

**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:** 9/27/05  
**Department Name:** District Attorney  
**Department No.:** 021  
**Agenda Date:** 10/18/05  
**Placement:** Administrative  
**Estimate Time:**  
**Continued Item:** NO  
**If Yes, date from:**

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**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

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**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 05-06.

**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:**

Workers' Compensation Fraud is a community and statewide issue which impacts industry, employers, the medical profession, insurance companies, employees, and local businesses. There is a direct correlation between workers' compensation fraud and increases in insurance premiums. Fraud results in higher insurance premiums for all employers which, in turn, is passed on to the consumer through an increase in costs of goods and services we use every day.

These factors led the Santa Barbara County District Attorney's Office to develop the Workers' Compensation Fraud Program which brings local businesses, the Department of Insurance, and the District Attorney's Office together to tackle Workers' Compensation Fraud in Santa Barbara County. The program is

designed to investigate allegations of Workers' Compensation Fraud, arrest offenders, prosecute violators, and seek restitution for funds lost through fraudulent claims.

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 .25 Prosecutor, .5 Criminal Investigator and .5 Sr. Investigative Assistant dedicated to workers' compensation insurance fraud cases. In FY 04-05 over 30 new merchant referrals and 24 carryover cases of suspected Worker's Compensation Fraud were reviewed and investigated by the Unit. Many of these did not result in criminal filings and were returned for further action by the Workers Compensation Appeals Board. Of the ten cases filed for criminal prosecution, seven resulted in convictions that included over \$107,000 in restitution orders, with the others pending settlement. Twenty-nine cases will be carried forward for additional investigation this fiscal year.

#### **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. DOI financing includes \$125,000 in salary and benefit costs, along with \$12,650 in operating costs and \$9,500 in overhead charges to sustain this program. Expenses and revenues are budgeted in the District Attorney's FY 05-06 budget, department 021, program 1010.

#### **Special Instructions:**

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

BOARD OF SUPERVISORS OF THE COUNTY OF SANTA BARBARA

STATE OF CALIFORNIA

\_\_\_\_\_) )  
 IN THE MATTER OF APPROVING AN AGREEMENT )  
 WITH THE CALIFORNIA DEPARTMENT OF INSURANCE ) RESOLUTION NO. 2005-  
 TO CONDUCT A WORKERS' COMPENSATION )  
 INSURANCE FRAUD PROGRAM )  
 \_\_\_\_\_)

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

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

IT IS HEREBY RESOLVED THAT the District Attorney is authorized to execute a Grant Award Agreement and any extensions or amendments thereof with the California Department of Insurance to provide services effective July 1, 2005 through June 30, 2006.

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

PASSED, APPROVED AND ADOPTED by the Board of Supervisors of the County of Santa Barbara, State of California, this \_\_\_\_\_ day of \_\_\_\_\_, 2005, by the following votes:

AYES:

NOES:

ABSENT:

COUNTY OF SANTA BARBARA

BY: \_\_\_\_\_

Chair, Board of Supervisors

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Approved as to form  
Auditor-Controller

ATTEST:

CLERK OF THE BOARD OF SUPERVISORS

\_\_\_\_\_

Approved as to form  
County Counsel

BY: \_\_\_\_\_

Deputy