

CITY AND COUNTY OF SAN FRANCISCO, OFFICE OF THE DISTRICT ATTORNEY



CHESA BOUDIN DISTRICT ATTORNEY

June 21, 2021

Janis Perschler  
Manager, Local Assistance Unit  
California Department of Insurance  
Enforcement Branch Headquarters  
2400 Del Paso Road, Suite 250  
Sacramento, CA 95834

Dear Ms. Perschler,

Enclosed please find the original fiscal year 2021-2022 Automobile Insurance Fraud Program Grant Application for the City and County of San Francisco. A CD containing a digital copy of the application is also included in this package.

For fiscal year 2021-2022, the District Attorney's proposed budget will include an expenditure of up to \$357,063 for the investigation and prosecution of automobile insurance fraud. A San Francisco Board of Supervisors Resolution authorizing the acceptance and expenditure of grant funding will be submitted in accordance with the grant and County requirements. A draft of the proposed language is included in Form 4 of the application.

Our year-end report for fiscal year 2020-2021 is in the process of being completed. Our office will forward the report to you once it is finalized. We anticipate having no carry-over funds for this fiscal year.

Thank you for your attention to this request. Should you have any questions or need additional information, please feel free to contact Supriya Perry of my office at (628) 652-4318.

Very truly yours,

Chesa Boudin  
District Attorney

**GRANT APPLICATION TRANSMITTAL  
AUTOMOBILE INSURANCE FRAUD PROGRAM**  
Grant Period: July 1, 2021 to June 30, 2022

Is this a multi-county grant application request? No  
If Yes, list all counties: n/a

Office of the District Attorney, City and County of San Francisco,  
hereby makes application for funds under the Automobile Insurance Fraud Program pursuant to  
§ 1872.8 of the California Insurance Code.

Contact: Supriya S. Perry

Address: 350 Rhode Island Street, North Building, Suite 400N

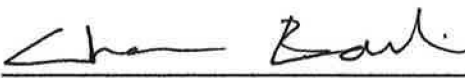
San Francisco, CA 94103

Telephone: (628) 652-4318

(1) New Funds Being Requested: \$ 357,063

(2) Estimated Carryover Funds: \$ 0

Supriya S. Perry Eugene G. Clendinen  
(3) *Program Director* (4) *Financial Officer*

 Date: June 21, 2021  
(5) *District Attorney's Signature*

Name: Chesa Boudin

Title: District Attorney

County: San Francisco

Address: 350 Rhode Island Street, North Building, Suite 400N

San Francisco, CA 94103 Telephone: (628) 652 - 4000

**AUTOMOBILE INSURANCE FRAUD PROGRAM  
CITY AND COUNTY OF SAN FRANCISCO  
FISCAL YEAR 2021- 2022  
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**GRANT APPLICATION CHECKLIST AND SEQUENCE  
CITY AND COUNTY OF SAN FRANCISCO  
FISCAL YEAR 2021-2022**

	<u>YES</u>	<u>NO</u>
1. GRANT APPLICATION TRANSMITTAL (FORM 02)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. PROGRAM CONTACT FORM (FORM 03)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. <b>Original or certified copy of the BOARD RESOLUTION (FORM 04) included?</b> If NOT, the cover letter must indicate the submission date. <i>(Please see cover letter.)</i>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input 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) OUTREACH AND TRAINING (FORM 09(b))	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Projected BUDGET (FORMS 10-12)	<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)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. EQUIPMENT LOG (FORM 13)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. JOINT PLAN (Attachment A)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. CONFIDENTIAL CASE DESCRIPTIONS  (Attachment B)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. ELECTRONIC VERSION (CD/DVD)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

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

- a. Name: Supriya S. Perry
- b. Title: Managing Attorney/Program Director
- c. Address: 350 Rhode Island Street, Suite 400N  
San Francisco, CA 94103
- d. E-mail address: supriya.perry@sfgov.org
- e. Telephone Number: (628) 652-4318 Fax Number: (628) 652-4001

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

- a. Name: Eugene G. Clendinen
- b. Title: Chief Administrative and Financial Officer
- c. Address: 350 Rhode Island Street, Suite 400N  
San Francisco, CA 94103
- d. E-mail address: eugene.cleindinen@sfgov.org
- e. Telephone Number: (628) 652-4030 Fax Number: (628) 652-4001

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

- a. Name: Supriya S. Perry
- b. Title: Managing Attorney/Program Director
- c. Address: 350 Rhode Island Street, Suite 400N  
San Francisco, CA 94103
- d. E-mail address: supriya.perry@sfgov.org
- e. Telephone Number: (628) 652-4318 Fax Number: (628) 652-4001

**BOARD OF SUPERVISORS RESOLUTION  
CITY AND COUNTY OF SAN FRANCISCO  
FISCAL YEAR 2021-2022**

*The following is preliminary and draft language of the Resolution that the SFDA will submit for the San Francisco Board of Supervisors to consider and approve regarding the acceptance and expenditure of grant funding for FY 2021-2022.*

[Accept and Expend Grant - California Department of Insurance, Automobile Insurance Fraud Program – \$\_\_\_\_\_]

Resolution authorizing the Office of the District Attorney to accept and expend a grant in the amount of \$\_\_\_\_\_ from the California Department of Insurance for the Automobile Insurance Fraud Program for the grant period July 1, 2021 through June 30, 2022.

WHEREAS, The San Francisco Administrative Code requires City departments to obtain Board of Supervisors’ approval to accept or expend any grant funds (§ 10.170 et seq.); and

WHEREAS, The Board of Supervisors provided in § 11.1 of the administrative provisions of the FY20\_\_-20\_\_ Annual Appropriation Ordinance that approval of recurring grant funds contained in departmental budget submissions and approved in the FY20\_\_-20\_\_ budget are deemed to meet the requirements of the San Francisco Administrative Code regarding grant approvals; and

WHEREAS, The Department of Insurance of the State of California that provides grant funds to the Office of the District Attorney requires documentation of the Board’s approval of their specific grant funds (California Insurance Code § 1872.8, California Code of Regulations, Title 10, § 2698.60 et seq.); and

WHEREAS, The Office of the District Attorney applied for funding from the California Department of Insurance for the “Automobile Insurance Fraud Program” and was awarded \$\_\_\_\_\_ and

WHEREAS, The purpose of the grant is to provide enhanced investigation and prosecution of Automobile insurance fraud cases, including the application process and subsequent reporting requirements as set forth in the California Insurance Code § 1872.8, California Code of Regulations, Title 10, § 2698.60 et seq.; and

WHEREAS, The adopted budget for FY20\_\_-20\_\_ is \$\_\_\_\_\_; and

WHEREAS, The amount of \$\_\_\_\_\_ is required to be appropriated to equal the total amount of \$\_\_\_\_\_ awarded to the Office of the District Attorney for the 20\_\_-20\_\_ fiscal year; and

WHEREAS, The grant does not require an amendment to the Annual Salary Ordinance (ASO) Amendment; and

WHEREAS, The grant includes indirect costs of \$ \_\_\_\_\_; and now, therefore, be it

RESOLVED, That should the Office of the District Attorney receive more or less money than the awarded amount of \$ \_\_\_\_\_, that the Board of Supervisors hereby approves the acceptance and expenditure by the Office of the District Attorney of the additional or reduced money; and be it

FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the Office of the District Attorney to accept and expend, on behalf of the City and County of San Francisco, a grant from the California Department of Insurance for the Automobile Insurance Fraud Program to be funded in part from funds made available through California Insurance Code § 1872.8, California Code of Regulations, Title 10, § 2698.60 et seq. in the amount of \$ \_\_\_\_\_ to enhance investigation and prosecution of automobile insurance fraud cases; and be it

FURTHER RESOLVED, That the District Attorney of the City and County of San Francisco is authorized, on its behalf, to submit the attached proposal to the California Department of Insurance and is authorized to execute on behalf of the Board of Supervisors the attached Grant Award Agreement including any extensions or amendments thereof; and be it

FURTHER RESOLVED, That it is agreed that any liability arising out of the performance of the Grant Award Agreement, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency. The State of California and the California Department of Insurance disclaim responsibility for any such liability; and be it

FURTHER RESOLVED, That the grant funds received hereunder shall not be used to supplant expenditures controlled by this body.

**CITY AND COUNTY OF SAN FRANCISCO PLAN: QUALIFICATIONS  
FISCAL YEAR 2021-2022**

**Description of the San Francisco District Attorney’s experience in investigating and prosecuting automobile insurance fraud during the last two (2) fiscal years.**

During the last two fiscal years, the San Francisco District Attorney’s Automobile Insurance Fraud Program (“SFDA Program” or “Program”) investigated and prosecuted multiple types of cases, including claimant fraud, autobody shop fraud, organized insurance fraud rings, and staged collisions. Our Program has benefitted from the continuity of personnel within it who continue to develop their expertise in automobile fraud investigation and prosecution. We also prioritize collaboration with local area district attorney offices and partner agencies, including the Department of Insurance (CDI) detectives from the Golden Gate Regional Office. We are in frequent communication with members of carriers’ Special Investigations Units (SIUs) to discuss case referrals, develop effective investigative plans, and prepare cases for prosecution.

**1. The SFDA Program Areas of Success**

**A. The SFDA Program’s Success in Adjusting to the Demands of and Changes Brought about by the COVID-19 Pandemic**

Effective 12:00 a.m. on March 17, 2020, the City and County of San Francisco (CCSF) issued a Shelter in Place order to all citizens due to the alarming rates of infection and risk to lives caused by the novel coronavirus (COVID-19) pandemic. Over a year later, San Franciscans, like much of the world, are still managing the challenges posed by a pandemic of historic and tragic consequence. Our office of essential workers quickly adjusted operations to adapt to court closures, remote work, and a technology driven model for conducting daily work. Our paralegals converted thousands of pages of documents to electronic format, our attorneys made court appearances via Zoom, and we all adjusted to meeting remotely via Zoom and Microsoft Teams. This work occurred from homes replete with personal and family demands and concerns.

At the outset, the San Francisco District Attorney’s Office Automobile Insurance Fraud Program (SFDA or the SFDA Program) would like to acknowledge the success of the Program attorneys, investigators, and support staff, and all of our agency and law enforcement partners, in navigating the unprecedented circumstances of this past year. Despite concerns related to personal health, questions regarding the availability of resources, and in the face of great uncertainty, we worked together to continue the important work of investigating and prosecuting automobile insurance fraud.

**B. Complex and Organized Auto Insurance Fraud Investigations**

The SFDA Program investigates cases that involve complex insurance fraud schemes. For



example, fraud perpetrated by passenger transportation companies and autobody shops can be complex investigations where the financial loss is greater than claimant fraud cases, the schemes are more sophisticated and difficult to detect, and more conspirators are potentially involved. The following are examples of complex investigations and prosecutions that are being handled by the SFDA Program:

- An enormous current investigation involves a body shop in San Francisco whose owners also run a towing company, a towing storage company, a vehicle rental company, and an automobile insurance company. Suspects within or affiliated with the shop are suspected of staging many of the collisions or claiming collisions occurred when there were none – often using vehicles they own. There are fraud complaints from nine different carriers based on claims for what is suspected to be preexisting vehicle damage. The auto body shop seeks coverage for fraudulent tow fees or inordinately high storage fees for vehicles. In some cases, the shop used substandard parts to repair at a cost lower than what had been estimated and billed to the insurance companies. The SFDA Program has collected forty FD-1s associated with the auto body shop, spanning a thirteen-year period beginning in 2006. The SFDA Program Inspector has received and reviewed files on these cases and is in the process of completing investigation and writing an arrest warrant on those that support charges we can prove beyond a reasonable doubt. (See Attachment B, 17BA023448.)
- In another case, we are actively litigating over 80 counts of fraud against five co-defendants in an insurance fraud scheme that involved staged collisions by SuperShuttle franchise workers. This case, People v. Gretcko et. al. is discussed in more detail below in the section discussing our current prosecutions.

### **C. Successful Prosecutions that originated from SFDA Program Investigations**

Through the collaborative efforts of the SFDA Program prosecutors and inspector, with carrier SIUs, the Program initiated investigations in many cases that have resulted in successful prosecutions in the past two fiscal years. The Program strives to move cases through the court system in an efficient and expeditious manner. The following is an example of a resolved case:

- On February 6, 2020 our office resolved the case of People v. John Reimonenq, alleging fraud by way of economic car theft. On July 3, 2018, John Reimonenq walked into a San Francisco police station to report that his 1959 Chevy Corvette, valued at an estimated, \$94,000, had been stolen from his driveway. He then filed an insurance claim with his insurer. Reimonenq subsequently learned from his neighbor that during the investigation the police had approached the neighbor for permission to recover video surveillance from the neighbor's outside cameras. Shortly thereafter, Reimonenq called the San Francisco Police Department's non-emergency phone number indicating that his vehicle had suddenly been located. The evidence, including cell phone forensics and video surveillance showed that Reimonenq coordinated the staged recovery with his son who was present when SFPD recovered the vehicle.

Reimonenq was arraigned on November 12, 2019 in San Francisco Superior Court and on

February 6, 2020, less than three months after filing the criminal complaint, the defendant pled guilty to a felony violation of Penal Code § 550(b)(1) (submitting false or fraudulent insurance claim) and was sentenced to thirty days in the county jail and three years of probation. He paid restitution in the amount of \$4,346.41 to Hagerty Insurance and a fine of the same amount to CDI. This defendant's false claims and actions unnecessarily strained private, public, and police resources; had he been successful, he would have received a windfall of \$94,000.

The San Francisco Superior Courts are currently in the process of resuming normal operations. Several courtrooms opened on June 21, 2021. We anticipate that the expanded availability of courtrooms in the next few months will allow us to move forward with and resolve some of our current open cases outlined in the next section.

#### **D. Current Prosecutions from SFDA Program Investigations**

The SFDA Program investigated, filed, and is currently prosecuting the following cases, which are pending in Court:

- On February 24, 2021, we filed an arrest warrant in People v. Soe Khine, alleging violations of Penal Code sections 550(a)(1) and 550(b)(1). The complaint stemmed from the fact that on April 8, 2019, Soe Khine filed a claim with his personal automobile insurance company, CSAA. When CSAA asked him twice the standard question of whether he was driving for a ride-sharing company at the time of the accident, he said no. He also told CSAA he had never driven for a ride-sharing company. (Had he been driving for a ride-sharing company, he would not have been eligible for coverage under his personal policy.) In fact, Soe Khine was driving for Uber and reversing his vehicle to pick up a rider, when he struck a parked car. CSAA compensated Mr. Khine \$3,472.72, before it uncovered the fraud. Soe Khine then refused to return the money to CSAA. The defendant was arraigned in court on April 5, 2021, and we are engaging with the defense attorney to reach a resolution.
- In May 2020, our office filed a case of hit and run with injury and filing a false police report against Darren Brown. At the time, Mr. Brown was a defendant in a fraud case that we filed in February 2019, alleging automobile insurance fraud. On April 8, 2021, at a contested hearing on a motion authored by the Program ADA, the court consolidated the two People v. Darren Brown cases. The defendant is now charged in San Francisco Superior Court with felony violations of Penal Code §§ 550(a)(1), 550(a)(2), 550(b)(1), Vehicle Code §20001(a), an out-on-bail/own-recognizance enhancement, and a misdemeanor violation of Penal Code §148.5(a).

As to the auto insurance fraud charges, Mr. Brown was involved in a vehicle collision without active auto insurance. He then purchased insurance after the fact, and on December 29, 2017, attempted to obtain insurance benefits by lying about the time of his accident. The metadata from the photos he submitted to the carrier established that the accident preceded the insurance purchase. After the claim was denied, on February 15, 2018, Mr. Brown filed another claim for the same damages but under a new accident description. Had the fraud gone undetected, the insurer would have paid out close to

\$11,000 on this this claim.

On May 14, 2020, Mr. Brown was out of custody having been leased on his own recognizance with electronic monitoring on the auto insurance fraud charges, when he drove through a crosswalk in San Francisco, striking and injuring a pedestrian. He did not leave his contact or insurance information with the pedestrian, but rather called 9-1-1 and stated he had been driving behind another vehicle when that car hit the pedestrian. The following day, the defendant went into the police station and wrote out a statement reiterating this lie. His May 14 and 15, 2020 conduct formed the basis of the hit-and-run with injury, out on own recognizance enhancement and false police report charges. This single case that now combines all the charges will not likely resolve in advance of the preliminary hearing, which is scheduled to take place on August 3, 2021. There are over 1,200 pages of discovery.

- In March 2020, the SFDA Program filed People v. Kenneth Jones charging the defendant with felony violations of Insurance Code §§ 1733 and Penal Code §§ 503, 487(a) 532(a) and 470(a). Jones issued a fake automobile policy to Quing Lan Wu. Jones had Wu pay him \$2,312, in what he told her was premium, only to provide her with a fake insurance card. Wu was unaware of being the victim of fraud until she was in a car accident and learned from the insurance company listed that no policy ever existed in her name. (This case also included charges against Jones for misappropriating \$250,000 in life insurance proceeds from the beneficiaries of a policy that Jones sold to the deceased.) As the lead investigator on this case, CDI's Denise Roberts collaborated with District Attorney Inspector John O'Reilly. Kenneth Jones was arraigned on April 27, 2020. There are 2,577 pages of discovery in this case. This month our office will file another case of automobile insurance fraud against Mr. Jones, of which is aware. The cases will then proceed together.
- In April 2019, in People v. Raymundo Prado and Eric Rios, two defendants were charged with multiple felony counts including charges of insurance fraud under Penal Code § 550(a)(5) and 550(b)(3); grand theft under Penal Code § 487; and embezzlement under Penal Code § 503. Between August of 2014 and May of 2015, eight vehicles were involved in nine auto collisions. Eric Rios, an owner of Pacific Heights autobody shop, was simultaneously the Farmers insurance agent for six of the eight insureds. He told the insureds they could take their vehicles to Pacific Heights for repairs, however he failed to tell them and Farmers that he had a financial interest in the body shop. On eight of the nine repair claims, a claims representative noted speaking with an individual identifying himself as "Ray," at the shop. The insurance company paid all nine claims, and while Raymundo Prado at Pacific Heights repaired all the vehicles to a certain extent, all repair jobs were substandard, and none were performed as quoted. Farmers paid out a total of \$13,572.31 that did not go to repairs. Separately, as a Farmers insurance agent, Eric Rios deposited \$3,290 in cash that was supposed to go to Farmers as insurance premium payments, into his own personal bank account. This case involves over 3,200 pages of discovery. We are in the prehearing conference phase, and the defense attorneys are in the process of putting together their counteroffers, as they would like to resolve the case.
- In People v. Ligia Latino, the SFDA Program filed felony Penal Code §§ 550(a) and 550(b) charges alleging fraud. The defendant was uninsured and in an accident. He

subsequently purchased a CSAA auto insurance policy, and one day later filed a claim for the damage. The interview of the tow truck driver and company for defendant's vehicle, as well as the metadata of the photographs provided by defendant, revealed the damage occurred prior to defendant obtaining insurance coverage. Because of the fraud, CSAA/AAA paid out \$578.50 in rental vehicle costs and expended \$2,887 in investigative costs. Had the fraud gone undetected, the insurer would have been responsible for an additional \$1,100, approximately. On October 17, 2019, the court issued a bench warrant for defendant's failure to appear in court, and it remains outstanding. We periodically conduct due diligence to determine if we can locate the defendant.

- Multiple defendants are charged in People v. Grechko et al. with staging fake collisions between high-end cars and SuperShuttle vans on Treasure Island from 2012 to 2014, as part of a conspiracy to defraud Farmers Insurance. The eighty-three counts include conspiracy, staging automobile collisions in violation of Penal Code § 550(a)(3), insurance fraud in violation of Penal Code § 550(a)(1), obtaining money through false pretenses, grand theft, identity theft, and filing a false instrument for public record. Brother and sister defendants Sergey and Lyudmila Grechko owned a SuperShuttle franchise. The complaint alleges that they arranged for their shuttle vans to be involved in collisions with high-end vehicles. Prior to the collisions, the insurance for the high-end vehicles was purchased from Farmers by defendants Mykhailo Fomin and Illia Suhaka, using false or stolen identities.

One of the defendants, Vadzim Klimasheuski, who is still at large with warrants outstanding for his arrest, obtained a California Driver's License using the same false identity he would use to purchase insurance from Farmers. Knowing that the SuperShuttle vans would not be used for business while they were being repaired, the franchise owning Grechko's inflated the loss of use claims they submitted to Farmers by falsely stating how much business they had engaged in prior to the collisions.

Farmer's paid out \$190,854.52 because of all this fraud. This case involves 20,905 pages of discovery. As recently April 2021, the Program ADA discovered to defense counsel the digital/electronic device evidence seized in a separate investigation into Vadzim Klimasheuski, which included communications during the time at issue in our case. This case is currently in the prehearing conference phase of litigation.

#### **E. Significant Claimant Fraud Investigations**

The SFDA Program recognizes that automobile insurance fraud needs to be investigated at all levels; this includes smaller, individual fraudulent claims that collectively increase the cost of insurance for all. The following are examples of those types of significant, but somewhat less complex automobile insurance fraud matters that are currently under investigation:

- In one case, the claimant insured reported that he was driving, but not at fault, when he got into an accident that totaled the vehicle. The insurance company compensated the claimant insured nearly \$30,000. Over a year after the loss, apparently prompted by the increased premiums that the insurance company was charging the claimant insured, as

well as the point on the claimant insured's driving record, the claimant insured's relative reached out to the insurance company, stating that the relative was the one driving at the time of the loss. As the relative was an excluded driver on the policy at the time of the loss, were the relative in fact the driver, the nearly \$30,000 payout would be due back to the insurance company. This case remains under investigation. (See Attachment B, 19BA013066.)

- The claimant reported an accident to the insurer that involved a pedestrian being hit. The claimant was the at-fault party. The insured denied driving for a ride-sharing platform at the time of filing the claim. A representative with the claimant's personal insurance interviewed the victim pedestrian, who recalled seeing a ride-share sticker on the vehicle that struck him. The claimant ultimately admitted to driving for the ride-share company at the time of the loss. The claim was denied but resulted in an attempted theft of approximately \$3600 in benefit payout. We are currently investigating this matter. (See Attachment B, 19BA007412.)
- This investigation was referred to our office by CDI as part of a joint operation related to ride-share drivers lying to their personal insurance companies. At the time of reporting the collision, the insured driver denied driving for any ride-sharing platform. However, the insurer obtained evidence to the contrary. The insurer contacted the ride-share company and confirmed that the suspect was in fact driving for the company at the time of the collision. Driving for a ride-sharing platform was expressly prohibited by the insurance policy. The insurer paid out part of the claim, amounting to \$4990, and could have potentially paid over \$10,000 total, to repair both vehicles, had the fraud not ultimately been uncovered. The insurer would have denied the claim outright, had it known that the insured was driving for a ride-sharing company. An arrest warrant is currently being prepared by our Program inspector. (See Attachment B, 18BA024723.)

#### **F. Collaborative Successes Through Our Partnerships**

During the FY 2020-2021 period, the SFDA Program continued to partner with CDI to prosecute fraud efficiently and successfully. The SFDA Program worked on multiple investigations with CDI, met and conferred regularly with CDI detectives, and engaged in extensive communication to explore avenues for collaboration. Despite the many challenges of the past two fiscal years, including those posed by the Covid-19 pandemic, and scarcity of resources, the SFDA has been committed to working with CDI to combat fraud.

SFDA Program Inspector John O'Reilly and CDI Special Investigator Denise Roberts worked together on an insurance fraud case which culminated in charges being brought in People v. Kenneth Jones. CDI Special Investigator Denise Roberts investigated that detailed facts showing that this defendant had misappropriated \$250,000 in death benefit proceeds from the legal beneficiaries of a life insurance policy, following the death of their loved one. Our SFDA Inspector aided in serving three bank search warrants that resulted in search warrant returns of approximately 43MB of data. The team also worked together to investigate and charge this same defendant with automobile premium theft. Mr. Jones is an example of an industry insider that uses a position of trust and power to defraud innocent victims.

During FY 2020-2021, SFDA and CDI met to discuss a large number of FD-1s submitted within the past two years, related to ride-share drivers attempting to, sometimes successfully, defraud their personal insurance companies by making claims for collisions that occur while they are active on ride-sharing platforms. The various policies at issue unequivocally state that the insured is not covered if they are driving for a ride-sharing platform at the time of the collision; separate coverage is in place for accidents that occur when an individual is driving for a ride-sharing platform. In 2019, a SFDA Program attorney collaborated with CDI detectives to develop an investigative plan for these cases, which are increasing with alarming frequency. In September 2019, CDI referred 30 FD-1s to the SFDA's Office for review in this joint operation. The Program attorney reviewed and analyzed these FD-1s and continues to work with CDI and the respective SIUs to move these case investigations forward. Every driver on the road is entitled to assurance that, if involved in an accident that is no fault of their own, the at-fault party is properly insured and able to provide indemnification. Ride-sharing companies should also be providing adequate coverage to their drivers and informing drivers to submit claims through the ride-sharing company's insurance, in the case of an accident that takes place while they are driving for the ride-sharing company. Public safety is compromised, and costs to law abiding citizens increase when fraudulent claims are submitted and paid. As a result of this collaboration, our office filed the Khine case referenced above, and we will file another in the next month.

During the past two years, the SFDA Program has worked with CDI, the National Insurance Crime Bureau (NICB) and the SIUs of multiple carriers in connection with a large auto insurance fraud investigation involving a San Francisco body shop and one of its employees, who is a licensed insurance agent. The auto body shop runs a towing company, a towing storage company, a vehicle rental company, and an automobile insurance company. Several individuals within or affiliated with the shop are suspected of staging many of the collisions or claiming there were collisions when there were none. Some of them are suspected of staging collisions involving vehicles owned by the body shop. There are fraud complaints from nine different carriers based on claims for what is believed to be preexisting vehicle damage created by the shop. The auto body shop also seeks coverage for fraudulent tow fees or inordinately high storage fees for vehicles. It is also suspected of engaging in fraud by using substandard parts to repair at a cost lower than what was estimated and billed to the insurers. This is a large-scale investigation affecting multiple carriers and appearing to involve fraud at many levels. This past fiscal year, the SFDA Program has made progress in this investigation by identifying and reviewing more than forty FD-1s associated with the auto body shop spanning a 13-year period, obtaining claim file information for more than ten of the claims that were preliminarily identified as the most promising leads, and starting to write an arrest warrant covering the apparent crimes.

## **2. Partnerships with Governmental Agencies**

Over the years, the SFDA Program has developed collaborative relationships with the United States Attorney's Office, Northern District; United States Postal Service; Internal Revenue Service; Federal Bureau of Investigations; California Department of Insurance, Bureau of Investigations; California Department of Consumer Affairs, Bureau of Automotive Repair; California Department of Transportation; California Franchise Tax Board; California State Board of Pharmacy; California State Board of Chiropractic Examiners; California State Bar; California Highway Patrol; University of California, San Francisco Hospital; San Francisco Police Department; San Francisco Sheriff's Department; San Francisco Fire Department; San Francisco

Department of Parking and Traffic; San Francisco Municipal Transit Authority; San Francisco General Hospital; Alameda County District Attorney's Office; Marin County District Attorney's Office, Contra Costa District Attorney's Office, Napa County District Attorney's Office, Sonoma County District Attorney's Office, Santa Clara County District Attorney's Office, and Solano County District Attorney's Office.

This past fiscal year, the SFDA Program has had only one dedicated inspector working full-time on automobile insurance fraud cases. Given this, collaboration was not only optimal, but essential. As noted in the preceding section, the SFDA Program maintains almost weekly contact with members of CDI and NICB to discuss leads, investigations, and to collaborate to the full extent permitted by law.

Several examples of our collaborative relationship with CDI were highlighted in Section 1.F. above. Our Program Inspector has also been working closely with a new CDI Detective to prepare and file search warrants in a new auto claimant fraud investigation. (Attachment B, 19BA013066.) In addition to aiding with the filing of the search warrants our Inspector, the assigned Assistant District Attorney, and the CDI Detective worked together to locate and interview witnesses and complete an arrest warrant that will be filed in the next month.

As another example of our collaborative efforts, members of the SFDA Program met with SFPD special investigators to discuss potential auto fraud activity that was discovered in conjunction with an active homicide investigation. The SFPD team preliminarily suspected 50 plus suspicious automobile fraud claims associated with this investigation. The SFDA Program Inspector provided information related to the mechanics of investigating the automobile fraud components of the case as well as a NICB contact to assist in moving the investigation forward.

In March 2021 we received a referral from the Marin County District Attorney's Office regarding a San Francisco auto insurance fraud case. On March 23, 2021 our Program Inspector met with members of the Marin DA auto insurance fraud team and discussed the matter. Further discussion revealed that the incident had in fact occurred on the border of San Francisco, but in San Mateo County. We referred the case to the San Mateo County District Attorney's Office. This type of consultation, collaboration and referral has become more common in recent years as members of the various District Attorney's offices are in regular contact through participation in Consortium related activities and Anti-Fraud Alliance (AFA) and CDAA (California District Attorneys Association) conferences.

The SFDA Program attorneys and inspectors meet with members of these agencies on a case specific basis, but also regularly meet with other attorneys and investigators from these agencies at various annual anti-fraud trainings, events, and consortiums. Examples of these events include the Anti-Fraud Alliance quarterly meetings and annual conference, the annual CDAA fraud conference, CDI case reviews, the Golden Gate consortium meetings, and NICB events and trainings. Due to the Covid-19 pandemic, since March 2020, in-person meetings were almost completely curtailed, and conferences were cancelled. Despite this, our Office has strived to maintain these relationships through ongoing virtual meetings, virtual conferences, and telephone and email communication.

### **3. Unfunded Contributions**

The SFDA Program prosecutors are only partially funded by the California Department of Insurance Fraud Program. As illustrated by our Organizational Chart (described in Form 06(b) below), automobile insurance fraud is a branch of our Economic Crimes Unit and falls under the supervision of the managing attorney, Supriya Perry. Ms. Perry, who supervises the auto insurance fraud prosecution team, spends approximately 20% of her time supervising the investigation and prosecution of auto insurance fraud cases: she reviews FD-1s submitted to our Office; communicates directly with the SIUs and law enforcement on cases initially presented to our Office; approves all investigative plans; reviews and approves all search warrants and arrest warrants; conducts regular team meetings to monitor the progress of pending investigations and prosecutions; arranges and oversees case reviews with the local regional office; identifies and directs operational issues with the SFDA Program personnel; and oversees all negotiations of auto insurance prosecutions. Assistant District Attorney Perry's salary is not funded by the SFDA Automobile Insurance Fraud Program.

Lieutenant Molly Braun, the supervisor of the District Attorney Inspectors in the Economic Crimes Unit, is also not funded by the SFDA Automobile Insurance Fraud Program. She spends approximately 10% of her time supervising the automobile insurance fraud inspectors: she assists in the drafting and execution of their search and arrest warrants; oversees and manages their investigations in conjunction with the managing attorney; oversees and participates in field operations involving the inspectors, such as surveillance and witness interviews; tracks and logs grant-related inspector activity; and supervises the execution of insurance fraud related search warrants and arrest warrants. .

The SFDA program relies on the Office's several well-qualified paralegals who work to ensure the success of the SFDA Program by preparing pleadings, evidentiary documents for discovery and motions for filing, maintaining electronic and hard copy case files, and providing general administrative assistance to the Program inspectors and attorneys. These individuals' contributions are unallocated resources that are not Program funded.

### **4. Continuity of Assigned Personnel**

The San Francisco District Attorney's Office does not have a formal rotations practice although personnel rotations are not uncommon. However, the Office understands the importance of continuity when investigating and prosecuting complex automobile insurance fraud cases. Maintaining control over investigations and fostering relationships with outside agencies such as CDI, NICB and carrier SIUs are crucial to our Program's success, which is why the San Francisco District Attorney's Office strives to ensure that experienced law enforcement professionals are assigned to the Program.

Assistant District Attorney Alex Fasteau has served as a primary Program prosecutor since March 2016. Mr. Fasteau has worked for the San Francisco District Attorney's Office for sixteen years. He is a highly experienced attorney who has had forty-five jury trials during his nineteen years as a prosecutor. He previously worked at the Solano County District Attorney's Office. Mr. Fasteau has spent most of his prosecutorial career in the following specialized units:



Economic Crimes, Child Abduction, Child Assault and Sexual Assault, Public Integrity, and Domestic Violence. He has tried high profile and complex cases involving charges of premeditated attempted murder, aggravated mayhem, torture, stalking, criminal threats, possession and distribution of child pornography, child molestation, and child endangerment resulting in death. As a member of the Economic Crimes Unit, he has prosecuted cases involving workers' compensation insurance fraud, medical provider fraud, life insurance and annuity fraud, and major fraud/embezzlement. Mr. Fasteau graduated Phi Beta Kappa in Economics from the University of California, Berkeley, where he also attended law school. He speaks Spanish fluently.

Assistant District Attorney Stephanie Zudekoff has been with the Program for close to three years. She received her Bachelor of Arts degree from the University of Georgia, and her Juris Doctor degree from Georgia State University, College of Law. Ms. Zudekoff practiced law in Georgia for several years, including with the Georgia Attorney General's office prior to joining the San Francisco District Attorney's office. She came to the SFDA Economic Crimes Unit from the felony trial unit. In the Economic Crimes Unit, in addition to having successfully litigated and resolved automobile insurance fraud cases, she has also prosecuted workers' compensation insurance fraud and welfare fraud. Additionally, Ms. Zudekoff continues to correspond on an almost daily basis with Program partners to evaluate FD-1s and drive auto fraud investigations forward. During FY 2020-21, she was on leave from our office for eight months but has since returned as of April 2021. She continues to be an invaluable contributor to the Program.

District Attorney Inspector John O'Reilly has served as our Program's inspector since January 2018. He became a peace officer in February of 1991 for the Oakland Police Department. In the 27 years he worked for the Oakland Police Department, he held the position of Police Officer where he was assigned to the Patrol Division, Community Policing Division and the Recruiting and Backgrounds Unit. While in Patrol, Community Policing, and Recruiting and Backgrounds he served as an Acting Sergeant when needed by the department. He conducted criminal investigations involving a variety of crimes including murder, rape, robbery, assault, burglary, theft, fraud, forgery, embezzlement, possession of firearms and narcotics. He also conducted hundreds of civilian and sworn Peace Officer Standards and Training (POST) compliant background investigations for sworn and civilian positions with the City of Oakland. He holds a Bachelor of Arts degree in History from Saint Mary's College of California and possesses an Advanced Certificate from the California Commission on POST.

## **5. Frozen Assets**

No frozen assets were distributed

**CITY AND COUNTY OF SAN FRANCISCO PLAN: STAFFING  
FISCAL YEAR 2021-2022**

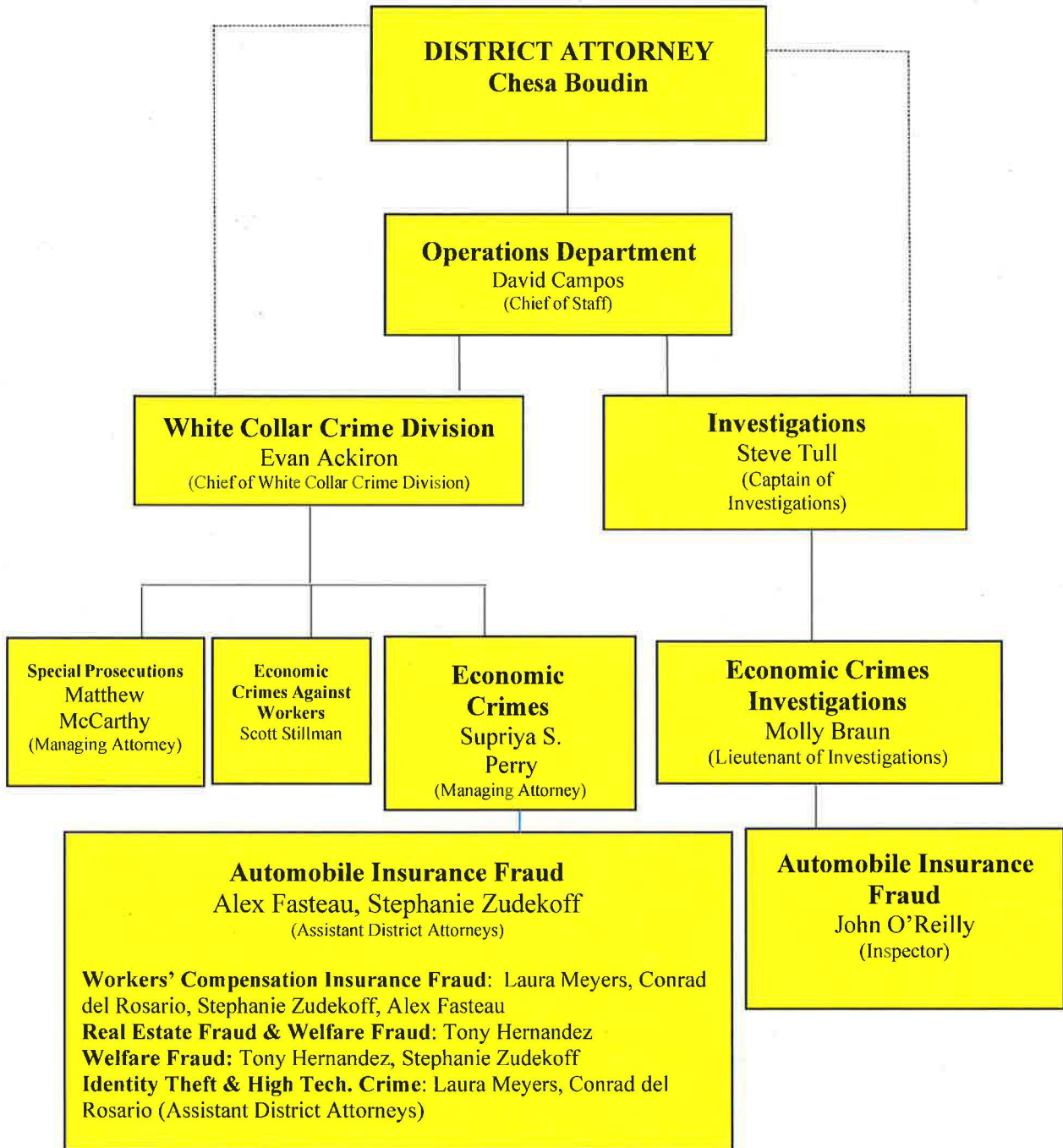
**COUNTY OF SAN FRANCISCO**

<b>Prosecutors</b>	<b>% Time</b>	<b>Time With ProgramStart Date/End Date</b>
Alex Fasteau	40	March 2016 to present
Stephanie Zudekoff	10	August 2018 to present

**COUNTY OF SAN FRANCISCO**

<b>Inspectors</b>	<b>% Time</b>	<b>Time With ProgramStart Date/End Date</b>
John O'Reilly	70	January 2018 to present

**CITY AND COUNTY OF SAN FRANCISCO PLAN:  
ORGANIZATIONAL CHART  
FISCAL YEAR 2021-2022**



**CITY AND COUNTY OF SAN FRANCISCO PLAN:  
DISTRICT ATTORNEY PROGRAM REPORT  
FISCAL YEAR 2020-2021**

Statistical information for the San Francisco District Attorney's Automobile Insurance Fraud program for July 1, 2020 through June 15, 2021 will be submitted online per the application instructions.

**CITY AND COUNTY OF SAN FRANCISCO PLAN:  
PROBLEM STATEMENT, FISCAL YEAR 2021-2022**

The San Francisco District Attorney's Automobile Insurance Fraud program ("SFDA Program" or "Program") investigates all forms of automobile insurance fraud that occur in the County including applicant fraud, insider fraud, staged collisions, and fraud rings. San Francisco has traditionally drawn commuters from throughout the Bay Area and beyond and is a densely populated and frequently visited City. This highly trafficked City experiences a significant amount of vehicle thefts, accidents, and fraudulent activity.

**1. Sources and Causes of Automobile Insurance Fraud**

Automobile insurance fraud is often motivated by greed or the prospect of financial gain. An uninsured motorist who is involved in an accident might seek coverage under a policy that was acquired after the accident, by falsely stating that the accident occurred after the policy was purchased and when there was coverage. Individuals may stage collisions by claiming that already existing damages to their cars are new or by planning and executing a new accident, using old or previously damaged vehicles. A body shop owner/employee might try to make money by falsely representing that a car was repaired, as reflected in the invoice, to the insurer, when really the shop owner/employee used substandard replacement parts or performed a substandard repair

In another kind of staged automobile collision, an innocent person may unwittingly become a victim when, for example, the perpetrator cuts the other driver off and then abruptly stops, or where a vehicle operator gives the other the right of way, but then drives in such a way so as to cause a collision. Staged collisions are a particularly troubling type of automobile insurance fraud in that they involve a high risk of bodily injury or death to drivers and to innocent bystanders who may happen to be in the area.

The SFDA Program continues to review referrals, initiate investigations, and prosecute individuals involved in these types of fraud as well as insurance "insiders" who abuse their positions to cheat victims and carriers. The Program pursues not only dishonest repair facilities, but also medical providers, and anyone else who seeks to capitalize on the claims process, by reaping undue benefits and financial gain.

**2. Economic and Social Impact of Automobile Insurance Fraud**

The collective consequence of rampant automobile fraud is that it exacts a heavy cost on the insurance industry at large and adversely impacts innocent and law-abiding industry participants, taxpayers, and victims. The costs of paying fraudulent claims is eventually borne by every person that complies with maintaining automobile insurance, as required by law, because policy premium rates increase as carriers' costs of doing business increase. Insurance carriers are faced with immediately absorbing the direct costs in the form of payout on fraudulent claims as well as indirect costs related to internal investigations, assisting law enforcement and being

witnesses for court proceedings. Law-abiding consumers who diligently pay their automobile insurance premiums face increased policy costs when carriers must raise rates to cover losses.

Other problems associated with automobile insurance fraud include the dangers of having uninsured or underinsured motorists who attempt to only procure insurance after an accident or occurrence and issues discussed above related to staged collisions.

### **3. Contextualizing Automobile Fraud Claims Given San Francisco's Unique Traffic Grid**

San Francisco has a uniquely dense population and high concentration of roadways and vehicles in a relatively small geographic area. According to U.S. Census data, as of July 1, 2019, the City and County of San Francisco, despite its relatively small size (46.87 square miles), had a population of 881,549.<sup>1</sup> However, U.S. Census statistics have shown that people who commute into San Francisco increase the City's daytime population by 21 percent.<sup>2</sup>

Moreover, in 2010, San Francisco County's estimated population density was 17,179.1 per square mile of land area.<sup>3</sup> By contrast, Alameda County's estimated population density in the same year was 2,047.6 people per square mile<sup>4</sup> and Santa Clara County's 2010 estimated population density was 1,381.0 people per square mile.<sup>5</sup>

The City and County of San Francisco has 1,088 total miles of roads,<sup>6</sup> 59 miles of which are freeways including ramps to freeways and freeway-to-freeway exchanges.<sup>7</sup> Both Highway 1 and Route 101 run through San Francisco on surface streets, 19th Avenue to Park Presidio and Van Ness Avenue, respectively. San Francisco has 19,500,000 square feet of paved street area<sup>8</sup> and an estimated 7,200 intersections.<sup>9</sup> San Francisco's street pattern is much more grid-like than the more suburban communities that surround the County. These statistics highlight the important role vehicles play in San Francisco.

According to recent statistics from the San Francisco Municipal Transit Authority, the annual total of fatal vehicle collisions in San Francisco was 20 in 2017, 23 in 2018, 29 in 2019, 30 in 2020 and 6 in 2021 as of March 31.<sup>10</sup>

In a recent statistical study, San Francisco was identified as the city with the most factors that contribute to dangerous driving conditions in California. The study took into account the following factors: collision rate, fatality rate, injury rate, alcohol-related crash rate, speed-related crash rate, hit and run rate, and population density.<sup>11</sup>

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<sup>1</sup> U.S. Census Bureau, 2019 Census data.

<sup>2</sup> U.S. Census Bureau, Commuter Adjusted Daytime Population: 2009-2013 5-year American Community Survey.

<sup>3</sup> U.S. Census Bureau, 2010 Census

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> San Francisco County Transportation Association (SFCTA).

<sup>7</sup> SFCTA.

<sup>8</sup> San Francisco Department of Public Works.

<sup>9</sup> San Francisco Municipal Transportation Agency (SFMTA), Traffic Sign, Pain and Signal Shops.

<sup>10</sup> Vision Zero SF/How Are We Doing?/ Where We've Been: Traffic Deaths

<sup>11</sup> Study by Liljegren Law Group and 1point21 Interactive. Based on source data from California Office of Traffic Safety and CHP SWITRS Data for 2015.

San Francisco is densely populated and has a high number of streets and intersections for a county of its geographical size. Judging by the large number of injury accidents, it is safe to assume that San Francisco experiences an even greater amount of property-only accidents than a jurisdiction with lower population density, longer distances between intersections, and freeways that are separated from the regular surface streets. The property-only accidents are generally not documented by the police department, theoretically enabling auto body shops to overestimate or exaggerate the damage incurred in these collisions. Similarly, many of the property-only collisions occur at lower speeds due to the frequency of intersections, which results in lower dollar amounts of damage. Smaller claims receive less scrutiny from the auto insurance carriers, which provides more opportunities for auto body shops to submit fraudulent claims.

#### **4. Discussion Relative to Specific Areas of Automobile Insurance Fraud**

##### **A. Auto Body and Repair Shops Fraud**

San Francisco County has a large population of residents who are isolated from the rest of the community by language and cultural differences.<sup>12</sup> The U.S. Census Bureau estimated that from 2015-2019, of San Francisco's total population, 34.3% were foreign-born, and 42.9% of San Francisco residents spoke a language other than English at home. The data for the languages spoken at home by these San Franciscans was estimated as follows as of 2018:

- 10.1% of San Francisco residents speak Spanish at home, and of those, 33.2 % speak English less than very well;
- 24.6% of San Francisco residents speak Asian and Pacific Islander languages at home, and 55.7 % of them speak English less than very well;
- 5.3% of San Francisco residents speak other Indo-European languages at home, and of those, 18% speak English less than very well.

Insurance fraud in San Francisco County is driven by a combination of the above-referenced factors and unique demographics that create a fertile environment for local auto body and repair shops to simultaneously defraud their customers and insurance carriers. According to the US Census, between 2015 and 2019, in 42.9% of San Francisco households, a language other than English was spoken.

Fraudulent automobile body or repair shops that exploit linguistically isolated individuals may falsify claims invoices, exaggerating the amount of damage to the vehicles they service, or charge for brand new replacement parts, when the shop simply pulled, filled, and painted over the dents or scratches. Such shops know that a monolingual customer may not know about the potential for law enforcement involvement or may not realize they have been defrauded in the first place.

A current complex investigation involves the owner and employees of a large auto body

shop. The auto body shop runs a towing company, a towing storage company, a vehicle rental company, and an automobile insurance company. Affiliates are suspected of staging collisions or filing claims for preexisting damage and falsifying circumstances of collisions that never happened, oftentimes using vehicles they own. The body shop seeks coverage for fraudulent tow fees and inordinately high vehicle storage fees. In some cases, the shop uses substandard parts to repair at a cost lower than that fraudulently billed to the insurance companies. There are fraud complaints from nine different carriers related to this one auto body shop. The SFDA Program has collected over forty FD-1s associated with the auto body shop, spanning a 13-year period beginning in 2006. (Attachment B, Case #17BA023448.)

The losses due to fraud therefore flow in two directions: 1) the linguistically isolated person is more likely to be defrauded through not receiving the quality of repairs to which they were entitled; and/or 2) the insurance carrier may be defrauded by overpaying for the services that were rendered.

### **B. Insider Fraud**

Insurance fraud perpetrators can take advantage of linguistically isolated individuals' lack of English language comprehension and cultural differences in many ways. This is especially true where the insurance insider uses a position of knowledge and power to defraud innocent victims. One would expect linguistically isolated individuals to feel more comfortable around people with the same cultural background, who speak the same language, and who have been referred to them by a relative, friend or co-worker – as in two of the auto fraud cases our Program is currently prosecuting, People v. Rios and Prado and People v. Kenneth Jones.

In the case of People v. Rios and Prado that is in court pending preliminary hearing, Eric Rios was independently contracted as an insurance agent while he was also an owner of Pacific Heights Auto Body Shop. Rios told the insureds, who spoke Spanish, they could take their vehicles to Pacific Heights Auto Body for repairs, however he failed to tell them that he had a financial interest in the body shop. Subsequent inspections of eight vehicles revealed that at the Shop, Spanish-speaking employee Raymundo Prado performed sub-standard repairs. Separately, in his role as insurance agent, Eric Rios deposited a total of \$3,290 in cash into his own personal bank account, that he had received for insurance premium payments owed to Farmers.

In March of 2020, the SFDA Program filed the case of People v. Kenneth Jones. Acting as though licensed to sell insurance, Jones issued a fake automobile policy to Quing Lan Wu. Quing Lan Wu had just purchased the car for which she thought she was purchasing insurance from a Claire Lu. That entire transaction was conducted in Mandarin. While still at the dealership, Claire Lu referred Quing Lan Wu to Kenneth Jones, and acted as a Mandarin interpreter, when Jones had Wu pay him \$2,312, in what he told Quing Lan Wu was premium, only to provide her with a fake insurance card. Unaware she was the victim of fraud until she found herself in a car accident, Wu learned from the insurance company listed that no policy ever existed in her name.

The organized auto insurance fraud investigation mentioned in Attachment B, case #17BA023448, also involves a corrupt sales agent who knowingly issued fictitious policies to facilitate fraudulent schemes.



### **C. Claimant Fraud**

Opportunities present themselves where first-time uninsured offenders may look to capitalize on a single, quick, and easy fraudulent claim to pay for damage or injuries. On the other hand, repeat offenders – encouraged by past successes – continue to defraud insurance carriers through either: 1) subsequent claims; or 2) multiple fraudulent scams at once.

During the fiscal years 2019-2021, the SFDA Program has continued to investigate and prosecute claimant fraud cases, as evidenced by the following sample of felony filings, arrests, and prosecutions:

- On February 24, 2021, our Office filed an arrest warrant in People v. Soe Khine, alleging violations of Penal Code Sections 550(a)(1) and 550(b)(1). On April 8, 2019, Soe Khine filed a claim with his personal automobile insurance company, CSAA. When CSAA asked him twice the standard question of whether he was driving for a ride-sharing company at the time of the accident, he said no. (Had he been driving for a ride-sharing company, he would not have been eligible for coverage under his personal policy.) He also told CSAA he had never driven for a ride-sharing company. In fact, Soe Khine was driving for Uber and reversing to pick up a rider, when he struck a parked car. CSAA compensated Soe Khine \$3,472.72, before it uncovered the fraud. Soe Khine then refused to return the money to CSAA. Soe Khine was arraigned on April 5, 2021. His attorney tried to negotiate a resolution on behalf of Soe Khine, shortly after the arraignment, and the case remains in the prehearing phase of litigation.
- In February 2019, the SFDA Program filed People v. Darren Brown, charging defendant with felony violations of Penal Code sections 550(a)(1), 550(a)(2) and 550(b)(1). Brown was involved in a vehicle collision without active auto insurance. He then bought insurance after the fact and attempted to obtain insurance benefits by lying about the time of the accident. The metadata from the photos he submitted to the carrier established that the accident preceded the insurance purchase. When the claim was denied, Brown filed another claim for the same damages but under a new accident description. Had the fraud gone undetected, Esurance could have been out up to \$10,869.42.
- On April 8, 2021, at a contested hearing on the motion authored by a Program ADA, the court consolidated our already filed auto fraud case with a hit-and-run causing injury and false police report case, in People v. Darren Brown. The defendant is now charged in San Francisco Superior Court with felony violations of Penal Code §§ 550(a)(1), 550(a)(2), 550(b)(1), Vehicle Code §20001(a), an out-on-bail/own-recognizance enhancement, and a misdemeanor violation of Penal Code §148.5(a). As to the auto insurance fraud charges, Mr. Brown was involved in a vehicle collision without active auto insurance. He then bought insurance after the fact, and on December 29, 2017, attempted to obtain insurance benefits by lying about the time of his accident. The metadata from the photos he submitted to the carrier established that the accident preceded the insurance purchase. After the claim was denied, on February 15, 2018, Mr. Brown filed another claim for the same damages but under a new accident description. Had the fraud gone undetected, the insurer would have paid nearly \$11,000 related to this fraudulent claim. As to the remaining charges, on May 14, 2020, while out on his own recognizance with electronic monitoring on the auto insurance fraud charges, Mr. Brown struck and injured a

pedestrian with his car. He did not leave his insurance information with the pedestrian, but rather lied to the police, stating that it was not his car that hit the pedestrian.

- On February 6, 2020, the SFDA program resolved the case of People v. Reimonenq; the defendant pled to a felony violation of Penal Code § 550(b)(1). He was ordered to serve 30 days of county jail and pay restitution in the amount of \$4,346.41 to Hagerty, plus a fine of the same amount to CDI. A year and a half earlier, Reimonenq reported to the San Francisco Police Department and Hagerty Insurance that his 1959 Chevy Corvette, valued at \$94,000, had been stolen from his driveway. Reimonenq subsequently learned that the police had approached his neighbor for permission to recover their video surveillance. Shortly thereafter, Reimonenq called the police non-emergency phone number to report that his vehicle had suddenly been located. Cell phone forensics revealed that Reimonenq coordinated a staged recovery with his son. Reimonenq then cancelled his claim with Hagerty Insurance.

These cases are examples of the types of claimant fraud that continue to be at issue in San Francisco, and that the SFDA Program investigates and prosecutes.

#### **D. Staged Accidents**

The SFDA filed a multi-defendant case, People v. Grechko et al. that involves numerous allegations of staged accidents. This case also highlights a unique aspect of San Francisco as a worldwide tourist destination where airport transportation was a booming business pre-pandemic. The defendants owned a SuperShuttle franchise and were involved in staged collisions that occurred during late night and early morning hours on Treasure Island. Knowing that the SuperShuttle vans would not be used for business while they were being repaired, the franchise owners inflated the loss of use claims they submitted to Farmers, by lying about how much business they engaged in prior to the collisions. The complaint alleges that Farmers paid out an excess of nearly \$200,000 because of this fraud.

The SFDA Program has also launched an organized auto insurance fraud investigation into a scheme involving an autobody shop and staged accidents. Because the investigation is continuing, the case is described in Attachment B, case #17BA023448.

**CITY AND COUNTY OF SAN FRANCISCO PLAN:  
PROGRAM STRATEGY  
FISCAL YEAR 2021-2022**

**1. Plans to address the issues described in the Problem Statement**

The SFDA Program will continue to investigate and prosecute automobile insurance fraud by timely reviewing fraud referrals, identifying leads through outreach measures, working with partner agencies, conducting thorough investigations, and holding offenders appropriately accountable. To these ends, SFDA Program inspectors and attorneys maintain regular contact with CDI's Golden Gate Regional Office regarding case referrals. The managing attorney schedules regular case-review sessions with CDI's detectives regarding the status and direction of open investigations to ensure that time and resources are allocated appropriately. These case reviews and frequent communications between the SFDA Program staff and CDI detectives ensure: (1) a close working relationship with CDI for reviewing suspected fraud complaints; (2) assessment on open CDI investigations to expedite filings and ensure the best evidence will be secured for prosecution; and (3) timely closure of investigations as soon as prosecutions no longer become viable.

The SFDA Program managing attorney, the assigned Program prosecutors, and the assigned Program inspector have established close working relationships and open lines of communication with numerous carrier SIUs. We have always reached out to victim carriers to identify, understand, and improve their investigations for fraud referrals. Regardless of whether a fraud referral comes from a large insurer from which we regularly receive suspected fraud referrals, or from a smaller company reaching out to our fraud unit, we contact the witnesses who were involved in identifying the suspected criminal activity to better evaluate the referral.

**2. Plans to meet goals of the Insurance Commissioner**

The SFDA Program believes that a balance of enforcement actions and public education can discourage people from committing automobile insurance fraud. As to the problems that we have identified in San Francisco (e.g., staged accidents, insider fraud, auto body or repair shop fraud), the SFDA Program maintains open communications with carrier SIUs and agencies such as CDI, NICB and the Bureau of Automotive Repair (BAR), concerning possible case referrals.

The SFDA Program also remains committed to contributing its time and efforts to CDI programs aimed at combatting automobile insurance fraud. For instance, our Memorandum of Understanding with the Golden Gate Regional Office engenders our close working relationship with CDI detectives and their operations. The SFDA Program strives to meet and address the goals articulated by the Insurance Commissioner: the promotion of public safety; deterrence through outreach; and the fight against fraud at every level.

### **3. Goals requiring multi-year commitment**

An automobile insurance fraud claimant case will often take at least a year to move from a SIU complaint to final disposition in court. Once our Program inspector opens an investigation, it generally takes four to six weeks to receive the carrier's claim file and supporting evidence. After the claim file is received, the inspector and/or prosecutor must carefully review its contents before deciding whether to proceed and develop an investigative plan. Depending upon the nature of the suspected fraud, further investigation may be required to truly assess the case; we may need to obtain follow-up statements from witnesses, and/or obtain search warrants for materials such as cell phone records and/or bank records.

After we have completed the investigation, prepared and filed search and an arrest warrant, and charged the case, it may still take time to locate a defendant. Despite the best efforts of the prosecuting attorney to move towards a swift disposition, typically at least several months passes between arraignment on the charges and preliminary hearing in San Francisco automobile insurance fraud cases. This is due to a combination of factors including heavy court dockets and priority given to in-custody-defendants and serious and violent cases. Also, because of the amount of documentary evidence that we often turn over to the defense, additional time is usually required for the defense to carefully review the discovery. Defense attorneys are often granted continuances before the court schedules formal evidentiary hearings. Furthermore, the pandemic and the social-distancing court restrictions that have been in place for over one year have considerably increased the backlog of not just jury trials but also unresolved cases. In short, it can take more than one year from the initiation of an investigation into automobile insurance fraud to the point of resolution.

In the case of large-scale fraud enterprise investigation, even more time is required to review and process multiple policies and claim files, numerous audio recordings, repair estimates, and all other evidence, before we can begin witness interviews. At this point, we also analyze the need for additional search warrants. As necessary, we draft, file and serve the search warrants and then review what is produced in the return. Typically, these returns consist of detailed financial records that take time to analyze carefully. Before the case even goes to court the inspector will author the arrest warrant that sets forth probable cause for arrest. The whole process, from the filing of the FD-1 to the conviction, will often take well over one year in complex cases.

### **4. Efforts to obtain fines and restitution**

The SFDA Program actively seeks restitution in each prosecution involving automobile insurance fraud. To the extent possible and based on the ability to pay, we require that each defendant – as part of his/her plea agreement – make full and complete restitution on or before the date of the sentencing hearing. Included in the restitution calculations is the cost the carrier has expended in identifying and investigating the claim. We notify the local representative of the victim carrier (usually the assigned SIU investigator) to attend the sentencing hearing and personally receive a cashier's check to recover restitution, including the costs of the investigation.

We are striving to improve our Program’s methods for tracking the recovery of fines and restitution post-adjudication. This year, we confirmed that an additional \$606.19 was recovered and paid to the victim insurer in a previously resolved case. In addition to victim restitution, in cases where fines are appropriate, those are assessed and included. We continue to work with our County’s probation department to discuss improved data collection and obtain information regarding restitution and fines collected in previously resolved cases.

As of June 2021, we are close to resolving two cases and obtaining restitution. Had this not been a year of a pandemic, we likely would have resolved both cases earlier in the year. In San Francisco however, our courtrooms were shuttered for nearly three months. Furthermore, new laws came into effect, including those related to diversion and probation periods, which required prosecutors and defense counsel to reevaluate their positions on settlement. This FY 2020-2021 has been an anomaly, and we feel confident that our Program can resolve cases and secure additional restitution in FY 2021-2022.

<b>Fiscal Year</b>	<b>Restitution Ordered</b>	<b>Restitution Collected</b>
2020-21	\$0	\$606.19
2019-20	\$4,346.41	\$4,346.41
2018-19	\$657	\$0
2017-18	\$8,678	\$0
2016-17	\$13,454	\$963
<b>TOTAL</b>	<b>\$27,135.41</b>	<b>\$5,915.60</b>

\*Total Restitution Collected *does not* include additional fines assessed and collected.

For cases where the full amount of restitution cannot be paid by a defendant prior to sentencing, the SFDA Program asks the sentencing court to reserve jurisdiction over the case for various purposes including money collection during the defendant’s probationary period. The prosecuting attorney will also submit to the judge for execution, filing, and service on the defendant, the Judicial Council CR-110 (Order for Victim Restitution) and CR-111 (Abstract of Judgement-Restitution) forms. The executed court order specifies the amount of restitution owed, and it is provided to the victim immediately thereby enabling the victim to obtain a civil judgment.

**5. Performance objectives**

The SFDA Program will initiate 10-12 new investigations during FY 2021-2022, which is the same as our prior year projections. The SFDA Program will endeavor to file 6-8 new cases during FY 2021-2022, which was also our goal for this year.

This past year our Program dealt with unprecedented change, for example in: (a) the way we work, *i.e.*, mostly essential and virtual interactions; (b) the loss of more frequent and in person collaboration that ordinarily aid us in efficiently moving investigations forward; (c) the inability to approach and interview witnesses; (d) uncertainties regarding the economy in general and

budget related issues that have impacted both government agencies and private sector businesses; (e) court closures and limited court availability that hampered moving cases forward. We also saw: (a) less driving, traffic and fewer accidents due to Shelter in Place mandates; (b) the economic downturn shuttering certain businesses that may have been engaging in fraud; (c) fraudsters fear of being caught and jailed given the pandemic. All these factors to varying degrees impacted our Program.

Despite these challenges we are well situated to collectively move forward and as we reopen post-pandemic, the SFDA Program is committed to working with our partners to investigate and prosecute fraud efficiently, fairly, and with continued vigor. We are committed to holding individuals who commit fraud accountable in a manner consistent with our Program’s goals of thorough investigations, collaboration with partner agencies, efficient and effective prosecution, and just resolutions with restitution ordered and collected for victims.

**6. County plan to utilize grant funds**

\$352,154 FY 2021-2022 Grant REQUEST	\$ 316,939 FY 2020-2021 Grant AWARD	\$ 35,215 FY 2021-2022 Increase Requested
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This year the SFDA Program exhausted the FY 2020-2021 grant award with personnel costs with one full-time investigator, one part-time prosecutor, and despite one Program prosecutor being on leave for two-thirds of the fiscal year. Our program has several current active investigations. We also have more than one large, complex case, which require the analysis of voluminous evidence. The SFDA Program expects progress in current investigations and the initiation of several new prosecutions based on the work being undertaken and described in Attachment B. Our priority will continue to be to maximize funding allocation toward expanding personnel resources to investigate and fight auto fraud.

**CITY AND COUNTY OF SAN FRANCISCO PLAN:  
TRAINING AND OUTREACH  
FISCAL YEAR 2020-2021**

**Training Received**

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

<b>Name</b>	<b>Training Date</b>	<b>Provider</b>	<b>Location</b>	<b>Topic</b>	<b>Hrs Credit</b>
Alex Feigen Fasteau	9/25/19	Golden Gate Insurance Fraud Consortium	Oakland Alameda County DA's Office	Planning of Fourth Annual Dublin training, Outreach, Assignment Consortium Jobs	2
Alex Feigen Fasteau	10/7/19- 10/10/19	CDAA	Hyatt, Newport Beach	Auto Insurance Fraud Fundamentals, Charging, Staged Collisions, Vehicle Technology, Digital Intelligence, NICB, WCIRB Perspectives, Receiverships, Restitution	10
Alex Feigen Fasteau	1/15/20	Golden Gate Insurance Fraud Consortium	Contra Costa DA's Office	Planning of Fourth Annual Dublin training, CDI case update, Fraud Investigations	2
Alex Feigen Fasteau	2/26/20	Golden Gate Insurance Fraud Consortium	Shannon Community Center, Dublin, CA	SCIF Perspectives, Statute of Limitations, Successful Investigations	4.5
Alex Feigen Fasteau	6/23/20	AFA Second Quarterly	Zoom	Tele-Health Fraud, Effective Testimony	2
Alex Feigen Fasteau	8/25/20	Golden Gate Insurance Fraud Consortium	Zoom	Collaborating with SCIF, SCIF's data analytics	2
Alex Feigen Fasteau	9/29/20	Golden Gate Insurance Fraud Consortium	Zoom	Digital Evidence	2
Alex Feigen Fasteau	10/13/20- 10/16/20	CDAA Fraud Symposium	Zoom	Ethics, Prevention, Auto Insurance Fraud, Charging Auto Fraud,	11

				Large-Scale Auto Fraud, Undercover Auto Fraud, Asset Forfeiture	
Alex Feigen Fasteau	12/2/20	Golden Gate Insurance Fraud Consortium	Zoom	Labor Trafficking, Reporting on Fraud, AB 2542 Racial Justice Act, AB 1950 Probation Limits	2
Alex Feigen Fasteau	12/8/20	Anti-Fraud Alliance 4Q Webinar	Virtual	EDR- Exposing Fraud with Vehicle Crash Data	2
Alex Feigen Fasteau	2/24/21	Golden Gate Insurance Fraud Consortium	Zoom	FD-1 preparation, investigations	5.5
Alex Feigen Fasteau	3/2/21	SCIF Meeting	Zoom	Data Analytics	1
John O'Reilly	9/24/19	AFA	Lafayette, CA	Injection, EMG and Radiographic Fraud Detection and Tools to Fight Against These False Claims	2
John O'Reilly	10/7/19-10/10/19	CDA A	Newport Beach, CA	Variety of Automobile Insurance fraud classes	10
John O'Reilly	11/20/19	Advanced Fraud Inv. Training, Solano and Contra Costa County District Attorney's Offices	Martinez, CA	Suspects, Charges, and Loss Enhancements for a Strong Case: Prosecutors' Perspective, Audits for Criminal Investigation, What's Different from the Civil World and a Number to Rely On: A Forensic Accountant's Perspective, California Grand Jury Rules, Digital Currency Investigations	4
John O'Reilly	1/15/20	Golden Gate Ins. Fraud Consortium	Martinez, CA	Vocational Rehab Fraud. Provider Fraud and Investigative Solutions	2
John O'Reilly	2/26/20	Golden Gate Ins. Fraud Consortium	Dublin, CA	Workers Comp Fraud	5
John O'Reilly	6/23/20	AFA	Virtual Meeting	Telehealth Facilitator of Fraud and Abuse Courtroom Testimony	2
John O'Reilly	8/25/20	Golden Gate Insurance Fraud	Virtual Meeting	Investigative Techniques/Fraud Indicators/Emerging	2



		Consortium		Fraud Trends/Data Analysis	
John O'Reilly	9/29/20	Golden Gate Workers Compensation Fraud Consortium	Virtual Meeting	Discussion on Digital Evidence	2
John O'Reilly	10/13/20-10/16/20	CDAA Fraud Symposium	Virtual	Auto Insurance Fraud, Workers Comp Insurance Fraud, Various	19
John O'Reilly	11/2/20-11/6/20	Northern California HIDTA Training Conference	Virtual	Electric Crimes Investigations	35
John O'Reilly	12/2/20	Golden Gate Workers Comp Fraud Consortium	Virtual	Labor Trafficking	2
John O'Reilly	12/8/20	AFA	Virtual	4 <sup>th</sup> Quarter webinar	2
John O'Reilly	3/2/21	State Fund SIU Meeting	Virtual	Data Analytics for Premium and Provider Fraud	1
John O'Reilly	4/14/21-4/15/21	AFA	Virtual	Auto Insurance Fraud/Claimant/Premium Various	10
John O'Reilly	5/12/21	Golden Gate Workers Comp Fraud Consortium	Virtual	Investigation steps for workers comp cases	2
John O'Reilly	6/8/21	Anti-Fraud Alliance 2 <sup>nd</sup> Quarter	Virtual	Workers comp fraud and Wage Theft	2
Supriya Perry	7/31/19	J.D. Wesson/Republic Indemnity/SFDA	San Francisco, CA	Anti-Fraud Training	3
Supriya Perry	9/25/19	Golden Gate Ins. Fraud Consortium	Alameda DA-Oakland, CA	Golden Gate Ins. Fraud Consortium Meeting	2
Supriya Perry	10/7/19-10/10/19	CDAA	Newport Beach, CA	CDAA Fraud Symposium	18
Supriya Perry	11/18/19	Golden Gate Insurance Fraud Consortium	Martinez, CA	Golden Gate Ins. Fraud Consortium Meeting	2
Supriya Perry	2/26/20	GG Ins. Fraud Consortium	Dublin, CA	SCIF Perspectives, Statute of Limitations	5
Supriya Perry	6/23/20	AFA Second Quarterly	Virtual	Tele-Health Fraud, Effective Testimony	2
Supriya Perry	8/25/20	Golden Gate Insurance Fraud Consortium	Virtual	State Fund Data Analytics	2

Supriya Perry	9/22/20	Anti-Fraud Alliance 3Q Webinar	Virtual	Emerging Fraud Trends, Legal Issues, Investigative Techniques	2
Supriya Perry	9/29/20	Golden Gate Insurance Fraud Consortium	Virtual	Digital Evidence	2
Supriya Perry	10/13/20-10/16/20	CDAA Fraud Symposium	Virtual	Workers' Compensation Insurance and Automobile Insurance Fraud, Asset Forfeiture	11
Supriya Perry	12/2/20	Golden Gate Insurance Fraud Consortium	Virtual	Labor Trafficking, New Laws	2
Supriya Perry	12/8/20	Anti-Fraud Alliance 4Q Webinar	Virtual	EDR- Exposing Fraud with Vehicle Crash Data	2
Supriya Perry	2/24/21	Golden Gate Workers' Comp Fraud Annual Training	Virtual	Tele-Health Fraud, FD-1 preparation, investigations	5.5
Supriya Perry	3/2/21	State Fund Meeting	Virtual	Data Analytics	1
Supriya Perry	4/14-4/15/21	Anti-Fraud Alliance	Virtual	Workers' Comp. various	9
Stephanie Zudekoff	7/31/19	J.D. Wesson/Republic Indemnity/SFDA	San Francisco, CA	Anti-Fraud Training	3
Stephanie Zudekoff	9/25/19	Golden Gate Ins. Fraud Consortium	Alameda DA-Oakland, CA	Golden Gate Ins. Fraud Consortium Meeting	2
Stephanie Zudekoff	10/7/19-10/10/19	CDAA	Newport Beach, CA	CDAA Fraud Symposium	19
Stephanie Zudekoff	11/18/19	Golden Gate Insurance Fraud Consortium	Martinez, CA	Golden Gate Ins. Fraud Consortium Meeting	2
Stephanie Zudekoff	2/26/20	Golden Gate Insurance Fraud Consortium	Dublin, CA	Golden Gate Consortium Annual Conference	5
Stephanie Zudekoff	6/23/20	AFA Second Quarterly	Virtual	Tele-Health Fraud, Effective Testimony	2
Stephanie Zudekoff	4/26/21	SFDA	Virtual	Recent Case Law Developments	1.5
Stephanie Zudekoff	5/25-5/27/21	CDAA	Virtual	California High Tech and Digital Evidence	16.5

				Symposium	
Stephanie Zudekoff	6/8/21	AFA Second Quarterly	Virtual	Overview of the Center for Contract Compliance; Effective Interview Techniques	2.5

The SFDA Program recognizes that providing and receiving training is not only important for knowledge exchange, but also important for encouraging joint efforts and as a form of outreach. The SFDA Program is committed to engaging in more training and outreach specifically related to automobile insurance fraud in the upcoming fiscal year.

As detailed in the chart above, members of the SFDA Program have attended several meetings and programs presented by the Anti-Fraud Alliance, CDI, CDAA and NICB, specifically on topics related to the investigation and prosecution of automobile insurance fraud cases. These trainings, presentations, and meetings covered a broad range of topics including claimant fraud investigation, auto body shop fraud investigation, auto fraud ring investigations, accident reconstruction, digital vehicle forensics, high tech issues, trial techniques, and prosecutorial ethics.

Ms. Perry, Mr. Fasteau and Inspector O'Reilly attended the 2020 CDAA Fraud Symposium held virtually, from October 13 to 16, 2020. The four-day conference covered a wide-range of topics including an introduction to auto insurance fraud, charging considerations, latest trends in large-scale auto insurance fraud schemes and the mechanics of a successful undercover auto insurance fraud operation. All the members of the SFDA Program attended the CDAA Fraud Symposium in Newport Beach, CA, from October 7 to 10, 2019. The conference included sessions regarding the anatomy of a SIU claim file, vehicle forensics, social media trends in automobile insurance fraud, charging considerations, and practical tips for investigating these cases.

As detailed above, it is worth noting that our Program benefitted from the proliferation of virtual, free trainings that were borne out of necessity due to the pandemic. The low-cost barrier and level of flexibility that virtual trainings offer is worth considering as we move forward in considering effective ways to increase outreach and training.

Unfortunately, the 2020 Anti-Fraud Alliance conference was cancelled due to the Covid-19 pandemic. However, as detailed above, the Program attorneys and inspectors continue to engage with the Anti-Fraud Alliance and have attended several virtual quarterly trainings. Ms. Zudekoff and Ms. Perry attended the 30th Annual Anti-Fraud Alliance Conference in Monterey, CA from April 16 through April 19, 2019. The conference drew experts and attendees from across the state. Topics covered at this conference included discovery and deposition strategies, investigative strategies in a digital age, and how to assemble a compelling insurance case. Our Program members look forward to attending the 2022 live conference.

The SFDA Program staff and managing attorney have attended quarterly SIU roundtables sponsored by AFA and NICB. As in previous years, this year various SFDA Program members have met (both virtually and in person) on numerous occasions with carrier SIUs and CDI detectives to discuss active and potential case referrals related to fraud investigations. The

Program attorneys also attend bi-weekly in-house trainings offered by the SFDA as part of their State Bar mandated continuing legal education. These trainings cover topics of relevance to criminal prosecutors ranging from discovery and ethical obligations, to best practices related to the recovery of restitution.

### **Training and Outreach Provided**

The Golden Gate High-Impact Fraud Consortium was created in 2017. A Memorandum of Understanding exists between CDI's Golden Gate Regional Office and the District Attorney's Offices of San Francisco, Alameda, Contra Costa, Solano, Napa, Marin, and Sonoma Counties. Through collaborative efforts, the exchange of information, and resource sharing, the Consortium's goal is to be more effective within the region in combatting insurance fraud. Part of the Consortium's mandate is to reach out to SIUs and other agencies to provide training and identify current insurance fraud trends and schemes negatively impacting the public.

The Golden Gate Workers' Compensation Fraud Consortium virtual annual training held on February 24, 2021 was hugely successful this year in drawing 600 plus registrants from 26 states. Laura Meyers and Supriya Perry participated in bi-weekly planning meetings for the two and a half months leading up to the training. Ms. Perry was a joint presenter for the afternoon session which was geared towards providing SIUs with law enforcement perspectives on how fraud referrals are evaluated and handled. The networking and collaboration that occurred between CDI Captain Eric Williams, State Fund Vice-President Jay Bobrowsky, and the Consortium prosecutors in planning and executing the event was as valuable as the actual event itself.

Consortium members also meet quarterly, and speakers present at these quarterly meetings. On December 2, 2020, two SFDA Program attorneys, Alex Fasteau and Laura Meyers, provided legal updates on new laws for 2021, including how they may specifically impact insurance fraud cases. They discussed the following new laws: AB 1950 (shortened probationary period for most charges [2 years for felonies and 1 year for misdemeanors]); AB 2542 (the Racial Justice Act); and AB 3234 (regarding misdemeanor court diversion).

In the prior fiscal year, SFDA program attorney Laura Meyers co-presented on "*Understanding California Criminal Discovery and Statutes of Limitations*," with Contra Costa Deputy District Attorney Jeremy Seymour at the annual "Premium and Medical Provider Fraud" Conference presented by the Consortium in Dublin, California on February 26, 2020. Ms. Meyers was also one of the three primary organizers of the conference. This training included presentations on medical provider fraud, State Fund perspectives on the fraud issues, and a practice driven panel discussion on topics from useful *sub rosa* to identifying materiality in fraud investigations. A total of six members of the SFDA workers' compensation insurance fraud investigation and prosecution team attended the one-day event, which had about 167 attendees.

Date Conducted	Location	Conducted By	Purpose & Content	Target Audience	Method	# of Attendees/Contacts <sup>13</sup>
9/29/2020	Virtual	Laura Meyers	Digital Evidence	Law Enforcement	Presentation	30
12/2/2020	Virtual	Alex F. Fasteau	Training/ Educating LEA Partners/New Laws	Law Enforcement	Presentation	58
12/2/2020	Virtual	Laura Meyers	New Laws	Law Enforcement	Presentation	58
2/24/21	Virtual	Supriya Perry	Sharing LE Perspectives on Fraud Referrals	Combined Audience of diverse individuals / groups	Presentation	500-600
3/9/21	CCSF	SFDA	Press Release re new case filing	General Public	Press Release	N/A

Our outreach efforts continue via our multi-lingual (English, Spanish, and Chinese) fraud hotline. The hotline provides an anonymous way for callers to report insurance fraud. The hotline is monitored by SFDA investigators, who are expected to respond to a report of fraud within 24 hours. In anticipation of our office moving to a new location at 350 Rhode Island Street in San Francisco, last summer, the SFDA established a new insurance fraud hotline number. The new hotline number is 628-652-4362. This change from our prior hotline number was necessary because we have new telephone lines, infrastructure and equipment at the new location that made it impossible for us to port the old fraud hotline number. To minimize the disruption related to this change we have been using the new hotline number since August 2019; and we have printed this new number on outreach material that we will continue to use since having transitioned to our new office space. Hotline messages are regularly screened by an SFDAI Supervisor and then assigned to an investigator for follow up. We cannot yet attribute the filing of a new insurance fraud case to a hotline lead, but we will continue to publicize the hotline, staff it, and timely respond to calls to raise public awareness, and address public concerns, regarding insurance fraud.

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

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

**A. PERSONNEL SERVICES: Salaries and Employee Benefits**

Positions	Biweekly Salary	pay periods	FTE	Amount	Total Budget
<b>8177 Trial Attorney, Step 7</b>	<b>\$ 6,323</b>	<b>26.1</b>	<b>0.10</b>	<b>\$ 16,504</b>	<b>\$ 16,504</b>
Social Security	\$ 8,854			\$ 885	
Social Sec. - Medicare	1.45%			\$ 239	
Health Ins	\$ 25,449			\$ 2,545	
Retirement	23.10%			\$ 3,812	
Unemployment Ins	0.26%			\$ 43	
Long Term Disability	0.49%			\$ 81	
Dental Rate	\$ 1,902			\$ 190	
Life Insurance	\$ 190			\$ 19	
Total Benefits	47.35%				\$ 7,815
<b>8177 Trial Attorney, Step 16</b>	<b>\$ 8,2872</b>	<b>26.1</b>	<b>0.40</b>	<b>\$ 92,467</b>	<b>\$ 92,467</b>
Social Security	\$ 8,854			\$ 3,542	
Social Sec. - Medicare	1.45%			\$ 1,341	
Health Ins	\$ 8,582			\$ 3,433	
Retirement	23.10%			\$ 21,360	
Unemployment Ins	0.27%			\$ 250	
Long Term Disability	0.35%			\$ 324	
Dental Rate	\$ 634			\$ 254	
Life Insurance	\$ 190			\$ 76	
Total Benefits	33.07%				\$ 30,578
<b>8550 DAI, Step 6 (includes FLSA pay)</b>	<b>\$ 5,852</b>	<b>26.1</b>	<b>0.70</b>	<b>\$ 106,923</b>	<b>\$ 106,923</b>
Social Sec. - Medicare	1.35%			\$ 1,442	
Health Ins	\$ 22,330			\$ 15,631	
Retirement	23.10%			\$ 24,699	
Unemployment Ins	0.25%			\$ 268	
Dental Rate	\$ 1,902			\$ 1,331	
Total Benefits	40.56%				\$ 43,372
Subtotal Salary					\$ 215,894
Subtotal Benefits					\$ 81,765
<b>A. PERSONNEL SERVICES TOTAL</b>			<b>1.20</b>		<b>\$ 297,659</b>

**FORM 11**

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

<b>B. OPERATING EXPENSES</b>	
	<b>Budget</b>
Facility Cost (annual rate of \$31,382 per FTE, \$31,382 x 1.20 = \$37,658, only charging grant \$31,382)	\$ 31,382
Audit Expense	\$ 3,933
In-State Travel and Training Expenses	\$ 2,500
Materials & Supplies	\$ -
Indirect Cost (10% of personnel salaries excluding benefits and overtime)	\$ 21,589
<b>B. OPERATING EXPENSES TOTAL</b>	<b>\$ 59,404</b>

**FORM 12**

**AUTOMOBILE INSURANCE FRAUD PROGRAM  
BUDGET: EQUIPMENT  
SAN FRANCISCO, FISCAL YEAR 2021-2022**

<b>C. EQUIPMENT</b>	
None Requested	\$ -
<b>C. EQUIPMENT TOTAL</b>	<b>\$ -</b>

<b>D. SFDA PROGRAM – GRAND TOTAL</b>	<b>\$ 357,063</b>
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**AUTOMOBILE INSURANCE FRAUD PROGRAM  
BUDGET: EQUIPMENT LOG  
FISCAL YEAR 2020-2021**

**COUNTY NAME: SAN FRANCISCO**

Equipment Ordered	Equipment Cost	Date Ordered	Date Received	Serial Number	Equipment Tag Number
-	-	-	-	-	-

**No equipment purchased.**

I certify this report is accurate and in accordance with the Grant guidelines.

Name: Supriya Perry Title: Managing Attorney

Signature:  Date: 06/21/2021



## ATTACHMENT A

### SAN FRANCISCO DISTRICT ATTORNEY'S OFFICE AND DEPARTMENT OF INSURANCE-FRAUD DIVISION, JOINT INVESTIGATIVE PLAN FISCAL YEAR 2021-2022

#### A. Statement of Goals

The purpose of this Joint Plan is to ensure that the Department of Insurance's Fraud Division and the San Francisco District Attorney's Office will continue to operate in a cooperative effort to achieve successful insurance fraud prosecutions in the County of San Francisco. Members of both offices will meet with each other on a regular basis to share information and to coordinate activities. By this agreement, it is hoped that both agencies will avoid duplicating efforts and will maximize the use of the limited resources of both offices.

Insurance Code Section 1871 requires that a joint operational plan be in effect between the Fraud Division and each local district attorney's office.

This Joint Plan shall be effective from July 1, 2021 until June 30, 2022, and shall supersede the Joint Plan currently in effect.

#### B. Joint Objectives

1. Utilize Fraud Division and County resources in a coordinated manner to reduce the impact of automobile insurance fraud and other related criminal activity.
2. Develop investigative and prosecution strategies that will significantly deter incidents of automobile insurance fraud.
3. Investigate and prosecute individuals, professionals, businesses, and enterprises that commit or attempt to commit automobile insurance fraud and other related criminal activity.

4. Work together to educate employers and employees and the general public about the costs of fraud in terms of compromised public safety, loss of profits, loss of jobs, and high costs of payouts.

5. Form alliances with entities and agencies in both the public and private sector whose common goal is the detection, investigation and prosecution of automobile insurance and related fraud.

### **C. Receipt and Assignment of Investigations**

All procedures now in effect in this area will remain in effect in the next fiscal year. The Insurance Code requires that suspected fraudulent automobile insurance claims be reported to both the Fraud Division and to the local district attorney. As a practical matter, this does not always occur. Simple investigations will therefore be conducted by the agency that first receives the report. If, for some reason, the primary agency is unable to initiate or complete an investigation, the secondary agency may assist or take over the investigation. Complex investigations will be handled jointly by both agencies with the Fraud Division generally as the lead investigator. If needed, a separate investigative plan may be drafted to fit a particular investigation.

In matters where an apparently simple case might require extensive time and effort, both offices will work together to expeditiously complete the investigation to bring the matter to a successful conclusion.

Regular monthly meetings will continue to be conducted virtually and/or in person at the Golden Gate regional office of the Fraud Division. The Captain of the Golden Gate regional office and investigators from that office will meet with attorneys from the San Francisco Economic Crimes Unit to discuss new cases and the status of ongoing investigations. Initial determination will be made whether the matter appears to be appropriate for further investigation, or should be closed immediately. This will avoid a needless waste of valuable investigative resources. The insurance company which referred a case that is rejected will be notified of the rejection. Should the insurance company request information about a rejection, the Fraud Division and the assigned Assistant District Attorney will make himself or herself available to discuss the file.

In an additional effort to avoid unnecessary duplication of investigative efforts, when an insurance company, private investigator, employer or third-party administrator asks for a meeting with the Assistant District Attorney or the Fraud Division to present a "documented

referral,” both offices will be invited to be present. If one agency is unable to attend such meeting, the other member agency will advise whether the referral merits the opening of an investigation.

Once an investigation is opened, an investigator and an attorney will be assigned and an investigative plan, including a proposed timeline, will be initiated. All parties agree that any timeline is a projection and may be modified as the investigation dictates.

In addition to regular case review meetings, the manager of the District Attorney’s Economic Crimes Unit and the Captain of the Golden Gate regional office are in frequent, regular contact by phone, e-mail and in person. These regular meetings are meant to keep both agencies informed about issues relating to the common goal of fighting insurance fraud.

#### **D. Investigations**

Investigators from the Golden Gate regional office and district attorney investigators will use all of their skill and resources to develop cases and to pursue investigations. In addition, investigators and prosecutors from both agencies will use outreach and education in the business community to develop sources for potential fraud referrals. Investigators from both offices have a long standing personal working relationship and a tradition of mutual aid. If one agency or the other needs assistance, all reasonable efforts will be made to render that assistance. Once a case is filed, it is also generally understood that a district attorney investigator will handle follow up investigative work.

Ongoing investigations will be discussed at the regular meetings between the agencies. A San Francisco prosecutor assigned to each investigation will assist with any legal issues that might arise and will work to ensure that all elements of the case are present to meet charging requirements. That prosecutor should be directly available to the investigator throughout the course of the investigation. This team concept will serve to reduce unnecessary investigative efforts and will guarantee that a matter will be terminated at the earliest possible time if it becomes apparent that no further amount of work will result in a prosecution.

In the event that a complex investigation and prosecution will involve extensive efforts by both agencies, or will require the assistance of outside allied agencies such as EDD, the Medical Board, Franchise Tax or the like, a memorandum of understanding and a joint investigative plan may be created to delineate the roles and responsibilities of each agency.

### **E. Undercover Operations**

Undercover investigations are conducted in the San Francisco area. All undercover operations will be conducted in a professional manner giving priority to officer and public safety. The progress of any ongoing undercover investigation will also be a topic at the regular review meetings and in conversations between the manager of the Economic Crimes Unit and the Captain of the Golden Gate regional office.

If the Fraud Division undertakes the goal of conducting a joint undercover operation, they will do so only after the mutual agreement of the District Attorney's Office. Prior to the commencement of any joint undercover operation involving both the Fraud Division and members of the District Attorney's Office, a separate joint investigative plan will be drafted setting forth the roles of investigators from both agencies, the estimated time frame of the investigation, the duties of each agency with respect to collection and storage of evidence, secretarial duties, and the like.

If, in the opinion of either agency, the integrity of the investigation, the safety of officers, or the safety of the public is at risk, the investigation will be terminated.

It is also agreed between the two agencies that the conduct of any joint undercover investigation will be treated with the highest priority, and that any personnel participating in the investigation will be given complete support during their involvement in the operation.

### **F. Informants**

There may be occasions when an informant may be utilized to develop and investigate a case. The use of informants will be consistent with the policies of each agency, with procedures agreed upon by members of the two agencies, and consistent with the laws of the State of California.

### **G. Filing Requirements**

Both agencies understand that the charging of a suspect(s) with criminal conduct is the sole duty of the district attorney. In most insurance fraud matters the cases are filed as felonies. The Assistant District Attorney has the discretion to select other options available in the county.

Before a case is filed, the Assistant District Attorney must be satisfied that there is sufficient admissible evidence present to prove a case beyond a reasonable doubt to a judge or jury. Cases must contain:

1. Complete investigative reports and supporting documents including search warrants, videos, photos, and the like;
2. Copies of all items in the possession of the investigator, or, if voluminous, a description of such items and where they may be viewed;
3. A list of all actual and potential witnesses, including exculpatory witnesses, together with a criminal history check on each civilian witness, and information about any inducements or agreements regarding their statements or potential testimony;
4. A complete description of all suspects.

#### **H. Training**

Both agencies will work together to provide training to insurance industry personnel, third party administrators, self-insured, employers, employee organizations and the general public. Both agencies have outreach plans in effect, and both agencies will continue to work together to host training sessions. A schedule of training opportunities will be discussed at each case review meeting. Both the Fraud Division and the District Attorney will respond as promptly as possible to requests for training sessions.

In addition to outreach, San Francisco Insurance Fraud personnel and members of the Golden Gate regional office periodically meet to discuss any new filing techniques, and to share intelligence on fraud activity in Northern California.

#### **I. Problem Resolution**

Prosecutors and investigators from both agencies have enjoyed a close working relationship. As a result, very few disputes arise which cannot be resolved expeditiously at the lowest possible level. It is anticipated, however, that there may be a need for resolution of a disagreement at a higher level. As in the past, the matter will be handled between the Captain of the Golden Gate

regional office and the manager of the district attorney's Insurance Fraud Unit. Charging decisions will be the ultimate decision of the district attorney.

Dated: 6/16/2021

A handwritten signature in black ink, appearing to read 'Eric Williams', written over a horizontal line.

Eric Williams  
Captain, Golden Gate Regional Office  
California Department of Insurance, Fraud Division

Dated: 6/16/2021

A handwritten signature in blue ink, appearing to read 'Supriya S. Perry', written over a horizontal line.

Supriya S. Perry  
Managing Attorney, Economic Crimes Unit  
Office of the District Attorney, San Francisco