

**SAN BERNARDINO COUNTY'S APPLICATION FOR
WORKERS' COMPENSATION INSURANCE FRAUD GRANT
– SUBMITTED VIA ONLINE PORTAL –**

OVERVIEW QUESTIONS:

Requested Grant Award – \$3,800,409

Multi-County Grant – No

FY 24 – 25 Audited Unexpended Funds (excluding interest) - \$429,771

FY 24 – 25 Audited Unexpended funds percentage of FY 24 – 25 Award – 13.95%

Internal Quality Controls and Budget Monitoring Procedures

It was said by a member of the Fraud Assessment Commission that District Attorneys should use the funds awarded to them. While unstated, it was understood that funds should be used wisely and goal-oriented towards combating workers' compensation insurance fraud. We must be good stewards of public funds.

San Bernardino County District Attorney's (SBCDA) primary method to ensure that funds are spent appropriately is by following the budget approved by the California Department of Insurance (CDI). Any significant change to our plans would be preceded by the submission and approval of an amended proposed budget. Significant changes would also need to be approved by Chief Deputy District Attorney (CDDA) William Lee, who has primary oversight over operations and use of funds for the Workers' Compensation Insurance Fraud Unit.

SBCDA strives to ensure resources are spent wisely. A decision to advance any new or significant increase in expenditure is carefully analyzed to ensure it furthers the goals of the grant, that the cost is reasonable, and does not result in sacrifice elsewhere to the program. For instance, we have spent grant funds to pay for anti-fraud themed advertisements on buses for nearly a decade, and more recently have expanded our outreach into bus shelters, billboards and DMV offices. FY 2025 – 2026's proposed expenditure on these advertisements was about \$125,000. We determined these advertisements were effective ways to deliver an anti-fraud message to the public. While costly, the expense was less than 3.7% of our annual grant award (inclusive of approved carryover).

In another example, SBCDA adopted a new strategy in FY 2025 – 2026 to address uninsured employers. In the past, SBCDA’s primary strategy was participation in sweeps a few times a year making random contacts at construction sites. This was labor intensive. This fiscal year, we adopted a campaign of sending letters to employers requiring them to submit evidence of workers’ compensation insurance. Only those employers who failed to respond will be contacted by investigators. In implementing this strategy, we determined the letter campaign offered greater efficiency and reach, better targeting of potential violators, and was more cost effective than devoting investigators to making random contact during sweeps.

Finally, CDDA Lee meets every 2 to 3 months with the fiscal administration staff to review costs, expenditures and year-end projections. This meeting includes Chief of Administration Claudia Walker, Administrative Supervisor Karen White, and Staff Analyst William Smith. It ensures that grant funds are spent as planned and approved. Any unusual or unexpected expenditure would be scrutinized. These meetings were initiated in FY 2023 – 2024 to impose stronger financial oversight over the program.

Contact Updated - Yes

Program Contacts

- Authorized Certifying Official – William Lee
- Case Statistics – Amanda McCourt
- Project Director – William Lee
- Compliance Officer – Claudia Walker
- Elected District Attorney – Jason Anderson

Acknowledgement of Statistical Reporting Requirements – Yes

Acknowledgement of Required Documents to be Uploaded – Yes

BOS Resolution – To be submitted by December 31, 2026

COUNTY PLAN

SUMMARY

I.

Program Summary

The San Bernardino County District Attorney's (SBCDA) office has participated in the Workers' Compensation Insurance Fraud (WCF) grant program since 1992. We have often had to refine our processes and strategies to maximize effectiveness as well as to respond to changes in the industry, to the goals and priorities of the grant and to fraud trends. Our adaptability has been a key factor in sustaining a successful program through internal and external challenges, including COVID and the Great Resignation.

When evaluating the effectiveness of our program, we compare each year against our achievements from FY 2018 – 2019 through FY 2021 – 2022. During that period, we maintained a balanced caseload of new prosecutions while averaging in each year 11.25 new applicant fraud cases, 2.25 new premium fraud cases, and 1 new provider fraud case. Our goal every year is to meet or exceed these "baseline" numbers.

SBCDA has often exceeded these baseline goals, but not every year. Our program suffered immediately following the COVID-years, from which we had to rebuild. For instance, post-COVID changes within the insurance industry were harmful. Reduced operating hours, increase in remote work and high turnover of experienced staff undermined the collaborative networks that had been built. District Attorneys' offices dealt with turnover in experienced staff too. These challenges, we believe, resulted in a noticeable drop in the quality of fraud referrals in FY 2022 – 2023 and FY 2023 – 2024.

The impact on SBCDA's program was immediate and noticeable. Historically, about 60% of new prosecutions were applicant fraud cases. From averaging 11.25 applicant fraud cases over several strong years, we filed only 4 in FY 2022 – 2023 and 4 in FY 2023 – 2024. (See table below.) Consequently, our total number of new felony cases fell too.

	FY 2018-19	FY 2019-20	FY 2020-21 (COVID)	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Applicant Fraud	13	14	8	13	4	4	8	10
Premium Fraud	2	3	3	2	1	1	5	3
Provider Fraud	3	0	1	0	1	1	2	0
Insider Fraud	1	0	0	0	0	0	0	0
Uninsured Employer	3	7	0	2	4	5	3	0
Estimated Chargeable Fraud	\$127,284,346	\$3,619,623	\$1,721,499	\$747,425	\$424,322	\$1,352,583	\$17,243,847	\$347,267

To address this problem, we (and other District Attorneys' offices) made a concerted effort to increase outreach to the insurance industry to strengthen the collaborative network that had softened and to regain the institutional experience that had been lost. We are now seeing the good fruits of that effort. In FY 2024 – 2025, SBCDA saw a 100% increase in new applicant fraud cases over the two prior fiscal years – from 4 to 8. In FY 2025 – 2026, we did better with 10 new applicant fraud cases, nearly reaching our baseline goal.

And so, SBCDA's overall productivity in FY 2024 – 2025 and FY 2025 – 2026 improved dramatically. In FY 2022 – 2023 and FY 2023 – 2024, SBCDA filed only 6 new felony cases each year. In FY 2024 – 2025, SBCDA filed 15 new felony prosecutions, including 2 provider fraud/capping cases and 5 premium fraud cases. In FY 2025 – 2026, SBCDA filed 13 new felony cases.

SBCDA has done well with provider fraud cases. Since FY 2018 – 2019, SBCDA filed 8 provider fraud cases. In FY 2024 – 2025, SBCDA filed 2 capping cases – which arose from a single large investigation headed by the Inland Empire Regional Office of the Department of Insurance – which resulted in criminal charges against two attorneys. (See section below, *Successes in Prosecutions (Fiscal Year 2024 – 2025); Provider Fraud/Capping – People v. Michael De La Garza, Juan Leal and Arely Franco*, FWV25001028, -29 & -30, and *Provider Fraud/Capping – People v. Antony Gluck and Arely Franco*, FSB25001283 & -84.)

With premium fraud cases, SBCDA had an outstanding FY 2024 – 2025 with 5 new premium fraud cases. In FY 2025 – 2026, we filed 3 new premium fraud cases. We exceeded our baseline goal each year.

In FY 2025 – 2026, SBCDA initiated a new strategy to address the uninsured employer problem that was inspired by a letter campaign used in neighboring counties, including Riverside County and Orange County. It offers equal parts of outreach, deterrence and enforcement. With the assistance of State Fund providing a list of employers whose insurance had lapsed, SBCDA sent the employers letters requesting proof of insurance. Many businesses responded but most did not. Our plan was to make personal contact with non-compliant employers. Unfortunately, this follow-up was limited due to a lack of resources, but the recent addition of a paralegal effective May 2, 2026, will give us the staffing necessary to develop a more robust follow-up effort.

Outreach is a critical piece of SBCDA's comprehensive anti-fraud program. We seek to educate employees of their rights and employers of their responsibilities through a combination of transit advertisements (i.e., bus shelter and bus ads), billboards on major freeways and – new this year – a video advertisement in DMV offices. (See sections below, *Uninsured Employers*, and *Outreach*.) Also, Lead Deputy District Attorney (LDDA) Michael Chiriatti was a guest speaker on a podcast entitled "Fraudcraft." Other recurring speakers have included Don Marshall and Shaddi Kamiabipour.

SBCDA's program is built on strong foundations. A key cornerstone to our program is the institutional knowledge retained by our longest serving member. LDDA Chiriatti is an 18-year veteran of the County's WCF program and has been its lead since 2017. Under his leadership, the County's WCF program has achieved some of its most successful years. Under his continued leadership, we are confident our program will continue to excel.

II.

Program Results

Fiscal Year 2023 – 2024 presented many challenges to our program, including significant staffing changes. Combined with the loss of institutional knowledge and weakened relationships between the District Attorneys' offices and the insurance industry, productivity fell. We feel this happened statewide and was not unique to San Bernardino County. That is now in the past. The effectiveness of the collaboration between District Attorneys and insurance industry stakeholders has improved and SBCDA's staffing has stabilized. These improvements are reflected in the improved productivity that followed.

In FY 2024 – 2025, SBCDA's productivity surged. We achieved a balance in caseload with high numbers of new prosecutions of applicant fraud (8), premium fraud (5) and provider fraud (2). As always, we continue to expand our outreach both to industry stakeholders and the public. We achieved the following:

- New Prosecutions.
 - 18 new prosecutions – 15 felonies and 3 misdemeanors.
 - 2 provider fraud case
 - 5 premium fraud cases
 - 8 claimant fraud cases
 - 3 uninsured employer cases
- Total Estimated Chargeable Fraud (ECF) is \$17,243,847.
 - ECF for provider fraud cases is \$15,093,000.
 - ECF for all other cases is \$2,161,905.
- Convictions – 11 convictions (6 felonies and 5 misdemeanors)
 - 4 defendants received jail sentences of 365, 189, 180 and 30 days.
- Restitution Ordered - \$602,997
- Restitution Collected - \$478,510

In FY 2025 – 2026, SBCDA generally met baseline goals. One area of underperformance is the number of convictions – we had 2 felony convictions and 4 misdemeanor convictions. Convictions, however, are a lagging indicator of the number of new prosecutions from preceding years. Since we had a low number of new prosecutions in FY 2022 – 2023 and FY 2023 – 2024, we expected convictions would be

low. Due to the higher number of new prosecutions over the last two fiscal years, we expect convictions will increase next year. We achieved the following:

- New Prosecutions
 - 13 new prosecutions – All felonies.
 - 3 premium fraud cases
 - 10 claimant fraud cases
- ECF is \$347,267,
- Convictions – 6 convictions (2 felony and 4 misdemeanors)
 - 1 defendant received jail sentence of 180 days.
- Restitution Ordered - \$908,634

PROGRAM DESCRIPTION

I.

Introductory Statement

SBCDA's goal is to encourage employers to secure insurance and discourage fraud. We strive to meet these goals with a mix of outreach and, where that fails, criminal prosecution. Deterrence is the most efficient anti-fraud strategy. SBCDA has adopted outreach designed to educate employees about their rights and employers of their obligation to maintain insurance. (See below, *Outreach* and *Uninsured Employers*.) Where deterrence fails and fraud is committed, we turn towards investigation and prosecution. This is a significant undertaking that expends limited grant resources. Success hinges upon developing a system that maximizes efficiency at every step in the process. Our many years of participation in this program has given us the experience to develop and refine our procedures to achieve that efficiency. We consider efficiency a cornerstone feature of our successful program.

II.

Intake and Investigation Process.

The most important step is the first step. Effective screening of fraud referrals ensures our labor is only spent on quality cases that present the best chance of identifying a provable case of fraud. Any labor spent on poor quality referrals is often wasted. Effective screening is essential to make the best and most productive use of limited resources.

Identifying quality referrals from the bits of information contained in an FD-1 is a developed skill. We place this responsibility onto the most experienced and longest-serving member of WCF, LDDA Chiriatti. LDDA Chiriatti reviews FD-1 referrals for strong

indicators of a provable fraud. Only then will a claim file be ordered. A claim file will be assigned to an attorney to decide whether to proceed with an investigation. An investigation will be initiated only if the claim file indicates a fraud was committed and presents a viable investigative path to prove fraud. When necessary and as appropriate, the attorney may make additional inquiries prior to ordering an investigation. We consider investigations a collaborative process. The attorney and investigator will work together to develop an efficient investigation plan. If, at any time during the investigation, the investigator and attorney conclude the case is no longer viable, the investigation will be closed immediately so they may move onto a more promising investigation.

This process has served our program well. Since its inception in FY 2018 – 2019, SBCDA has averaged nearly 13 new felony prosecutions each year, as shown in the table below. If the two years most impacted by COVID are excluded (FY 2022 – 2023 and FY 2023 – 2024), that average rises to 15.

Fiscal Year	Total New Felony Cases	Estimated Chargeable Fraud
2025-2026	13	\$324,341
2024-2025	15	\$17,243,847
2023-2024	6	\$1,352,583
2022-2023	6	\$424,322
2021-2022	15	\$747,325
2020-2021	12	\$1,721,499
(1 st COVID year)		
2019-2020	17	\$3,619,623
2018-2019	19	\$127,284,346

III.

Partnership with California Department of Insurance (CDI)

The California Department of Insurance (CDI) remains our most important collaboration partner. Since FY 2018 – 2019, we have regularly met with CDI’s local captain and sergeants to discuss open investigations and pending cases. We obtain updates on CDI’s ongoing investigations and give updates on CDI-investigated cases that are being reviewed for filing or have been filed. Further, we strongly encourage the attorneys to visit CDI’s office to maintain regular communication with the detectives.

The attorneys also make themselves available to discuss legal and procedural issues that may arise during an investigation, such as search warrant issues, suspect interviews or the applicability of certain laws. Further, the attorneys have given training presentations to CDI staff. For example, LDDA Chiriatti with the assistance of prosecutors

from our Urban Grant and Real Estate Fraud units gave a day-long training on trial preparation and testimony at CDI's Basic Investigator Course. Deputy Commissioner Eric Charlick sent us the letter shown below to express his appreciation:

STATE OF CALIFORNIA

Ricardo Lara, *Insurance Commissioner*
Eric Charlick, *Deputy Commissioner*

DEPARTMENT OF INSURANCE

ENFORCEMENT BRANCH
2400 DEL PASO ROAD, SUITE 250
SACRAMENTO, CA 95834
(916) 854-5760
www.insurance.ca.gov



December 10, 2024

Michael Chiriatti, Deputy District Attorney
San Bernardino County District Attorney's Office
303 West 3rd Street
San Bernardino, CA 92415-0502

Dear Deputy District Attorney Chiriatti,

On behalf of the California Department of Insurance – Enforcement Branch Headquarters, I would like to extend my deepest thanks to you for the quality training you provided at our recent Basic Investigator Course training session on November 7, 2024.

We continuously strive to ensure that our detectives and investigators receive the latest, most thorough, and relevant training associated with investigating fraud. "Courtroom Testimony" is a valuable course that provides our detectives and investigators with critical training and information they need to prepare for a hearing, as well as what resources are available to them.

You demonstrated professionalism, incomparable knowledge, and excellent training. I look forward to working with you in the future.

Sincerely,

A handwritten signature in blue ink, appearing to read "Eric Charlick".

Eric Charlick
Deputy Commissioner

This collaboration has contributed to the quality and quantity of CDI cases submitted for prosecution. The numbers of new cases filed each year from CDI investigations are listed below. In FY 2024 – 2025, the 8 new cases CDI investigated included 2 large provider fraud cases (which charged two attorneys for capping).

- FY 2025-2026 → 4 felony cases
- FY 2024-2025 → 8 felony cases
- FY 2023-2024 → 5 felony cases
- FY 2022-2023 → 3 felony cases
- FY 2021-2022 → 8 felony cases.
- FY 2020-2021 → 1 felony case (COVID-year).
- FY 2019-2020 → 8 felony cases.

IV.

Case Dispositions

We recognize that no matter how much effort we put into various aspects of program, convictions and restitution orders will be the metrics by which our program's success is ultimately measured. It is through convictions, and the restitution orders that follow, that we are best able to make victims whole, punish criminals and deter crime. These are cornerstones to a functional criminal justice system.

Around FY 2018 – 2019, our program adopted a policy that eschewed the practice of reducing felonies into misdemeanors merely to secure up-front restitution. While restitution is important, we did not wish to sacrifice the value of consequences in its pursuit. Since FY 2018 – 2019, the numbers of felony convictions increased while misdemeanor convictions fell. (See table below.)

Fiscal Year	Felony Convictions	Misdemeanor Convictions
2025-2026	2	4
2024-2025	6	5
2023-2024	10	6
2022-2023	1	4
2021-2022	9	11
2020-2021	8	1
2019-2020	6	8
Year changes enacted.		
2018-2019	4	12
2017-2018	3	19
2016-2017	3	14

Unfortunately, we had to adapt our philosophy to match the new criminal justice world that favors reduced punishment, rehabilitation and, quite simply, less accountability. We remain principled but must be practical. For instance, diversion – there are so many versions now – is favored for defendants who would not have qualified under past laws. Nonetheless, SBCDA has been successful in limiting diversion to only those defendants deserving of it. Over the past 4 fiscal years, 2 applicant fraud defendants were granted mental health diversion; none were granted diversion in the current fiscal year. Uninsured employer cases, which are misdemeanors, are more apt to be granted diversion despite the prosecutor's objection. In FY 2024 – 2025, two uninsured employer cases were granted misdemeanor diversion. Of course, as part of our adjustment to the realities of the current criminal justice system, we did find it necessary to resolve some of our felony

cases as misdemeanors. We will continue our advocacy for strong dispositions when possible and oppose unwarranted grants of diversion.

The number of convictions fell in FY 2024 – 2025 and FY 2025 – 2026 compared to prior years. The number of convictions is a lagging indicator of new prosecutions in prior years. The low number of convictions was expected due to the low number of new prosecutions in the two preceding fiscal years (FY 2022 – 2023 and FY 2023 – 2024). Logically, our higher number of new prosecutions over the past 2 fiscal years should produce an increase in convictions in future years.

V.

Other Collaborations and Partnerships.

Our program benefits from relationships and collaborations with public and private organizations. Our continuing work in this area is a significant factor in our program's success.

California Department of Insurance: Our most significant partnership continues to be with the California Department of Insurance. Our Joint Plan outlines how our two departments work together, maximize resources, and avoid inadvertent duplication of efforts. (See above, *Program Description; III. Partnership with California Department of Insurance.*)

Southern California Workers' Compensation Consortium (SCWCC): The District Attorneys' Offices of San Bernardino, Riverside, Orange, Los Angeles, San Diego and Ventura Counties form a consortium to address workers' compensation fraud from a regional perspective. Successful enforcement requires not only strong local enforcement but regional cooperation because fraud is so prevalent in the Southern California region. We discuss regional and statewide issues, exchange information, resolve disputes, identify cases and suspects that cross jurisdictions, and identify new fraud trends. Members of the consortium have conducted joint activities, including presentations, town halls, and outreach.

Anti-Fraud Alliance (AFA): We continue to participate in the Anti-Fraud Alliance's annual fraud conference in Monterey. LDDA Chiriatti will be a presenter at the upcoming conference in April 2026.

Coalition Against Insurance Fraud: SBCDA has been a member since Fiscal Year 2021 – 2022. Members of our staff have attended some of their remote training events.

Underground Economy: We continue our partnership with the Statewide Investigative Fraud Team (SWIFT), joining with the Contractors State License Board

(CSLB), local code enforcement officers, and the Division of Labor Standards Enforcement. The SWIFT team checks for compliance by visiting and targeting ongoing construction sites, public works sites, and residential improvements and remodeling projects.

Southern California Fraud Investigators' Association (SCFIA): We continued our strong relationship with SCFIA. Further cementing our relationship, LDDA Chiriatti has been a member of SCFIA's Board of Directors since January 2018 and is the Chairperson of the Speaker Committee, which organizes the educational portions of SCFIA's annual fraud conference. Our newest attorney in WCF, Deputy District Attorney (DDA) Daphne Sanders, will be a presenter on a topic at SCFIA's next annual conference.

International Association of Special Investigative Units (IASIU): The association has thousands of members, representing hundreds of insurance companies around the world. Members are employees of insurance and self-insured SIUs, special agents and supervisors of the National Insurance Crime Bureau (NICB) or Insurance Crime Prevention Bureau, insurance company personnel who support the investigative process, and the law enforcement community involved in insurance fraud investigations. This year, on February 11, 2026, LDDA Chiriatti and DDA Sanders participated in a panel discussion during IASIU's Golden Pacific Chapter's Training Day.

The Employers' Fraud Task Force (EFTF): Our program has a long-standing relationship with EFTF. In FY 2016 – 2017, SBCDA was presented with EFTF's Community Service Award for providing "much needed training in order to identify and report fraud and inspire audiences to continue the conversation about collaborative solutions to combat criminal behavior and prosecute the crooks." We have continued this relationship by co-hosting, presenting-for and emceeding EFTF's functions in recent years.

VI.

Outreach

Our program's goals for its training and outreach are (1) to educate stakeholders (insurance companies, fraud investigators and law enforcement) on effective drafting fraud referrals and (2) educating the public, including employers of the requirement to provide insurance while emphasizing that non-compliance is criminal.

Collaboration with industry stakeholders and law enforcement agencies is key to developing an effective approach to identifying and combatting fraud. It is important for stakeholders to understand what is needed to pursue a criminal prosecution and how to effectively articulate suspicion of fraud in FD-1's. Over the last decade, outreach towards the insurance industry and law enforcement agencies has been critical to facilitating effective cooperation between those groups and prosecutors.

Outreach to industry participants at the start of the pandemic (Fiscal Year 2020 – 2021) was minimal due to widespread employment policies that discouraged or forbade live interactions. In Fiscal Year 2021 – 2022, we offered 10 events that reached 936 people. In Fiscal Year 2022 – 2023, we increased our outreach to 15 events and reached 1501 people. In Fiscal Year 2023 – 2024, we offered 20 events and reached 1250 people.

In Fiscal Year 2024 – 2025, we offered 13 events and reached 918 people.

In Fiscal Year 2025 – 2026, we offered 15 events and reached 1267 people. Additionally, three events are planned for after the April 15, 2026, reporting deadline: a presentation at the AFA conference in late April 2026 and two events with Keenan & Associates in May 2026.

As in past years, SBCDA continues with:

- LDDA Chiriatti remains an SCFIA Board Member and is responsible for obtaining, organizing and scheduling its annual conference.
- LDDA Chiriatti continues to participate in, presents for, and emcees the events presented by the EFTF.
- Our office continues to participate in planning the annual CDAA Fraud Symposium. CDDA Lee remains the co-chair of the CDAA Insurance Fraud Committee and has been a technical advisor for several years. LDDA Chiriatti is a regular presenter.
- We continue to provide training and outreach to several of California's largest insurance carriers, including State Fund, Liberty Mutual, Sentry Insurance, the Contractors State License Board, and the Center for Contract Compliance.

SBCDA places great value in communicating an anti-fraud message to the public. In FY 2025 – 2026, we renewed existing advertising campaigns on transit hosts (buses and bus shelters) and digital freeway billboards. The transit advertisements will result in 28,652,715 impressions according to the contractor (Lamar Advertising Company). Photographs of the transit advertisements are presented below.



The digital billboard advertisements are projected to result in 28,153,342 impressions through the end of the current fiscal year, according to the contractor (Lamar Advertising Company). Photographs of the billboards are presented below and in the *Uninsured Employer* section of this application.



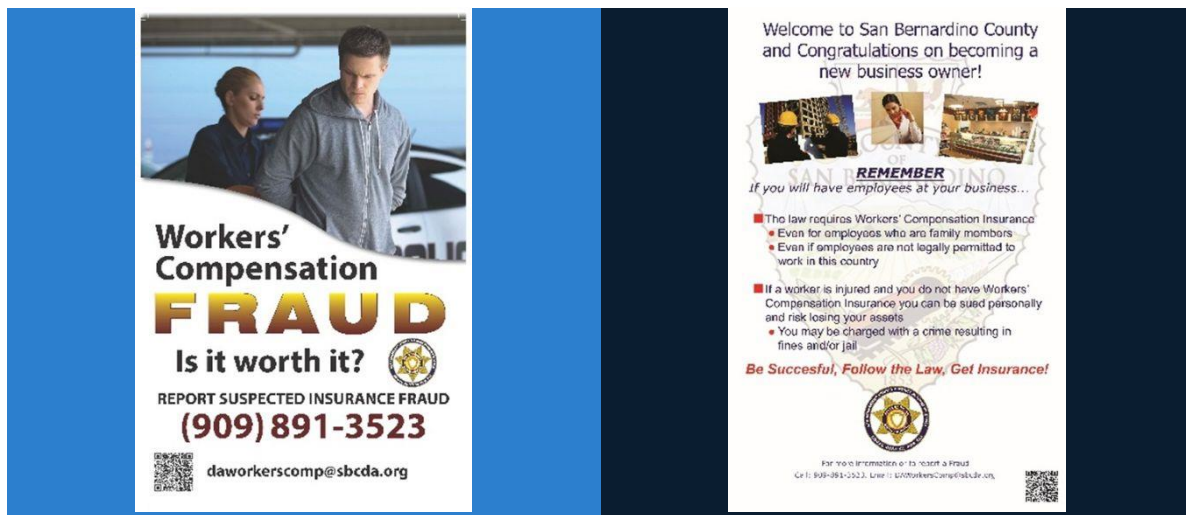
SBCDA is open to exploring new ideas for outreach. In the current fiscal year, we borrowed an idea from Ventura County to place video advertisements onto television screens in DMV offices. This campaign started in February of 2026 and is expected to result in 2,708,030 impressions through the end of the current fiscal year. Our advertisement can be viewed at the following YouTube link: <https://www.youtube.com/watch?v=WUamQg4IOKY>. Presented below are screenshots of the end of the video.





Recently, LDAA Chiriatti appeared as a guest on the video podcast, Fraudcraft. The episode was filmed on March 30, 2026, and is currently being edited. Here is a link to the podcast: <https://www.youtube.com/@fraudcraft>. Industry insiders, such as Don Marshall and Shaddi Kamiabipour, are regular guest speakers. It is our hope that LDAA Chiriatti will be a recurring guest.

Finally, we continue to distribute informational flyers.



VIII.

Most Significant Areas Needing Improvement

SBCDA has done well over the last two fiscal years. Over those two years, we attained high productivity with 28 new felony cases while maintaining a good balance in caseload, including 2 provider fraud cases, 8 premium fraud cases, and 18 applicant fraud cases.

Facets of our program needing improvement include convictions and restitution. Convictions flow from new case filings. Due to our lower numbers of new cases in FY 2022 – 2023 and FY 2023 – 2024, we anticipated convictions would be low. The significant increase in new cases over the last two fiscal years will naturally result in increased convictions in the future. Further, restitution flows from convictions. They too should rise.

Staffing is another part of our program that can be improved. Fortunately, we are on the precipice of accomplishing this. It has been a long-term goal to add a paralegal and forensic accountant. Funding has been the primary impediment. SBCDA's award and the approved carryover in FY 2025 – 2026 has finally given us the budget flexibility to add both positions. Since the carry-over budget which sought permission to add the paralegal was approved in February 2026, we have only recently been able to fill the position. A job offer was made two weeks ago, and the position will be filled effective May 2, 2026, by a 27-year member of SBCDA's office.

The value that a paralegal adds to the program is substantial. Just in the last two fiscal years, SBCDA filed 2 provider fraud cases and 8 premium fraud cases. These cases often require significant litigation and financial analysis. Until now, WCF was supported by a single secretary, who was also responsible for all grant-related record- and stat-keeping as well as management of discovery. A paralegal can assist the secretary while also functioning as a "utility" person to assist attorneys and investigators. With the addition of a paralegal, WCF is optimized for our current and future caseload.

SBCDA has long sought to add a forensic accountant. We have finally secured a candidate who will be hired as a part-time employee and available to us on an as-needed basis. Our work in provider and premium fraud investigations has often been hampered or delayed due to the lack of an in-house forensic accountant. Our candidate is retiring from the FBI as a forensic accountant with 20 years of experience in asset forfeiture and healthcare fraud. We anticipate she will be available to us starting in August 2026.

SUCCESSSES IN PROSECUTION

Successes in Prosecution (Fiscal Year 2025 – 2026)

Premium Fraud – People v. Marcos Benegas, Carlos Guzman & Jessica Guzman, FSB25004379, -80 & -81: Marcos Banegas was the CEO of First Choice Towing. Banegas employed Carlos Guzman as a towing manager and Jessica Guzman as an office manager. First Choice Towing underreported payroll by not reporting all their employees. They only reported two employees – Carlos Guzman and Jessica Guzman – despite employing up to three or four additional truck drivers at any given time. Moreover, First Choice Towing failed to report a workplace injury that occurred. State Fund estimated a loss as high as \$35,275.70. Felony charges were filed on November 25, 2025. The case is pending in court.

Claimant Fraud – People v. Fernando Gomez Lopez, FWV25004750: Fernando Lopez allegedly suffered a spinal injury after falling off scaffolding. He later claimed he could not perform day-to-day activities, such as driving, walking, and carrying things; required support to walk; and needed a neck brace and arm sling. Lopez was placed on TTD. *Sub rosa* videos later showed him walking, crawling, using tools, and doing landscaping work with a hoe and pickaxe. In addition, Lopez did not report work as a salesperson while receiving TTD payments. ECF is \$57,788.95. Felony charges were filed on December 23, 2025. Gomez failed to appear in court and is a fugitive.

Claimant Fraud – People v. Jose Venegas, FSB26001066: Jose Venegas filed a cumulative trauma claim after being laid off. During a QME examination and a deposition, Venegas said he was unable to stand or sit for more than 20 minutes or bend in any direction. *Sub rosa* videos revealed Venegas doing yard work, including lifting and loading a lawnmower and ladder into his pickup truck, and unloading a couch from a pickup truck without assistance. The estimated loss is \$39,472.33. Felony charges were filed against Venegas on March 13, 2026. The matter is pending in court.

Claimant Fraud – People v. Alberto Ledesma, FWV25004462: Alberto Ledesma worked for UPS. On August 8, 2024, Liberty Mutual accepted Ledesma's claim for a right elbow strain. Between November 1, 2024, and January 3, 2025, Ledesma was observed working out at a gym lifting weights as heavy as 300 pounds with his arm. After watching surveillance video of the gym workout, the treating physicians opined that Ledesma had lied to them. Felony charges were filed on November 10, 2025. The case is pending in court.

Provider Fraud – People v. Jenny Bernal, FWV23003609: This case was filed in 2023 but resolved on October 1, 2025. SIU Investigator Noelani Mars alleged that Doctor Salish Lal, Jenny Bernal, Chiropractor Stephen Florez, and McKesson Medical Group, Inc. were unlawfully billing for medical-legal evaluation reports. Specifically, McKesson Medical Group billed MI-102 comprehensive initial evaluations conducted by Florez even though he was not a certified QME. Also, the medical-legal evaluations were conducted prior to a claim being denied and sometimes before the carrier had been notified of the claim. Similar FD-1 referrals were received from other insurance carriers. The investigation revealed that, although Florez conducted the examinations, Bernal prepared and submitted the fraudulent bills. On August 2, 2023, felony charges were filed against Jenny Bernal alleging billing for services not rendered. On October 1, 2025, she was convicted of a felony violation of Insurance Code section 1871.4(a)(2), presenting false or fraudulent information for purposes of obtaining compensation. Bernal was placed on probation, sentenced to 90 days in county jail and ordered to pay \$4,022.00 in restitution. Restitution was low because very little was actually paid by insurance carriers.

Premium Fraud – People v. Robert Stallone, FSB20000166: This case was filed in 2020 and resolved on December 5, 2024, but a significant restitution order was secured October 3, 2025. State Fund suspected a trucking company of underreporting payroll resulting in an estimated premium loss of \$900,000. Suspicion arose after a

truck driver filed an injury claim despite the employer only having reported sales and clerical employees. Robert Stallone, the manager, insisted all drivers were independent contractors even though the employer owned the trucks and trailers and provided all maintenance. Stallone was convicted of felony premium fraud on December 5, 2024. On October 3, 2025, Stallone was ordered to pay \$600,598.52 in victim restitution.

Successes in Prosecution (Fiscal Year 2024 – 2025)

Provider Fraud/Capping – People v. Michael De La Garza, Juan Leal and Arely Franco, FWV25001028, -29 & -30: This was a referral from Zenith Insurance for potential capping involving Attorney Michael De La Garza and Juan Leal. Zenith discovered some of their claimants had received cold calls from unknown individuals attempting to coerce them to file workers' compensation claims. CDI conducted this investigation. Detectives confirmed that multiple Zenith claimants had received these calls. One person received several calls and eventually "gave in" and agreed to file a claim. These claimants were eventually represented by De La Garza and were assisted throughout the process by Leal. Further investigation revealed that the Michael De La Garza Law Firm paid National Marketing in exchange for prepared workers compensation "cases" (i.e., claimants). National Marketing operates a call center in Tijuana, Mexico and is owned and operated by Arely Franco.

After an investigation lasting 2.5 years during which LDDA Chiriatti closely collaborated with CDI Detective Brittan Kuhlman, on April 3, 2025, De La Garza, Leal and Franco were charged with 18 counts of conspiracy and unlawful referrals of clients. The EFC is \$4,320,000. Franco is a fugitive. De La Garza's and Leal's cases remain pending in court.

Provider Fraud/Capping – People v. Antony Gluck and Arely Franco, FSB25001283 & -84: The investigation described above in *People v. Michael De La Garza et al.* revealed that Workers' Compensation Applicant Attorney Antony Gluck purchased clients from National Marketing/Arely Franco. Among the evidence uncovered were payments from Gluck's bank accounts to National Marketing. On April 3, 2025, Gluck and Franco were charged with 25 felony counts of conspiracy and unlawful referrals of clients. The ECF is \$10,733,000. Franco is a fugitive and Gluck's case is pending in court.

Premium Fraud – People v. Joel Crespo, FWV25000764: Joel Crespo, Aurelio Trejo and Cesar Crespo, owners of Aurelio Trejo & Crespo Framing, were suspected of not reporting valid injury claims and underreporting payroll. This resulted in an estimated loss of \$518,402.66. Felony charges were filed against Joel Crespo on March 17, 2025. The case is pending in court.

Applicant Fraud – People v. Gabriel Ladanne, FSB24004583: Gabriel Ladanne was a police officer who claimed an injury to his back, hips, buttocks and legs after pulling

a person from a car. Surveillance footage showed Ladanne completing CrossFit activities and working secondary employment in contrast to what he reported to his doctors. On December 18, 2024, now-former officer Ladanne was charged with felony of insurance fraud. The case is pending in court.

Applicant Fraud – People v. Charles Plassmeyer, FWV24003836: Charles Plassmeyer was an assistant general manager with California Fish Grill Investments LLC. Plassmeyer claimed a work-related injury to his right ankle occurring on February 25, 2023, from twisting his ankle while dumping trash. The injury was reported days later. He initially sought treatment on his own. Plassmeyer was terminated on March 9, 2023, for repeated violations of safety policy, lying during an investigation and time manipulation. Video footage from the supposed date of the ankle injury contradicted Plassmeyer's account of the events. When confronted with the video, he changed the story. The "new" version was also inconsistent with the video. After termination, he submitted a secondary claim for cumulative trauma to his circulatory system, psyche, hips and foot from June 27, 2022, through March 7, 2023. On November 20, 2024, Plassmeyer was charged with felony insurance fraud. Plassmeyer is a fugitive.

Premium Fraud – People v. Michael Walker, FVI24003671: On September 16, 2022, State Fund received a fraud referral for Mike Walker Construction. A tip was submitted stating that: "two claims were filed, and it was determined that Walker pays employees in cash. We weren't sure if these people are actually legit independent contractors or if he is just paying cash to avoid reporting payroll." After investigation, felony premium fraud charges were filed against Walker in December 2024. On September 23, 2025, Walker pleaded no contest to violating Insurance Code section 11880, as a felony. He was placed on probation, given 180 days in county jail and ordered to pay State Fund \$283,597.55 in restitution.

Premium Fraud, Theft of Wages and Tax Fraud – People v. Hector Lopez, FWV25000985: Hector Lopez owns HN Construction Services. State Fund suspected Lopez was underreporting payroll. For instance, an injured employee presented State Fund with multiple paychecks bearing differing dates but for the same pay/work period. It was discovered that HN reported differing payrolls to State Fund and EDD. State Fund estimates premium loss of \$145,689.43. On April 1, 2025, Mr. Lopez was charged with felony insurance fraud, wage theft and tax invasion. On April 9, 2026, Mr. Lopez was convicted of felony premium fraud, given 30 days in jail and placed on probation. A restitution hearing is scheduled for July 23, 2026.

Premium Fraud – People v. Kendra Aleman, FWV19001026: This case came into WCF via We-Tip. The informants advised that HR Biz Services, a Professional Employer Organization (PEO), provided Human Relations and personnel services to small companies. HR Biz contracted with 19 commercial clients representing approximately \$2 Million in premiums. It was later discovered that the Certificates of Insurance that were provided to clients were forgeries. Felony charges were filed in FY 2018 – 2019. Aleman's personal residence was seized under Penal Code 186.11. On August 13, 2024, she pled to a felony violation of Penal Code section 32, Accessory After the Fact to

Insurance Fraud, and admitted the Penal Code section 186.11 enhancement. On May 12, 2025, Aleman was placed on 5 years of felony probation, given 189 days in county jail, and ordered to pay \$361,185.05 in restitution. Aleman secured a loan against the home that was seized and frozen and fully paid restitution prior to sentencing.

TASK FORCES & AGENCIES

Federal Agencies

1. United States Customs and Boarder Protection
2. United States Department of Labor, Wage and Hour Division
3. United States Postal Inspector General
4. United States Social Security Administration, Office of Inspector General

State Agencies

1. California Commission on Peace Officer Standards and Training
2. California Contractor's State License Board
3. California Department of Industrial Relations
4. California Department of Industrial Relations, Anti-Fraud Unit
5. California Department of Insurance, Fraud Division
6. California Department of Insurance, Investigation Division
7. California Department of Insurance, Training Division
8. California Department of Justice, LACLEAR
9. California Department of Motor Vehicles
10. California Division of Occupational Safety and Health
11. California Employment Development Department
12. California Franchise Tax Board
13. California State Compensation Insurance Fund
14. California Workers' Compensation Appeals Board
15. Workers' Compensation Insurance Rating Bureau

County Agencies

1. Alameda County District Attorney's Office
2. Amador County District Attorney's Office
3. Eldorado County District Attorney's Office
4. Los Angeles County Department of Labor Compliance
5. Los Angeles County District Attorney
6. Orange County District Attorney
7. Riverside County Counsel
8. Riverside County District Attorney
9. Riverside County Sheriff Department
10. Riverside County Workers' Compensation Special Investigations Unit

11. Sacramento County District Attorney
12. San Bernardino County Assessor-Recorder
13. San Bernardino County Sheriff Department
14. San Bernardino County Department of Public Social Services, Investigation Unit
15. San Diego County District Attorney's Office
16. San Mateo District Attorney's Office
17. Santa Clara County District Attorney's Office
18. Ventura County District Attorney's Office

Local Agencies

1. Indio Police Department
2. Los Angeles Office of Contract Compliance
3. Los Angeles Police Department:
4. Los Angeles, Workers' Compensation Division
5. Montclair Police Department
6. Ontario Police Department
7. Rancho Cucamonga Police Department
8. Redlands Building Department
9. Redlands Police Department
10. San Bernardino Code Enforcement
11. Upland Building and Safety Division
12. Upland Police Department
13. Yucaipa Police Department

Others

1. Anti-Fraud Alliance
2. California Coalition on Workers' Compensation
3. California Joint Powers Insurance Authority
4. California Self-Insureds' Association
5. Carpenters/Contractors Cooperation Committee
6. Center for Contract Compliance
7. Coalition Against Insurance Fraud
8. Employers' Fraud Task Force
9. Inland Empire Workers' Compensation Forum
10. National Insurance Crime Bureau
11. Northern California Carpenters Union
12. Southern California Workers' Compensation Consortium
13. Southern California Fraud Investigators' Association

PERSONNEL CONTINUITY & INSTITUTIONAL KNOWLEDGE

Continuity is a cornerstone to a successful program. Because we value the significant benefits derived from a veteran's presence, institutional knowledge and experience, we avoid mandatory rotation policies.

WCF consists of 12 funded positions and a few unfunded but key staff members. In a unit that large, some change each year is expected. The key to ensuring continued success is the retention of institutional knowledge. In that regard, the lengthy tenure of key staff members has contributed to our success.

Retention of Institutional Knowledge

Our program is anchored by LDDA Chiriatti. He was assigned to the unit in 2008 and has been its lead attorney since 2017. The years under his leadership have been the unit's most consistently productive. His position on the board of directors of SCFIA, his teaching on the subject throughout our region and his regular interaction with insurance industry stakeholders make him an invaluable resource. LDDA Chiriatti's nearly two-decade presence ensures that institutional knowledge is retained and passed onto new staff.

Similarly, District Attorney Investigator (DAI) Hector Vidal has been in the County's WCF program since 2013. His deep understanding of workers' compensation fraud continues to benefit new investigators that are assigned to the unit.

CDDA Lee, who was first assigned to supervise the County's WCF program in 2016 and promoted 3-1/2 years ago, oversees the program as the chief deputy district attorney. His historical knowledge of the unit's operations and the grant program learnt over the last decade remains a great resource.

LDDA Chiriatti, DAI Vidal and CDDA Lee each have a decade or longer involvement in workers' compensation fraud. Their continuing presence ensures continuity and retention of institutional knowledge despite an occasional change in other staff.

Attorney Staff

DDA Lara Garjian replaced an attorney who retired from the unit in 2020. She is an experienced 6-year workers' compensation fraud prosecutor.

DDA Daphne Sanders was assigned to WCF on January 24, 2026. She has been a prosecutor for 12 years, most recently as a fraud prosecutor in the Welfare Fraud Unit. She replaced DDA Jeffrey Willmuth, who was transferred to the Automobile Insurance Fraud Unit due to a retirement there. Notably, DDA Willmuth was the least experienced attorney in WCF. Therefore, his transfer out of WCF was the least impactful.

Investigator Staff

Between June 2023 and May 2024, 3 of our 6 investigators left the County's WCF program due to an unexpected medical retirement and reassignments. Those positions were filled by DAI Slaven Neagu, DAI Ramiro Martinez and DAI Eileen Negron. They were all new to workers' compensation fraud. The three other investigator positions were, and continue to be, filled by DAI Hector Vidal, DAI Yvonne McFarland and DAI Frank Segura.

Regrettably, DAI Ramiro Martinez was recently transferred to the Public Integrity Unit. In his place, DAI Michael Merriman was assigned to WCF. This transition occurred on March 21, 2026. DAI Merriman is a former police officer with the Redlands Police Department.

Other Staff

Funding in the current fiscal was sufficient to add a paralegal position to our program. This has been a long-time goal. Tiesi Vunipoli was hired as the County WCF's first-ever paralegal. Paralegal Vunipoli has been an employee of SBCDA for 27 years and was promoted to a paralegal position. Her understanding of SBCDA culture and operations gives her a great foundation to support WCF's work.

Management Staff

On March 21, 2026, we welcomed Supervising Investigator (SDAI) Anthony Semenza into WCF to replace SDAI Stephen Showalter. SDAI Semenza. While SDAI Semenza is new to Workers' Compensation Insurance Fraud, he will be supported by an experienced staff of investigators, attorneys and managing attorneys.

Supervising Deputy District Attorney (SDDA) Ron Webster is in his 4th year supervising the County's WCF program. He is an accomplished gang and murder prosecutor with 28 years of prosecutorial experience and about a decade of supervisory experience.

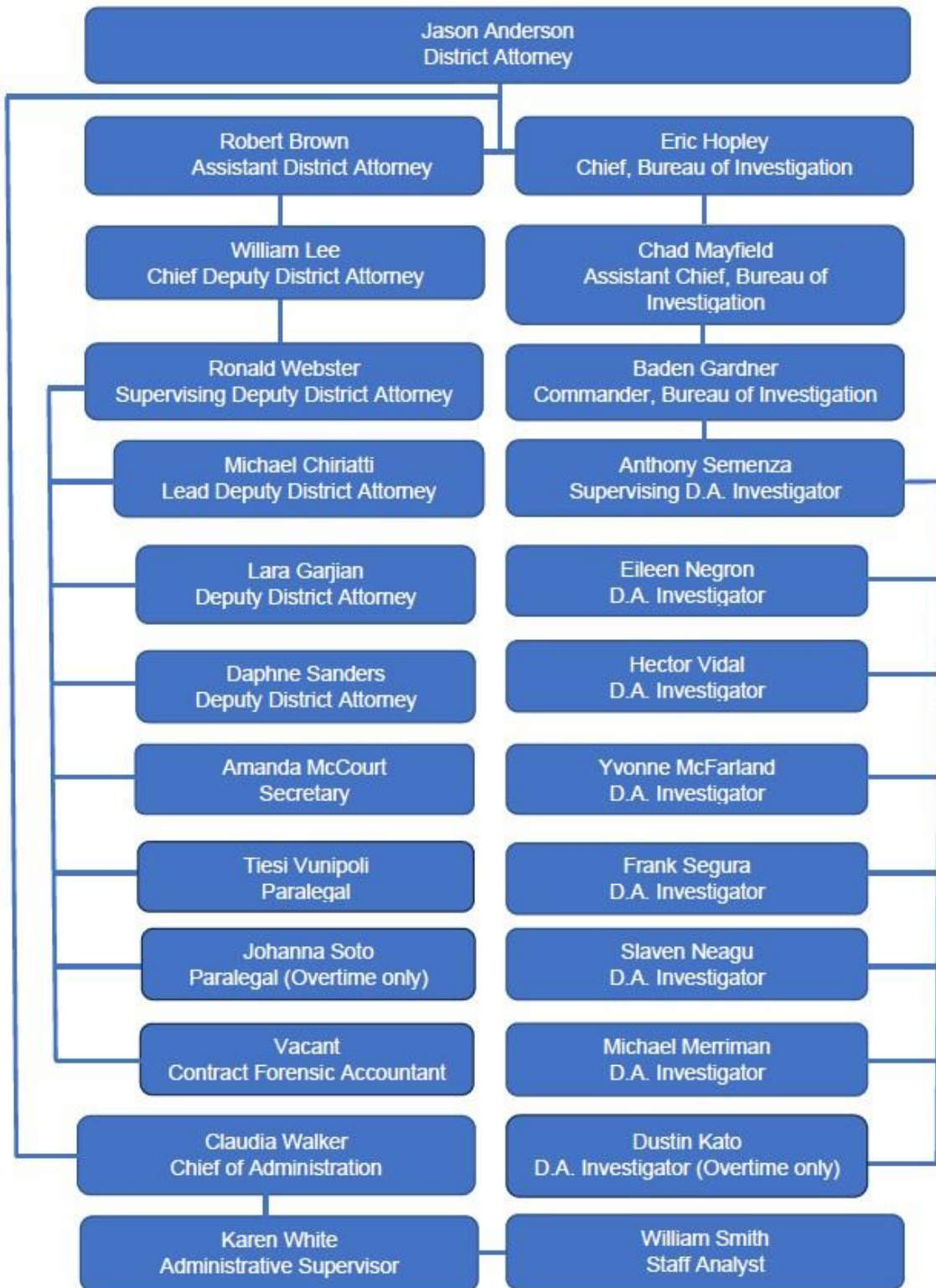
In conclusion, some change is inevitable. Our goal is to retain institutional knowledge by retaining long-term staff members in critical positions, which we have done successfully.

DISTRIBUTION OF FROZEN ASSETS

None

UNIT STAFFING

<u>Name</u>	<u>Role</u>	<u>Start Date</u>	<u>End Date</u>	<u>% Dedicated to Unit</u>
Michael Chiriatti	Lead Attorney	9/6/2008	N/A	100
Lara Garjian	Attorney	10/10/2020	N/A	100
Jeffrey Willmuth	Attorney	8/12/2023	12/27/2025	100
Daphne Sanders	Attorney	1/24/2026	N/A	100
Stephen Showalter	Supervising Investigator	2/8/2025	3/21/2026	85
Anthony Semenza	Supervising Investigator	3/21/2026	N/A	85
Hector Vidal	Investigator	8/3/2013	N/A	100
Yvonne McFarland	Investigator	6/17/2023	N/A	100
Frank Segura	Investigator	9/10/2022	N/A	100
Slaven Neagu	Investigator	2/10/2024	N/A	100
Eileen Negron	Investigator	11/30/2024	N/A	100
Ramiro Martinez	Investigator	6/1/2024	3/21/2026	100
Michael Merriman	Investigator	3/21/2026	N/A	100
Amanda McCourt	Secretary	12/7/2019	N/A	100
Tiesi Vunipoli	Paralegal	5/2/2026	N/A	100
OT only	Dustin Kato			
OT only	Johanna Soto			



PROBLEM STATEMENT
&
PROGRAM STRATEGY

PROBLEM STATEMENT

INTRODUCTION

Workers' compensation insurance fraud remains prevalent in San Bernardino County. Its size, location and population offer a rich environment for all forms of fraud activity. The funding provided by this grant ensures that the San Bernardino County District Attorney's Office (SBCDA) can continue to commit the necessary resources to confront this problem. It is our goal to maintain a staff of three experienced prosecutors, six investigators, one paralegal and one secretary exclusively dedicated to investigating and prosecuting worker's compensation insurance fraud.

San Bernardino County is the largest county in the nation. In California, it ranks 5th in population, 5th in labor force, and 5th in employed workers. It is part of a Southern California Region that encompasses the contiguous counties of Los Angeles, Orange, and Riverside. This region accounts for approximately 45% of the statewide population, labor force, and employment, but a remarkable 58% of all suspected fraudulent claims (SFCs). Fraud is widespread across this Southern California Region.

MAGNITUDE OF THE FRAUD PROBLEM

Several factors are responsible for or reflect the significant fraud problem in San Bernardino County: (1) geography and population, (2) labor force and employment, and (3) SFC/FD-1 submissions.

A. Geography and Population

San Bernardino County is the largest county in the contiguous United States. It is the 5th most populous county in California with 2.2 million people – which represents 5.6% of the total population of the state.

San Bernardino County offers vast undeveloped land to easily accommodate future growth. Amongst Southern California counties, San Bernardino offers lower living costs, lower housing costs, proximity to urban centers within Los Angeles County and Orange County, two international airports in the cities of Ontario and San Bernardino, and a busy logistics airport in the city of Victorville. San Bernardino County is an attractive location into which businesses and workers will continue to relocate.

San Bernardino County's worker's compensation insurance fraud problem is affected by regional geography. The Southern California region encompassing Los Angeles, Orange, Riverside, and San Bernardino Counties hold 45% of the state population. The economies of these counties are intertwined due to their shared borders.

Consequently, fraudulent activity, even the most basic applicant fraud case and certainly the complex provider fraud matters, often cross county lines.

To help combat this regional issue, San Bernardino, Riverside, Orange, Ventura, San Diego and Los Angeles Counties formed the Southern California Workers' Compensation Consortium to help identify and collectively address worker's compensation insurance fraud.

B. Labor Force and Employment Numbers

The Southern California Region accounted for over 45% of the total state labor force and employment, distributed as follows:

	Labor Force	Employment
Los Angeles County	25.9%	25.9%
Orange County	8.3%	8.4%
Riverside County	6.1%	6.1%
San Bernardino County	5.3%	5.3%
Southern California region	45.6%	45.7%

San Bernardino County ranked 5th in both labor force and employment as of December 2025.

C. Suspected Fraudulent Claims

From 2023 to 2025, San Bernardino County received 576 SFCs. This is the 3rd highest number of SFCs in the state, behind only Los Angeles and Orange Counties. Further, San Bernardino County contains 5.6% of the state's total population but 6.3% of all SFCs.

Because fraud is a regional problem, regional SFC submissions are an important indicator of local fraud activity as well. High fraud activity in neighboring counties can be expected to spill over and contribute to the fraud problem in San Bernardino County, and vice versa. San Bernardino, Riverside, Orange, and Los Angeles Counties received 58% of all SFCs.

The problem of worker’s compensation insurance fraud in San Bernardino County, as well as in the Southern California Region, is ongoing. As San Bernardino County continues to grow, an increase of fraud activity is expected. Our goal continues to be to dedicate the resources to investigating and prosecuting worker’s compensation insurance fraud, to punish existing criminal activity and to discourage future fraudulent activity.

Types of Fraud

San Bernardino County has workers’ compensation insurance fraud in all its forms. Since Fiscal Year 2017 – 2018, our number of new prosecutions demonstrate this diversity:

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	TOTALS	Percentage
Provider	3	0	1	0	1	1	2	0	8	6.2%
Premium	2	3	3	2	1	1	5	3	20	14.7%
Applicant	13	14	8	13	4	4	8	10	74	57.4%
Insider	1	0	0	0	0	0	0	0	1	.8%
3700.5	3	10	0	2	4	5	3	0	27	20.9%
Other	0	0	0	0	0	0	0	0	0	0%

SBCDA prosecutes every type of case falling under the grant program. Most are applicant fraud cases which made up 57.4% of the caseload while insider fraud made up .8%. Provider fraud was 6.2%, premium fraud was 14.7% and Labor Code section 3700.5 cases were 20.9%.

PROBLEM RESOLUTION PLAN

SBCDA has done well in maintaining a balanced caseload. Since Fiscal Year 2018 – 2019 through the current fiscal year, our new prosecutions (felonies and misdemeanors) are balanced as follows:

- Applicant Fraud at 56.9%
- Premium Fraud at 15.4%
- Provider Fraud at 6.2%
- Uninsured Employer cases at 20.8%

The quality of applicant fraud referrals had deteriorated post-COVID. We believe this was a statewide problem rooted in the pandemic due to turnover of staff in the insurance industry resulting in a loss of institutional knowledge. To remedy this, District Attorneys' offices have increased outreach efforts to reestablish those relationships and strengthen the collaboration. There has been some success. For SBCDA, the numbers of new applicant fraud cases have increased over the last two fiscal years. While there has been improvement, the collaboration between District Attorneys and the insurance industry remains far short of where they were pre-COVID. We will continue to improve that collaboration with outreach.

In the meantime, SBCDA directed more attention to premium fraud cases, resulting in 8 new premium fraud cases over the past two years. Premium fraud will remain a large part of our program.

As for provider fraud cases, we have filed 8 new provider fraud cases in the last 8 years, with contributions from both District Attorney investigators and CDI. The most recent two cases filed in FY 2024 - 2025 were investigated by CDI and resulted in charges against two attorneys. Most SBCDA's investigators have less than 3 years of experience in workers' compensation insurance fraud. We hope to quickly develop their experience level so they can investigate provider fraud cases.

To address the uninsured employer problem, we plan to continue developing our new letter program requesting proof of insurance from employers whose insurance recently lapsed. The addition of a paralegal into WCF should give us the resources necessary to improve our follow-up so that contacts made by investigators are better targeted and more fruitful.

Case dispositions represent consequences for the criminal. We pursue felony convictions when appropriate and oppose diversion unless it is justified by the facts. As a result, only 2 felony fraud cases entered diversion for mental health reasons over the last 5 years. Admittedly, misdemeanor uninsured employer cases are more likely to be diverted under the misdemeanor diversion law. The law allows a judge to grant diversion over the objection of the prosecutor. In sum, we feel that consequences and punishment are essential to effectively fight and deter fraud and pursue it whenever possible.

We had few convictions over the last two fiscal years. This is because few new cases were filed in FY 2022 – 2023 and FY 2023 – 2024. With the significant increase in new felony cases in the most recent two fiscal years, the numbers of convictions should increase.

Restitution remains a priority. Our program continues to pursue payment of restitution upfront where possible, use CR-110 and CR-115 forms, and seize/freeze assets under Penal Code section 186.11 to secure restitution.

SBCDA made two significant changes to staffing that will dramatically improve our program. The addition of a paralegal and part-time contract forensic accountant filled a long-time gap in our staffing. It will strengthen and quicken investigations of premium and provider fraud cases, among adding other benefits.

In other respects, our program is on the right track. Staff continuity and stability are fundamental to success. All funded positions are filled. Despite some new staff members, the institutional knowledge retained by LDDA Chiriatti (18 years), SDAI Vidal (13 years) and CDDA Lee (10 years) ensures stability and continuity in the work.

PLANS TO MEET GOALS / PRIORITIES OF INSURANCE COMMISSIONER AND FRAUD ASSESSMENT COMMISSION

MEDICAL PROVIDER FRAUD

Many years ago, we followed through on our commitment to tackle provider fraud. We filed 8 provider fraud cases over the last 8 fiscal years, including two filed in FY 2024 – 2025 stemming from a capping referral from Zenith Insurance. What began as a local investigation extended into one involving a capper in San Diego County. Charges were filed against the capper, two attorneys, and a fourth individual. We are following through on our commitment to pursue provider fraud.

We also recognize that training is an important part of developing a stronger provider fraud program. Changes within our investigator staff mean the investigators must receive training and gain experience. We will continue to avail ourselves of training opportunities offered by CDAA, SCFIA, AFA, EFTF and other organizations. Fortunately, we can build off the extensive experience of our leadership staff, LLDA Chiriatti, SDDA Webster and CDDA Lee.

PERFORMANCE AND CONTINUITY

LDDA Michael Chiriatti continues to lead our WCF team. He has 18 years of service in workers' compensation insurance fraud, DAI Hector Vidal has nearly 13 years

of experience investigating worker's compensation insurance fraud, and CDDA Lee has had managerial responsibilities for almost 10 years.

Our program saw changes in our investigation staff, as detailed above in *Personnel Continuity*. Indeed, that lack of continuity showed in our productivity in recent years. That lack of continuity is now behind us. All vacancies within the investigation staff have been filled.

We have added a paralegal position and will add a part-time contract forensic accountant. Our program has needed those two positions for many years. Our FY 2025 – 2026 grant award finally allowed us the flexibility to secure those positions. Their presence will improve the quality and speed of the work.

We will continue to impress upon our office the importance of stability and continuity within WCF. Our ability to maintain stability and continuity is aided by the fact that our office does not have mandatory rotational policies for our attorneys.

OUTREACH AND PUBLIC AWARENESS

SBCDA's goals for its future training and outreach are (1) to reestablish and strengthen the collaboration between prosecutors, law enforcement and the insurance industry, and (2) crime deterrence and public awareness. The first goal not only improves the overall anti-fraud effort but is a key part of our development of new cases. The second goal is to publicize the idea that fraud is a crime that carries significant punishment and consequences.

Approximately 3% - 4% of our budget is set aside for public outreach. They have included transit advertisements, billboards and – starting this year – videos shown at DMV offices. Some of the advertisements are in Spanish. Our outreach to the insurance industry is ongoing. For more details relating to outreach, please see detailed information above under *Qualifications and Successes; Outreach* and below in the *Uninsured Employer* sections of this application.

We will continue in our effort to ensure that collaborative working relationships remain strong and best practices are shared. We have renewed our transit and billboards advertisements through Fiscal Year 2026 – 2027, and plan to renew DMV advertisement if funding permits.

BALANCED CASELOAD

We recognize that suspects in provider fraud investigations are most likely to harm multiple victims. We continue to prioritize provider fraud cases. Unfortunately, they are resource intensive, and time spent on provider fraud cases takes away from investigative time on premium and applicant fraud cases. We are continually working to find a balance in investigations, which should lead to balanced prosecutions.

It is the responsibility of the supervising attorney and supervising investigator to monitor this balance. We have been successful. Since and including Fiscal Year 2018 – 2019, our program has had a healthy balance in new felony prosecutions:

	Applicant Fraud	Premium Fraud	Provider Fraud	Insider Fraud
Total Number of New Cases-in-Court (excluding 3700.5)	74	20	8	1
Percentage	72%	19%	8%	1%

JOINT PLANS AND MEMORANDA OF UNDERSTANDING

SBCDA has developed a Joint Plan with the Inland Empire regional office of CDI. The Joint Plan delineates cooperative goals and protocols designed to reduce fraud, effectively investigate and prosecute cases, reduce duplication of effort and maximize the number of successfully prosecuted cases.

The Fraud Assessment Commission lists the goal of forging partnerships to address the Underground Economy. We continue to participate in sweeps and inspections with the Statewide Investigative Fraud Team (SWIFT) and the Joint Enforcement Strike Force (JESF).

MULTI-YEAR GOALS

A. *Provider fraud cases* – These are difficult, complex and costly cases to investigate and prosecute. Tackling a large case is a significant endeavor. Our investigation staff is relatively new – most having 3 years or less experience in workers’

compensation insurance fraud. It will take time for them to gain experience with provider fraud investigations.

B. *Outreach* – As explained elsewhere in this application, we have taken steps towards improving our outreach efforts. Rebuilding the effectiveness of the collaboration between law enforcement and the insurance industry lost during the pandemic is a long-term mission.

RESTITUTION & FINES

Fiscal Year	Restitution Ordered	Restitution Collected
2025 – 2026	\$908,634	TBD
2024 – 2025	\$602,997	\$478,510
2023 – 2024	\$414,805	\$99,738
2022 – 2023	\$97,807	\$169,268
2021 – 2022	\$2,497,126	\$397,383
2020 – 2021	\$152,891	\$98,404
TOTALS	\$3,374,141	\$1,243,383

The amount of restitution ordered and collected is directly related to the number and type of new prosecutions and when they resolve. Typically, more complex cases take longer to resolve. Further, Restitution Collected lag Restitution Ordered, which lag Convictions, and which lag New Prosecutions. Therefore, restitution takes a while to appear in the statistics.

Further, when the number of new prosecutions and/or ECF are low, we typically see lower restitution in the years that follow. In Fiscal Year 2016 – 2017 and Fiscal Year 2017 – 2018, for instance, our total of 19 new felony prosecutions with a combined ECF of \$285,161 resulted in low restitution for some years. Since then, we have had higher numbers of new prosecutions and EFC, including \$17,243,847. Our restitution numbers will naturally increase as these cases are resolved.

A. Up-Front Payment of Restitution

In our experience, restitution will most likely be paid if it is negotiated and collected upfront. We have seen mixed success with this approach since we do not insist upon upfront payment as an express condition of reaching a resolution as we feel this is an

inappropriate form of persuasion. Additionally, avoid reducing felonies to misdemeanors – which is often requested by the defense – in “exchange” for up-front restitution. Rather, we enquire about upfront restitution and, if requested, will consider offering incentives that do not undermine our core goals.

We have seen some success. In October 2021, a defendant fully paid restitution upfront in the sum of \$187,539 (*People v. Randall Rogers*, FSB21001437); in *People v. Danny Campbell*, FSB18003888, the defendant paid \$110,000 at or before his June 2022 sentencing hearing out of a total restitution order of \$195,990; and in February 2023, a defendant made an up-front payment of \$28,000 (*People v. Soledad Nieves*, FSB22001009). These are some examples.

In FY 2024 – 2025, in *People v. Kendra Aleman*, FWV19001026, Ms. Aleman agreed to refinance her home to fully pay restitution of \$361,185. She followed through and the entire amount was paid at her sentencing. This arrangement was made possible because a lien was placed on Ms. Aleman’s residence under Penal Code section 186.11.

We will continue to seek upfront payment of restitution.

B. Restitution Enforcement

Our biggest challenge to enforcing restitution payments is Penal Code section 1203.1, which restricts the length of probation for misdemeanors to one year and felonies to two years. This gives us a much shorter time-period to enforce restitution payments. In addition, prosecutors now lack the ability to object to a defendant’s request for post-conviction benefits (such as expungement or reduction of a felony to misdemeanors) due to an outstanding restitution order. It is an unfortunate fact that changes in the law have undercut our ability to seek strong dispositions and pursue collection of restitution. Despite the uphill battle, we will continue to pursue collection of restitution using the means available to us.

C. Penal Code Section 186.11

If the defendant’s case falls within Penal Code section 186.11, we may seize and freeze assets to help secure victim restitution. In Fiscal Year 2021 – 2022, we used Penal Code section 186.11 to secure two properties in *People v. Almirante Perez*, FSB20002087. In March 2022, the defendant was ordered to pay restitution in the

amount of \$2,407,573.14 – of which \$1,771,142.45 is related to workers' compensation insurance fraud. One of the two properties was sold at a foreclosure auction on March 21, 2023. Unfortunately, none of the proceeds were directed towards victim restitution due to superior liens. We consider this a victory nonetheless because the defendant suffered a significant consequence due to his criminal activity.

As explained above, in *People v. Kendra Aleman*, FWV19001026, we placed a lien on the defendant's home, which allowed us to use it as leverage to ensure immediate payment of restitution at sentencing.

No properties were seized this fiscal year.

D. Judicial Council Forms CR-110 and CR-115

We continue to use Judicial Council Forms CR-110 and CR 115. Our policy requires the attorneys to provide a CR-115 form to the defense upon a guilty plea or jury verdict, which must be completed and submitted at the sentencing hearing. Our protocol also requires the attorneys to present the CR-110 form to the judge immediately upon the issuance of a restitution order.

By following this process, we further protect the victim's ability to recover any restitution owed that has not been paid by the end of the term of probation.

E. Fines

When the court imposes a fine, we ask that payments be sent to the fraud account pursuant to Insurance Code section 1872.83, subdivision (b)(4). If payment of fines is imposed as a condition of probation, we monitor those fines in the same manner as we do for restitution.

UTILIZATION PLAN RELATED TO UNEXPENDED FUNDS

Our program is not on track to expend our available funds in FY 2025 – 2026. Our award for FY 2025 – 2026 was \$3,286,077. In FY 2024 – 2025, due to vacancies in our investigation staff, we had audited unspent funds of \$467,247. This sum accumulated

over multiple years due to persistent staff vacancies. We were allowed to carry over \$89,118 and returned \$378,129.

Therefore, SBCDA's total available funding for FY 2025 – 2026 was \$3,375,195.

By the end of FY 2025 – 2026, we estimate having unspent funds in the amount of \$177,515 – representing just 5.3% of total funding. Much of this was due to a delay in hiring a paralegal and a one-month vacancy during a change in attorney staff. While we had asked for a new paralegal position in the grant application, the original award was insufficient to accomplish that purpose. On February 2, 2026, our request to carry over \$89,118 was approved. This created the funding flexibility necessary to add the position. Filing the vacant position, however, has been slow due to the lack of good candidates. Fortunately, a candidate – Tiesi Vunipola – has been hired with a start date of May 2, 2026. Ms. Vunipola is a 27-year SBCDA employee.

Funds unspent this fiscal year will be returned in accordance with new rules.

UTILIZATION PLAN

San Bernardino County requests \$3,800,409 to fully fund our program for FY 2026 – 2027. This is an increase of \$514,332 over our original grant award for FY 2025 – 2026.

\$3,400,380 is budgeted just for salaries and benefits – which is 89.5% of the total proposed budget. This leaves \$400,029 for expenses. Aside from Indirect Costs, the largest single expense item is \$125,000 to continue outreach in the form of transit advertisements, interstate freeway billboards and DMV offices.

One new item proposed this fiscal year is \$16,640 for a Forensic Accountant. In prior years, we included a budget line in Operating Expenses for privately retained accounting services. Privately retaining this service could be costly and was a cumbersome process. In FY 2026 – 2027, we expect to hire a forensic accountant as a contract part-time employee, whose services would be available to us on an “as needed” basis.

Our grant award will first be allocated to pay for salary and benefits. Any remaining funds will be prioritized for training and travel, outreach, motor vehicle expenses, other miscellaneous costs and then indirect costs.

UNINSURED EMPLOYERS

Our program prioritizes the protection of employees. All our advertising outreach includes a message emphasizing the requirement for employers to carry insurance. This message is included in our existing digital billboard advertisement, our bus and bus shelter advertisement, and our new Department of Motor Vehicles advertisement.

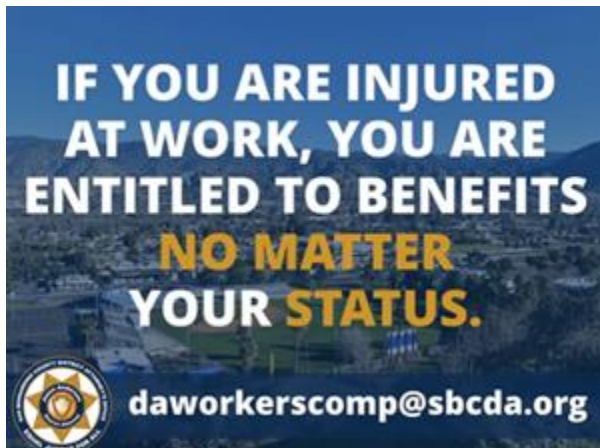
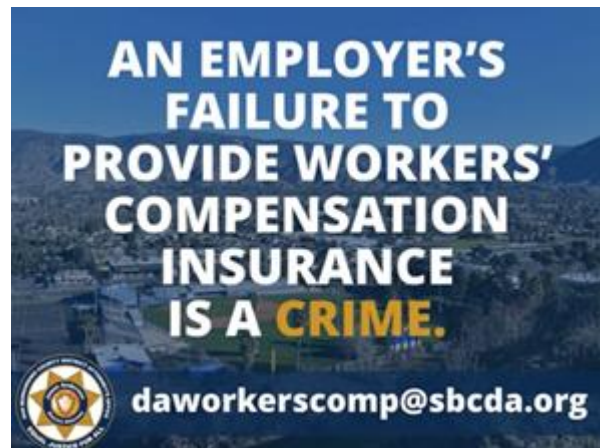
These advertisements appear on billboards along major freeways:



Below are samples of an advertisement appearing in bus shelters:



In FY 2025 – 2026, we initiated a new advertisement campaign in DMV offices. The entire video shown in DMV television screens can be viewed at <https://www.youtube.com/watch?v=WUamQg4IOKY>. Here are some screenshots of this video:



Outreach is only a part of our strategy to address the uninsured employer problem. Enforcement remains critical. Our goal is to ensure that employers provide insurance for their employees. Our principal goal is to gain compliance from employers. Consequently, first time violators are given the opportunity to obtain insurance to avoid prosecution. While this has been our policy for some time, it is more practical now since most misdemeanor cases in the criminal justice system are divertible even over the prosecutor's opposition.

In the past, we participated in random job site visits ("sweeps") to identify uninsured employers, typically in collaboration with the Contractors State License Board (CSLB). These sweeps were our primary method for identifying, investigating and prosecuting uninsured employer cases. The uninsured employer will be cited and given 10 days to obtain insurance. The employer will avoid criminal prosecution if they comply. Failure to comply will result in criminal prosecution. Repeat offenders will be prosecuted without an opportunity to obtain insurance.

Task force sweeps ground to a halt during the pandemic. While they slowly resumed in Fiscal Year 2021 – 2022 and Fiscal Year 2022 - 2023, it has been a challenge to return to the level of activity pre-COVID. Some success was finally achieved in Fiscal Year 2023 – 2024.

In Fiscal Year 2023 – 2024, we conducted 11 days of sweeps that resulted in 105 site contacts. We filed five new prosecutions, and five violators avoided prosecution by obtaining insurance.

In FY 2024 – 2025, we completed three sweeps in the first half of the fiscal year. 30 sites were visited, 3 employers were cited for not having insurance, and all three avoided prosecutions by obtaining insurance. Additional sweeps scheduled for January and February of 2025 were cancelled because CSLB staff were, understandably, redirected to address the devastation caused by the Palisade and Eaton fires.

This highlighted the need for us to change our strategy. Sweeps, while important, have proven inconsistent and perhaps not the most effective. The Palisade and Eaton fires resulted in less sweeps than planned and little or no sweeps occurred during the COVID years. Also, sweeps are resource intensive. They take away our entire investigation staff for several days just to make random contacts at construction sites. Random contacts offered no assurance that an actual uninsured employer would be contacted. We doubted if sweeps, as our sole enforcement strategy, was a good use of resources. This inspired us to look for a better way. We borrowed a letter idea used by other counties, including neighboring Riverside County and Orange County, with our own twist.

State Fund provided us with a list of employers whose insurance had recently lapsed. We mailed a letter to 847 employers requesting proof of insurance or an explanation as to why they were no longer required to maintain insurance. A copy of the letter template is presented below:



County of San Bernardino
Office of the District Attorney
JASON ANDERSON, District Attorney

Date:

Business Owner Name
Business Name
Mailing Address

Dear Business Owner Name:

In California, workers' compensation insurance is mandatory for all employers. The District Attorney's Office enforces this mandatory requirement to protect workers who are injured on the job and to assure fairness among businesses. Employers who do not carry workers' compensation insurance have unfair economic advantage over businesses that dedicate time and money to obey the law.

Labor Code section 3711 provides "... (A) district attorney investigator assigned to investigate workers' compensation fraud may, at any time, require an employer to furnish a written statement showing the name of his or her insurer or the manner in which the employer has complied with Section 3700." Pursuant to Labor Code section 3711, and in order to promote fairness among businesses, the District Attorney's Office conducts checks throughout the county to ensure compliance with workers' compensation laws.

In accordance with Labor Code section 3711, please email a copy of your certificate of proof of workers' compensation insurance to DAWorkersComp@sbcta.org within 10 days of receipt of this letter. The certificate must be current and refer to your name or business and the name of the company that provides insurance for your business. By providing proof of insurance to our office you may avoid an on-site visit from our investigative staff.

If you are not currently in compliance, please obtain proper workers' compensation insurance coverage, and email your certificate of proof of workers' compensation insurance to DAWorkersComp@sbcta.org within 10 days of receipt of this letter. Labor Code section 3700.5 makes it a misdemeanor to fail to have the required workers' compensation insurance. The penalty for failure to have the proper insurance is up to one year in jail and a fine of not less than \$10,000.00 for a first offense.

Remember, it is also a crime to intentionally misrepresent the number of your employees, wages paid, and duties performed to your workers' compensation insurance company. Intentionally making false statements to reduce your insurance premium is fraud and may be prosecuted as a felony. *The San Bernardino County District Attorney's Office does not endorse nor recommend any particular insurance company or broker.*

Sincerely,

Worker's Compensation Fraud Unit
Bureau of Investigations
San Bernardino County District Attorney's Office

SBCDA began sending these letters at the start of the current fiscal year at about 100 every two weeks. Of 847 letters sent, we received 325 responses. 221 businesses provided proof of insurance and 104 reported no employees, no longer within our jurisdiction, suspension of license or an exemption. This left us with a high number of required follow-ups with non-responsive employers, with limited resources to do so. To date, we contacted 16 employers – 4 provided proof of insurance, 1 was in the process of securing insurance, 5 employers were no longer in business, and 5 did not have anyone present.

We have concluded that the letter campaign is sound. But the follow-up strategy must be refined. The addition of a paralegal into the program with a start date of May 2, 2026, will vastly improve our follow-up. The paralegal will conduct in-office follow-up with non-responsive employers. This should increase responsiveness and identify employers no longer in business so that in-person contact with employers becomes more productive. We also plan to increase the number of in-person contacts with non-compliant employers.

As an additional enforcement and outreach strategy, we plan to send follow-up letters to compliant businesses thanking them for having insurance and inviting them to anonymously report employers without insurance. This will serve the dual purpose of reinforcing the requirement to maintain insurance and encourage businesses to report unfair competition.

TRAINING & OUTREACH

FUTURE TRAINING AND OUTREACH

Our goals for future outreach and training remain similar to last year's goals: (1) to strengthen the collaboration between prosecutors, law enforcement and the insurance industry, and (2) crime deterrence and public awareness. The first goal not only improves the overall anti-fraud effort, but it is a key part of our development of new cases. The second goal is to publicize the idea that fraud is a crime that carries significant punishment and consequences.

Collaboration with industry stakeholders and law enforcement agencies is key to developing an effective approach to identifying and tackling fraud. Good communication and training will bolster those efforts, whereas its absence will undermine it. Over the last decade, outreach towards insurance industry and law enforcement partners was critical to facilitating cooperation and understanding between those groups and prosecutors. We feel much of that was lost during the pandemic and resulted in, for instance, a deterioration in the quality of FD-1s and interactions with carriers.

Our outreach and training provided during this fiscal year has been dedicated almost entirely towards training insurance industry stakeholders. Our continued and active involvement with groups such as SCFIA, AFA, CDAA, EFTF and SCWCC offer excellent platforms to achieve that goal. Notably, we have attempted to engage more with self-insured groups.

Outreach to the public is intensely time-consuming but offers favorable returns in deterrence and public awareness. Unfortunately, resource limitations make this difficult. We find our balance by dedicating mostly non-staff resources towards this effort. Late in Fiscal Year 2021 – 2022, we resumed transit advertisements after two years of non-participation. In February 2025, we initiated a billboard campaign over major interstate freeways. We have renewed this contract every year since, including for FY 2026 – 2027.

In FY 2025 – 2026, we initiated a new advertisement in DMV offices that runs through June 30, 2026. We hope to renew these advertisements in FY 2026 – 2027 if funding permits.

The entire cost for public outreach was approximately 3.7% of our grant award, including permitted carryover. While this is not insignificant, the value in messaging and deterrence is priceless. We feel this modest financial commitment served us well in advancing public awareness while allowing our staff to focus their energies on investigating and prosecuting fraud cases. A small financial investment in public outreach will deter crime that would otherwise cost the industry far more in loss.

The End.