



Application Report

Applicant Organization:

San Francisco

Project Name: 24-25.WC.SF

Application ID: App-24-232

Funding Announcement: FY 24-25 Workers' Compensation Insurance Fraud Program

Requested Amount: \$1,232,608.00

Project Summary: Fund the investigation and prosecution of Worker's Compensation Insurance Fraud

Authorized Certifying Official: Tina Nunes Ober Tina.NunesOber@sfgov.org 628-652-4190

Project Director/Manager: Tina Nunes Ober Tina.NunesOber@sfgov.org 628-652-4190

Case Statistics / Data Reporter: Tina Nunes Ober Tina.NunesOber@sfgov.org 628-652-4190

Compliance/Fiscal Officer: Eugene Clendinen eugene.cleindinen@sfgov.org 3283524030

Section Name: Overview Questions

Sub Section Name: General Information

1. Applicant Question: Multi-County Grant

Is this a multi-county grant application request? If Yes, select the additional counties.

Applicant Response:

No

2. Applicant Question: FY 22-23 Audited Unexpended Funds

Excluding interest, what was the amount of your FY 22-23 Audited Unexpended Funds? If none, enter "0".

Applicant Response:

\$141,628.00

3. Applicant Question: FY 22-23 Audited Unexpended Funds Percentage of FY 22-23 Award

Your FY 22-23 Audited Unexpended Funds are what percentage of your FY 22-23 total award? If none, enter "0".

Total Award excludes interest earned and incoming carryover. To calculate percentage, divide your audited unexpended funds by your total award. Round to the nearest whole number.

Example:

FY 22-23 Total Award: \$100,000

FY 22-23 Audited Unexpended Funds: \$23,750

FY 22-23 Audited Unexpended Funds Percentage: 24%

Applicant Response:

14.00%

4. Applicant Question: Contact Updates

Has your county's Admin User updated the Contacts and Users for your Program?

- **Contacts** are those, such as your elected District Attorney, who need to be identified but do not need access to GMS.
- **Users** are those individuals who will be entering information/uploading into GMS for the application. **Confidential Users** have access to everything in all your grant applications. **Standard Users** do not have access to the Confidential Sections where Investigation Activity is reported. Typical Standard Users are budget personnel.

Applicant Response:

Yes

5. Applicant Question: Program Contacts

Identify the individuals who will serve as the Program Contacts and your Elected District Attorney. Your Program Contacts must be entered as a User and your Elected District Attorney may be a Contact or User in GMS. Contact your county's Admin User if an individual needs to be added or updated.

On the final submission page, you will link your Program Contacts to the application.

Project Director/Manager is the individual ultimately responsible for the program. This person must be a Confidential User.

Case Statistics/Data Reporter is the individual responsible for entering the statistics into the DAR (District Attorney Program Report). This person should be a Confidential User.

Compliance/Fiscal Officer is the individual responsible for all fiscal matters relating to the program. This person is usually a Standard User.

Elected District Attorney is your county's elected official. This person must be entered as a Contact or a User.

Applicant Response:

| Program Contacts | Name |
|---------------------------------|------------------|
| Project Director / Manager | Tina Nunes Ober |
| Case Statistics / Data Reporter | Tina Nunes Ober |
| Compliance / Fiscal Officer | Eugene Clendinen |
| Elected District Attorney | Brooke Jenkins |

6. Applicant Question: Statistical Reporting Requirements

Do you acknowledge the County is responsible for separately submitting a Program Report using the CDI website, DA Portal?

To access the DAR webpage on the CDI website: right click on the following link to open a new tab, or copy the URL into your browser.

<http://www.insurance.ca.gov/0300-fraud/0100-fraud-division-overview/10-anti-fraud-prog/dareporting.cfm>

As a reminder, Vertical Prosecutions should not be counted as an Investigation, a Joint Investigation, or an Assist in the DAR.

Applicant Response:

Yes

7. Applicant Question: Required Documents Upload

Have you reviewed the Application Upload List and properly named and uploaded the documents into your Document Library?

To view/download the Application Upload List: go the Announcement, click View, and at the top of the page select Attachments. Items must be uploaded into the Document Library before you can attach them to the upcoming questions.

Applicant Response:

Yes

Sub Section Name: BOS Resolution**1. Applicant Question:** BOS Resolution

Have you uploaded a Board of Supervisors (BOS) Resolution to the Document Library and attached it to this question?

A BOS Resolution for the new grant period must be uploaded to GMS to receive funding for the 2024-2025 Fiscal Year. If

the resolution cannot be submitted with the application, it must be uploaded no later than January 2, 2025. There is a sample with instructions located in the Announcement Attachments, 3b.

Applicant Response:

No

2. Applicant Question: Delegated Authority Designation

Choose from the selection who will be the person submitting this application, signing the Grant Award Agreement (GAA) in GMS, and approving any amendments thereof.

The person selected must be a Confidential User, who will attest their authority and link their contact record on the submission page of this application. Must be a direct email address; No generic/group email address allowed. A sample Designated Authority Letter is located in the Announcement Attachments, 3a. CDI encourages the contact named as Project Director/Manger be the designated authority, should that be your selection.

Applicant Response:

Designated Person named in Attached Letter

Attachment:

24-25.SF.Designated Authority Letter.pdf - PDF FILE

Section Name: County Plan

Sub Section Name: Qualifications and Successes

1. Applicant Question: Successes

What areas of your workers' compensation insurance fraud program were successful and why?

Detail your program's successes for ONLY the 22-23 and 23-24 Fiscal Years. It is not necessary to list every case. If a case is being reported in more than one insurance fraud grant program, clearly identify the component(s) that apply to this program. If you are including any task force cases in your caseload, name the task force and your county personnel's specific involvement/role in the case(s). Information regarding investigations should be given a reference number and details provided only in the Confidential Section, question 1 (County Plan Confidential Investigation Details).

Applicant Response:

SFDA believes that success is best achieved through strong relationships and constant evaluation of processes to ensure improvements in efficiency and effectiveness.

Last year SFDA centralized collection and maintenance of all referrals (FD-1's) from all sources. Our IT staff (unfunded contribution) created an e-mail inbox, SFDA-InsuranceFraud, for the receipt of all FD-1's and possible referrals from any sources, such as the general public and CDI. We contacted all the SIU's with whom we work and requested that all referrals please be sent to this e-mail address. We did the same with CDI. Having all referrals go to one location has made it easier for us to track referrals. Our paralegal, Valerie Blasi, (.50 funded), opens up all the e-mails received and forwards them to the program director and the supervising investigator (both unfunded resources),

We streamlined our process by having all FD-1's go through an initial review by the program director and/or the supervising investigator. This has proven to be an efficient system where we are saving time and resources by closing unprovable cases very early in the process. Cases that appear to be viable, at least in the early stages, are promptly

assigned to an attorney and an investigator. It also assists the SIU's as they do not have to question to whom they should send a referral and they receive a timely response to their referral. The e-mail address is posted on the SFDA website. Prior to creating the email inbox, SIU's would send their FD-1's to whichever attorney or investigator they may have worked with in the past. This made it difficult to know how many referrals we had or to know what each attorney or investigator's case load looked like in terms of how many and what types of cases he or she had. Ms. Blasi uploads all the referrals into our office's case management database. Our new system also ensures that all referrals are documented, and all decisions are fully and transparently documented in the database. This makes keeping our statistics simpler and ensures greater accuracy.

SFDA has also successfully transferred data to a new case management system, E-Prosecutor. E-Prosecutor was in the testing phase for a period of time and has been online and live for a year. With this new system, we are able to better track our cases. We are constantly evaluating E-Prosecutor to improve its capabilities and to better utilize it. When we find deficiencies, we are able to work with our IT team to make changes, specifically tailored to our unit which is sometimes different from the needs of the more traditional units within the office.

The workers' compensation insurance fraud team also started meeting, on a monthly basis, to discuss cases. We have discovered that this meeting allows us to not only learn from one another but to make decisions as a team on how to approach an investigation or a prosecution of a case.

We also understand that we cannot succeed in our mission without strengthening our relationships with our partner agencies and building new relationships with agencies who share our goal of preventing and reducing the incidence of workers' compensation insurance fraud. We have been meeting in person on a routine basis with our partners at the CDI Golden Gate Regional Office. All the SFDA program attorneys and investigators are expected to attend unless they are in court or on vacation. We have been able to discuss our joint cases as well as cases which CDI will be presenting to us for prosecution. Last year, we also took a fresh look at the Joint Plan with Captain Christina Smith. As a result, the Joint Plan was modified to meet the needs and expectations of both agencies. We have also seen an increase in the number of cases CDI has brought to SFDA for charging. Over the last two fiscal years, CDI has assisted SFDA with the executions of multiple search and arrest warrants on a large premium fraud case and a large provider fraud case. We look forward to continuing this close relationship with the Golden Gate Regional Office.

Additionally, SFDA and SCIF meet via MS Teams on a regular basis to discuss our cases. This has been a wonderful opportunity for SFDA to learn from SCIF. We are able to discuss cases with the goal of mutual assistance and cooperation to effectively prosecute Workers Compensation Insurance Fraud. SCIF is a most valued partner with SFDA. We look forward to building on our regular meetings and maintaining the lines of communication with SCIF.

SFDA has also volunteered to step in and fill a leadership role in the Golden Gate Workers Compensation Fraud Consortium. This is a valuable resource for the participating agencies. It is very important that the group carry on in its work and continue to assist and train one another. This year, we added CDI, Silicon Valley and Santa Clara and San Mateo County District Attorneys' Offices to our group. We will meet quarterly via zoom and the leaders for each office will meet in person at CDAA and AFA training, twice a year.

We have also been successful in doing more training and outreach. In fiscal year 21-22, we began an ad campaign in which we placed ads on public transit in San Francisco. Part of our outreach included brochures in English, Spanish and Mandarin. Last year we were able to leave the brochures at a local union hall. We are happy to report that we have increased our education and outreach this fiscal year. We have participated in and provided training in 2022 and 2023. We also issued multiple press releases which are key to educating the public and deterring any future offenders. Our press releases were also posted on the SFDA Twitter account and received significant attention. Every time we have an opportunity to inform the public and the business community about Workers Compensation Insurance fraud prosecutions, we take it and give it as much exposure as possible in the press and on social media.

One Investigator and two attorneys attended the CDAA Fraud Symposium last year. This year two attorneys attended CDAA's training event. It is always a great opportunity for us to learn from our colleagues across the state. We were also able to network with colleagues across the state. These relationships are invaluable. Furthermore, we sent two investigators, a paralegal and three attorneys to the annual AFA training in Monterey in April. Last year we sent three

attorneys and one investigator to AFA. While at last year's AFA training, the Program Director met with NICB President David Glawe and members of his staff to discuss building a mutually beneficial partnership and accessing the vast data possessed by NICB to assist SFDA with our cases.

At this year's AFA conference, ADA Alex Fasteau and Lt Molly Braun presented a comprehensive case study on the case of *The People v. Gina Gregori/GMG*. The training was completed over two time- blocks and was well-attended by an engaged audience who asked very interesting questions.

SFDA also provided training to Republic Indemnity staff in November 2022 as well as in 2023. We assist Republic Indemnity annually with training their SIU staff on insurance fraud and drafting of FD-1's.

ADA Alex Fasteau provided training to the Golden Gate Workers Compensation Consortium on the issue of receiverships and how and when they should be considered.

In May 2022, veteran program prosecutor ADA Stephanie Zudekoff filed felony charges against Babak Sadreddin for attempted perjury and workers' compensation fraud. (*People v. Sadreddin*, court no. 22003273) Sadreddin reported an on-the-job hernia injury to his employer, the City and County of San Francisco Department of Public Health, in February 2018 and received medical treatment and disability benefits. Sadreddin, who visited doctors and specialists almost monthly, claimed incapacity and extreme pain, unremedied by medication, treatment, and surgery.

However, surveillance video captured Sadreddin performing many of the tasks he previously reported being incapable of performing. When SFDA received this referral, the estimated loss was \$10,000. Through the diligent work of our SFDA program investigator, it was discovered that Sadreddin's fraudulent misrepresentations resulted in a loss to the City and County of San Francisco of over \$60,000. A review of the evidence also indicated that Sadreddin may have lied to EDD regarding the nature of his Temporary Total Disability (TDD) status stemming from this same conduct.

Though this case is currently pending in criminal court, further investigation continues as the program prosecutor and investigator work with EDD to review the content of Sadreddin's EDD benefits documents.

After joining our unit two years ago, program prosecutor, ADA Rebecca Friedemann Zhong, filed a medium complexity workers compensation claimant fraud case (*People v. Momina Khalik*, Court No. 22007255) Khalik reported an on-the-job injury to her employer, University of California, San Francisco Medical Center (UCSF), in June 2018 and received medical treatment and disability benefits through October 2020. Khalik, who visited doctors and specialists almost monthly, claimed she could not do basic tasks such as bending, sweeping, raking, driving, and shopping and that her physical limitations remained unremedied by medication, treatment and functional restoration programs. Surveillance video, however, captured Khalik performing the very activities she reported being unable to perform. Khalik's fraudulent misrepresentations resulted in approximately \$100,000 loss to the UCSF Medical Center. In 2023, ADA Zhong reached a negotiated disposition in this case. The defendant pled to insurance fraud and was placed on two years' probation. Restitution was ordered to UCSF Medical Center and the defendant made a \$5,000 payment towards the restitution at the time of the plea.

In August 2022, ADA Stephanie Zudekoff and ADA Rebecca Friedemann Zhong joined forces and filed multiple felony charges against Denis Cullinane (*People v. Denis Cullinane*, arrest warrant no. 2250081), Jeremiah . "Jerry", Cullinane (*People v. Jeremiah Cullinane*, arrest warrant no. 2250080) and Gemma Maher (*People v. Maher*, court no 22008596) for workers compensation premium fraud and tax fraud. This criminal filing was the result of over 2 years of investigation which revealed that the charged individuals engaged in a years-long scheme to defraud SCIF and EDD.

The alleged fraud was discovered after a Cullinane Plastering employee was seriously injured while working on a job site on May 8, 2019. Instead of informing the injured worker of his right to workers compensation benefits, Denis Cullinane, Jerry Cullinane and Gemma Maher, allegedly concealed the employee's existence and injury from SCIF for almost an entire year. When Maher finally disclosed the injury to SCIF, she made multiple alleged misrepresentations about the workers employment history and injury to further the fraud.

When SFDA received this referral in May 2020, it appeared to be a standard complexity premium fraud case. Now retired, Program Senior Inspector Jennifer Kennedy developed the case, working in close collaboration with investigators from the SFDA's Office, CDI, SCIF, and EDD. Through this additional investigation, Inspector Kennedy discovered the scope of the fraud was much more complex and the amount of loss was much greater than initially estimated.

More specifically, Inspector Kennedy's investigation revealed that the defendants utilized Jerry Cullinane's company, Cullinane Construction, to conceal the injured workers' wages from SCIF and EDD. Additionally, the review of hundreds of pages of financial records revealed that Jerry Cullinane was the sole owner of Cullinane Construction, and that this company is actually a fictitious shadow company used to hide Cullinane Plastering payroll. The investigation also uncovered that Denis and Jerry Cullinane and Gemma Maher submitted allegedly fraudulent employee payroll reports to SCIF from 2018 through 2020 and to EDD from 2017 to 2020. These reports artificially lowered their workers' compensation insurance premiums and tax contributions- both of which are determined in part by employee payroll.

Our investigation consisted of the evaluation of multiple recorded interviews conducted by SIUs, as well as conducting many of our own interviews, evaluating medical records, drafting and serving multiple search warrants on financial institutions, and analyzing hundreds of pages of banking records. Ultimately, Program Senior Inspector Jennifer Kennedy discovered approximately \$5.8 million in unreported payroll between 2016 and 2020.

Our program's investigation revealed this case to be an extremely complex premium fraud case involving premium fraud, tax fraud, and cash payments to workers to minimize, avoid, and circumvent workers' compensation insurance requirements. Program Senior Inspector Jennifer Kennedy (now retired) determined that this fraud scheme resulted in an estimated loss to SCIF of over \$270,000 in unpaid premiums and an estimated loss to EDD of over \$300,000 in unpaid payroll taxes (and over \$1.5 million in unpaid taxes and penalties).

In August 2022, arrest warrants were issued for Denis Cullinane, Jerry Cullinane, and Gemma Maher. On August 10, 2022, our office arrested Defendant Gemma Maher, the Office Administrator of Cullinane Plastering and Cullinane Construction, and ADAs Hernandez and Zhong are prosecuting the criminal case against her. Denis and Jerry Cullinane have not been located and remain fugitives as of the submission of this application. Also on August 10, 2022, Program Senior Inspector Jennifer Kennedy led a multi-agency search warrant operation that was conducted in collaboration with investigators from the SFDA's Office, CDI, CSLB, and EDD's TRUE Task Force.

Location search warrants were executed at five locations, including a home and an office. Additionally, six more search warrants were executed for business records, phone records, banking records, and email records. Lastly, CDI's forensics team seized 12 electronic devices at multiple locations. CDI continues to assist SFDA in analyzing the multiple terabytes of data seized.

This case represents a good example of the collaboration between SFDA and other agencies, resulting in filing and prosecution of complex premium fraud which is a major cost driver in workers compensation insurance. We also issued a

press release after defendant Maher was arraigned. The release was picked up by newspapers in the Bay Area and even in Ireland. The press release was also posted on social media sites where it received additional views. ADA Zhong and Hernandez continue to litigate this case and to oppose multiple defense motions for diversion for defendant Maher.

In 2023, ADA Zudekoff negotiated a plea in the case of *People v. B & A/ Bilafer*. This was a premium fraud case involving a towing company. ADA Zudekoff secured a guilty plea to insurance fraud and defendant paid the restitution to SCIF, in full, \$240,130.00, at the time of plea.

In March 2023, ADA Alex Fasteau secured felony convictions against defendant Gina Gregori and her various janitorial companies for premium fraud (IC 11 BB0(a) and 11760(a)). The guilty pleas marked the end of protracted litigation. In this case ADA Fasteau used a receiver to secure financial resources for the extensive restitution owed to multiple carriers and to ensure that the employees in the company continued to be paid. Gregori was sentenced to a six-year split sentence and she and the corporate defendants were ordered to pay a combined \$8,382,788.45 to SCIF and other carriers. Over a six-year period, the defendant and her companies which had contracts throughout California, grossly underreported payroll to SCIF, and over the course of an additional year, to another private insurance carrier. Additionally, she submitted falsified EDD documents and claimed far fewer employees and wages paid than were stated in the records she filed. Defendant maintained two separate ledgers for payroll, each with a different set of numerical data. On several occasions, she changed the company name and registration with the Secretary of State, substituted a family member for herself, as the listed owner and opened new company bank accounts, making hers appear to be a newly established company to obtain lower premiums. Part of the negotiated disposition included \$300,000 paid into restitution at the time of sentencing. A press release was issued with details of this conviction, and it was picked up by local media. SFDA firmly believes that educating the public about insurance fraud and the consequences to those who engage in this crime is instrumental in deterring future fraud. We also posted the press release on social media sites garnering additional views.

Program Prosecutor Alex Fasteau and Investigator Michael Morse completed a three-year investigation into a San Francisco-based QME with offices in Contra Costa County as well. Dr. Gary Martinofsky, Raisa Rikoshinsky (his assistant and mother-in-law) and Integrated Pain Care, Incorporated have been charged with 40 counts of insurance fraud for fraudulent billing practices that amounted to over \$25 million in workers compensation liens against multiple carriers. This complex resource-intensive investigation, involving four FD-1's and three different kinds of fraud, has been ongoing since March of 2020 and implicates other businesses and business associates. Some of the work has involved a detailed, line-item review of hundreds of thousands of pages of reporting and billing documentation. Our program prosecutor and investigator have worked with the Department of Industrial Relations (DIR), State Board of Pharmacy, and district attorneys' offices in Southern California, to obtain relevant evidence. We anticipate the need to work with both a forensic accountant and a computer forensics expert.

SFDA, with the assistance of CDI, executed search warrants at five locations, including the two defendants' homes and all the business locations. The suspect provider presented to three different insurers, including the self-insured City and County of San Francisco, multiple claims for payment, by filing liens, failing to disclose that the attached bills had already been paid, and altering billing forms to conceal the identity of the original billing provider. The provider also billed three different insurers for services not rendered, writing letters appealing treatment denials after utilization review and billing them as Med Legal reports at \$625.00 each, when they were not billable as such. As a Qualified Medical Examiner (QME), the suspect knows what can and cannot be billed at the higher "Med-Legal" rate.

This case is currently being litigated and investigation is ongoing as carriers reached out to SFDA, after seeing our press release about this case. The press release garnered many views on social media.

On March 24, 2022, our program arrested Chiropractor Marijan Mateus Pevec for violating Insurance Code§ 1871.4(a)(l), Penal Code§ 470(b), Penal Code§ 530.S(a), Penal Code§ 550(b)(2), and Penal Code § 664/487(a), because he forged a settlement conference letter stating that the carrier, Sedgwick, agreed to pay him \$10,000. Our investigation revealed that on October 2, 2020, Dr. Pevec filed a lien seeking payment for medical services he allegedly provided, which Sedgwick had previously denied. Sedgwick's attorney scheduled a Workers' Compensation Appeals Board (WCAB) lien conference.

Interrupting the February 23, 2021, conference that was not going his way, Dr. Pevec told the defense attorney and the judge, "oh, wait a minute." He went on to state that the insurer had offered to settle the claim for \$10,000, he had accepted, and he had the documents to prove it. Within minutes, he emailed Sedgwick's defense attorney the documents which include a letter that appears to be on Sedgwick's letterhead, addressed to him, stating that Sedgwick agreed to settle the claim for \$10,000. Dr. Pevec impersonated Sedgwick by utilizing its logo, business name, and address on the fraudulent letter. The letter Dr. Pevec emailed the lawyer for the insurance company is a forgery through which he attempted to defraud the insurer of \$10,000. The program prosecutor is currently completing the preliminary hearing.

SFDA Special Prosecutions Unit's Public Integrity Team uncovered a case of insider fraud in the San Francisco City's Department of Human Resources, Workers' Compensation Division. The manager of the division, Stanley Ellicott, was investigated and arrested for misuse of public funds after it was discovered that he and a colleague were stealing funds from the city through a scheme of buying electronic devices with funds earmarked for a program and then selling the devices online and keeping the money from the sales. Search warrants were executed and bank records were obtained. Investigator Michael Reilly found that defendant had created an Illinois corporation which he registered with the city as a vendor for Workers' compensation services for injured city employees. The corporation was a front for theft. The city is self-insured. Ellicott's job was to maintain and ensure the fiscal integrity of the city's workers compensation system. He created fraudulent invoices for his Illinois Corporation, and he approved the payments himself or ordered his subordinates to pay the invoices. The money was then transferred from the corporation into Ellicott's personal bank account. This illegal activity took place over 5 years and resulted in a loss of over \$600,000 to the city's workers compensation program. The assigned ADA has filed motions to freeze and seize the stolen funds after the Investigator traced the money. ADA Erin Loback and Investigator Reilly are handling this case. It is currently in litigation.

These cases are evidence that SFDA is handling more and more complex cases of premium fraud and provider fraud, as well as, insider fraud. These types of cases are the largest cost drivers in workers compensation insurance premiums. In order to make a significant difference in the levels of fraud and to level the playing field for all businesses, we must not shy away from prosecuting these complex cases. These cases require a great deal of time and resources, both of which are limited. SFDA has shown our commitment to reducing workers compensation insurance fraud and by publicizing prosecutions, we are deterring future fraudulent behavior.

2. Applicant Question: Task Forces and Agencies

List the governmental agencies and task forces you have worked with to develop potential workers' compensation insurance fraud cases.

Applicant Response:

California Department of Insurance (CDI)

California State Licensing Board (CSBL)

California Department of Industrial Relations (DIR)

California Employment Development Department (EDD)

California Department of Motor Vehicles (DMV)

California Department of Justice (DOJ)

California Franchise Tax Board (FTB)

California Secretary of State (SOS)

State Compensation Insurance Fund (SCIF)

San Francisco Police Department (SFPD)

San Francisco Sheriff's Office (SFSO)

San Francisco Department of Building Inspection (SFDBI)

San Francisco Office of the Assessor-Recorder

San Francisco Treasurer & Tax Collector

San Francisco Department of Human Resources (DHR)

San Francisco Medical Examiner's Office (SFME)

San Francisco City Attorney's Office

San Francisco District Attorney Special Prosecutions Unit

Federal Bureau of Investigations (FBI)

Department of Homeland Security

Tax Recovery in the Underground Economy Task Force (TRUE)

Santa Clara County Workers Exploitation Task Force

Golden Gate Workers Compensation Fraud Consortium

California Medical Board

California Department of Pharmacy

3. Applicant Question: Unfunded Contributions

Specify any unfunded contributions and support (i.e., financial, equipment, personnel, and technology) your county provided in Fiscal Year 23-24 to the workers' compensation insurance fraud program.

Applicant Response:

The SFDA's Office is committed to the effective prosecution of Workers Compensation Insurance fraud. Our commitment is evidenced by our extensive unfunded contributions to our program, year over year. Without these unfunded contributions our program would not operate effectively.

The program manager, Managing Assistant District Attorney, Tina Nunes Ober's salary is not funded by any grant. Ms. Nunes Ober devotes 70% of her time to managing the insurance fraud grant programs at SFDA. That includes supervising the attorneys on the team, assigning cases, reviewing FD-1's referred to SFDA, providing training and outreach and acting as the primary liaison with our partner agencies. She is a career prosecutor with 30 years of experience, spanning three counties in California. Ms. Nunes Ober conducts initial review of referrals in conjunction with SFDA paralegal Valerie Blasi and Lt. Molly Braun. This allows us to efficiently close out any referrals early in the process, if there are insurmountable proof problems, thereby, freeing up the time of the personnel who are grant funded.

In addition, our supervising investigator, Lt. Molly Braun's salary is unfunded. Lt. Braun also reviews FD-1's when they come into the office. Again, this frees up time for the investigators who are grant funded to work on provable cases. Lt. Braun supervises all of our investigators in the Economic Crimes Unit. She also assists in the writing and execution of search warrants. Lt. Braun trains the investigators on our team and acts as the primary contact for investigators in allied agencies.

SFDA used 251 hours of unfunded Investigator hours to execute 5 search warrants and 2 arrest warrants on a large medical provider case (discussed in Successes). In addition, SFDA's Public Integrity Unit investigated a San Francisco City employee for fraud and misuse of public funds. When the evidence from the search warrants was examined, the unfunded investigator and ADA uncovered evidence of \$627,000 in funds stolen from the city of San Francisco, a self-insured entity, Workers' Compensation system. This complex insider fraud case is being handled by the public integrity unit however, there are multiple counts of Workers Compensation Insurance Fraud charged in a new case against this CCSF employee.

SFDA also has three paralegals who provide support, as needed, to grant attorneys and investigators. In addition, we recruit volunteer interns from undergraduate programs and law schools. These clerks and interns are eager and motivated to work with our staff. We currently have three undergraduate interns and they have assisted with various projects on grant cases.

We have a technology team that assists with all of our technology needs. None of our technology support is grant funded. Our communications team is also not grant funded. The communications team writes and releases all of our press releases. They also maintain our social media accounts and use those sites to disseminate information to the public on cases of interest.

We have also received assistance from our data analysis team. Specifically, on the Cullinane premium fraud case where data analyst spent many hours reviewing and analyzing evidence obtained in the execution of multiple search warrants. Overall SFDA contributes many unfunded staff hours to the prosecution of Workers Compensation Insurance fraud. We attempt to use our funded staff effectively and efficiently on investigating and litigating cases.

4. Applicant Question: Personnel Continuity

Explain what your county is doing to achieve and preserve workers' compensation fraud institutional knowledge in your grant program. Also detail and explain the turnover or continuity of personnel assigned to your workers' compensation insurance fraud program. Include any rotational policies your county may have.

Applicant Response:

SFDA understands the importance of personnel continuity in the area of Workers Compensation Insurance fraud. In our effort to meet the goals of both the Fraud Assessment Commission and the Insurance Commissioner, we have maintained our attorney and investigator staffing levels in our unit, despite the growing challenges in retention and hiring that we and many other employers have been facing over recent years. We currently have three attorneys, two investigators and a paralegal (.5 FTE) assigned to our program. Our investigators are solely assigned to Workers Compensation Insurance fraud cases. We also have one attorney who is working on one large, complex case and is partially assigned to our program (.15 FTE).

Our most experienced attorney, Alex Fasteau, has been assigned to the unit for 8 years. They have over 20 years of prosecutorial experience in both Solano and San Francisco counties. One of our greatest successes in FY 23-24, was the charging and arrest of two suspects for medical provider fraud. Dr. Gary Martinofsky is a QME practicing primarily in San Francisco but also in Contra Costa County. The investigation was extensive and took three years to complete. Also charged and arrested was Dr. Martinofsky's assistant and mother-in-law, Raisa Rikoshinsky. Our investigators teamed up with CDI detectives to execute 5 search warrants and the 2 arrest warrants. This case is currently in the early stages of litigation. Without the knowledge and expertise of Investigator Michael Morse and ADA Fasteau, we could not have successfully investigated and charged this very complex case. This case is a prime example of the importance of personnel continuity and SFDA's dedication to meeting that goal, whenever possible. ADA Fasteau will be leaving SFDA at the end of June and their cases are being re-assigned to ensure continuity. We are already working on filling their position with experienced candidates and hope to have a replacement prior to ADA Fasteau's last day.

ADA Fasteau has handled some of the most serious felony cases, including sexual assault and human trafficking. They presented at AFA this year, along with Lt. Molly Braun, on the complex case they settled in FY 22-23, *People v. GMG Janitorial & Gina Gregori*. The GMG case is still being litigated due to the contested distribution of assets remaining in the receivership.

Assistant District Attorney, Stephanie Zudekoff was assigned to our unit from August 2018 until October 2023. ADA Zudekoff was assigned in October 2023 to our newest grant, Organized Retail Theft, Vertical Prosecution. Prior to ADA Zudekoff's move, she successfully prosecuted many of our most complex Workers Compensation Insurance Fraud cases. In our successes section, we have detailed her successful settlement of the B&A/Bilafer case, a premium fraud case.

In 2022, Rebecca Friedemann Zhong joined SFDA. ADA Zhong joined our office in January 2022 and spent several months on our general felonies team where she gained valuable courtroom experience. ADA Zhong is currently handling a complex premium fraud case and is taking over the medical provider fraud case against Dr. Gary Martinofsky and Raisa Rikoshinsky. We have assigned two ADA's to co-chair that case. The level of complexity requires the commitment and dedication of precious staffing resources. SFDA understands that medical provider cases are cost drivers in the Workers Compensation system and present public safety risks when injured workers are not receiving proper treatment or are receiving unnecessary treatment in the form of unnecessary invasive procedures or prescription drugs.

ADA Zhong joined us after a stint in private practice where she represented white collar defendants. She has been a member of the California Bar since December 2018 after graduating from University of California, Davis, School of Law.

ADA Antonio (Tony) Hernandez was assigned to replace Stephanie Zudekoff in October 2023. ADA Hernandez was handling real estate fraud, public assistance fraud and asset forfeiture for 10 years, making him well-versed in prosecuting fraud in San Francisco. He is a 26-year prosecutor with trial experience in general felonies, major narcotics, domestic violence, community court/neighborhood DA, preliminary hearings and misdemeanors. Prior to joining the SFDA's Office, he worked for a year at the United States Attorney's Office in San Diego where he prosecuted border crimes. ADA Hernandez is a graduate of UCSF Law School and earned a BA in Political Science from University of California, San Diego. ADA Hernandez is co-chairing complex cases with ADA Zhong along with handling his own cases.

Managing Assistant District Attorney Tina Nunes Ober has been the program manager since March 2022. ADA Nunes Ober joined SFDA in April 2019 after serving 21 years in the Santa Clara County District Attorney's Office and prior to that she served 4 years with the Ventura County District Attorney's Office. ADA Nunes Ober has 30 years of prosecutorial experience and has handled every aspect of criminal and civil prosecutions in that time. She spent over 7 years prosecuting complex environmental and consumer protection cases against national corporate defendants with many cases being multi-jurisdictional prosecutions. ADA Nunes Ober also worked on the only statewide consumer protection case to go to trial in California.

Investigator Michael Morse was reassigned to Workers Compensation Insurance fraud in May 2023 after a one-year hiatus on another team. Prior to joining SFDA in February 2018, Investigator Morse was a peace officer with the Oakland Police Department for 28 years. He has been on the Workers Compensation team for 5 of his 6 years at SFDA. He has received training on Workers Compensation Insurance fraud and related topics from the North Bay High Impact Workers Compensation Fraud Consortium, the National Insurance Crime Bureau (NICB), California Department of Insurance (CDI), California District Attorneys Association (CDAA) and the Anti-Fraud Alliance (AFA).

Investigator Marisa Sullivan joined the SFDA's Office two years ago. She has been assigned to Workers Compensation Fraud since May 2023. Investigator Sullivan came to our office from California Department of Insurance (CDI) where she investigated dozens of insurance fraud cases. Prior to joining CDI, Investigator Sullivan was a peace officer with the San Mateo Police Department. Investigator Sullivan was also a government contracted investigator with the Drug Enforcement Administration (DEA) and the Central Intelligence Agency (CIA). She graduated from the California Police Officers Standards and Training (POST) certified Regular Basic Course Academy at the Contra Costa County Law Enforcement Training Center in May 2018.

Investigator Sullivan's training and experience includes attending 4 weeks of training courses on fraud crimes through the Basic Investigators Course and Basic Fraud Investigations Course while employed by the California Department of Insurance. Additionally, she has experience in surveillance, enforcement of applicable laws and statutes, evidence collection, report writing, writing and executing search warrants, and interviewing of suspects, witnesses and victims. Investigator Sullivan has investigated or assisted with investigations of cases regarding various forms of theft, fraud, homicide, burglary, robbery, domestic violence, sexual abuse, parental abductions, vehicular accidents, international terrorism, narcotics and officer involved incidents. In addition, she has experience in evaluating documents, financial records, telephone records, utility listings and evidence to determine the nature and extent of whether a crime was committed. Investigator Sullivan has participated in joint investigations with county task forces, federal agencies and other local police and sheriff departments.

Lieutenant Molly Braun has been a sworn peace officer for 26 years. She has been a fraud investigator since 2016. Prior to joining the SFDA's Office, Lt. Braun was a patrol officer with SFPD for 9 years. She is a graduate of the University of San Francisco where she earned a bachelor's degree in Sociology and a master's degree in public administration.

Paralegal Valerie Blasi has a background in mortgage insurance mitigation review, specialized bank administration, and food industry survivorship. Ms. Blasi has been with the San Francisco District Attorney's Office since 2015. Her extensive work experience on varied and complex assignments, combined with her dedication to continually improve processes, allows her to contribute strongly to Insurance Fraud Unit case reviews. She has been working with insurance grant cases since November of 2018. She continues to be a valuable resource and asset to the team, and the Office as a whole. Ms. Blasi has completed insurance fraud training courses on her own initiative and on her personal time. She has successfully completed two courses.

5. Applicant Question: Frozen Assets Distribution

Were any frozen assets distributed in the current reporting period?

If yes, please describe. Assets may have been frozen in previous years.

Applicant Response:

No

Sub Section Name: Staffing

1. Applicant Question: Staffing List

Complete the chart and list the individuals working the program. Include prosecutor(s), investigator(s), support staff, and any vacant positions to be filled.

All staff listed in your application budget must be included in the chart.

For each person, list the percentage of time dedicated to the program and the start and end dates the individual is in the program. The entry in the "% Time" field must be a whole number, i.e. an employee who dedicates 80% of their time to the program but is only billed 20% to the program, would be entered as "80" in the "% time Dedicated to the Program".

Applicant Response:

| Name | Role | Start Date | End Date (leave blank if N/A) | % Time Dedicated to the Program |
|--------------------------|-----------------------------|------------|-------------------------------|---------------------------------|
| Alex Fasteau | Assistant District Attorney | 03/01/2016 | 04/26/2024 | 45 |
| Antonio (Tony) Hernandez | Assistant District Attorney | 10/16/2023 | | 45 |
| Rebecca Friedemann Zhong | Assistant District Attorney | 07/01/2022 | | 60 |
| Conrade Del Rosario | Assistant District Attorney | 03/02/2011 | | 15 |
| Michael Morse | Investigator | | | 100 |
| Marisa Sullivan | Investigator | | | 100 |
| Valerie Blasi | Paralegal | | | 50 |

Applicant Comment:

The position which was held by ADA Fasteau will be filled after their departure on April 26, 2024.

2. Applicant Question: FTE and Position Count

The staff and FTE included in the chart below MUST MATCH the staff and FTE listed in your application budget. Do not include unfunded personnel.

The "# of Positions" field represents people and must be entered in whole numbers. The "FTE" field must be entered as a decimal and represents the Full Time Equivalent (FTE) for all budgeted personnel in that position.

E.g. Two Attorneys who are billed to the program at 80% each would be entered as "2" in the # of Positions field and

"1.60" in the FTE field.

Reminder: This chart MUST match your application budget.

Applicant Response:

| Salary by Position | # of Positions (whole numbers) | FTE (1.00 = 2080 hours/year) |
|--|--------------------------------|------------------------------|
| Supervising Attorneys | | |
| Attorneys | 4 | 1.65 |
| Supervising Investigators | | |
| Investigators (Sworn) | 2 | 2.00 |
| Investigators (Non-Sworn) | | |
| Investigative Assistants | | |
| Forensic Accountant/Auditor | | |
| Support Staff Supervisor | | |
| Paralegal/Analyst/Legal Assistant/etc. | 1 | .50 |
| Clerical Staff | | |
| Student Assistants | | |
| Over Time: Investigators | | |
| Over Time: Other Staff | | |
| Salary by Position, other | | |
| | Total: 7.00 | Total: 4.15 |

3. Applicant Question: Organizational Chart

Upload and attach to this question an Organizational Chart; label it "24-25 WC (county name) Org Chart".

The organizational chart should outline:

- *Personnel assigned to the program. Identify their position, title, and placement in the lines of authority to the elected district attorney.*
- *The placement of the program staff and their program responsibility.*

Applicant Response:

24-25.WC.SF.Org Chart.pptx - POWERPOINT PRESENTATION

Sub Section Name: Problem Statement & Program Strategy

1. Applicant Question: Problem Statement

Describe the types and magnitude of workers' compensation insurance fraud (e.g., claimant, single/multiple medical/legal provider, premium/employer fraud, insider fraud, insurer fraud) relative to the extent of the problem specific to your county.

Use local data or other evidence to support your description.

Applicant Response:

The San Francisco District Attorney's Office has identified certain issues that are specific to workers' compensation insurance fraud in San Francisco. Consistent with the concerns of the insurance commissioner and the Fraud Assessment Commission, the SFDA truly recognizes that medical provider fraud and premium fraud are the major cost drivers in workers compensation insurance fraud. San Francisco has an underground economy that impacts many sectors and businesses, in particular construction. The City of San Francisco (CCSF) is the largest employer in the city and is self-insured for all workers' compensation claims, fraudulent claims by city employees can drain the budget for the employer department which can result in fewer resources to fund vital services to the public. And as we learned this year, insider fraud in CCSF government can dilute public trust well as deplete valuable funds from the city's coffers.

Medical provider fraud is a major cost driver for the workers compensation insurance industry. According to the California Department of Industrial Relations (DIR), as of September 29, 2022, 178 medical providers were suspended from the workers compensation system. Since 2017, 649 providers have been suspended. DWC initiated new lien consolidation cases estimated at \$75 million for providers who were convicted of fraud-related offenses in 2022.

SFDA has prioritized these complex cases. Last fiscal year, we filed a case against a chiropractor, Dr. Marijian Pevec. In this case, the defendant filed a fraudulent document with the Workers Compensation Appeals Board where he attempted to obtain \$10,000 which the insurance company had previously denied. We also filed charges in a large medical provider case (*People v. Martinofsky and Rikoshinsky*). The case involves 40 counts of fraud including, upcoding, double billing, billing for services not rendered, and charging in excess of official medical fee schedules. In this case which we filed in December 2023, the SFDA investigator worked with DIR data analysts, CCSF, and three SIU's to search and obtain data to prove this provider had double billed and committed other types of billing fraud. This complex case was referred to SFDA by the city of San Francisco. Dr. Gary Martinofsky is a QME in the CCSF provider network. CCSF discovered numerous potentially fraudulent liens, submitted by this medical provider. This is an example of how public taxpayer funds can be stolen by a provider to the detriment of all of San Francisco's residents. The funds which are intended to be used for public benefit can be taken by a greedy and self-serving provider. CCSF, like many cities, is facing budget shortfalls in coming years. It is therefore imperative that fraud be rooted out and that we deter future bad actors from defrauding the public and stealing tax dollars meant for the treatment and protection of CCSF workers injured at their work sites.

SFDA also discovered major fraud committed by CCSF employee, Stanley Ellicott, who was in charge of overseeing the city's Workers Compensation System and ensuring its fiscal integrity. Ellicott was being investigated for other types of fraud and misuse of public funds when an investigator assigned to the case found evidence of theft of Workers Compensation funds to a sham corporation set up by Ellicott. The funds were then traced to Ellicott's bank account. These are funds that were intended for the use and benefit of injured city employees. These funds were stolen from the public.

The second problem that we are seeing more of in San Francisco is premium fraud. Data from the Coalition Against Insurance Fraud, estimated in August, 2022, that Workers Compensation premium fraud amounted to \$3 billion. This was a baseline estimate by Frank Neuhauser of the University of California, Berkeley. SFDA has also received many referrals for premium fraud this last fiscal year. A years-long investigation into premium fraud at Cullinane Plastering resulted in a very complex case which SFDA is currently litigating with assistance from multiple partner agencies. The case was much more complex than it appeared at the outset and has required a great deal of resources to execute the warrants and to litigate legal issues.

Premium fraud causes tremendous losses to the insurance carriers and puts honest employers at a disadvantage when competing with dishonest employers. Additionally, along with premium fraud, we are finding injured workers being further harmed as they are not receiving proper care or medical treatment for what can amount to very serious and long term injuries. In the case of Cullinane Plastering, the premium and payroll tax fraud came to light when an injured employee was not offered medical care through the Workers Compensation System. The employee was seriously injured and the defendants offered to pay for chiropractic treatments. After a year the injury was still not resolved and only then did the defendants report the injury to their Workers Compensation insurance carrier. The defendants used an injury date that was over a year old. And it was discovered that they used a shell corporation to hide their payroll, thereby reducing their premiums.

San Francisco is a city of 808,437 residents, per the United States Census data from July 2022. According to the census, 34.2% of San Francisco residents are foreign born. The Legislative Analysts Office reported in 2021 that 19.5 % of San Francisco residents identify as limited English proficiency. The report found further that 43.1% of San Francisco residents over the age of 5, speak a language other than English in their homes. Workers with limited English proficiency are more vulnerable to being preyed upon by dishonest employers. Not only can these workers be paid less than minimum wage due to their language differences, but they can also be preyed upon by unscrupulous

medical providers or employers who do not give them care for work-related injuries through the Workers Compensation system. This is a public safety concern. Workers may suffer long term or permanent disabilities when the proper care is not provided at the outset. Alternatively, they could also be given substandard or unnecessary treatments from an unscrupulous medical provider.

San Francisco is also home to underground economies. Underground economy refers to businesses and employers using various schemes to avoid paying workers compensation insurance, payroll taxes and other labor related expenses mandated by federal, state and local regulations. Employers engaging in the underground economy will do the following:

1. Pay employees in cash to avoid payroll taxes;
2. Underreporting the number of employees working for the business and wages paid to employees;
3. Declaring to a regulatory agency that the employer has the required workers' compensation policy when there is no policy or alternatively, when the employer has a policy that misrepresents the employee's wages and/or the activity of the business;
4. Misclassifying employees as independent contractors to pay lower premiums for workers compensation insurance;
5. Committing wage theft.

The underground economy is prevalent in San Francisco for several reasons including the minimum wage in San Francisco being \$7 over the federal minimum wage; the real estate values fuel the construction industry as a major contributor to the local economy and many people in the city's labor supply are recent immigrants and/or speak a language other than English as their first or only language, as previously mentioned.

San Francisco's previous economic boom resulted in a massive impact on the real estate market which increased construction in the city. Much of that construction is ongoing despite the economic slowdown and the decrease in San Francisco's population. Underground economy rears its head very often in the construction industry. Employees may be misclassified or paid in cash to reduce premiums and/or payroll taxes.

According to data from LinkedIn.com, CCSF employees 32,000 people. CCSF is self-insured. SFDA works with CCSF's Human Resources Workers Compensation Division to prosecute claimant fraud cases. The cost of a Workers' Compensation claim is charged back to annual budget of the department where the employee worked at the time of the injury. So it is very important that fraudulent claims be detected, not only because of staffing shortages created when someone is placed on disability but due to potential budget shortfalls. Departments are forced to reallocate limited public dollars that could otherwise have been used for public services, city projects and programs.

2. Applicant Question: Problem Resolution Plan

Explain how your county plans to resolve the problem described in your problem statement. Include improvements in your program.

Information regarding investigations should be given a reference number and details provided only in the Confidential Section, question 1 (County Plan Confidential Investigation Details).

Specify how the district attorney will address the workers' compensation insurance fraud problem, defined in the Problem Statement, through the use of program funds.

The discussion should include the steps that will be taken to address the problem, as well as the estimated time frame(s) to achieve program objectives and activities.

The response should describe:

- The manner in which the district attorney will develop his or her caseload;
- The sources for referrals of cases; and
- A description of how the district attorney will coordinate various sectors involved, including employers, insurers, medical and legal providers, CDI, self-insured employers, public agencies such as the Department of Industrial Relations, Employment Development Department, and local law enforcement agencies.

Applicant Response:

Applicant response.

The SFDA will resolve the concerns identified in our problem statement by continuing our commitment to personnel continuity, personnel training, collaborating with partner agencies and focusing on building our caseloads so that we can target the major cost drivers in the Workers Compensation System. We will also continue to collaborate with partner agencies and provide outreach and training, particularly to SIU's.

Recognizing that this area of law can be complex and requires a great deal of expertise and time to acquire knowledge, SFDA intends to maintain a minimum of two full-time investigators assigned to Workers Compensation fraud cases. We would like to eventually add a third investigator. However, at the present moment, we are experiencing staffing and hiring difficulties, like many of our colleagues across the state. Therefore, we are focusing on training the two investigators currently assigned to our team. We will use some of our grant funds for training so that we can more quickly train our investigators. Going to training also builds a network of colleagues who can assist us and whom we can assist. Our investigators will benefit from any and all collaborations with other investigators and with SIU staff, as well as analysts and forensic accountants at partner agencies. We would like to have our investigators learn more about digital evidence and how to retrieve it. Because we have to do more with less right now, it is vital that we train our investigators to become experts in workers compensation fraud investigations so that we can increase efficiency which will allow us to investigate and prosecute more cases.

We also hope to add another ADA to the team in the future, as resources become available. Premium and provider fraud cases can be massive in the scale of discovery and evidence organization. We have focused on these two types of cases, while still prosecuting claimant cases. However, we would like to assign two ADA's to these complex cases, as we have done with Cullinane Plastering and Martinofsky. This allows for smoother and more efficient litigation as the attorneys are able to help each other, cover for each other and divide the work.

We will also focus on more training for our attorneys. Again, we have to do more with less, so we have to build our expertise and maintain our staffing levels and our personnel for long periods of time. It is not efficient or effective to have frequent turn over on our team. We have found a successful formula and we plan to stay with it for the long term. As our attorneys grow in expertise and experience, they will become experts in workers compensation fraud and can train other attorneys across California. ADA's will also attend more training events across the state. We attended the CDAA Fraud Symposium and AFA's Annual Anti-Fraud Conference. We will attend the NICB training in Vacaville in October.

In order to build our caseload, we will continue to collaborate and meet regularly with CDI. CDI Golden Gate Regional Office has been very helpful in executing search warrants in the Cullinane Plastering and Martinofsky cases and also in analyzing the evidence that was seized in those case, particularly the digital evidence. We will maintain our regular case review meetings. ADA's work closely with the CDI investigators assigned to joint cases. The ADA's will assist with case investigation plans. Building and strengthening those relationships is mutually beneficial. Much of our 22-23 and 23-24 successes can be attributed to our collaboration with CD and SCIF, as well as other SIU's.

We will also continue to meet regularly with SCIF. Our case review meetings have been very helpful for SFDA. SCIF has many experienced analysts and SIU staff who have helped us to develop cases. They have played a big role in our 22-23 and 23-24 fiscal year successes. They will also be instrumental in litigating the Martinofsky case, in which they were one of the victims. We look forward to learning more about how to use data analytics and data experts in proving our cases. SCIF staff is very knowledgeable, and we have learned a lot from their experts.

We have collaborated with DIR and EDD on cases in the last year. We will work to strengthen those relationships. DIR provided us with very useful data analytics for the Martinofsky case.. EDD assisted in execution of search warrants and interviewing employees in Cullinane Plastering. It is vital to continue these collaborative efforts.

In the next fiscal year, we will send out more 3700.5 letters to San Francisco businesses to ensure they have Workers Compensation Insurance. We plan to use any unfunded resources available to accomplish this goal. And investigators will contact any employers who fail to provide proof of insurance. We also intend to do site checks with CSLB, any time they request our assistance. Construction site checks also assist in reducing the amount of underground labor tactics used in that industry.

We will continue to participate in the Golden Gate Workers Compensation Fraud Consortium and will fill in any leadership gaps in the group. Having a group of knowledgeable prosecutors, investigators and other staff with whom we can discuss cases and legal issues has really been key to our team's development. We also have a good working relationship with District Attorneys' offices outside of the Golden Gate region. We have received assistance on various issues from the Santa Clara District Attorney, the Orange County District Attorney and the Ventura County District Attorney. Santa Clara County and San Mateo County District Attorneys are now a part of the Golden Gate Workers Compensation Fraud Consortium.

In the next fiscal year, we will reach out to the CCSF Human Resources Workers Compensation Department to have regular meetings with representatives of that department. Since CCSF is self-insured, losses due to fraud impact our entire community in various ways as we discussed previously. Maintaining communication with CCSF's Workers Compensation unit is vital, given the potential losses due to fraud schemes such as the one perpetrated by Stanley Ellicott. We will also reach out to our partners at San Francisco Police Department to learn more about how we can work together to enforce the law in this area.

Over this last fiscal year, our team has developed and learned a great deal. We look forward to continuing to improve and build upon our successes so that we can tackle the major cost drivers in Workers Compensation.

3. Applicant Question: Plans to Meet IC and FAC Goals

What are your plans to meet the announced goals of the Insurance Commissioner and the Fraud Assessment Commission?

If these goals are not realistic for your county, please state why they are not, and what goals you can achieve. Include your strategic plan to accomplish these goals. *Copies of the Goals can be found in the Announcement Attachments, 4g and 4h.*

Applicant Response:

Investigating and Prosecuting Medical Provider Fraud

In line with the Insurance Commissioner's stated objectives, as well as the Fraud Assessment Commission's goals, SFDA recognizes the importance of combating the harm caused by medical provider fraud. SFDA has prioritized the investigation and prosecution of medical provider fraud, recognizing the danger this type of fraud poses, not only in terms of economic loss, but also to innocent injured worker claimants. In March of 2020, SFDA initiated a new investigation of a medical provider, Dr. Gary Martinofsky and his corporation Integrated Pain Care (IPC). In December 2023, District Attorney Investigator Michael Morse completed the extensive investigation into Dr. Martinofsky and IPC. SFDA along with CDI Detectives executed 5 search warrants and 2 arrest warrants. Forty counts of workers Compensation Insurance fraud were filed. Dr. Martinofsky and Raisa Rikoshinsky (Martinofsky's assistant and mother-in-law) were both arrested. Both of their residences were searched along with IPC offices in both San Francisco and Contra Costa counties. Martinofsky, Rikoshinsky and IPC are facing charges of fraudulent billing. Approximately \$25 million in liens filed by the defendants against multiple carriers are now stayed pending the outcome of the case which is still evolving as seized evidence is being evaluated and investigation is ongoing. This has been one of the most complex investigations our unit has conducted; however, our program prosecutor and investigator have not shied away from the complexity and have utilized significant resources in order to complete this complex investigation, including collaborating with multiple partner agencies.

In March 2022, the SFDA filed forgery and attempted fraud charges against medical provider Chiropractor Marijan Mateus Pevec. That case is currently in litigation and we expect the preliminary hearing to be completed shortly after this application is submitted.

Performance and Continuity within the Program

We continue to be aware of the need to ensure that the grant money we receive is used wisely. 'The SFDA continues to assign experienced prosecutors and investigators to the grant-funded positions. Managing Attorney Tina Nunes Ober has led our program prosecutors for over 2 years. ADA Fasteau has been a program prosecutor for 8 years. ADA Friedemann Zhong has been a program prosecutor for almost 2 years. ADA Tony Hernandez is a 26-year prosecutor who took over ADA Zudekoff's position when she was re-assigned. ADA Del Rosario and investigators in other units continue to assist our team. Lieutenant Molly Braun has led our workers' compensation fraud investigators for almost 4 years. Our two assigned investigators have been on the team for a year, and both have extensive previous experience in Workers Compensation Insurance Fraud Investigations. Investigator Michael Morse was previously assigned to the team and has spent 5 of his 6 years at SFDA in the Workers' Compensation fraud unit. Investigator Marisa Sullivan came to SFDA from CDI and is well-versed in insurance fraud investigations.

Outreach

The SFDA fully understands the deterrent effect of a coordinated and aggressive outreach strategy. We work closely with our office's director of communications to ensure that our workers' compensation fraud arrests are publicized via press

releases. This fiscal year and last we have used press releases with great success. The releases are also posted on the SFDA website and social media. Several of our press releases have received 1,000's of views. Bringing public attention to these important cases acts as a deterrent to potential fraudsters. The press releases also inform the people we serve about insurance fraud and encourages anyone, who may have information on an insurance fraud case, to report that information to law enforcement. The SFDA has also found that our Employer Compliance Program continues to be a useful form of outreach. Now in its fifth year, we continue to bring employers into compliance with California's insurance requirements. During this process, we receive tips from both employers in compliance and employers out of compliance regarding other businesses in their area that are not properly insured. We also reach out to businesses to inform them of their legal requirements to maintain workers compensation insurance. This past year, we accomplished our 2022-2023 program goal with our "One Lie-We All Pay" outreach campaign, distributing pamphlets in Spanish, English, and Chinese. In the 2024-2025 fiscal year, we will continue to collaborate with the SFDA Neighborhood Prosecutions Team as well as our Consumer Mediation Team to educate community members, including vulnerable, monolingual workers on how to identify and report workers' Compensation fraud, and thus increase awareness throughout San Francisco. SFDA also hired a new ADA to handle our Workers' Rights Protection Unit. ADA Ernst Halperin returned to SFDA and is working closely with the Workers Compensation Insurance Fraud ADA's to uncover premium fraud in cases where wage theft is present and being prosecuted.

SFDA ADA Alex Fasteau and Lt. Molly Braun presented at AFA this year. They presented a case study of a complex premium fraud case that SFDA settled last year, The presentation was well-attended and well-received by the attendees who actively engaged and asked many insightful questions. Teaching and sharing our successes and challenges in this case will hopefully assist our colleagues around the state when they come across a premium fraud case. In the 24-25 fiscal year, our program prosecutors will expand our training efforts by sharing our knowledge and experiences with our agency partners and colleagues. We will continue to collaborate with and educate Special Investigations Units (SIUs) on investigating workers' compensation fraud and the evidence needed for successful prosecution

We will also continue our active participation in the Golden Gate Workers' Compensation Consortium (GGWCC) - a collaborative association of Bay Area District Attorney's Offices and justice partners. Together with GGWCC, we will plan and execute our annual training for SIUs and other investigators on issues that arise in workers' compensation fraud cases. Most importantly, we will continue our one-on-one training and outreach to individual SIU's who submit FD-1s to our Office. We have a long-standing practice of contacting these SIUs to educate them on how to improve their investigations and submissions. The SFDA knows that the sharing of experiences and best practices with our peers in the Bay Area increases the effectiveness and efficiency of our investigations.

Balanced Caseloads

The SFDA strives to maintain a balanced caseload and has been successful in so doing. We are investigating several cases in which restaurants, construction companies, and other businesses are operating in the underground economy while committing premium fraud, as well as defrauding employees through various means, including wage theft and denial of benefits. The SFDA is prosecuting claimant fraud by employees of private businesses as well as by employees working for the CCSF. In so doing, we are not only taking on a problem that causes a negative fiscal impact on the workers' compensation system, but we are also combatting the misuse of public funds. This year, SFDA's Public Integrity team filed a complex insider fraud case against a city employee. The city employee was managing the city's workers compensation unit. The defendant was responsible for safeguarding the fiscal integrity of the city's workers compensation system. He defrauded the system to the tune of over \$600,000.

The SFDA is making impactful, low-cost efforts to discover and bring into compliance willfully uninsured employers within the underground economy through our continued Employer Compliance Program. SFDA has taken on the prosecution of complex premium and provider fraud cases. These cases are resource intensive. However, we do not shy away from complex cases. We are committed to tackling all types of fraud on the workers compensation system and we hope to increase our caseloads in the coming fiscal year. We also hope to increase our staffing when we are able.

Funding of and Performance Within the Program

The SFDA understands the importance of holding those who commit fraud accountable for their actions. The SFDA will continue to evaluate the value of each case independently and decide the disposition that balances all our legal and ethical obligations, which include our obligations under California's Victims' Bill of Rights, otherwise known as "Marsy's Law".

Joint Plans and Memorandum of Understanding

SFDA annually executes a Memorandum of Understanding with the Department of Insurance, Fraud Division, entitled "Joint Investigative Plan". The stated goals of the Joint Investigative Plan are to ensure that our offices "operate in a cooperative effort to achieve successful fraud prosecutions in the County of San Francisco, to "avoid duplicating efforts," and "maximize the use of limited resources." By following the Joint Investigative Plan, we have achieved these goals. Last year, the SFDA and the Department of Insurance, Fraud Division met to discuss changes to our Joint Investigative Plan. Changes were adopted that will streamline the investigative process for all parties as well as facilitate the sharing of information related to dispositions. We will continue to meet annually to execute a Joint Investigative Plan as it ensures the Plan always meets the investigative needs of all parties.

SFDA has also joined in a Memorandum of Understanding with the Golden Gate Workers' Compensation Fraud Consortium which has grown to include the Counties of Alameda, Contra Costa, Humboldt, Marin, Napa, San Francisco, Solano, and Sonoma, as well as the Department of Insurance. This year, we added Santa Clara and San Mateo District Attorneys to the consortium. The Consortium emphasizes identifying complex workers' compensation fraud cases that may be multi-jurisdictional to more effectively investigate and prosecute these cases. Furthermore, the Consortium works to educate and share information about current trends and patterns related to complex fraud cases in the region with SIUs, regulatory agencies, public entities, and other law enforcement agencies.

In March 2018, the SFDA entered into a Joint Plan of Action on combating Workers' Compensation Fraud and a Data Sharing Agreement with DIR to share designated information to combat workers' compensation fraud. The purpose of the Joint Plan of Action was to formalize the process of identifying the information to be shared between the SFDA and DIR and coordinating the effort of identifying suspected workers' compensation fraud. The SFDA plans to explore the potential for entering into an agreement with EDD that would streamline our ability to obtain evidence related to premium fraud investigations. The SFDA collaborated with EDD's TRUE Task force to execute location search warrants during a large operation that included CDI. The SFDA continues to work with EDD's TRUE Task Force investigators to confirm when unemployment tax fraud is suspected to have occurred in conjunction with workers' compensation premium fraud. We continue to partner with EDD, federal law enforcement, and various local district attorneys' offices to combat unemployment insurance fraud and workers' compensation premium fraud. We strive to build on this relationship and continue to partner with EDD to obtain information that will allow us to build successful workers' compensation premium fraud investigations.

Last year, SFDA was privileged to meet with NICB in a continuing effort to partner with them and to use their vast data to assist us with our case investigations and prosecutions.

Statutes and Regulations

The SFDA is fully aware of the applicable statutes that relate to workers' compensation fraud. We are constantly evaluating these statutes and discussing their merits when evaluating our investigations and making charging decisions. Additionally, we continue to educate ourselves on the applicable rules and regulations as they are essential in understanding the obligations of our suspects. Should the SFDA identify deficits in the statutes, rules or regulation, the SFDA will bring this to the attention of the Fraud Assessment Commission and CDAA. CDAA may be able to assist in lobbying for any legislative changes that prosecutors need in order to successfully combat insurance fraud.

Strategic Targeting Effort Against Significant Contributors of Workers' Compensation Fraud

In line with the Fraud Assessment Commission's stated objectives of targeting significant contributors of workers' compensation fraud, the SFDA continues to use program funds to focus on investigating the fraudulent activities that have the greatest negative consequence on the workers' compensation system; specifically, medical provider fraud, claimant fraud, and employer premium fraud. Our investigation resulted in the filing of a very complex premium fraud case against three suspects involved in the ownership, operation and management of local construction company Cullinane Plastering (2020-261-001). They are alleged to have engaged in a yearslong scheme: to defraud their victim; by concealing approximately \$5.8 million in unreported payroll to avoid paying insurance premium; and payroll taxes. The alleged fraud was discovered after a Cullinane Plastering employee was seriously injured while working on a job site on May 8, 2019. Instead of informing the injured worker that he was entitled to workers' compensation benefits, the three suspects (Denis Cullinane, Jerry Cullinane, and Gemm Maher) allegedly concealed the employee's existence and injury from their workers' compensation insurance carrier, SCIF, for almost a year. When Maher finally disclosed the injury to SCIF on March 12, 2020, she made multiple alleged misrepresentations about the worker's employment history and injury to further the fraud.

The resulting investigation revealed that Denis Cullinane, Jerry Cullinane, and Maher utilized Jerry Cullinane's Cullinane Construction company to conceal the injured worker's wages from SCIF and the Employment Development Department (EDD) in violation of California law. In addition, the investigation uncovered that Denis Cullinane, Jerry Cullinane, and Maher submitted allegedly fraudulent employee payroll information to SCIF from 2018 through 2020 and to EDD from 2017 through 2020. These fraudulent reports artificially lowered their workers' compensation insurance premium; and tax contributions-both of which are determined in part by employee payroll. This resulted in an estimated \$270,000 loss to SCIF in unpaid premium; and an estimated loss to EDD of over \$300,000 in unpaid payroll taxes (and over \$1.5 million in unpaid taxes and penalties). This case was developed through a multi-agency operation led by the SFDA and conducted in collaboration with investigators from the SFDA, CDI, and EDD. The SFDA successfully petitioned the Court to grant an ex parte order freezing all the defendants' identifiable monetary assets to prevent them from dissipating those assets and to preserve the funds for victim restitution pursuant to Penal Code section 186.11. The SFDA continues to work with CDI's forensic accountants to analyze the multiple terabytes of electronic data seized pursuant to location search warrants executed at business and home locations. The SFDA continues to work with EDD's TRUE Task force to analyze the evidence seized to investigate allegations of unemployment insurance fraud. Also, referring to our provider fraud investigations addressed earlier in this answer, the SFDA reiterate, that we have prioritized the investigation and prosecution of medical provider fraud recognizing the danger this type of fraud poses, not only in terms of economic loss, but also to innocent injured worker claimants. In March of 2020, SFDA initiated a new investigation of a medical provider that is suspected of engaging in double-billing, fraudulent lien billing, and billing for services not rendered. This case was filed in 2023 and continues to be investigated after the press release generated potential fraud referrals from other carriers. SFDA Public Integrity team filed a large and complex insider fraud case against a city employee, Stanley Ellicot was a manager tasked with ensuring the maintaining the fiscal integrity of the city's workers compensation system. The defendant defrauded the system and stole over \$600,000 from the city. These are funds that were dedicated to assisting injured city employees. The SFDA will continue to evaluate all referrals we receive, as well as collaborate with our agency partners, to identify and pursue violators of these high impact activities. The SFDA understands that the use of electronic data systems; can assist in the identification of repeat violators and the detection of patterns of workers' compensation fraud abuses. While the SFDA does not have data analytics available to use for workers compensation fraud, we continue to utilize the data analytics resources offered to us through our agency partners at DIR and CDI. Additionally, the SFDA continues to make a concerted effort to meet with SIUs to discuss workers' compensation fraud and their referrals to our agency. The SFDA recognizes that these meetings held pursuant to Section 1879.1 of the Insurance Code are an important part of assisting our office in identifying, investigating and prosecuting contributors to workers compensation fraud.

4. Applicant Question: Multi-Year Goals

What specific goals do you have that require more than a single year to accomplish?

Applicant Response:

As discussed in other sections of the application, SFDA has been seeing more and more complex premium and provider fraud cases versus simpler claimant fraud cases. We currently have a relatively small team and we are stretching our limited resources to maximum potential so that we can successfully investigate and prosecute all provable cases of workers compensation insurance fraud.

Last fiscal year have successfully filed and are litigating People v. Cullinane by assigning two ADA's to work on this case as a team. We have not done this in the past but we have now found that it works quite well. It allows for coverage of the case at all times and helps the ADA's to learn from one another. Should a complex case go to trial, it is much easier to divide the work between the two assigned ADA's and assist us in holding these cost drivers accountable for their fraud. It also allows for consistency, should we experience a staffing change. A long-term goal is to have 4 ADA's and to assign two to each complex premium and provider fraud case so that we have this successful formula at work in all our large cases.

We would like to increase our ADA and investigator staff to five ADA's, 4 of whom will carry a full insurance fraud caseload, and 3 investigators assigned fully to workers compensation fraud investigations. Unfortunately, hiring and retaining personnel has been quite challenging recently as San Francisco has experienced a loss of population and projected budget shortfalls for the coming fiscal year. Adding to our staff is a long-term goal.

Another goal that will take time is building up our caseloads. As we build stronger relationships with our partner agencies and SIU's, we should see an increase in cases.

San Francisco is home to many substance abuse treatment facilities and care homes. We plan to get investigators out into the field to look into any potential workers compensation insurance fraud in these facilities. We also would like to expand our employer insurance program so that we can ensure that all businesses have the legally mandated coverage for their employees.

We plan to expand the outreach to the community by going to fairs and festivals where our community liaisons will be present and having materials available to educate the public about insurance fraud. We plan to conduct annual trainings for SIU's. We also plan to have SFDA ADA's and investigators present at statewide training events in order to share their knowledge and expertise.

5. Applicant Question: Restitution and Fines

Describe the county's efforts and the district attorney's plan to obtain restitution and fines imposed by the court to the Workers' Compensation Fraud Account pursuant to California Insurance Code Section 1872.83(b) (4).

Applicant Response:

SFDA seeks restitution in every prosecution in which a victim suffers a loss. Restitution is a right under the California Constitution. Moreover, justice is not served until a victim is made whole and compensated by the criminal defendant for any and all financial losses. Victim restitution is a priority in all of our cases.

Where legal and appropriate, SFDA will file a Penal Code Section 186.11(a) enhancement for the taking of over \$100,000 or over \$500,000. In those instances, we will file a motion for a temporary restraining order, a preliminary injunction, asset freezing and seizing and/or appointment of a receiver.

The program attorneys seek the full payment of restitution at the time of guilty plea or sentencing. If the defendant is unable to make full restitution at the time of sentencing, we make partial payment a condition of the plea agreement and request the court order full restitution as a term and condition of probation. We always request an order for full restitution (CR-110/111). These court orders may be enforced by the victim as a civil judgment. SFDA program attorneys will work with the victims to ascertain the amount of loss, as early as possible in the process. Additionally, we ask the court to order the defendant to fill out and file a declaration of assets (CR-115). The CR-115 will assist the victim in enforcing the civil judgment. If the full restitution has not been paid 90 days prior to the expiration of the grant of probation or the conditional sentence terminates, the defendant must file an updated CR-115.

6. Applicant Question: Restitution Numbers

Provide the amount of restitution ordered and collected for the past five fiscal years.

If this information is not available, provide an explanation.

Applicant Response:

| Fiscal Year | Restitution Ordered | Restitution Collected |
|-----------------------|---------------------|-----------------------|
| 2023-24 | \$342,886.86 | \$246,680.42 |
| 2022-23 | \$8,382,788.45 | \$300,000.00 |
| 2021-22 | \$50,110.00 | \$50,110.00 |
| 2020-21 | \$80,000.00 | \$83,695.00 |
| 2019-20 | \$1,200.00 | \$1,200.00 |
| Total: \$8,856,985.31 | | Total: \$681,685.42 |

7. Applicant Question: Utilization Plan Related to Unexpended Funds

If you had unexpended funds from FY 22-23 (Overview Questions 2 & 3) that were 10% or more, address the below question(s). If your unexpended funds from FY 22-23 were under 10% of your FY 22-23 award, mark N/A.

- 1) You must address if you are on track to expend all of your FY 23-24 grant funding.
- 2) If you are not on track to expend all your funds and you are not asking for a corresponding reduction in your grant request, please explain.

Applicant Response:

We hope to utilize the funds fully in this current fiscal year as we have complex premium and medical provider cases that are in litigation and in investigation phases. We filed a large and complex medical provider fraud case in this fiscal year, which required the execution of search warrants at five locations. That execution alone required time from our two dedicated investigators, along with other investigators in our office. The evidence seized has required many hours and multiple investigators to review and analyze. Our paralegal will also spent many hours compiling discovery and creating spreadsheets to allow easy organization and analysis of documentary evidence in the Martinofsky case. The Cullinane Plastering premium fraud case that is in litigation still requires a review of documents and electronic devices that were seized during search warrant executions. We have other premium fraud cases in the investigative stage. We anticipate using extensive investigative resources in those cases. And we also filed a large insider fraud case that will require extensive attorney and investigator time as well as litigation resources.

In the past, we have used our paralegal hours as unfunded resources. Our paralegal contributes most of her time to our grants. She monitors our e-mail inbox, uploads all FD-1's received, orders claim files, processes discovery, and keeps all our statistics. In our modified budget, we will be using funds for a portion of her salary.

We are also planning to use funds to train our paralegal. It has been a long-term goal to provide more training for our paralegal so that she may be a greater asset to our team. With the modification in our training budget, we will send our paralegal to the CDAA Fraud Seminar and the AFA Fraud Conference. With that training, we would have her assist our investigators in tasks such as retrieving ISO information, creating evidence spreadsheets and any preliminary investigative tasks. This will allow us to free up investigator time to do the larger investigative tasks.

We plan to use more of our funds for litigation expenses. We will use funds to pay for transcription services and to pay for witness travel expenses, when needed on major cases.

SFDA has made great strides in stabilizing our staffing and creating a strong and consistent Workers' Compensation Fraud Program. The last fiscal year was still a time of great transition and change. We are now fully staffed on the attorney and investigations side of our unit. Funding for our paralegal will also ensure that she remains with our unit and will provide further stability and staff continuity.

While we have not utilized our funds to date such that we can project with certainty that all of our 23-24 FY funds will be spent, we have big cases that will require many staff hours. We hope to spend all the funds on salary and benefits. We have reduced our request and not accepted additional funds to ensure we spend all our funds with little or no carryover into the new fiscal year.

8. Applicant Question: Utilization Plan

Your budget provides the amount of funds requested for Fiscal Year 24-25.

Provide a brief narrative description of your utilization plan for the Fiscal Year 24-25 requested funds.

If an increase is being requested, please provide a justification. Any information regarding investigations should be given a reference number and details provided only in the Confidential Section, question 1 (County Plan Confidential Investigation Details).

Applicant Response:

The proposed 24-25 budget anticipates two investigators who are 100% dedicated to Workers Compensation fraud investigations. The increase will fund a portion of each of the four assigned attorneys' salaries. We will also use the grant funds to obtain training for investigators, a paralegal and attorneys. We are seeing more and more complex cases which require a great deal of resources and are time intensive for both investigators and attorneys. We would like to be able to assign two attorneys to jointly litigate the most complex cases. In the future, we might be able to add another attorney, once we can overcome the current hiring challenges. We would like to expand our caseloads and do more outreach and training to SIU's, along with reaching out to businesses and unions to educate and inform the public about the societal costs of worker's compensation fraud. Medical provider fraud and premium fraud are large cost drivers in the workers compensation system. It drives up costs for honest businesses who then have to increase costs to their customers. Additionally, workers are harmed by providers who give unnecessary treatments.

Our grant funds are used primarily for salaries. The cost of living in California is very high and San Francisco, in particular, is especially high as compared to other cities across the country. And we have all experienced excessively high inflation over the last two years which have driven costs of living higher. The funds are also used to pay for training for the staff. Last year, staff members were able to attend the AFA conference in Monterey and the CDAA Fraud Symposium in Orange County. This year, staff members were able to attend the CDAA Fraud Symposium in February. And we will attend the AFA conference again this year. Without the grant funds, it would not be possible for any of us to attend these vital training programs. Not only do these programs provide training, but they also give us the opportunity to meet and network with our colleagues statewide. Having those in person interactions are so important to our work.

We will also use some of our funding for outreach and for litigation expenses. Because we currently have multiple large complex cases in litigation and one large case in investigation, we expect to have large litigation costs for which we will need funding.

9. Applicant Question: Uninsured Employers

Describe the county's efforts to address the problem of uninsured employers.

Local district attorneys have been authorized to utilize workers' compensation insurance fraud funds for the investigation and prosecution of an employer's willful failure to secure payment of workers' compensation as of January 2003.

Applicant Response:

We have been using unfunded interns to send out letters to San Francisco businesses to inquire if they have Workers' Compensation Insurance. We have received affirmative responses from the majority of the businesses. The businesses that have yet to respond will be sent another letter. If no response is received to the second letter, an investigator will visit the business and attempt to obtain proof of the necessary insurance. If the business does not have insurance upon the investigator's visit, we will allow the business an opportunity and a deadline by which it must purchase and show proof of Workers' Compensation Insurance. We will initially work with businesses to get them into compliance, prior to resorting to criminal prosecution.

We plan to continue to utilize this approach. We feel that educating our businesses about the legal requirements and affording them the opportunity to comply is the best approach as the goal is that all businesses are properly insured in order to protect all workers in San Francisco.

We will also coordinate with the Workers' Rights prosecutor who is connecting with unions and other community groups involved in assisting workers in San Francisco. Often the unions and the workers will report when an employer does not have insurance or if the worker was told not to file a Workers Compensation claim for an injury. Last fiscal year, we left brochures at a local union hall which informed workers of their rights to treatment under the Workers' Compensation system for work-related injuries.

Sub Section Name: Training and Outreach

1. Applicant Question: Training Received

List the insurance fraud training received by each county staff member in the workers' compensation fraud unit during Fiscal Year 23-24.

If it is a multiple day training/conference (e.g. CDAA, AFA, etc.), only one entry is required; enter the first day for the "Training Date" field.

For the "Hours Credit" field, enter the combined total hours of credit for all attendees.

Applicant Response:

| Number of Personnel | Training Date | Provider | Location | Topic | Hours Credit (combined total) |
|---------------------|---------------|---------------------|-------------------|----------------------|-------------------------------|
| 6 | 04/09/2024 | Anti-Fraud Alliance | Monterey, CA | Various | 120 |
| 2 | 01/31/2024 | CDAA | Newport Beach, CA | various | 48 |
| 4 | 10/25/2023 | NICB | Vacaville, CA | Workers Compensation | 64 |

2. Applicant Question: Training and Outreach Provided

Upload and attach the Training and Outreach Provided form in Excel; label it "24-25 WC (county name) Training and Outreach Provided". Do not include training received; only list training and outreach provided in FY

23-24 as outlined in the outreach definition below.

- For the number of Attendees / Contacts list only **numbers**; no other characters. Estimate the number as best you can. The data provided on this Excel sheet is compiled and presented to the Insurance Commissioner as Outreach is a focus of the Commissioner's Goals & Objectives.
- For the purposes of the insurance fraud grant programs, "outreach" is defined as: Any activity undertaken by a grant awardee to inform and educate the public on the nature and consequences of insurance fraud and the training and sharing of best practices with industry stakeholders and allied law enforcement agencies. The results will be crime prevention, the generation of quality referrals from the public, business community, insurance industry, and law enforcement, and improved strategies for the investigation and prosecution of insurance fraud.
- *If, in the form, you listed any "Other, Specify" provide a brief explanation here; other additional comments are optional. The blank form is located in the Announcement Attachments, 1a.*

Applicant Response:

Label attachment "24-25 WC (County) Training and Outreach"

Attachment:

1a 24-25 WC San Francisco Training and Outreach Provided.xlsx - EXCEL DOCUMENT

3. Applicant Question: Future Training and Outreach

Describe what kind of training/outreach you plan to provide in Fiscal Year 24-25.

Applicant Response:

In the upcoming 2023-2024 fiscal year, our workers' compensation prosecution and investigations team will expand our outreach and training efforts by building on prior campaigns to increase public awareness of workers' compensation fraud and by fostering relationships with our justice partners through consortiums, trainings, and collaborative investigations.

This past year, we accomplished our 2022-2023 program goal with our "One Lie-We All Pay" outreach campaign, distributing pamphlets in Spanish, English, and Chinese. In the 2023-2024 fiscal year, we will continue to collaborate with the SFDA Neighborhood Prosecutions Team as well as our Consumer Mediation Team to educate community members, including vulnerable, monolingual workers on how to identify and report workers' compensation fraud, and thus increase awareness throughout San Francisco.

We have seen an alarming pattern of San Francisco employers cheating vulnerable (often monolingual and undocumented) workers in numerous ways. To address this problem, our program prosecutors and investigators will continue to work with ADA Ernst Halperin, the head of our Worker Rights Protection Unit, to identify and investigate cases involving both wage theft and workers' compensation fraud.

In the 2024-2025 fiscal year, our program prosecutors will expand our training efforts by sharing our knowledge with our agency partners and colleagues. We will continue to collaborate with and educate Special Investigations Units (SIUs) on investigating workers' compensation fraud and the evidence needed for successful prosecution. We will also continue our active participation in the Golden Gate Workers' Compensation Consortium (GGWCC) - a collaborative association of Bay Area District Attorney's Offices and justice partners. Together with GGWCC, we will plan and execute our annual training for SIUs and other investigators on issues that arise in workers' compensation fraud cases.

Most importantly, we will continue our one-on-one training and outreach to individual SIUs who submit FD- 1s to our Office. We have a long-standing practice of contacting these SIUs to educate them on how to improve their investigations and submissions.

And because the City and County of San Francisco (CCSF) is self-insured, we will also seek an opportunity to provide specialized training to CCSF and their workers' compensation administrative entities by providing training on issues particular to their self-administered system.

We will continue to attend the fraud conferences hosted by the Anti-Fraud Alliance, California District Attorneys Association, NICB, Coalition Against Insurance Fraud, and Republic Indemnity, which provide invaluable training on investigating and prosecuting workers' compensation fraud. One goal for the coming year is for our program prosecutors to increase involvement at these conferences. To educate our colleagues across the State, one of our experienced program prosecutors—who has handled multiple complex cases—presented a case study on a multi-million-dollar premium fraud case that was sentenced this past March. Additionally, our Office has investigated and prosecuted multiple complex premium and provider fraud cases in the past year, some of which involved the freezing and/or seizing of assets pursuant to Penal Code section 186.11. We believe sharing the valuable insights gained through this work with our cohorts in other counties will improve the prosecution of workers' compensation fraud statewide.

1. Applicant Question: Joint Plan

Upload your WC Joint Plan and label it "24-25 WC (county name) Joint Plan".

Each County is required to develop a Joint Plan with their CDI Regional Office, to be signed and dated by the Regional Office Captain and the Prosecutor in Charge of the Grant Program. Additional information is in the Announcement Attachments, 3c, and also copied into the attached instructions to this question.

Applicant Response:

Confirm signed and dated by all parties.

Attachment:

24-25.SF.Jont Plan.pdf - PDF FILE

Section Name: Investigation Case Reporting

Sub Section Name: Investigation Case Information Relating to Questions

1. Applicant Question: County Plan Confidential Investigation Details

If you discussed any confidential cases throughout the County Plan section and provided a reference number, please include additional confidential details on an attachment uploaded here.

The reference number/citation used in the County Plan narrative responses should be repeated in your document upload. Task Force cases should specifically name the task force and your county personnel's specific involvement / role in the case.

*Upload your own attachment and label it "24-25 WC (county name) County Plan Confidential Investigation Details" **upload and mark confidential**, then attach to this question. If no investigation information was referenced, mark the N/A response.*

Applicant Response:

Not Applicable

Applicant Comment:

Not Applicable

Sub Section Name: Reporting on All Investigations

1. Applicant Question: Investigation Case Activity Report (ICAR)

Upload, mark Confidential, and attach the completed 24-25 WC (county name) ICAR.

*This document requires information regarding each investigation case that was reported in the DAR, Section III C (Investigations). Two of the three reporting components ask for case counts only. The total of the case counts in Part 1 and Part 2, along with the number of case entries in Part 3, should equal your total investigation case count reported in the DAR section III (Investigations). The blank form is located in the Announcement Attachments, 1bii. **Do NOT substitute***

descriptions in Part 3 in lieu of case counts for Part 1 and Part 2.

Reminders:

1. The total of the case counts in the ICAR Parts 1, 2, and 3, should equal your total investigation case count reported in the DAR Section III.
2. Vertical Prosecutions should not be counted as an Investigation or a Joint Investigation.

Click the "SHOW INSTRUCTIONS" link above to view directions on how to properly complete the report.

Applicant Response:

24-25.WC.SF.CaseInvestigationReprt.docx - WORD DOCUMENT

Sub Section Name: New Investigation Information for Cases in Court

1. Applicant Question: Cases in Court Investigation Case Activity

Do you have NEW Investigation Information for cases that started the year in prosecution that you want to include? This section is optional.

*If you do have cases to report, download Announcement Attachment 1c, label it "23-24 WC (county name) Cases in Court Investigation Case Activity" **upload and mark confidential**, then attach to this question.*

*Provide only investigation information for case(s) that started the fiscal year in prosecution, but required additional investigation during the reporting period. **Other than current status, no prosecution case information should be included.***

Applicant Response:

No
