



County of Santa Cruz

0029

DISTRICT ATTORNEY'S OFFICE

701 OCEAN STREET, ROOM 200, P.O. BOX 1159, SANTA CRUZ, CA 95060

(831) 454-2400

FAX: (831) 454-2227

KATHRYN CANLIS
DISTRICT ATTORNEY

Michael S. McFarland
Chief Deputy-Administration

July 30, 2001

BOARD AGENDA: August 21, 2001

Members of the Board of Supervisors
Governmental Center
701 Ocean Street, Room 500
Santa Cruz, California 95060

RE: DISTRICT ATTORNEYS FISCAL YEAR 2001-2002 STATE DEPARTMENT OF
INSURANCE WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM

Dear Members of the Board:

The District Attorney is requesting your Board's authorization to reapply to the State Department of Insurance for \$94,870 in FY 2001-2002 to support the efforts of this office in the investigation and prosecution of Workers' Compensation Insurance Fraud cases. The receipt of these insurance fraud funds and the expenditure of said funds for program purposes were anticipated and approved in the county budget for FY 2001-2002, with the exception of the fixed asset described below. The statutory authority authorizing the Department of Insurance to provide funding for Workers' Compensation Insurance Fraud investigations and prosecutions is contained in SB 1218 (Chapter 116), Statutes of 1991. The District Attorney's Office has participated in this program each fiscal year since 1992.

In this grant, we are proposing the purchase of a Computerized Digital Studio with video graphic capability to be used in the investigation of potentially fraudulent Workers' Compensation cases. The acquisition of this fixed asset has been approved by the Department of Insurance, and we are now requesting your Board's approval. We will work with the Auditor's Office and OCJP to ensure that this fixed asset will be accounted for under the County's and OCJP's requirements.



WATSONVILLE OFFICE
P.O. BOX 228
FREEDOM, CA 95019

430 FREEDOM BLVD.
WATSONVILLE, CA 95076
(831) 763-8120



PUBLIC ADMINISTRATOR
P.O. BOX 1159
420 MAY AVENUE
SANTA CRUZ, CA 95061
(831) 454-2442
(831) 454-3752 FAX

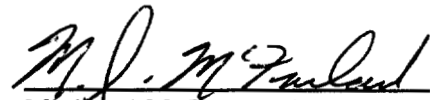
A copy of our reapplication will be placed on file for your review with the Clerk of the Board. We will continue to notify your Board of any changes to the fiscal year 2001-2002 State Department of Insurance Workers' Compensation Insurance Fraud Program.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD

- 1) Adopt a Resolution authorizing the District Attorney to reapply to the State Department of Insurance for \$94,870 in fiscal year 2001-2002 Workers' Compensation Insurance Fraud funds, and
- 2) Approve the purchase of a computerized digital studio in the amount of \$2,800.

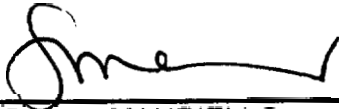
Respectfully,

KATHRYN CANLIS
DISTRICT ATTORNEY



Michael McFarland
Chiefbeputy - Administration

RECOMMENDED:



SUSAN A. MAURIELLO
COUNTY ADMINISTRATIVE OFFICER

workerscomp-bos

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

0031

RESOLUTION NO.

On the motion of Supervisor
duly seconded by Supervisor
the following resolution is adopted

RESOLUTION AUTHORIZING ~~THE~~ DISTRICT ATTORNEY TO APPLY **FOR FUNDS DURING FISCAL YEAR 2001-2002 FOR A WORKERS' COMPENSATION INSURANCE **FRAUD** PROGRAM ADMINISTERED BY THE CALIFORNIA ~~DEPARTMENT~~ OF INSURANCE**

WHEREAS, the Board of Supervisors of Santa Cruz County desires to undertake a certain project designated the ~~Worker's~~ Compensation Insurance Fraud Program, to be funded in part from funds ~~made~~ available through California Insurance Code Section **1872.83**, California Code of Regulations Subchapter **9**, Article **3**, Section **2698.55** and administered by the California ~~Department~~ of Insurance.

NOW, THEREFORE, THE BOARD OF SUPERVISORS RESOLVES AND ORDERS that the District Attorney of the County of Santa Cruz is authorized, on its behalf to ~~submit~~ an application for state funds for a Workers' Compensation Insurance Fraud Program to the California Department of Insurance and is authorized to execute on behalf of the Board of Supervisors of Santa Cruz County, a Grant Award ~~Agreement~~, including any extensions or amendments thereof.

BE IT FURTHER RESOLVED ~~AND ORDERED~~ that grant funds ~~received~~ hereunder shall not be used to supplant expenditures controlled by this body;

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this ____ day of _____ 2001, by the following vote:

VOTE :
AYES :
NOES :
ABSENT :
ABSTAIN :

TONY CAMPOS
CHAIRPERSON OF THE BOARD

ATTEST : _____
Clerk of Said Board

APPROVED AS TO FORM:


Assistant County Counsel

DISTRIBUTION: District Attorney
County Counsel
Auditor, CAO

Workerscomp-res

DEPARTMENT OF INSURANCE
GRANT TRANSMITTAL

0032

Office of the District Attorney, County of SANTA CRUZ, hereby makes application for funds under the *workers' compensation* fraud program pursuant to Section 1872.83 of the Insurance Code.

Contact: Michael S. McFarland, Chief Deputy-Administration

Address: 701 Ocean Street, Room 200
Santa Cruz, California 95060

Telephone: (831) 454-2529

| | |
|---|------------------------------|
| (1) <i>Program Title</i> | (2) <i>Grant Period</i> |
| Workers' Compensation Insurance Fraud Program | July 1, 2001 - June 30, 2002 |

| |
|-------------------------|
| (3) <i>Grant Amount</i> |
| \$94,870 |

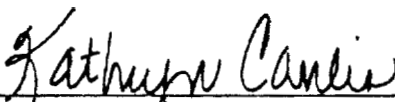
Trust Fund Amount: \$82,805

(4) *Program Director*

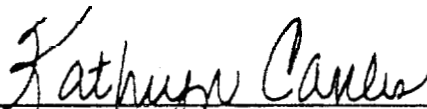
Kathryn Canlis, District Attorney
701 Ocean Street, Room 200
Santa Cruz, CA 95060

(5) *Financial Officer*

Eric Seib
701 Ocean Street, Room 200
Santa Cruz, CA 95060



(6) *District Attorney's Signature*



Name: #Kathryn Canlis
Title: District Attorney
County: Santa Cruz
Address: 701 Ocean Street, Room 200
Santa Cruz, CA 95060

Telephone: (831) 454-2400

Date:

PROGRAM CONTACT FORM

1. Provide the name, title, address and telephone number for the person having day-to-day responsibility for the program.

Name: **G. David Genochio**
 Title: **Assistant District Attorney**
 Address: **701 Ocean Street,, Room 200**
Santa Cruz, California 95060

Telephone Number: **(831) 454-2400** Fax Number: **(831) 454-2227**

2. Provide the name, title, address and telephone number of the Chair of the County Board of Supervisors.

Name: **Tony Campos**
 Title: **Chairperson, Santa Cruz County Board of Supervisors**
 Address: **701 Ocean Street, Room 500**
Santa Cruz, California 95060

Telephone Number: **(831)454-2200** Fax Number: **(831)454-3262**

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

Name: **Eric Seib**
 Title: **Financial Officer**
 Address: **701 Ocean Street, Room 200**
Santa Cruz, California 95060

Telephone Number: **(831)454-2400** Fax Number: **(831) 454-2227**

4. Provide the name, title, address and telephone number for the person responsible for the data collection/reporting for the applicant agency.

Name: **Michael S. McFarland**
 Title: **Chief Deputy - Administration**
 Address: **701 Ocean Street, Room 200**
Santa Cruz, California 95060

Telephone Number: **(831) 454-2400** Fax Number: **(831) 454-2227**



0034

County of Santa Cruz

DISTRICT ATTORNEY'S OFFICE

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KATHRYN CANLIS
DISTRICT ATTORNEY

Michael S. McFarland
Chief Deputy-Administration

June 25, 2001

Honorable Harry W. Low
Insurance Commissioner
California Department of Insurance
9342 Tech Center Drive, Suite 500
Sacramento, California 95826

RE: RESOLUTION OF THE BOARD OF SUPERVISORS OF SANTA CRUZ COUNTY
AUTHORIZING THE DISTRICT ATTORNEY TO ENTER INTO A GRANT AWARD
AGREEMENT WITH THE CALIFORNIA DEPARTMENT OF INSURANCE

Dear Commissioner Low:

Due to time constraints, a signed Resolution authorizing the District Attorney to enter into a Grant Award Agreement with the California Department of Insurance is not enclosed with the accompanying grant application materials. An unsigned copy of the Resolution to be presented to the Santa Cruz County Board of Supervisors is herein attached for your office's review as to form. A signed, certified Resolution will be provided to the Department of Insurance by August 14, 2001.

Respectfully,

KATHRYN CANLIS
DISTRICT ATTORNEY

Enclosure



WATSONVILLE OFFICE
P.O. BOX 220
FREEDOM, CA 95019

430 FREEDOM BLVD.
WATSONVILLE, CA 95076
(831) 763-8120



PUBLIC ADMINISTRATOR
P.O. BOX 1159
420 MAY AVENUE
SANTA CRUZ, CA 95061
(831) 454-2442
(831) 454-3752 FAX

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

0035

RESOLUTION NO.
On the motion of Supervisor
duly seconded by Supervisor
the following resolution is adopted

RESOLUTION AUTHORIZING THE DISTRICT ATTORNEY TO APPLY FOR FUNDS DURING FISCAL
YEAR 2001-2002 FOR A WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM
ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF INSURANCE

WHEREAS, the Board of Supervisors of Santa Cruz County desires to undertake a certain program designated the Workers' compensation Insurance Fraud Program, to be funded in part from funds made available through California Insurance Code Section 1872.83, California Code of Regulations Subchapter 9, Article 3, Section 2698.55 and administered by the California Department of Insurance.

NOW, THEREFORE, THE BOARD OF SUPERVISORS RESOLVES AND ORDERS that the District Attorney of the County of Santa Cruz is authorized, on its behalf to submit an application for state funds for a Workers' Compensation Insurance Fraud Program to the California Department of Insurance and is authorized to execute on behalf of the Board of Supervisors of Santa Cruz County, a Grant Award Agreement, including any extensions or amendments thereof.

BE IT FURTHER RESOLVED AND ORDERED that grant funds received hereunder shall not be used to supplant expenditures controlled by this body;

PASSED AND ADOPTED by the Board of Supervisors of the County
of Santa Cruz, State of California, this ____ day of _____ 2001, by the following vote:

VOTE:
AYES:
NOES:
ABSENT:
ABSTAIN:

TONY CAMPOS
CHAIRPERSON OF THE BOARD

ATTEST: _____
Clerk of Said Board

APPROVED AS TO FORM:

Assistant County Counsel

DISTRIBUTION: District Attorney
County Counsel
Auditor, CAO

INSURANCE FRAUD INVESTIGATION/PROSECUTION PROGRAMS
FISCAL YEAR 2001-2002 GRANTS

0036

Grant Application Forms
Checklist & Sequence

The Request for Application MUST include the following:

| | <u>YES</u> | <u>NO</u> |
|---|------------|-----------|
| 1. Is the Grant Application Submittal sheet completed, signed by the District Attorney? | <u>X</u> | ___ |
| 2. Is an original or certified copy of the Board Resolution included? If NOT, the cover letter must indicate the submission date. | ___ | <u>X</u> |
| 3. Is the Program Contact Form completed? | <u>X</u> | ___ |
| 4. Is the Project Budget included? | <u>X</u> | ___ |
| a) Line item totals are verified? | <u>X</u> | ___ |
| b) Carryover estimate is included? | <u>X</u> | ___ |
| 5. The County Plan includes: | | |
| a) County Plan Qualifications | <u>X</u> | ___ |
| b) County Plan Problem Statement | <u>X</u> | ___ |
| c) County Plan Program Strategy | <u>X</u> | ___ |
| d) County Plan Objectives for FY 1999-2000 | <u>X</u> | ___ |
| e) Staff Qualifications and Rotational Policies | <u>X</u> | ___ |
| f) Organization chart | <u>X</u> | ___ |
| g) Joint Investigative Plan | <u>X</u> | ___ |



**WORKERS' COMPENSATION INSURANCE FRAUD
QUALIFICATIONS**

0037

1. Describe the District Attorney's experience in investigating and prosecuting Workers' Compensation insurance fraud. include any relationships developed or planned with other public or private entities which may be useful to program operations.

- a) **As** a result of grant funded activities, the Santa Cruz County District Attorney's Office Insurance Fraud Unit has established itself as an integral part of the Santa Cruz County Employer's Safety Council. This Council is comprised of human resource and risk management representatives as well as members of local insurance companies who annually meet to discuss Workers' Compensation insurance fraud issues. In addition to the annual meetings the insurance fraud investigator is in frequent contact with the council members to discuss possible insurance fraud occurring in their respective businesses. As a result of these contacts, the insurance fraud investigator often receives tips regarding possible fraud which enables the investigator to investigate the legitimacy of the information and initiate "ground floor" investigations even before an insurance company is notified. Some of this information has been corroborated with other information received.
- c) In an effort to increase the public awareness of Workers' Compensation insurance fraud and its prosecution, the Santa Cruz County District Attorney's Office has successfully engaged in a number of efforts towards this end. In 1996, the fraud investigator appeared on radio station KSCO 1080 A.M. in a two-hour program regarding workers' compensation insurance fraud (employer and employee responsibilities). The program was well received and numerous questions were received from the listening audience on this topic. Because of the interest in this area, plans are currently being made to repeat the show.

We have instituted an outreach program with Workers' Compensation insurance defense lawyers on cases of suspected fraud. The response to this program has been good and in one case in FY 1999/2000 being reported to the program investigator immediately after a deposition was taken. This case led to a conviction for insurance fraud and a restitution order for \$17,000.00.

- c) The program investigator conducted two training sessions with the following public sector personnel involved in handling Workers' Compensation claims in FY 1999/2000:
 - 1. The first session was conducted with the Human Resources personnel of a local self-insured mushroom-growing plant (which was experiencing approximately 100 open Workers' Compensation claims among 300 employees). This company had never previously packaged a suspected Workers' Compensation claim for criminal investigation. The criminal justice system was demystified and the requirements for a case referral were explained. This session led directly to their first suspected fraud referral (the investigation is currently pending).
 - 2. The second session was with a private investigator who had not previously submitted a suspected criminal fraud for investigation. He had recently been retained by the

mushroom-plant above. He was instructed on what elements were necessary for a successful prosecution and subsequently collected very incriminating subrosa video and conducted an interview which revealed blatant misrepresentations.

No formal training sessions were conducted in FY 2000-2001.

d) In order to effectively investigate and prosecute workers' compensation fraud, the Santa Cruz County District Attorney's Office's insurance fraud personnel have attended a number of training programs and participated in interagency collaboration:

1. From 1992 to 1998, insurance fraud personnel attended insurance fraud training programs sponsored by the California Department of Insurance (CDI) and the California District Attorneys Association (CDAA). At these four day long conferences] our investigators and prosecutor met with investigators and prosecutors from the California Department of Insurance and from counties throughout the entire state to further continue interagency relations for mutual investigations.
2. Due a reduction in funding for FY 199811999, the fraud investigator and attorney did not attend the annual conference. The investigator did attend the 2000 CDAA conference and very useful information was received.
3. In 1998, the fraud investigator joined the Northern California Fraud Investigators - Association (NCFIA) and attended two of the Association quarterly meetings/training sessions in FY 1999/2000. The NCFIA is comprised of both public and private insurance investigators from a variety of departments and companies through out Northern California. It had been found that this Association has been an excellent resource and the directory of members had been used numerous times to make contacts with outside sources. The Association has guest speakers at each meeting and two have spoken on a variety of insurance fraud related topics.
4. In 1998, the investigator began attending bimonthly meetings in San Jose which were attended by personnel from the Santa Clara County District Attorney's Office, the San Mateo County District Attorney's Office, the Department of Insurance, the IRS, EDD and other insurance fraud personnel. The meetings were a round-table discussion of current cases, fraud trends and investigative techniques that have been found to be effective.

The fraud investigator has also regularly met with personnel from the San Jose office of the Department of Insurance Fraud Bureau regarding workers' compensation insurance fraud cases.

5. In FY 200012001, the program prosecutor and investigator attended the California District Attorneys Association (CDAA) Insurance Fraud seminar in Costa Mesa.

e) In 1996, Santa Cruz County District Attorney's Office conducted a large scale workers' compensation and auto insurance fraud investigation regarding a licensed acupuncturist practicing in Santa Cruz County. This investigation was referred to our office by the

California Department of Consumer Affairs, Division of Investigation. Our office interfaced on a daily basis with the Department of Consumer Affairs, the California Department of Health Services, the United States Food and Drug Administration as well as numerous health care insurance carriers. As a result of this investigation, our office now has established a network of investigators, investigative aids, and information sources to be utilized during future health care practitioner insurance fraud investigations.

- f) Beginning in FY 1998/1999 and continuing through FY 2000/2001, the Santa Cruz District Attorney's Office and the Department of Insurance Fraud Division jointly investigating allegations of billing fraud committed by a Santa Cruz chiropractor. The investigation included the service of search warrants at three locations and the seizure of volumes of files. Over two hundred potential counts of provider fraud were identified. The chiropractor and his wife/office manager were charged collectively with forty (40) felony counts of insurance fraud. The prosecution of this matter will continue in FY 2001/2002.
- g) Labor Code Section 5432 which requires a warning regarding false or fraudulent workers' compensation claims in any advertisement, including newspaper and yellow pages, has been a subject of concern to us. We initiated a policy which provides that we notify in writing those who seem innocently to be violating this section. For more flagrant violations, we intend to prosecute, and in some cases may seek injunctions. Full implementation of this policy has been held in abeyance pending resolution by the telephone company regarding its "yellow pages" advertisements and what disclaimers it intends to include. We anticipate voluntary compliance on the part of the members of the bar and the medical community.

During FY 2000/2001, the program investigator responded to several newspaper and other print ads for medical services to Workers' Compensation claimants with captions such as: "injured at Work? New Free Report Reveals Worker's Rights..." These ads were found to be solicitations from local chiropractic offices which advised claimants of their rights to Workers' Compensation benefits. The information in these "reports" were very basic and no potential fraud case(s) was/were generated from the ads.

- h) During the history of this grant, the investigator assigned to insurance fraud has split his/her time investigating insurance fraud cases in the following manner: 75% Workers' Compensation fraud and 25% Auto Insurance fraud.

In FY 1998/1999, the number of auto insurance fraud case referrals dramatically increased and created an imbalance in the traditional time allocation.

In FY 1999/2000, responsibilities for the Workers' Compensation grant and Auto Insurance grant were separated and assigned to two investigators so the appropriate percentage of time could be allotted to each program.

The separated grant investigative responsibilities were found to work well and the practice was carried into FY 2000/2001.

QUALIFICATIONS (cont'd)

0040

If the District Attorney has received a grant from CDI prior to this application, list only those achievements made possible by the use of grant funds. Also complete the Summary of closed and pending prosecutions for FY 1999-2000. A page listing program achievements realized with the use of other funds may be included in the Appendix.

1. In FY 1997/98, 23 investigations were initiated and involved an average of 1 identified suspects per investigation. In FY 1998/99, 8 investigations were initiated and involved an average of 1 identified suspect per investigations. From In FY 1999-2000, 15 investigations were initiated and involved an average of 1 identified suspects per investigation. From July 1, 2000 to June 15, 2001, 11 investigations were initiated and involved an average of 1 identified suspects.
2. In FY 1997/98, 0 arrants/indictments were issued, involving an average of 0 suspects and/or defendants. In FY 1998/99, 5 warrants/indictments were issued, involving an average of 1 suspects and/or defendants. From In FY 1999-2000, 1 warrant/indictments were issued, involving an average of 1 suspects and/or defendants. From July 1, 2000 to June 15, 2001, 3 warrants/indictments were issued, involving an average of 1 identified suspects and/or defendants.
3. In FY 1997/98, 1 arrests and 3 surrenders were made. In FY 1998/99, 0 arrests and 3 surrenders were made. From In FY 1999-2000, 0 arrests and 1 surrenders were made. From July 1, 2000 to June 15, 2001, 0 arrests and 2 surrenders were made.
4. In FY 1997/98, 4 convictions were obtained involving 4 defendants. Of these convictions, 1 were obtained by trial verdict, 3 were obtained by plea or settlement. In FY 1998/99, 4 convictions were obtained involving 4 defendants. Of these convictions, 0 were obtained by trial verdict, 4 were obtained by plea or settlement. In FY 1999-2000, 2 convictions were obtained involving 2 defendants. Of the convictions, 0 were obtained by trial verdict, 2 were obtained by plea settlement. From July 1, 2000 to June 15, 2001, 3 convictions were obtained involving 3 defendants. Of the convictions, 3 were obtained by trial verdict, 0 were obtained by plea settlement.
5. In FY 1997/98, 2 defendants were ordered to pay \$200 in fines and penalty assessments. Of this amount, \$100 was collected from 1 defendants. In FY 1998/99, 3 defendants were ordered to pay \$500 in fines and penalty assessments. Of this amount, \$500 was collected from 3 defendants. From In FY 1999-2000, 2 defendants were ordered to pay \$7,678.65 in fines and penalty assessments. Of this amount, \$500.57 was collected from 2 defendants. From July 1, 2000 to June 15, 2001, 2 defendants were ordered to

QUALIFICATIONS (cont'd)

0043

CASE SUMMARIES

ASSISTANT DISTRICT ATTORNEY JAMES JACKSON:

CASE #98-0043-M Kimberly SMITH Investigator: James Gray
ADA: James Jackson

Kimberly SMITH was convicted on 5-27-98 on one count of insurance fraud. She was placed on probation and was ordered to pay restitution to The Zenith Insurance in an amount to be set by the WCAB. WCAB subsequently set the amount at \$2,800.00 and SMITH agreed to make monthly payments of \$100.00.

Zenith reported that SMITH failed to pay any of the restitution and the case was reopened in July 1999 as a violation of probation and this prosecution will be continued into **FY** 2001/2002.

CASE #99-0249-M Jose SAAVEDRA Investigator: James Gray
ADA: James Jackson

Zenith Insurance reported that SAAVEDRA as having repeatedly denied any prior injuries to his right knee to treating physicians, at deposition and at a WCAB hearing. The insurance investigation uncovered a previous Worker's Compensation claim for another injury to the same knee.

SAAVEDRA was charged with three counts of Insurance Fraud and one county of Perjury. On 124-2000, a preliminary hearing was conducted and he was held-to-answer on all charges.

On 2-7-2001, SAAVEDRA pleaded guilty to one count of Worker's Compensation Insurance Fraud. Four other counts of Insurance Fraud and Perjury were dismissed in lieu of his plea. He received the following sentence: Five years formal probation, 240 days jail (with credit for 83 days) and a \$200.00 restitution fine. No direct restitution to Zenith Insurance was ordered. This case was closed.

CASE #99-0682-M Saidi FARHAT Investigator: James Gray
ADA: James Jackson

This case was reported by Truck Insurance Company (Farmer's Insurance) and involved an employee that claimed a back injury after being terminated from a sheet metal business. Material misrepresentations were made to examining physicians and at deposition and a preexisting back condition was not disclosed.

FARHAT was charged with six felonies -- two counts of Insurance Fraud and four counts of Perjury.

On 9-28-2000, FARHAT pleaded guilty to a single felony count of Insurance Fraud. The remaining counts were dismissed in lieu of the plea. FARHAT was sentenced to serve a 60-day jail sentence, was given three years of formal probation and was ordered to pay \$200.00 to the restitution fund.

On 10-5-2000, FARHAT was ordered to pay \$17,000.00 in direct restitution to Farmer's Insurance. This case was closed.

ASSISTANT DISTRICT ATTORNEY G. DAVID GENOCHIO:

| | | |
|------------------------|------------------------|------------------------------------|
| CASE #99-0023-M | ACTION | Investigators: James Gray |
| | CHIROPRACTIC CENTER | Laurel Robinson (CDI--San Jose) |
| | | ADA: G. David Genochio |

This case was originally reported as an Auto Insurance fraud case. A patient of Dr. Jeffrey LEVINE at the Action Chiropractic Center reported nonexistent office visits connected to massage therapy sessions.

Subsequent interviews with the massage therapist, former employees and the service of search warrants established that Dr. LEVINE and his wife/office manager -- Martha LEVINE -- were involved in a practice of fraudulent medical billing involving Worker's Compensation, Auto and Personal Injury claims. 202 incidents of fraudulent billing involving 20 patients were identified as occurring over a two-year period.

This Investigation was conducted jointly with investigators from the CDI--Fraud Division.

On 3-15-2001, a complaint charging 40 counts of Insurance Fraud was filed against Jeffrey and Martha LEVINE DBA: Action Chiropractic Center. A preliminary hearing has been scheduled for 6-29-2001 and this prosecution case will be continued in FY 2001/2002.

| | | |
|------------------------|-----------|---------------------------------------|
| CASE #01-0082-M | FRANCISCO | Investigators: James Gray/Rick Seiley |
| | MACHADO | ADA: G. David Genochio |

Kemper Insurance reported Francisco MACHADO was observed and video taped working as a parcel handier for Federal Express while receiving temporary total disability benefits from Airborne Express for an industrial back injury.

MACHADO was charged with two counts of Insurance Fraud and is scheduled to appear for

arraignment on 6-29-2001.

This prosecution will be continued in FY 2001/2002.

ASSISTANT DISTRICT ATTORNEY DAVID RABOW:

| | | |
|------------------------|-----------------------|---|
| CASE# 98-0916-M | Paul BOULTINGHOUSE | Investigator: James Gray Filing ADA: James Jackson Trial ADA: David Rabow |
|------------------------|-----------------------|---|

Fremont Compensation reported BOULTINGHOUSE gave false statements to medical providers and claims representatives after being involved in a 1991 work-related vehicle accident. BOULTINGHOUSE made statements in a 1998 deposition that were contradictory to subrosa video taken.

BOULTINGHOUSE was charged three felony counts -- two counts of Perjury and one count of Insurance Fraud.

On 9-13-99, a preliminary hearing was held and BOULTINGHOUSE was held to answer on the listed charges.

On 11-16-00, BOULTINGHOUSE pleaded "no contest" to a single count of insurance Fraud. His sentencing was scheduled to trail his WCAB hearing and is currently set for 6-25-2001. This prosecution will likely be carried in FY 2001/2002.

INSPECTOR JAMES GRAY:

| | | |
|------------------------|---------|--------------------------|
| CASE# 97-0831-M | SUBJECT | Investigator: James Gray |
|------------------------|---------|--------------------------|

SUBJECT (who is not a licensed attorney) has reportedly acted in the capacity of an attorney that has represented the targets of two suspected Workers' Compensation fraud cases ("lay" representatives in Workers' Compensation cases are allowable, but they cannot be compensated).

Insufficient evidence was developed to prove SUBJECT committed any crime and this case was closed.

| | | |
|------------------------|----------------|--|
| CASE #98-0043-M | Kimberly SMITH | Investigator: James Gray ADA: James Jackson |
|------------------------|----------------|--|

Kimberly SMITH was convicted on 5-27-98 on one count of insurance fraud. She was placed on probation and was ordered to pay restitution to The Zenith Insurance in an amount to be set by the WCAB. WCAB subsequently set the amount at \$2,800.00 and SMITH agreed to

make monthly payments of \$100.00.

Zenith reported that SMITH failed to pay any of the restitution and the case was reopened in July 1999 as a violation of probation and this prosecution will be continued into FY 2001/2002.

CASE# 98-0916-M

Paul
BOULTINGHOUSE

Investigator: James Gray
Filing ADA: James Jackson
Trial ADA: David Rabow

Fremont Compensation reported BOULTINGHOUSE gave false statements to medical providers and claims representatives after being involved in a 1991 work-related vehicle accident. BOULTINGHOUSE made statements in a 1998 deposition that were contradictory to subrosa video taken.

BOULTINGHOUSE was charged three felony counts -- two counts of Perjury and one count of insurance Fraud.

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CASE #99-0023-M

ACTION
CHIROPRACTIC
CENTER

Investigators: James Gray
Laurel Robinson
(CDI--San Jose)
ADA: David Genochio

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CASE #99-0249-M

Jose SAAVEDRA

Investigator: James Gray
ADA: James Jackson

Zenith Insurance reported that SAAVEDRA as having repeatedly denied any prior injuries to his right knee to treating physicians, at deposition and at a WCAB hearing. The insurance investigation uncovered a previous Worker's Compensation claim for another injury to the same knee.

SAAVEDRA was charged with three counts of Insurance Fraud and one count of Perjury. On 12-4-2000, a preliminary hearing was conducted and he was held-to-answer on all charges.

On 2-7-2001, SAAVEDRA pleaded guilty to one count of Worker's Compensation Insurance Fraud. Four other counts of Insurance Fraud and Perjury were dismissed in lieu of his plea. He received the following sentence: Five years formal probation, 240 days jail (with credit for 83 days) and a \$200.00 restitution fine. No direct restitution to Zenith Insurance was ordered. This case was closed.

CASE #99-0429-M

CLAIMANT

Investigators: James Gray
Rick Seiley

This case was reported by Golden Eagle Insurance Company and involved a roofer--CLAIMANT --who reported a back injury. After his condition did not improve, subrosa surveillance was conducted and he activities were videotaped.

CLAIMANT was questioned at deposition and denied having performed the activities depicted in the subrosa video.

The reported fraud was investigated and CLAIMANT was interviewed. There was insufficient evidence to support a prosecution and the case was closed.

CASE #99-0494-M

CLAIMANT

Investigator: James Gray

This case was reported by Golden Eagle Insurance and involved a grocery checker --CLAIMANT -- who reported injuries to her feet from constant standing. Subrosa surveillance was conducted and CLAIMANT subsequently made statements to physicians and at deposition that were not consistent with the activities on the video. Additionally, CLAIMANT withheld an income report from another employer which would have affected her benefit rate.

Golden Eagle later reported the claim had been accepted and there appeared to be insufficient evidence to support a fraud prosecution. This investigation was closed.

CASE #99-0630-M

CLAIMANT

Investigator: James Gray

This case was reported by Fremont Compensation and involved a field worker -- CLAIMANT -- who reported a back injury. After his condition did not improve, subrosa surveillance was conducted and he activities were videotaped. CLAIMANT was questioned at deposition and denied having performed the activities depicted in the subrosa video.

It was determined there was insufficient evidence to prosecute this case and it was closed.

CASE #99-0671-MMEDICAL
PROVIDER

Investigator: James Gray

This case was reported by Western Growers Insurance and involves a MEDICAL PROVIDER which represented in a brochure that they have a Workers' Compensation expert on staff that was affiliated with the Santa Clara District Attorney's Office. The Santa Clara District Attorney's Office was contacted and stated they knew of no such person.

The case file for this investigation was lost by the former Chief Inspector and no additional work was done on this case.

CASE #99-0682-M

Saidi FARHAT

Investigator: James Gray
ADA: James Jackson

This case was reported by Truck insurance Company (Farmer's Insurance) and involved an employee that claimed a back injury after being terminated from a sheet metal business. Material misrepresentations were made to examining physicians and at deposition and a preexisting back condition was not disclosed.

FARHAT was charged with six felonies -- two counts of Insurance Fraud and four counts of Perjury.

On 9-28-2000, FARHAT pleaded guilty to a single felony count of Insurance Fraud. The remaining counts were dismissed in lieu of the plea. FARHAT was sentenced to serve a 60-day jail sentence, was given three years of formal probation and was ordered to pay \$200.00 to the restitution fund.

On 10-5-2000, FARHAT was ordered to pay \$17,000.00 in direct restitution to Farmer's Insurance. This case was closed.

CASE #99-0803-MMEDICAL
PROVIDER

Investigator: James, Gray

This case was reported by, and investigated with, the Santa Clara District Attorney's Office.



A MEDICAL PROVIDER is a MFCC with offices in both Santa Clara and Santa Cruz counties. He has falsely reported in his billings that he was a M.D.

No criminal charges against MEDICAL PROVIDER were filed and no additional follow-up conducted. This case was closed.

CASE #00-0009-M

CLAIMANT

Investigator: James Gray

Travelers Insurance reported that a mushroom picker from Viasic Foods – CLAIMANT --made a delayed report of a back injury in 1998. An insurance investigation produced subrosa videotape of CLAIMANT's physical activities.

CLAIMANT denied being able to, or having performed the activities recorded during a subsequent interview with an insurance investigator. Additional insurance investigation revealed CLAIMANT was working two additional jobs while collecting benefits on this claim.

This investigation will be carried into FY 2001/2002.

CASE #00-0102-M

CLAIMANT

investigator: James Gray

Superior National Insurance Group reported that CLAIMANT, while receiving temporary disability benefits for a work injury, was found to be working for another employer.

Repeated requests to Superior National for the claim file were not honored and this case was closed.

CASE #00-0104-M

CLAIMANT

Investigator: James Gray

Lumberman's Mutual Casualty reported that CLAIMANT claimed to have paralyzed from the waist down from a work injury and was refusing medical evaluation of his reported condition.

Calls to Lumberman's Mutual to determine the status of their investigation went unanswered. There was insufficient evidence to support a fraud prosecution and this investigation was closed.

CASE #00-0496-M

CLAIMANT

Investigator: James Gray

Fremont Compensation reported that CLAIMANT was observed and videotaped riding the roller coaster at the Santa Cruz Beach and Boardwalk after reporting serious work-related neck and back pain and limited activities.

After reviewing the facts of this case, it was determined Santa Cruz County did not have jurisdiction to prosecute this case. Suspected misrepresentations made by CLAIMANT



occurred in Sonoma and San Francisco counties. This case was closed.

0050

CASE #00-0497-M

CLAIMANT and
SUBJECT

Investigator: James Gray

Traveler's Insurance reported that CLAIMANT claimed a work-related knee injury. At a subsequent insurance interview, she disclosed that her knee was injured by SUBJECT in a domestic violence incident. She said SUBJECT intimidated her into making the false Worker's Compensation claim.

After reviewing the facts of the case, it was determined that a prosecution against CLAIMANT would not be possible due to her valid defense of duress by SUBJECT and any prosecution against HALL would hinge on CLAIMANT's testimony (she has since relocated to Wisconsin). This case was closed.

CASE #00-0510-M

CLAIMANT

Investigator: James Gray

CLAIMANT's WIFE reported to a District Attorney inspector investigating a domestic violence case she had videotaped her husband -- CLAIMANT*--playing basketball while they were on vacation in Hawaii. CLAIMANT was reportedly on temporary total disability for a work-related back injury when the video was taken.

The claim file was reviewed and a potential fraud case identified. CLAIMANT failed to appear on a scheduled QME and subsequently withdrew his claim. There was insufficient evidence to prosecute and the case was closed.

CASE #00-0709-M

CLAIMANT

Investigator: James Gray

Western Growers Insurance reported CLAIMANT as having reported slip-and-fall injuries to her hip, knee and back while working for Garrett Farms as a strawberry picker. CLAIMANT reportedly told another employee she wanted to go back to work, but was threatened by her husband and continued on TTD.

Western Growers has not responded to requests for case updates and does not appear to be interested in this fraud investigation. This case was closed.

CASE #00-0771-M

CLAIMANT

Investigator: James Gray

Lumberman's Mutual Casualty reported that CLAIMANT claimed to have carpal tunnel syndrome in both hands, but was believed to be starting a landscape business.

A call to Lumberman's Mutual to determine the status of their investigation went unanswered.

There was insufficient evidence to support a fraud prosecution and this investigation was closed.

CASE #00-0736-M

MEDICAL
PROVIDER

investigator: James Gray

A Watsonville Police Captain reported his brother as having received excessive treatment and a permanent disability rating from MEDICAL PROVIDER for minor work-related back injury. An interview was conducted with a second chiropractor who greatly contradicted MEDICAL PROVIDER.

Interviews were conducted with the claimant and the QME chiropractor and the SCIF claim records were examined. There was insufficient evidence for a prosecution and the case was closed.

CASE #00-0879-M

CLAIMANT

Investigator: James Gray

A private citizen reported that CLAIMANT had reported a work-related back injury and hernia to his employer, but had actually injured himself while lifting some computer equipment at home.

This investigation will be carried into FY 2001/2002.

CASE #01-0028-M

EMPLOYERS

Investigator: James Gray

Richard LOVELACE (a cash-paid day-laborer) reported he wrist was injured in a chainsaw accident while working for EMPLOYERS (owners of a contracting / tree trimming businesses). LOVELACE said he had surgery to repair his wrist injury and medical bills have not been paid. He said he has been given cash, but was not given Workers' Compensation benefits.

This investigation will carried into FY 2001/2002.

CASE #01-0077-M

CLAIMANT

Investigators: James Gray
Rick Seiley

Zurich Insurance reported that CLAIMANT made false statements and exaggerated the nature of his injuries after reporting a slip-and-fall at a San Mateo County mushroom plant in 2000.

There was insufficient evidence to support a criminal prosecution and this case was closed.

CASE #01-0056-M

CLAIMANT

Investigator: James Gray



A Watsonville Police sergeant reported that the Watsonville High School Resource Officer (SRO) had overheard a campus supervisor -- CLAIMANT -- comment that he had continued collecting Workers' Compensation benefits after returning to work from an industrial injury. Fremont Compensation insurance and Keenan and Associates (a TPA handling claims for the school district) were contacted and it was learned CLAIMANT had reported returning to work in December 2000 and his claim was a "medical only."

No fraud was determined to have occurred and this case was closed.

CASE #01-0082-M

FRANCISCO
MACHADO

Investigators: James Gray
Rick Seiley
ADA: G. David Genochio

Kemper Insurance reported Francisco MACHADO was observed and video taped working as a parcel handler for Federal Express while receiving temporary total disability benefits from Airborne Express for an industrial back injury.

MACHADO was charged with two counts of Insurance Fraud and is scheduled to appear for arraignment on 6-29-2001.

This prosecution will be continued in FY 2001/2002.

CASE #01-0343-M

CLAIMANT

Investigator: James Gray

California Indemnity reported CLAIMANT made material misrepresentations at a 2000 deposition relating to a 1995 industrial back injury.

This investigation will be carried into FY 2001-2002.

CASE #01-0344-M

CLAIMANT

Investigator: James Gray

State Compensation Insurance Fund reported CLAIMANT collected temporary disability benefits stemming from a 1996 industrial back injury. They alleged he made material misrepresentations to an AME regarding he additional employment and at a 2000 deposition.

This investigation will be carried into FY 2001-2002

CASE #01-0345-M

CLAIMANT

Investigator: James Gray

Safeco Insurance reported CLAIMANT exaggerated his medical condition and made material misrepresentations at a 2000 deposition regarding a 1998 industrial neck and back injury. This investigation will be carried into FY 2001-2002.



INSPECTOR RICK SEILEY:

0053

CASE #01-0077-M

CLAIMANT

investigators: James Gray
Rick Seiley

urich Insurance reported that CLAIMANT made false statements and exaggerated the nature of his injuries after reporting a slip-and-fall at a San Mateo County mushroom plant in 2000.

There was insufficient evidence to support a criminal prosecution and this case was closed.

CASE #01-0082-M

FRANCISCO
MACHADO

Investigators: James Gray
Rick Seiley
ADA: G. David Genochio

Kemper Insurance reported Francisco MACHADO was observed and video taped working as a parcel handler for Federal Express while receiving temporary total disability benefits from Airborne Express for an industrial back injury.

MACHADO was charged with two counts of Insurance Fraud and is scheduled to appear for arraignment on 6-29-2001.

This prosecution will be continued in FY 2001/2002.

CASE #01-0315-M

CLAIMANT

Investigator: Rick Seiley

Paula Insurance reported CLAIMANT made false and inconsistent statements to an insurance investigator, to physicians and at deposition regarding a claim for benefits stemming from a 1999 leg and hip injury.

This investigation will be carried into FY 2001/2002.

**WORKERS' COMPENSATION INSURANCE FRAUD
SUMMARY OF CLOSED AND CONTINUING PROSECUTIONS
JULY 1, 2000 - JUNE 15, 2001
(USE ADDITIONAL PAGE, IF NECESSARY)**

| CASE NUMBER | REFERRED BY* | CODE SECTION | NUMBER ARRESTED | NUMBER HELD TO ANSWER | NUMBER CONVICTED | FINE | RESTITUTION |
|-------------|--------------|--------------|-----------------|-----------------------|------------------|---------------|-------------|
| 98-0043-M | P | 1871.4 IC | 1 | N/A | 1 | N/A | \$2,800.00 |
| 98-0916-M | P | 118 PC | 1 | 1 | 1 | P E N D I N G | |
| 99-0023-M | 0 | 550 PC | 2 | P E N D I N G | | | |
| 99-0249-M | P | 1871.4 IC | 1 | 1 | 1 | \$200.00 | None |
| 99-0682-M | O | 1871.4 IC | 1 | 1 | 1 | \$200.00 | \$17,000 |
| 01-0082-M | P | 1871.4 IC | 1 | P E N D I N G | | | |

* CDI (Fraud Division, California Department of Insurance), P (Private Carrier, S.I.U.), S (Self-Insured Employers), T (Third-Party Administrators), L (Local Law Enforcement), or O (Other)

COUNTY PLAN
PROBLEM STATEMENT

Question 1

- a. Please document and **describe** the types of Workers' Compensation insurance fraud (claimant, **medical/legal** provider, **premium/employer** fraud, insider fraud, insurer fraud) relative to the extent of the problem specific to your county.
- b. Estimate the magnitude of the workers' compensation insurance fraud problems and identify the type of fraud indicators in **your** county.

- a) The insurance fraud investigator and prosecutor both attended the 2000 CDA Insurance Fraud conference in Costa Mesa.

It is projected that both grant investigators and the prosecutor will attend the conference in 2001. Both investigators will join and participate in the Northern California Fraud investigators Association.

- c) There are very few SIUs in Santa Cruz County. The vast majority of case referrals are presented by SIUs, etc., from other counties. The program investigator has traveled to San Jose, Menlo Park and San Francisco by invitation to speak to insurance SIUs, adjustors and examiners to the topic of what is needed in order to prosecute criminal fraud cases. It is intended that presentations such as these are continued in FY 2001-2002.
- c) It is hopeful that during FY 2001-2002 some training can be coordinated with personnel from the DOI-San Jose for SIUs, TPAs, etc.

Question 2

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

The Santa Cruz County District Attorney's Office has historically and consistently accepted all viable suspected fraud referrals for investigation, regardless of the nature of the fraud or the loss amount. We will accept cases that involve no actual loss with the attitude that the fraud itself is the crime. In FY 1999-2000, a case involving a \$432.00 loss was investigated and successfully prosecuted.

Our continued aggressive stance towards fraud investigation and prosecution has been, and will undoubtedly continue to be, a deterrent affect to those who would commit fraud. The knowledge that our office can and will investigate and prosecute insurance fraud cases

can obviously be a factor in reducing fraud overall.

We will step up our efforts to educate the public in Workers' Compensation insurance fraud and our office's vigilance in the investigation and prosecution of these crimes.

Question 3

What are the long term goals of the county in the battle against workers' compensation insurance fraud for the next three years?

In Santa Cruz County, we are not at a loss for viable suspected fraud investigation referrals. In FY 2000-2001, we added a second "extra-help" investigator to the Workers' Compensation fraud team to work on a backlog of cases. Much progress was made.

We intend to continue acting on our philosophy that there is no case too small or large to accept. We will solicit case referrals from sources and to follow-up on all potential fraud tips that are received. We intend to further expand our already good working relationship with the CDI-San Jose.

We will explore avenues towards uncovering premium and insurer frauds. Reports of these frauds have been rare in the past, so we suspect these remain an under reported areas of Worker's Compensation insurance fraud.

Towards this goal, we intend to increase dissemination of public information and awareness of these crimes. We will also collaborate more intensely with district attorney's offices and consumer agencies throughout the state in order to identify potential frauds occurring in our jurisdiction.

COUNTY PLAN, PROGRAM STRATEGY

Describe the manner in which the District Attorney will address the problem defined in the Problem Statement.

The Santa Cruz County District Attorney's Office traditionally has received fraud referrals directly from the Fraud Bureau, insurance company SIU's, self-insured employers, third-party administrators, law enforcement, citizen informants and claimants reporting they have unlawfully been denied benefits.

The cases that were referred by SIUs, etc., were submitted in a wide spectrum of completeness. Some were presented with thoroughly and accurately investigated claims which included summaries and clearly marked exhibits. Other cases that were submitted generally contained a stack of medical records and a cover sheet. None of the submitted cases were of such a high quality that no additional investigation was necessary in order to obtain a criminal complaint.

It is the philosophy of the Santa Cruz County District Attorney's Office to accept any suspected fraud case, regardless of the amount of loss (there is no need that a loss occurred at all, as long as the fraud is present), and in whatever form or condition it is received, as long as the basic elements of the fraud are present. Each case will be further investigated to a point where it can be determined if a criminal conviction can, or cannot, be brought.

Additionally, we aggressively pursue the prosecutions undertaken and demand restitution (when a loss has occurred) as a condition of any plea. We have received very favorable comments from SIUs and insurance defense attorneys regarding our efficiency and aggressiveness in handling fraud investigations and prosecutions.

A close relationship has been formed with the Department of Insurance Fraud Bureau field office in San Jose. That office has assigned investigators to conduct cases in Santa Cruz County. It is hopeful that investigations conducted by CDI personnel will be submitted for prosecution in FY 2001-2002.

Santa Cruz County elected a new District Attorney in December 2000 -- Kathryn Canlis. She has given her full support to the Workers' Compensation insurance fraud program and some personnel changes have been made.

The investigator who had been assigned to the grant for the last four years, Inspector James Gray, was promoted to a supervisory position. He will continue to work under the grant into

In order to achieve the objectives of the program only experienced, well qualified individuals will be assigned to the Insurance Fraud Unit by the District Attorney. The program attorney will provide legal assistance to the insurance fraud investigators and will continue to review, file (when appropriate) and vertically prosecute all Workers' Compensation fraud cases.

All Insurance Fraud Program cases received by the District Attorney's Office are entered into an automated case tracking system and are separately identified for case tracking purposes. The supervising fraud investigator will maintain an ongoing summary of fraud cases and is responsible for compiling the investigation/prosecution statistics.

On an annual basis, there will be a series of meetings addressing the preparation and submission of the annual report to the Insurance Commissioner. This report will address the accomplishments of the Santa Cruz County Insurance Fraud Program.

Financial and budgetary aspects of the Insurance Fraud Program will be supervised by the District Attorney's Administrative/Financial Officer. The annual financial audit report will be prepared by the Auditor/Controller of Santa Cruz County or his designee. This report will be provided to the Board of Supervisors of Santa Cruz County and the California Department of Insurance.

In that the District Attorney's Insurance Fraud Program has been in continuous operation during FY 2000-2001, there will not be any delays anticipated in carrying out program activities in FY 2001-2002.

5. **A "Joint Investigative Plan" must be properly developed and agreed upon by both District Attorney and the Fraud Division to create the framework for effective communication and resource management in the investigation and prosecution of insurance fraud. See Attachment C - Guidelines for Preparing a Joint investigative Plan.**

(A Joint Investigative Plan must be submitted in this application. County District Attorneys and the Fraud Division are required to develop and to follow the plan.)

See the attached Joint Investigation Plan between the Santa Cruz County District Attorney's Office and the Department of Insurance.

6. What other anti-fraud programs or units are maintained within the District Attorney's Office? **How** will this program be integrated with them?

There are six other anti-fraud programs maintained in the Santa Cruz County District Attorney's Office. These programs are:

- Public Assistance Fraud Program
- Consumer Fraud Program
- Real Estate Fraud Program
- Elder Abuse Fraud Program
- Auto insurance Fraud Program
- Environmental Fraud

Three assistant district attorneys and four district attorney investigators are assigned to investigate and prosecute these fraud cases. The attorneys will provide legal assistance to the insurance fraud investigator and will "back up" the grant attorney when necessary.

7. Labor Code 3820 clearly sets forth the Legislative intent that funds used to combat workers' compensation insurance fraud are to come from the Fraud Account and that those **funds** should be partly produced by the imposition of the penalties in this section.

Describe the county's efforts and the District Attorney's plan to obtain restitutions and fines imposed by the court to the Fraud Account as the legislative intent specifies.

- a) The insurance fraud investigator and prosecutor both attended the 2000 CDAA Insurance Fraud conference in Costa Mesa.

It is projected that both grant investigators and the prosecutor will attend the conference in 2001. Both investigators will join and participate in the Northern California Fraud Investigators Association.

- b) There are very few SIUs in Santa Cruz County. The vast majority of case referrals are presented **by** SIUs, etc., from other counties. The program investigator has traveled to San Jose, Menlo Park and San Francisco by invitation to speak to insurance SIUs, adjustors and examiners **on** the topic of what is needed in order to prosecute criminal fraud cases. It is intended that presentations such as these are continued in FY 2001-2002.
- c) It is hoped that during FY 2001-2002, some training can be coordinated with personnel from the DOI-San Jose for SIUs, TPAs, etc.

| BUDGET CATEGORY AND LINE-ITEM DETAIL | | COST | |
|---|--|----------|------------------|
| A. Personal services - Salaries/Employee Benefits | | | |
| 1. | <u>0.20 FTE Assistant District Attorney (Level IV)</u> | | |
| | 14 pay periods @ \$48.93 | \$10,960 | |
| | 12 pay periods @ \$50.89 | \$ 9,771 | |
| | Administrative leave: 80 @ \$50.89 | \$ 814 | |
| | On-call pay: 256 hours x \$2.00 | \$ 102 | |
| | Total | | \$21,646 |
| | PERS retirement @ 7.00% | \$ 1,515 | |
| | OASDI @ 7.65% | \$ 1,656 | |
| | Employee insurance/annual rate as per MOU | \$ 1,250 | |
| | Total | | \$ 4,421 |
| | .20 FTE Salary and benefits total | | \$26,067 |
| 2. | <u>.10 FTE DA Inspector (Level II)</u> | | |
| | 9.5 pay periods @ \$32.73 | \$ 2,487 | |
| | 16.5 pay periods @ \$34.86 | \$ 4,602 | |
| | POST differential pay: \$1.10 per hour | \$ 229 | \$ 7,318 |
| | PERS retirement @ \$10.441% | \$ 764 | |
| | OASDI @ 1.45% | \$ 106 | |
| | Employee insurance/annual rate as per MOU | \$ 705 | |
| | | | \$ 1,576 |
| | .10 FTE salary and benefits total | | \$ 8,894 |
| 3. | <u>.50 FTE DA Inspector (Level II)</u> | | |
| | 9.5 pay periods @ \$31.17 | \$11,845 | |
| | 16.5 pay periods @ \$33.20 | \$21,912 | |
| | Total | | \$33,757 |
| | PERS Retirement @ 10.441% | \$ 3,525 | |
| | OASDI @ 1.45% | \$ 489 | |
| | Employee Insurance/Annual Rate | \$ 3,130 | |
| | Total | | \$ 7,144 |
| | .50 FTE Salary and benefits total | | \$40,901 |
| | TOTAL | | \$ 75,862 |

| BUDGET CATEGORY AND LINE ITEM DETAIL | | COST |
|---|--------|-----------------|
| B. Operating Expenses | | |
| 1. <u>Conference and Training Requirements</u> | | |
| CDAA Conference - Attorney and DA Inspector | | |
| (A) Registration @ \$200 for three assigned staff | \$ 600 | |
| (B) Lodging for four days @ \$75 for three assigned staff | \$ 900 | |
| (C) Flight costs @ \$112 for three assigned staff | \$ 336 | |
| (D) Per diem for four days @ \$38 for three assigned staff | \$ 456 | |
| NCFIA Training - 2 DA Inspectors | | |
| (A) Registration @ \$80 and \$25 membership fee for assigned staff | \$ 210 | |
| (B) Per diem for one day @ \$38 for assigned staff | \$ 76 | \$ 2,578 |
| 2. <u>Indirect Cost</u> | | |
| The State Department of Insurance program guidelines stipulate that indirect costs may not exceed 5% of the total direct program costs. | | \$ 4,192 |
| 3. <u>Audit Costs</u> | | \$ 500 |
| 4. <u>Business Expense Allowance - \$100 per year per attorney</u> | | \$ 20 |
| 5. <u>State Bar Dues - \$395 per year per Attorney</u> | | \$ 79 |
| 6. <u>Phone Services</u> | | |
| Pager charges for staff of two | | \$ 216 |
| 7. <u>Fleet Services</u> | | |
| Car services for one inspector | | \$ 234 |
| Car services for one inspector | | \$3,561 |
| | | \$3,800 |
| 8. <u>Resource Material</u> | | |
| Physician's Current Procedural Terminology, Spiral Bound | | \$55 |
| 9. <u>Video Equipment Peripherals</u> | | |
| Lithium-ion battery, rechargeable | | \$150 |
| Shipping, handling and tax | | \$22 |
| Memory Stick media card, for capture of digital stills | | \$160 |
| Shipping, handling and tax | | \$23 |
| Camcorder storage and carry bag | | \$25 |
| Shipping, handling and tax | | \$4 |
| Video tapes, 4 packs (containing 12 each), \$12.50 each | | \$150 |
| Shipping, handling and tax | | \$20 |
| Digital Photo Paper, Ink cartridges | | \$100 |
| Shipping, handling and tax | | \$15 |
| CD Discs | | \$60 |
| Shipping, handling and tax | | \$ 6 |
| | | \$735 |
| TOTAL OPERATING EXPENSE | | \$12,175 |

| BUDGET CATEGORY AND LINE ITEM DETAIL | | COST |
|--------------------------------------|---|-----------------|
| C. Equipment | | |
| 1. | Digital Video Camcorder | \$900 |
| | Shipping and Handling | \$100 |
| 2. | Digital Photograph Printer | \$350 |
| | Shipping and Handling | \$33 |
| 3. | Computerized Digital Studio with Video Graphic Capability | \$2,600 |
| | Shipping and Handling | \$250 |
| 4. | Digital LCD Display Monitor | \$900 |
| | Shipping and Handling | \$100 |
| 5. | Scanner | \$300 |
| | Shipping and Handling | \$30 |
| 6. | DeskJet Color Printer | \$300 |
| | Shipping and Handling | \$30 |
| 7. | VHS Video Tape Recorder | \$500 |
| | Shipping and Handling | \$55 |
| 8. | Color Viewing Port, 20" Television | \$350 |
| | Shipping and Handling | \$35 |
| TOTAL EQUIPMENT EXPENSE | | \$6,833 |
| PROJECT TOTAL | | \$94,870 |

WORKERS' COMPENSATION FRAUD PROGRAM
 Equipment Log of FY 2001-2002

County of SANTA CRUZ

| Equipment Ordered | Equipment Costs | Date Ordered | Date Received | Serial Number | Equipment Tag Number |
|-------------------|-----------------------|--------------|---------------|---------------|----------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| NO | EQUIPMENT WAS ORDERED | DURING | THIS | GRANT | PERIOD. |
| | | | | | |
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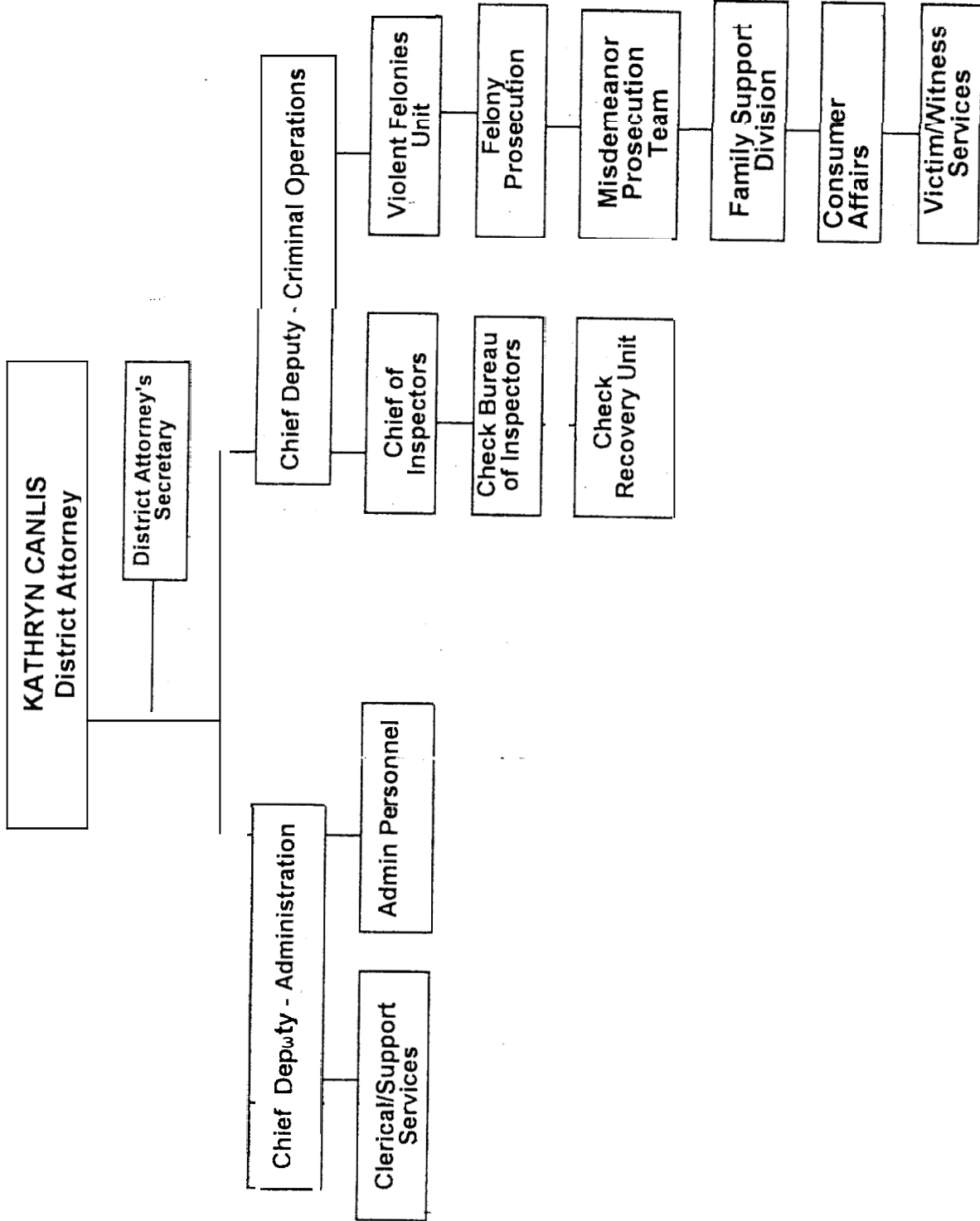
I certify this report is accurate and in accordance with the approved Grant Award Agreement

Signature:  Date June 29, 2001

Michael S. McFarland

0063

County of Santa Cruz District Attorney's Office
 Organization Chart
 June, 2001



0064

ATTACH ENT D