

May 13, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZATION FOR THE DISTRICT ATTORNEY TO ACCEPT FUNDS
FROM THE STATE OF CALIFORNIA, DEPARTMENT OF INSURANCE,
FOR THE WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM
FOR FISCAL YEAR 2002-2003 (ALL DISTRICTS) (3-VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt the enclosed Resolution authorizing the District Attorney to accept grant funds for the Workers' Compensation Insurance Fraud Program from the State of California, Department of Insurance (SCDI). The SCDI will provide funds in the amount of \$3,700,000 for the period of July 1, 2002 through June 30, 2003.
2. Authorize the District Attorney to execute the Grant Award Agreement, on behalf of the County of Los Angeles.
3. Authorize the District Attorney or his designee, on behalf of the County of Los Angeles, to serve as project director and to sign and approve any extensions, amendments, augmentations, or revisions to the program.

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The District Attorney's Office has been awarded grant funding totaling \$3,700,000 from the SCDI to enhance prosecutorial efforts in ongoing criminal investigations and prosecution of workers' compensation insurance fraud. As part of the Grant Award Agreement, the SCDI requires adoption of the enclosed Resolution.

Implementation of Strategic Plan Goals:

Consistent with the County's Strategic Plan, this program enhances organizational effectiveness and directly supports the District Attorney's core mission: the prevention, deterrence and prosecution of felony crime, such as workers' compensation insurance fraud, throughout the County.

FISCAL IMPACT/FINANCING:

Grant funds in the amount of \$3,700,000 have been awarded to the Los Angeles County District Attorney for the Workers' Compensation Insurance Fraud Program. The SCDI grant offsets 100 percent of this program; therefore, there is no net County cost impact. These grant funds have been included in the 2002-03 adopted budget.

If funding for this program were terminated, an evaluation would be conducted to determine whether the program would be either continued with costs absorbed by the Department, or would be discontinued with the reallocation of staff to vacant budgeted positions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On June 28, 2002, the District Attorney submitted an application for continuation funds for the Workers' Compensation Insurance Fraud Program for FY2002-03. On February 4, 2003, we received an approved Grant Award Agreement from the SCDI. Some of the largest cases, sentences, fines, and restitution orders levied in the State have been the result of our prosecutions.

The Los Angeles County District Attorney will continue efforts with SCDI in the dedication of quality investigation and prosecution of Workers' Compensation Insurance Fraud.

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This grant provides 100 percent funding for 32.0 full-time and 3.0 part-time positions as reported on the attached Grant Management Statement.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

This program does not propose attorney staff augmentation, and therefore is not subject to the Board motion of December 15, 1998 requiring clearance with the Alternate Public Defender, Probation, Public Defender, and Sheriff's Departments.

CONCLUSION:

Acceptance of these grant funds is strongly recommended.

Following Board approval on this program, the Executive Officer-Clerk of the Board is requested to return a copy of the adopted Board letter and two (2) copies of the executed Resolution, containing original signatures, to Emily Aidells, Grants Analyst, Los Angeles County District Attorney, 201 North Figueroa Street, Suite 1300, Los Angeles, California 90012. Any questions may be directed to Emily Aidells, Grants Analyst, at (213) 202-7674.

Very truly yours,

STEVE COOLEY
District Attorney

epa

Enclosures

c: Chief Administrative Officer
County Counsel

**BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES**

RESOLUTION

Authorization to Accept a Grant Award from the
State of California, Department of Insurance
Pursuant to California Insurance Code
Chapter 12 commencing with Section 1871, et seq.

WHEREAS, the provisions of Section 1872.8 of the California Insurance Code authorize the State Department of Insurance to award and distribute certain funds to district attorneys submitting plans approved by the Bureau of Fraudulent Claims for the increased investigation and prosecution of fraudulent workers' compensation claims; and the District Attorney is charged with providing prosecution of all felony offenses committed within this County; and

WHEREAS, the Board of Supervisors of Los Angeles County recognizes that fraudulent claims are costing our citizens millions of dollars annually, with thousands of jobs being lost due to local business closures precipitated by escalating workers' compensation costs caused by fraud; and

WHEREAS, the County of Los Angeles, acting through its Board of Supervisors, desires to combat workers' compensation insurance fraud by undertaking a certain project designated the "Workers' Compensation Insurance Fraud Program" by the District Attorney to be funded through funds made available by the Insurance Fraud Prevention Act as provided for pursuant to California Insurance Code 1872.83, administered by the California Department of Insurance; and

WHEREAS, the State of California Department of Insurance approved the fraud reduction plan submitted by the Los Angeles County District Attorney's Office for

Fiscal Year 2002-2003, for the Workers' Compensation Insurance Fraud Program for this specific task.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of Los Angeles hereby authorizes and approves acceptance of grant funds from the State of California, Department of Insurance, to be used exclusively for the program designated the "Workers' Compensation Insurance Fraud Program" for the period covering July 1, 2002 to June 30, 2003;

BE IT FURTHER RESOLVED that the County of Los Angeles hereby authorizes the District Attorney to serve as Project Director and to perform all further tasks necessary for the completion of the project, including

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any extensions, execution and submission of amendments, progress reports, and payment requests relating to the Grant Award Agreement;

I DO HEREBY CERTIFY that at a regular meeting of the Board of Supervisors of the County of Los Angeles, on this _____ day of _____, 2003, the forgoing Resolution was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Board of Supervisors of the County of Los Angeles this _____ day of _____, 2003.

VIOLET VARONA-LUKENS,
Executive Officer- Clerk of the
Board of Supervisors of the
County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM
BY COUNTY COUNSEL:

LLOYD W. PELLMAN

By _____
Deputy

Department: District Attorney

Grant Project Title and Description

Workers' Compensation Insurance Fraud Program

The focus of this program is to enhance prosecutorial efforts in ongoing criminal investigations and prosecution of workers' compensation insurance fraud. These grant funds will allow the District Attorney's Office to continue its collaborative efforts with the State of California, Department of Insurance (CDI) to investigate and prosecute unscrupulous doctors, chiropractors, and lawyers engaged in workers' compensation insurance fraud.

Funding Agency California Department of Insurance	Program (Fed. Grant # /State Bill or Code #) California Insurance Code Section 1872.83	Grant Acceptance Deadline
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Total Amount of Grant Funding: \$3,700,000 **County Match:** \$0
Grant Period: FY2002-2003 **Begin Date:** July 1, 2002 **End Date:** June 30, 2003
Number of Personnel Hired Under This Grant: 35* **Full Time:** 32 **Part Time:** 3

*existing staff, hired in accordance with prior year grant awards.

Obligations Imposed on the County When the Grant Expires

Will all personnel hired for this program be informed this is a grant-funded program? Yes No

Will all personnel hired for this program be placed on temporary ("N") items? Yes No

Is the County obligated to continue this program after the grant expires? Yes No

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes No

b). Identify other revenue sources Yes No
(Describe) _____

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes No

Impact of additional personnel on existing space: None

Other requirements not mentioned above: None

Department **Head** **Signature** _____
Date _____