

Application Report

**Applicant Organization:**

Santa Cruz

Project Name: FY 25-26 Santa Cruz County Workers Compensation Insurance Fraud Program

Application ID: App-25-372

Funding Announcement: FY 25-26 Workers' Compensation Insurance Fraud Program

Requested Amount: \$299,580.00

Project Summary: FY 25-26 Santa Cruz County Workers Compensation Insurance Fraud Program

Authorized Certifying Official: Jeffrey Rosell Jeff.Rosell@santacruzcounty.us -

Project Director/Manager: Douglas Allen douglas.allen@santacruzcounty.us 831-454-2930

Case Statistics / Data Reporter: Shandra Handley shandra.handley@santacruzcountyca.gov 831-454-3444

Compliance/Fiscal Officer: Susan Baum susan.baum@santacruzcounty.us 831-454-2517

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:

\$109,213.00

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:

41.00%

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	Douglas Allen
Case Statistics / Data Reporter	Shandra Handley
Compliance / Fiscal Officer	Susan Baum
Elected District Attorney	Jeffrey Rosell

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

1. 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

2. 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:

Person named in BOS Resolution

Section Name: County Plan

Sub Section Name: Qualifications and Successes

1. 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:

This last fiscal year, we made a more than typical concerted effort to improve the quality of the workers' compensation program within our County. To accomplish this effort, we focused on four different areas where we believed we could increase our effectiveness and make a larger difference in the community regarding workers' compensation insurance fraud issues.

The first area we focused on, which came in part from outside resources that we chose to capitalize on, was increasing the number of cases and investigations we worked on with outside agencies and other Counties. We were presented with a few large workers' compensation premium fraud cases from labor unions, state investigative agencies, and private insurance carriers.

One case we were presented with came from a labor union and presented as a wage theft case which nearly always includes premium fraud. This case has been developing jointly with Sacramento County District Attorney's Office, and we continue to work closely with the labor union investigator that presented us with the case. The impact of prosecuting this

case will have a large impact on the commercial construction industry in Santa Cruz County, as well as Sacramento County. Working with another county and an outside agency has allowed for better investigations and assists our small county in having an impact even when investigative resources are thin.

Another case involving premium fraud derived from a referral from an investigator from the Medical Board of California. This case involves a State-wide issue of the unlicensed practice of medicine but also has a large premium fraud component as the businesses are treating many “employees” as independent contractors. We have teamed up with Marin, Napa, and San Francisco Counties on this case. We anticipate this case necessitating a significant amount of time to develop. The impacts of prosecuting this matter will have a State-wide impact on business owners attempting to operate businesses without being properly licensed and insured.

The second area where we have focused in an effort to improve our workers’ compensation insurance fraud program, is increasing the number of investigations internally by taking a deeper look at fraud referrals and being in communication with insurance company SIUs. We have a minimal amount of investigative support for our program. However, we have reviewed referrals for cases that need a minimal amount of preparation before being ready to file criminal charges.

In addition to the above, we also have a few larger cases involving premium and medical provider fraud in the ongoing stages of investigation. Some of these cases involve the construction industry, in particular tree trimming companies. Santa Cruz County has a large number of tree trimming businesses, many of whom do not secure the proper insurance, or often underreport payroll in an attempt to reduce their premiums. This industry has high premiums, which account for a significant amount of a company’s revenues. Underreporting, paying in cash, or claiming workers as independent contractors are a few of the methods used to attempt to lower insurance premium costs. This is a dangerous field of work and not holding the proper amount of insurance jeopardizes homeowners, workers and the community as a whole. Prosecuting these companies places the tree trimming community on notice that being improperly insured will not be tolerated in Santa Cruz County. The medical provider fraud cases are similar, in that they target medical professionals that are taking advantage of the insurance system and not providing the best medical care for injured workers.

The third area we focused on this fiscal year was developing a new ad campaign. On the recommendation of a media campaign company used by Amador County, we engaged the services of this company and began a successful ad campaign in the beginning of February 2025. Based on the data provided by the company, our campaign has been seen by thousands of individuals across Santa Cruz County. The campaign focuses on providing information on what constitutes workers’ compensation insurance fraud and how it can be reported. With the assistance of our IT department, we have a simple click-through process that allows for the reporting of workers’ compensation insurance fraud directly to our county email. Additionally, we have engaged the services of a local advertising agency to create TV and YouTube video advertising addressing workers’ compensation insurance fraud. This is still in production but expected to go live before the end of this Fiscal year.

Finally, we have continued to have success with our outreach programs into the community. Last Fiscal year we were invited to join community groups at events hosted by local farms, providing resources to the local farm workers. Our focus was on providing information to the farm workers regarding their rights when it comes to workers’ compensation insurance and alerting them to the ways in which you can be accused of committing workers’ compensation insurance fraud. This was extremely successful, and we will continue to attend these events starting in May and going through September 2025. Additionally, we continue to receive requests to make presentations to community groups in both English and Spanish. We have also teamed up with the Sheriff’s Office, the Board of Supervisors, and Adult Protective Services to provide presentations throughout the community to various groups.

2. 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:

Watsonville Police Department

Capitola Police Department

Scotts Valley Police Department

Santa Cruz Police Department

Santa Cruz Sheriff's Office

California Department of Insurance

California Contractors State License Board

Nor Cal Carpenter's Union

National Insurance Crimes Bureau

Santa Cruz County Adult Protective Services

Santa Cruz County Human Services Department

Santa Clara County District Attorney's Office

Monterey County District Attorney's Office

Fresno County District Attorney's Office

Riverside County District Attorney's Office

Santa Barbara County District Attorney's Office

San Diego County District Attorney's Office

Marin County District Attorney's Office

Sacramento County District Attorney's Office

Federal Bureau of Alcohol, Tobacco, and Firearms

Department of Financial Protection and Innovation, Investigations

California Department of Consumer Affairs, Investigations

California Franchise Tax Board

California Employment Development Department

California Department of Fish and Wildlife

State Bar of California, Investigations

3. Applicant Question: Unfunded 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:

Santa Cruz County did not have any unfunded contributions or support in Fiscal Year 24-25.

4. 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:

The staff assigned to the workers' compensation program are not subject to the rotational policies of our department. All individuals assigned to the workers' compensation grant program for Santa Cruz County remained in the program throughout Fiscal Year 24-25. It is further anticipated all individuals assigned to the workers' compensation grant program will remain in the program through Fiscal Year 25-26.

5. 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

Applicant Comment:

There were no frozen assets distributed in FY 24-25.

Sub Section Name: Staffing

1. 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
Tom Gilbertson	Investigator	07/01/2019		100
Chris Hanks	Investigator	07/01/2022		0
William Atkinson	Attorney	07/01/2002		0
Douglas Allen	Attorney	05/15/2015		20
Edward Browne	Attorney	07/01/2022		0
Shandra Handley	Paralegal	07/02/2017		25
Gami Gutman	Paralegal	07/01/2022		0
Tracy Ruppel	Legal Secretary	07/01/2022		0
Robert Montes	Investigator	07/01/2019	07/01/2024	0
Kimi Miller	Investigative Aide	07/01/2018		0
Susan Baum	Administrative Services Officer	07/01/2015		0

Applicant Comment:

In this year's application we are providing information on the names of individuals in our office that spend hours on workers' compensation components yet are not directly assigned to the grant. The start dates are those dates they began working on workers' compensation components, not necessarily the starts of their employment in our office.

2. 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	1	.2
Supervising Investigators		
Investigators (Sworn)	1	.85
Investigators (Non-Sworn)		
Investigative Assistants		
Forensic Accountant/Auditor		
Support Staff Supervisor		
Paralegal/Analyst/Legal Assistant/etc.	1	.25
Clerical Staff		
Student Assistants		
Over Time: Investigators		
Over Time: Other Staff		
Salary by Position, other		
	Total: 3.00	Total: 1.30

3. 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 Santa Cruz County Org Chart.pdf](#) - PDF FILE

Sub Section Name: Problem Statement & Program Strategy

1. 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:

In reviewing the referrals received for workers' compensation insurance fraud, the most common types of fraud are claimant, uninsured employer, and premium. These three types of fraud necessarily have reasons for being the most common type of fraud in Santa Cruz County.

When it comes to claimant fraud, a large percentage of the referrals come from low-income workers. Santa Cruz County has a large agricultural sector in what is called South County. South County is where most of the agricultural farms are in Santa Cruz County. According to a 2022 report, there were 78,616 workers in Santa Cruz County, and 17,500 were agricultural workers. This is 22% of the total workforce for Santa Cruz County. In general, farm workers receive lower salaries, have achieved a lower education, and while working for just one employer only work on average 2000 hours per year. At an average salary of \$17.23/hour, this is roughly \$35,000/year. The cost of living in the County exceeds the county's average annual wages. A report from 2024, stated a family of four, with two working adults and two children, each working adult needed to earn \$86,778 to meet the middle-income tier living wage. A farm laborer would have to have three jobs to meet this cost of living. A large percentage of claimant fraud referrals come from farm workers. The reason is likely two-fold. One, this type of work is labor intensive, resulting in injury more often than other job sectors. Two, this population is thought to be targeted by recruiters encouraging filing of workers' compensation claims. The incentive for a cash payout for an injury is significant with an annual salary of \$35,000.

While Santa Cruz County does not receive many referrals for medical provider fraud, the few that have been presented tend to involve vulnerable workers, such as farm workers, and low-income workers. The desire to gain income works hand-in-hand with certain medical professionals encouraging certain procedures and malingering of injuries. We have also seen language barriers capitalized upon by medical professionals to take advantage of injured workers.

Uninsured employer fraud is rampant in Santa Cruz County. The construction industry is where we tend to see it the most. There are several factors that create this issue in Santa Cruz County. For one, Santa Cruz County's high cost of living necessitates that people look to save money where they can. Uninformed individuals hire uninsured business owners, because they can save money, not necessarily being aware of the consequences of their choices. Additionally, Santa Cruz County has experienced several years of being hit by natural disasters, resulting in the need for a lot of labor to rebuild damaged and destroyed structures. There are simply not enough properly licensed and insured business owners in Santa Cruz County to provide the services needed by residents. Just as the high cost of living impacts decisions made by homeowners, those same high costs encourage individuals to open businesses improperly, being willing to take the risk of operating illegally.

Finally, the lack of enforcement strength to regulate uninsured businesses provides for many businesses, regardless of the business sector in which they operate, to operate without proper insurance. On the tails of uninsured employer fraud comes premium fraud. The one somewhat feeds off the other. The cause of premium fraud stems from the same issues impacting uninsured employer and claimant fraud, the high cost of living and the desire to cut costs where possible. While those businesses who are accused of committing premium fraud have insurance, they almost certainly are not fully insured. Businesses who obtain insurance and proper licensing have added expenses not held by uninsured employers. They are forced to compete with those businesses that are not insured or licensed but find it difficult when they have added expenses. Cutting costs becomes almost necessary to keep the doors open, thereby forcing them to commit insurance fraud.

Resources:

<https://workforcescc.com/>

https://www.bls.gov/regions/west/news-release/occupationalemploymentandwages_santacruz.htm

2. 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:

Santa Cruz County's problem statement provided three main issues which contribute to workers' compensation insurance fraud. One, the extreme cost of living impacts all aspects of workers' compensation insurance fraud, from claimants to medical providers to business owners. Two, the lack of understanding of the risks of committing workers' compensation insurance fraud, which are attributable to both individuals and businesses. Three, the lack of enforcement of workers' compensation insurance fraud allows fraud to perpetuate fraud.

For obvious reasons, there is very little within our power to address the high cost of living. We are aware of state-wide initiatives that are being proposed to address these challenges and within Santa Cruz County our Board of Supervisors has this issue at the forefront of their agendas. The most we can do as an agency is to work with individuals and businesses to promote operating legally and suggest strategies outside of cutting corners and making false statements to save money.

The lack of understanding of the impacts of committing workers' compensation insurance fraud is an area where we can have a profound impact on the community. We have established a regularly occurring ad campaign which provides members of the community with information on what workers' compensation insurance fraud is, how it impacts the community, and ways in which to report suspected fraudulent activity. Not only does this process provide information to educate people about workers' compensation insurance fraud, but it also provides a means of obtaining new referrals. Our process allows people to report fraudulent activity anonymously if they choose and is a simplified process available in both English and Spanish. In addition to our ad campaign, we will continue to provide outreach presentations to various groups throughout the County, educating and informing individuals and business owners of the impacts of workers' compensation insurance fraud. Our goal this coming Fiscal Year is to increase our outreach beyond those groups we have addressed in the past. While we believe we are making a big impact and spreading the word effectively throughout the County to potential perpetrators of claimant fraud, we would like to increase our outreach to local businesses.

The lack of enforcement of those who commit workers' compensation insurance fraud is perhaps the most detrimental part of Santa Cruz County's problem statement. Our internal investigative resources are very limited and because of this we must rely upon outside agencies for assistance. As we have done in previous years, this coming Fiscal Year we will continue to rely on outside agencies for the investigation of workers' compensation insurance fraud. We have already established some new relationships this past Fiscal Year with some agencies and we will endeavor to create new relationships this year as well. Additionally, we will look to educate our local law enforcement agencies on investigating workers' compensation insurance fraud. Because of the small size of our office, those individuals in our office assigned to handling workers' compensation insurance fraud, also handle a variety of other consumer and environmental protection cases. The investigation of these types of cases is different than the typical criminal matter which most law enforcement personnel are trained to conduct. We have been successful in assisting local law enforcement agencies with the nuances of these types of cases. We will work this coming Fiscal Year to do the same with workers' compensation insurance fraud cases.

All of these action items will result in referrals and assist in the need for more enforcement of workers' compensation insurance fraud.

3. 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:

Santa Cruz County is cognizant of the Insurance Commissioner's ongoing goal of addressing medical provider fraud. We have had a couple of private carrier referrals addressing this issue over the course of the last five years. One of the referrals was assigned to a Department of Insurance investigator, however, the investigation did not result in a submittal to our office for prosecution. Nonetheless, after reviewing the details of this referral we have decided to conduct an internal investigation of this medical provider, along with two other providers that all appear to be operating the scheme. These investigations are very complex in nature and will take more than one year to complete. However, we feel they are important as we continue to receive communication from private carriers of the pain management programs prescribed to a higher than what seems normal number of injured workers. The medical providers work in more than one county, and it is one of our goals to determine whether we could open a joint case with neighboring counties, who have larger workers' compensation insurance fraud programs to assist with our investigation.

One of the advantages of working in a small county is the continuity of your position. Santa Cruz County's workers' compensation insurance fraud unit is part of a larger consumer unit which handles all aspects of consumer issues as well as environmental cases. The individuals assigned to our consumer unit, including prosecutors, inspectors and support staff, do not adhere to the same rotational policies of the other units in our office. This continuity has allowed all assigned to the consumer unit to become familiar with and comfortable with the nuances of fraud cases, and in particular workers' compensation insurance fraud cases. This continuity is expected to continue through the foreseeable future.

Outreach has always been a large component of Santa Cruz County's workers' compensation insurance fraud program. This last fiscal year we have increased our outreach events as well as created an online presence through our ad campaigns and our TV advertising. Our online ad campaigns provide information on workers' compensation insurance fraud with relation to claimants, uninsured employer and premium fraud. In addition to providing information on these types of workers' compensation insurance fraud, we provide a means by which an individual can submit a suspected insurance fraud inquiry directly to our office. Our TV advertising reaches a broad range of viewers and is also seen on YouTube. This advertising is targeted at businesses to come into compliance with workers' compensation laws and regulations. We will continue these outreach efforts throughout the coming fiscal year and beyond as they have a profound impact on our education component which is vital to curtailing fraud.

Santa Cruz County, for its size, has a variety of different types of workers' compensation insurance fraud cases. Most of our uninsured employer cases come from investigations conducted by the Contractors' State License Board. This relationship we have is vital to our ongoing efforts to bring business owners into compliance by prosecuting those individuals who choose not to be properly licensed and insured. As part of our plea negotiations, we require licensing and insurance to be in place prior to offering a reduction in a charge or a dismissal. We also receive referrals of these types of case from consumers who have become victims of uninsured and unlicensed business owners. Our next largest group of cases involves claimant fraud. These cases predominantly are referred to us by private carriers. Many of these referrals are very close to being ready for filing. Working closely with carrier SIUs has improved the referrals we receive, reducing the amount of additional investigative work necessary prior to filing. Large premium and medical provider fraud cases consume the majority of our investigative resources and almost always are handled jointly with at least one more county if possible. With the overall goal of alerting the Santa Cruz community to the knowledge that workers' compensation insurance fraud is an area of the law that the District Attorney wishes to enforce, a variety of workers' compensation insurance fraud cases has a larger impact across multiple sectors of the community.

In previous fiscal years we have worked closely with our local enforcement branch of the Department of Insurance. Due to the small size of our office, the ultimate success of our workers' compensation insurance fraud program is reliant on investigations coming from the Department of Insurance. While we maintain a great relationship with our local enforcement branch, the number of investigations presented to our office for filing has significantly declined in the past year or two. We will continue to work together with our local enforcement branch, as well as other outside agencies to increase the impact we can have on Santa Cruz County, and the State of California as a whole.

4. Applicant Question: Multi-Year Goals

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

Applicant Response:

Many of our larger premium and medical provider fraud cases will require more than a single year to accomplish. Additionally, our ongoing outreach and ad campaigns will continue from year to year. Even our smaller cases can often take more than a single year to accomplish, sometimes because of limited resources, and sometimes because of delays in the courts.

5. 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:

When we pursue cases, we always have in mind the restitution that is part of each case. When possible, we require an upfront payment of restitution when a settlement agreement is being reached. Our County has a robust Restitution program considering our smaller size. We have a restitution coordinator dedicated to handling restitution for the entire office. This new position, which was put in place a few years ago, has improved our management of restitution. Nonetheless, obtaining restitution payments is not always an easy process, when an agreement is not reached in settlement negotiations. There is very little teeth to force a defendant to make restitution payments. Additionally, recently the courts have consistently waived fines for defendants, including restitution fines. These decisions are not within our control, even though we encourage the court to not waive the fines. We will continue to work toward obtaining restitution to the best of our ability and continue to attempt to negotiate restitution payments up front. Our restitution coordinator continues in her position which assists in the continuity of this process.

6. 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	\$145,000.00	\$145,000.00
2023-24	\$413.00	\$413.00
2022-23	\$70,341.00	\$5,413.00
2021-22	\$24,290.00	\$10,549.43
2020-21	\$16,050.57	\$6,050.57
	Total: \$256,094.57	Total: \$167,426.00

7. 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:

Santa Cruz County is on track to expend its total funding for Fiscal Year 24-25. The additional action items taken, as discussed in other questions in this application, have placed us in the position to expend our funding. Regardless, for Fiscal Year 25-26 we are not requesting an increase in funding from our award from the previous fiscal year.

8. 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:

An increase is not being requested for Fiscal Year 25-26. In Fiscal Year 24-25, Santa Cruz County made a concerted effort to improve the quality of the workers' compensation insurance fraud program. This included increased awareness of workers' compensation insurance fraud to the community through advertising and continued outreach presentations to multiple different sectors of the community. It is expected that these efforts will continue moving forward in Fiscal Year 25-26. Additionally, Santa Cruz County engaged with other counties on some larger premium fraud cases and increased the number of investigations on various workers' compensation insurance fraud cases. In addition to the current cases in court, it is anticipated that several new cases will be filed in Fiscal Year 25-26. In Fiscal Year 24-25 we made new connections with outside agencies and organizations, creating new avenues for fraud referrals. We will continue to maintain these new relationships and look for new agencies to work with in the coming fiscal year.

9. 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 office recognizes the significant impact uninsured employers have on our community. We see the most egregious business owners in the construction industry. We have been in close coordination with the Contractors State License Board working on sweep and sting operations to curtail the number of individuals providing services without proper workers' compensation insurance. In addition to receiving and prosecuting the investigations completed by investigators at the Contractors State License Board, we have spent time working to try and improve and increase the number of cases, in an effort to make the community aware of this outstanding issue. We conduct several outreach presentations throughout the year, alerting employers, employees, homeowners, and future business owners of the importance of workers' compensation insurance. We address not only the impact the lack of this insurance has on employees, but also the potential impact it can have on homeowners if a worker is injured while on their property. Finally, for the first time this year, we contracted with a social media advertiser to put together a workers' compensation ad campaign reaching out to members of the community, including employees, employers and others, getting the message out about the fraudulent components of workers' compensation insurance, including uninsured employers.

Sub Section Name: Training and Outreach

1. 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	03/12/2025	CDI	Virtual	Grant Workshop	
1	11/18/2024	Southern California Fraud Investigators Association	Palm Springs, CA	Insurance Fraud	16
1	10/22/2024	CDAA	Sonoma, CA	Insurance Fraud	18.75

2. 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"

Attachment:

3. Applicant Question: Future Training and Outreach

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

Applicant Response:

We anticipate continuing with the same type of training and outreach that we conducted in Fiscal Year 24-25. This included outreach presentations to community groups, social media ad campaigns, TV/You Tube advertisements, and attending agricultural events where we provide information to farm workers on workers' compensation fraud.

Sub Section Name: Joint Plan

1. 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.

Attachment:

25-26 WC Santa Cruz County Joint Plan.pdf - PDF FILE

Section Name: Investigation Case Reporting

Sub Section Name: Investigation Case Information Relating to Questions

1. 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

Applicant Comment:

Not Applicable

Sub Section Name: Reporting on All Investigations

1. 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:

25-26 WC Santa Cruz County Investigation Case Activity Report ICAR.docx - WORD DOCUMENT

Sub Section Name: New Investigation Information for Cases in Court

1. 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

1. 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 REPORT

Project Name: FY 25-26 Santa Cruz County Workers Compensation Insurance Fraud Program

Applicant Organization: Santa Cruz

Application ID: App-25-372

Requested Amount:

Funding Announcement Name: FY 25-26 Workers' Compensation Insurance Fraud Program

Expand All	Direct	Total
▸ Salary By Position	\$192,018.00	\$192,018.00
Supervising Attorneys		
Attorneys	\$46,648.00	\$46,648.00
Supervising Investigators		
Investigators (Sworn)	\$123,623.00	\$123,623.00
Investigators (Non-Sworn)		
Investigative Assistants		
Forensic Accountant/Auditor		
Support Staff Supervisor		
Paralegal/Analyst/Legal Assistant/etc.	\$21,747.00	\$21,747.00
Clerical Staff		
Student Assistants		
Over Time: Investigators		
Over Time: Other Staff		
Salary By Position - other		

Expand All	Direct	Total
Benefits	\$93,780.00	\$93,780.00
► Operating Expenses, General	\$13,782.00	\$13,782.00
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)	\$13,782.00	\$13,782.00
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)		

Expand All	Direct	Total
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)		

Expand All	Direct	Total
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	\$299,580.00	\$299,580.00

Budget Justification	Budget Calculations	Budget Narrative
► Salary By Position		
Supervising Attorneys		
Attorneys	<div> <div>No. of Positions: 1</div> <div>Total FTE: 0.2</div> </div> <div> <div>Total Cost: \$46,648.00</div> <div>Total Requested Amount: \$46,648.00</div> </div>	
Supervising Investigators		
Investigators (Sworn)	<div> <div>No. of Positions: 1</div> <div>Total FTE: 0.85</div> </div> <div> <div>Total Cost: \$123,623.00</div> <div>Total Requested Amount: \$123,623.00</div> </div>	
Investigators (Non-Sworn)		
Investigative Assistants		
Forensic Accountant/Audit or		
Support Staff Supervisor		

Paralegal/Analys t/Legal Assistant/etc.	No. of Positions: 1 Total FTE: 0.25	Total Cost: \$21,747.00 Total Requested Amount: \$21,747.00	
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/Publication s	
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/Maintena nce (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/Scanner s (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		