

**STATE OF CALIFORNIA
FRAUD ASSESSMENT COMMISSION**

**Summary Meeting Minutes
Sacramento, California
January 6, 2021**

Pursuant to Governor Gavin Newsom's Executive Order N-29-20, this meeting was held via teleconference. In attendance: Don Marshall, Chairperson; and Commissioners Christine Baker, Jay R. Bobrowsky, Branden Lopez, John Riggs, and Joel Sherman.

Others present: George Mueller, Deputy Commissioner (DC), California Department of Insurance (CDI) Enforcement Branch; Eric Charlick, Division Chief, and Victoria Martinez, Assistant Chief, CDI Fraud Division; and Patricia Hein, Assistant Chief Counsel, and Yvonne Hauscarriague, Senior Staff Counsel, CDI Government Law Bureau.

I. Fraud Assessment Commission

a. Opening Remarks

Chairperson Marshall opened the meeting at 10:35 am and wished everyone a Happy New Year. He then asked the Commissioners if they wished to make opening comments and there were none.

Chairperson Marshall introduced Yvonne Hauscarriague, the new CDI Senior Staff Counsel, and the meeting was turned over to Ms. Hauscarriague to proceed with the election of the FAC Chair and Vice-Chair.

b. Election of the FAC Chair and Vice-Chair

Ms. Hauscarriague read aloud the basic rules that govern the election process. The FAC Chair and Vice-Chair will serve through January, 2022. Ms. Hauscarriague then asked each Commission Member if they intended to run for Chair.

Commissioner Marshall indicated that he would like to run for Chair. The remaining Commissioners declined to run for the position.

Ms. Hauscarriague then requested that Commissioner Marshall introduce himself and his platform regarding the Chair position for the upcoming year.

Commissioner Marshall indicated that each of the Commissioners is an expert in the field of insurance fraud and commented on their dedication and commitment and that he is proud of what the Commission, CDI, and the District Attorneys (DAs) have accomplished.

Ms. Hauscarriague opened the floor to for public comments.

Public Comment

There being no comments, Ms. Hauscarriague moved to the vote.

Vote

Ms. Hauscarriague took a roll call vote for the Chairperson position. The vote was unanimous that Chairperson Marshall continues as Chair for the upcoming year. Chairperson Marshall thanked the other Commissioners for their votes.

Ms. Hauscarriague then asked each Commissioner if they intended to run for the Vice-Chair position. Commissioner Bobrowsky indicated that he would like to run for Vice-Chair and the rest of the Commissioners declined.

Ms. Hauscarriague then requested that Commissioner Bobrowsky introduce himself and his platform regarding the Vice-Chair position for the upcoming year.

Commissioner Bobrowsky commented on his experience fighting insurance fraud, expressed his gratitude for the opportunity to serve on the Commission, thanked CDI and the DAs for their efforts and emphasized the importance the work they do.

Ms. Hauscarriague opened the floor to for public comments.

Public Comment

There being no comments, Ms. Hauscarriague moved to the vote.

Vote

Ms. Hauscarriague took a roll call vote for the Vice-Chair position. The vote was unanimous that Vice-Chair Bobrowsky continues as Vice-Chair for the upcoming year.

Ms. Hauscarriague turned the meeting over to Chairperson Marshall.

c. Approval of the Summary Meeting Minutes

Motion

Commissioner Lopez made a motion to accept the summary minutes as submitted for the FAC Meeting on September 9, 2020. Commissioner Riggs seconded the motion.

Action

A roll call vote was taken and the Commissioners unanimously approved the summary meeting minutes.

d. FAC Goals and Objectives

Chairperson Marshall referred the Commissioners to a draft version of the FAC Goals and Objectives for the Workers' Compensation Insurance Fraud Program for Fiscal Year (FY) 2021-22. He thanked Christine Baker and Branden Lopez for serving on the sub-committee and for their efforts in updating the document. He then gave them the opportunity to report on their efforts. Both Commissioners Baker and Lopez expressed gratitude for the opportunity to help direct the focus of the Program and acknowledged the collaborative efforts of those involved.

The Commissioners were asked for comments and there were none.

The floor was opened the for public comments and there were none.

Motion

Commissioner Bobrowsky made a motion to accept the draft version of the FY 2021-22 FAC Goals and Objectives and Commissioner Sherman seconded the motion.

Action

A roll call vote was taken and the Commissioners unanimously approved the Goals and Objectives for FY 2021-22

e. FAC Representatives for the Workers' Compensation Grant Review Panel

Chairperson Marshall stated that the distribution of the funds to prosecutors in the State of California lies solely with the Insurance Commissioner. The FAC contributes two members to the Insurance Commissioner's review panel of five that makes funding recommendations to the Insurance Commissioner in June.

Chairperson Marshall asked each Commissioner if they were interested in representing the FAC on the Panel. Commissioner Bobrowsky expressed his interest in sitting on the panel. There being no interest expressed by the other Commissioners, Chairperson Marshall indicated that he would serve as the second panelist.

Chairperson Marshall confirmed with CDI that all members of the FAC will receive copies of the county applications; the date of the review panel meeting which will be June 2nd; and that the FAC Advise and Consent meeting will be on June 16th.

f. Public Comment

Chairperson Marshall opened the floor for public comments. There being none, he moved to the next agenda item and turned the meeting over to DC Mueller.

II. Enforcement Branch Update

a. Annual Report Statistical Correction

DC Mueller explained that revisions were made to documents that were distributed at the FAC meeting on September 2, 2020. The revisions were necessitated to correct statistics inaccurately reported one of the counties in their Year-End DA Program Report. Accordingly, revisions were made and the corrected documents were provided to the Commissioners and made available to the public upon request.

b. Department of Industrial Relations Assessment Collection for FY 2021-22

DC Mueller referred to Labor Code Section 62.6 and Insurance Code Section 1872.83 and indicated that CDI would send, on behalf of the FAC, a request to the Department of Industrial Relations to collect \$77,909,442, the amount of the aggregate assessment, for FY 2021-22.

DC Mueller further explained that, CDI determined that there was unspent and/or additional funding available and the Enforcement Branch received budget authority to augment District Attorney funding with an additional \$362,984 for the current FY 2020-2021. These funds were distributed on a pro-rata basis. No funds will be used to offset collections.

c. Insurance Fraud Programs

DC Mueller explained that FY 2020-21 is the third year of the High Impact Insurance Fraud Program (HIIFP), \$1.5 million was available for award, applications were received from seven counties for a total of fourteen (14) cases, and five (5) involved workers' compensation fraud and received over one-third of these supplemental funds.

DC Mueller indicated that there are no revisions being introduced in the FY 2021-2022 Request for Applications (RFAs) but that CDI is committed to streamlining the application process and moving to an online system. He then announced the following dates:

- RFAs will be mailed the week of February 10, 2021.
- County applications are to be received by 5:00 pm on April 21, 2021.
- An Informational Meeting will be held as a Webinar on February 25, 2021
- Three Grant Training Workshops will be conducted as online meetings on March 16th, March 18th, and March 24th.

d. Insurance Commissioner's WC Grant Review Panel Meeting

DC Mueller announced that the Insurance Commissioner's Grant Review Panel meeting will take place on June 2, 2021, and explained that the format for the meeting will depend on the status of Executive Orders and restrictions that are currently in place in response to COVID-19.

e. Administrative Update

DC Mueller announced the promotion of Victoria Martinez to Assistant Chief and provided a personnel update which summarized changes in sworn staff positions and recruitment efforts.

DC Mueller indicated that disaster relief and outreach continues to be a primary focus of Insurance Commissioner Lara and EBHQ. He highlighted joint outreach efforts by CDI and counties through participation in Fraud Awareness Week and the distribution of a consistent message using social media.

DC Mueller explained that Commissioner Lara held five virtual roundtable meetings with the District Attorney Offices for the purpose of obtaining feedback from counties that participate in the insurance fraud programs. The main theme of the feedback was the need for an online application system and DC Mueller expressed CDI's commitment to this issue and that the Department is working with IT to prioritize the project.

DC Mueller further highlighted CDI's support of Santa Clara's Worker's Exploitation Task Force and that anti-fraud efforts have continued in the time of COVID-19.

At this point DC Mueller asked the Commissioners if they had any questions or comments. Commissioner Bobrowsky commented on efforts on a SCIF case. Commissioner Lopez asked questions regarding the proposed online application system and Chief Charlick provided responses. Commissioner Marshall reminded CDI to seek input from FAC Commissioners who serve as review panelists as part of the application update.

The floor was then opened to the public for comment.

f. Public Comment

Jill Nerone, Assistant DA for Alameda County, commented on the impact of the HIIFP funds and inquired if this funding will continue. Chief Charlick responded that these funds would not be continuing in FY 2021-2022.

There being no further public comments, Chairperson Marshall moved to the next agenda item and turned the meeting over to Assistant DA Scott Tsui.

III. County of Santa Clara District Attorney's Office

Assistant DA Scott Tsui of Santa Clara County introduced and turned the meeting over to Supervising DA Charlotte Chang and Lieutenant Michael Whittington.

a. Presentation: Worker's Exploitation Task Force

SDA Chang and Lt. Whittington provided an overview of Santa Clara's new multi-agency program, Worker's Exploitation Task Force, launched to target investigations to protect victims of labor trafficking, wage theft, and illegal exploitation and raise awareness about how these crimes negatively impact our communities. They explained the collaborative efforts of various agencies and how worker exploitation overlaps with workers' compensation insurance fraud.

The Commissioners then commented on the presentation. Commissioners Bobrowsky, Lopez, Riggs, and Sherman expressed their gratitude for the Task Force's efforts and appreciation for identifying the link between exploitation and insurance fraud. Both Commissioners Sherman and Marshall offered additional comments on the multi-agency collaborative efforts.

b. Public Comment

The floor was opened for public comments. Bruce Wick, Risk Management Director of the California Professional Association of Specialty Contractors (CALPASC) took this opportunity to comment on the importance of having a competitive and level playing field to do business in. He commented on the human toll and expressed appreciation for their efforts to protect vulnerable workers.

Chairperson Marshall commented on Mr. Wick's continuous support of the FAC and the County.

There were no other public comments.

IV. Other Business

Chairperson Marshall announced that the next scheduled meeting is June 16, 2021, and that the format for the meeting would depend on whether the current Executive Order is still in effect. He further announced there would be two September meetings, September 8th and September 15th.

V. Public Comment

Chairperson Marshall opened the floor to the public for questions or comments and there were none.

VI. Closing Remarks

Chairperson Marshall then asked the Commissioners for closing remarks. There being none, Chairperson Marshall asked for a motion to adjourn the meeting.

Motion

Commissioner Bobrowsky made a motion to adjourn the meeting. Chairperson Sherman seconded the motion.

Action

The FAC unanimously approved. The meeting adjourned at 12:05 p.m.