



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

July 16, 2025

The Honorable Jesse Wilson
District Attorney
Nevada County District Attorney's Office
201 Commercial Street
Nevada City, CA 95959

**RE: Grant Award for Workers' Compensation Insurance Fraud Program
Fiscal Year 2025-26**

Dear District Attorney Wilson,

I am very pleased to report that, for Fiscal Year 2025-26, a total of \$52,850,852 is available in Workers' Compensation Insurance Fraud Program grant funds to be distributed to 32 District Attorney Offices representing 41 counties, of which **Nevada** County has been awarded a total of **\$60,203** for this important program. The available funds are comprised of \$48,875,973 in Aggregate Assessment base funds, and an additional amount of \$3,974,879 from FY 2023-24 unexpended county funds. Your County's total award is comprised of \$59,653 base award and \$550 additional award. This grant award is to be used for the investigation and prosecution of workers' compensation insurance fraud.

Each application received for grant funding was thoroughly reviewed, with careful consideration given to the applicant's plan to achieve the goals and objectives set by Insurance Commissioner Lara and the Fraud Assessment Commission earlier this year.

It is the California Department of Insurance's (Department) continuing intent that these funds be used effectively to pursue and investigate workers' compensation fraud across California. It is also important to focus these finite resources on combating fraud that continues to increase costs on the workers' compensation system, including medical provider insurance fraud, employer premium fraud, insider fraud, and claimant fraud, among others. Additionally, a coordinated and aggressive outreach program to all communities by your office, including to diverse and underserved communities, with measurable outcomes remains a priority.

In preparation for the Fiscal Year 2026-27 grant cycle, I wanted to inform you that the Department is currently reviewing this program's grant administrative procedures with the purpose of ensuring greater accountability, heightened transparency, and effective stewardship of public funds. Any necessary changes to the grant program process and requirements will be published in the Grant Management System and included in the grant workshops conducted next year, where we will address any questions you may have.

Thank you for submitting your application for grant funding and, moreover, congratulations on your award. I look forward to working together with you in our continuing pursuit against workers' compensation insurance fraud.

Please feel free to contact Victoria Martinez, CDI Deputy Chief, Fraud Division, at (323) 278-5062 should you have any questions regarding your award. The Local Assistance Unit will reach out to you regarding your budget.

Sincerely,



Eric Charlick
Deputy Commissioner
California Department of Insurance
Enforcement Branch

cc: Hap Penaluna, Chief DA Investigator

Application Report

Applicant Organization:	Nevada	
Application:	FY 25-26 WC Nevada County	
App ID:	App-25-376	
Funding Announcement:	FY 25-26 Workers' Compensation Insurance Fraud Program	
Requested Amount:	\$63,005.00	

Project Summary: To continue developing our workers' compensation Fraud Investigations Unit, we will maintain our relationships with the California Department of Insurance's Northern Impact Task Force to meet the goals and objectives of the program. On every joint investigation, our attorney will meet with investigators from the Fraud Division to develop effective investigative plans which will include necessary investigative steps to obtain evidence necessary for a criminal prosecution. Involvement in the Northern Impact task force operations will continue to enhance our regular joint meetings with the Fraud Division where we discuss successful investigations and strategies for future endeavors. We will also conduct additional outreach efforts at the local level to achieve awareness about the prevention and identification of workers' compensation fraud. This includes making presentations to local chamber of commerce groups, labor unions, human resource departments and meeting with the existing law enforcement agencies and welfare fraud unit at the District Attorney's Office. Upon making arrests, we will continue to publicize our enforcement actions and successful prosecutions in local print, radio, and internet media. This further enlightens the public as to the emphasis now being placed on insurance fraud in the County of Nevada. All local media outlets in our community are closely monitored by the public and we believe there will be a significant deterrent effect by publicizing these events.

Authorized Certifying Official:	Henry Penaluna	Hap.Penaluna@nevadacountyca.gov	530-265-1796
Department Director/Manager:	Henry Penaluna	Hap.Penaluna@nevadacountyca.gov	530-265-1796
Project Manager/Coordinator:	Brandon Corchero	Brandon.Corchero@nevadacountyca.gov	530-265-1755
Compliance/Fiscal Officer:	Michelle Donovan	Michelle.Donovan@nevadacountyca.gov	530-265-1487

APPLICANT QUESTIONS

Section Name: Overview Questions

Sub-Section Name: General Information

1. APPLICANT QUESTION: MULTI-COUNTY GRANT

Is this a multi-county grant application request? If Yes, select the additional counties.

Applicant Response:

No

2. APPLICANT QUESTION: FY 23-24 AUDITED UNEXPENDED FUNDS

Excluding interest, what was the amount of your FY 23-24 Audited Unexpended Funds? If none, enter "0".

Applicant Response:

11055

**3. APPLICANT QUESTION: FY 23-24 AUDITED UNEXPENDED FUNDS PERCENTAGE OF
FY 23-24 AWARD**

Your FY 23-24 Audited Unexpended Funds are what percentage of your FY 23-24 total award? If none, enter "0".

Total Award excludes interest earned and incoming carryover. To calculate percentage, divide your audited unexpended funds by your total award. Round to the nearest whole number.

Example:

FY 23-24 Total Award: \$100,000

FY 23-24 Audited Unexpended Funds: \$23,750

FY 23-24 Audited Unexpended Funds Percentage: 24%

Applicant Response:

14

4. APPLICANT QUESTION: CONTACT UPDATES

Has your county's Admin User updated the Contacts and Users for your Program?

- **Contacts** are those, such as your elected District Attorney, who need to be identified but do not need access to GMS.
- **Users** are those individuals who will be entering information/uploading into GMS for the application. **Confidential Users** have access to everything in all your grant applications. **Standard Users** do not have access to the Confidential Sections where Investigation Activity is reported. Typical Standard Users are budget personnel.

Applicant Response:

Yes

5. APPLICANT QUESTION: PROGRAM CONTACTS

Identify the individuals who will serve as the Program Contacts and your Elected District Attorney. Your Program Contacts must be entered as a User and your Elected District Attorney may be a Contact or User in GMS. Contact your county's Admin User if an individual needs to be added or updated.

On the final submission page, you will link your Program Contacts to the application.

Project Director/Manager is the individual ultimately responsible for the program. This person must be a Confidential User.

Case Statistics/Data Reporter is the individual responsible for entering the statistics into the DAR (District Attorney Program Report). This person should be a Confidential User.

Compliance/Fiscal Officer is the individual responsible for all fiscal matters relating to the program. This person is usually a Standard User.

Elected District Attorney is your county's elected official. This person must be entered as a Contact or a User.

Applicant Response:

Program Contacts	Name
Project Director / Manager	Hap Penaluna
Case Statistics / Data Reporter	Brandon Corchero

Compliance / Fiscal Officer

Michelle Donovan

Elected District Attorney

Jesse Wilson

6. APPLICANT QUESTION: STATISTICAL REPORTING REQUIREMENTS

Do you acknowledge the County is responsible for separately submitting a Program Report using the CDI website, DA Portal?

To access the DAR webpage on the CDI website: right click on the following link to open a new tab, or copy the URL into your browser.

<http://www.insurance.ca.gov/0300-fraud/0100-fraud-division-overview/10-anti-fraud-prog/dareporting.cfm>

As a reminder, Vertical Prosecutions should not be counted as an Investigation, a Joint Investigation, or an Assist in the DAR.

Applicant Response:

Yes

7. APPLICANT QUESTION: REQUIRED DOCUMENTS UPLOAD

Have you reviewed the Application Upload List and properly named and uploaded the documents into your Document Library?

To view/download the Application Upload List: go the Announcement, click View, and at the top of the page select Attachments. The Application Upload List is 4e. Items must be uploaded into the Document Library before you can attach them to the upcoming questions.

Applicant Response:

Yes

Sub-Section Name: BOS Resolution

8. APPLICANT QUESTION: BOS RESOLUTION

Have you uploaded a Board of Supervisors (BOS) Resolution to the Document Library and attached it to this question?

A BOS Resolution for the new grant period must be uploaded to GMS to receive funding for the 2025-2026 Fiscal Year. If the resolution cannot be submitted with the application, it must be emailed to LAU@insurance.ca.gov no later than January 2, 2026. There is a sample with instructions

located in the Announcement Attachments, 3b.

Applicant Response:

No

9. APPLICANT QUESTION: DELEGATED AUTHORITY DESIGNATION

Choose from the selection who will be the person submitting this application, signing the Grant Award Agreement (GAA), and approving any amendments thereof.

The person selected must be a Confidential User, who will attest their authority and link their contact record on the submission page of this application. Must be a direct email address; No generic/group email address allowed. A sample Delegated Authority Designation Letter is located in the Announcement Attachments, 3a. CDI encourages the contact named as Project Director/Manger be the designated authority, should that be your selection.

Applicant Response:

Designated Person named in Attached Letter

Documents:

Designated Authority Letter FY25-26.Pdf

Section Name: County Plan

Sub-Section Name: Qualifications and Successes

10. APPLICANT QUESTION: SUCCESSES

What areas of your workers' compensation insurance fraud program were successful and why?

Detail your program's successes for ONLY the 23-24 and 24-25 Fiscal Years. It is not necessary to list every case. If a case is being reported in more than one insurance fraud grant program, clearly identify the component(s) that apply to this program. If you are including any task force cases in your caseload, name the task force and your county personnel's specific involvement/role in the case(s). Information regarding investigations should be given a reference number and details provided only in the Confidential Section, question 1 (County Plan Confidential Investigation Details).

Applicant Response:

With personnel having been in place for the year and gaining experience in finding and deterring fraud, Investigator Arbaugh and Salinas, both on their own and with the assistance of the El Dorado County District Attorneys' Office and the California State Contractor's Board Investigators, have sought out violations, hitting numerous construction sites, larger scale earth moving and/or landscaping sites as well as others in an attempt to find out of compliance contractors intentionally circumventing the worker compensation process. To date, these "Operations" have been successful in that they've made numerous contacts, provided education and/or assistance, as well as issuing several citations for more flagrant violations. Additionally with the cooperation of the Northern California Worker Compensation Task Force we have received a higher number of case referrals to our office.

11. APPLICANT QUESTION: TASK FORCES AND AGENCIES

List the governmental agencies and task forces you have worked with to develop potential workers' compensation insurance fraud cases.

Applicant Response:

Federal Agencies:

Federal Bureau of Investigation

United States Marshall's Office

State Agencies

Contractors State License Board (current collaboration)

Franchise Tax Board (current collaboration)

Office of Internal Affairs, California Highway Patrol

California Med-Cal Fraud Unit (current collaboration)

California State Bar

California Department of Labor (current collaboration)

California Medical Board (current collaboration)

California Department of Forestry and Fire Protection

Employment Development Department (current collaboration)

California Department of Justice, Bureau of Forensic Services

California State Board of Equalization, Tax Recovery and Criminal Enforcement Task Force (TRaCE) (current collaboration)

Local Agencies

Nevada County Sheriff's Department (current collaboration)

Sierra County Sheriff's Department

Truckee Police Department (current collaboration)

Grass Valley Police Department (current collaboration)

Nevada City Police Department (current collaboration)

Auburn Police Department

Nevada County Department of Social Services (current collaboration)

Placer County Department of Social Services, Welfare Fraud Bureau

Placer County District Attorney's Office (current collaboration)

Placer County Sheriff's Department

Nevada County Building Department

Grass Valley Building Department

Nevada County Consolidated Fire District (current collaboration)

Amador County District Attorney's Office (current collaboration)

California Highway Patrol, Grass Valley Office

Nevada County Probation Department (current collaboration)

Sacramento Valley High Tech Crimes Task Force (current collaboration)

Yolo County District Attorney's Office (current collaboration)

El Dorado County District Attorney's Office (current collaboration)

Northern Impact Workers' Compensation Anti-Fraud Task Force (current collaboration) Washoe County Sheriff's Office (State of Nevada, current collaboration)

Reno Police Department (State of Nevada, current collaboration)

12. APPLICANT QUESTION: UNFUNDDED CONTRIBUTIONS

Specify any unfunded contributions and support (i.e., financial, equipment, personnel, and technology) your county provided in Fiscal Year 24-25 to the workers' compensation insurance fraud program.

Applicant Response:

Our office provides unfunded contributions for a significant amount of operating expenses including law enforcement peace officer safety equipment, such as bulletproof vests, police radios, firearms, ammunition, and other forensic and non-forensic investigative tools at the disposal of all other district attorney investigators. Also, the vehicle used by the worker's compensation investigator continues to be provided out of the District Attorney's existing fleet and the grant is only to assist with monthly vehicle maintenance and fuel costs.

Additional unfunded contributions include the regular maintenance and technical support for computers, printers as well as access and maintenance to the Nevada County District Attorney's Office case management system. Worker's Comp Investigators are also provided access the various law enforcement searchable databases such as; TLO, Clets and DMV records. In addition to the "In-house" databases, the Investigator has the ability to use the Sheriff's Office Record Management system, Jail Management system which includes the jail telephone monitoring system.

The use of multiple interview rooms within the District Attorney's Office and the recording equipment used to monitor those interviews. The District Attorney's Office provides all Peace Officer Standards and Training (POST) perishable skills training to the assigned worker's compensation investigator. Due to the fact that we have transitioned to a full time employee, the grant funds only cover a portion of the actual expenses, therefore all supplemental investigative personnel resources to conduct search warrants, suspect interviews, surveillance, and undercover operations will be provided from the District Attorney's Office General Criminal Investigations Unit.

All workers' compensation cases that have been filed, charged or reviewed to date have had some work done by a Nevada County prosecutor assigned to white collar crimes and/or the Assistant District Attorney. These case reviews, filings/charging and courtroom appearances are only minimally covered by the grant funding. Any additional attorney and/or clerical assistance on these cases are covered by our general fund. In future years, depending on case referrals and filings, our office may ask for more additional prosecutor/attorney funding for this program.

13. APPLICANT QUESTION: PERSONNEL CONTINUITY

Explain what your county is doing to achieve and preserve workers' compensation fraud institutional knowledge in your grant program. Also detail and explain the turnover or continuity of personnel assigned to your workers' compensation insurance fraud program. Include any rotational policies your county may have.

Applicant Response:

Currently our office has a full time investigator position dedicated to spending a portion of their efforts to the Worker Compensation Fraud program. This alleviated any "overages" associated to having a solely part-time employee assigned this task. Now, if need be, we no longer have to worry about any repercussions, should that employee have exceeded their yearly allowed time with either the grant or associated issues with PERS.

However with the changes described above, if we were selected for funding in new year, our intention would be to maintain the same hours currently devoted to the investigator position that would be dedicated to this program.

District Attorney Investigator Brandon Corchero has been the assigned workers' compensation fraud investigator since the beginning of last years grant cycle. Investigator Corchero has over 17 years' experience as a peace officer, many of which assigned as a detective or supervisor. He has extensive experience in conducting major criminal investigations, including but not limited to homicide and officer involved shooting investigations, sexual assault investigations, real estate fraud investigations, public assistance fraud investigations, and workers' compensation fraud investigations.

Because of internal re-assignments within our office, Investigator Salinas will be replaced by Investigator Corchero who also brings a vast and extensive law enforcement experience to the Task Force, including working as the main W/C Investigator in previous years. In an effort to maintain continuity of cases, Investigator Salinas will be assisting in this transition. He has already passed along his knowledge and work load completed as well as made many introductions down at the CDI main headquarters. Because of the aforementioned approach, it was an easy transition of investigators. The District Attorney's Office understands the importance of continuity and keeping turnover to a minimum, however due to the size of our investigative staff, there may be times we have to rotate personnel to other assignments and/or tasks throughout the grant cycle. If at any time this does occur, rest assured we're doing everything possible to make it a seamless transition.

In an effort to expedite case filings and maintain better continuity, a Senior DDA will be assigned cases investigated/charged under the grant. As in years past, cases may also be handled by the attorney's assigned within the Northern Impact Workers' Compensation Anti-Fraud Task Force which encompasses the District Attorneys of Nevada, Yolo, Sacramento, El Dorado, California State Franchise Tax, and the California Department of Insurance.

14. APPLICANT QUESTION: FROZEN ASSETS DISTRIBUTION

Were any frozen assets distributed in FY 24-25?

If yes, please describe. Assets may have been frozen in previous years.

Applicant Response:

No

Sub-Section Name: Staffing

15. APPLICANT QUESTION: STAFFING LIST

Complete the chart and list the individuals working the program. Include prosecutor(s), investigator(s), support staff, and any vacant positions to be filled.

All staff listed in your application budget must be included in the chart.

For each person, list the percentage of time dedicated to the program and the start and end dates the individual is in the program. The entry in the "% Time" field must be a whole number, i.e., an employee who dedicates 80% of their time to the program but is only billed 20% to the program, would be entered as "80" in the "% Time Dedicated to the Program" column.

Applicant Response:

Name	Role	Start Date	End Date (leave blank if N/A)	% Time Dedicated to the Program
Brandon Corchero	Investigator	07/01/2025	06/30/2026	15.00
Hap Penaluna	Program Director/Supervising Investigator	07/01/2025	06/30/2026	5.00
Evidence Tech (vacant)	Investigative Assistant	07/01/2025	06/30/2026	2.00

16. APPLICANT QUESTION: FTE AND POSITION COUNT

The staff and FTE included in the chart below MUST MATCH the staff and FTE listed in your application budget. Do not include unfunded personnel.

The "# of Positions" field represents people and must be entered in whole numbers. The "FTE" field must be entered as a decimal and represents the Full Time Equivalent (FTE) for all budgeted personnel in that position.

E.g., Two Attorneys who are billed to the program at 80% each would be entered as "2" in the # of Positions field and "1.60" in the FTE field.

Reminder: This chart MUST match your application budget.

Applicant Response:

Salary by Position	# of Positions (whole numbers)	FTE (1.00 = 2080 hours/year)
Supervising Attorneys		
Attorneys		
Supervising Investigators	1.00	0.05
Investigators (Sworn)	1.00	0.15
Investigators (Non-Sworn)		
Investigative Assistants	1.00	0.02
Forensic Accountant/Auditor		
Support Staff Supervisor		
Paralegal/Analyst/Legal Assistant/etc.		
Clerical Staff		
Student Assistants		
Over Time: Investigators		
Over Time: Other Staff		

Salary by Position, other

Total: 3.00

Total: 0.22

17. APPLICANT QUESTION: ORGANIZATIONAL CHART

Upload and attach to this question an Organizational Chart; label it "25-26 WC (county name) Org Chart".

The organizational chart should outline:

- Personnel assigned to the program. Identify their position, title, and placement in the lines of authority to the elected district attorney.
- The placement of the program staff and their program responsibility.

Applicant Response:

25-26 WC Nevada County Org Chart.Pdf

Sub-Section Name: Problem Statement & Program Strategy

18. APPLICANT QUESTION: PROBLEM STATEMENT

Describe the types and magnitude of workers' compensation insurance fraud (e.g., claimant, single/multiple medical/legal provider, premium/employer fraud, insider fraud, insurer fraud) relative to the extent of the problem specific to your county.

Use local data or other evidence to support your description.

Applicant Response:

Nevada County is principally rural in nature, with its 958 square miles stretching eastward from the foothills to the high Sierra Nevada Mountains. Nevada County is approximately 60 miles from Sacramento and extends to the state border with the State of Nevada. The County is divided by the Sierras into two main regions-eastern and western- each with its own unique character and set of needs. Western Nevada County includes the incorporated cities of Grass Valley and Nevada City, six unincorporated communities, and a number of rural regions. The eastern portion, wherein lies the Town of Truckee, has been historically underserved due to its mountain location and distance from the County's government center. The County is bordered by Sierra County, Placer County, and Yuba County.

According to U.S. Census and California Department of Labor data, Nevada County's total population is approximately 102,293 with about 53.3% of residents 16 years of age and older comprising the labor force. Our county is home to one of the larger elderly and senior citizens populations per

capita in the State of California. Even though our overall population slightly decreased, the average age increased. The median age in Nevada County is 49.9 and is now estimated to be approximately 30.1% of the population is greater than 65 years of age. Due to this phenomenon, there is believed to be a large number of uninsured or underinsured contractor/employer and employer fraud cases associated with possible elder abuse that are largely unreported due the lack of outreach within our community.

Nevada County is home to a large number of midsized employers. A large number of the employed workers are in the goods producing industries of logging, mining, and construction, as well as the service industries of transportation, utilities, education, leisure and hospitality, professional and medical services, and local government. These employers include but are not limited to Sierra Nevada Memorial Hospital, Tahoe Forest Hospital, Sierra Community College, Boreal Mountain Resort, Sugar Bowl-Village Lodge Resort, Northstar-At-Tahoe, Ritz-Carlton, Interfaith Food Ministry, Hyatt-Northstar Lodge. Milhous School Inc., Briarpatch Community Market, Grass Valley Group, Nevada County Charter Co-Op, Save Mart, Lahontan Golf Club, The County of Nevada, The City of Grass Valley, The City of Nevada City, The Town of Truckee, Telestream Inc, JC Penny's, Safeway, Pacific Gas and Electric, Sierra Power Company, Truckee-Donner Public Utility District, SBC, Suddenlink Cable, Comcast Cable, Rubicon Technology, Nevada Irrigation District, Deer Creek Park Association, Nevada County Sanitation District, Waste Management, Truckee Sanitary District, Robinson Enterprises Inc., Nevada Joint Union High School District, nine different elementary and middle school districts, several private elementary, middle, and high school faith based organizations, Target, Tahoe Donner Association, Raley's, Safeway, and a number of non-profit entities who are also employers. There are also a large number of small businesses and out-of-county employers who are likely injured on the job and overstated the injury severity or length of injury.

Even though we're a participating agency with the Northern Impact Workers' Compensation Anti-Fraud Task Force and despite the fact our county is home to many businesses that encompass a vast assortment of industries, we only received one case referral from the Department of Insurance during this reporting period. Additionally our efforts through outreach and in-field investigations did not produce any in-depth claims for Premium, Claimant, Multiple Entities Provider, Single Entities Provider, Insider or other types of fraud.

19. APPLICANT QUESTION: PROBLEM RESOLUTION PLAN

Explain how your county plans to resolve the problem described in your problem statement. Include improvements in your program.

Information regarding investigations should be given a reference number and details provided only in the Confidential Section, question 1 (County Plan Confidential Investigation Details).

Specify how the district attorney will address the workers' compensation insurance fraud problem, defined in the Problem Statement, through the use of program funds.

The discussion should include the steps that will be taken to address the problem, as well as the estimated time frame(s) to achieve program objectives and activities.

The response should describe:

- The manner in which the district attorney will develop his or her caseload;
- The sources for referrals of cases; and
- A description of how the district attorney will coordinate various sectors involved, including employers, insurers, medical and legal providers, CDI, self-insured employers, public agencies such as the Department of Industrial Relations, Employment Development Department, and local law enforcement agencies.

Applicant Response:

In order to continue in developing our workers' compensation Fraud Investigations Unit, we will maintain our relationships with the California Department of Insurance, Fraud Division to develop a caseload . On every joint investigation, our attorney will meet with investigators from the Fraud Division to develop effective investigative plans which will include necessary investigative steps to obtain evidence necessary for a criminal prosecution. When necessary, a Nevada County prosecutor will remain connected to the investigation and any subsequent court hearings. Our office will further develop existing relationships with the other law enforcement, governmental agencies, and insurance companies to conduct multi-agency investigations. These would include operations such as sting and sweep enforcement actions with the Contractor's License Board. Going forward we will investigate workers' compensation criminal violations during these sweeps and submit them for criminal prosecution. We would also continue to work with self-insured employers such as local city and county governments, insurers, and the Employment Development Department to coordinate investigative activities and receive additional referrals.

District Attorney Jesse Wilson has excitedly given his commitment to our involvement with the regional Northern Impact Workers' Compensation Anti-Fraud Task Force which continues to provide a regional investigative network for deterrence and prosecution of workers' compensation fraud related criminal activity. This ongoing task force encompasses the District Attorneys serving the Counties of Nevada, El Dorado, Sacramento, Yolo, as well as the California Department of Insurance, and the State Franchise Tax Board . These agencies look to collaborate and provide joint cooperation in conducting search warrant service, interview of witnesses and/or suspects, surveillance, evidence collection, and shared access to interview and/other facilities. This task force will allow for the investigation of extremely complex high dollar premium fraud and provider fraud investigations that would otherwise go unworked due to a lack of investigative resources to attack such cases.

In order to continue assisting this coordinated effort, our office will continue including access to our high tech forensic computer crimes unit within the Nevada County District Attorney's Office. This unit within our office although not officially part of the task force includes a full time criminal investigator who investigates felony forensic computer related criminal activity in Nevada County or task force related activities. This investigator will be able to assist on any workers' compensation insurance related fraud cases in which smart phones, notebook computers, personal tablets, home computers, or digital storage devices are taken by investigators and need forensic download and/or examination. Those forensically imaged

documents would be made available in a forensically acceptable and court approved data file system to all allied agencies involved in workers' compensation insurance fraud criminal investigations.

Other coordinated efforts would include assistance on collaborative undercover stings and sweeps involving the Northern Impact Workers' Compensation Anti-Fraud Task Force. Shared access would also be provided to all agencies involved in this task force to shared law enforcement databases when necessary.

This multi-jurisdictional model will continue to keep our funding separate, yet it continues to provide all entities with the investigative and prosecutorial ability to assist each other in larger scale investigative operations. Furthermore, this comprehensive program provides the ability to aggressively promote our anti-fraud outreach program. All agencies will continue to coordinate efforts to direct resources toward educating public, private and government entities in all regions. This will be done in cost effective ways through the individual District Attorney's websites, local television and radio campaigns, workers' compensation compliance checks, and participation in public events and meetings.

Involvement in Northern Impact task force operations will continue to enhance our regular joint meetings with the Fraud Division where we discuss successful investigations and strategies for future endeavors. We will also conduct additional outreach efforts at the local level to achieve awareness about the prevention and identification of workers' compensation fraud. This includes making presentations to local chamber of commerce groups, labor unions, human resource departments and meeting with the existing law enforcement agencies and welfare fraud unit at the District Attorney's Office.

Upon making arrests, we will continue to publicize our enforcement actions and successful prosecutions in local print, radio, and internet media. This further enlightens the public as to the emphasis now being placed on insurance fraud in the County of Nevada. All local media outlets in our community are very highly monitored by the public and we believe there will be a significant deterrent effect by publicizing these events.

20. APPLICANT QUESTION: PLANS TO MEET IC AND FAC GOALS

What are your plans to meet the announced goals of the Insurance Commissioner and the Fraud Assessment Commission?

If these goals are not realistic for your county, please state why they are not, and what goals you can achieve. Include your strategic plan to accomplish these goals. *Copies of the Goals can be found in the Announcement Attachments, 4g and 4h.*

Applicant Response:

The Northern Impact Workers' Compensation Anti-Fraud Task Force has the following objectives:

- Utilize state and regional resources in a coordinated manner to reduce the impact of workers' compensation fraud and related criminal activity.
- Investigate, arrest, and prosecute individuals and criminal enterprises that commit or conspire to commit workers' compensation fraud and related crimes.

- Use contemporary technology to develop investigations and prosecution strategies to reduce workers' compensation fraud activity.
- In conjunction with district attorneys, develop investigative and prosecution strategies that will significantly and measurably address the incidences of workers' compensation fraud in the region.
- Establish liaison and communication between allied agencies, the insurance industry, and other public and private sectors to enhance intelligence and informant development.
- Through outreach, educate the public about fraud and deter others from committing fraud.
- Publicize the consequences of committing fraud by publicizing prosecutions, convictions, and sentencing.

We will continually seek to identify fraud cases that may affect public safety and review past investigative referrals to the Department of Insurance that are still within the statute of limitations for possible criminal prosecution. We would expect to investigate additional uninsured employer claims, claimant fraud, and more advanced employer premium fraud in our continual years of existence as a task force.

In order to achieve these goals, we will continue to maintain a robust outreach program to those groups in our community that are most likely to make referrals for investigation and create public awareness. Those groups would include local civic groups, service clubs, Chambers of Commerce, the Nevada County Contractor's Association, local labor unions, human resources departments, and large public and private sector employers.

We would also continue to develop and enhance the abilities of the Northern Impact Workers' Compensation Anti-Fraud Task Force. The use of coordinated investigative strategies and regular communication would be vital to successful criminal prosecutions in these cases. These relationships will continue to allow our office to obtain resource assistance and expertise from other law enforcement agencies including but not limited to the Fraud Division, which has grown our unit's overall expertise.

21. APPLICANT QUESTION: MULTI-YEAR GOALS

What specific goals do you have that require more than a single year to accomplish?

Applicant Response:

It is our goal to establish a larger and more comprehensive fraud unit that would encompass additional attorney and investigative resources in upcoming years. We expect to successfully investigate current referrals and achieve positive results in those cases. Through our involvement in the Northern Impact Workers' Compensation Anti-Fraud Task Force, we expect to continue building expertise in conducting complex and very complex fraud cases, including premium fraud cases that we realize take more skill and significant investigation time. These cases will require multiple search warrants, informants, undercover officers, and extensive surveillance.

If successful in the next year in our partnership with the Northern Impact Workers' Compensation Anti-Fraud Task Force, we would look to request funding for more investigator resources in coming fiscal years.

During enforcement sweeps, Investigator Salinas began providing outreach and education to various contractor's and employees. Over the course of the year, we began to see our efforts were rewarded with fewer enforcement actions taken. On many occasions, Investigator Salinas was congratulated by contractors for his efforts and understanding, with several taking the time to make Social Media posts saying as such. Additionally Chief Penaluna spoke at several town hall/working group meetings, explaining our efforts to combat Worker Compensation Fraud.

Our insurance fraud unit in conjunction with the Northern Impact Workers' Compensation Anti-Fraud Task Force would continue to collaborate with all civic groups, service clubs, local Chambers of Commerce, local labor unions, and human resource departments. We would also discuss in these forums the kinds of cases we have investigated and that we will continue to investigate, including but not limited to uninsured employer claims, claimant fraud, and more advanced employer premium fraud. Our elected District Attorney would also continue to provide public information announcements regarding workers' compensation fraud on local radio and television media outlets during regular monthly public information segments he provides to the community.

22. APPLICANT QUESTION: RESTITUTION AND FINES

Describe the county's efforts and the District Attorney's plan to obtain restitution and fines imposed by the court to the Workers' Compensation Fraud Account pursuant to California Insurance Code Section 1872.83(b)(4).

Applicant Response:

During the initial review of any fraud complaint, the investigator and attorney assigned would seek to estimate the chargeable fraud and restitution on the case. Our office seeks full restitution for all identified victims in all criminal cases, in addition to applicable fines associated with the offenses. In many cases, we have obtained stipulated restitution amounts as part of a plea agreement with defendants. We anticipate using this same process to procure restitution and fines on any workers' compensation cases prosecuted by our office.

23. APPLICANT QUESTION: RESTITUTION NUMBERS

Provide the amount of restitution ordered and collected for the past five fiscal years.

If this information is not available, provide an explanation.

Applicant Response:

Fiscal Year	Restitution Ordered	Restitution Collected
-------------	---------------------	-----------------------

2024-25	\$0.00	\$0.00
2023-24	\$0.00	\$0.00
2022-23	\$0.00	\$0.00
2021-22	\$0.00	\$0.00
2020-21	\$15,400.00	\$15,400.00
Total: \$15,400.00		Total: \$15,400.00

Additional Comments:

N/A, under 10%

24. APPLICANT QUESTION: UTILIZATION PLAN RELATED TO UNEXPENDED FUNDS

If you had any unexpended funds from FY 23-24 (Overview Questions 2 & 3), address the below question(s). If you did not have any unexpended funds from FY 23-24, mark N/A.

- 1) You must address if you are on track to expend all of your Total Funding for FY 24-25. This includes your FY 24-25 Awards and FY 23-24 Approved Unexpended Funds.
- 2) If you are not on track to expend your Total Funding and you are not asking for a corresponding reduction in your grant request, please explain.

Applicant Response:

1. We are currently not on track to spend the FY24-25 funds. We will be expending the Approved Unexpended Funds from FY23-24.
2. Our request is reduced by \$24,728 (FY24/25 \$87,733, FY25/26 \$63,005).

25. APPLICANT QUESTION: UTILIZATION PLAN

Your budget provides the amount of funds requested for Fiscal Year 25-26.

Provide a brief narrative description of your utilization plan for the Fiscal Year 25-26 requested funds.

If an increase is being requested, please provide a justification. Any information regarding investigations should be given a reference number and details provided only in the Confidential Section, question 1 (County Plan Confidential Investigation Details).

Applicant Response:

This is our 12th year requesting funding for this program. However, in spite of our efforts through public outreach, continual proactive enforcement attempts and the lack of case referrals from our allied Task Force agencies, this year we are only requesting 61% of the overall allocated funding. We believe this amount will minimally allow our office to function effectively in this area of fraud investigation. Our office maintains a small staff of eleven prosecuting attorneys and five full time criminal investigators. Due to the limited outside funding of this project from our county general fund and our current staff size, we anticipate funding of \$63,005.00 and dedicating \$7,500.00 to the required Department of Insurance grant audit, \$3,073.00 for indirect expenses and the remaining funds allocated to covering a small portion of phone costs, software, space, and fleet charges. Of the full funding amount, 74% will be utilized for salaries and benefits, funding an investigator, supervisor and an investigative assistant. With several promotions and/or re-assignments, the Northern Impact Workers' Compensation Anti-Fraud Task Force concept seems to have re-gained momentum and has successfully completed some major investigations and prosecutions. In the future, we may ask for additional funding to include a full-time criminal investigator in order to fully partake in Task Force activities and more fully contribute to the regional success of this endeavor.

26. APPLICANT QUESTION: UNINSURED EMPLOYERS

Describe the county's efforts to address the problem of uninsured employers.

Local district attorneys have been authorized to utilize workers' compensation insurance fraud funds for the investigation and prosecution of an employer's willful failure to secure payment of workers' compensation as of January 2003.

Applicant Response:

Our program intends to regularly visit employers in Nevada County to verify workers' compensation insurance. We intend to work together with the Northern Impact Workers' Compensation Anti-Fraud Task Force, Department of Insurance, the Department of Labor Standards Enforcement, and Contractors State Licensing Board to generate referrals . We also plan to conduct stings and undercover operations in which we employ the assistance of the Northern Impact Task Force in addition to the aforementioned law enforcement agencies to look into these potential violations. Every conviction from the compliance program would result in a fine payable to the Workers' Compensation Fraud Account per Insurance Code Section 1872.83(b)(4).

27. APPLICANT QUESTION: TRAINING RECEIVED

List the insurance fraud training received by each county staff member in the workers' compensation fraud unit during Fiscal Year 24-25.

If it is a multiple day training/conference (e.g. CDAA, AFA, etc.), only one entry is required; enter the first day for the "Training Date" field.

For the "Hours Credit" field, enter the combined total hours of credit for all attendees.

Applicant Response:

Number of Personnel	Training Date	Provider	Location	Topic	Hours Credit (combined total)
1.00	04/30/2025	CDAIA	Monterey, Ca.	Fraud	40.00

28. APPLICANT QUESTION: TRAINING AND OUTREACH PROVIDED

Upload and attach the Training and Outreach Provided form in Excel; label it "25-26 WC (county name) Training and Outreach Provided". Do not include training *received*; **only list training and outreach provided in FY 24-25** as outlined in the outreach definition below.

- For the number of Attendees / Contacts list only *numbers*; no other characters. Estimate the number as best you can. The data provided on this Excel sheet is compiled and presented to the Insurance Commissioner as Outreach is a focus of the Commissioner's Goals & Objectives.
- For the purposes of the insurance fraud grant programs, "outreach" is defined as: Any activity undertaken by a grant awardee to inform and educate the public on the nature and consequences of insurance fraud and the training and sharing of best practices with industry stakeholders and allied law enforcement agencies. The results will be crime prevention, the generation of quality referrals from the public, business community, insurance industry, and law enforcement, and improved strategies for the investigation and prosecution of insurance fraud.
- *If, in the form, you listed any "Other, Specify" provide a brief explanation here; other additional comments are optional. The blank form is located in the Announcement Attachments, 1a.*

Applicant Response:

Label attachment "25-26 WC (County) Training and Outreach"

Documents:

1a 25-26 WC Nevada County Training And Outreach Provided.Xlsx

Additional Comments:

During the fiscal year, Investigator Salinas attended the week long Anti-Fraud Conference in Monterey Ca.. This annual Conference is hosted by the California Anti-Fraud Alliance and offers updated training for identification and investigation of Worker Compensation Fraud. During these training conferences, Investigator Salinas not only received advanced training, he was able to network with other investigators from all over the state, sharing his experiences and learning best practices from others.

Chief Penaluna spoke at several townhall/non-profit groups explaining our program and offering our services should the need arise. Additionally posts were put on our Nevada County District Attorney's Office Facebook and other Social Media pages.

29. APPLICANT QUESTION: FUTURE TRAINING AND OUTREACH

Describe what kind of training/outreach you plan to provide in Fiscal Year 25-26.

Applicant Response:

Investigator Corchero plans to maintain the proactive approach and will be offering in-person trainings to our surrounding allied law enforcement partners as well as private business owners and construction companies. Our office plans to provide a more comprehensive training and expanding outreach programs in this coming year. It is our plan to meet with more professionals who work within the medical field to expand their knowledge of the impact Worker Compensation Fraud has on our local community as well as provide informational postings to our webpage, Facebook and social media sites as well as broadcasting on local public radio. With the addition of a full-time investigator, we can now focus more and needed attention to outreach and prevention than just investigating incidents after they've occurred.

Sub-Section Name: Joint Plan

30. APPLICANT QUESTION: JOINT PLAN

Upload your WC Joint Plan and label it "25-26 WC (county name) Joint Plan".

Each County is required to develop a Joint Plan with their CDI Regional Office, to be signed and dated by the Regional Office Captain and the Prosecutor in Charge of the Grant Program. Please note, the joint plan you upload is a tentative agreement pending execution of a Grant Award Agreement (GAA) signed by the authorized parties. Additional information is in the Announcement Attachments, 3c, and also copied into the attached instructions to this question.

Applicant Response:

Confirm signed and dated by all parties.

Documents:

25-26 WC Nevada County Joint Plan.Pdf

Section Name: Investigation Case Reporting

Sub-Section Name: Investigation Case Information Relating to Questions

31. APPLICANT QUESTION: COUNTY PLAN CONFIDENTIAL INVESTIGATION DETAILS

If you discussed any confidential cases throughout the County Plan section and provided a reference number, please include additional confidential details on an attachment uploaded here.

The reference number/citation used in the County Plan narrative responses should be repeated in your document upload. Task Force cases should specifically name the task force and your county personnel's specific involvement / role in the case.

Upload your own attachment and label it "25-26 WC (county name) County Plan Confidential Investigation Details" *upload and mark confidential, then attach to this question. If no investigation information was referenced, mark the N/A response.*

Applicant Response:

Not Applicable

Sub-Section Name: Reporting on All Investigations

32. APPLICANT QUESTION: INVESTIGATION CASE ACTIVITY REPORT (ICAR)

Download Announcement Attachment 1bii, label it "25-26 WC (county name) ICAR" upload and mark confidential, then attach to this question.

This document requires information regarding each investigation case that was reported in the DAR, Section III C (Investigations). Two of the three reporting components ask for case counts only. The total of the case counts in Part 1 and Part 2, along with the number of case entries in Part 3, should equal your total investigation case count reported in the DAR section III (Investigations). The blank form is located in the Announcement Attachments, 1bii. Do NOT substitute descriptions in Part 3 in lieu of case counts for Part 1 and Part 2.

Reminders:

1. The total of the case counts in the ICAR Parts 1, 2, and 3, should equal your total investigation case count reported in the DAR Section III.
2. Vertical Prosecutions should not be counted as an Investigation or a Joint Investigation.

Click the "SHOW INSTRUCTIONS" link above to view directions on how to properly complete the report.

Applicant Response:

1bii 25-26 WC Nevada County Investigation Case Activity Report ICAR.Docx

Sub-Section Name: New Investigation Information for Cases in Court

33. APPLICANT QUESTION: CASES IN COURT INVESTIGATION CASE ACTIVITY

Do you have NEW Investigation Information for cases that started the year in prosecution that you want to include? This section is optional.

If you do have cases to report, download Announcement Attachment 1c, label it "25-26 WC (county name) Cases in Court Investigation Case Activity" upload and mark confidential, then attach to this question.

Provide only investigation information for case(s) that started the fiscal year in prosecution, but required additional investigation during the reporting period. Other than current status, no prosecution case information should be included.

Applicant Response:

No

Section Name: Acknowledgment

Sub-Section Name: Acknowledgment

34. APPLICANT QUESTION: ACKNOWLEDGMENT

For purposes of the grant application process and Grant Award Agreement (GAA), the term "application" refers to the grant application and its Funding Announcement Attachments including, but not limited to, the Budget Instructions, Grant Requirements, and Fact Sheets.

Applicant Response:

I acknowledge

BUDGET

Budget Year: 1

Budget Category	Direct	Total
▼ Salary By Position	\$30,730.00	\$30,730.00
Supervising Attorneys		
Attorneys		
Supervising Investigators	\$8,428.00	\$8,428.00
Investigators (Sworn)	\$21,045.00	\$21,045.00
Investigators (Non-Sworn)		
Investigative Assistants	\$1,257.00	\$1,257.00

Forensic Accountant/Auditor		
Support Staff Supervisor		
Paralegal/Analyst/Legal Assistant/etc.		
Clerical Staff		
Student Assistants		
Over Time: Investigators		
Over Time: Other Staff		
Salary By Position - other		
Benefits	\$15,652.00	\$15,652.00
▼ Operating Expenses, General	\$14,523.00	\$14,523.00
Grant Indirect Costs - 10% method; plan must be on file and made available to CDI upon request (choose only 1 indirect cost method)	\$3,073.00	\$3,073.00
Grant Indirect Costs - 5% method; plan must be on file and made available to CDI upon request (choose only 1 indirect cost method)		
Outreach		
Audit	\$7,500.00	\$7,500.00

Forensic Accounting Services		
Transcription Services, Interpreter Services, Records Requests		
Expert Consultant Fees		
Witness Fees/Litigation Fees		
Undercover Operation Expenses		
Office Supplies		
Office Space/Facility Fees	\$3,000.00	\$3,000.00
IT Services		
Communications (phone, etc.)	\$950.00	\$950.00
Membership Dues/Publications		
Operating Expenses, General - other		
▼ Operating Expenses, Detailed	\$2,100.00	\$2,100.00
Insurance (i.e., General Liability, etc.; identify in narrative)		

Motor Pool/Fleet Services (cannot include reserve fund for future purchases; identify number of vehicles)	\$1,200.00	\$1,200.00
Vehicle Fuel and Maintenance (identify number of vehicles in narrative)		
Vehicle Mileage (not to exceed federal standard mileage rate; not allowed for grant purchased or motor pool/fleet vehicles; identify number of vehicles in narrative)		
Vehicle Parking (identify number of vehicles in narrative)		
Software Renewal (identify in narrative)	\$900.00	\$900.00
Software Purchase (identify and provide justification in narrative)		
Minor Equipment as defined in instructions (identify in narrative IF over \$1,000 combined total)		
Equipment Lease/Maintenance (identify in narrative)		
Operating Expenses, Detailed - other		
▼ Operating Expenses, Travel and Training	0.00	
Travel - In CA (Include costs such as hotel, airfare, and rental car associated with investigation and/or training. In narrative identify purpose, number of staff, and % billed to the program and other source of funding if less than 100%)		
Travel - Out of CA (Include costs such as hotel, airfare, and rental car for out of state travel associated with investigation and/or training. In narrative identify state, purpose, number of staff, and % billed to the program and other source of funding if less than 100%)		

Training - In CA (Include registration fees. In narrative identify purpose, number of staff, and % billed to the program and other source of funding if less than 100%)		
Training - Out of CA (Include registration fees. In narrative identify state, purpose, number of staff, and % billed to the program and other source of funding if less than 100%)		
Operating Expenses, Travel and Training - other		
▼ Equipment	0.00	
Computers (provide justification and % billed to each program in narrative)		
Printers/Scanners (provide justification and % billed to each program in narrative)		
Vehicles (provide justification and % billed to each program in narrative)		
Vehicle Code 3 Equipment (provide number and % billed to each program in narrative)		
Equipment - other		
Total	\$63,005.00	\$63,005.00

Budget Justification		
Category Name	Category Calculations	Category Narrative
▼ Salary By Position		

Supervising Attorneys

Attorneys

Supervising Investigators

Investigators (Sworn)

Investigators (Non-Sworn)

Investigative Assistants

No. Of Positions:

1

Total FTE: 0.05

Total Cost:

\$8,428.00

Total Requested

Amount:

\$8,428.00

No. Of Positions:

1

Total FTE: 0.15

Total Cost:

\$21,045.00

Total Requested

Amount:

\$21,045.00

No. Of Positions:

1

Total FTE: 0.02

Total Cost:
\$1,257.00
Total Requested
Amount:
\$1,257.00

Forensic Accountant/Auditor

Support Staff Supervisor

Paralegal/Analyst/Legal Assistant/etc.

Clerical Staff

Student Assistants

Over Time: Investigators

Over Time: Other Staff

Salary By Position - other

Benefits

▼ Operating Expenses, General

Grant Indirect Costs - 10% method; plan must be on file and made available to CDI upon request (choose only 1 indirect cost method)

Grant Indirect Costs - 5% method; plan must be on file and made available to CDI upon request (choose only 1 indirect cost method)

Outreach

Audit

Forensic Accounting Services

Transcription Services, Interpreter Services, Records Requests

Expert Consultant Fees

Witness Fees/Litigation Fees

Undercover Operation Expenses

Office Supplies

Office Space/Facility Fees

IT Services

Communications (phone, etc.)

Membership Dues/Publications

Operating Expenses, General - other

▼ Operating Expenses, Detailed

Insurance (i.e., General Liability, etc.; identify in narrative)

Motor Pool/Fleet Services (cannot include reserve fund for future purchases; identify number of vehicles)

Vehicle Fuel and Maintenance (identify number of vehicles in narrative)	
Vehicle Mileage (not to exceed federal standard mileage rate; not allowed for grant purchased or motor pool/fleet vehicles; identify number of vehicles in narrative)	
Vehicle Parking (identify number of vehicles in narrative)	
Software Renewal (identify in narrative)	
Software Purchase (identify and provide justification in narrative)	
Minor Equipment as defined in instructions (identify in narrative IF over \$1,000 combined total)	
Equipment Lease/Maintenance (identify in narrative)	
Operating Expenses, Detailed - other	
▼ Operating Expenses, Travel and Training	
Travel - In CA (Include costs such as hotel, airfare, and rental car associated with investigation and/or training. In narrative identify purpose, number of staff, and % billed to the program and other source of funding if less than 100%)	
Travel - Out of CA (Include costs such as hotel, airfare, and rental car for out of state travel)	

associated with investigation and/or training. In narrative identify state, purpose, number of staff, and % billed to the program and other source of funding if less than 100%)

Training - In CA (Include registration fees. In narrative identify purpose, number of staff, and % billed to the program and other source of funding if less than 100%)

Training - Out of CA (Include registration fees. In narrative identify state, purpose, number of staff, and % billed to the program and other source of funding if less than 100%)

Operating Expenses, Travel and Training - other

▼ Equipment

Computers (provide justification and % billed to each program in narrative)

Printers/Scanners (provide justification and % billed to each program in narrative)

Vehicles (provide justification and % billed to each program in narrative)

Vehicle Code 3 Equipment (provide number and % billed to each program in narrative)

Equipment - other

CALIFORNIA DEPARTMENT OF INSURANCE FRAUD DIVISION



WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM

FISCAL YEAR 2025-2026

GRANT REQUIREMENTS

**WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM
SUMMARY OF IMPORTANT DEADLINES
FISCAL YEAR 2025-2026**

This table summarizes the Reports/Documents required to comply with Insurance Code Section 1872.83 and California Code of Regulations, Title 10, Section 2698.50, et seq.

Due Date	Report/Document	Comments
Within 30 days of change	Program Contact changes	County ADMIN-USER should update user information in GMS and notify LAU via email to LAU@insurance.ca.gov .
• As needed (before end of liquidation period on Monday, September 28, 2026) • Equipment requests must be received by June 1, 2026	Budget Modification Request(s)	Submit change(s) to original or last approved budget via email to LAU@insurance.ca.gov using template provided.
With Application or by Jan. 2, 2026	Board of Supervisors Resolution	Attach to your application in GMS or submit via email to LAU@insurance.ca.gov .
Monday, Feb. 2, 2026	Mid-Year Program Report Case Entry and Updates in GCMS FY 2025-26 Six Month DAR	GCMS generated reports. Further details will be provided with GCMS access.
Friday, Aug. 28, 2026	Annual Program Report Updates in GCMS FY 2025-26 Year End DAR	GCMS generated reports. Further details will be provided with GCMS access.
Friday, Oct. 30, 2026	Annual Expenditure Report FY 2025-26	Submit via email to LAU@insurance.ca.gov using the template provided.
Friday, Oct. 30, 2026	Audited Unexpended Funds and Carry Over Utilization Request FY 2025-26 into FY 2026-27 <i>A written justification and budget must be submitted if you wish to utilize the requested carry over.</i>	Submit via email to LAU@insurance.ca.gov .
Friday, Oct. 30, 2026	Financial Audit Report FY 2025-26 Financial Audit Guidelines are provided as Attachment D in this document.	Submit via email to LAU@insurance.ca.gov .

WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM

GRANT REQUIREMENTS

FISCAL YEAR 2025-2026

When a county's application is selected for funding, the County will be notified of their selection and the amount of the award.

The grant period is July 1, 2025 through June 30, 2026.

A. ACCOUNTING SYSTEM

The County will maintain an accounting system for grant expenditures that conforms to generally accepted accounting principles and practices and allows CDI to determine whether the county district attorney's office spent its grant funds for the purposes of the applicable insurance fraud program.

Accounting systems include such practices as:

- Ensure adequate separation of duties
- Use fiscal policies and procedures that ensure grant expenditures comply with statute, regulation and guidelines set herein
- Maintain evidence of receipts of grant revenue received from CDI
- Maintain source documentation to support claimed expenditures (invoices, receipts, travel expense claims, detailed time keeping records that demonstrate time spent on eligible program activities, etc.)
- Include account reconciliations
- Maintain all other records necessary to verify account transactions
- Maintain documentation to confirm interest income earned from program funds was used to further local program purposes

The California State Controller's Office (SCO), in its Accounting Standards and Procedures for Counties manual (Government Code Section 30200 and California Code of Regulations, Title 2, Division 2, Chapter 2), also specifies minimal required accounting practices for counties. Counties may download a copy of this manual at the SCO website <http://www.sco.ca.gov>.

NOTE: Support of Salaries and Wages, Attachment A, which sets forth the documentation standards for grant funded employees, is provided at the end of this document.

B. FUNDING CYCLE AND GRANT LIQUIDATION PERIOD

The program period is July 1, 2025 through June 30, 2026. Counties responding to this funding announcement must budget funds for 12 months.

There shall be a grant liquidation period of ninety (90) days following the termination of the program period for costs incurred but not paid. Payment may be made and deducted from the program budget during this period.

C. PROGRAM CONTACT UPDATE(S)

Program Contacts should be updated within 30 days of the change by the County's ADMIN-USER in the Grant Management System. The ADMIN-USER or the Primary Contact must also notify LAU of any contact changes via email (LAU@insurance.ca.gov).

D. BUDGET

A budget modification is required if the grant award amount is different than the amount requested in the application. Additional budget modification requests may be submitted via email to LAU@insurance.ca.gov as needed, prior to the end of the liquidation period. However, budget modification requests with equipment must be received no later than June 1, 2026.

Additional budget modifications to the original or last approved budget are allowable as long as they do not change the grant award amount. Items needing CDI approval include:

- Budget modifications across budget categories (i.e., personnel services, operating expenses, and equipment)
- Indirect Costs/Administrative Overhead/Methodology Change
- Equipment Purchases

CDI must be notified once grant-purchased equipment is acquired. Submit the completed Equipment Acquisition Form (Attachment B), within 30 days of receipt of equipment, via email LAU@insurance.ca.gov.

CDI must be notified of the disposal/salvage of each grant-purchased equipment item in accordance with the Budget Instructions. Submit the completed Equipment Disposal Form (Attachment C), within 30 days of disposal/salvage of equipment, via email to LAU@insurance.ca.gov.

Disposed/salvaged equipment with a per unit fair market value over \$5,000 at the time of disposal, must have the residual fair market value, less any selling costs, returned to the grant. The residual value will be treated as program revenue, similar to interest.

E. RESOLUTION

A Resolution from the Board of Supervisors (BOS) authorizing the applicant to enter into a Grant Award Agreement with CDI is required. A Resolution for the new grant period must be submitted in the Grant Management System with your application or emailed to LAU@insurance.ca.gov to receive funding for the 2025-2026 fiscal year. If the Resolution cannot be submitted with the application, it must be submitted via email to LAU@insurance.ca.gov **by January 2, 2026**.

The Resolution must designate the official authorized by title to sign the Grant Award Agreement for the applicant. The Resolution must include a statement accepting liability for the local program. A sample BOS Resolution is included in the Program's Funding Announcement in the Grant Management System under Attachments.

F. GRANT AWARD AGREEMENT

CDI will provide the County with a Grant Award Agreement (GAA) for signature by the authorized official. This document will be completed via DocuSign.

By signing the GAA the county agrees to participate in the CDI Workers' Compensation Insurance Fraud Program and the district attorney assumes the responsibility for the proper utilization, accounting, and safeguarding of the program funds.

NOTE: Grant funds will not be distributed to the county until CDI has received the Resolution and the Grant Award Agreement is fully executed.

G. DISTRICT ATTORNEY MID-YEAR PROGRAM REPORT

The Mid-Year Program Report case entry and updates in GCMS are due **by February 2, 2026**. For the 2025-2026 fiscal year, the Mid-Year Program Reports will be automatically generated in GCMS and copies will be provided to the county.

Insurance Code Section 1872.83 requires CDI to submit a biannual information request to those district attorneys who have applied for and received funding through the annual assessment process. District attorneys shall provide the information required to produce the Mid-Year Program Report, which is the first collection of the biannual statistical information.

The Program Report should include:

- The number of investigations initiated related to workers' compensation insurance fraud, with the number of defendants indicated;
- The number of arrests filed related to workers' compensation insurance fraud, with the number of defendants indicated;
- The number of prosecutions and civil suits filed related to workers' compensation insurance fraud;
- The number of convictions and civil awards related to workers' compensation insurance fraud, with the number of defendants, trials, pleas and/or settlements indicated, and names of all convicted fraud perpetrators;
- The dollar savings realized as a result of workers' compensation insurance fraud case prosecutions, as evidenced by fines and penalty assessments ordered and collected, and restitution ordered and collected, with the number of defendants indicated;
- The number of warrants issued; and

- A summary of activity with respect to pursuing a reduction of workers' compensation fraud in coordination with the following:
 - a) Fraud Division
 - b) Insurance companies
 - c) Employers, as defined in Section 3300 of the Labor Code, who are self-insured for workers' compensation and doing business in the State
 - d) Other public agencies such as Department of Industrial Relations, Employment Development Department, etc.

H. DISTRICT ATTORNEY ANNUAL REPORT

Each district attorney receiving annual funds pursuant to Section 1872.83 of the California Insurance Code shall submit an annual report to the Insurance Commissioner on the local program and its accomplishments. The Annual Report includes two documents--statistical and financial. These documents are referred to as the Program Report and the Expenditure Report and discussed below.

These documents shall be submitted at the close of the regular grant period and within the deadlines specified below. Failure to submit the annual report shall affect subsequent funding decisions.

ANNUAL PROGRAM REPORT

The Annual Program Report updates in the Grant Case Management System (GCMS) are due **by August 28, 2026**. For the 2025-26 fiscal year, the Annual Program Report will be automatically generated GCMS and copies will be provided to the county.

The Annual Program Report is the second collection of the annual statistical information required in Section 1872.83 of the California Insurance Code. California Code of Regulations, Title 10, Section 2698.59, further specifies that Annual Program Reports must be submitted no later than two (2) months after the close of the program period.

The Program Report should include:

- The number of investigations initiated related to workers' compensation insurance fraud, with the number of defendants indicated;
- The number of arrests related to workers' compensation insurance fraud, with the number of defendants indicated;
- The number of prosecutions and civil suits filed related to workers' compensation insurance fraud;
- The number of convictions and civil awards related to workers' compensation insurance fraud, with the number of defendants, trials, pleas and/or settlements indicated, and names of all convicted fraud perpetrators;
- The dollar savings realized as a result of workers' compensation insurance fraud case prosecutions, as evidenced by fines and penalty assessments ordered and collected, and restitution ordered and collected, with the number of defendants indicated;

- The number of warrants issued; and
- A summary of activity with respect to pursuing a reduction of workers' compensation fraud in coordination with the following:
 - Fraud Division
 - Insurance companies
 - Employers, as defined in Section 3300 of the Labor Code, who are self-insured for workers' compensation and doing business in the State.
 - Other public agencies such as the Department of Industrial Relations, Employment Development Department, etc.

ANNUAL EXPENDITURE REPORT

The Annual Expenditure Report is due **by October 30, 2026**. Submit via email to LAU@insurance.ca.gov using the template provided.

California Code of Regulations, Title 10, Section 2698.59, specifies that the Annual Expenditure Report must be submitted to CDI no later than four (4) months after the close of the program period.

If an organization-wide audit will delay the submission of the Expenditure Report, a county may request an extension of time. The extension request should be submitted to the Program Analyst for approval and clearly explain the need and planned submittal date.

The Expenditure Report is **prepared by the county** and should include:

- Personnel Services expenses: with totals per line item for Salaries and one line item for Benefits;
- Operating expenses: with totals per line item;
- Equipment: with totals per line item.

The report should reflect all actual allowable expenditures, including unbudgeted expenditures as well as expenditures in excess of the budgeted amount. The report should also include an explanation of any significant variances from the district attorney's most recently approved budget plan.

I. AUDITED UNEXPENDED FUNDS AND CARRY OVER UTILIZATION REQUEST

The Audited Unexpended Funds and Carry Over Utilization Request form is due **by October 30, 2026**. Submit via email to LAU@insurance.ca.gov.

Section 2698.53(c) of the California Code of Regulations, Title 10, stipulates that any portion of distributed funds not used at the termination of each program period shall be returned to the Insurance Fraud Account to be reapportioned for use in the subsequent program year.

However, Section 2698.53(d) states that a district attorney who has undertaken investigations and/or prosecutions that will carry over into the following program year may carry over the distributed but unused funds. That district attorney must (1) specify and justify in writing to CDI how the funds will be used at the end of the program period and (2) submit a modified budget showing how the funds will be used in the subsequent application period. **If the carry over exceeds 25%,** the justification must also include an explanation of the extenuating circumstances resulting in the carry over.

J. FINANCIAL AUDIT REPORT

The Financial Audit Report is due **by October 30, 2026.** Submit via email to LAU@insurance.ca.gov.

California Code of Regulations, Title 10, Section 2698.59 requires each district attorney receiving funds to submit a Financial Audit Report. The Financial Audit Report must be submitted to CDI no later than four (4) months after the close of the program period.

If an organization-wide audit will delay the submission of the Financial Audit Report, a county may request an extension of time. The extension request should be submitted to the Program Analyst for approval and clearly explain the need and planned submittal date.

The Financial Audit Report is to be prepared by either an independent auditor who is a qualified state or local government auditor, an independent public accountant licensed by the State of California, or the County Auditor/Controller.

The county may include the cost of the Financial Audit in their budget as a line-item in Operating Expenses.

The audit report shall:

- Certify whether expenditures were made for the purposes of the program. (California Insurance Code Section 1872.83 and CCR, Title 10, Section 2698.50 et seq.)
- Indicate that the auditor used county policies and procedures as the standard for verifying the appropriateness of personnel and support costs. If county policies and procedures are inconsistent with grant criteria, the grant criteria shall be used for verifying the appropriateness of personnel and support costs (grant expenditures).
- Separately show revenues and expenditures for the local program.
- Be prepared in accordance with the audit procedures detailed in Attachment D – Financial Audit Guidelines.

NOTE: Grant Financial Audit Guidelines, Attachment D, which sets forth the standards for audit preparation, is provided at the end of this document.

K. AUDITS BY CDI

California Insurance Code sections 1872.83, 1872.85, 1872.8, 1874.8, and 10127.17, along with the California Code of Regulations sections 2698.59(f), 2698.67(g)(h), 2698.77(e)(f), and 2698.98.1(g)(h) authorizes or requires CDI to perform audits or reviews of the Insurance Fraud Grant Programs that it administers, and provides the authority for CDI auditors to have access to all reports, working papers, correspondence, or other documents, including CPA audit reports and CPA audit working papers related to the audit report or local program. To maximize the effectiveness and efficiency of these audit efforts, and to minimize the disruption to the county's operation, CDI will usually conduct the audits or reviews of all county grant programs at the same time. These audits will occur at least once every three years.

The primary objective of CDI audits is to verify that expenditures were made for the purpose of the applicable insurance fraud program and expenditures are properly documented. Other audit objectives may be added at the discretion of the CDI audit team after audit planning has been completed.

The CDI Fraud Grant Audit Unit (FGAU) is the unit that will perform the audits. FGAU is part of the CDI Enforcement Branch Headquarters, Audit Program Section under the Deputy Chief - Investigative Support. FGAU audits will be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS), also known as the "Yellow Book".

L. RECORD RETENTION

It is your agency's responsibility to maintain records related to grant applications, grant agreements, scope of work, budgets, expenditures, revenues, and program performance for a period of five (5) fiscal years. These records include, but are not limited to: documentation to support all open and closed investigations; documentation to support all cases in court; documentation to support all arrests; documentation to support all grant outreach conducted including the number of attendees and the event information; documentation of training received by grant funded employees; personnel activity records including timesheets and employee certifications; payroll records and grant fiscal accounting records; travel claims; receipts; documents showing the calculation or methodology for determining whether funds were supplanted; and documents showing the calculation or methodology for determining administrative costs.

M. FINES, PENALTIES, AND RESTITUTION

Section 1872.83(b)(4) of the California Insurance Code specifies that the amount collected, together with the fines collected for violations of the unlawful acts specified in Sections 1871.4, 11760, and 11880, Section 3700.5 of the Labor Code, and Section 549 of the Penal Code, shall be deposited in the Workers' Compensation Fraud Account in the Insurance Fund. The statute further specifies in Subsection (j) that "any funds resulting from assessments, fees, penalties, fines, restitution, or recovery of costs of

investigation and prosecution deposited in the Insurance Fund shall not be deemed "unexpended" funds for any purpose.

Fines, penalties, and restitution should be submitted to CDI for deposit into the Workers' Compensation Fraud Account.

NOTE: Instructions for Submitting Fines, Penalties, and Restitution Payments to CDI, Attachment E, is provided at the end of this document.

ATTACHMENT A: SUPPORT OF SALARIES AND WAGES

WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM SUPPORT OF SALARIES AND WAGES FISCAL YEAR 2025-2026

(1) Documented Payrolls: Charges to CDI grant awards for salaries and employee benefits will be based on payrolls documented in accordance with the payroll policies and procedures of the county. All charges to the grant program must be documented on a timesheet that is approved by the grant funded employee and a responsible official(s) of the county (typically the employee's supervisor), after the end of the respective pay period.

(2) Employees 100% Funded by a Single CDI Grant: For employees that are listed in the Grant Application and approved budget as 100% funded by a single CDI grant award, charges for their salaries and wages shall be minimally supported by a non-functional timesheet (as defined in Section 3(a)) and periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually, and will be signed by the employee and supervisory official having first-hand knowledge of the work performed by the employee (**See Exhibit A**).

Should a 100% funded employee not work 100% of their time in that program in a given month, the certification should be adjusted to reflect that (**See Exhibit B**). For the month they did not spend 100% of their time on the fraud grant program to which they were assigned, they must follow the guidelines outlined below for partially funded employees. Certifications shall be signed after the completion of the certification period. Alternatively, the functional timesheet documentation requirements (as defined in Section 3(a)) for employees that are partially funded by a single CDI Grant (**Section 3**) can be used for employees that are 100% funded by a single CDI Grant. In the event a 100% funded employee's time is documented by a functional timesheet, a semi-annual certification is not required.

(3) Employees Partially Funded by a Single or Multiple CDI Grant(s): Where employees work on multiple CDI grant awards or are partially funded by a CDI grant award, a distribution of their salaries and employee benefits will be supported by a functional timesheet as defined in Section (a) below, which meet the standards below:

- (a) A "Functional" timesheet must include a program specific account code used to segregate the total grant hours and the associated salary and employee benefit costs from other programs or general activity. Timesheets that just show total hours worked, without allocating daily time and the associated salary and employee benefit costs to various programs, are not considered functional timesheets and are referred to as non-functional timesheets.
- (b) The monthly employee salary/benefit allocation to the grant program(s) will be determined monthly based on a percentage allocation of the employee's total time

worked documented on their functional timesheet. This would include any hours worked beyond an employee's regular work hours.

For example, an employee's regular work hours for the month is 160 hours but they work 200 hours. The employee is exempt from overtime. The employee works 115 hours on the auto grant program and 85 hours on the workers' compensation grant program. The allocation of the employee's salary/benefit cost for the month would be 58% to auto (115/200 = 58%) and 42% to workers' compensation (85/200 = 42%).

(4) Documentation Requirements for both 100% Funded and Partially Funded Grant Employees:

- (a) Salary and employee benefit costs must reflect an after-the-fact distribution of the actual monthly activity of each employee.
- (b) Timesheets must account for the total activity for which the employee is compensated each day during the pay period.
- (c) Timesheets must be prepared at least monthly and must coincide with one or more pay periods.
- (d) Timesheets must be signed by the employee and the employee's supervisor, after the end of the pay period.
- (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to CDI grant programs.
- (f) If budget estimates or other distribution percentages determined before the services are performed are the only support for the grant funded salary and employee benefit expenditures, ***these expenditures will be disallowed***. Pre-approval of employee timesheets is also considered a budget estimate for purposes of this section.
 - i. For counties that have internal policies that require them to submit timesheets before the end of the pay period, the following are options to certify the accuracy of pre-approved time worked and comply with grant requirements:
 - a. Obtain employee and supervisor signatures on timesheets **after** the end of the pay period;
 - b. Use a timesheet certification (**See Exhibit C**). Timesheet certifications must: certify that the timesheet submitted listed accurate insurance fraud grant hours worked; be signed by the employee and supervisor **after** the end of the pay period; and be prepared at least monthly.
- (g) In the event that semi-annual certifications are not completed in a timely manner, or documentation requirements for employees that are partially funded by a single CDI Grant are not followed, the associated salary and employee benefit expenditures (and indirect costs if applicable), ***will be disallowed***.

Acceptable Timesheet Examples

DAs may elect to document additional information in their timekeeping systems should they have internal program management needs for this information. A few examples of acceptable formats are shown below:

Option A

Date	Hours	Grant Program	Description of Work Performed
10/1/19	7	W Comp	Review status of pending cases, Case 2019-WC-034, W Comp outreach fraud presentation at AA Corp.
10/1/19	1	Other	Non-grant
10/2/19	4	W Comp	Prepare Program Report
10/2/19	4	Auto	Prepare Program Report

Option B

Date	Hours	Grant Program	Description of Work Performed
10/1/19	2	W Comp	Review status of pending cases
10/1/19	3	W Comp	Case 2019-WC-034
10/1/19	2	W Comp	W Comp fraud outreach presentation at AA Corp.
10/1/19	1	Other	Non-grant
10/2/19	4	W Comp	Prepare Program Report
10/2/19	4	Auto	Prepare Program Report

Option C

Date	Hours	Grant Program	Activity Type	Description
10/1/19	2	W Comp	Program Mgmt.	Review status of pending cases
10/1/19	3	W Comp	Case	Case 2019-WC-034
10/1/19	2	W Comp	Outreach	W Comp fraud outreach presentation at AA Corp.
10/1/19	1	Other	Non-grant	Non-grant
10/2/19	4	W Comp	Program Admin	Prepare Annual Program Report
10/2/19	4	Auto	Program Admin	Prepare Annual Program Report

Exhibit A - Certification- Employee 100% Funded from One Grant

Semi-Annual Certification for Salaries & Benefits Charged to a Single Grant

County:

Grant Title:

Time Period:

Employee:

Supervisor:

Per the criteria contained in the California Department of Insurance (CDI) Fraud Grant Application, if an employee is expected to work solely on one CDI Grant Award, such work must be supported with a periodic certification that substantiates the employee worked solely on that CDI grant award for the period covered by the certification.

I certify that the employee listed above spent 100% of their time on activities related to the CDI Grant Award listed above, and those activities were in compliance with this grant award during the period listed above. The information on this form is true and correct to the best of my knowledge.

Employee Signature

Date

Employee's Supervisor Signature*

Date

***Must be signed by a supervisory official having firsthand knowledge of the work performed by the employee.**

Exhibit B - Certification-
100% Funded Employee Exception Certification

**Semi-Annual Certification for
Salaries & Benefits Charged to a Single Grant with Exception**

County:

Grant Title:

Time Period:

Employee:

Supervisor:

Per the criteria contained in the California Department of Insurance (CDI) Fraud Grant Request for Application, if an employee is expected to work solely on one CDI Grant Award, such work must be supported with a periodic certification that substantiates the employee worked solely on that CDI grant award for the period covered by the certification.

I certify that for all months stated in the above Time Period, except for the following days/hours: _____, the employee listed above spent 100% of their time on activities related to the CDI Grant Award listed above, and those activities were in compliance with this grant award during the period listed above. The information on this form is true and correct to the best of my knowledge.

Employee Signature

Date

Employee's Supervisor Signature*

Date

***Must be signed by a supervisory official having firsthand knowledge of the work performed by the employee.**

Exhibit C – Timesheet Certification Sample

Timesheet Certification

Time/Pay Period:

County:

Employee(s) Certification - By signing below, I certify the timesheet(s) submitted for the above pay period is an accurate reflection of the hours spent on allowable grant program(s) activities.

Employee Name:	Signature:	Date:

Supervisor Certification- I certify the timesheet(s) for the above employee(s) accurately reflects the hours spent by the employee(s) on allowable grant program(s) activities for the above pay period.

*Must be signed by a supervisory official having firsthand knowledge of the work performed by the employee.

Supervisor Name:	Signature:	Date:
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ATTACHMENT B: EQUIPMENT ACQUISITION FORM

CALIFORNIA DEPARTMENT OF INSURANCE INSURANCE FRAUD GRANT PROGRAMS GRANT PURCHASED EQUIPMENT ACQUISITION FORM

County: _____

Fraud Grant Program(s): _____

If pro-rated across programs, please indicate % billed to each program.

Equipment Description: _____

Serial or Other Identification Number(s) (for vehicles, this is the VIN and license plate numbers): _____

County Property Tag/Identification Number: _____

Acquisition Date: _____

Actual Purchase Cost (should match Expenditure Report): \$ _____

Name: _____ **Title:** _____

Signature: _____ **Date:** _____

Must be signed by the Program Director/Manager or GMS Admin-User.

ATTACHMENT C: EQUIPMENT DISPOSAL FORM

CALIFORNIA DEPARTMENT OF INSURANCE INSURANCE FRAUD GRANT PROGRAMS GRANT PURCHASED EQUIPMENT DISPOSAL FORM

County: _____

Fraud Grant Program(s): _____

If pro-rated across programs, please indicate % billed to each program.

Equipment Description: _____

Serial or Other Identification Number(s) (for vehicles, this is the VIN and license plate numbers): _____

Acquisition Date: _____

Disposal/Salvage Date: _____

Disposition Type (e.g. county fleet, salvaged, sold, etc.): _____

Fair Market Value at Disposal/Salvage Date: ___\$_____

Methodology for Determining Fair Market Value (documentation must be retained by County): _____

Mileage at Time of Disposition (for vehicles only): _____

Name: _____ **Title:** _____

Signature: _____ **Date:** _____

Must be signed by the Program Director/Manager or GMS Admin-User.

ATTACHMENT D: FINANCIAL AUDIT GUIDELINES

WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM FINANCIAL AUDIT GUIDELINES FISCAL YEAR 2025-2026

The financial audit of the district attorney's office participation in CDI's Workers' Compensation Insurance Fraud Program must be conducted using generally accepted auditing standards and the most recent Government Auditing Standards (GAS) and related guidance published by the Comptroller General of the United States. The audit must include an examination of the internal control structures of the district attorney's office as it applies to this program. The audit report must certify whether local expenditures were made for the purposes of the program as specified in the Insurance Code. Additionally, the report must include a schedule of operating expenses and equipment.

The following are specific, minimum areas of examination that are applicable for conducting an audit of the Workers' Compensation Insurance Fraud Program. These guidelines are not intended to be all-inclusive but, rather, specific areas to be examined during the performance of the audit of this program.

Grant Revenue:

1. Determine that grant revenues for the fiscal year are included in the grantee's year-end financial report, even if they were deposited by the county after the end of the grant period (modified accrual basis).
2. Verify that grant warrants were deposited timely and were deposited into the correct grant revenue fiscal account.
3. Ensure that the Audit Report reflects the correct amount of grant revenues received for the grant period and, if applicable, the correct amount of prior year carry over. Note any differences between the calculated carry over found as a result of the audit and the amount approved by CDI.

Budget vs. Actual Expenditures:

1. Determine the approved total budget for the grant period within each budget category (Personnel Services, Operating Expenditures and Equipment). Compare the approved budget to the year-end Expenditure Report. For all instances where a budget category has been exceeded, verify that a Budget Modification Request was approved by CDI..

Grant Expenditures:

1. Reconcile the Grant Expenditure Report totals to the grant's dedicated fiscal account within the county accounting system, and verify that these totals are an accurate reflection of information contained in the County Auditor/Controller's

records for this program. Note any differences between the two. Grant requirements require all expenditures to be reported, even if they exceed grant revenues and the approved grant budget.

2. Personnel Services - Verify the appropriateness of salary expenditures by testing the accuracy of employee salary allocations to the grant, and that the total compensation for the grant funded employees are supported by county payroll and personnel records. County policies and procedures and grant agreement requirements shall be used as the standard for verification. Note any conflicts with program requirements and potential disallowed expenses.
3. Personnel Services - Verify that personnel time charged to the grant program was expended only for the purpose of enhanced investigations and prosecutions of workers' compensation insurance fraud and that the employee timesheets meet the supporting documentation requirements specified in the grant agreements (e.g., no pre-approval of timesheets and budget estimates are not used).
4. Personnel Services - Verify that employee time off allocated to the program (sick leave, vacation, holidays, etc.) is proportionate to the time the employee worked in the program. Lump sum payouts and long-term leave should not be charged to the program.
5. Personnel Services - Verify the accuracy of the employee benefits amounts and percentages charged to the grant.
6. Operating Expenditures - Verify the expenditure was in the approved budget, that it was a program cost, that it was recorded in the correct fiscal year and was properly supported. Also, determine that direct charges to the program are not also included in indirect costs (i.e., space charges) charged to the program.
7. Equipment - Determine that equipment purchases made with grant funds are only for items specifically approved by CDI in the applicant's budget.
8. Equipment - Determine that no vehicle purchases have been charged against this program without specific written approval by CDI.
9. Equipment - Verify that equipment purchased by the grant is in the custody and use of the personnel funded by the grant.
10. Indirect Cost - If claimed, verify that it does not exceed either the 5% or 10% methodology as specified in the grant application and grant regulations.
11. All Expenditures - Compare the results of the audited expenditures to the end-of-the-year Expenditure Report and note any exceptions, particularly variances between audited expenditure, claimed and budgeted line items within each category.
12. All Expenditures - Identify non-compliance with applicable statute, regulation, county policy or grant application requirements, and any questionable or disallowed grant amounts received for the grant period.

Grant Internal Controls

1. Verify that the District Attorney's Office has policies and procedures for the proper administration of the grant program.
2. Verify that employee timesheets are signed and dated by the employee and the supervisor.
3. Determine how the District Attorney handles instances where 100% funded employees may be pulled from the grant to assist with non-grant operations or other tasks. Ensure the grant is not charged for non-grant activities.

ATTACHMENT E: SUBMITTING FINES, PENALTIES, AND RESTITUTION

INSTRUCTIONS AND ADDRESS FOR COUNTY TO
SUBMIT FINES, PENALTIES, AND RESTITUTION
COLLECTED PURSUANT TO CIC § 1872.83(B)(4)
FISCAL YEAR 2025-2026

County Should Mail Fines, Penalties, and Restitution
Payments to:

California Department of Insurance
Accounting - Cashiering Unit
300 Capitol Mall, 14th Floor
Sacramento, CA 95814

Payable to: California Department of Insurance

Acceptable forms of payment:

- Money Order
- Cashier Check
- County Check

Cover letter or stub should include:

- Defendant's Name
- County Name
- County Case Number
- Program: Workers' Comp
- Type of payment (such as 3700.5 fines, restitution, etc.)

If you have any questions, please contact the CDI Local Assistance Unit at LAU@insurance.ca.gov.

NOTE: The county is responsible for tracking collections.

ATTACHMENT F: DEFINITIONS AND CASE COMPLEXITY TERMS

DEFINITIONS

Application = For purposes of the grant application process and Grant Award Agreement (GAA), the term “application” refers to the grant application and its Funding Announcement Attachments including, but not limited to, the Budget Instructions, Grant Requirements, and Fact Sheets.

Applicant Fraud = Any person who knowingly makes a false statement or representation, deliberately fails to disclose material facts, or knowingly withholds information in order to obtain benefits.

Arrest = For purposes of the grant application and reporting, arrests include surrenders, citations, and court appearance (if the arrest warrant was issued prior to appearance). The issuance of an arrest warrant alone does not count as an arrest.

Billing Fraud = Medical provider knowingly submits false medical bills by billing for services not rendered, billing for wrong procedure codes or billing for procedures of a medical necessity when procedures may have been elective or cosmetic in nature and not covered by health insurance.

Capping = Also known as “runners” and “steerers” means a person who for pecuniary benefit, procures or attempts to procure a client, patient or customer at the direction or request of, or in cooperation with, a provider that intends to obtain benefits under a contract of insurance, or file a claim against an insured or an insurer for providing services to the client, patient or customer.

Cases in Court = Filed cases, up to and including sentencing hearing, excluding appeals.

Chargeable Fraud = The total amount of fraud that would result from all the insurance fraud counts actually charged or that would be charged for the insurance fraud grant program. If a case crosses more than one insurance fraud program, chargeable fraud shall be reported in the program reporting the case in court, and only the chargeable fraud for that program may be included in the statistics. If a case had both insurance and non-insurance fraud components, only the insurance fraud component shall be reported in the statistics.

Claimant Fraud = Any person who knowingly makes a false statement or representation, deliberately fails to disclose material facts, or knowingly withholds information in order to obtain benefits.

Disability Fraud = Disability claim submitted against a disability insurance policy while claimant on permanent or temporary disability and receiving continual benefits and/or

vocational benefits and/or claimant reported working or performing activities exceeding alleged physical limitations.

Documented Case Referral (DCR) = A documented fraud case referral entails much more information than provided on the SFC/FD-1. Most often, a DCR requires little to no additional investigation to prepare to file the case.

Economic Car Theft (ECT) = Automobile theft perpetrated for financial gain, including, but not limited to the following: theft of a motor vehicle for financial gain; reporting that a motor vehicle has been stolen for the purpose of filing a false insurance claim; switching of vehicle identification numbers to obtain title to a stolen motor vehicle; engaging in any act prohibited by Chapter 3.5 (commencing with Section 10801) of Division 4 of the Vehicle Code (Chop Shops).

Embezzlement = Embezzlement of funds.

Fines = Fines imposed by the court. Penalty assessments may be included. Do not include booking fees, probation or supervision fees, or restitution.

Fraud Ring = Also known as Organized Rings, these involve collisions orchestrated by organized criminal activity involving attorneys, doctors, other medical professionals, office administrators and/or cappers.

Identity Theft = Using another's identity to secure health care benefits.

Insider Fraud = Fraud committed by employees or agents of an insurance company, self-insured employer, or third-party administrator.

Investigations = Investigation opened means cases in which an Investigator or Attorney has been assigned. It does not include screening activities such as the initial review of SFCs or phone call referrals, probation violations, or due diligence searches.

Legal Office Fraud = Legal provider inflates billing or materially misrepresents the facts.

Medical Provider Fraud = Medical provider inflates billing, knowingly submits bills with improper medical codes and/or misrepresents facts.

Multiple Defendant Cases = A multiple defendant case is to be counted as a single case, not a separate case for each defendant. If each defendant has been issued a separate Court Case Number / Docket Number (excluding clarifiers such as "A" or "-1" which is counted as a single case), then it will be counted as a separate case. In GCMS, the related cases should be noted on the Basic Case Information Screen.

Non-Applicant = Cases that don't fall under the "Applicant" category.

Outreach = Any activity undertaken by a grant awardee to inform and educate the public on the nature and consequences of insurance fraud and the training and sharing of best practices with industry stakeholders and allied law enforcement agencies. The

results will be crime prevention, the generation of quality referrals from the public, business community, insurance industry, and law enforcement, and improved strategies for the investigation and prosecution of insurance fraud.

Pharmacy Fraud = Pharmacist or pharmacy inflates bills or falsifies billing; person illegally obtains medical prescriptions and submits prescriptions for habitual need.

Premium Fraud = Acts of fraud, including but not limited to under-reporting payroll, misclassification of employees' duties, or experience modification evasion committed by or at the direction of an employer, for the purpose and with the effect of reducing premium liability.

Provider Fraud = A provider is defined as an individual or entity claiming to supply medical, legal, or other services in connection with an insurance claim. Include in this category items such as capping, billing services, transportation and translation services.

Staged Accident = An automobile accident purposefully orchestrated to involve unknowing insured motorist(s) for the purpose of collecting insurance payments made as a result of claims filed against the insured motorist's insurer. Staged accidents may be committed by multiple suspects or fraud rings.

Surgery Center = Any alleged fraudulent activity (billing fraud, etc.) pertaining to outpatient surgery centers.

Suspected Fraudulent Claim (SFC) = A method established for insurers to report suspected insurance fraud.

Uninsured Employer = Employers that willfully fails to obtain workers' compensation insurance, which is a 3700.5 violation.

Unlawful Solicitation/Referral = Denotes cases where patients are recruited and given incentives to undergo medical procedures, whether those procedures were actually performed or not.

Vertical Prosecution = A prosecution model where the assigned investigator regularly communicates with the assigned prosecutor from inception through the final adjudication of an insurance fraud investigation. Regular communication assists in ensuring the insurance fraud case is viable and suitable for prosecution. Unless the District Attorney Investigative Bureau has an active investigative role in the investigation of the insurance fraud case, vertical prosecution alone, does not qualify a case to be considered a "joint investigation" for grant reporting purposes.

CASE COMPLEXITY TERMS (Workers' Compensation and Automobile Only)

Standard Case:

- One defendant
- Loss under \$10,000
- One employer victim

Loss = Amount of chargeable fraud

Medium Case:

- Loss from \$10,000 up to \$49,999

Complex Case:

- Loss from \$50,000 up to \$250,000

Very Complex Case:

- Loss greater than \$250,000

The above-stated loss amounts are only guidelines for each category. Notwithstanding the guidelines, a case shall be elevated from one category to any other higher category if the necessary number of aggravating factors, as stated below, exist:

Standard Case + at least 2 Aggravating factors = Medium Case

Medium Case + at least 2 Aggravating factors = Complex Case

Complex Case + at least 2 Aggravating factors = Very Complex Case

For example, a Standard case with at least six aggravating factors becomes a Very Complex case.

AGGRAVATING FACTORS:

1. Multiple defendants or suspects
2. Multiple claims by a single defendant or suspect
3. More than 2,000 pages of reviewable material
4. More than 20 witnesses (excluding non-suspect medical providers)
5. More than 6 non-suspect medical providers or other experts
6. A case involving a suspect legal provider(s) or a suspect medical provider(s)
7. More than 2 insurance carriers/self-insurers involved
8. Search warrant(s) involving 2 or more search locations
9. Special Master Warrant involved
10. A search warrant that requires assistance of an expert in its execution (e.g., computer expert, auditor, etc.). This does not refer to the typical expertise of the searching police officer(s).
11. More than 2 public agencies (excluding D.A.) involved
12. Undercover operation by law enforcement
13. Grand Jury Proceedings
14. One or more Motions (other than a P.C. 995 motion) requiring a filed response
15. More than 2 contested Court hearings, not including arraignment and preliminary hearing

BUDGET

Instructions for FY 2025-26

The budget total automatically populates as the amount requested for funding.

In accordance with California Code of Regulations (see Attachments, Resources), the county must submit a budget.

Counties are also referred to the California State Controller's office (SCO) and its Accounting Standards and Procedures for Counties manual (Government Code Section 30200 and California Code of Regulations, Title 2, Division 2, Chapter 2) that, along with minimal required accounting practices, includes basic guidance regarding grant program budgets. Counties may download a copy of this manual at the SCO website <http://www.sco.ca.gov>.

PROGRAM BUDGET

Two or more counties may coordinate planning and submit applications addressing a multi-county area, ***but each county must identify its portion of the budget.***

Counties may supplement grant funds with funds from other sources such as unfunded contributions by the county. However, applicants should not include funds or expenses from these sources in the program budget.

Program funds must be used to support enhanced investigation and prosecution of insurance fraud and shall not be used to supplant funds that, in the absence of program funds, would be made available for any portion of the local insurance fraud program.

Budgets are subject to CDI approval and modifications are allowable as long as they do not change the grant award amount and are submitted within the liquidation period. However, budget requests with Equipment must be received no later than June 1st. Budget modifications across budget categories (i.e., personnel services, operating expenses, and equipment) as well as any equipment modifications require CDI approval. **Each budget modification request shall be submitted to LAU before it can be approved.**

Submit all charges rounded to the nearest whole dollar.

A. Non-Allowable Budget Items

- Real property purchases and improvements.
- Aircraft or motor vehicle, except the purchase of motor vehicles specifically requested/justified to, and approved in advance by, the Commissioner.
- Reserve funds for future purchases.
- Interest payments.

- Food and beverages, except as purchased in connection with program-related travel. Food and beverage costs shall not exceed the applicant's per diem schedule.
- Weapons or ammunition unless included as part of a benefit package.
- SWAG/promotional giveaway items.
- Lump sum leave salary paid at retirement or county leave buyback salary costs.
- Civil qui tam actions.
- Legislative efforts.

B. Allowable Budget Items

Allowable costs are those costs incurred in direct support of local program activities, including program personnel, program-related travel, equipment costs proportional to their program-related use, facilities cost, expert witness fees, and audits.

C. The County Budget consists of the following sections:

- Salary by Position
- Employee Benefits
- Operating Expenses, General
- Operating Expenses, Detailed
- Operating Expenses, Travel and Training
- Equipment

1. **Salary by Position:** Personnel services include all services performed by staff that are directly employed by the applicant county and must be identified by position category and percentage of salaries. All other persons are to be shown as consultants in the Operating Expenses. Sick leave, vacation, holidays, overtime, and shift differentials must be budgeted as salaries.

Salary and benefit costs incurred for employee paid time off such as holidays and paid leave (i.e., vacation, sick leave, etc.) is limited to the holiday hours and paid leave hours earned by the employee during the fiscal year:

- Typical categories of paid leave include Paid Time Off (PTO)/Compensating Time Off (CTO), annual leave, vacation, and sick time.
- Employees that are partially funded by a grant must have their salary and benefit costs for paid time off prorated (in proportion to their actual time worked) between grant and non-grant programs.

Salaries and benefits of employees on approved long-term leave such as Non-Industrial Disability, State Disability, Family Medical Leave, Catastrophic Leave, Work & Family Leave Programs, Workers' Compensation pay and benefits, and short-term and long-term leaves permissible by collective bargaining agreements cannot be charged to the grant. These types of long-term leave categories are typically administered by the agency's Human Resources Department, as opposed to a leave category authorized by the employee's supervisor.

The following must be kept on file by the applicant county and made available for review during a CPA audit or CDI site visit, monitoring visit, or audit:

- Expenses supported by a memorandum of understanding, contract, or operational agreement.
- Timekeeping records detailed in the application Grant Requirements Attachment A – Support of Salaries and Benefits. Not maintaining required timekeeping documentation will result in the associated salaries, employee benefits, and indirect costs being disallowed when audited.
- Salary information for each individual which is summarized in the budget: Auditors will need to know the individual employee detail that composes the total for each job classification category.

GMS: Salary entries are grouped in categories. Use the green calculator button to enter the number of positions, the total FTE for those positions (based on 2,080 hours per annum), and the total salary cost for that line item.

2. Employee Benefits - Total for All Positions: Employee benefits, also called fringe benefits, include various types of non-wage compensation, required by law or by bargaining union contract, provided to employees in addition to their normal wages or salaries.

Allowable employee benefits include employer contributions for statutory benefits such as:

- Federal Insurance Contributions Act (FICA), which includes employer Social Security and Medicare contributions, limited to the rates and rules established by the Internal Revenue Service/Social Security Administration.
- State Disability Insurance (SDI) and Unemployment Insurance (UI), limited to the employer rates and rules established by the California Employment Development Department.
- Required employee retirement system contributions (California Public Employees' Retirement System [CalPERS] or Local System), including current year actuarially determined employer contributions and any additional employer contributions required by the retirement system for purposes of reducing the retirement systems' unfunded accrued pension liability (UAL). Employer UAL

contributions are allowable whether funded by Pension Obligation Bonds (POB) or any other method.

- Employer paid Workers' Compensation Insurance benefits required by California Labor Code Section 3700.
- Employer contributions for employee life and health insurance plans limited to the employee per policy amounts established in the plan policy documents.
- Other employer paid employee benefits required by state or federal law.

In addition to the statutory benefits listed above, employee benefits negotiated as part of the employee benefit package as described in the county's applicable bargaining unit contracts, including but not limited to, uniforms or California Bar Association dues are allowable budget items.

GMS: Enter the total of all benefits for all positions in this line item.

OPERATING EXPENSES

Operating expenses are defined as necessary expenditures exclusive of personnel salaries, benefits, and equipment. Such expenses may include specific items directly charged to the program, and in some cases, an indirect cost allowance. The expenses must be grant-related (e.g., to further the program objectives), be encumbered during the grant period, and paid for during either the grant period or its liquidation period.

The budget form has fixed line items of eligible expenses. If you are unsure in which line item to place an expense, please contact the Local Assistance Unit.

There are three Operating Expense Categories: General, Detailed, and Travel & Training.

3. General Operating Expenses

- **Grant Indirect Costs/Administrative Overhead:** Applicant counties may set aside grant funds for indirect costs/administrative overhead. Grant indirect costs are those not readily itemized or assignable to a particular program, but necessary to the operation of the organization and the performance of the program. The costs of operating and maintaining facilities, accounting services, and administrative salaries are examples of indirect costs. Flat rates not exceeding 10 percent (10%) of personnel salaries (excluding benefits and overtime), or 5 percent (5%) of total direct program costs (excluding equipment) may be budgeted by applicant counties for indirect/administrative costs.

If Grant Indirect Costs are claimed in the budget, applicant counties must have an indirect cost allocation plan on file and made available to CDI upon request. The Grant Indirect Cost Plan must demonstrate how the rate was established. This plan must clearly indicate that line-items charged to a direct cost category (e.g., office supplies) are **not** included in the Grant Indirect Cost budget category. All costs included in the plan must be supported by formal accounting records that substantiate the propriety of eventual charges.

- **Audits:** The budget may include a line-item for the cost of obtaining a financial audit. The financial audit is to be prepared by either an independent auditor who is a qualified state or local government auditor, an independent public accountant licensed by the State of California, or the County Auditor/Controller.
- **Undercover Operation Expenses:** These are costs that will be incurred by grant-funded personnel working undercover or in another investigative capacity. It may include the purchase of information, physical evidence, or services.
- **Facility Fees:** Rental costs up to \$30.60 per square foot annually (\$2.55 per square foot per month) with maintenance is allowable. If the rental costs for office space exceed these rates, it must be consistent with the prevailing rate in the local area.

4. Detailed Operating Expenses

- **Insurance:** If the applicant county is budgeting insurance expenses such as General Liability insurance, etc., list total of insurance and provide details in the narrative.
- **Motor Pool/Fleet Services:** If a vehicle is to be utilized by a grant funded employee through a usage fee from the county motor pool or Fleet Services Unit, list the number of vehicles. Vehicle Replacement/Equipment Replacement Fund contributions as defined in the State Controllers' Office Accounting Standards and Procedures Manual for Counties (2021 Edition), page 278, are not allowable. These charges are typically included as part of a Fleet Services/Motor Pool user rate charge, and must be deducted from the amount charged to the grant.
- **Vehicle Fuel and Maintenance:** Vehicle fuel and maintenance are allowable expenses for vehicles that were purchased with grant funds or Motor Pool/Fleet Services vehicles, provided fuel or maintenance are not included in the Motor Pool usage fee.
- **Vehicle Mileage:** Applicant counties may include Vehicle Mileage fees for vehicles used in grant operations, excluding grant purchased vehicles and motor pool/fleet vehicles. Grant operations do not include normal commute from home to work location. The vehicle mileage fee may not exceed the federal standard mileage rate (70 cents for 2025). Supporting mileage logs must be retained by the applicant county.
- **Vehicle Parking:** Vehicle parking expenses are allowable for vehicles used by grant funded personnel. Parking expenses must be prorated to the personnel's FTE allocated to the program.

- **Rented or Leased Equipment:** If equipment is to be rented or leased, an explanation and cost analysis is required in the narrative. Reserve fund contributions to replace or purchase assets in the future are not allowable.

GMS: This section has a required narrative box that opens when you select the green calculator button. For all vehicle related line items, identify the number of vehicles in the narrative. For any line items that are prorated, provide the percentage billed to the program and the source of the other funding. For example: “60% to WC, 30% to Auto and 10% County Contribution.”

5. Travel and Training Operating Expenses: All anticipated travel related to the program is based on the travel policy established by the county. If a county does not have a travel policy, the federal standard mileage rate can be used, which is a maximum of 70 cents per mile for 2025 (excluding grant purchased vehicles). When program employees are authorized by program department heads or designees to operate a privately-owned vehicle on program-related business and no local travel policy exists, the employee will be allowed to claim the federal standard mileage rate.

- **Travel – In CA:** Include costs such as hotel, airfare, and rental car for travel associated with investigation and/or training *in* California. In the narrative identify purpose, number of staff, and percentage billed to the program (and other source of funding if less than 100%).
- **Travel – Out of CA:** Include costs such as hotel, airfare, and rental car for travel associated with investigation and/or training *outside* of California. In the narrative identify state, purpose, number of staff, and percentage billed to the program (and other source of funding if less than 100%).
- **Training – In CA:** Include training registration fees for training *in* California. Do *not* include the travel costs associated with the training; travel costs are reported separately. In the narrative identify purpose, number of staff, and percentage billed to the program (and other source of funding if less than 100%).
- **Training – Out of CA:** Include training registration fees for *out of state* training. Do *not* include the travel costs associated with the training; travel costs are reported separately. In the narrative identify state, purpose, number of staff, and percentage billed to the program (and other source of funding if less than 100%).

Travel and Training for Partially Funded and Unfunded Employees:

- Personnel who are partially billed to a grant program, and the remaining time is:
 - County contribution, but they *work 100%* in that grant program. Your county can bill 100% of their travel/training to that grant program.
 - Working in another insurance fraud program. You must pro-rate their travel/training costs based on the time spent in each program.

- e.g., Personnel work 50% WC, 10% DHC, and 40% non-grant and non-insurance fraud (e.g., human trafficking unit). If they attend insurance fraud training, you must charge 83% to WC and 17% to DHC because what they learn at the insurance fraud training will only be used while working in the insurance fraud grant programs.
- Working in non-insurance fraud (e.g., human trafficking unit). Your county can bill 100% of their insurance fraud travel/training to that grant program because what they learn at that specific training will be used while working in that insurance fraud grant program.
- Unfunded personnel: Insurance fraud travel/training must be split equally across all programs they work in. Or, if your county knows how much time the unfunded personnel work in each program, pro-rate the insurance fraud travel/training charges based on their % of time spent in each program.
- Exception to all the above: If personnel attend a program specific training, then 100% of that travel and training would be billed to that program. For example, personnel work 50% WC and 50% Auto and they want to attend WSATI training, then 100% WSATI travel/training would be billed to Auto.

GMS: Use the green calculator button to access the narrative box and enter the required information. For any line items that are prorated, provide the percentage billed to the program and the source of the other funding. For example: "60% to WC, 30% to Auto and 10% to DHC."

6. Equipment

Equipment is defined as non-expendable tangible personal property having **a useful life of more than one year and costing \$1,000 or more per unit (including tax, installation, and freight), even if the portion of the cost being charged to the program is under \$1,000.**

Rented or leased equipment must be budgeted as an Operating Expense. "Lease to Purchase" agreements are generally not allowable. If a "Lease to Purchase" is requested, prior approval is required.

- Budgets requests with Equipment must be received **no later than June 1st.**
- **Vehicles:** The purchase of vehicles must be justified to and approved by the Commissioner. A separate justification using the Vehicle Request Form provided by CDI will be required. If approved, county procurement policies must be followed.

GMS: Use the green calculator button for entry; click on the blue "+ Add Item" and complete the columns. The cost is entered in the Pro-Rated Item Total. In the narrative enter a description and provide the percentage billed to the program; if you are not billing 100% to this grant, provide the source of the other funding and the percentage breakdown. For example: "OCR enabled high speed scanner. 60% to WC, 30% to Auto and 10% to DHC."

Purchased Equipment Requirements

- Purchased Equipment: Once equipment is purchased, the following must be submitted to LAU for each item:
 - Description
 - Serial or other identification number(s); for vehicles, this is the VIN and license plate numbers
 - County property tag / identification number
 - Acquisition date
 - Actual purchase cost (should match entry in the Expenditure Report)

The Equipment Acquisition Form with the above required information is found in each program's Grant Requirements document and in the Resource Materials funding announcement Attachments on GMS.

- Equipment Disposal/Salvage: LAU must be notified when grant-funded equipment is removed from grant program service. The following must be submitted for each item:
 - Description
 - Serial or other identification number(s); for vehicles, this is the VIN and license plate numbers
 - Acquisition date (if purchased prior to FY 2024-25)
 - Disposal/Salvage date
 - Disposition (e.g., county fleet, salvaged, sold, etc.)
 - Fair market value at Disposal/Salvage date
 - Methodology for determining fair market value
 - Mileage at disposition (for vehicles only)

The Equipment Disposal Form with the above required information is found in each program's Grant Requirements document and in the Resource Materials funding announcement Attachments on GMS.

- Disposed/salvaged equipment with a per unit fair market value over \$5,000 at the time of disposal must have the residual fair market value, less any selling costs, returned to the grant. The residual value will be treated as program revenue, similar to interest.
- Disposed/salvaged equipment with a per unit fair market value of \$5,000 or less at the time of disposal may be retained by the county, sold or otherwise disposed of with no further financial responsibility to CDI. (Note: disposal of equipment does not imply replacement approval.)



California Department of Insurance

Fraud Grant Programs Fact Sheet

This Fact Sheet is guidance in addition to all applicable statutes, regulations, and the grant application. For purposes of the grant application process and Grant Award Agreement, the term “application” refers to the grant application and its Funding Announcement Attachments including, but not limited to, the Budget Instructions, Grant Requirements, and Fact Sheet.

For questions or further information, contact Local Assistance Unit at LAU@insurance.ca.gov.

All Programs:

In addition to the individual program requirements below, the following requirements apply to all grant programs:

1. If a case crosses **more than one insurance fraud program**, the staff time worked and related costs incurred shall be billed proportionally to the appropriate program.
 - a. The Investigation statistic should be reported in each respective program’s District Attorney Program Report (DAR) or Grant Case Management System (GCMS).
 - b. The Arrest shall only be reported once and should be reported in the program with the largest proportion of insurance fraud.
 - c. The Case in Court statistic and the Conviction data shall be reported in the same program as the Arrest.
 - d. The Estimated Chargeable Fraud (ECF) shall be reported only in the program reporting the Case in Court, and only the ECF for that program may be included.
2. If a case has **both insurance fraud program components and other criminal components**, in order to prosecute the non-insurance fraud components using grant funds:
 - a. The other criminal components must be concurrent with and an integral part of the insurance fraud.
 - b. The insurance fraud must be the dominant portion of the case by at least one of the following:
 - i. Estimated Chargeable Fraud (ECF)
 - ii. Number of criminal charges
 - iii. Severity of criminal charges
 - c. Only the ECF for the insurance fraud program shall be included in the ECF statistics.
3. Grant funds shall not be used to prosecute civil qui tam actions.
4. Grant funds shall not be used for legislative efforts.

Workers’ Compensation Insurance Fraud Program (WC):

In addition to the adhering to the requirements in “All Programs” above, the following guidelines are specific to the WC program:

1. Willful failure to secure WC insurance is not defined as premium fraud; it is a 3700.5 violation.
2. Investigations and/or stings involving 3700.5 violations are allowed under the grant.
3. Business and Professions (BP) code violations:
 - a. If working these cases with an insurance code violation, Business and Professions (BP) code violations may be prosecuted under the grant.
 - b. If, in the process of the prosecution, the defendant becomes compliant with 3700.5 insurance requirements and there remains only BP conviction(s), statistical reporting in the District Attorney Program Report (DAR) must note the dismissed insurance code violations and/or note the compliance.
 - i. BP code violations where there is no insurance component present may not be prosecuted under the grant.

Automobile Insurance Fraud Program (Auto):

In addition to the adhering to the requirements in “All Programs” above, the following guidelines are specific to the Auto program:

1. Economic Car Theft (ECT) investigation and prosecution is allowed under the Auto Grant as specified in Insurance Code § 1872.8(f). ECT is defined as automobile theft perpetrated for financial gain, including, but not limited to, the following:
 - a. Theft of a motor vehicle for financial gain.
 - b. Reporting a motor vehicle stolen for the purpose of filing a false insurance claim.
 - c. Switching of vehicle identification numbers to obtain title to a stolen motor vehicle.
 - d. Engaging in any act prohibited by Chapter 3.5 (commencing with § 10801) of Division 4 of the Vehicle Code (Chop Shops).
2. ECT Investigations:
 - a. Review and investigation of auto thefts with no indication the theft was perpetrated for financial gain, are not eligible under the grant.
 - b. If it is determined there is no financial gain involved, the grant-funded investigation must be closed. The case may be counted with other closed investigations in that fiscal year's statistics.
3. If a vehicle theft is perpetrated by an insured and the insurance carrier is contacted, although it meets the definition of ECT, the case statistics should be reported as Claimant fraud.
4. VC § 10851 and other Vehicle Code (VC) charges:
 - a. If prosecuting concurrent with an Insurance Code violation, VC violations may be prosecuted under the grant.
 - b. VC violations where there is no insurance component present may not be prosecuted under the grant, with the exception of ECTs.
 - c. Excluding ECTs, if, at conviction, there remains only VC conviction(s), statistical reporting in the District Attorney Program Report (DAR) must note the dismissed insurance code violations.

Organized Automobile Fraud Activity Interdiction Program (Urban):

In addition to the adhering to the requirements in “All Programs” above, the following guidelines are specific to the Urban program:

1. As per California Insurance Code 1874.8 (g): “organized automobile fraud activity” means two or more persons who conspire, aid and abet, or in any other manner act together, to engage in economic automobile theft as defined in subdivision (f) of Section 1872.8, or to violate any of the following sections in a manner that involved an automobile insurance claim:
 - a. Section 650 or 6152 of the Business and Professions Code.
 - b. Section 750 of the California Insurance Code.
 - c. Section 549, 550, or 551 of the Penal Code.
2. Although auto insurance fraud cases involving two or more suspects are permissible under the Urban grant, the primary purpose and intent of the grant are to address cases where multiple suspects are collaborating in organized auto insurance fraud schemes.
3. If during the course of the investigation or prosecution of an Urban case it is determined fewer than two suspects are colluding, the case must be moved to the Auto program.
 - a. Statistical reporting requirements (DAR/GCMS): A County can only count the case statistics once. If during the FY it is determined the case needs to be moved to/from Auto/Urban, the investigation and/or case in court shall be reported in the program that had the majority of time spent on the case.

Disability and Healthcare Insurance Fraud Program (DHC):

In addition to the adhering to the requirements in "All Programs" above, the following guidelines are specific to the DHC program:

1. To determine if a case is within the scope of the DHC Program, you must first determine the type of policy the claim was submitted against. Only claims submitted against a private Disability or Healthcare Insurance policy are eligible to be worked under the DHC grant.
2. Examples of private Healthcare Insurance policies are:
 - a. Accident & Disability Plans, including but not limited to, Student Health & Accident Plans, Travel Accident and Medical Plans.
 - b. Supplemental Plans, including but not limited to, Medicare Private Supplemental Plans and stand-alone plans (Dental, Vision, and Behavioral).
 - c. Comprehensive Major Medical Plans: Preferred Provider Only (PPOs), Point of Service Plans (POS), Fee for Service Plans (FFS), and High Deductible Health Plans (HDHP).
3. When the claim is submitted against a WC Insurance policy, it should be investigated and prosecuted under the WC Program.
4. When the claim is submitted against an Auto Insurance policy, it should be investigated and prosecuted under the Auto Program.
5. When the claim is submitted against a Government Social Service Program, it is *ineligible* for the DHC Grant. Examples of Government Social Service Programs include, but not limited to:
 - a. Medi-Cal
 - b. Cash Assistance Program for Immigrants (CAPI)
 - c. In Home Supportive Services (IHSS)
 - d. Employment Development Department (EDD) disability claims.
6. Additional ineligible DHC cases include claims against the following types of policies:
 - a. Health Maintenance Organizations (HMOs)
 - b. Pet or Veterinary Insurance
 - c. Multiple Employer Welfare Arrangements (MEWAs)
 - d. Fraternal Benefit Societies



**OFFICE OF THE
DISTRICT ATTORNEY
COUNTY OF NEVADA**

JESSE WILSON

DISTRICT ATTORNEY



LYDIA STUART

ASSISTANT DISTRICT ATTORNEY

HAP PENALUNA

CHIEF INVESTIGATOR

Victoria Martinez
Deputy Chief, Investigative Support and Grants
California Department of Insurance
2400 Del Paso Road, Suite 250
Sacramento, CA 95834

April 10, 2025

Dear Deputy Chief Martinez,

Regarding Nevada County's Insurance Fraud Grants listed below, I hereby delegate my authority to:

- 1) Henry Penaluna, Chief District Attorney Investigator to submit the FY 2025-26 Insurance Fraud Grants applications to CDI.
- 2) Henry Penaluna, Chief District Attorney Investigator; Hap.Penaluna@nevadacountyca.gov to execute the associated Grant Award Agreement, including any extensions or amendments thereof for FY 2025-26.

The delegated authority applies to the following CDI Insurance Fraud Grants for FY 2025-26

- Workers' Compensation Insurance Fraud Grant

Sincerely,

Jesse Wilson
District Attorney
County of Nevada
201 Commercial Street
Nevada City, CA 95959