

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

Prepared on: 10/8/04
Department Name: District Attorney
Department No.: 021
Agenda Date: 10/26/04
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Thomas W. Sneddon Jr.
District Attorney

STAFF CONTACT: Marnie B. Pinsker, DA Assistant Director, x2304
David M. Saunders, Chief Investigator, x2359

SUBJECT: Renewal of Agreement with the California Department of Insurance for a Workers' Compensation Prosecution Unit in the District Attorney's Office

Recommendation(s):

That the Board of Supervisors:

- a) Adopt the attached resolution authorizing the District Attorney to renew the agreement with the California Department of Insurance for a Workers' Compensation Insurance Fraud Prosecution Unit for Fiscal Year 04-05; and
- b) Approve Budget Revisions increasing appropriations and revenues by \$9,100 to finance one time operating expenses funded by the State.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with actions required by law or by routine business necessity.

Executive Summary and Discussion:

In November 2003, your Board authorized the District Attorney's Office to implement a Workers' Compensation Insurance Fraud Unit in North County. This is a collaborative effort with the North County business community and the California Department of Insurance. CDI is financed through fees assessed by the State Insurance Commissioner as part of the workers' compensation insurance rates and has been an effective program in other California counties. The long term goal of this initiative is to reduce workers' compensation insurance fraud in Santa Barbara County through crime prevention and deterrence, to be accomplished through a combination of community education and criminal prosecution of fraud cases.

The unit includes a .5 Prosecutor, .5 Criminal Investigator, and .5 Sr. Investigative Assistant dedicated to workers' compensation insurance fraud cases. In the first six months of operation the unit worked in conjunction with the CDI staff to target fraud cases for local investigation and case filing, as well as reviewing CDI investigations for criminal prosecution.

From July 1, 2003, through June 30, 2004, the District Attorney's Office initiated 38 investigations of potential workers' compensation insurance fraud. Many of these cases were referred by the Department of Insurance and State Compensation Insurance Fund (SCIF). Some of these cases came from community members, employers, and agricultural organizations within the county. The District Attorney's Office obtained these local referrals as a result of community outreach and education programs. During the last year, the Workers' Compensation team presented six outreach training presentations which were attended by over 240 participants. The team also created and distributed a public service announcement that was broadcast in both English and Spanish on 7 radio stations and 2 television stations. The team designed flyers (also in both English and Spanish) describing workers' compensation fraud and its penalties and provided these flyers to local businesses and organizations to distribute to each employee.

Throughout the past year, the District Attorney's Office prosecuted 5 felony cases with an estimated loss to fraud of \$236,775. Prosecutors obtained 3 convictions, and the court ordered over \$180,000 in restitution. Each sentence included jail time, probation, and fines in addition to the restitution. At the end of the fiscal year, there were still two cases being actively prosecuted, and there were numerous open and active investigations pending. The District Attorney's office also issued two arrest warrants during the fiscal year and arrested the violators in both cases.

Mandates and Service Levels:

While not mandated, this program is responsive to address critical needs expressed by the business community to address workers' compensation insurance fraud in the community.

Fiscal and Facilities Impacts:

No facility impacts are associated with this item, as the staff is located in the North County District Attorney Office, assigned half time to this initiative. Funding for FY 04-05 includes \$45,000 in carryover funds, \$130,000 in new funds by CDI, and an additional \$9,100 in reserve funding awarded to Santa Barbara County. This will finance \$156,150 in salary and benefit expenses for staff, \$15,600 for overhead, and \$12,350 for operating, vehicle and training expenses.

Special Instructions:

Please return a certified copy of the Board Resolution to Marnie Pinsker, DA Assistant Director

1 BOARD OF SUPERVISORS OF THE COUNTY OF SANTA BARBARA
2 STATE OF CALIFORNIA

3 _____)
4 IN THE MATTER OF APPROVING AN AGREEMENT)
5 WITH THE CALIFORNIA DEPARTMENT OF INSURANCE) RESOLUTION NO. 2004-
6 TO CONDUCT A WORKERS' COMPENSATION)
INSURANCE FRAUD PROGRAM)

7 WHEREAS, the California Department of Insurance (CDI) distributes funds and administers a
8 program for enhanced investigation and prosecution of workers' compensation insurance fraud; and

9 WHEREAS, the District Attorney's Office has the desire and capability to participate in efforts
10 to deter workers' compensation insurance fraud through enhanced investigation and prosecution.

11 IT IS HEREBY RESOLVED THAT the District Attorney is authorized to execute a Grant
12 Award Agreement and any extensions or amendments thereof with the California Department of
13 Insurance to provide services effective July 1, 2004 through June 30, 2005.

14 BE IT FURTHER RESOLVED that the State funds received hereunder shall not be used to
15 supplant local funds that would be made available for this activity.

16 PASSED, APPROVED AND ADOPTED by the Board of Supervisors of the County of Santa
17 Barbara, State of California, this _____ day of _____, 2004, by the following votes:

18 AYES:

19 NOES:

20 ABSENT:

21 COUNTY OF SANTA BARBARA

22 BY: _____

23 Chair, Board of Supervisors

24 Approved as to form
Auditor-Controller

25 ATTEST:

26 CLERK OF THE BOARD OF SUPERVISORS

27 Approved as to form
County Counsel

28 BY: _____

Deputy