

**INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA**

GRANT AWARD AGREEMENT Fiscal Year 2020-21 Automobile Insurance Fraud Program

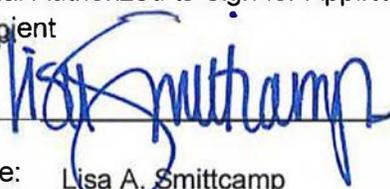
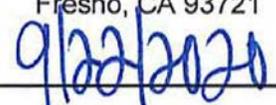
The Insurance Commissioner of the State of California hereby makes an award of funds to **Fresno County**, Office of the District Attorney, in the amount and for the purpose and duration set forth in this grant award.

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, 2020 through June 30, 2021.**

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 **\$375,606.** 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: </p>	<p>RICARDO LARA 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

CALIFORNIA DEPARTMENT OF INSURANCE FRAUD DIVISION



AUTOMOBILE INSURANCE FRAUD PROGRAM

**REQUEST FOR APPLICATION
FISCAL YEAR 2020-2021**

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FISCAL YEAR 2020-2021**

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**GRANT APPLICATION CHECKLIST and SEQUENCE
FISCAL YEAR 2020-2021**

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:		
a) COUNTY PLAN QUALIFICATIONS (FORM 05)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) STAFF QUALIFICATIONS (FORM 06(A))	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) ORGANIZATIONAL CHART (FORM 06(B))	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) PROGRAM REPORT (DAR OR FORM 07)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) COUNTY PLAN PROBLEM STATEMENT (FORM 08)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f) COUNTY PLAN PROGRAM STRATEGY (FORM 09(a))	<input checked="" type="checkbox"/>	<input type="checkbox"/>
g) 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, 2020 to June 30, 2021

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: 2220 Tulare Street Suite 1000

Fresno, CA 93721

Telephone: (559) 600-5180

(1) New Funds Being Requested: \$ 587,390

(2) Estimated Carryover Funds: \$ 0

Traci Fritzler
Assistant District Attorney
(3) Program Director

Stephen Rusconi
District Attorney Business Manager
(4) Financial Officer

Lisa Smittcamp
(5) District Attorney's Signature

Date: 7/1/2020

Name: Lisa A. Smittcamp

Title: District Attorney

County: Fresno

Address: 2220 Tulare Street Suite 1000

Fresno, CA 93721

Telephone: (559) 600-3141

**AUTOMOBILE INSURANCE FRAUD PROGRAM
PROGRAM CONTACT FORM
FISCAL YEAR 2020-2021**

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.
 - a. Name: Victor Lai
 - b. Title: Deputy District Attorney
 - c. Address: 2220 Tulare Street Suite 1000
Fresno, CA 93721
 - d. E-mail address: vlai@fresnocountyca.gov
 - e. Telephone Number: (559) 600-5180 Fax Number: (559) 600-2144

2. Provide contact information for the District Attorney's Financial Officer.
 - a. Name: Stephen Rusconi
 - b. Title: Business Manager
 - c. Address: 2220 Tulare Street Suite 1000
Fresno, CA 93721
 - d. E-mail address: srusconi@fresnocountyca.gov
 - e. Telephone Number: (559) 600-4447 Fax Number: (559) 600-4100

3. Provide contact information for questions regarding data collection/reporting.
 - a. Name: Victor Lai
 - b. Title: Deputy District Attorney
 - c. Address: 2220 Tulare Street Suite 1000
Fresno, CA 93721
 - d. E-mail address: vlai@fresnocountyca.gov
 - e. Telephone Number: (559) 600-5180 Fax Number: (559) 600-2144

**BOARD OF SUPERVISORS RESOLUTION
FISCAL YEAR 2020-2021**

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, 2020.

**COUNTY PLAN: QUALIFICATIONS
FISCAL YEAR 2020-2021**

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 2018-2019

In Fiscal Year 2018-2019, the Automobile Insurance Fraud Unit filed 14 cases against 16 defendants. Eight of the cases filed were applicant fraud or automobile arson cases. The remaining six were economic automobile theft cases. The Automobile Insurance Fraud Unit secured 14 felony convictions and 9 misdemeanor convictions. The majority of the criminal cases were resolved after full restitution was made. The Auto Insurance Fraud Unit collected and dispersed \$15,102.74 in restitution to victims.

The Automobile Insurance Fraud Unit obtained noteworthy convictions and sentences in the referenced fiscal year. The highest profile case was the arrest and sentencing of a Fresno County Sheriff's Deputy who burned his car to collect insurance proceeds. The defendant pled no contest to a felony in the prior fiscal year after a judge promised him 90 days on the Adult Offender Work Program and felony probation. However, he failed to appear in court for sentencing and a bench warrant was issued for his arrest. District Attorney and Probation Department

personnel located the defendant months later and served the arrest warrant. Instead of a work program, he served a total of 197 days in custody and was ordered to attend a Veterans Affairs program to address his mental health and substance abuse issues. Media coverage of the shocking arrest and sentencing brought attention to the issue of automobile insurance fraud. At the close of the fiscal year, the defendant was taken into custody for a probation violation and was sentenced to serve 365 days in jail with credit for 199 days served.

After over a month of intensive preparation by the CDI detective and prosecutor for the preliminary hearing of the ringleader of Operation Crash for Cash, the defendant entered a plea on the day of the preliminary hearing. The defendant pled no contest to six felony counts of insurance fraud for a ten-year prison exposure. In response to the probation department's recommendation that the defendant receive probation, the prosecutor filed a sentencing brief arguing for the maximum sentence of ten years in prison. The defendant presented letters from multiple doctors indicating he had several complex health issues requiring extensive treatment. The Automobile Insurance Fraud Unit senior investigator interviewed the doctors regarding what further treatment was needed and whether it could be provided to the defendant if he was in custody. She also interviewed the jail medical staff to determine whether they would transport the defendant for treatment. On the date of sentencing, the judge reviewed the senior investigator's reports and found that nothing the defendant had presented warranted a sentence of no custody time. The judge ultimately continued the sentencing on his own motion to get information about whether the defendant's thyroid cancer has returned and metastasized. The judge indicated that he intends to follow the prosecutor's recommendation that the defendant receive a substantial period of time in prison.

The District Attorney's Office undertook an ongoing project to clear the backlog of automobile insurance fraud arrest warrants, even on cases dating back to the 1990's. Investigative staff pulled all files with warrants, confirmed the warrants were active, and researched current addresses for the defendants. Staff sent letters to the defendants' last known addresses, advising them of the warrant and how to put themselves on calendar to avoid arrest. The fruits of this effort continue to pay off—for example, a case that dated from 2004 was calendared and resolved successfully in fiscal year 2019-2020.

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 the fiscal year 2019-2020 due to COVID-19.

The Automobile Insurance Fraud Unit obtained some noteworthy convictions and sentences in the past year. 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 \$3597.55 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 agency 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 California Department of Corrections.

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 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 after the departure of Deputy District Attorney Lara Clinton in August of 2019. 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 15 years and is pending certification as a Criminal Law Specialist, having recently passed the exam to become such. The California State Bar Association designates individuals who meet certain criteria and pass a written examination as specialists in their designated fields.

Deputy District Attorney Lai joined the Automobile Insurance Fraud Unit in October 2019. Since joining the Automobile Insurance Fraud Unit, he has taken advantage of training opportunities specific to Automobile Insurance Fraud. DDA Lai attended the California District Attorneys' Association Fraud Symposium in 2019. Deputy District Attorney Lai participates in bimonthly Western State Auto Theft Investigator trainings, monthly auto theft roundtable meetings, and participates in bimonthly CDI-sponsored Special Investigations Unit roundtables, as his court schedule permits. However, this year Deputy District Attorney Lai was unable to attend the Anti-Fraud Conference and recent meetings that were cancelled due to the outbreak of COVID-19.

Senior District Attorney Investigator Amarjeet Gill retired in February of this fiscal year, and was replaced by Senior District Attorney Investigator Jody Flores. Senior Investigator Flores was assigned to the Automobile Insurance Fraud Unit in February 2020.

Senior Investigator Flores has nearly 18 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 robbery, assaults, criminal street gangs, narcotics, and homicides. He has received extensive training in computer forensics, criminal investigations, interview and interrogation, 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.

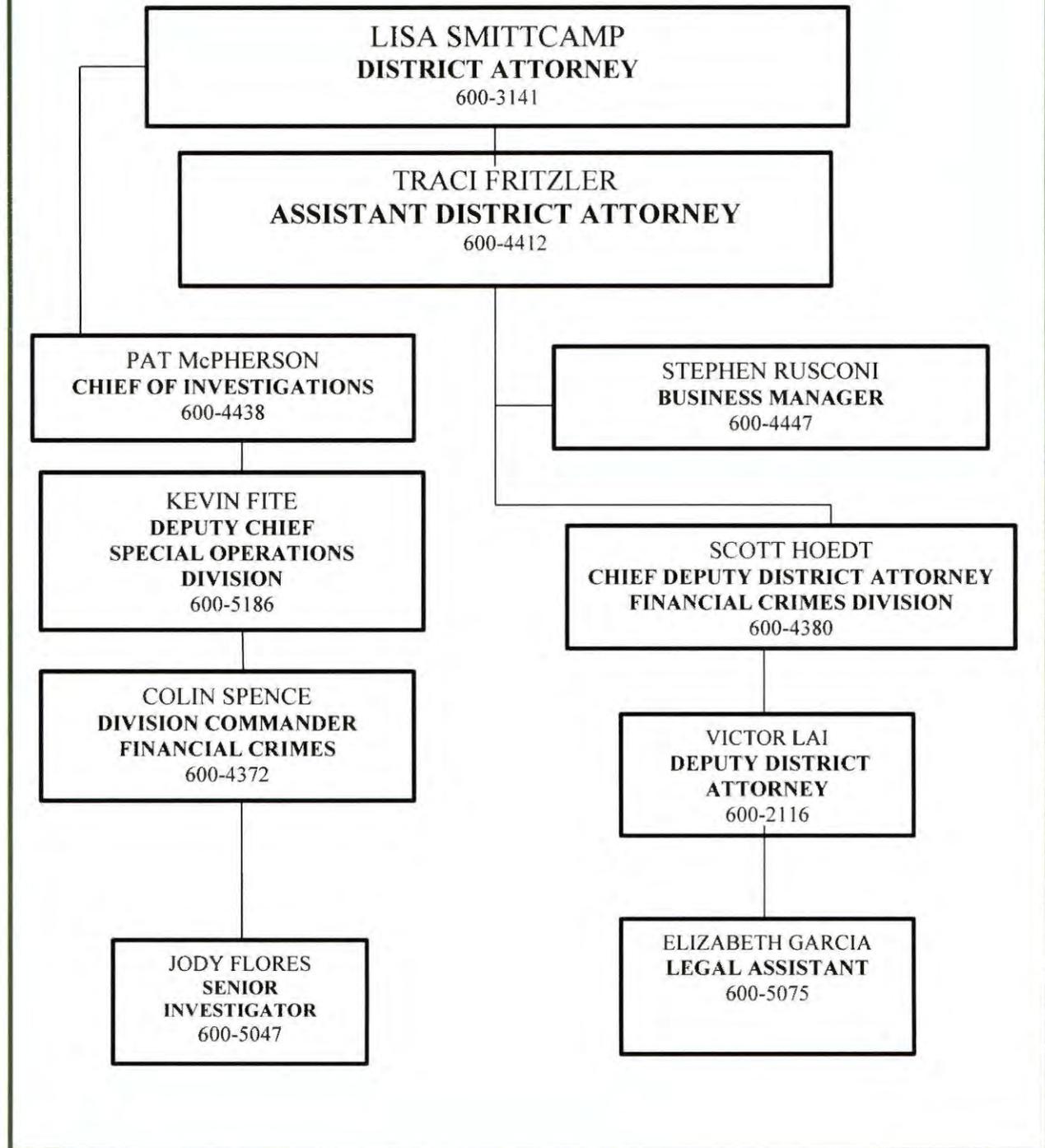
Senior Investigator Flores was scheduled to attend the Anti-Fraud Alliance conference in April 2020, prior to it being canceled due to COVID-19. He is a member of Western State Auto Theft Investigators organization and regularly attends their trainings, and participates in bimonthly CDI-sponsored Special Investigations Unit roundtables.

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: ORGANIZATIONAL CHART
FISCAL YEAR 2020-2021**

ORGANIZATIONAL CHART



**COUNTY PLAN: DISTRICT ATTORNEY PROGRAM REPORT
FISCAL YEAR 2020-2021**

DAR (FORM 07) is submitted online

STATISTICAL INFORMATION WILL BE CAPTURED

FROM JULY 1, 2019 TO JUNE 15, 2020

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 2020-2021*****PROBLEM STATEMENT***

Describe the types and magnitude of automobile insurance fraud (e.g., applicant, medical/legal provider, staged collisions, insider fraud, insurer 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 291 Suspected Automobile Insurance Fraud claims in Fresno during Fiscal Year 2019-2020. Applicant fraud, vehicle arson, fraud rings, economic car theft, and medical provider fraud 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 1,018,241 as of May 1st, 2019, per the California Department of Finance, Demographic Research Unit. Fresno County's unemployment rate in April 2020 was 16.7 percent, up from a revised 11 percent in March 2020, and above the year-ago estimate of 7.6 percent, according to the State of California's Employment Development Department. This is compared with an unadjusted rate of 16.1 percent for California and 14.4 percent for the nation during the same period. These numbers have likely shifted further due to the ongoing COVID-19 pandemic, with continued uncertainty as to how unemployment will be affected in the days to come.

From 2013 to 2017, the median household income in Fresno was \$48,730, significantly below the \$67,169 median household income of most Californians. In Fresno County, 21.1 percent of the population lives below the poverty line. The rate of persons living in poverty in Fresno County is almost double the poverty rate of the nation (12.3 percent) and is significantly higher than the California poverty rate of 13.3 percent.

Fresno County's economy is highly dependent on agriculture. It is unknown at this time how the COVID-19 pandemic will affect the local economy. However, the potential for the pandemic to disrupt operations from growing, harvesting, and packing agricultural operations cannot be underestimated. Additionally, the potential for the pandemic to adversely affect meatpacking or poultry operations must also be considered. Finally, the nationwide reduction in economic activity has affected a broad range of occupations including jobs in the restaurant and other service industries.

These issues could potentially lead to individuals and families foregoing automobile insurance, foregoing repairs to their vehicles, falling behind on their auto loan payments, and ultimately resorting to insurance fraud when faced with an auto-related dilemma.

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 generally go undetected. The insured has the vehicle burned, which is then deemed a total loss by the insurance company. Vehicle arson are very difficult crimes to prove and are very 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 several cases involving fraud rings comprised of the owners, employees, and customers of these businesses. The Bureau of Automotive Repair has in the past submitted several cases where automobile repair shops are committing fraud by billing insurance companies for unperformed work on the customers' vehicles.

Economic Car Theft

Fresno County has one of the highest automobile theft rates in the nation. Fresno has long been plagued by high automobile theft statistics. According to statistics supplied by the California Highway Patrol for 2018, Fresno County ranked number 12 out of the 58 counties for the most vehicles stolen. Additionally, the City of Fresno Police Department was in the top 10 law enforcement agencies reporting vehicle thefts in 2018.

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 agencies' 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 forces' efforts and aggressive prosecution by prosecutors specializing in automobile theft cases are making an impact. Automobile thefts in Fresno County dropped 7.6 percent in 2018 from 2017, as compared to the statewide reduction of 6 percent. Unfortunately, during the same time period, 5.9 percent fewer vehicles were recovered in Fresno County in comparison to the statewide rate of 5.2 percent fewer vehicles. It is vital 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 commonly cross over with the workers' compensation insurance fraud arena into the auto 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 2020-2021**

PROGRAM STRATEGY

1. 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 investigations as needed.

Fraud Rings

The Automobile Insurance Fraud Unit investigates all fraud ring referrals, including those involving a large number of suspects and incidents. The Automobile Insurance Fraud Unit recently received a filing on a suspected fraud ring and approved it for filing. However, while work on filing that case occurred in the current fiscal year, by the time the paperwork is processed, it may not be filed until the next fiscal year. The Automobile Insurance Fraud Unit will continue to network with insurance companies in identifying and investigating all suspected fraud rings.

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 both chop shop cases and career automobile thieves 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 a priority due to its vast 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 Fresno County District Attorney's Office did not receive funding for the Urban Automobile Grant for the last grant cycle. The Senior Investigator will also be available to investigate cases that would normally be considered Urban Automobile Fraud cases.

The Senior District Attorney Investigator 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 prosecutor.

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

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

The Automobile Insurance 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 their outreach efforts to discuss potential referrals.

Program Improvement Goals for Fiscal Year 2020-2021

The Automobile Insurance Fraud Unit will work toward filing high impact cases such as sophisticated fraud rings that will provide the greatest deterrent effect. With the rise in arson-related insurance fraud, the Automobile Insurance Fraud Unit will aggressively pursue these types of cases as well as medical provider fraud cases.

The Senior District Attorney Investigator will continue to cooperate with CDI to coordinate investigations and pursue complex cases without duplicating efforts. The Automobile Insurance Fraud Unit will coordinate with the Workers' Compensation Insurance Fraud Unit in the investigation of medical mills in Fresno County.

2. 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 rampant 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 the Special Investigations Unit roundtables, Western State Auto Theft Investigators meetings, and local law enforcement task forces.

3. What specific 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 ongoing goal. The successful prosecution of complex cases often takes more than a single year to investigate and prosecute.

4. 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 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 in order 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.

In matters where the defendant is not sent directly to state prison, the Automobile Insurance Fraud Unit collects restitution payments directly from the defendants rather than through the court, and forwards these payments to the victims. The Automobile Insurance Fraud Unit calendars violations of probation hearings on its own motion to have the court address willful violations of the Court's restitution orders.

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
2019-20	\$26,892	\$16,190
2018-19	\$11,631	\$15,102
2017-18	\$195,488	\$36,149
2016-17	\$195,845	\$35,971
2015-16	\$33,190	\$10,070
TOTAL	\$463,046	\$113,482

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

5. 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 2020-2021:

- a. 60 new investigations will be opened and worked during FY 2020-2021
- b. 45 new prosecutions will be initiated during FY 2020-2021

Prior year's projection from FY 2019-2020 submitted RFA:

- c. 60 new investigations will be initiated during FY 2019-2020
- d. 45 new prosecutions will be initiated during FY 2019-2020

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>587,390</u> FY 2020-2021 Grant REQUEST	\$ <u>405,405</u> FY 2019-2020 Grant AWARD	\$ <u>181,985</u> FY 2020-2021 Increase Requested
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Utilization Plan:

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

**COUNTY PLAN: TRAINING AND OUTREACH
FISCAL YEAR 2020-2021**

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 2018-2019 and 2019-2020.**

Name	Training Date	Provider	Location	Topic	Hrs Credit
Victor Lai	10/07/2019 – 10/10/2019	California District Attorney's Association	Newport Beach	Automobile Insurance Fraud	19 hrs

TRAINING AND OUTREACH PROVIDED (Part 2)

Date Conducted	Location	Conducted By	Purpose & Content	Target Audience	Method	# of Attendees/Contacts ¹
12/10/2019	Fresno	Victor Lai	Outreach	Law Enforcement	In-field Meetings	20
1/8/2020	CDI Office - Fresno	Victor Lai	Outreach	Combined Audience of diverse individuals / groups	In-field Meetings	25
3/5/2020	CDI Office - Fresno	Victor Lai	Outreach	Combined Audience of diverse individuals / groups	In-field Meetings	25
3/10/2020	Fresno	Victor Lai	Outreach	Law Enforcement	In-field Meetings	20
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.

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

Training and Outreach Narrative

DDA Victor Lai participated in bi-monthly meetings with local Special Investigations Unit personnel and law enforcement; attended Help Investigate Auto Theft team meetings; and also attended a meeting for the Western States Auto Theft Investigators. He also attended the California District Attorneys Association Fraud Symposium in October of 2019.

Due to the outbreak of COVID-19, training and outreach activities have been curtailed for some time. Plans to continue training and outreach will be formalized as the situation normalizes.

- Describe what kind of training/outreach **you plan to provide in Fiscal Year 2020-2021.**

The assigned prosecutor and investigator will attend any relevant trainings, should they become available again. Traditionally, these would have been the CDAA Fraud Symposium in the fall and the Anti-Fraud Alliance Conference in the spring. However, due to the outbreak of COVID-19 and uncertainty of when large scale events will be advisable, this situation is in flux.

Additionally, should the situation allow, the Automobile Insurance Fraud Unit prosecutor and investigator will create and give trainings to the smaller police agencies in Fresno County. This will benefit agencies which may not have specialized automobile theft units or arson detectives.

The Automobile Insurance Fraud Unit staff will meet with Special Investigations Unit investigators on a regular basis to provide training and instruction on the requirements for a successful referral for prosecution. The prosecutor will be available for both formal and informal trainings and presentations as opportunities arise and continuing developments allow.

**AUTOMOBILE INSURANCE FRAUD PROGRAM
BUDGET: PERSONNEL SERVICES
FISCAL YEAR 2020-2021**

COUNTY NAME: FRESNO

A. PERSONNEL SERVICES: Salaries and Employee Benefits	COST
<u>(1) DEPUTY DISTRICT ATTORNEY:</u>	
<i>This individual devotes 100% of time to this program.</i>	
Annual salary: 140,894	\$ 140,894
<u>Benefits:</u>	
Retirement: (140,894 @ .7096) 99,978	
OASDI: 8,537.40 + (140,894 *.0145) 10,580	
Health Ins- Annual: 11,810	
Unemployment-Annual: 77	
Workers Comp-Annual: 841	
Admin Fee- Annual: 112	123,398
 <u>(1) SENIOR DISTRICT ATTORNEY INVESTIGATOR:</u>	
<i>This individual devotes 100% of time to this program.</i>	
Annual salary: 101,452	101,452
<u>Benefits:</u>	
Retirement: (101,452 @ .9539) 96,775	
OASDI: (100,452 *.0765) 7,761	
Health Ins-Annual: 8,943	
Unemployment-Annual: 77	
Workers Comp-Annual: 841	
Admin Fee- Annual: 112	114,509
 <u>(.5) SENIOR LEGAL ASSISTANT:</u>	
<i>This individual devotes 50% of time to this program.</i>	
Annual salary: (42,726 * 50%) 21,363	21,363
<u>Benefits:</u>	
Retirement: (42,726 @ .7077) * 50% 15,119	
OASDI: (42,726 *.0765) * 50% 1,634	
Health Ins-Annual: (11,810 * 50%) 5,905	
Unemployment-Annual: (77 * 50%) 39	
Workers Comp-Annual: (841 * 50%) 421	
Admin Fee- Annual: (112 * 50%) 56	23,174

Membership Dues: California Bar Dues		380
<u>SUMMARY:</u>		
Salaries	\$263,709	
Benefits	261,081	
Membership Dues	380	
TOTAL	\$525,170	
A. PERSONNEL SERVICES TOTAL		\$ 525,170

**AUTOMOBILE INSURANCE FRAUD PROGRAM
PROGRAM BUDGET: OPERATING EXPENSES
FISCAL YEAR 2020-2021**

COUNTY NAME: FRESNO

B. OPERATING EXPENSES	COST
<u>MOBILE COMMUNICATIONS</u> : 24/7 radio network access (\$87.50*4 radios*12 mos.)	\$ 1,050
<u>LIABILITY INSURANCE</u> : rates set by County Risk Management	449
<u>OFFICE EXPENSE</u> : routine office supplies	2,000
<u>POSTAGE</u> : cost of mailing correspondence, legal documents, and subpoenas	250
<u>DATA PROCESSING</u> : computer network access (connections, air cards, file storage), phone network and hardware, cellular voice and data, and software license renewals	11,500
<u>PROFESSIONAL & SPECIALIZED SERVICES</u> : costs may include records management copies of vital records and court proceedings, and prorated cost of annual audit	2,000
<u>PUBLICATIONS</u> : costs for required attorney publication materials	400
<u>RENTS & LEASES - BUILDINGS</u> : two months of prorated costs for office space and facility maintenance.	5,200
<u>TRANSPORTATION, TRAVEL, & EDUCATION</u> : transportation, mileage, meals, and registration fees for program related in-state travel/training	6,000
<u>GARAGE CHARGES - FLEET</u> : program vehicle operation & maintenance costs	7,000
<u>INDIRECT COSTS</u> : (10% * Salaries (\$263,709)	26,371
B. OPERATING EXPENSE TOTAL	\$ 62,220

**AUTOMOBILE INSURANCE FRAUD PROGRAM
PROGRAM BUDGET: EQUIPMENT
FISCAL YEAR 2020-2021**

COUNTY NAME: Fresno

C. EQUIPMENT	COST
C. EQUIPMENT TOTAL	\$ 0
D. PROGRAM BUDGET TOTAL	\$ 587,390

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 if 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 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.

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 2020-2021 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.

The CDI Captain, or the Captain's designee, and the Supervising Attorney will meet quarterly to discuss any issues or problems with the joint investigation of cases.

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 crime charges 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

