The equipment budget includes a replacement laptop for Investigator Lorey, who's current laptop was previously purchased during FY 19/20 and is being replaced based on County IT device rotation standards.

The District Attorney's Office was awarded a total of \$446,871 during FY 21/22. The slight increase in the funding request amount for FY 22/23 can be attributed to annual salary increases.

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**8. Applicant Question:** Uninsured Employers

**Describe the county's efforts to address the uninsured employers' problem.**

*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.*

**Applicant Response:**

El Dorado County routinely partners with other state agencies that have a vested interest in the assurance that employers are complying with the law and not profiting at the expense of their employees. Through proactive sweeps and stings with our partner agencies, our office contacts businesses and individuals, performs inspections, and takes enforcement action as deemed appropriate. Often times during CSLB sting operations, local law enforcement is present to assist in the arresting of violators. During the course of the day, our Investigators educate the uniformed officers about this area of the law which the uniformed officer is most likely unfamiliar with.

Our Investigators assigned to our workers' compensation program periodically proactively drive through the areas of our county where residential work is being performed. Our Investigators contact the individuals performing work to ensure they are in compliance and take appropriate enforcement action when necessary. Through this effort, our Investigators have established relationships with reputable businesses that often times results in tips regarding illegally operating competition. Our Investigators respond to these tips and take the appropriate enforcement action when necessary.

Our office, as part of outreach, has developed a strong relationship with the county tax collector staff whose responsibility is overseeing business permits. When businesses in the county fail to respond to notifications sent to them by the El Dorado County Tax Collector regarding a business license, the Tax Collector staff contacts our Investigators who respond, perform inspections, and take enforcement action when applicable.

Another County agency we have planned outreach with is Adult Protective Services. APS frequently comes into contact with vulnerable seniors who are easily taken advantage of. We are able to educate them about the laws as well as provide information about what our Investigators and programs can do.

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**Sub Section Name:** Training and Outreach

**1. Applicant Question:** Training Received

**List the insurance fraud training received by each county staff member in the workers' compensation fraud**

unit during Fiscal Year 21-22.

**Applicant Response:**

Name	Training Date	Provider	Location	Topic	Hours Credit
Ryan Lorey	09/14/2021	AFA	Online	AFA 3rd Quarter Training	2
Ryan Lorey	10/19/2021	CDAA	Carlsbad, CA	Fraud Symposium	24
Jodie Jensen	10/19/2021	CDAA	Carlsbad, CA	Fraud Symposium	24
James Clinchard	10/19/2021	CDAA	Carlsbad, CA	Fraud Symposium	24
Ryan Lorey	12/16/2021	AFA	Online	AFA 4th Quarter Training	2
Ryan Lorey	02/16/2022	Alameda County	Online	GGWC Fraud Consortium	2
Ryan Lorey	03/08/2022	AFA	Online	AFA 1st Quarter Training	2
Jodie Jensen	03/08/2022	AFA	Online	AFA 1st Quarter Training	2
Ryan Lorey	03/24/2022	Alameda County	Online	7th Annual Fraud Symposium	4
Jodie Jensen	03/24/2022	Alameda County	Online	7th Annual Fraud Symposium	4
Ryan Lorey	04/13/2022	AFA	Monterey, CA	2022 Annual Anti-Fraud Conference	20

**2. Applicant Question:** Training and Outreach Provided

**Upload and attach the Training and Outreach Provided form in Excel; label it "22-23 WC (county name) Training and Outreach Provided"**

*If, in the form, you listed any "Other, Specify" provide a brief explanation here; other additional comments are optional. The blank form is located in the Announcement Attachments, 1a.*

**Applicant Response:**

Label attachment "22-23 WC (County) Training and Outreach"

**Attachment:**

[22-23 WC El Dorado County Training and Outreach Provided.xlsx](#) - EXCEL DOCUMENT

### **Applicant Comment:**

Once again this year one of our large outreach events at the El Dorado County Fair was first postponed and finally cancelled due to Covid-19. Even though we were unable to complete this large-scale event, DAI Lorey and Lindholm were able to conduct outreach to some of our local agencies and businesses by conducting in-field meetings for education, training, and public awareness. We were additionally able to complete outreach with some of our SIU's by virtual meetings. As our DDA's have done in years past, DDA Jensen conducted training at the CDI Basic Investigation Course. Training was provided to new CDI detectives on the laws of search and seizure and Miranda rights. This was also an opportunity to network and promote positive relationships between the agency members.

El Dorado County was hit by the Caldor Fire during this fiscal year, which burned in excess of 220,000 acres and destroyed approximately 782 structures. Numerous members of the public were affected and displaced from their homes. El Dorado County set up a Local Assistance Center, where DDA Jensen, along with DAI's Lindholm and Lorey, staffed a booth to educate the public on unlicensed contractors and insurance fraud. DAI's additionally conducted outreach in the fire areas to reach as much of the public as possible for education in this area. The EDCDAO's office pushed out several press releases via social media to further reach the public and educate them about the pitfalls of unlicensed contractors and insurance fraud.

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### **3. Applicant Question:** Future Training and Outreach

**Describe what kind of training/outreach you plan to provide in Fiscal Year 22-23.**

#### **Applicant Response:**

For the upcoming 2022-2023 Fiscal Year, we will continue to meet with insurance companies, SIU's, and investigators within the counties covered by the task force (El Dorado, Nevada, Sacramento and Yolo). These meetings will consist of education, training, and sharing of information and best practices which will help with our goal of getting new leads and completing thorough investigations involving high impact medical provider and premium fraud.

We will continue to build our relationships with city and county departments to educate them on our fraud program, promote networking, and generate referrals from our local agencies. This will be accomplished through training presentations and in-field meetings with our local departments along with our local law enforcement agency partners.

The El Dorado County Fair in Placerville and the Cops and Rodders Car Show in Cameron Park are two of the events our unit regularly conducts outreach to the general public to promote public awareness about workers' compensation fraud by using exhibit booths at these events. During this past fiscal year, these events were cancelled due to the Covid-19 pandemic and the Caldor Fire. However for fiscal year 2022-2023, these events have been placed on schedule, and we will resume our outreach at these events by interacting with the public, making presentations, handing out brochures, and providing information about workers' compensation fraud.

We will attend any Anti-Fraud Alliance training and events in the Northern California area, including the Anti-Fraud Conference. This will promote learning, use of best practices, along with continued growth in our network of relationships within the fraud community. We additionally plan to attend appropriate industry meetings and increase our collaboration with insurance carriers' SIU divisions.

The Workers' Compensation Fraud Unit, along with the Task Force, will continue to train local and state law enforcement officers about workers' compensation laws and the usefulness of Labor Code 3711 as it has proven to be successful in the past.

We will continue to make presentations about uncovering claimant, premium and medical provider workers' compensation fraud by educating the businesses in the region and by educating the other governmental agencies that come in contact with county businesses about the devastating financial impact claimant and provider fraud have on the economy.

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### **Sub Section Name:** Joint Plan

#### **1. Applicant Question:** Joint Plan

**Upload your WC Joint Plan and label it "22-23 WC (county name) Joint Plan".**

Each County is required to develop a Joint Plan with their CDI Regional Office, to be signed and dated by the Regional Office Captain and the Prosecutor in Charge of the Grant Program. Additional information is in the Announcement Attachments, 3c, and also copied into the attached instructions to this question.

**Applicant Response:**

Confirm signed and dated by all parties.

**Attachment:**

[22-23 WC El Dorado County Joint Plan.pdf](#) - PDF FILE

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**Section Name:** Investigation Case Reporting

**Sub Section Name:** Investigation Case Information Relating to Questions

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**1. Applicant Question:** County Plan Investigation Information

**Regarding the County Plan, Qualifications and Successes, Question One: include here any investigation case information.** *The reference number/citation used in the question narrative response should be repeated here. If no investigation information was referenced, mark the N/A response. Task Force cases should specifically name the task force and your county personnel's specific involvement/role in the case.*

**Applicant Response:**

William Flynn – El Dorado County Case # P19CRM0229

Boulay Construction - Task Force Case – El Dorado County Case #P19CRF0323:

- Investigator Ryan Lorey
- DDA Jensen

Archer Construction – Task Force Case – El Dorado County Case #22CR0233

- Investigator Ryan Lorey
- DDA Jensen

Wendy Lapuma – El Dorado County Case # P21CRF0231

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**2. Applicant Question:** Program Strategy Investigation Information

**Regarding the Problem Statement & Program Strategy: Include here any investigation case information.**

*Be sure you include the reference number/citation used in the question narrative response again here. If no investigation information was referenced, mark the N/A response. Task Force cases should specifically name the task force and your county personnel's specific involvement/role in the case.*

**Applicant Response:**

Stephen Stawicki – El Dorado County Case 21AW019906

Noble Flooring – El Dorado County Case 22AW004862

Boulay Construction - Task Force Case – El Dorado County Case #P19CRF0323:

- Investigator Ryan Lorey
- DDA Jensen

Archer Construction – Task Force Case – El Dorado County Case #22CR0233

- Investigator Ryan Lorey
- DDA Jensen

Duramed – Task Force Case – 20AW024163

- Investigator Lindholm
- DDA Jensen

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**Sub Section Name:** Reporting on All Investigations

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**1. Applicant Question:** Investigation Case Activity

**Upload, mark Confidential, and attach the completed 22-23 WC (county name) Investigation Case Activity.**

*This document requires information regarding each investigation case that was reported in FORM 7, DAR, Section III C (Investigations). Two of the three reporting components are case counts only. The total of the case counts in Part 1 and Part 2, along with the number of case entries in Part 3, should equal your total investigation case count reported in the DAR Section III. **Do NOT substitute descriptions in Part 3 in lieu of case counts for Part 1 and Part 2.** Further details are provided in the instructions attached to this question. The blank form is located in the Announcement Attachments, 1bii.*

**Applicant Response:**

[22-23 WC El Dorado County Investigation Case Activity.docx](#) - WORD DOCUMENT

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**Sub Section Name:** New Investigation Information for Cases in Court

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**1. Applicant Question:** Cases in Court Investigation Case Activity

**Do you have NEW Investigation Information for cases that started the year in prosecution that you want to include? This section is optional.**

*If you do have cases to report, download Announcement Attachment 1c, label it "**22-23 WC (county name) Cases in Court Investigation Case Activity**" **upload and mark confidential**, then attach to this question.*

*Other than current status, no prosecution case information should be included.*

**Applicant Response:**

Not Applicable

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**Applicant Comment:**

Not Applicable

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**BUDGET REPORT**

**Project Name:** FY 22-23 WC El Dorado  
**Applicant Organization:** El Dorado  
**Requested Amount:** \$453,381.00  
**Funding Announcement Name:** FY 22-23 Workers' Compensation Insurance Fraud Program



Expand All	Direct	Total
▶ Salary By Position	\$275,045.00	\$275,045.00

Supervising Attorneys		
Attorneys	\$67,217.00	\$67,217.00
Supervising Investigators		
Investigators (Sworn)	\$204,552.00	\$204,552.00
Investigators (Non-Sworn)		
Investigative Assistants		
Forensic Accountant/Auditor		
Support Staff Supervisor		
Paralegal/Analyst/Legal Assistant/etc.	\$3,276.00	\$3,276.00
Clerical Staff		
Student Assistants		
Over Time: Investigators		
Over Time: Other Staff		
Salary By Position - other		
Benefits	\$127,719.00	\$127,719.00
▶ Operating Expenses, General	\$36,397.00	\$36,397.00

Indirect Costs - 10% Method (Choose only 1 Indirect Cost Method)	\$27,505.00	\$27,505.00
Indirect Costs - 5% method (Choose only 1 Indirect Cost Method)		
Outreach		
Audit	\$3,700.00	\$3,700.00
Forensic Accounting Services		
Expert Consultant Fees	\$500.00	\$500.00
Witness Fees/Litigation Fees		
Undercover Operation Expenses		
Office Supplies	\$1,000.00	\$1,000.00
Office Space/Facility Fees	\$175.00	\$175.00
IT Services		
Communications (phone, etc.)	\$912.00	\$912.00
Membership Dues/Publications	\$250.00	\$250.00
Operating Expenses, General - other	\$2,355.00	\$2,355.00
▶ Operating Expenses, Detailed	\$6,500.00	\$6,500.00

Vehicle Fuel/Mileage, Maintenance, Parking (Identify # of Vehicles in Narrative)	\$5,540.00	\$5,540.00
Vehicle Other: Pool or Fleet Charge (Identify # of Vehicles in Narrative)		
Software Renewal (Identify in Narrative)	\$960.00	\$960.00
Software Purchase (Identify and Provide Justification in Narrative)		
Minor Equipment as defined in instructions (Identify in Narrative IF Over \$1,000 Combined Total)		
Equipment Lease/Maintenance (Identify in Narrative)		
Operating Expenses, Detailed - other		
▶ Operating Expenses, Travel and Training	\$5,520.00	\$5,520.00
Travel--In CA	\$4,470.00	\$4,470.00
Travel--Out of CA (Identify State and Purpose in Narrative)		
Training--In CA	\$1,050.00	\$1,050.00
Training--Out of CA (Identify State and Purpose in Narrative)		
Operating Expenses, Travel and Training - other		
▶ Equipment	\$2,200.00	\$2,200.00

Computers (Provide Justification and % Billed to Each Program in Narrative)	\$2,200.00	\$2,200.00
Printers/Scanners (Provide Justification and % Billed to Each Program in Narrative)		
Vehicle Code 3 Equipment (Provide Number and % Billed to Each Program in Narrative)		
Vehicles (Provide Justification and % Billed to Each Program in Narrative)		
Equipment - other		
<b>Total</b>	<b>\$453,381.00</b>	<b>\$453,381.00</b>

Budget Justification	Budget Calculations	Budget Narrative
▶ Salary By Position		
Supervising Attorneys		
Attorneys	No. of Positions: 1 Total FTE: 0.35 Total Cost: \$67,217.00 Total Requested Amount: \$67,217.00	

Supervising Investigators		
Investigators (Sworn)	No. of Positions: 2 Total FTE: 1.46 Total Cost: \$204,552.00 Total Requested Amount: \$204,552.00	
Investigators (Non-Sworn)		
Investigative Assistants		
Forensic Accountant/Auditor		

Support Staff Supervisor		
Paralegal/Analyst/Legal Assistant/etc.	No. of Positions: 1 Total FTE: 0.05 Total Cost: \$3,276.00 Total Requested Amount: \$3,276.00	
Clerical Staff		
Student Assistants		
Over Time: Investigators		

Over Time: Other Staff	
Salary By Position - other	
Benefits	
▶ Operating Expenses, General	
Indirect Costs - 10% Method (Choose only 1 Indirect Cost Method)	
Indirect Costs - 5% method (Choose only 1 Indirect Cost Method)	
Outreach	
Audit	
Forensic Accounting Services	
Expert Consultant Fees	

Witness Fees/Litigation Fees		
Undercover Operation Expenses		
Office Supplies		
Office Space/Facility Fees		
IT Services		
Communications (phone, etc.)		
Membership Dues/Publications		
Operating Expenses, General - other		
▶ Operating Expenses, Detailed		
Vehicle Fuel/Mileage, Maintenance, Parking (Identify # of Vehicles in Narrative)		Vehicle maintenance costs for (1) vehicle assigned to an Investigator. Anticipated maintenance costs for the year total \$2,000. Fuel costs for (2) Investigators is anticipated to total \$3,540. Vehicles are used for grant related travel as the assigned investigators are 100% dedicated to the WC program.
Vehicle Other: Pool or Fleet Charge (Identify # of Vehicles in Narrative)		

<p>Software Renewal (Identify in Narrative)</p>		<p>Software expenses for Transunion Criminal Database Search. Average monthly cost is \$80/month.</p>
<p>Software Purchase (Identify and Provide Justification in Narrative)</p>		
<p>Minor Equipment as defined in instructions (Identify in Narrative IF Over \$1,000 Combined Total)</p>		
<p>Equipment Lease/Maintenance (Identify in Narrative)</p>		
<p>Operating Expenses, Detailed - other</p>		
<p>▶ Operating Expenses, Travel and Training</p>		

Travel--In CA	No. of People: 3	Total Cost: \$4,470.00 Total Requested Amount: \$4,470.00	Travel expenses associated with Annual Insurance Fraud Seminar. Meals/Per Diem (per County Travel Policy & GSA Guidelines) = \$720 Ground Transportation = \$450 Airfare (est. \$500 per travel) = \$1,500 Lodging (per County Travel Policy & GSA Guidelines) = \$1,800
Travel--Out of CA (Identify State and Purpose in Narrative)			
Training--In CA	No. of People: 3	Total Cost: \$1,050.00 Total Requested Amount: \$1,050.00	(2) Investigators and (1) Attorney are expected to attend the Annual Insurance Fraud Seminar. Anticipated registration cost is \$350/person. (3) FTE x \$350/registration = \$1,050
Training--Out of CA (Identify State and Purpose in Narrative)			
Operating Expenses, Travel and Training - other			
▶ Equipment			

Computers (Provide Justification and % Billed to Each Program in Narrative)	Item: Laptop # of Items: 1 Unit Cost: \$2,200.00 <hr/>	Sub Total: \$2,200.00 Total Pro Rated Cost: \$2,200.00 Total Requested Amount: \$2,200.00  Replacement laptop for Investigator Lorey (includes taxes, fees and delivery). Replacement of laptop is based on El Dorado County IT 3-year policy for computer devices.
Printers/Scanners (Provide Justification and % Billed to Each Program in Narrative)		
Vehicle Code 3 Equipment (Provide Number and % Billed to Each Program in Narrative)		
Vehicles (Provide Justification and % Billed to Each Program in Narrative)		
Equipment - other		

