

**STATE OF CALIFORNIA
FRAUD ASSESSMENT COMMISSION**

**Summary Meeting Minutes
Sacramento, California
June 16, 2021**

In attendance: Don Marshall, Chairperson; and Commission Members Christine Baker, Jay R. Bobrowsky, Branden Lopez, and Joel Sherman.

Others present: Eric Charlick, Division Chief, Enforcement Branch (EB), California Department of Insurance (CDI) and Yvonne Hauscarriague, Senior Staff Counsel, CDI Government Law Bureau.

Pursuant to Governor Gavin Newsom's Executive Order N-29-20, in response to the COVID-19 pandemic, this meeting was held entirely via Zoom Conferencing Services.

I. Fraud Assessment Commission

The meeting opened the at 10:35 a.m. and the facilitator provided meeting attendees with instructions for providing public comments and for obtaining materials provided to the Commissioners for review, consideration, and approval at today's meeting.

a. Opening Remarks

Chairperson Marshall started by providing the following instruction to the Commissioners:

- All voting will be done by roll call and persons making any motions or seconding should identify themselves.

Chairperson Marshall then asked the Commissioners if they wished to make any opening comments and there were none.

b. Approval of the Summary Meeting Minutes

Chairperson Marshall then proceeded with the approval of the summary minutes from the January 6, 2021, meeting. Copies of the minutes were electronically submitted to the FAC Commissioners at the start of the meeting.

Motion

Commissioner Sherman made a motion to accept the summary minutes as submitted and Commissioner Bobrowsky seconded the motion.

Action

The summary minutes were unanimously accepted via a roll call vote and Chairperson Marshall moved to the next agenda item.

c. Public Comments

Chairperson Marshall asked if there were any public comments and there were none. He then moved to the next agenda item and turned the meeting over to Chief Charlick of the Enforcement Branch.

II. Enforcement Branch Report

a. Funding Process and Recommendations

Chief Charlick began by recognizing the Enforcement Branch, Local Assistance Unit staff for all of the work they put into the Workers' Compensation Application Review Process.

Chief Charlick stated that, per the California Code of Regulations, the Insurance Commissioner convenes a Review Panel. This year's panel convened on June 2, 2021, and the review panelists were: Chair Don Marshall and Vice-Chair Jay R. Bobrowsky of the FAC; William Murphy, designee for the Director of the Department of Industrial Relations (DIR); Retired Chief Jack Horvath, an expert in consumer crimes designated by the Insurance Commissioner; and Assistant Chief Victoria Martinez representing CDI. The Review Panel's funding recommendations were presented to the Insurance Commissioner for his determination on the most effective distribution of funds.

Chief Charlick noted that on September 9, 2020, the FAC determined a funding level of \$45,889,371 to be available for distribution to District Attorneys (DAs) for Fiscal Year (FY) 2021-22. This year the Department received 36 applications representing 46 counties, requesting \$53,706,366 which is \$7,816,995 more than the available funding.

Chief Charlick continued with the overview of the Funding Recommendation Process. On June 7, 2021, Deputy Commissioner Mueller, Chief Charlick, and Assistant Chief Martinez met with the Insurance Commissioner to review the funding recommendations submitted by the Review Panel. The Insurance Commissioner reviewed the Panel's recommendations and the advice from the Fraud Division. The Insurance Commissioner

takes this responsibility very seriously and many questions were asked and answered. As a result, the Review Panel's Recommendations were accepted with no changes.

Chief Charlick explained that, at the start of his presentation, the letter from the Insurance Commissioner, which includes the funding award chart, was electronically submitted to the FAC Commissioners for their advice and consent. He additionally noted that copies would be available to the public following the meeting by sending an email request to LAU@insurance.ca.gov.

Chairperson Marshall read the letter in which the Insurance Commissioner expressed his sincere appreciation for the contributions made by the DAs in the battle against Workers' Compensation fraud. Chief Charlick then read all of the county funding awards listed in the funding determination chart attached to the letter.

Chief Charlick informed the Commissioners that the Insurance Commissioner's Review Panel made a recommendation for the pro-rata distribution of any FY 2020-2021 funds determined to be available at the year-end and the Insurance Commissioner has agreed with this recommendation. Any distribution is contingent upon budget authority.

Chief Charlick asked the Commissioners if they had any comments or questions and there were none.

b. Administrative Update

Chief Charlick explained that, in an effort to migrate to an online application process, CDI is reviewing an existing vendor software to assess and confirm its usability for our purpose.

Chief Charlick provided an update on CDI's hiring and recruiting efforts and thanked the counties for their dedication and commitment during these unprecedented times.

At this point Chief Charlick asked the Commissioner if they had any questions or comments.

Chairperson Marshall inquired as to what capabilities were being considered in the software being reviewed. Chief Charlick explained that the current assessment was with regards to the capability to submit the application online and that changes to DA reporting will be a separate update that will be addressed later.

Chairperson Marshall expressed that he had participated in a sub-committee with CDI to addressing changes in the metrics reported by the counties and inquired if these efforts

are still in process. Chief Charlick explained that changes to the DA reporting is still in process but will be addressed in the next Phase. There were no other comments from the other Commissioners.

c. Public Comment

The floor was opened for public comments. Assistant DA, Jill Nerone of Alameda County commented on the proposed change to the grant application process and suggested that CDI seek input from the DA offices.

Bruce Wick of Housing Contractors of California, thanked the counties, CDI, and the review panel and the FAC for their efforts. He further emphasized the importance of their efforts by highlighting a recent case in which the contractor underreported employee payroll in order to fraudulently reduce the premium for workers' compensation insurance. He indicated how these actions take business away from legitimate contractors and commented on the importance of listening to complaints against bad contractors.

There were no additional public comments and Chairperson Marshall moved to the next agenda item.

III. Advice and Consent

Chairperson Marshall and Commissioner Bobrowsky, the two FAC representatives participating on the Insurance Commissioner's Review Panel, commented on the key points they considered when evaluating applications and thanked the counties for their efforts.

Chairperson Marshall then asked the remaining Commissioners if they had any comments with regards to the Insurance Commissioner's funding determination and the county applications. Commissioner Baker thanked the counties for their efforts and participation and there were no other comments.

Motion

Commissioner Bobrowsky made a motion to accept the Insurance Commissioner's funding determinations. Commissioner Baker seconded the motion.

Action

The Commission unanimously voted to accept the Insurance Commissioner's funding determinations.

Public Comment

Chairperson Marshall asked if there were any public comments and there were none.

IV. Other Business

a. Next Scheduled Meetings

Chairperson Marshall announced that the next scheduled meetings will be held on September 8 and 15, 2021. The September 8th meeting will be for the purpose of receiving the FY 2020-2021 Annual Report and the September 15th meeting will be for the purpose of setting the aggregate assessment for FY 2021-22.

b. Public Comment

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

V. Closing Remarks

Chairperson Marshall asked the Commissioners if they had any closing remarks.

Commissioners Sherman and Bobrowsky thanked the counties and CDI for their efforts. There were no additional comments.

Chairperson Marshall asked for a motion to adjourn the meeting.

Motion

Commissioner Bobrowsky made a motion to adjourn. Commissioner Baker seconded the motion.

Action

The FAC unanimously approved and the meeting was adjourned at 11:15 a.m.