

YOLO COUNTY DISTRICT ATTORNEY FRAUD FORUM



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<http://www.yolocounty.org/index.aspx?page=510>

Fraud Forum

By DA Investigator Ray Antar

The Yolo County District Attorney's Office is committed to do all it can to help prevent citizens from becoming victims of crime. An integral part of this fight is to educate and inform citizens to be weary of various fraud schemes that are occurring in Yolo County.

Fraud impacts us all whether it is by increasing the cost of insurance, goods or services, or the wasting of tax dollars caused by welfare or public assistance fraud. The goal of fraud is always the same: it is obtaining something of value from a victim through the use of deceit.

This second edition of the "Fraud Forum" will help inform the public of the different fraud schemes we are seeing in the county. Armed with this information, we hope our readers will be better able to protect themselves and family members from being the victim of fraud.

CYBER FRAUD

BY Dave Edwards

Thieves from all around the world are using computers to steal from you. They may trick you into providing personal information like bank account, credit card or Social Security numbers. Sometimes thieves will "phish" for information by pretending to be someone you know and trust.

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An E-mail may appear to be from a friend, bank or government agency, with the goal of getting you to click on a link or open an attachment. This could infect your computer with a virus that can allow thieves to access all the information on your computer. This access may eventually lead to the theft of your money and identity.

To protect yourself and your computer: don't click on links and E-mails you are not expecting, make sure you have up-to-date anti-virus software, keep your computer operating system security settings high and change your passwords frequently. We suggest using a combination of upper and lower case letters, numbers and even symbols. Do not use easy to guess passwords like your birth date, address or pet's name as the crooks know to check for these. It is also very important to be skeptical and verify any request for financial or personal information BEFORE providing it.

Cell phones and social networking sites like Facebook are two of the latest targets for cyber thieves, because of the wealth of personal data they contain and the fact that many people do not use the security features.

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Worker Compensation Fraud

By DA Lt. Dan Stroski

Since December 1st, 2011, The Yolo County District Attorney Workers' Compensation Insurance Fraud Unit has secured two key convictions in the area of Applicant Fraud. Applicant Fraud occurs when an applicant applies for worker's compensation insurance benefits and then lies to obtain *greater* benefits than they are otherwise entitled.

The first involved a 46-year-old Woodland man who was convicted of five counts of workers' compensation insurance fraud. This man once worked for a local, family owned, construction company. In May of 2004 the worker filed an industrial injury claim with State Compensation Insurance Company (SCIF), who insured his employer. The worker alleged that he had been thrown while riding a piece of equipment, struck his head, and sustained brain and neurological trauma. He complained of severe headaches, vision problems, and hypersensitivity to light.

During the next several years the claim proceeded with medical benefits and subsistence benefits. In June of 2008, the worker (through his Attorney) sought legal redress from the manufacturer of the equipment he was riding and the local company who rented the equipment to his employer. During a mandatory settlement conference with a Yolo County Superior Court judicial officer, the worker presented himself as gravely ill. However, just two weeks later, the worker was seen by the same judicial officer at a local restaurant. The judicial officer noted that the "Plaintiff walked right by him and acted, moved, and appeared in a manner completely inconsistent with the injuries claimed."



It was this revelation that caused private investigators, hired by SCIF, to later follow the injured worker. During one observation, these investigators followed him to a gold mining claim located in El Dorado County. The injured worker was video taped sitting in the middle of a creek, dredge mining with a hose, without a hat on, without sunglasses, and without any assistance for over two hours. This activity was in sharp contrast to the level of incapacity that he had claimed when he spoke to medical personnel just two days prior. The criminal case went to trial and the jury took less than ten hours to deliberate and come back with a unanimous finding of guilty on all five counts.

The second case involved a 58-year-old West Sacramento woman, who once worked for the Sacramento Bee. On April 29, 2005, she claimed a carpal tunnel injury. She claimed her injury was so debilitating that she was unable to care for her own basic needs and that her hands were clawed and in constant pain.

Her claim proceeded, much like the previous case, until private investigators obtained film of her doing activities that were in contrast to what she reported to her doctors and during sworn depositions. She was observed gardening, feeding herself, and filming her family musical band for an extensive period of time.

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Auto Insurance Fraud

By DA Investigator Ray Antar

The Yolo County District Attorney's Office is the primary investigating agency in the County which investigates crimes involving auto insurance fraud. However the Department of Insurance, California Highway Patrol, Sheriff's Department and the National Insurance Crime Bureau also assist in this fight. These united efforts helps to prevent and combat insurance fraud through joint investigations, data analyses, training, legislative advocacy and public awareness.

Automobile insurance fraud has several different forms. Due to Yolo County's rural setting, the most common type of fraud in this area involves Automobile Property Fraud. To help combat such crimes various investigative tools are utilized throughout the County. One tactic that has proven very vital in this fight has been the use of cameras installed in areas where insurance fraud has historically occurred. The best method continues to be the open communication between the various law enforcement agencies within the County. Through training and monthly meetings, law enforcement agencies learn what suspicious circumstances to be aware of when initially investigating property crimes. Examples of auto fraud schemes recently investigated and prosecuted in Yolo County include:

-A case in which two Sacramento residents conspired to commit fraud. Instead of paying several thousand dollars to repair mechanical defects to a car, they severely damage it, abandoned the car in a secluded rural area of Yolo County, and then reported that the car had been stolen. They filed an insurance claim to have the insurance company pay them for the value of the car. Fortunately, a thorough investigation foiled their plans prior to their insurance company compensating them up to \$7,000!

-A second case involved an actual car accident. Two individuals conspired to forge documents from a doctor's office. They presented these documents to the insurance company to show that one of them had sought & received treatment, when in fact they had no injury and had received no treatment. Their intent was to have the insurance company compensate them directly for \$1400 worth of goods and serviced never sought after or received.

Insurance Fraud Costs Consumers

The Insurance Information Institute estimates that fraud accounts for 10% of the property casualty claims or about \$30 billion annually. People who commit insurance fraud range from organized criminals who steal large sums through fraudulent business activities to professionals and technicians who inflate the cost of services or charge for services that were never provided. Sometimes even ordinary people will want to cover their deductible and inflate their claim to cover their loss.

If you believe automobile insurance fraud is being committed or has been committed, speak up! Simply call the NICB Hot Line at 800-TEL-NICB, the California Dept. of Insurance Consumer Hot Line at 800-927-HELP or Ray Antar directly at 530-666-8999.



Life Insurance and Annuities

By Investigator Chris Forsyth

The last year has been a busy one for the Life Insurance and Annuity Fraud Unit. The following is a case investigated and prosecuted by the Yolo County District Attorney's Office.

In January 2003, a 51-year-old Napa Valley bookkeeper was hired by the owner of a bed and breakfast business in St. Helena, CA. The bookkeeper was to pay bills and deposit incoming checks generated by the business. After the death of the owner's husband in 2004, this elderly woman sold the family home and moved into a townhome. The proceeds from that sale were placed into two trust accounts, with the woman's son and daughter-in-law named as executors. A few years later, due to health reasons, the victim moved into an assisted living facility located in Woodland.

In February 2010, when the elderly victim was hospitalized for an extended period of time, family members began to notice that investment products and large amounts of money were missing from one of the victim's trust accounts. Family members confronted the bookkeeper, terminated her employment, and reported the embezzlement to the Woodland Police Department. Due to the uniqueness of these kinds of investigations, Woodland Police Department requested assistance from District Attorney's Office, Life Insurance and Annuity Fraud Unit.

Family members estimated that the bookkeeper may have embezzled funds in excess of \$500,000. This figure included the liquidation of a large annuity, a Certificate of Deposit and cash transfers from the elderly victim's accounts.

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Cyber Fraud from page 1

Sometimes crooks are able to study information on a phone or Facebook page and use it to trick you into falling for scams. Remember that to protect yourself from these new cyber threats, it is in your best interest to be very careful and keep up to date on the latest types of scams. For more information go to: Onguardonline.gov

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Additionally, this worker had a personal supplemental disability policy through Liberty Mutual Insurance Company. This policy went into effect when and if the injured worker was medically *unable* to work. Between the workers' compensation insurance disability income and the supplemental policy, the worker earned the same amount of money by staying home. This case also went to trial. A jury, after several days of deliberation, found the defendant guilty of ten counts of insurance fraud and two counts of attempted perjury.

So why do we care? Is this just big government or insurance companies picking on the little guy? Not at all. Were the fraud charges not filed and no jury had made findings of guilt, collectively, these two (2) employees would have made their employer or employer's insurance company pay \$3.6M in benefits that neither employee was entitled to.



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After obtaining a search warrant, officers searched the bookkeeper's residence in Calistoga. That search revealed the location of several bank accounts and a large sum of cash. Our investigation discovered that the bookkeeper had opened new bank accounts in the victim's name and had those bank statements mailed directly to her [the bookkeeper's] residence. The bookkeeper moved money several times from one account to another before the money landed in her own personal and business accounts. From these accounts, she paid personal bills and funded her internet business.

In addition, the bookkeeper used the victim's funds to purchase two properties. With this information the District's Attorney's Office sought seizure orders from the court that effectively froze all known assets of the bookkeeper. The value of those assets exceeded \$330,000.

We also discovered that despite the bookkeeper claiming that the victim was "investing" in her newly established business, the bookkeeper failed to file state income tax returns for an eight-year period of time. In April, 2011 the bookkeeper was arrested and charged with Elder Financial Abuse, Grand Theft Embezzlement and Tax Evasion. In January of this year the defendant pled guilty to the charges mentioned, surrendered all monies and assets, and was sentenced to 16 months in local prison!



Chris Forsyth at Umpqua Bank

CURBSTONERS

By DMV Investigator Michelle Webb

Have you seen them? They are in strip malls, gas stations, and supermarkets; turning these high traffic areas into instant car lots. They take up parking spaces and chase customers away from local businesses. Who are these nuisances? Curbstoners!

Unlicensed dealers, commonly referred to as Curbstoners, are people who buy and sell vehicles without a license, proper permits, or a legally established place of business. They frequently purchase "low-end" vehicles from auctions and salvage yards and resell them. Curbstoners represent themselves as private sellers in order to prey on unsuspecting buyers. The vehicles may have frame damage, odometer tampering, missing airbags, and possibly counterfeit titling documents. Often, the repairs made to the vehicles are cosmetic; just enough to make the vehicle appear as though it has never been in an accident.

Curbstoners rarely register the vehicles in their names. They leave the certificate of title "open" or blank without proper endorsement. Without this necessary information, Curbstoners pocket the cash which leaves the unsuspecting buyer trapped into paying multiple taxes, penalties, and other fees; which are required to register the vehicle. Failing to register the vehicle also deprives the state and counties of much needed revenues.

In California, vehicle dealers are licensed through the DMV. They are required to attend training, maintain a minimum \$50,000 bond, have an established place of business, and proper signage. The licensing of the dealer is extremely important for consumer protection. Buying a new or used vehicle is a big investment for most people, and it is imperative that they have consumer protection when there is a problem with the vehicle.

In 2010, there were over 2,300 unlicensed dealer cases that were investigated statewide; that increased to over 2,500 cases in 2011. In September 2011, with a concentrated effort to address this issue, more than 160 DMV investigators fanned out across more than 50 California cities in a Curbstoner enforcement sweep. On this day they made 472 contacts; issued 163 citations and 46 warnings, impounded 112 vehicles, and arrested 4 people, one of whom also had a suspended driver license. A similar operation is planned for spring 2012.

If your community is experiencing an influx of Curbstoners, contact your local DMV Investigations office for assistance.



**Yolo/Sacramento County
5th Annual
Fraud Awareness Fair 2012**

**October 10th, 2012
10:00 AM—3 PM City Hall - Galleria
110 West Capitol Avenue
West Sacramento, CA**

**Fraud Prevention Information & Training from:
Federal, State and Local Law Enforcement Agencies
Along with Insurance & Banking institutions**

**Optional lunch
for sale @
\$11 per plate,
provided by
Emma's Taco
House.
Sold onsite.**



**Contact Dan Stroski
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We're on the Web!

Visit us at:
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