

INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA

GRANT AWARD AGREEMENT
Fiscal Year 2021-22
Automobile Insurance Fraud Program

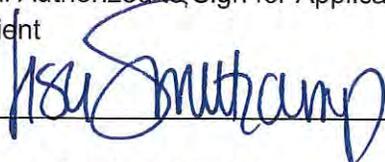
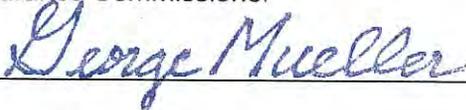
The Insurance Commissioner of the State of California hereby makes an award of funds to **Fresno County**, Office of the District Attorney, in the amount and for the purpose and duration set forth in this grant award.

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, 2021** through **June 30, 2022**.

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 **\$387,390**. 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.

Official Authorized to Sign for Applicant/Grant Recipient 	RICARDO LARA Insurance Commissioner 
Name: Lisa A. Smittcamp Title: District Attorney	Name: George Mueller Title: Deputy Commissioner
Address: 2100 Tulare Street Fresno, CA 93721	
Date: <u>9/16/2021</u>	Date: <u>10/12/2021</u>

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

10/17/21
Date

CALIFORNIA DEPARTMENT OF INSURANCE FRAUD DIVISION



AUTOMOBILE INSURANCE FRAUD PROGRAM

**REQUEST FOR APPLICATION
FISCAL YEAR 2021-2022**

**SECTION II
APPLICATION AND INSTRUCTIONS**

APPLICATION TABLE OF CONTENTS

Each Application must include a Table of Contents

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**GRANT APPLICATION CHECKLIST and SEQUENCE
FISCAL YEAR 2021-2022**

THE APPLICATION MUST INCLUDE THE FOLLOWING:

	<u>YES</u>	<u>NO</u>
1. GRANT APPLICATION TRANSMITTAL (FORM 02) completed and signed by the district attorney?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. PROGRAM CONTACT FORM (FORM 03) completed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Original or certified copy of the BOARD RESOLUTION (FORM 04) included? If NOT, the cover letter must indicate the submission date.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. TABLE OF CONTENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. The County Plan includes:		
1. COUNTY PLAN QUALIFICATIONS (FORM 05)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. STAFF QUALIFICATIONS (FORM 06(A))	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. ORGANIZATIONAL CHART (FORM 06(B))	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. PROGRAM REPORT (DAR OR FORM 07)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. COUNTY PLAN PROBLEM STATEMENT (FORM 08)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. COUNTY PLAN PROGRAM STRATEGY (FORM 09(a))	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. TRAINING AND OUTREACH (FORM 09(b))	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Projected BUDGET (FORMS 10-12) included?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
a. LINE-ITEM TOTALS VERIFIED?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. PROGRAM BUDGET TOTAL (FORM 12) matches amount requested on FORM 02?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. EQUIPMENT LOG (FORM 13) completed and signed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. JOINT PLAN (Attachment A) completed and signed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. CONFIDENTIAL CASE DESCRIPTIONS (Attachment B) Is all content readable? A partial narrative is not acceptable.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. ELECTRONIC VERSION (CD/DVD) included?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

GRANT APPLICATION TRANSMITTAL

AUTOMOBILE INSURANCE FRAUD PROGRAM

Grant Period: July 1, 2021 to June 30, 2022

Is this a multi-county grant application request? No

If Yes, list all counties: _____

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: Victor Lai, Deputy District Attorney

Address: 2100 Tulare Street

Fresno, CA 93721

Telephone: (559) 600-5180

(1) New Funds Being Requested: \$ 572,605

(2) Estimated Carryover Funds: \$ 0

Traci Fritzler
Assistant District Attorney
(3) *Program Director*

Stephen Rusconi
District Attorney Business Manager
(4) *Financial Officer*


(5) *District Attorney's Signature*

Date: 6/23/2021

Name: Lisa A. Smittcamp

Title: District Attorney

County: Fresno

Address: 2100 Tulare Street

Fresno, CA 93721

Telephone: (559) 600-3141

**AUTOMOBILE INSURANCE FRAUD PROGRAM
PROGRAM CONTACT FORM
FISCAL YEAR 2021-2022**

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

- Name: Victor Lai
- Title: Deputy District Attorney
- Address: 2100 Tulare Street
Fresno, CA 93721
- E-mail address: vlai@fresnocountyca.gov
- Telephone Number: (559) 600-5180 Fax Number: (559) 600-4400

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

- Name: Stephen Rusconi
- Title: Business Manager
- Address: 2100 Tulare Street
Fresno, CA 93721
- E-mail address: srusconi@fresnocountyca.gov
- Telephone Number: (559) 600-4447 Fax Number: (559) 600-4100

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

- Name: Victor Lai
- Title: Deputy District Attorney
- Address: 2100 Tulare Street
Fresno, CA 93721
- E-mail address: vlai@fresnocountyca.gov
- Telephone Number: (559) 600-5180 Fax Number: (559) 600-4400

**BOARD OF SUPERVISORS RESOLUTION
FISCAL YEAR 2021-2022**

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 31, 2021.

COUNTY PLAN: QUALIFICATIONS FISCAL YEAR 2021-2022

QUESTIONS

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

- The outcomes reported in FORM 05 shall represent activities funded by this grant program.
- If a case is being reported in more than one insurance fraud grant program, clearly identify the component(s) that apply to this program.
- Information concerning investigations should be general and are subject to disclosure under a PRA request or subpoena. Investigation details that are confidential should be provided only in Attachment B, Part 1, FORM 05.

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

The Fresno County District Attorney's Automobile Insurance Fraud Unit has been in operation for over 25 years. The well-qualified, dedicated staff has maintained valuable contacts with other local agencies that specialize in automobile theft and automobile insurance fraud. The Fresno County District Attorney's Office is committed to staffing the Automobile Insurance Fraud Unit with a seasoned prosecutor and investigator whose experience allows for the investigation and prosecution of complex cases.

Successes in Fiscal Year 2019-2020

In Fiscal Year 2019-2020, the Automobile Insurance Fraud Unit filed 21 cases against 28 defendants. Thirteen cases were applicant fraud cases. Seven cases were economic auto theft cases, usually involving allegations of a chop shop. The final case involved a fraud ring with three charged defendants. The District Attorney's Office worked closely with the Department of Insurance in the fraud ring case, keeping apprised of the investigation when it neared completion, and thereafter working diligently to have this complex case with multiple defendants and multiple claims filed.

In Fiscal Year 2019-2020, the Automobile Insurance Fraud Unit secured 8 felony convictions and 8 misdemeanor convictions. The majority of criminal cases were resolved after full restitution was made. The Automobile Insurance Fraud Unit collected and dispersed \$16,246.21 in restitution to victims. It is important to note

that the courts were essentially closed to out of custody defendants for roughly a quarter of Fiscal Year 2019-2020 due to Covid.

The Automobile Insurance Fraud Unit obtained some noteworthy convictions and sentences in Fiscal Year 2019-2020. These included a case where a defendant burned his car to collect the insurance proceeds, sustaining burns to himself in the process. The defendant pled no contest to a felony, and ultimately served 257 total days in custody and was ordered to attend an inpatient substance abuse treatment program thereafter. The defendant was also ordered to pay \$3,597.55 in restitution.

Another notable case involved a small chop shop operation where the defendant himself was not originally located at the scene of the crime. Instead, three other individuals were located at the scene. Through interviews, local law enforcement narrowed down the identity of the suspect who had been working on a stripped vehicle in the backyard of the residence. Eventually, the defendant was located and arrested. When the defendant's car was searched, parts belonging to the stripped car were located, as well as the license plate belonging to the stripped car. This defendant pled no contest to two felonies, for 16 months of local prison time, with 285 days in custody and 202 days on Mandatory Supervised Release.

One final case of note involved a defendant who had engaged in applicant fraud after committing a hit and run collision. Originally, the defendant was charged for the hit and run collision only. Pending sentencing for that charge, the insurance fraud charges were brought. Thereafter, while pending the insurance fraud charges, the defendant committed other felonies involving possession of drugs with intent to sell. After working with the DDA handling the drug sales case, the defendant plead for a global resolution of all cases, including the cases for drug sales, insurance fraud, and the original hit and run. In the end, the defendant received a total sentence of 9 years and 4 months in the California Department of Corrections.

Successes in Fiscal Year 2020-2021

In Fiscal Year 2020-2021, the Automobile Insurance Fraud Unit filed 26 cases against 29 defendants. Twenty-two cases were applicant fraud cases. Four cases were economic auto theft cases, with three cases involving a false claim of theft, and one involving a chop shop.

In Fiscal Year 2020-2021, the Automobile Insurance Fraud Unit secured 7 felony convictions and 12 misdemeanor convictions. The majority of criminal cases were resolved after full restitution was made. The Automobile Insurance Fraud Unit collected and dispersed \$19,747.41 in restitution to victims. The difficulties of operating the courts with Covid restrictions in full swing remained for the vast majority of Fiscal Year 2020-2021, with out of custody defendants often being turned away from entry into the courthouse, and some defendants being less able to pay restitution based on the particulars of their living or working situations during the pandemic.

The Automobile Insurance Fraud Unit secured some noteworthy convictions and sentences in Fiscal Year 2020-2021. These included cases where the defendants were caught operating chop shops, and an economic car theft case in which the defendant's vehicle was burned.

The case involving a burned vehicle involved a defendant who reported her car stolen, and subsequently filed an insurance claim. Examination of the defendant's phone records showed calls around the time frame of her vehicle being burned. The evidence of her phone records contradicted her prior statements about where she had been during the relevant time frame, instead placing her close to the site where the vehicle was recovered. The defendant pled to a felony insurance fraud charge. While no money was paid out on the claim due to the defendant's misrepresentations being caught in time, the defendant agreed to pay \$3,330.12 in restitution comprised of investigative costs to the insurance company.

Another notable case involved a victim and his adult daughter who were out looking for his stolen car, and found it parked at the rear of an address. They called police, who went to the location, which looked like an abandoned house. Police conducted surveillance on the location and watched as two Hispanic males went back and forth from the victim's car to another car parked on the driveway. Officers moved in on the pair. One defendant admitted to helping the other defendant take parts from victim's car. The other defendant stated he didn't steal the vehicle, but found it crashed, and then the pair decided to take some parts off the car to sell for money. In this case, while one defendant remains at large, the other defendant who was in custody pled to a felony charge of operating a chop shop, and received a total of 3 years in state prison, run concurrently with sentences from other felony cases in which he was also convicted.

The final case of note involved a tip about a possible chop shop. The location was investigated, with several dismantled vehicles noted in the rear of the property. Two males were detained on scene. Eventually, 9 dismantled stolen vehicles were tallied. One defendant admitted to people bringing stolen cars to the residence, while the other denied knowing anything about stolen cars. The defendant that confessed pled to a felony chop shop charge, and received 2 years in local prison, while the other defendant currently remains in custody on a different chop shop charge, as well as violations of probation.

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

The Automobile Insurance Fraud Unit works with all local law enforcement agencies including CDI; the California Highway Patrol Investigative Services Unit; the Help Eliminate Auto Theft team (comprised of CHP officers, a DMV investigator, and local law enforcement); Fresno Police Department's Career Criminal Auto Theft Team; Fresno County's Agricultural Crimes Task Force (a specialized team consisting of Fresno County Deputy Sheriffs and a CHP officer); Bureau of Automotive Repair; and California Department of Motor Vehicles Investigations. Staff also works with the Federal Bureau of Investigation,

Department of Social Services and other local police agencies from the surrounding communities when investigating cases.

3. Specify any unfunded contributions and support (i.e., financial, equipment, personnel, and technology) 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 Automobile Insurance Fraud Unit. The District Attorney's Office is currently providing a Legal Assistant who handles operations for the Automobile Insurance Fraud Unit.

4. 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 Automobile Insurance Fraud Unit with dedicated and experienced investigators and prosecutors. These prosecutors 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 District Attorney's Office prioritizes continuity of staff in specialty assignments whenever possible.

The Automobile Insurance Fraud Unit was staffed by Deputy District Attorney Victor Lai during the past fiscal year. Deputy District Attorney Lai is a seasoned prosecutor with significant trial experience, having previously handled assignments including Sexual Assault/Child Abuse and Domestic Violence. Deputy District Attorney Lai has been a prosecutor for over 16 years. He is also certified as 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. There are currently 330 attorneys designated as Criminal Law Specialists in California.

Deputy District Attorney Lai joined the Automobile Insurance Fraud Unit in October of 2019. Since joining the Automobile Insurance Fraud Unit, he has taken advantage of training opportunities specific to automobile insurance fraud. Deputy District Attorney Lai attended the 2020 CDAA Fraud Symposium, which was held virtually due to Covid restrictions. Deputy District Attorney Lai participates in bi-monthly Western State Auto Theft Investigator trainings, and when they were still being held, auto theft roundtable meetings and CDI-sponsored Special Investigations Unit roundtables. As Covid restrictions are gradually relaxed, Deputy District Attorney Lai expects to attend these meetings once more.

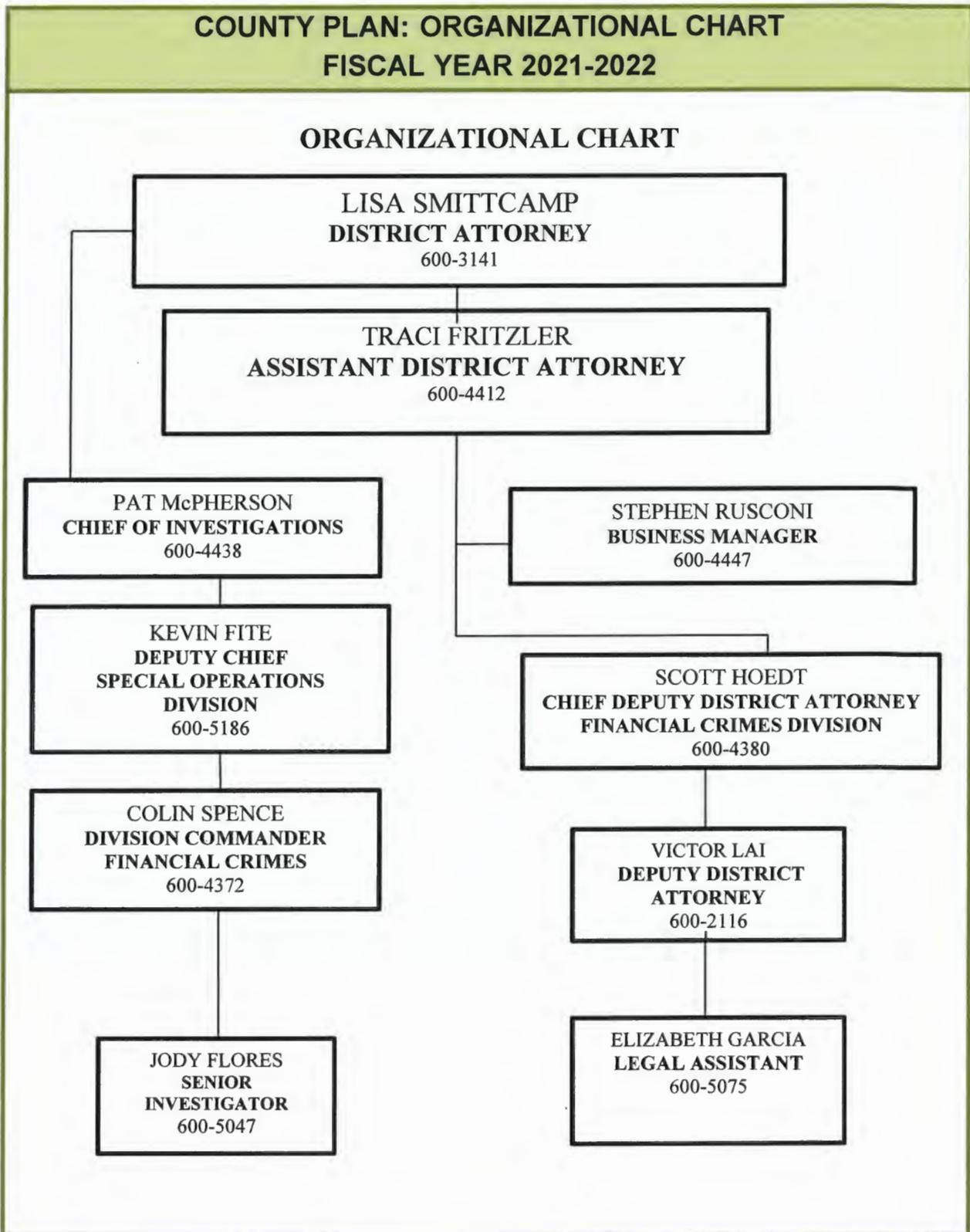
Senior District Attorney Investigator Jody Flores joined the Automobile Insurance Fraud Unit in February of 2020. He has nearly 19 years of law enforcement experience, both as a District Attorney Investigator and as a Deputy Sheriff with the Fresno County Sheriff's Office. He worked as a Deputy Sheriff from 2002 until

2014, and thereafter has been with the Fresno County District Attorney's Office. He has handled assignments including the investigation of robberies, assaults, criminal street gangs, narcotics, and homicides. He has received extensive training in computer forensics, criminal investigations, interview and interrogation techniques, and evidence collection. He has earned three specialty certificates from the Robert Presley Institute of Criminal Investigations, including Robbery Investigation, Homicide Investigation, and Computer Crime Investigations.

Senior Investigator Flores attended the 2021 Anti-Fraud Conference, which was held virtually. He is a member of the Western States Auto Theft Investigators organization, and regularly attends their trainings. He also participates in bi-monthly CDI-sponsored Special Investigations Unit roundtables when they are being held.

5. Were any frozen assets distributed in the current reporting period? (Assets may have been frozen in previous years.) If yes, please describe. If no, state none.

None.



**COUNTY PLAN: DISTRICT ATTORNEY PROGRAM REPORT
FISCAL YEAR 2021-2022**

DAR (FORM 07) is submitted online

STATISTICAL INFORMATION WILL BE CAPTURED

FROM JULY 1, 2020 TO JUNE 15, 2021

To access the DAR webpage on the CDI website, click on the following link or copy the URL into your browser.

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

**COUNTY PLAN: PROBLEM STATEMENT
FISCAL YEAR 2021-2022**

PROBLEM STATEMENT

Describe the types and magnitude of automobile insurance fraud (e.g., applicant, medical/legal provider, staged collisions, insider fraud, fraud ring, capping, and economic vehicle theft) relative to the extent of the problem specific to your county.

Use local data or other evidence to support your description.

CDI received and reviewed 312 Suspected Automobile Insurance Fraud claims in Fresno during Fiscal Year 2020-2021. Applicant fraud, vehicle arson, fraud rings, and economic car theft continue to greatly impact the residents of Fresno County.

Applicant Fraud

Fresno County is the tenth largest county in California based on its estimated population of 999,101 as of July 1, 2019, per the United States Census Bureau (however, per the California Department of Finance Demographic Research Unit, this number is 1,023,358 people as of January 1, 2020). Fresno County is also home to the fifth largest city in California based on population size, the city of Fresno. Fresno County's unemployment rate in Fiscal Year 2020-2021 has ranged from 13% in July of 2020, to a low of 8.5% in November of 2020, to 9.9% in March of 2021, according to the United States Bureau of Labor Statistics. This is compared to a statewide unemployment rate in California of 8.3% as of March of 2021, and 6.1% nationally as of April 2021.

Per the United States Census Bureau, the median household income in the city of Fresno from 2015 to 2019 was \$50,432, compared to a higher statewide median household income of \$75,235. In Fresno County, 20.5% of people lived below the poverty line from 2015 to 2019. The rate of people living below the poverty line increases to 25.2% if one were to look at the city of Fresno only. These rates are substantially above the poverty rates during the same time period of 11.8% for California, and 10.5% for the United States as a whole.

Fresno County's economy remains highly dependent on agriculture. Like everywhere else, it was also affected by the Covid pandemic, with unemployment peaking shortly before the 2020-2021 Fiscal Year at 17.10% in April of 2020. Since then, the unemployment rate had dropped, holding at about 10% in the first few months of 2021. However, analysis of the recent data has posited that the reason for the recent drop in the unemployment rate in California was partly from thousands of people dropping out of the workforce entirely, rather than having found employment. As of the writing of this grant, California has still not fully reopened.

Meanwhile, the Consumer Price Index (which is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services), rose 4.2% from April 2020 to April 2021. This was the largest increase over a 12-month period since a 4.9% increase for the year ending September 2008, per the U.S. Bureau of Labor Statistics.

The above issues could potentially lead to individuals and families, squeezed on lower incomes and rising expenses, to forego automobile insurance, repairs on their vehicles, or falling behind on auto loans or leases, and ultimately resorting to applicant-type insurance fraud when involved in a car accident, or owner give-ups that are reported as thefts to insurance companies.

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 theft, chop shop operations, and insurance fraud.

Vehicle Arsons

Vehicle arsons are commonly committed for insurance fraud purposes, but they are difficult to prosecute. The insured has the vehicle burned, which is then deemed a total loss by the insurance company. Vehicle arsons are labor intensive to investigate. 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 received long after the arson has been committed due to Fresno County's vast farmlands where vehicles are easily disposed of with no witnesses.

Fraud Rings

Local automobile theft task forces focus on businesses, both legitimate and illegitimate, that promote economic car theft and automobile insurance fraud by dealing in stolen vehicles, stolen vehicle parts, and billing insurance companies for work not performed and parts not supplied to consumers. These businesses include metal recyclers, auto body repair shops, and auto parts shops. The Automobile Insurance Fraud Unit has filed cases in the past involving fraud rings comprised of the owners, employees, and customers of these businesses. The Bureau of Automotive Repair has in the past submitted cases where automobile repair shops are committing fraud by billing insurance companies for unperformed work on the customer's vehicles.

Economic Car Theft

Fresno County has an auto theft rate of 444.7 auto thefts per 100,000 people, according to statistics released by the Federal Bureau of Investigation for the 2019 calendar year, compared to 358.8 per 100,000 people in California, and 219.9 per 100,000 people nationally.

Despite efforts to educate the public, many drivers continue to leave their cars running while unattended, to either cool down in the summer or warm up in the winter. This creates easy opportunities for automobile theft.

A large part of Fresno's economic car theft problem revolves around chop shops. The local auto theft task forces investigate 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. Investigations of chop shops have uncovered numerous owner give-up cases, as well as stolen vehicles.

The various law enforcement agency automobile theft task forces are fighting automobile theft crime every day. The Automobile Insurance Fraud Unit receives numerous cases from these task forces every year. The task force efforts and aggressive prosecution by prosecutors specializing in automobile theft cases do make an impact. Unfortunately, auto thefts increased in Fresno County from 2019 to 2020 by 5.3%. During the same time period, 6.9% more vehicles were recovered. However, it is imperative to continue funding experienced prosecutors and investigators dedicated to insurance fraud and economic car theft to provide for aggressive, specialized prosecution.

Medical Provider Fraud

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

**COUNTY PLAN: PROGRAM STRATEGY
FISCAL YEAR 2021-2022*****PROGRAM STRATEGY***

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

Applicant Fraud

The Automobile Insurance Fraud Unit maintains excellent open communication with our various referral sources. Staff will continue to network and coordinate training with the Special Investigations Unit managers for the automobile 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 Automobile Insurance Fraud Unit continues to assist CDI with joint investigation as needed.

Fraud Rings

The Automobile Insurance Fraud Unit investigates all fraud ring referrals, including those involving large numbers of suspects and incidents. The Automobile Insurance Fraud Unit will continue to network with insurance companies in identifying and investigating all suspected fraud rings. The Automobile Insurance Fraud Unit maintains its commitment to prosecuting fraud ring cases, with the current goal to accelerate prosecution of fraud ring cases that stalled during the Covid pandemic.

Economic Car Theft

The Automobile Insurance Fraud Unit will continue to work closely with local law enforcement agencies, CDI, and Special Investigations Unit staff to prosecute chop shop cases, career automobile thieves, and owner give-ups masquerading as thefts. The Automobile Insurance Fraud Unit will continue to prosecute these cases as efficiently as possible.

Medical Provider Fraud

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

Automobile Insurance Fraud 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 half-time Legal Assistant.

It is essential to have a Senior District Attorney Investigator who can review referrals closed by CDI due to insufficient resources. The Senior District Attorney Investigator will conduct all requested pre-trial follow up investigations, serve subpoenas, prepare and execute search warrants, maintain evidence, and perform other required tasks to support the prosecutor.

The Deputy District Attorney will ensure that criminal cases, the success or failure of which has a significant impact on the program's mission, are successfully prosecuted. The Deputy District Attorney will appear in court for Automobile Insurance Fraud Unit cases, including Mandatory Supervised Release hearings, probation violation hearings, and restitution hearings.

The Automobile Insurance Fraud Unit Legal Assistant will maintain the database of restitution payments and help in the grant application process. The Legal Assistant will help prepare court documents, correspondence, and provide any other support for Automobile Insurance Fraud Unit staff as necessary.

The Automobile Insurance Fraud Unit continues to collect and track restitution ordered by the court. With the 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 Automobile Insurance Fraud Unit is responsible for outreach presentations to law enforcement and insurance industry personnel. The staff regularly meets with local law enforcement and private carriers as part of outreach efforts to discuss potential referrals.

Program Improvement Goals for Fiscal Year 2021-2022

The Automobile Insurance Fraud Unit will work toward filing high impact cases such as sophisticated fraud rings that will provide the greatest deterrent effect. The Automobile Insurance Fraud Unit will also aggressively pursue arson-related insurance fraud. It is a goal of the Automobile Insurance Fraud Unit for the next fiscal year to tackle the backlog of cases that are currently working through the courts due to the congestion caused by Covid related closures and continuances.

- What are your plans to meet the announced goals of the Insurance Commissioner? A copy of these goals have been provided for your reference.
- If these goals are not realistic for your county, please state why they are not, and what goals you can achieve. What is your strategic plan to accomplish the goals?

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

The Automobile Insurance Fraud 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 Automobile Insurance Fraud Unit will continue to participate in Specials Investigations Unit roundtables once they reconvene, Western State Auto Theft Investigators meetings, and local law enforcement task forces.

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

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

- 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 Automobile Insurance Fraud Unit contacts victims to determine the amount of restitution and to have the amount fixed at the time of sentencing. In those cases where the restitution is unable to be paid upfront, the Automobile Insurance Fraud Unit will continue to monitor payments by individuals to ensure that full restitution is paid. The Legal Assistant will monitor restitution payments and will send reminder letters to those defendants who are delinquent on scheduled restitution payments. Where restitution is not being made and no extenuating circumstances apply, the prosecutor will actively seek judicial enforcement through probation violation hearings.

Provide the amount of restitution ordered and collected for the past five fiscal years. If this information is not available, provide an explanation.

Fiscal Year	Restitution Ordered	Restitution Collected
2020-21	\$61,663	\$19,622
2019-20	\$26,892	\$15,102
2018-19	\$11,631	\$36,149
2017-18	\$195,488	\$36,149
2016-17	\$195,845	\$35,971
TOTAL	\$455,019	\$142,943

Use this space to provide a brief explanation why the restitution ordered and collected information is not available (if applicable).

- Identify the performance objectives that the county would consider **attainable** and would have a significant impact in reducing automobile insurance fraud. Project a count you expect to **actively** investigate. Do not include cases that are open and assigned but have little or no expectation of being worked.

Projection for FY 2021-2022:

- a. 60 new investigations will be opened and worked during FY 2021-2022
- b. 45 new prosecutions will be initiated during FY 2021-2022

Prior year's projection from FY 2020-2021 submitted RFA:

- c. 60 new investigations will be initiated during FY 2020-2021
- d. 45 new prosecutions will be initiated during FY 2020-2021

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

\$ <u>572,605</u> FY 2021-2022 Grant REQUEST	\$ <u>375,606</u> FY 2020-2021 Grant AWARD	\$ <u>196,999</u> FY 2021-2022 Increase Requested
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Utilization Plan:

An increase in funds is requested to pay salary and benefit increases for Automobile Insurance Fraud Unit staff and enable continuity within the program.

**COUNTY PLAN: TRAINING AND OUTREACH
FISCAL YEAR 2021-2022**

TRAINING AND OUTREACH RECEIVED (Part 1)

- List the **insurance fraud training received** by each county staff member in the automobile insurance fraud unit **during Fiscal Years 2019-2020 and 2020-2021.**

Name	Training Date	Provider	Location	Topic	Hrs Credit
Victor Lai	10/7/19 – 10/10/19	CDAА	Newport Beach	CDAА Fraud Symposium	19
Victor Lai	8/6/20	WSATI	Virtual	Catalytic Converters and Recycling	
Victor Lai	10/8/20	WSATI	Virtual	Social Media Search Engine	
Victor Lai Jody Flores	10/13/20 – 10/15/20	CDAА	Virtual	CDAА Fraud Symposium	14.50
Victor Lai	12/3/20	WSATI	Virtual	Auto Manufacturer Contacts	
Jody Flores	4/14/21 – 4/15/21	Anti-Fraud Alliance	Virtual	Anti-Fraud Conference	9
Jody Flores	4/27/21 – 4/29/21	NICTA	Virtual	Intro to Insurance Fraud Investigation, Insurance Fraud Basics, Standard Operating Procedure, Field Safety, IASIU Ethics	

Jody Flores	4/29/21 – 5/4/21	NICTA	Virtual	Listening for Deception in Claims Interviews, Digital Photo Metadata Fraud, Investigating Vehicle Theft Fraud, Vehicle Glass Fraud	
Victor Lai Jody Flores	5/19/21	WSATI	Virtual	CARFAX	

TRAINING AND OUTREACH PROVIDED (Part 2)

Date Conducted	Location	Conducted By	Purpose & Content	Target Audience	Method	# of Attendees/Contacts ¹
2/11/2021	AG Expo	Victor Lai	Public Awareness: Education Component	General Public	Job Fair / Exhibit Booth	0
Enter a date.	Enter text.	Enter text.	Choose an item.	Choose an item.	Select type.	Enter text.
Enter a date.	Enter text.	Enter text.	Choose an item.	Choose an item.	Select type.	Enter text.
Enter a date.	Enter text.	Enter text.	Choose an item.	Choose an item.	Select type.	Enter text.
Enter a date.	Enter text.	Enter text.	Choose an item.	Choose an item.	Select type.	Enter text.
Enter a date.	Enter text.	Enter text.	Choose an item.	Choose an item.	Select type.	Enter text.

Training and Outreach Narrative

Use this space (1) to provide a brief description of any outreach or training listed as "Other, Specify" and (2) to provide a narrative on any outreach or training in the above table.

- Describe what kind of training/outreach you plan to provide in Fiscal Year 2021-2022.

Once regular in person contact is resumed, the Automobile Insurance Fraud Unit's plan is to resume attending roundtable meetings with the Department of Insurance and Industry Special Investigative Units, as well as continue to explore different avenues to inform the public about automobile insurance fraud. The plan will also include resumptions of regular meetings with auto theft task forces working in the jurisdiction.

¹ For hotline numbers or website links, list the number of calls or specific count of page hits.

**AUTOMOBILE INSURANCE FRAUD PROGRAM
BUDGET: PERSONNEL SERVICES
FISCAL YEAR 2021-2022**

COUNTY NAME: FRESNO

A. PERSONNEL SERVICES: Salaries and Employee Benefits	COST
<u>(1.0 FTE) DEPUTY DISTRICT ATTORNEY:</u>	
Annual salary:	140,895
<u>Benefits:</u>	
Retirement: $(140,895 \times .6527)$	91,962
OASDI: $(140,895 \times .0765)$	10,778
Health Ins-Annual:	12,784
Unemployment: Annual:	143
Workers Comp: Annual:	1,310
Admin Fee- Annual:	132
	117,109
 <u>(1.0 FTE) SENIOR DISTRICT ATTORNEY INVESTIGATOR:</u>	
Annual salary:	101,452
<u>Benefits:</u>	
Retirement: $(101,452 \times .9334)$	94,695
OASDI: $(101,452 \times .0765)$	7,761
Health Ins-Annual:	9,755
Unemployment: Annual:	143
Workers Comp: Annual:	1,310
Admin Fee- Annual:	132
	113,796
 <u>(.5 FTE) LEGAL ASSISTANT:</u>	
Annual salary: $(40,515 \times 50\%)$	20,258
<u>Benefits:</u>	
Retirement: $(40,515 \times .6527) \times 50\%$	13,222
OASDI: $(40,515 \times .0765) \times 50\%$	1,550
Health Ins-Annual: $(9,755 \times 50\%)$	4,878
Unemployment: Annual:	72
Workers Comp: Annual:	655
Admin Fee- Annual:	66
	20,443

Membership Dues:
California Bar Dues

497

SUMMARY:

Salaries	262,605
Benefits	251,348
Membership Dues	497

TOTAL	<u>\$514,450</u>
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A. PERSONNEL SERVICES TOTAL

514,450

**AUTOMOBILE INSURANCE FRAUD PROGRAM
PROGRAM BUDGET: OPERATING EXPENSES
FISCAL YEAR 2021-2022**

COUNTY NAME: FRESNO

B. OPERATING EXPENSES	COST
<u>MOBILE COMMUNICATIONS:</u> <i>24/7 radio network access</i>	2,040
<u>LIABILITY INSURANCE:</u> <i>rates set by County Risk Management</i>	569
<u>MEMBERSHIPS:</u> <i>Investigator membership CDAIA</i>	35
<u>OFFICE EXPENSE:</u> <i>routine office supplies</i>	2,000
<u>POSTAGE:</u> <i>mailing costs</i>	250
<u>DATA PROCESSING:</u> <i>computer network access</i>	11,500
<u>PROFESSIONAL & SPECIALIZED SERVICES:</u> <i>vital records and audit costs</i>	2,000
<u>TRANSPORTATION, TRAVEL, & EDUCATION:</u> <i>program related in-state travel/training</i>	6,000
<u>TRANSPORTATION & TRAVEL - FLEET:</u> <i>vehicle operation and maintenance</i>	7,500
<u>INDIRECT COSTS: (10% * Salaries (\$262,605))</u>	26,261
B. OPERATING EXPENSE TOTAL	58,155

ATTACHMENT "A"

JOINT INVESTIGATIVE PLAN

JOINT INVESTIGATIVE PLAN

I. STATEMENT OF GOALS

The purpose of this Joint Plan is to create a framework by which the Fresno County District Attorney's Office Automobile Insurance Fraud Unit (hereinafter referred to as the Fraud Unit) and the Central Valley Regional Office of the Department of Insurance (hereinafter referred to as CDI) will effectively work together to combat automobile insurance fraud. Given the limited resources available to investigate fraud, it is imperative to not duplicate efforts. It is also essential to use the resources of both agencies to their fullest potential. For example, if a case crosses county lines, the Fraud Unit will turn to CDI for assistance.

II. RECEIPT OF ASSIGNMENT OF CASE

CDI and the Fraud Unit will deconflict upon assignment of investigations to ensure there is no duplication of investigative efforts. If it is determined that CDI will conduct the investigation, the Fraud Unit will assign a prosecutor to the case to serve as a legal resource for CDI detectives. The assigned attorney and CDI detective will develop a litigation plan. This action is consistent with and supports the philosophy of vertical prosecution. They will work together to determine the charges to be filed and interviews to be conducted. During the initial meeting, timelines will be established for the completion of the investigation and priorities will also be set. The Fraud Unit will be apprised of all aspects of CDI's investigation.

III. INVESTIGATIONS

By working together at the outset of a case, and by sharing fraud referrals on a monthly basis, there will be no duplication of effort. Open communication will exist between both offices, which is the key to investigating the cases as expediently and efficiently as possible.

Vertical prosecution shall be used for all cases investigated. Vertical prosecution means the case detective from CDI or the Fraud Unit will communicate with the assigned prosecutor when the case is assigned for investigation. The assigned prosecutor and detective will meet in person or via telephone prior to starting the investigation. They will discuss the viability of the case, the investigative plan, and schedule meetings and case updates throughout the investigation.

- a) Pursuant to the above provision, and to maximize the efficient and effective expenditure of resources, it is expected that each party will conduct its investigations independently in most cases. However, it

is understood and agreed that either party will provide assistance to the other upon request in any investigation where such assistance is needed. This could include serving search warrants, interviewing witnesses, making arrests, etc.

- b) Joint investigation may be undertaken in cases where the parties determine it is beneficial to combine resources to achieve the most efficient and effective result. This will be determined on a case-by-case basis. CDI detective(s) and the assigned prosecutor shall communicate at regular intervals as necessary, but no less than one time a month, for the duration of a joint investigation and resulting prosecution.
- c) It is the intent of this joint investigative plan to avoid duplication of investigative efforts by maintaining regular communication to discuss caseloads and share information concerning current investigations.
- d) Ongoing investigations will be discussed at each meeting or more often as the matter dictates. A prosecutor will be assigned to each investigation to assist in any legal issues and to ensure that all elements of the case are present to meet charging requirements. This teamwork will reduce unnecessary investigative work and ensure that an investigation is terminated at the earliest possible time if it becomes apparent that no further amount of work would result in a prosecution.
- e) The Chief of the Fraud Unit or his designee will be available to meet with the CDI detective at any time during the investigation of a case when so requested by the detective to discuss any aspect of the case.
- f) It is the intent of the parties that by maintaining regular communication and adhering to agreed-upon plans and procedures, the completed investigation will result in the filing of criminal charges and a successful prosecution. At the same time, however, it is understood that not every case that is investigated will result in a prosecution. This can happen when the evidence does not develop as expected, material witnesses are no longer available, the case lacks jury appeal, the reasonable likelihood of conviction is minimal, or other unforeseen circumstances develop. The parties will take all possible steps to avoid such situations, as it is not desirable to expend investigative resources on cases that are not prosecuted in court.
- g) The CDI Captain, or the Captain's designee, and the Supervising Attorney, or the Supervising Attorney's designee will meet quarterly to discuss any issues or problems with the joint investigation of cases.

Consent to Record Lawful Communications

Pursuant to California Penal Code Section 633, the District Attorney's Office authorizes any sworn peace officer employed by the California Department of Insurance, Fraud Division to surreptitiously record any communication that can be lawfully overheard or recorded in connection with any criminal investigation involving automobile insurance fraud in the County of Fresno. This authorization shall remain in effect for the 2021-2022 fiscal year. The District Attorney's Office shall have the right to withdraw this authorization by written notice to the Department of Insurance, Fraud Division.

IV. UNDERCOVER OPERATIONS

In the event that an undercover operation occurs during this grant period, both the CDI Captain, or her designee and the Supervising Attorney or his designee will meet to develop a litigation plan which will identify the direction of the investigation, address relative investigative issues, define the responsibilities of both agencies and provide a method to resolve disagreements.

Either party may decide to conduct an undercover operation in a particular case using its own personnel and resources. In a situation where the Fraud Division conducts its own independent undercover investigation in Fresno County, the detective will consult the assigned prosecutor on the case consistent with vertical prosecution.

In a case where there will be a "joint" undercover investigation, there will be a joint operational plan prepared prior to the start of the investigation, which outlines and specifies the goals and objectives of the investigation, as well as the duties and responsibilities, including personnel and financial responsibilities, of each of the parties in the investigation.

V. CASE FILING REQUIREMENTS

Cases presented to the Fraud Unit for filing will contain sufficient evidence to prove guilt beyond a reasonable doubt. This will include verification that witnesses are available and willing to testify, and contain all available documentation needed to prove the fraud.

When submitting a case for prosecution, the CDI detective is to present a complete investigation package. This will include the following:

- a) A brief summary of the case;
- b) A report which outlines the offense alleged to have been committed and details of the investigation;

- c) A completed District Attorney Prosecution Request Form;
- d) Evidence gathered to prove the charges, including the identification of available witnesses and supporting documentation, witness interviews pursuant to Proposition 115, criminal history of all suspects, and a complete claim file if a claim was made;
- e) If interpreters were used to interview witnesses, they will be identified and interviewed if possible;
- f) A letter on company letterhead detailing restitution and investigative costs and where restitution should be mailed, or a written declination of restitution and investigative costs;
- g) In cases alleging a false statement of misrepresentation, there must be identified evidence to show that the alleged false statement or misrepresentation is material to the claim.

The prosecutor shall notify the case detective as soon as practical if additional follow up investigation is warranted on the case. Ongoing discussions between the detective and prosecutor will determine what additional investigation is needed. Every effort shall be made by the parties to complete the investigation as soon as practical.

The assigned prosecutor shall file criminal charges only if all of the following requirements are satisfied:

- a) Based upon a complete investigation and a thorough consideration of all pertinent information readily available, the prosecutor is satisfied that the evidence shows the accused is guilty of the crime to be charged;
- b) There is sufficient legally admissible evidence of a corpus delicti;
- c) There is sufficient legally admissible evidence of the identity of the perpetrator of the crime;
- d) The prosecutor has considered the probability of a conviction by an objective fact-finder hearing the admissible evidence and has considered the evidence necessary to satisfy the legal proof of a criminal case;
- e) The admissible evidence is of such convincing force that it would warrant conviction of the crimes charged by a reasonable and objective fact-finder after hearing all the evidence available at the time of charging and after hearing the plausible, reasonably foreseeable defenses that could be raised under the evidence presented.

The Fraud Unit will provide CDI with a filing decision in writing within 30 days of the case submission. If after a complete review of the case the prosecutor decides not to file criminal charges, the prosecutor will contact and consult with the Fraud Division to discuss the reasons for not filing the case. Both parties understand that not every case may result in criminal prosecution. A case may be declined for prosecution when the evidence does not develop as expected, material witnesses are no longer available, the reasonable likelihood of a conviction is minimal, the case lacks jury appeal, or other unforeseen circumstances develop. The parties will attempt to avoid such situations, so as not to expend investigative resources on cases that will not result in a criminal prosecution. If a case has been formally submitted for filing and the prosecutor declines to prosecute, a formal rejection notice either in letter format or via e-mail outlining the reasons why the case is being declined will be sent to the Central Valley Regional Office.

VI. TRAINING

CDI and the Fraud Unit will continue to work together to educate the community on ways to combat fraud. Any requests for training received by CDI will be communicated to the Fraud Unit and vice versa.

VII. PROBLEM RESOLUTION

With CDI and the Fraud Unit working in a "team concept" it will be easier to resolve problems in an expedient manner. This will also reduce any potential breakdown in communication between offices.

In the event a conflict develops between the agencies, using the open lines of communication established, the agencies will seek resolution at the lowest level possible. If a resolution cannot be achieved at this level, the immediate supervisors shall meet to seek resolution. It is anticipated that most, if not all, conflicts will be resolved by this step. If a conflict persists, then the Captain of CDI and the Chief Attorney for the Fraud Unit shall meet and confer.

VIII. OTHER

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

- a) Storing evidence, based on availability;
- 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 or deterring auto insurance fraud.

IX. CONCLUSION

The Fraud Unit and CDI agree to work together to investigate and prosecute those who commit auto insurance fraud in Fresno County by working high impact cases while at the same time maintaining a balanced caseload. 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 principals governing the relationship. Both agencies further agree that the ultimate goal is to reduce automobile insurance fraud in Fresno County.

 _____	<u>5/17/21</u> Date
Christine Diep Captain California Department of Insurance- Fraud Division Central Valley Regional Office	
 _____	<u>5/17/21</u> Date
Scott Hoedt Chief Deputy District Attorney Fresno County District Attorney's Office Financial Crimes Unit	