



OFFICE OF THE DISTRICT ATTORNEY

COUNTY OF VENTURA, STATE OF CALIFORNIA

ERIK NASARENKO
District Attorney

November 9, 2021

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

Subject: Adoption of a Resolution Authorizing the District Attorney to Accept Grant Funds and to Execute the Grant Agreement and Any Extensions or Amendments Thereof for Grant Funds in the Amount of \$330,202 from the California Department of Insurance for the Automobile Insurance Fraud Program

RECOMMENDATION:

It is recommended that your Board adopt the attached resolution authorizing the District Attorney to accept grant funds and to execute a grant agreement and any extensions or amendments thereof for grant funds in the amount of \$330,202 from the California Department of Insurance in order to continue the Automobile Insurance Fraud Program funded pursuant to California Insurance Code section 1872.8, and California Code of Regulations, Title 10, Section 2698.60 et. seq., for the grant period of July 1, 2021, through June 30, 2022.

FISCAL/MANDATE IMPACT:

| | |
|------------------------------|---|
| Mandatory: | Yes – Penal Code section 550 |
| Source of Funding: | Department of Insurance California Insurance Code section 1872.8 |
| Funding Match Required: | None |
| Impact on Other Departments: | No Additional Impact |

Summary of Revenue and Total Costs:

| | <u>FY 2021-22</u> | <u>FY 2022-23 (Estimated)</u> |
|-------------------------------------|-------------------|-------------------------------|
| Revenue: | \$ 330,202 | \$ 330,202 |
| Costs: | | |
| Direct: | \$ 330,202 | \$ 330,202 |
| Indirect: | Minimal | Minimal |
| Total Costs: | \$ 330,202 | \$ 330,202 |
| Net County Cost Including Indirect: | \$ 0 | \$ 0 |
| Recoverable Indirect: | \$ 0 | \$ 0 |

Sufficient appropriations were included in the FY 2021-22 Adopted Budget.

CURRENT BUDGET PROJECTIONS:

Current FY 2021-2022 Budget Projection for DAO/2101 as of July 1, 2021:

| | Adopted Budget | Adjusted Budget | Projected Budget | Estimated Deficit/Savings |
|----------------|-------------------|--------------------|---------------------|------------------------------|
| Appropriations | \$9,779,604 | \$9,779,604 | \$9,779,604 | \$0 |
| Revenue | \$9,668,478 | \$9,668,478 | \$9,668,478 | \$0 |
| Net Cost | (\$111,126) | (\$111,126) | (\$111,126) | \$0 |

DISCUSSION:

The passage of the Insurance Frauds Prevention Act in 1989, California Insurance Code section 1871 et seq., established funding to support automobile insurance fraud prevention, investigation, and prosecution. Since fraudulent activities account for a significant amount of all auto insurance premiums and payouts, the goal of the Insurance Frauds Prevention Act is to reduce auto insurance premiums by preventing fraudulent claims.

Ventura County continues to experience a substantial number of auto insurance fraud-related crimes. In Fiscal Year 20/21 the Auto Insurance Fraud Unit had a total of 62 active cases against 67 different suspects. The grant funds enable the District Attorney's Office to staff the Auto Insurance Fraud Unit with an experienced prosecution team able to target career criminals with serious criminal histories. A recent case is that of the one against Harry Cleeland, a career criminal who has perpetrated theft-related crimes since the 1970s. Cleeland was charged with multiple felonies stemming from an elaborate fraud

scheme that targeted Progressive Insurance. Cleeland fraudulently claimed that a \$350,000 custom motorhome had been stolen from him and made a claim for the loss. The prosecution fought successfully against numerous motions, including a motion to dismiss and successfully litigated a motion to increase bail to ensure Cleeland's appearance in court. On March 8, 2021, Cleeland was sentenced to four years in prison and to pay restitution totaling \$26,000 to Progressive.

The proposed grant funding will facilitate our ongoing and aggressive prosecution of this type of crime. A grant award of \$330,202 for fiscal year (FY) 2021-22 will provide funding for one-half of a senior prosecutor and one full-time investigator to continue automobile insurance fraud prevention, investigation, and prosecution. Grant revenue and costs associated with this program have been included in the FY 2021-22 adopted budget. This is an ongoing grant which was included on the list of recurring grants for the fiscal year; however, the Department of Insurance has requested a certified copy of a Resolution of the Board of Supervisors formally authorizing the District Attorney's acceptance of the funds. I respectfully urge your Board's continued support of this important program by adopting the Resolution authorizing the District Attorney to accept the funds and to execute the grant agreement and any amendments or extensions thereof.

This item has been reviewed by the County Executive Office, the Auditor-Controller's Office and County Counsel. Questions regarding this item may be directed to Director of Fiscal and Administrative Services Stuart Gardner at 805-477-1635 or Chief Deputy District Attorney Kevin Drescher at 805-662-1701.

Sincerely,



ERIK NASARENKO
District Attorney

EN/sg

Attachments:

Resolution of the Board of Supervisors

cc: Michael Powers, County Executive Officer
Jeffery S. Burgh, Auditor-Controller