

**INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA**

GRANT AWARD AGREEMENT

Fiscal Year 2016-17

Automobile Insurance Fraud Program


The Insurance Commissioner of the State of California hereby makes an award of funds to **Fresno 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, 2016** through **June 30, 2017**.

Purpose of Grant: This grant award is made pursuant to the provisions of California Insurance Code §1872.8 and shall be used solely for the purposes of enhanced investigation and prosecution of automobile insurance fraud and economic car theft cases.

Amount of Grant: The grant award agreed to herein is in the amount of **\$360,000**. This amount has been determined by the Insurance Commissioner. However, the actual total award amount for the county is contingent on the collection and the authorization for expenditure pursuant to the Government Code §13000 et seq. The grant award shall be distributed pursuant to §1872.8 of the Insurance Code and to the California Code of Regulations Sub-Chapter 9, Article 4, §2698.65.

<p>Official Authorized to Sign for Applicant/Grant Recipient</p> <p></p> <p>Name: Lisa A. Smittcamp Title: District Attorney</p> <p>Address: 2220 Tulare Street, Suite 1000 Fresno, CA 93721</p> <p>Date: <u>9/23/16</u></p>	<p>DAVE JONES Insurance Commissioner</p> <hr/> <p>Name: George Mueller Title: Deputy Commissioner</p> <p>Date: _____</p>
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I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purposes of this expenditure.

Crista Hill, Budget Officer, CDI

Date

FRESNO COUNTY DISTRICT
ATTORNEY

AUTOMOBILE INSURANCE FRAUD PROGRAM



GRANT APPLICATION

FISCAL YEAR
2016 - 2017

**AUTOMOBILE INSURANCE FRAUD
INVESTIGATION/PROSECUTION PROGRAMS
FISCAL YEAR 2016-2017 GRANTS**

**Grant Application
Checklist and Sequence**

The Application MUST include the following:

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

**DEPARTMENT OF INSURANCE
GRANT APPLICATION TRANSMITTAL**

Office of the District Attorney, County of Fresno, hereby makes application for funds under the Automobile Insurance Fraud Program pursuant to Section 1872.8 of the California Insurance Code.

Contact: ESMERALDA GARCIA

Address: 2220 Tulare Street, Suite 1000

Fresno, CA 93721

Telephone: (559) 600-2126

Automobile Insurance Fraud Program

July 1, 2016 – June 30, 2017

(1) *Program Title*

(2) *Grant Period*

(3) New Funds Being Requested: \$ 540,222.00

(4) Estimated Carry over Funds: \$ 0

JEFFREY D. DUPRAS
Assistant District Attorney

STEPHEN RUSCONI
District Attorney Business Manager

(5) *Program Director*

(6) *Financial Officer*


(7) *District Attorney's Signature*

Name: LISA A. SMITTCAMP

Title: DISTRICT ATTORNEY

County: Fresno

Address: 2220 Tulare Street Suite 1000

Fresno, CA 93721

Telephone: (559) 600-3141

Date: 6/24/16

**DEPARTMENT OF INSURANCE
PROGRAM CONTACT FORM**

1. Provide contact information for the person with day-to-day operational responsibility for the program, and who can be contacted with questions regarding the program.

Name: ESMERALDA GARCIA

Title: Deputy District Attorney IV

Address: 2220 Tulare Street Suite 1000

Fresno, CA 93721

E-mail address: EHGarcia@co.fresno.ca.us

Telephone Number: (559) 600-2126 Fax Number: (559) 600-2144

2. Provide contact information for the District Attorney's Financial Officer.

Name: STEPHEN RUSCONI

Title: Business Manager

Address: 2220 Tulare Street 11th Floor

Fresno, CA 93721

E-mail address: SRusconi@co.fresno.ca.us

Telephone Number: (559) 600-4447 Fax Number: (559) 600-4100

3. Provide contact information for questions regarding data collection/reporting.

Name: ESMERALDA GARCIA

Title: Deputy District Attorney

Address: 2220 Tulare Street Suite 1000

Fresno, CA 93721

E-mail address: EHGarcia@co.fresno.ca.us

Telephone Number: (559) 600-2126 Fax Number: (559) 600-2144

TABLE OF CONTENTS

Fiscal Year 2016-2017

	<u>Page</u>
Checklist & Sequence (Form 1)	2
Department of Insurance Grant Transmittal (Form 2)	3
Program Contact Form (Form 3)	4
Proposed Resolution of Board of Supervisors (Form 4)	6
Qualifications (Form 5)	7
Qualifications (Form 6a)	12
Organizational Chart (Form 6b)	13
Program Report (Form 7)	online reporting
County Plan – Problem Statement (Form 8)	15
County Plan – Program Strategy (Form 9)	17
Budget Category and Line Item Detail	21
Personnel Services – Salaries/Benefits (Form 10)	21
Operating Expenses (Form 11)	22
Equipment (Form 12)	23
Equipment Log (Form 13)	24
Attachment “A” – Joint Plan	25
Attachment “B” – Confidential Investigations	29

BOARD OF SUPERVISORS' RESOLUTION

RESOLUTION

Please be advised that a Resolution from the Board of Supervisors authorizing Fresno County to enter into a Grant Award Agreement with the California Department of Insurance will be forwarded no later than December 1, 2016.

AUTOMOBILE INSURANCE FRAUD QUALIFICATIONS

1. Which areas of your automobile insurance fraud operation were successful and why?

The Fresno County District Attorney's Automobile Insurance Fraud Unit (AIF Unit) has been in operation for twenty-five years. The well-qualified dedicated staff have maintained valuable contacts with other local agencies that specialize in automobile theft and automobile insurance fraud. The AIF Unit attends the most relevant training seminars on current fraud trends and how to successfully combat those fraud schemes. The Fresno County District Attorney's Office is committed to maintaining continuity in the program. The assigned Deputy District Attorney (DDA) has been in the Unit for three years. The District Attorney Investigator (DAI) has been in the unit since September 2015. This continuity has allowed for the successful investigation and prosecution of complex cases. The AIF Unit strives to prosecute defendants in a diverse yet balanced caseload which reflects the automobile insurance fraud issues unique to Fresno County.

Fiscal Year 2014-2015

In Fiscal Year (FY) 2014-2015, the AIF Unit filed thirty-five new cases. Thirteen cases were applicant fraud and nineteen cases involved economic car theft. The majority of the criminal cases resolved only after full restitution was made. \$40,862.00 was collected and dispersed to victims.

The AIF Unit worked with the Help Eliminate Auto Theft Team (HEAT) to finalize the prosecution of a defendant, who over a two year period was switching VIN numbers on stolen vehicles, including trucks and trailers. The HEAT Team did an excellent job tracking the vehicles down, building a case against the defendant and whenever possible, reuniting the rightful owner with their property. The case included twelve separate incidents with approximately 2000 pages of discovery. The defendant pled to three felony charges and is pending sentencing.

The DDA completed a jury trial working closely with the Fresno Police Department (FPD) Career Criminal Auto Theft Team (CCATT) which resulted in a conviction. The defendant was sentenced to a stayed prison term and is on felony probation. In this case the defendant operated two separate chop shops. The first was conducted at his home where he had several stolen vehicle parts and chop shop tools. Once FPD shut that location down, the defendant was subsequently discovered operating out of a friend's home where another dismantled stolen vehicle was located.

The AIF Unit worked closely with the Bureau of Automotive Repair (BAR) to file charges against an auto body repair shop owner who billed various insurance companies for work which was not completed.

BAR inspected the vehicles in question and provided detailed reports with excellent evidentiary value. The DAI conducted follow-up investigation which strengthened the case. The defendant entered a felony plea and is pending sentencing.

The AIF Unit worked with the California Department of Insurance (CDI) investigators on a case involving an FPD Officer. He had his friend (and co-defendant) report his vehicle stolen. Both stated to police that the vehicle was running and the insured filed a claim with his insurance company. It was determined that the vehicle had engine trouble and was not operable. The co-defendant confessed to the CDI investigator that the defendant asked her to assist him in committing auto insurance fraud. Both defendants pled and were sentenced to a two year term of probation.

The AIF Unit worked with the Fresno County Ag Unit on a case where the Fresno County Sheriff's Department (FSO) was called out for a possible assault with a weapon. During the investigation they discovered stolen vehicles in various stages of disassembly. The defendant was in possession of shaved keys and a loaded firearm. The case was filed and resolved with the defendant serving local time and a term of felony probation.

The AIF Unit resolved a 2006 case where the defendant resides out of the country. He stole a work vehicle and equipment from the employer over nine years ago. The defendant paid full restitution in the sum of \$15,000.

A prolific car thief in Fresno County spiraled out of control and went on a three month crime spree. In June 2014 he stole items from a victim. He attempted to escape, stole a vehicle, wrecked, fled on foot, stole a second vehicle from a victim, drove to the victim's barn and stole items from the barn. Meanwhile, the victim chased the defendant and shot at his own vehicle. The defendant was apprehended in August when he entered an elderly woman's home, stole a gun, stole another victim's vehicle, was chased by police and attempted to steal two other vehicles to escape. Citizens detained him until police arrived. The defendant was sentenced to over nine years in prison stayed with a five year grant of felony probation.

The AIF Unit participated in CDI's state-wide "Crash and Buy" program wherein suspects who purchased auto insurance and submitted a claim immediately for an auto accident were investigated to determine if the vehicle accident was legitimate. The AIF Unit filed nine cases and obtained convictions with restitution paid to the victims.

The "Crash and Buy" program was a huge success. It sent a strong message to the community about the importance of obtaining and maintaining automobile insurance coverage, as well as the consequences of committing automobile insurance fraud.

The DAI worked with BAR on a case involving a suspect who was submitting insurance claims for fraudulent windshield repairs. Several witnesses corroborated the suspected fraud. BAR will be submitting that case for the DDA's review.

Fiscal Year 2015-2016

In FY 2015-2016, the AIF Unit filed 44 cases. Thirteen were applicant fraud cases. The remaining 30 cases were staged accidents, insider fraud, economic car theft and BAR cases. The majority of the criminal cases were resolved only after full restitution was made. This FY \$10,070.37 restitution was collected and dispersed to victims.

The AIF Unit is prosecuting a BAR case wherein the defendant, an auto repair shop owner, accepted insurance money for work not performed and parts not supplied. He pled to a felony and is pending sentencing. BAR has submitted several similar cases and they are currently under review with further investigation to be conducted by the DAI.

The defendant charged during FY 2014-2015 in a VIN switch case involving several stolen vehicles over a two year period, was sentenced this FY to five years felony probation. A restitution review hearing has been set up to keep track of victim compensation efforts.

The DAI worked closely with CDI investigators on several cases wherein a female suspect obtained automobile insurance using another's identity. She then submitted false claims to collect the insurance money. Three cases were filed, felony pleas were entered and the defendant was sentenced to five years local prison.

The HEAT Team investigated a case involving two suspects who owned an auto body repair shop. Their investigation revealed a stolen vehicle on the property in the process of a Vehicle Identification Number (VIN) switch with a similar type vehicle. The matter went to a court trial. The actual shop owner was found guilty of a felony and sentenced to felony probation with restitution ordered.

CDI submitted a case involving an insurance agent who was terminated after it was discovered that he failed to remit monies he collected from clients totaling over \$20,000. The case has been filed and is currently being prosecuted.

The Fresno County Agricultural Crimes Task Force investigated a case involving a possible chop shop and a stolen fork lift. Charges were filed and the jury found the defendant guilty and he was sentenced to three years local prison.

An on-going prosecution of a twelve defendant fraud ring has been resolved leaving two defendants set for preliminary hearing. The defendants filed claims for alleged accidents that were determined to be staged for the purpose of fraudulently collecting monetary compensation and medical benefits from the insurance companies.

CDI investigators continue to work closely with the Los Angeles District Attorney's Office in prosecuting an auto insurance fraud ring discovered in Fresno County, but ultimately prosecuted in Los Angeles. Those two cases are on-going with one set for preliminary hearing and the other pending trial.

CDI completed a large staged accident investigation involving twenty-eight suspects, multiple vehicles, various insurance companies, and over \$130,000 in restitution.

Charges have been filed. One defendant has already pled and was sentenced to five years local prison. CDI Investigators and the AIF Unit have arrested 22 suspects. The case is pending preliminary hearing.

The AIF Unit maintains excellent relationships with the various insurance company special investigations unit (SIU) local representatives. They are extremely helpful in providing additional information as required to prepare a case for potential prosecution. They contact staff with questions or concerns about cases they are investigating prior to submission. The AIF Unit, local law enforcement, and CDI are making an impact on auto insurance fraud in Fresno County.

2. Specify what unfunded contributions and support your county provided to the automobile insurance fraud program.

The Fresno County District Attorney's Office assigns a Budget Analyst, Chief Deputy District Attorney and a Commander of the Bureau of Investigations to oversee the AIF Unit. Further, the Bureau of Investigations provides additional investigative resources for search warrant and arrest warrant service when required.

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

The Fresno County District Attorney's Office has continually staffed the AIF Unit with dedicated and experienced investigators and attorneys. Continuity has always been a priority. Attorneys and investigators are given the tools and resources they need to develop the specific expertise to effectively investigate and prosecute automobile insurance fraud, including complex cases that require additional time. The current DDA has been assigned to the AIF Unit for the past three fiscal years. She is a seasoned prosecutor and a Criminal Law Specialist. The California State Bar Association designates individuals who meet certain criteria and pass a written examination as specialists in their designated fields.

The DDA has attended training seminars specific to Auto Insurance Fraud including the CDAA Insurance Fraud Seminar, Western States Auto theft Investigators Association (WSATI) conference and Northern California Fraud Investigators Association (NCFIA).

DAI Douglas Bolton was assigned to the AIF Unit from October 2014 to September 2015. He began his law enforcement career in 1997 and has been employed as a police officer in Madera, Parlier and the Fresno County Sheriff's Office. He has been a Senior Investigator since 2013. He received extensive training and attended numerous seminars specifically for Auto Insurance Fraud cases, including WSATI's annual training seminar in October 2014, CDAA Fraud Symposium in 2014 and NCFIA's Insurance Fraud training in April 2015.

DAI Shelly Sweeton was assigned to the AIF Unit in September 2015. She began her law enforcement career in 1988 with the Grover Beach Police Department where she was a police officer and detective.

In 2001 she transferred to the Santa Barbara District Attorney's Office as a criminal investigator for six years. Senior Investigator Sweeton has worked at the Fresno District Attorney's Office since August 2007.

She has received extensive training and attended numerous seminars related to Auto Insurance Fraud investigations and organized crime operations. She attended CDAA's Fraud Symposium in October 2015, NICB's Agricultural & Heavy Equipment Identification Training in February 2016, NCFIA's Insurance Fraud training in April 2016, and CA DOJ's Intellectual Property Crimes & Illicit Underground Operations in May 2016. Senior Investigator Sweeton is a member of WSATI and regularly attends their bi-monthly meetings. She also attends the bi-monthly CDI sponsored SIU meetings, and the monthly HEAT Team meetings.

Senior Investigator Sweeton has spent 28 years in law enforcement working in San Luis Obispo County, Santa Barbara County, and Fresno County. She has worked closely with and maintained contacts with local, state and federal law enforcement agencies; as well as private corporations and uses these contacts to consult, coordinate and share information related to auto insurance fraud.

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

The AIF Unit works with all local law enforcement agencies including CDI, the California Highway Patrol Investigative Services Unit, the HEAT Team, CCATT, Fresno County's Agricultural Crimes Task Force (a specialized team consisting of Fresno County Deputy Sheriffs and a CHP officer), BAR and the Department of Motor Vehicles (DMV). Staff also works with the FBI, Department of Social Services and other local police agencies from the surrounding communities when investigating cases.

AIF Unit members attend monthly briefings with the HEAT Team as well as roundtables organized by CDI working with insurance companies' Special Investigative Units. The AIF Unit participates with the WSATI organization's meetings and annual training conference.

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

NONE

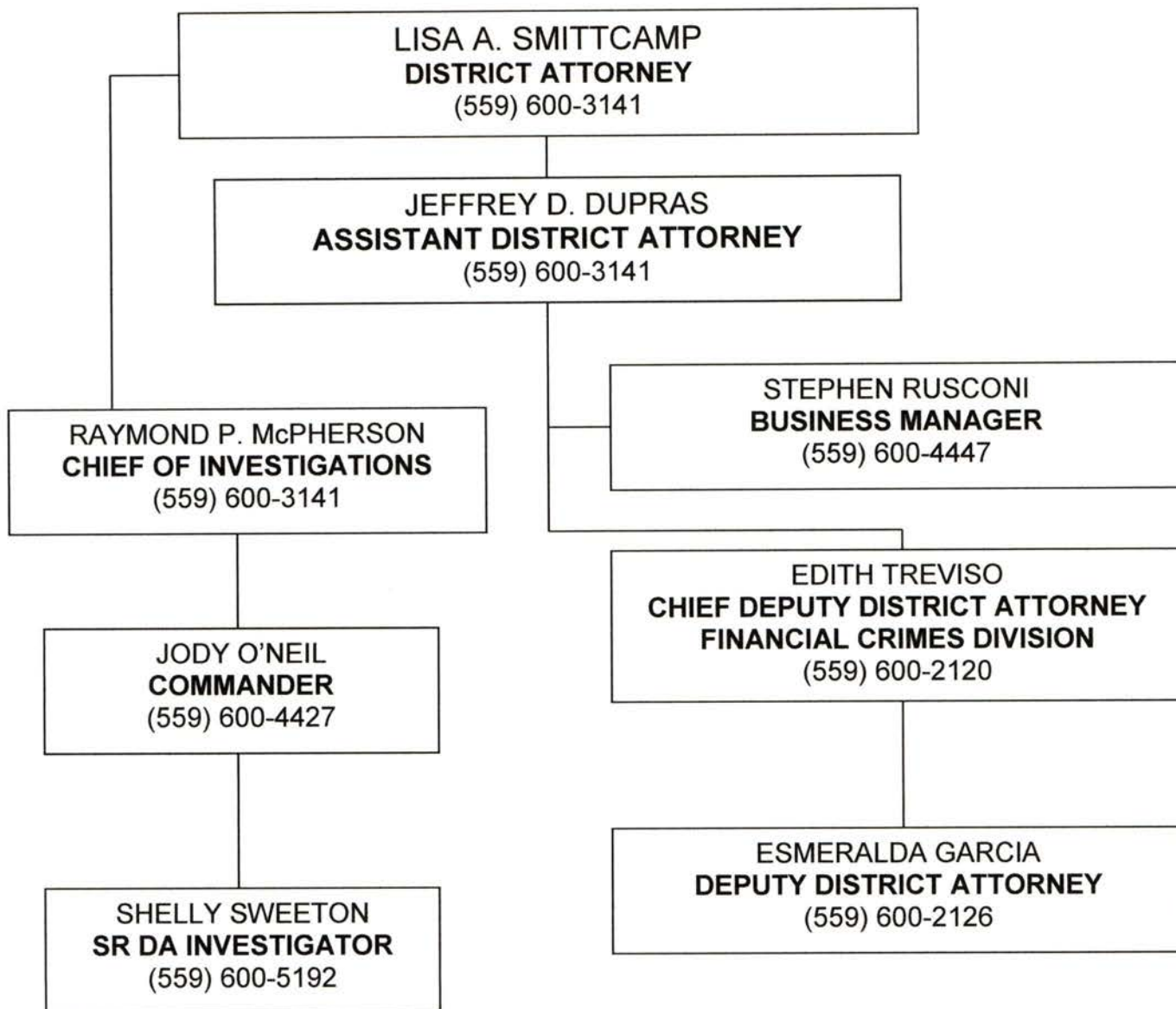
QUALIFICATIONS

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

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

Prosecutors	% Time	Time With Program Start Date/End Date
Esmeralda Garcia	100 %	July 2014 - present

Investigators	% Time	Time With Program Start Date/End Date
Doug Bolton	100 %	October 2014 – September 2015
Shelly Sweeton	100 %	September 2015 - present

ORGANIZATIONAL CHART

**QUALIFICATIONS
PROGRAM REPORT**

For this application, statistical information will be captured from July 1, 2015 to June 15, 2016.

COUNTY PLAN PROBLEM STATEMENT

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

CDI received and reviewed **382** Suspected Fraud Claims in Fiscal Year 2015-2016. Auto Insurance Fraud continues to greatly impact the residents of Fresno County with applicant fraud, fraud rings, economic car theft, vehicle arsons and medical provider fraud.

Applicant Fraud

Fresno County has one of the highest auto theft rates in the nation. Fresno County is the tenth largest county based on its population of 972,297 (2015 U. S. Census Bureau). This is an increase from 2014 by 8,922 residents, a 0.9 percent change. Unfortunately, jobs have not kept up with the population increase. Fresno County's unemployment in April 2016 was at 10.6%. There are also many uninsured, unlicensed drivers in Fresno County. Typically they obtain older, less expensive vehicles which are more easily stolen for parts, thus creating an environment for increased auto insurance fraud.

From 2009 to 2013, the median household income was \$45,563, with 26% of the population living below the poverty level, nearly double that of California. California is in its sixth year of drought causing farmers to allow thousands of acres of farmland to go fallow. These issues all factor into families foregoing automobile insurance, repairs to their vehicles, falling behind on their auto loan payments, and ultimately resorting to insurance fraud when faced with an auto-related dilemma.

Vehicle arsons and chop shops are very difficult crimes to prove. Vehicle arsons are commonly committed for insurance fraud purposes, but they generally go undetected. The insured has the vehicle burned, which is then deemed a total loss by the insurance company. Due to lack of investigative resources to properly examine the vehicle at the time of recovery, valuable evidence is lost. When fraud is ultimately suspected, it is too late to conduct the proper investigation. Often the vehicle is recovered long after the arson has been committed due to Fresno County's vast farmlands where vehicles are easily disposed of with no witnesses.

Medical Provider Fraud

Medical providers who commit billing fraud commonly cross over from the workers' compensation insurance fraud arena into the auto insurance fraud arena. The AIF Unit recognizes the importance of investigating medical provider fraud and is committed to investigating these cases. The AIF Unit continues to work closely with all local, state and federal law enforcement agencies to combat medical provider fraud in Fresno County.

Fraud Rings

Local auto theft task forces focus on businesses, both legitimate and illegitimate that promote economic car theft and auto insurance fraud by dealing in stolen vehicles, stolen vehicle parts, and bill insurance companies for work not performed and parts not supplied to the consumer. These businesses include metal recyclers, auto body repair shops, and auto parts shops. The AIF Unit has filed several cases involving fraud rings consisting of the employees, customers and owners of these businesses. BAR has submitted several cases where auto repair shops are committing fraud by billing insurance companies for unperformed work on the customers' vehicles.

Economic Car Theft

According to NICB statistics, Fresno has been in the top ten every year since 2007 in auto thefts nationwide. Fresno has long been plagued by continually high auto theft statistics. The various law enforcement agencies special auto theft task forces are fighting auto theft crime every day. The AIF Unit receives several cases from each of these task forces every year.

A large part of our economic car theft problem revolves around chop shops. The HEAT Team and CCATT are investigating many cases where suspects are stealing vehicles, including older vehicles and stripping them for parts. Many do so for profit, while others use the parts for their own vehicles. Chop shop cases have uncovered numerous owner give up cases, as well as stolen vehicles.

COUNTY PLAN PROGRAM STRATEGY

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

Fresno County faces many challenges, including increased auto insurance fraud in applicant fraud, medical provider fraud, fraud rings and economic car theft. The AIF Unit is working diligently to help law enforcement combat these areas of auto insurance fraud every day. The AIF Unit strives and has been successful in maintaining a balanced caseload.

Applicant Fraud

The AIF Unit maintains excellent open communication with our various referral sources. Staff will continue to network and coordinate training with the SIU managers for the auto insurance industry. These trainings for claims examiners focus on applicant fraud red flags and evidentiary requirements for successful criminal prosecutions as well as obtaining feedback on how we can better assist in case evaluations. The AIF Unit continues to assist CDI in joint investigations as needed.

Medical Provider Fraud

The AIF Unit will work with the Workers' Compensation Insurance Fraud Unit, CDI and the National Insurance Crime Bureau (NICB), as well as other law enforcement agencies in investigating and combating medical provider fraud. Combating medical provider fraud is a priority due to its vast impact on the cost of auto insurance for the consumer. Reducing medical provider fraud reduces insurance costs for consumers.

Fraud Rings

The AIF Unit investigates all fraud ring referrals, including those involving a large number of suspects and incidents. The AIF Unit is currently prosecuting a 28 defendant fraud ring that was investigated by CDI. The AIF Unit will continue to network with insurance companies in identifying and investigating all suspected fraud rings.

Economic Car Theft

The AIF Unit will continue to work closely with local law enforcement agencies, CDI and SIU's to prosecute both chop shop cases and career auto thieves as efficiently as possible.

AIF Unit Design

Fresno County is requesting sufficient funding to assign the following full-time positions: one Deputy District Attorney, one Senior District Attorney Investigator and one Senior Legal Assistant.

Fresno County District Attorney's Office did not receive funding for the Urban Auto Grant for the three Fiscal Year period beginning with 2015-2016. It is essential to have a Senior DAI who can review referrals closed by CDI due to insufficient resources. The DAI will also be available to investigate cases that would normally be considered Urban Auto Fraud cases.

The DAI will conduct all requested pre-trial follow-up investigations, serve subpoenas, prepare and execute search warrants, locate, transport and prepare witnesses/victims, maintain evidence, and perform other required tasks to support the DDA.

The DDA will ensure cases which are determined to have a significant impact on the program's mission are successfully prosecuted. The DDA will appear in court for AIF Unit cases, including Mandatory Supervised Release, probation and restitution hearings.

The AIF Unit Senior Legal Assistant will continue to maintain the AIF Unit database, restitution payments, and help in the grant application process. This individual will prepare all court documents, correspondence and provide any other support for AIF Unit members as necessary.

The AIF Unit continues to collect and track restitution ordered by the court. With the AIF Unit's database, staff can collect restitution, forward payments to victims and maintain contact with those defendants who fail to make restitution payments quickly and efficiently.

The AIF Unit is responsible for outreach presentations to law enforcement and insurance industry personnel. The AIF Unit staff regularly meets with local law enforcement and private carriers as part of their outreach efforts to discuss potential referrals.

Program Improvement Goals for Fiscal Year 2016-2017

The AIF Unit will work toward filing high impact cases such as sophisticated fraud rings and medical mills. With the rise in arson-related insurance fraud, the AIF Unit will aggressively pursue these types of cases as well as medical provider fraud cases.

The DAI will continue to cooperate with CDI to coordinate investigations and pursue complex cases. The AIF Unit will coordinate with the Workers' Compensation Insurance Fraud Unit in the investigation of medical mills in Fresno County.

The DAI is housed at the CDI office to further enhance the networking and information sharing between the two agencies.

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

The AIF Unit will continue to actively pursue cases with high fiscal impact. Staff is committed to reinforcing the message that automobile insurance fraud will not be tolerated in Fresno County.

The AIF Unit is committed to providing continuity of staff. Continuity will allow expertise to grow and improve the performance of the AIF Unit. This improvement will assist in addressing the rampant fraud problem in Fresno County and thereby reduce the overall cost to insurance companies and the public.

The AIF Unit will continue to provide outreach to the law enforcement community, the insurance industry and the public. Staff remains committed to assisting with case evaluations and training. The AIF Unit will continue to participate in the SIU roundtables, WSATI meetings and local law enforcement task forces.

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

Establishing and maintaining open communication with law enforcement agencies and insurance companies is an on-going goal. The successful prosecution of complex cases often takes more than a single year to investigate and prosecute.

4. Training and Outreach

List the training received by each county staff member in the automobile fraud unit during fiscal years 2014-2015 and 2015-2016

Fiscal Year 2014-2015

Esmeralda Garcia, Deputy District Attorney

- WSATI Auto Theft Investigators Conference, October 2014
- Fresno Fire Dept Insurance Training, October 2014
- CDAA Insurance Fraud Symposium, December 2014
- NCFIA Insurance Fraud Conference, April 2015
- BAR Auto Lab Tour, April 2015

Doug Bolton, District Attorney Investigator

- WSATI Auto Theft Investigators Conference, October 2014
- Fresno Fire Dept Insurance Training, October 2014
- CDAA Insurance Fraud Symposium, December 2014
- DA/FPD DUI Training including crash related cases and insurance issues of injuries and reporting, February 2015
- California Narcotics Officers Assn Chasing Cell Phones, March 2015
- NCFIA Insurance Fraud Conference, April 2015
- BAR Auto Lab Tour, April 2015

Fiscal Year 2014-2015

Esmeralda Garcia, Deputy District Attorney

- CDAA Insurance Fraud Symposium, October 2015
- NCFIA Insurance Fraud Conference, March 2016

Shelly Sweeton, Senior District Attorney Investigator

- CDAA Insurance Fraud Symposium, October 2015
- NCFIA Insurance Fraud Conference, March 2016
- Agricultural/Heavy equipment Id Training, February 2016
- Intellectual Property Crimes & Illicit Underground Networks, May 2016

Training/Outreach FY 2016 – 2017

AIF Unit personnel

- Informal training to SIU's and local law enforcement agencies as needed
- Bi-monthly roundtable meetings with local SIU personnel/law enforcement
- Monthly meetings with HEAT

- Meet with SIU investigators to provide instruction on the necessary elements to file a case and to identify fraud indicators

Describe training/outreach you plan to provide in FY 2016-2017

CDI Detectives and the AIF Unit are coordinating with local SIU's to give fraud training to claims examiners and other local insurance groups.

The AIF Unit staff plan to meet with SIU investigators on a regular basis to provide training and instruction on the requirements for a successful referral for prosecution. The DDA will be available for both formal and informal training and presentations as opportunities arise.

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

The AIF Unit regularly obtains court ordered fines and restitution orders for victims. The Court orders the defendant to make restitution payments through the AIF Unit.

To enhance the collection of restitution, AIF Unit staff will contact victims to determine the amount of restitution. The Senior Legal Assistant will monitor restitution payments and will send reminder letters to those defendants that fail to make a scheduled restitution payment. Where restitution is not being made, the DDA will actively seek judicial enforcement in probation violation hearings.

The AIF Unit collects restitution payments directly from the defendants and forwards these payments to the victims. The AIF Unit calendars violation of probation hearings on its own motion to have the court address willful violations of the Court's restitution orders.

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

Project:

- 60 new investigations will be initiated during FY 2016-2017
- 45 new prosecutions will be initiated during FY 2016-2017

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.

FY 2014-2015 grant award did not fund a Senior Legal Assistant. The AIF Unit would benefit greatly from a dedicated grant-funded Senior Legal Assistant that would maintain the database, prepare grant documents and assist the DDA and DAI with case preparation.

BUDGET CATEGORY AND LINE-ITEM DETAIL		
A. Personnel Services - Salaries/Employee Benefits		COST
<u>Deputy District Attorney IV (100% FTE)</u>		
Annual Salary: \$117,774		\$117,774
Benefits:		
o Retirement	73,333	
o OASDI	9,114	
o Health Insurance	5,820	
o WCINS	2,127	
o UIB	103	
o Benefit Admin.	110	
o Bar Dues	380	
		\$90,987
<u>Senior District Attorney Investigator (100% FTE)</u>		
Annual Salary: \$87,674		\$87,674
Benefits:		
o Retirement	72,270	
o OASDI	6,707	
o Health Insurance	5,820	
o WCINS	1,572	
o UIB	76	
o Benefit Admin.	110	
o CDAIA Inv. Dues	30	
		\$86,585
<u>Senior Legal Assistant (100% FTE)</u>		
Annual Salary: \$45,936		\$45,936
Benefits:		
o Retirement	27,635	
o OASDI	3,514	
o Health Insurance	5,820	
o WCINS	802	
o UIB	39	
o Benefit Admin	110	
		\$37,920
<u>SUMMARY:</u>		
Salaries	\$251,384	
Benefits	\$215,082	
Dues	\$410	
TOTAL	\$466,876	
TOTAL		\$466,876

BUDGET CATEGORY AND LINE-ITEM DETAIL	
B. Operating Expenses	COST
<u>Communication Expense</u> : radio equipment charges	\$2,600
<u>Liability Insurance</u> : rates set by Fresno County Risk Management	\$200
<u>Jury & Witness Expense</u> : costs for witness meals, lodging, & testimony	\$1,000
<u>Office Expense</u> : standard office supplies to support grant related activities	\$2,000
<u>Postage</u> : mailing of correspondence, legal documents, and subpoenas	\$500
<u>Professional & Specialized</u> : audit expense and evidence prep	\$5,000
<u>Data Processing</u> : phones, network access, and software licenses for program staff	\$10,000
<u>Rent</u> : office space for program staff	\$10,908
<u>Small Tools</u> : small equipment items to support grant related activities	\$1,000
<u>Travel & Training</u> : travel to meetings, case investigations, and training	\$5,000
<u>Garage Charges</u> : fleet charges for investigator	\$10,000
<u>Indirect/Administrative Cost Allocation</u> : (Salaries \$251,384 * 10%)	\$25,138
TOTAL	\$73,346

EQUIPMENT LOG

Equipment Log for FY 2015-2016
County of Fresno

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

☒ No equipment purchased.

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

Name: EDITH TREVISO

Title: CHIEF OF FINANCIAL CRIMES

Signature: Edith Treviso

Date: 6-24-16

ATTACHMENT "A"

ATTACHMENT A

JOINT PLAN

PROGRAM STRATEGY - ATTACHMENT "A"

1. GOALS OF THE PLAN:

This plan is designed to coordinate the efforts of the Fresno County District Attorney's Office Automobile Insurance Fraud Unit (AIF) and the Fresno Regional Office of the Department of Insurance (CDI) to investigate and prosecute cases as expediently and efficiently as possible. This plan lays out a framework for cooperation, resource sharing and avoidance of duplication of efforts by both agencies.

2. ASSIGNMENT OF CASES:

One (1) Fresno County Deputy District Attorney (DDA) is assigned to the AIF unit. His or her primary responsibility is to file and prosecute all cases involving automobile insurance fraud. The DDA will maintain an open line of communication during the investigation, pre-filing review, and vertical prosecution of the case. The CDI Detective assigned to the case will assist with additional investigative requested as needed.

When a case is to be investigated by CDI, the CDI Detective will obtain a DA number for record keeping.

3. COMMUNICATION BETWEEN AIF AND FRAUD DIVISION:

- (a) Notification - Cases are often referred from an insurance company or law enforcement agency to CDI. AIF and CDI will meet to discuss the investigation, and the DDA will give direction when needed.
- (b) Joint Investigation – When appropriate and if the AIF Investigator is available to assist the CDI Detective, the AIF Investigator may assist in an investigation.
- (c) Open Lines of Communication – The main goal is to investigate and file cases expediently. To achieve this goal the DDA and CDI Detective will maintain open lines of communication to discuss cases and any problems or issues that may arise.

Staff from both agencies will meet on a quarterly basis or sooner if requested. The status of each active case will be reviewed during these quarterly meetings.

- (d) CDI agrees to house one or more AIF Investigator(s) on a space availability basis. This is designed to maximize resources, foster open communication and avoid duplication of efforts.

4. CASE FILING REQUIREMENTS:

- (a) The focus of suspected auto insurance fraud investigations must be on both the development of probable cause to make an arrest, and obtaining sufficient evidence to prove the charge(s) beyond a reasonable doubt. Each case is unique and therefore requires an individualized investigation plan.
- (b) When submitting a case for prosecution, the CDI Detective is to present a complete investigation package. This will include the following:
 - 1. A brief summary of the case
 - 2. A report which outlines the offenses alleged to have been committed and the details of the investigation
 - 3. A completed District Attorney's Prosecution Request Form
 - 4. Evidence gathered to prove the charges, including the identification of available witnesses and supporting documentation, criminal history of all suspects and a complete claim file if a claim was made, including restitution and investigative costs
 - 5. In cases alleging a false statement or misrepresentation, there must be identified evidence to show that the alleged false statement or misrepresentation is material to the claim.
- (c) The DDA will review all case presentations made by CDI within ten (10) working days of receipt or as soon as reasonably possible. The DDA will notify the CDI Detective if any additional investigation is warranted. The CDI Detective will complete the additional investigation as soon as reasonably possible and provide AIF with status updates until the investigation is completed. The DDA will complete filing decisions in a timely fashion. If a case is rejected for prosecution, the DDA will prepare a written memorandum stating the reasons for the rejection, which will be provided to CDI.
- (d) The DDA will notify the submitting CDI Detective of the date of filing and the charges filed within ten (10) days of filing a case. The DDA will notify the CDI Detective of the conviction date and charges within ten (10) days of the conviction. The DDA will provide the CDI Detective with the sentencing information within ten (10) days of sentencing.

5. UNDERCOVER OPERATIONS:

- (a) The AIF agrees to participate, where warranted, in joint undercover operations with CDI and/or other law enforcement entities which have jurisdiction in areas directly involving or related to automobile insurance fraud.

- (b) The AIF and CDI will coordinate their efforts and resources when working joint undercover operations to ensure an efficient operation with no duplication of efforts.
- (c) Prior to the commencement of any joint undercover operations, the AIF and CDI will develop and agree to a specified Joint Undercover Operation plan to ensure an efficient operation with no duplication of efforts. Further, the AIF attorney will provide, the CDI with written authorization for surreptitious recordings in furtherance of the investigation.

6. TRAINING AND WORKING WITH INSURER SPECIAL INVESTIGATIVE UNITS AND SELF INSURERS:

- (a) Open Door Policy --The AIF shall maintain an open door policy for CDI well as SIU Investigators and Self-Insured Employers encouraging them to discuss cases for potential filing and/or prosecution.
- (b) Training --The AIF and the Fraud Division will cooperate in developing training programs for AIF and CDI investigators, SIU Investigators and Self Insured Employers.

7. PROBLEM RESOLUTION:

With one (1) DDA and one (1) CDI Detective assigned to each case, it will be easier to resolve problems in an expedient manner. The **"team concept"** will reduce any potential breakdown in communications between offices. In the event a conflict develops, using the open lines of communication established, the detectives or prosecutors will seek resolution at the lowest level possible. If a resolution can not be achieved at this level, the immediate supervisors shall meet jointly with the detectives/prosecutors to seek resolution. It is anticipated that most, if not all, conflicts will be resolved by this step. However, if a conflict persists, then the CDI Captain and the Chief of Financial Crimes shall meet and confer.

8. OTHER:

Both the CDI and the AIF will assist each other in the following ways:

- (a) Storing evidence
- (b) Sharing specialized equipment
- (c) The service of search warrants, arrest warrants and/or subpoenas
- (d) In any other way necessary to accomplish our common goal of deterring auto insurance fraud.

9. CONCLUSION:

The AIF and CDI agree to work together to investigate and prosecute those who commit insurance fraud in Fresno County by working impact cases while at the same time working a balanced case load.

Both agencies agree that anti-fraud efforts must be conducted in a cost effective and efficient manner with professionalism, productivity and effectiveness being the overriding principles governing the working relationship. Both agencies agree that the ultimate goal is to reduce the overall occurrence of automobile insurance fraud in Fresno County.



Eric Charlick, Captain
California Department of Insurance
Fraud Division, Fresno Regional Office

6/20/16

Date



Edith Treviso, Chief of Financial Crimes
Fresno County District Attorney's Office


6-21-16

Date

This approval signature page relates to a State Grant Agreement for the Automobile Insurance Fraud Program with the Department of Insurance, which Agreement is made by COUNTY OF FRESNO, a Political Subdivision of the State of California, on behalf of which the FRESNO COUNTY DISTRICT ATTORNEY-PUBLIC ADMINISTRATOR'S OFFICE is acting. The Grant period runs from July 1, 2016, to June 30, 2017.

EFFECTIVE as of the date set forth in the referenced Agreement.

APPROVED AS TO LEGAL FORM:
DANIEL C. CEDERBORG, COUNTY
COUNSEL

By: 
Deputy

REVIEWED AND RECOMMENDED
FOR APPROVAL: LISA A.
SMITTCAMP, DISTRICT ATTORNEY

By: 
Deputy

APPROVED AS TO ACCOUNTING
FORM: OSCAR J. GARCIA, C.P.A.
AUDITOR-CONTROLLER/TREASURER-
TAX COLLECTOR

By: 
Deputy

Organization	28628000
Fund	0001
Subclass	10000
Account	4375