



OFFICE OF THE DISTRICT ATTORNEY

COUNTY OF VENTURA, STATE OF CALIFORNIA

ERIK NASARENKO
District Attorney

March 28, 2023

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 \$962,490 from the California Department of Insurance for the Workers' Compensation 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 \$962,490 to continue the Workers' Compensation Insurance Fraud Program funded pursuant to California Insurance Code section 1872.83 and California Code of Regulations, Title 10, Section 2698.55 et seq., for the grant period of July 1, 2022, through June 30, 2023.

FISCAL/MANDATE IMPACT:

Mandatory:	Yes – Government Code section 26501 and Insurance Code section 1877.3(b)(1)
Source of Funding:	State of California Department of Insurance California Insurance Code section 1872.83
Funding Match Required:	None
Impact on Other Departments:	None

Summary of Revenue and Total Costs:

	<u>FY 2022-23</u>	<u>FY 2023-24 (Estimated)</u>
Revenue:	\$ 962,490	\$ 962,490
Costs:		
Direct:	\$ 962,490	\$ 962,490
Indirect:	Minimal	Minimal
Total Costs:	\$ 962,490	\$ 962,490
Net County Cost Including Indirect:	\$ 0	\$ 0
Recoverable Indirect:	\$ 0	\$ 0

Sufficient appropriations were included in the FY 2022-23 Adopted Budget.

CURRENT BUDGET PROJECTIONS:

Current FY 2022-2023 Budget Projection for DAO/2101:

	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Deficit/Savings
Appropriations	\$13,039,953	\$13,501,076	\$12,651,770	\$849,306
Revenue	\$10,134,878	\$10,134,878	\$9,657,148	(\$477,730)
Net Cost	\$2,905,075	\$3,366,198	\$2,994,622	\$371,576

DISCUSSION:

Ventura County continues to experience a substantial number of workers' compensation fraud-related crimes. Last year's grant award (FY 21/22) contributed to several successful program outcomes. Our office secured criminal convictions and recovered significant restitution from unscrupulous employers and claimants who defrauded insurance companies. In *People v. Judy Hein*, the defendant co-owned a roofing company in Simi Valley and grossly underreported the number of workers she employed. This fraudulently reduced her insurance premiums by \$1,600,000. We secured restitution to the victim with a certified check in the amount of \$600,000 and obtained a court order to pay the remaining outstanding balance of \$1,000,000.

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Our office also prosecuted the case of *People v. Hector Ayala*, another premium fraud case. Ayala was convicted of ten felony counts and placed on formal probation for 72 months. Ayala was ordered to pay insurance companies and the Employment Development Department \$403,047.00 in restitution. He has paid \$100,000.00 of the restitution to date.

We also held accountable defendants who defrauded the insurance system with fraudulent injury claims. In *People v. Alida Revolorio*, the defendant filed a false workers compensation claim and began collecting disability benefits from Liberty Mutual Insurance. At the same time, she worked for and owned a house cleaning business. The defendant pled guilty to three felony violations of Insurance Code section 1871.4(a) and made full restitution to victim Liberty Mutual in the amount of \$49,934.54. Continued acceptance of this grant funding will allow the District Attorney's Office to continue to successfully prosecute worker's compensation fraud cases.

The grant award of \$962,490 for fiscal year (FY) 2022-23 will provide funding for 2.5 investigators and one investigative assistant, partial funding for two prosecutors, and partial funding for one legal processing assistant. Grant revenue and costs associated with this program were included in the FY 2022-23 adopted budget. Although this ongoing grant was included on the list of recurring grants for the fiscal year, the Department of Insurance has requested a certified copy of a Resolution of the Board of Supervisors specifically authorizing the District Attorney's acceptance of these funds. I respectfully urge your 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 Officer, the Auditor-Controller's Office, and County Counsel. Questions regarding this item may be directed to Director of Fiscal and Administrative Services Chuck Hughes at 805-477-1635 or Chief Deputy District Attorney Kevin Drescher at 805-662-1701.

Sincerely,



ERIK NASARENKO
District Attorney

EN/sg

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Attachment:

Resolution

cc: Sevet Johnson, PsyD., County Executive Officer
Jeffery S. Burgh, Auditor-Controller