

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



CHESA BOUDIN
DISTRICT ATTORNEY

June 29, 2020

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 2020-2021 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 2020-2021, the District Attorney's proposed budget will include an expenditure of up to \$352,154 for the investigation and prosecution of automobile insurance fraud. A San Francisco Board of Supervisors Resolution authorizing the acceptance and expenditure of grant funding is forthcoming and will be submitted no later than December 31, 2020. A draft of the proposed language is included in Form 4 of the application.

Our year-end report for fiscal year 2019-2020 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

Chesa Boudin (Jun 29, 2020 15:53 PDT)

Chesa Boudin
District Attorney

**GRANT APPLICATION TRANSMITTAL
AUTOMOBILE INSURANCE FRAUD PROGRAM**
Grant Period: July 1, 2020 to June 30, 2021

Is this a multi-county grant application request? No
If Yes, list all counties: 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: \$ 352,154

(2) Estimated Carryover Funds: \$ 0

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

Chesa Boudin Date: June 29, 2020
Chesa Boudin (Jun 29, 2020 15:53 PDT)
(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






Pages from SFDA Auto RFA FY 20-21_6_29_to DA

Final Audit Report

2020-06-29

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**AUTOMOBILE INSURANCE FRAUD PROGRAM
CITY AND COUNTY OF SAN FRANCISCO
FISCAL YEAR 2020- 2021
TABLE OF CONTENTS**

1.	Grant Application Checklist (FORM 01).....	1
2.	Program Contact Form (FORM 03).....	2
3.	Resolution (FORM 04).....	3-4
4.	County Plan	
	a. County Plan Qualifications (FORM 05).....	5
	b. Staff Qualifications (FORM 06(a)).....	15
	c. Organizational Chart (FORM 06(b)).....	16
	d. Program Report (FORM 07).....	17
	e. County Plan Problem Statement (FORM 08).....	18-23
	f. County Plan Program Strategy (FORM 09(a)).....	24-27
	g. County Plan Outreach and Training (FORM 09(b)).....	28-33
5.	Projected Budget (FORMS 10-12).....	34-35
6.	Equipment Log (FORM 13).....	36
7.	Joint Plan (Attachment “A”)	
8.	Case Descriptions (Attachment “B”)	

**GRANT APPLICATION CHECKLIST AND SEQUENCE
CITY AND COUNTY OF SAN FRANCISCO
FISCAL YEAR 2020-2021**

	<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. Original or certified copy of the BOARD RESOLUTION (FORM 04) included? If NOT, the cover letter must indicate the submission date. <i>(Please see cover letter.)</i>	<input checked="" 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 2020-2021**

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

- a. Name: 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.clendinen@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 2020-2021**

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 grand funding for FY 2020-2021.

[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, 2020 through June 30, 2021.

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 2020-21 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 2020-2021**

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, auto body shop fraud, organized insurance fraud rings, and staged collisions. Many of our successful prosecutions originate from leads and referrals resulting from our outreach and collaboration with the enforcement community. We continue to conduct regular case reviews with the Department of Insurance (CDI) detectives from the Golden Gate Regional Office and meet regularly 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. 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 have been handled by the SFDA Program:

- Through the collaborative efforts of the assigned prosecutor, then-assigned Program District Attorney Investigator Pollie Pent (now a CDI Detective), and the SIU of a major insurance carrier, the SFDA Program completed a massive investigation into a multi-faceted fraud enterprise and filed People v. Grechko, et al. in December 2018. This case involves an airport transportation company whose associates used fake identification to purchase insurance, and in ten separate claims, allegedly overstated "loss of use" of the transportation vans. They falsified documents and inflated average profits for financial gain. This case is proceeding against four defendants with a fifth defendant having been charged, but who is an international fugitive.
- A two-year-long investigation culminated in April 2019 with the SFDA Program filing People v. Prado and Rios, involving multiple claims, in which a partner of an automotive repair shop agreed to each estimate drawn up by the insurance company, but then performed substandard repairs or made repairs using non-OEM (original equipment manufacturer) replacement parts. Sometimes this partner waived the

insureds' deductibles for repairs. The differences between the repairs for which the insurance companies paid and the actual value of the repairs ranged between \$700 and \$3,000 per claim. In all instances, inspections uncovered substandard repairs or repairs using non-OEM replacement parts. The shop did not disclose these substandard repairs to the carrier.

- 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 13 year period beginning in 2006. The SFDA Program Inspector has received and reviewed files for more than half of these cases and is in the process of completing investigation on thirteen of these matters. (See Attachment B, 17BA023448.)

B. Successful Prosecutions that originated from SFDA Program investigations

Through the collaborative efforts of the SFDA Program prosecutors and inspector with carrier SIUs, the SFDA Program initiated its own investigations in many cases that have resulted in successful prosecutions in the past two fiscal years:

- On October 28, 2019, our office filed an arrest warrant in 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 in the course of 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, our office successfully resolved the case. 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.

- On June 19, 2019, the SFDA Program resolved People v. Madison Alexander, a case where the defendant got into an accident while driving for Uber – with a passenger in the car – and fled the scene. The victim driver briefly followed the suspect and then filed a police report when the suspect did not stop driving. Alexander made a claim with his personal auto insurance and stated that he had not been driving for Uber at the time of the accident. He also lied about the circumstances of the accident. When the Uber passenger later complained of pain to Uber, her claim went through Uber's auto insurance. However, the defendant's personal insurance company initially paid for the damages to the defendant's car and the victim's car based on the material misrepresentations that the defendant made in his claim to them. This defendant pled guilty to a Penal Code Penal Code § 550(b)(1) misdemeanor and was placed on probation and paid \$1000 restitution to Progressive, the insurance carrier.
- On May 16, 2019 the case of People v. Tiara Matau resolved with a misdemeanor Penal Code § 550(b)(1) conviction. Matau purchased a GEICO policy, and eight days later filed a claim stating that her car had been struck while parked on the street, sustaining front and side damage. The evidence gathered through the investigation revealed that: (1) the collision occurred while defendant's boyfriend (who was not a covered party) was driving the vehicle; (2) defendant's boyfriend had struck another vehicle while both vehicles were in operation; and (3) this collision occurred prior to defendant obtaining insurance coverage. It was only after investigating further and interviewing the driver of the other vehicle involved in this collision that the defendant admitted that the damage had been sustained to her vehicle prior to the purchase of her GEICO policy. Had the fraud gone undetected, the potential loss for repair and investigation was more than \$7,500.

C. Current Prosecutions from SFDA Program Investigations

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

- 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. The defendant has been arrested and his case is in court pending preliminary hearing.

- In April 2019, in People v. Raymondo 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 auto body shop, was simultaneously the 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 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 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. Additionally, as their 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.
- In March 2019, the SFDA Program filed felony Penal Code §§ 550(a) and 550(b) charges in People v. Ligia Latino, a case where the defendant got into an accident while uninsured. The defendant purchased a CSAA/AAA auto insurance policy, and one day later filed a claim for the damage. Investigation in this case, which included interviewing the tow truck driver and company for defendant's vehicle, as well as analyzing 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 \$578.50 in rental vehicle costs and spent \$2,887 in investigative costs. Had the fraud gone undetected, CSAA/AAA would have been responsible for approximately \$1,100.07. On October 17, 2019, a bench warrant issued for defendant's failure to appear and it remains outstanding.
- In February 2019, the SFDA Program filed People v. Darren Brown. The defendant was charged in San Francisco Superior Court with felony violations of Penal Code §§ 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 his 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, the insurer would have paid nearly \$11,000 related to this fraudulent claim.
- In December 2018, multiple defendants were 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, in a conspiracy to defraud. 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, 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 owners 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 this fraud.

D. 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:

- The claimant was the at-fault party in a collision on the Embarcadero in San Francisco. The current evidence indicates that the claimant was driving for a ride-share company and had passengers in the vehicle at the time of the collision. The claimant did not disclose this as required when filing the claim. The insurance policy specifically excludes coverage for accidents that occur if the insured is engaged in a ride-share business. The claim was denied but resulted in an attempted theft of potentially \$5,545. This investigation was referred to our office by CDI as part of a joint operation to investigate ride-share drivers lying to their personal automobile insurance policy carriers to gain coverage for collisions which should in fact be submitted directly to the ride-share insurance coverage provider. This case is a pending investigation. (See Attachment B, 18BA013360.)
- The claimant reported an accident to the insurer that involved a pedestrian being hit. The claimant was the at-fault party. The claimant denied driving for any ride-sharing platform at the time the claim was made. A representative with the claimant's personal insurance interviewed the victim pedestrian who noted a ride share sticker on the vehicle at the time he was struck. The claimant eventually admitted to driving for the ride-share company at the time of the claim. 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 suspect was uninsured at the time of an accident and lied on at least two separate occasions claiming the accident occurred after the policy was purchased. The metadata from photographs submitted with the claim indicate that the accident occurred prior to the policy purchase. Recorded statements from both parties to the accident indicate fraud in an amount over \$7500. This investigation is pending. (See Attachment B, 18BA013842.)

E. Collaborative Successes Through Our Partnerships

During the FY 2019-2020 period, the SFDA Program continued to partner with CDI to efficiently and successfully prosecute fraud. 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 that this past fiscal year has posed including unprecedented ones related to the Covid-19 pandemic, as well as personnel changes at both agencies, and scarcity of resources, the SFDA is committed to overcoming these obstacles to work 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 conducted an excellent and thorough investigation that detailed facts showing that this defendant had misappropriated \$250,000 in death benefit proceeds from the legal beneficiaries 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 claimant and premium fraud in multiple incidents. Mr. Jones is an example of an industry insider that uses a position of trust and power to defraud innocent victims.

The People v. Grechko et al. case is another example of a successful collaboration between SFDA and CDI. Detective Pollie Pent was familiar with this investigation from her prior work at SFDA and completed her investigation of this matter as a CDI Detective. Although now filed, the SFDA prosecutor and Detective Pent continue to work closely together to prepare this multi-defendant, complex automobile fraud case for preliminary hearing.

During FY 2019-2020, 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, and sometimes succeeding in, defrauding their personal insurance companies by making claims for collisions that occur while they are active on a ride-share platform. The various policies at issue unequivocally state that the insured is not covered if they are driving for a ride-share platform at the time of the collision; coverage for incidents or accidents when an individual is driving for a ride-share carrier requires a different policy. In 2019, an SFDA program attorney met with CDI detectives to determine an investigative plan related to these cases, which are increasing with alarming frequency. In September 2019, CDI referred 30 FD-1s to the SFDA's office for review as a part of 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 cases through the investigation phases. Every driver on the road is entitled to assurance that if involved in an accident that is no fault of their own that the at fault party is appropriately insured to provide indemnification. Ride-share companies should also be providing adequate coverage to their drivers and encouraging claims to be submitted through the company insurance when one of their driver's is involved in an accident. Public safety is compromised and costs to law abiding citizens increase when fraudulent claims are submitted and paid.

During the past two years, the SFDA Program continues to work with the National Insurance Crime Bureau (NICB) and the SIUs of multiple carriers in connection with a large investigation involving a body shop in San Francisco. 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. The evidence preliminary indicates that some of these individuals are 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. The auto body shop 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.

The SFDA Program prosecutors and inspectors met with Special Agents from the NICB, who have been providing the SFDA Program with information about the extensive auto insurance fraud associated with this auto body shop and one of its employees, who is also a licensed insurance agent. This 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 and requesting file information for more than ten incidents that have preliminarily been identified as the most promising leads.

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, Santa Clara County District Attorney's Office, and Solano County District Attorney's Office.

This fiscal year, the SFDA Program had 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.

Our program attorneys and inspectors have also most recently collaborated with the DMV and SFPD. Since September 2019, the SFDA Program Inspector has been working with a DMV Investigator on an investigation related to an autobody shop owner forging doctors' signatures to obtain disabled placards. The SFDA Inspector assisted with case review and interviews. The DMV Investigator is in the process of evaluating the evidence to determine if probable cause exists for an arrest warrant to issue.

Members of the SFDA Program and our office's Crime Strategies Unit 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 an NICB contact to assist in moving the investigation forward. Our office continues to remain involved in this investigation.

The SFDA Program attorneys and inspectors meet with members of these agencies on a case specific basis, but also regularly meet with 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 in person meetings were almost completely curtailed and conferences were cancelled between March 2020 to the present. Despite this our office has strived to maintain these contacts through maintaining telephone contact, scheduling and participating in virtual meetings and attending virtual conferences where available.

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; edits 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 Robert Guzman, the supervisor of the District Attorney Inspectors in the Economic Crimes Unit, is also unfunded. He spends more than 5% of his time supervising the automobile insurance fraud inspectors: he assists in the drafting and execution of their search or 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. Lt. Guzman's salary is not funded by the SFDA Automobile Insurance Fraud Program.

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, preparing documents for filing and discovery, 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 policy. 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 is crucial to our Program's success, which is why the San Francisco District Attorney's Office strives to ensure that seasoned career law enforcement professionals are assigned to the Program.

Assistant District Attorney Alexis Fasteau has served as a primary Program prosecutor since March 2016. Ms. Fasteau has worked for the San Francisco District Attorney's Office for thirteen years. She is a highly experienced attorney who has had forty-five jury trials during her fifteen years as a prosecutor. She previously worked at the Solano County District Attorney's Office. Ms. Fasteau has spent the bulk of her prosecutorial career in the following specialized units: Economic Crimes, Child Assault and Sexual Assault, Public Integrity, and Domestic Violence. She 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 molest, and child endangerment resulting in death. In the Economic Crimes Unit, she has also prosecuted cases involving workers' compensation insurance fraud, life insurance and annuity fraud, and major fraud/embezzlement. Ms. Fasteau graduated Phi Beta Kappa in Economics from the University of California, Berkeley, where she also attended law school. She speaks Spanish fluently.

Assistant District Attorney Stephanie Zudekoff has been with the Program for close to two 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 having completed many general felony trials in San Francisco.

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 2020-2021**

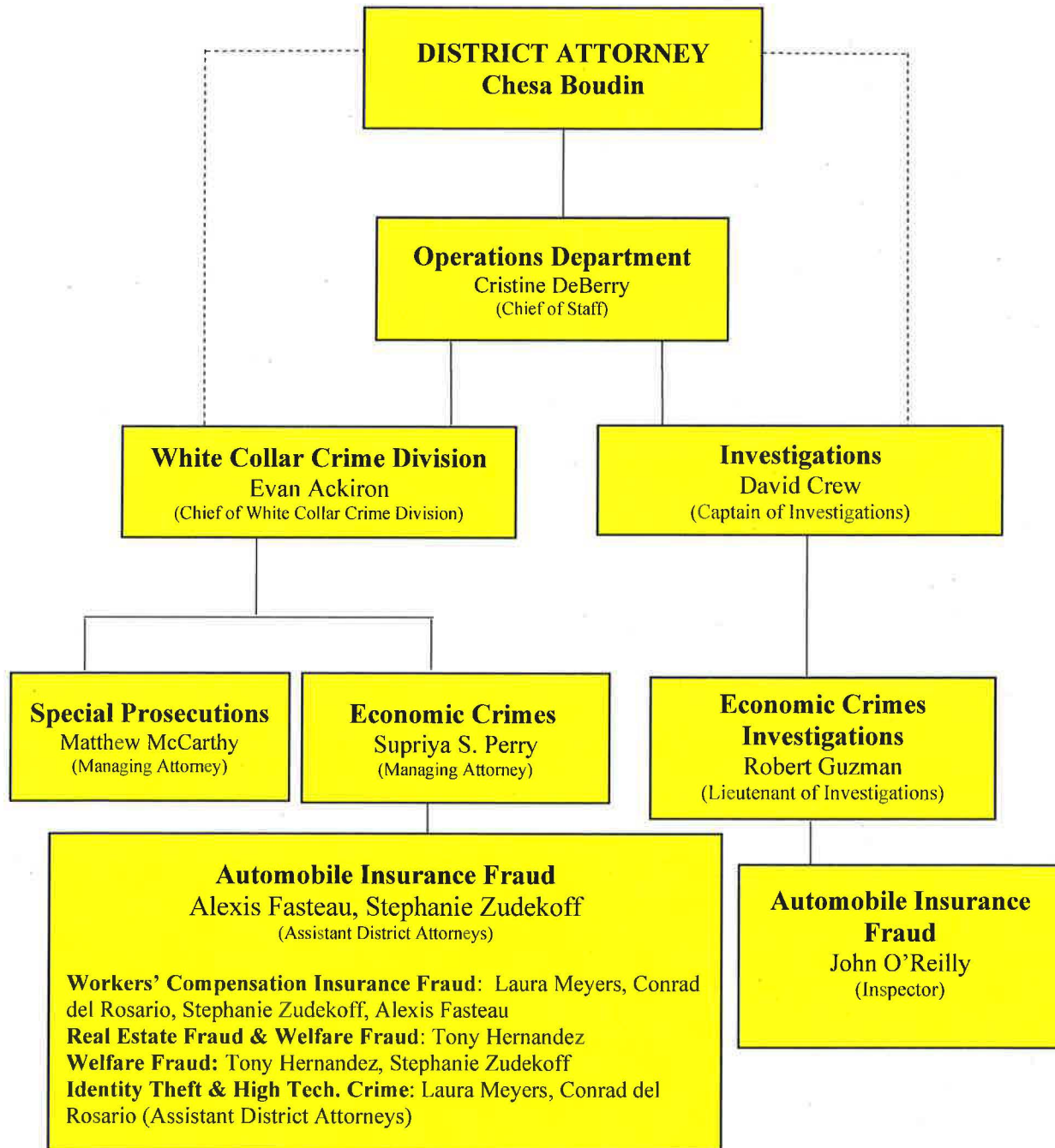
COUNTY OF SAN FRANCISCO

Prosecutors	% Time	Time With Program Start Date/End Date
Alexis Fasteau	40	March 2016 to present
Stephanie Zudekoff	10	August 2018 to present

COUNTY OF SAN FRANCISCO

Inspectors	% Time	Time With Program Start Date/End Date
John O'Reilly	85	January 2018 to present

**CITY AND COUNTY OF SAN FRANCISCO PLAN:
ORGANIZATIONAL CHART
FISCAL YEAR 2020-2021**



**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, 2019 through June 15, 2020 will be submitted online per the application instructions.

**CITY AND COUNTY OF SAN FRANCISCO PLAN:
PROBLEM STATEMENT, FISCAL YEAR 2020-2021**

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 draws commuters from throughout the Bay Area and beyond and is a densely populated and frequently visited City. An obvious consequence of such a highly trafficked area is a significant number of vehicle thefts and accidents resulting in heightened fraudulent activity.

1. Sources and Causes of Automobile Insurance Fraud

Automobile insurance fraud is generally 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 the date of the accident to bring it within the policy's effective dates. Individuals may stage collisions using damaged cars and claim new damage. A body shop owner 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 used substandard replacement parts or performed a substandard repair.

There are also cases of staged automobile collisions which can result in claims of insurance fraud. An innocent person may unwittingly become the victim of a staged collision when, for example, the perpetrator cuts the other driver off and then abruptly stops, or where a vehicle operator gives the right of way to another, but then drives in a manner to cause a collision. Staged collisions may also occur where the driver-participants work jointly to defraud insurers by planning and executing an accident using old or previously damaged vehicles. Staged collisions are a particularly troubling type of automobile insurance fraud in that they involve a high degree of 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 cases involving these types of fraud as well as insurance "insiders" who abuse their positions to cheat victims and carriers. The Program also pursues dishonest repair facilities, medical providers, and anyone else who seeks to capitalize from 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

A unique aspect of San Francisco is its 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, 2018, the City and County of San Francisco, despite its relatively small size (46.87 square miles), had a population of 881,549.¹ However, U.S. Census statistics have shown that people who commute into San Francisco increase the City's daytime population by 21 percent.²

Moreover, in 2010, San Francisco County's estimated population density was 17,179.1 per square mile of land area.³ By contrast, Alameda County's estimated population density in the same year was 2,047.6 people per square mile⁴ and Santa Clara County's 2010 estimated population density was 1,381.0 people per square mile.⁵

The City and County of San Francisco has 1,088 total miles of roads,⁶ 59 miles of which are freeways including ramps to freeways and freeway-to-freeway exchanges.⁷ 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 area⁸ and an estimated 7,200 intersections.⁹ 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 and 10 as of May 31, 2020.¹⁰ The 23 traffic-related deaths in 2018 represents a 15% rise as

¹ U.S. Census Bureau, 2019 Census data.

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

³ U.S. Census Bureau, 2010 Census.

⁴ Ibid.

⁵ Ibid.

⁶ San Francisco County Transportation Association (SFCTA).

⁷ SFCTA.

⁸ San Francisco Department of Public Works.

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

¹⁰ SFMTA: Traffic Fatalities Report <https://www.sfmta.com/reports/traffic-fatalities>

compared to 2017.¹¹ The annual total of approximately 3,100 non-fatal injury collisions in 2015 has changed little since 2006.¹² Non-fatal pedestrian collisions were 783 in 2017.¹³

In a recent statistical study, San Francisco was identified as having the most factors contributing to dangerous driving conditions in California. The study considered such factors as: collision rate, fatality rate, injury rate, alcohol-related crash rate, speed-related crash rate, hit and run rate, and population density.¹⁴

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 higher number of property-only accidents than a jurisdiction with less 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, thereby enabling for example, 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 lesser dollar amounts of damage. Lower claim amounts will receive less scrutiny from the auto insurance carriers, which also provides a greater opportunity for auto body shops to submit fraudulent claims to the carriers.

4. Discussion Relative to Specific Areas of Automobile Insurance Fraud

A. Auto Body & Repair Shops Fraud

Insurance fraud in San Francisco County is driven by a combination of the above-referenced factors and unique demographics that discussed below that create a fertile environment for local auto body and repair shops to simultaneously defraud their customers and insurance carriers.

Fraudulent automobile body or repair shops that cater to linguistically isolated individuals may be more likely to exaggerate the amount of damage to their vehicles or to 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 the available enforcement remedies or will not realize they have been defrauded in the first place. Alternatively, auto and repair shops that cater to a linguistically isolated community often hire mono-linguistic employees who may be asked to facilitate schemes where the customers are committing fraud, but those employees are likely unaware of the criminal consequences that result from submitting exaggerated damage estimates or falsified invoices in support of fraudulent claims.

¹¹ San Francisco Department of Public Health. (2019, February). Vision Zero Traffic Fatalities: 2018 End of Year Report. San Francisco: Program on Health, Equity and Sustainability.

¹² SFMTA. Verified data for most recent years not yet available.

¹³ SFCTA.

¹⁴ Study by Liljegren Law Group and 1point21 Interactive. Based on source data from California Office of Traffic Safety and CHP SWITRS Data for 2015.

A current complex investigation involves the owner and employees of a large autobody shop. The autobody 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 autobody 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 autobody shop. The SFDA Program has collected 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 can be defrauded because they did not receive the quality of repairs to which they were entitled; and/or 2) the insurance carrier is defrauded because it overpaid for the services that were rendered.

B. Insider Fraud

San Francisco County has a large population of residents who are isolated from the rest of the community by language and cultural differences.¹⁵ The U.S. Census Bureau estimated that from 2014-2018, of San Francisco's total population, 34.4% were foreign-born. The data for the language spoken at home by these San Franciscans was estimated as follows in 2018:

- 41.1% of San Francisco residents speak a language other than English at home, and of those, 44.4 % speak English less than very well;
- 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 perpetrators can take advantage of linguistically isolated individuals' lack of English language comprehension, cultural traits and deep-seated habits. 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, and to trust people who speak the same language who have been referred to them by a relative, friend or co-worker – as was the case in one of the automobile body shop fraud

¹⁵ In response to concerns expressed by data user groups, the Census Bureau decided to eliminate the term "linguistic isolation" for data products issued starting in 2011. The terminology was changed to be more descriptive and less stigmatizing. The phrase that will appear in all new products will be "Households in which no one 14 and over speaks English only or speaks a language other than English at home and Speaks English 'Very Well.'" (April 18, 2011 email from David S. Johnson, Chief, Housing and Household Economic Statistics Division of the U.S. Census Bureau.)

cases described above.

In May 2019, the SFDA Program filed the case of People v. Rios and Prado, where Eric Rios, was independently contracted as an insurance agent, and was also a part owner of an auto body shop. Rios told the insureds 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 sub-standard repairs. In his role as insurance agent, Eric Rios deposited \$3,290 in cash into his own personal bank account that he 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. Jones had Wu pay him \$2,312 in what he told her 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 then 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 success – continue to defraud insurance carriers on either: 1) subsequent claims; or 2) multiple scams at once.

During the fiscal years 2018-2020, the SFDA Program has continued to investigate and prosecute claimant fraud cases, as evidenced by the following sample of felony filings, arrests, and prosecutions:

- 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
- In May 2019, the SFDA program secured a conviction in People v. Tiara Matau. The defendant's boyfriend was driving alone in her car and found himself unable to navigate a turn, crashing into an oncoming vehicle, which was totaled. Concerned that her insurance had lapsed, she called Western General to file a claim anyway, with the hopes of obtaining coverage. She never had coverage for her boyfriend to drive her car and lied, claiming she was the one driving her car at the time, with her aunt as

a passenger. When Western General denied her claim because of the lapse, she purchased a policy through GEICO. She went on to file a claim with GEICO online for what she called a hit and run. She also filed a police report in support of the false claim of the hit and run with the incorrect incident date. In May 2019, she was convicted of a misdemeanor Penal Code section 550(b) charge, placed on probation and ordered to pay restitution for investigative costs incurred by GEICO.

- 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 is a booming business. The defendants owned a SuperShuttle franchise and were involved in staged collisions that occurred in the 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 had engaged in prior to the collisions. The complaint alleges that Farmer's paid out close to \$200,000 in excess payments because of this fraud.

The SFDA Program has also launched an organized auto insurance fraud investigation. Because the investigation is continuing, the case is described in Attachment B as case #17BA023448. This case involves evidence of staged accidents.

**CITY AND COUNTY OF SAN FRANCISCO PLAN:
PROGRAM STRATEGY
FISCAL YEAR 2020-2021**

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.

In addition, the 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 understand 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 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 ensures 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 especially given that these goals promote public safety, deterrence through outreach, and attacking fraud at every level.

3. Goals requiring multi-year commitment

An automobile insurance fraud case will often take several months to go from an SIU complaint to final disposition in court. Quite often, it takes more than one month to receive the carrier's claim file and supporting evidence after we formally commence an investigation. After the claim file is received, the investigator and/or prosecutor must carefully review its contents before they decide 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 or bank records.

After we have completed the investigation, prepared and filed 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, in San Francisco automobile insurance fraud cases also typically take several months before going to preliminary hearing. This is due to a combination of factors including heavy court dockets and priority given to in custody, serious and violent cases. Also, due to the amount of documentary evidence that we often turn over to the defense, additional time is usually required to allow the defense to carefully review the discovery. Defense attorneys are often granted continuances before the court schedules formal evidentiary hearings.

In short, automobile insurance fraud cases can require more than one year from the initiation of the investigation to conviction. In the case of large-scale fraud enterprise investigation, significant time is required to review and process several individual 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. Finally, the inspector will author the arrest warrant that states probable cause for arrest. This process, which is necessary to ensure that cases are well investigated and fully supported by evidence establishing probable cause often will span more than one year.

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.

Fiscal Year	Restitution Ordered	Restitution Collected
2019-20	\$6,003.97	\$5346.41
2018-19	\$657	\$0

2017-18	\$8,678	\$0
2016-17	\$13,454	\$963
2015-16	\$0	\$0
TOTAL	\$28,792.97	\$6,309.41

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

In addition to victim restitution, in cases where fines are appropriate, those are assessed and included. 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 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 order specifies the amount of restitution and enables the victim to obtain a civil judgment. We are striving to improve our Program’s methods for tracking the recovery of fines and restitution post-adjudication. We have reached out to our County’s probation department to discuss improved data collection and reporting on restitution and fines collected.

5. Performance objectives

The SFDA Program will initiate 10-12 new investigations during FY 2020-2021, which is the same as the FY 2019-2020 projections. The SFDA Program will endeavor to file 6-8 new cases during FY 2020-2021, which was also our goal for this year.

Our office favors conservative estimates given the uncertainty brought about by the Covid-19 pandemic. Currently we are in a state of flux and we cannot predict the future impact of the pandemic on our work. This is a time of 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; (d) the manner in which the courts are operating which impacts how quickly cases can be heard and resolved. These things may or may not reduce our efficiency in the long term, but in the short term we are adjusting. In addition, there are pandemic changes that might reduce automobile insurance fraud such as: (a) less driving, traffic and fewer accidents due to Shelter in Place mandates; (b) the economic downturn shuttering fraudulent businesses; (c) fraudsters fear of being caught and jailed given the pandemic. It is impossible to predict what the impact of the pandemic will be to society, let alone the criminal justice system.

Despite these challenges, the SFDA Program is committed to working with our partners to investigate and prosecute fraud efficiently, fairly, and within the virtual space in which we now operate. We continue to be committed to holding individuals who commit fraud accountable in a manner consistent with our Program’s goals of thorough investigations, collaboration, efficient and effective prosecution, and just resolutions with restitution to victims.

6. County plan to utilize grant funds

<u>\$352,154</u> FY 2020-2021 Grant REQUEST	<u>\$ 218,898</u> FY 2019-2020 Grant AWARD	<u>\$ 133,256</u> FY 2020-2021 Increase Requested
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This year the SFDA Program exhausted the FY 2019-2020 grant award in the third quarter with personnel costs for two part time program attorneys and one full-time investigator designated to work on auto insurance fraud cases. Our program has several current active investigations. We also have more than one large, complex investigation, 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 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 2018-2019 and 2019-2020.

Name	Training Date	Provider	Location	Topic	Hrs Credit
Alexis Fasteau	10/15/18-10/18/18	CDAА	Garden Grove, CA	Auto Ins. Fraud -Various	16
Alexis Fasteau	6/25/19	AFA	Lafayette, CA	Interviewing, Use of Metadata, Cell Phone GPS Data Social Media in Investigations	3
Alexis Fasteau	10/7/19-10/10/19	CDAА	Newport Beach, CA	Applicant Fraud, Premium Fraud, Materiality, Provider Fraud, WCIRB Perspectives, Disability Healthcare Fraud, Digital Evidence, Receiverships, Restitution	10
John O'Reilly	8/29/18	Golden Gate Ins. Fraud Consortium	Oakland, CA	Quarterly Meeting	2
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	CDAА	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	4

				Forensic Accountant's Perspective, California Grand Jury Rules, Digital Currency Investigations	
John O'Reilly	2/28/19	Golden Gate Ins. Fraud Consortium	Dublin CA	Law Enforcement fraud trends. Work comp Fraud	6
John O'Reilly	5/30/19	Alameda County DA's Office, NICB, CDI	Dublin, CA	Auto Insurance Fraud Training Seminar	5
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
Supriya Perry	10/15/18-10/18/18	CDAА	Garden Grove, CA	Fraud -Various	16
Supriya Perry	12/4/18	AFA	Lafayette, CA	Civility Matters: Winning Inside & Outside the Courtroom	2
Supriya Perry	4/17/19-4/19/19	AFA	Monterey, CA	30th Annual Anti-Fraud Conference	8
Supriya Perry	5/30/19	Alameda County DA's Office, NICB, CDI	Dublin, CA	Auto Insurance Fraud Training Seminar	5
Supriya Perry	6/12/19	Golden Gate Ins. Fraud Consortium	Oakland, CA	Annual Meeting Planning -Investigation Highlights	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	CDAА	Newport Beach, CA	CDAА 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	Medical Provider Fraud, SCIF Perspectives, Statute	5

				of Limitations, Successful Investigations	
Stephanie Zudekoff	9/25/18	AFA	Lafayette, CA	Organized Crime Groups & Insurance Fraud	2
Stephanie Zudekoff	12/4/18	AFA	Lafayette, CA	Civility Matters: Winning Inside & Outside the Courtroom	2
Stephanie Zudekoff	4/17/19-4/19/19	AFA	Monterey, CA	30th Annual Anti-Fraud Conference	15.75
Stephanie Zudekoff	5/30/19	Alameda County DA's Office, NICB, CDI	Dublin, CA	Auto Insurance Fraud Training Seminar	5
Stephanie Zudekoff	6/12/19	Golden Gate Ins. Fraud Consortium	Oakland, CA	Annual Meeting Planning –Investigation Highlights	2
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	CDAА	Newport Beach, CA	CDAА 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

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, CDAА 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, trial techniques, and prosecutorial ethics.

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. Unfortunately, the 2020 conference was cancelled due to the Covid-19 pandemic. As organization's transition to virtual conferences, our office remains committed to participating in these invaluable opportunities for outreach, networking, and knowledge exchange.

On June 25, 2019, Ms. Fasteau attended the Anti-Fraud Alliance, 2nd quarter meeting on insurance fraud investigative techniques in Lafayette, CA. Another SFDA program prosecutor, Ms. Zudekoff, and the SFDA Program Manager, Ms. Perry, attended two Anti-Fraud Alliance quarterly meetings held on September 25, 2018 and December 4, 2018. San Francisco District Attorney Inspector O'Reilly also attended the Anti-Fraud Alliance, 3rd quarter training in September.

Ms. Fasteau and Ms. Perry attended the 2018 CDAA Fraud Symposium held in Orange County, CA, from October 15 to 18, 2018. The four-day conference covered a wide-range of topics including the fundamentals of automobile insurance fraud prosecution, vehicle system forensics, prosecuting cases involving staged collisions, and a case study related to automobile arson. 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.

The SFDA Program staff and managing attorney have attended quarterly SIU roundtables sponsored by the NICB throughout Northern California. As in previous years, this year various SFDA Program members have met 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 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.

The Golden Gate High-Impact Fraud Consortium (previously North Bay High Impact Workers' Compensation Fraud Consortium) was created in 2017. A Memorandum of Understanding exists between CDI's Benicia 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. Consortium members meet quarterly and speakers present at these quarterly meetings.

Training and Outreach Provided

During fiscal year 2019 - 2020, two of SFDA’s most experienced program attorneys made presentations to insurance industry and law enforcement members on topics relevant to identifying, investigating, and combatting various types of insurance fraud. Examples of the topics covered during these trainings include: the legal elements of fraud; identifying different types of insurance fraud schemes in the claimant, provider, employer and insider fraud contexts; and legal standards surrounding materiality. The topics covered at these presentations are broadly applicable to all types of fraud investigation and prosecution.

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 Golden Gate Consortium in Dublin, California on February 26, 2020. She was also one of the three primary organizers of the conference. This training included presentations on medical provider fraud, SCIF perspectives on the fraud issues, and a practice driven panel discussion covering issues from the use of *sub rosa* to identifying materiality in fraud investigations. All seven members of the SFDA insurance fraud investigation and prosecution team attended the one-day event, which drew roughly 167 attendees.

Date Conducted	Location	Conducted By	Purpose & Content	Target Audience	Method	# of Attendees/Contacts
7/31/2019	San Francisco, CA/First Republic	JD Wesson/L. Meyers and C. del Rosario	Training / Educating LEA Partners	Insurance Industry	Presentation	78
9/25/2019	Alameda County District Attorney’s Office	Laura Meyers	Training / Educating LEA Partners	Law Enforcement	Presentation	18
2/26/2020	Dublin, CA, Shannon Community Center	Laura Meyers	Training / Educating LEA Partners	Combined Audience of diverse individuals / groups	Presentation	142

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 printed the number on outreach material that we will continue to use as we transition to our new office space in June 2020. In the past six months, our office received close to 40 calls for potential fraud on that hotline. These calls are 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.

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

A. PERSONNEL SERVICES: Salaries and Employee Benefits					
Positions	Biweekly Salary	pay periods	FTE	Amount	Total Budget
8177 Trial Attorney, Step 6	\$ 5,822	26.1	0.10	\$ 15,196	\$ 15,196
Social Security	\$ 8,537			\$ 854	
Social Sec. - Medicare	1.45%			\$ 220	
Health Ins	\$ 14,434			\$ 1,443	
Retirement	22.90%			\$ 3,480	
Unemployment Ins	0.26%			\$ 40	
Long Term Disability	0.27%			\$ 41	
Dental Rate	\$ 1,328			\$ 133	
Total Benefits	40.87%				\$ 6,211
8177 Trial Attorney, Step 16	\$ 8,287	26.1	0.40	\$ 86,516	\$ 86,516
Social Security	\$ 8,537			\$ 3,415	
Social Sec. - Medicare	1.45%			\$ 1,254	
Health Ins	\$ 8,443			\$ 3,377	
Retirement	22.90%			\$ 19,812	
Unemployment Ins	0.27%			\$ 234	
Long Term Disability	0.18%			\$ 156	
Dental Rate	\$ 629			\$ 252	
Total Benefits	32.94%				\$ 28,500
8550 DAI, Step 6 (includes FLSA pay)	\$ 5,476	26.1	0.85	\$ 121,485	\$ 121,485
Social Sec. - Medicare	1.35%			\$ 1,639	
Health Ins	\$ 16,142			\$ 13,721	
Retirement	22.90%			\$ 27,820	
Unemployment Ins	0.25%			\$ 305	
Dental Rate	\$ 1,384			\$ 1,176	
Total Benefits	36.76%				\$ 44,661
Subtotal Salary					\$ 223,197
Subtotal Benefits					\$ 79,372
A. PERSONNEL SERVICES TOTAL			1.35		\$ 302,569

FORM 11

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

B. OPERATING EXPENSES	
	Budget
Facility Cost (annual rate of \$25,764 per FTE, only charging grant \$17,391)	\$ 17,391
Audit Expense	\$ 6,374
In-State Travel and Training Expenses	\$ 3,500
Materials & Supplies	\$ -
Indirect Cost (10% of direct salary)	\$ 22,320
B. OPERATING EXPENSES TOTAL	\$ 49,585

FORM 12

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

C. EQUIPMENT	
None Requested	\$ -
C. EQUIPMENT TOTAL	\$ -

D. SFDA PROGRAM – GRAND TOTAL	\$ 352,154
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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: Supriya S. Perry Digitally signed by Supriya S. Perry
Date: 2020.06.29 16:12:15 -0700 Date: 06/29/2020

ATTACHMENT A

SAN FRANCISCO DISTRICT ATTORNEY'S OFFICE AND DEPARTMENT OF INSURANCE, FRAUD DIVISION, JOINT INVESTIGATIVE PLAN

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 City and 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 § 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, 2019 until June 30, 2020, and shall supersede the Joint Plan currently in effect.

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.

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 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 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 as to 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.

Investigations

Investigators from the Golden Gate regional office and district attorney investigators will use all 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. It is generally understood that most investigations will be conducted by the Fraud Division. 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.

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 with 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.

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.

Filing Requirements

Both agencies understand that the charging of a suspect(s) with criminal conduct is the sole duty of the district attorney. San Francisco has adopted the filing protocol of the California District Attorneys' Association (CDAA). Copies of that protocol are located in both offices. 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 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.

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.

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 Economic Crimes Unit. Charging decisions will be the ultimate decision of the District Attorney.

Dated: 6/6/2020



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

Dated: 6/8/2020



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