

**STATE OF CALIFORNIA
FRAUD ASSESSMENT COMMISSION**

**Summary Meeting Minutes
Sacramento, California
January 9, 2019**

This meeting was held at the CDI Inland Empire Regional Office in Rancho Cucamonga, CA. In attendance: Don Marshall, Chairperson; and Commission Members John Riggs, Joel Sherman, Lilia Garcia-Brower, and Dante Robinson.

Others present: George Mueller, Deputy Commissioner (DC), Enforcement Branch, California Department of Insurance (CDI); Eric Charlick, Assistant Chief (AC), CDI Enforcement Branch; and Patricia Hein, Senior Staff Counsel, CDI Legal Division.

Opening Remarks

Chairperson Marshall opened the meeting at 10:35 am and announced that Dr. Karla Rhay was no longer a Commissioner and that Governor Brown had appointed Christine Baker, former Director of the Department of Industrial Relations, as a new Commissioner. Chairperson Marshall then wished everyone a Happy New Year and asked the Commissioners if they wished to make opening comments. They also wished everyone a Happy New Year and added no additional opening comments.

Chairperson Marshall introduced Patricia Hein, Senior Staff Counsel of the Legal Division and the meeting was turned over to Ms. Hein to proceed with the election of the Fraud Assessment Commission (FAC) Chair and Vice-Chair.

Election of the FAC Chair and Vice-Chair

Patricia Hein read aloud the basic rules that govern the election process. The FAC Chair and Vice-Chair will serve through January, 2020. Ms. Hein then asked each Commission Member if they intended to run for Chair.

Chairperson/Commissioner Don Marshall indicated that he would like to run for Chair. The remaining Commission Members declined to run for the position.

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

Commissioner Marshall conveyed that he has been a Commissioner since 2009 and Chair since 2011 appreciates the confidence of the other Commissioners and will strive to continue the Commission's efforts.

Public Comment

Ms. Hein opened the floor to the public for questions or comments. There being none, Ms. Hein took a roll call vote.

Vote

The vote was unanimous that Chairperson Marshall continues as Chair for the upcoming Program year. Chairperson Marshall thanked everyone.

Ms. Hein then asked each Commission Member if they intended to run for Vice-Chair.

Commissioner John Riggs indicated that he would like to run for Vice-Chair. The remaining Commission Members declined to run for the position.

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

Commissioner Riggs conveyed that he has been a Commissioner for a long time and will also strive to continue the Commission's efforts.

Public Comment

Ms. Hein opened the floor to the public for questions or comments. There being none, Ms. Hein took a roll call vote.

Vote

The vote was unanimous that Chairperson Riggs serve as Vice-Chair for the upcoming Program year.

Approval of the Summary Meeting Minutes**Motion**

Commissioner Robinson made a motion to accept the summary minutes as submitted for the FAC Meeting on September 5, 2018. Commissioner Sherman seconded the motion.

Action

The FAC unanimously approved the summary meeting minutes.

Legal Update on Assembly Bill 2046

Chairperson Marshall asked Ms. Hein to provide an update on Assembly Bill (AB) 2046. Ms. Hein commented that AB 2046 now authorizes unspent funds to be used to augment,

not just offset, funding in the following fiscal year. Ms. Hein further commented on changes to the requirements of the California State Auditor's Office, deletion of obsolete reporting provisions, and requirements for sharing of information between governmental agencies.

Commissioners Marshall, Garcia-Brower, and Riggs then asked questions of DC Mueller regarding the sharing of information between governmental agencies and DC Mueller responded that the CDI Legal Division is currently reviewing.

District Attorney Media Article

Chairperson Marshall explained that occasionally there are industry articles that are shared with the FAC members and that in November such an article was distributed by the San Diego District Attorney's (DA's) Office and the URL for the article has been made available to the public on the table. Dominic Dugo of San Diego DA's Office was allowed to summarize the article.

FAC Goals and Objectives

Chairperson Marshall referred to a draft version of the FAC Goals and Objectives of the Workers' Compensation Insurance Fraud Program for Fiscal Year (FY) 2019-20 and indicated that, since the new Insurance Commissioner had just taken office, he has not had the opportunity to prepare his goals and objectives. Chairperson Marshall asked for comments from the Commissioners.

Commissioner Sherman suggested that the Commission wait until they get the Insurance Commissioner's goals. Chairperson Marshall made a motion to wait on approving the Goals and Objectives and it was seconded by Commissioner Riggs. Discussion continued among the Commissioners on the motion and, upon realizing that by waiting CDI would not be able to include the FAC Goals and Objectives as part of the CDI's FY 2019-20 Request for Applications, the motion was withdrawn.

Discussion continued by the Commissioners and several suggestions were made with regards to editing the Outreach language.

Motion

Chairperson Marshall made a motion to accept the draft version of the FY 2019-20 FAC Goals and Objective with the edit removing the statement that they aligned with the Insurance Commissioner's Goals and Objectives and that a sub-committee be established to review and propose changes for the following year. Commissioner Sherman seconded the motion.

Action

The FAC unanimously approved the FAC Goals and Objectives for FY 2019-20 with the edit. Commissioners Sherman and Garcia-Brower expressed interest and were named for the Goals and Objectives sub-committee.

Public Comment

Chairperson Marshall asked if there were any public comments. Dominic Dugo of the San Diego DA's Office thanked the Commissioners for their efforts. No other public comments.

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 Insurance Commissioner Jones. 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 indicated that he would like to sit on the panel and then asked if any other Commissioners were interested in sitting on the panel. Commissioner Riggs expressed his interest in sitting on the panel and there was no interest expressed by the other Commission Members. Commissioners Marshall and Riggs accepted the positions of review panelist.

Chairperson Marshall confirmed with CDI that all members of the FAC will receive copies of the county applications.

Subcommittee Update: RFA Format Revision Recommendations

Chairperson Marshall reported that the sub-committee would be meeting with CDI following today's FAC meeting. He asked for a volunteer to replace Commissioner Rhay and Commissioner Riggs volunteered.

Public Comments

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

Enforcement Branch Update

DC Mueller started by acknowledging Dr. Rhay's commitment and service as a Commissioner.

DC Mueller commented that the new Insurance Commissioner, Ricardo Lara, had mentioned in a speech his support in fighting insurance fraud.

DC Mueller thanked the Inland Empire Regional Office for hosting this meeting in Southern California; he acknowledged the Enforcement Branch Headquarter staff that was present; and provided a personnel update for sworn staff positions and commented on their disaster relief outreach efforts. DC Mueller then provided an overview of the new three-year High-Impact Program which provides funding for the enhanced investigation and prosecution of high-impact and emerging trend cases.

Administrative Update (moved from later in the agenda)

DC Mueller explained that revisions were made to documents that were distributed at the FAC meeting on September 5, 2018. The revisions were necessitated since a county inaccurately reported their statistics in the Year End DA Program Reports. Accordingly, revisions were made and the corrected documents were provided to the Commissioners and made available to the public on the table outside the room.

Annual Report to the FAC

DC Mueller then opened the discussion for input regarding the content of the Annual Report that will be submitted in September to ensure that the FAC feels it has all the relevant information it needs to make informed decisions. Although not a vote item, after a discussion by the Commissioners with input from CDI and DA Office representatives, the FAC set 2 meetings for September. The first meeting will be on September 4, 2019, for submission of the CDI and District Attorney Annual Reports. The second meeting will be on September 11, 2019, for the purpose of setting the aggregate assessment for FY 2020-21.

AC Charlick of CDI also expressed that CDI hopes to rollout the RFA Revisions for the FY 2020-21 applications and it will include changes to some of the statistics collected from the District Attorney.

FY 2017-18 Year End Balance

DC Mueller informed the Commissioners that the final FY 2017-18 Year End Balance being used to augment the distribution to the DAs was \$1,055,000.

Outreach Committee Update

DC Mueller provided an overview of the Outreach Committee's progress and plans. Comments and questions were provided by Commissioner Garcia-Brower and comments and answers were provided by DC Mueller and AC Charlick of CDI and DA Office representatives.

DIR Assessment Collection Letter

DC Mueller then continued and referred to Labor Code Section 62.6 and Insurance Code Section 1872.83 and stated that CDI would send, on behalf of the FAC, a request to the Department of Industrial Relations to collect \$72,138,372 for FY 2019-20. The Commissioners had no comments.

Insurance Fraud Programs FY 2019-20

DC Mueller announced the following dates:

- Request for Applications (RFAs) would be mailed out the week of February 11, 2019
- County applications are to be received by 5:00 pm on April 24, 2019.
- Informational Meeting would be held as a Webinar on February 27th
- Three Grant Workshops would be conducted in in Southern California on March 6th, Northern California on March 19th, and Central California on March 21st

Insurance Commissioner's WC Grant Review Panel

DC Mueller announced that the Insurance Commissioners Grant Review Panel meeting will take place on June 5, 2019, at the CA Peace Officers Standards and Training (POST) Facility located at 860 Stillwater Road, Suite 100, West Sacramento, CA.

At this point DC Mueller asked the Commissioners if they had any questions or comments and they did not.

Public Comment

The floor was then opened to the public for comment. Bruce Wick, representing California Professional Association of Specialty Contractors (CALPASC), expressed appreciation to the Commissioners, CDI, and the DAs for their dedication. He commented that the advisory rate has decreased but that the loss expense is still high. Mr. Wick highlighted that fighting premium fraud is important, claims hit employers hard, and emphasized the impact of the underground economy on honest employers.

California District Attorney Association (CDAA) Update

Deputy District Attorney (DDA) Dominic Dugo of San Diego County spoke on behalf of the CDAA representative, DDA Scott Tsui of Santa Clara County. DDA Dugo commented

that the DAs are committed to outreach and highlighted that, at the CDAA Fraud Symposium, the Outreach Class is one of the highest attended.

Public Comment

The floor was opened for public comments and DA Office representatives Jennifer Snyder of Los Angeles, Jill Nerone of Alameda, and Sherry Thompson-Taylor of San Diego commented on various outreach and training events provided and attended by their counties.

Other Business

Chairperson Marshall announced that the next scheduled meeting is June 19, 2019 at the Enforcement Branch Headquarters in Sacramento. Chairperson Marshall commented that there are now 2 meetings scheduled for September—September 4th and September 11th—and both would be in Sacramento and set the date of January 8, 2020 for the next annual election meeting.

Public Comment

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

Closing Comments

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

Motion

Commissioner Garcia-Brower made a motion to adjourn the meeting. Commissioner Sherman seconded the motion.

Action

The FAC unanimously approved. The meeting adjourned at 11:50 a.m.