



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

VACANT
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: June 03, 2025

01

TO: Board of Supervisors

SUBJECT

DISTRICT ATTORNEY – GRANT APPLICATIONS, ACCEPTANCE OF GRANT FUNDS AND RESOLUTIONS FOR INSURANCE FRAUD PROGRAMS (DISTRICTS: ALL)

OVERVIEW

The District Attorney's Office works to enhance public awareness of crimes, including insurance fraud, wage theft, tax evasion, and labor trafficking; deter potential defrauders; and proactively investigate and prosecute insurance fraud and workplace justice crimes. These efforts ultimately lead to a reduction in the insurance premiums for consumers, lower workers' compensation rates for employers, ensure that injured workers receive the benefits they are entitled to collect, and protect workers in the County. The District Attorney's Office has long leveraged grant funding resources to support the operation of its Insurance Fraud and Workplace Justice programs. These programs have been consistently recognized for their excellence.

If approved, today's actions will authorize the District Attorney to apply for and accept five (5) grants from the California Department of Insurance for an estimated amount of \$16.1 million: Workers' Compensation Insurance Fraud Program (\$9.9 million), Automobile Insurance Fraud Program (\$2.5 million), Organized Automobile Fraud Activity Interdiction Program (\$2.2 million), Disability and Healthcare Insurance Fraud Program (\$1.2 million) and Life and Annuity Consumer Protection Program (\$0.3 million); waive Board Policy B-29 for non-reimbursable indirect costs, and adopt Fiscal Year 2025-26 resolutions. The performance period is July 1, 2025 through June 30, 2026.

Today's actions will also authorize the District Attorney to apply for and accept grant funding for the five grant programs from the California Department of Insurance in subsequent years, provided there are no material changes to the grant terms and funding levels.

RECOMMENDATION(S)

DISTRICT ATTORNEY

1. Authorize the District Attorney to apply for and accept grant funds in the estimated amount of \$16.1 million from the California Department of Insurance for the Workers' Compensation Insurance Fraud Program (\$9.9 million), Automobile Insurance Fraud Program (\$2.5 million), Organized Automobile Fraud Activity Interdiction Program (\$2.2

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million), Disability and Healthcare Insurance Fraud Program (\$1.2 million), and Life and Annuity Consumer Protection Program (\$0.3 million) for the performance period of July 1, 2025 through June 30, 2026, and apply for and accept grant funds in subsequent years, provided there are no material changes to the grant terms or funding level.

2. Adopt a resolution entitled: A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO RELATING TO THE WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM.
3. Adopt a resolution entitled: A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO RELATING TO THE AUTOMOBILE INSURANCE FRAUD PROGRAM.
4. Adopt a resolution entitled: A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO RELATING TO THE ORGANIZED AUTOMOBILE FRAUD ACTIVITY INTERDICTION PROGRAM.
5. Adopt a resolution entitled: A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO RELATING TO THE DISABILITY AND HEALTHCARE INSURANCE FRAUD PROGRAM.
6. Adopt a resolution entitled: A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO RELATING TO THE LIFE AND ANNUITY CONSUMER PROTECTION PROGRAM.
7. Authorize the District Attorney, and/or designee, to review and execute all required or related grant documents from the California Department of Insurance for the Workers' Compensation Insurance Fraud Program, including agreements for the financial administration and distribution of funds where necessary to carry out the purposes of the program, and any annual extensions, amendments, and/or revisions that do not materially impact either the program or funding levels of the Workers' Compensation Insurance Fraud Program, Automobile Insurance Fraud Program, Organized Automobile Fraud Activity Interdiction Program, Disability and Healthcare Insurance Fraud Program, and Life and Annuity Consumer Protection Program.
8. Waive Board Policy B-29, Fees, Grants, Revenue Contracts – Department Responsibility for Cost Recovery which requires full cost recovery of grants and to the extent it requires separate applications for authority to apply for and accept grants.

EQUITY IMPACT STATEMENT

The District Attorney's Office is constitutionally responsible for the investigation and prosecution of all criminal violations of state law and county ordinances. The Insurance Fraud and Workplace Justice Division specializes in prosecuting wage theft, tax evasion, labor trafficking, and crimes where misrepresentations are made to unlawfully obtain insurance benefits in several areas

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including auto insurance, workers' compensation, disability and healthcare, and life insurance. To prevent fraud and protect community members, the District Attorney's Office is committed to engaging all San Diego communities in education and awareness campaigns to avoid fraudulent activities. Proactive strategies are deployed with the goal of promoting equal access to antifraud and workers' rights information, which is presented at local community meetings, published in diverse neighborhood newspapers, displayed on billboards and transit stops, and circulated in social media platforms and broadcasted on television to ensure information is accessible and equitably distributed countywide. Combatting insurance fraud ensures fairness and equity in insurance premiums paid by community members, including consumers and small businesses. Fighting wage theft, tax evasion, labor trafficking, and related crimes safeguards the rights of all San Diego County workers, especially those who are members of vulnerable populations. The District Attorney's Office has long leveraged grant funding resources to support the operation of its Insurance Fraud and Workplace Justice programs.

SUSTAINABILITY IMPACT STATEMENT

The proposed action contributes to the County of San Diego's sustainability goals of protecting the health and well-being of San Diego communities, fostering an equitable business climate, safeguarding workers' rights, and supporting workforce development. The Insurance Fraud and Workplace Justice Programs engage all of San Diego's communities in education and awareness of insurance fraud, wage theft, and related crimes and proactively investigates and prosecutes those offenses. This includes educating the community, including vulnerable populations, about their rights in the workplace, workers' compensation fraud crimes, wage theft, labor trafficking, and tax evasion. The District Attorney's Insurance Fraud Programs also protect an equitable business climate by supporting compliance with insurance, employment, and tax laws. It reduces car thefts, staged accident rings, and car repair shop fraud. It shields our senior population from financial abuse by prosecuting fraudulent life insurance and annuities scams. Finally, by prosecuting medical provider fraud, including doctors, dentists, chiropractors, and others in a position of trust, the Insurance Fraud Program protects San Diego County citizens from being exploited for kickbacks, having unnecessary procedures performed on them, and being overbilled for life-sustaining services. The Insurance Fraud and Workplace Justice Programs' efforts have ultimately led to a reduction in the amount of insurance fraud committed in the County of San Diego while ensuring the health and well-being of our citizens and fostering an inclusive business environment.

FISCAL IMPACT

Funds for this request are included in the Fiscal Years 2025–27 CAO Recommended Operational Plan for the District Attorney's Office. If approved and awarded, this request will result in estimated costs and revenue of \$17.3 million annually. The funding source is an estimated annual \$16.1 million from the California Department of Insurance, and an estimated annual \$1.2 million of existing General Purpose Revenue for non-reimbursable indirect costs. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

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ADVISORY BOARD STATEMENT

N/A

BACKGROUND

The District Attorney's Insurance Fraud and Workplace Justice programs are consistently recognized for their excellence. Each of the existing Insurance Fraud and Workplace Justice programs have received National Association of Counties awards for innovative and proactive use of law enforcement resources. The District Attorney's Insurance Fraud and Workplace Justice programs serve as models and regularly host visitors from other law enforcement agencies seeking to replicate our local programs.

Workers' Compensation Insurance Fraud Program

The Workers' Compensation Insurance Fraud Program has seen successful investigations and prosecutions of complex workers' compensation fraud cases since the program was first funded in 1992. For calendar year 2023, the California Department of Insurance received 166 suspected fraudulent workers' compensation insurance claims for San Diego County. In Fiscal Year 2023-2024, the Workers' Compensation teams initiated 51 prosecutions, convicted 36 defendants, secured \$4,139,807 in restitution orders, and collected \$1,723,516 in victim restitution.

Automobile Insurance Fraud Program

Over 12,000 vehicles were stolen in San Diego County in 2023. Our county is ranked as one of the highest in Southern California for reported vehicle thefts. The staff positions funded through the Automobile Insurance Fraud Program investigate and prosecute claims for payments on automobile insurance policies including staged auto thefts, staged accidents, vehicle identification number switches (chop shops), automobile theft perpetrated for financial gain, and legal and medical providers engaged in capping and/or fraudulently billing insurance companies. In Fiscal Year 2023-2024, the Automobile Insurance Fraud team initiated 102 prosecutions, convicted 60 defendants, diverted 27 defendants, and secured \$616,920 in restitution orders.

Organized Automobile Fraud Activity Interdiction Program (Urban Grant)

The Urban Grant program is designed to investigate and prosecute large-scale auto insurance fraud schemes and rings. In 2023, the California Department of Insurance received 654 suspected fraudulent automobile insurance claims which originated in San Diego County. In Fiscal Year 2023-2024, the Urban Grant team initiated 55 prosecutions, convicted 21 defendants, secured \$320,309 in restitution orders, and collected \$283,793 in victim restitution.

Life and Annuity Consumer Protection Program

Life insurance and annuity financial abuse currently presents itself in the form of illegal living trusts, unauthorized loans on insurance policies, stolen life insurance premium payments, inflated commissions, Power of Attorney abuse, and fraudulent claims on legitimate policies. In Fiscal Year 2023-2024, the Life and Annuity Consumer Protection team initiated three prosecutions, obtained two convictions, and secured \$374,615 in restitution orders.

Disability and Healthcare Insurance Fraud Program

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Disability insurance fraud claims are perpetrated not only by individual medical providers, but by corporations, medical equipment dealers, laboratories, nursing homes, pharmacies, and others who prey upon the system with fraudulent scams. Consumers pay the price for disability fraud, as reflected in higher insurance premiums and increased costs for medical services. In Fiscal Year 2023-2024, the Disability and Healthcare Insurance Fraud team filed cases against six defendants and convicted four defendants.

Today's request is for the Board of Supervisors to authorize the District Attorney to apply for and accept five (5) grants from the California Department of Insurance for an estimated amount of \$16.1 million: Workers' Compensation Insurance Fraud Program (\$9.9 million), Automobile Insurance Fraud Program (\$2.5 million), Organized Automobile Fraud Activity Interdiction Program (\$2.2 million), Disability and Healthcare Insurance Fraud Program (\$1.2 million) and Life and Annuity Consumer Protection Program (\$0.3 million); waive Board Policy B-29 for non-reimbursable indirect costs, and adopt Fiscal Year 2025-26 resolutions. If approved, today's actions will enable the District Attorney's Office to continue these programs.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the Justice Initiative of the County of San Diego's 2025-30 Strategic Plan by providing funding for programs that allow the District Attorney's Office to ensure a fair and equitable justice system in the prosecution of the various instances of insurance fraud. This proposal also supports the Community Initiative by providing resources to prevent fraud and support the safety of all San Diego communities.

Respectfully submitted,



SUMMER S. STEPHAN
District Attorney

ATTACHMENT(S)

Attachment A - A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO RELATING TO THE WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM

Attachment B - A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO RELATING TO THE AUTOMOBILE INSURANCE FRAUD PROGRAM

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Attachment C - A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
SAN DIEGO RELATING TO THE ORGANIZED AUTOMOBILE FRAUD ACTIVITY
INTERDICTION PROGRAM

Attachment D - A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
SAN DIEGO RELATING TO THE DISABILITY AND HEALTHCARE INSURANCE FRAUD
PROGRAM

Attachment E - A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
SAN DIEGO RELATING TO THE LIFE AND ANNUITY CONSUMER PROTECTION
PROGRAM