

# YOLO COUNTY DISTRICT ATTORNEY FRAUD FORUM

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## Fraud Forum

By Lt. Dan Stroski

No one needs to be told that the economy is in a fragile state. One need only look around our home towns to see the number of people pushing carts and holding signs at the local Wal-Mart to see that we're in a real mess. At no time since the great depression has our society seen the level of economic stressors than we have at present time.

Home prices have plummeted, leaving homeowners making mortgage payments on homes that are only worth one half of what they paid for them. One in seven homes are in some form of a foreclosure process. Jobs are fewer, and for those of us that have jobs, we've had to take cuts in pay in order to prevent layoffs.

With economic hardships come desperate acts by persons who seek to maintain a standard of living they can no longer afford. When those

## Unlicensed Contractors

By Lt. Dan Stroski

In 2007, the Yolo County District Attorney became aware that very little was being done in our county to protect property owners against the impact of doing business with unlicensed and oftentimes uninsured contractors. Together with other local and state agencies, we formed a group of investigators that worked with the State Contractor's License Board to conduct sting operations in Yolo County. We called the group YoURAT, which stands for Yolo Unlicensed Rapid Apprehension Team. The mission is to identify,

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desperate acts are criminal, our office may be called upon to take action.

This newsletter seeks to better inform the reader about fraud, how to watch for it, and to whom they should report it.

The Yolo County District Attorney's office has a number of prosecutors & investigators that specialize in white collar criminal investigations. In this newsletter, you will read about real cases and trends that are occurring in Yolo County. Jeff Reisig, Yolo County District Attorney, says "let's keep your money out of the pockets of the bad guys."



take action against, and bring into compliance those contractors who are unlicensed and uninsured. Since the inception of YoURAT, we have arrested in excess of two hundred individuals. Of those arrested, roughly one fourth were also found to be uninsured employers as well.

Some people question the harm in an individual being self-supporting and supporting a family. The harm can be great to the property owner. The law requires that persons doing certain construction

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## Life Insurance & Annuities

By Investigator Chris Forsyth

In August of this year, we received a call from an 85 year old West Sacramento resident named Beatrice. Beatrice requested advice regarding \$4,900 that she and her husband, Rodolfo, had paid a financial advisor.

Beatrice said that she had called this advisor after reading an informational letter she received. This advisor convinced her and her husband that they needed a new Living Trust, even though they had a Living Trust created ten years ago by an attorney. Beatrice said that this Financial Advisor was very convincing. She signed a two page agreement and wrote a check for \$4,900. Beatrice was unsure exactly what services she and her husband would receive for this large amount of money and felt that the advisor had taken

advantage of them. After checking out this “financial advisor”, our unit discovered that he was not a financial planner, but was actually a life insurance salesman and a legal document assistant. Although his business was not registered with the Better Business Bureau (BBB), based on complaints received about his business, the BBB gave his business a “D” rating.

The contract for this new “Living Trust” turned out to be nothing more than a do-it-yourself Living Trust. Our unit advised Beatrice of these facts and advised her that in all probability, this individual was going to try to also sell her Life Insurance and some financial investments called Annuities.

Beatrice wrote a letter canceling this contract, demanding her money be returned, and noting a copy of her letter had been sent to our office. Two days later, Beatrice received a full refund and a valuable lesson learned.



## Insurance Premium Fraud

By Lt. Dan Stroski

The District Attorney receives a grant each year from the California Department of Insurance. The purpose of the grant is to pay for the costs associated with the fight against workers' compensation fraud. The money doesn't come from the taxpayer, but instead from California Employers through an assessment.

For fiscal year 2011–12 we received roughly \$250,00 to pay for the investigation and prosecution of workers' compensation insurance fraud cases. The Fraud Assessment Commission is

appointed by the Governor and oversees the program to insure that the money is used appropriately.

The fraud assessment commission sets goals with the Insurance Commissioner to insure that the program addresses all forms of insurance fraud. One form of fraud is called Premium Fraud. Premium Fraud is considered to be one of the causes of the high cost of the workers' compensation insurance system.

Please see *Premium Fraud* on page 5

*“Let's keep your money out of the pockets of the bad guys’.”*



*Enforcement Officer Dave Edwards discusses fraud awareness at Costco.*

## Auto Fraud

By Investigator Ray Antar

The Yolo County District Attorney's Office is the primary law enforcement agency in the county that investigates crimes involving auto insurance fraud. Automobile insurance fraud in California has several different forms, but due to Yolo County's rural geography, the most common fraud found here involves automobile insurance fraud. Following are some examples of these schemes recently investigated and prosecuted in Yolo County.

A Woodland mother and son were convicted of several auto insurance fraud felonies after they conspired to have the son's vehicle "stolen" and then completely destroyed by intentionally setting it on fire. The son wanted his insurance company to pay the leasing company the outstanding balance he owed on the vehicle. However, when a vehicle is set on fire many bells and whistles go off for law



*Lt. Dan Stroski & Jeff Reisig discuss YoURAT operations.*

enforcement. The risk involved in setting a vehicle on fire isn't something individuals who steal a vehicle for the purposes of "joyriding" or removing parts or accessories are likely to take. Insurance companies are aware of this and therefore they investigate most vehicle fires as the circumstances are so suspicious. With the assistance of forensic locksmith experts and arson investigators, in conjunction with physical evidence and statements

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## Welfare Fraud

By Lt. Rob Strange

The Yolo County District Attorney and the Yolo County Department of Employment and Social Services (DESS) have long been partners in the fight against fraud in the public assistance arena. The strength of this relationship and the priority that the DESS places on fighting fraud was evidenced by the increase in funding they provided for fraud prevention, detection and investigation for the Fiscal Year (FY) 2011-2012. This combined mission allows the DA to help protect the money administered by DESS in programs meant to help those truly in need while holding accountable those who try to steal from these valuable assistance programs.

An example of the product of this collaborative effort is the Special Investigations Unit (SIU) comprised of DA staff working together with DESS staff to identify suspicious information contained in applications for public assistance. In the final quarter of FY2010-11 these efforts prevented over \$350,000 from getting out the door to non-qualified applicants and to outright fraudsters. During FY2010-11, 19 cases involving public assistance fraud were filed by the District Attorney.

One case began in April 2010 when a DESS Eligibility Worker noticed inconsistencies in a case in which a family was receiving food stamps. A Woodland husband and wife had been receiving

**Please see *Welfare Fraud* on page 4**

*Unlicensed Contractors Cont'd from Page 1*

related tasks for hire, that exceed \$500 in both labor and materials, must be licensed. To obtain a license an individual is required to meet a certain standard of knowledge and skills, be of good moral character, post a bond, and carry workers' compensation insurance for anyone they bring onto the job. A property owner is at great financial risk when doing business with an unlicensed contractor. For example, one farm owner in Capay, was sued when the unlicensed

contractor's employee fell off of a twenty-eight foot roof onto a cement slab. The injuries were such that the employee was required to be "life-flighted" to the UC Davis Medical Center for treatment. The medical bills alone exceed \$400,000, and the property owner is now faced with the responsibility to pay the \$400,000 in medical costs.

*Welfare Fraud from page 3*

food stamp benefits for a 14 month period. Further investigation revealed that this same family had also collected Medi-Cal benefits for approximately 5 ½ years. It was discovered that during this period of time, the husband and wife were hiding a substantial amount of income in order to continue receiving these benefits. While collecting benefits the husband owned a trucking company that had earned \$2.4 million dollars.

As a result of failing to truthfully report their income, this family received over \$57,000 in benefits that they were clearly not entitled to receive.

The husband and wife both pled guilty to felony charges relating to public assistance fraud. They will each serve between 90 and 120 days in the Yolo County jail, be placed on felony probation, and will be required to pay back the \$57,000 they wrongfully took as restitution.

*"But I am just trying to feed my family!"*

Another advantage of hiring a licensed and bonded contractor is that the bonding company will cover the costs of damage if the contractor leaves the home in a condition which is less than the industry standard.

*Auto Fraud from page 3*

from numerous parties, both mom and son were convicted and ordered to pay nearly \$9,000 in restitution.

Another case involved a Dunnigan resident who crashed his vehicle while driving intoxicated. This individual believed that if his insurance company knew he was responsible for the damage, the insurance company would not pay for the repairs. So he concocted a story and reported his vehicle as stolen. Subsequent investigation and statements revealed the truth, resulting in this individual being charged with and convicted of several felonies.

Lastly, two Sacramento residents conspired to commit auto insurance fraud by agreeing to have a car dumped in a rural part of Yolo County, damaging it beyond repair, and then reporting the car stolen.

This was done in an attempt to receive insurance proceeds after the owner realized his engine needed major repair. By reporting it stolen and damaged the owner hoped to receive a "total" payout on the claim, thus netting him more money than had he tried to sell the car. Hard economic times can cause bad decisions and tempt normal law abiding citizens to commit a crime.

*Premium Fraud from Page 2*

Insurance helps offset the cost of known risk of loss, by spreading that risk amongst a greater number of involved parties. We know that there will be legitimately injured workers who will need both medical attention and time to heal. The workers' compensation system spreads that risk through out all of the California Employers, much like automobile insurance carriers do with all of its California Drivers.

By having all employers pay into the system, the risk and financial loss is decreased. Premium Fraud occurs when an employer lies about the amount of his/her payroll, the job classification performed, and or their individual experience rate, so as to pay less premiums than they are otherwise required to pay. In effect, this is similar to asking

for Cadillac coverage while paying only Yugo premiums. So why do we care? Insurance companies are also struggling in this economy. With such high costs from natural disasters, such as Hurricane Katrina, and other events, even insurance companies are failing. It is increasingly critical that appropriate premiums for risk are paid. There is an unfair business advantage to an employer who lies. The honest business owner is not able to compete with those who undercut a bid for a job, by lying and failing to pay the appropriate insurance expenses.



Protecting our kids !

## Elder Financial Abuse

By Enforcement Officer Dave Edwards

The Yolo County District Attorney's Elder Abuse Unit continues to receive reports that the GRANDMA IT'S ME scam is ongoing in Yolo County. This scam is tricking unsuspecting seniors into sending money to crooks.

In a typical scenario, a grandparent receives a phone call from a con-artist claiming to be a grandchild. The caller/con-artist often tells a story about being out of the country and in some kind of trouble. It may involve a story about the grandchild having been arrested or involved in a car accident.

The con-artist always wants you to keep the phone call a secret and not tell the grandchild's parents about the call and the grandchild's troubles. Next the con-artist asks for money to be sent using a wire transfer service like Money Gram or Western Union.

In a new twist several local residents have reported that the con-artists were pretending to be kidnapped while visiting Mexico. One victim believed the caller and sent \$6000, only later to find out her grandchild was perfectly fine and still at home.

*"Grandma, its me and I need help!"*

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**"Seek justice. Do Justice"**

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### ***Elder Financial Abuse from page 5***

The District Attorney asks that you help spread the word about this scam and be suspicious if anyone calls unexpectedly asking you to wire money (especially to Canada).

Keep in mind that wiring money is like sending cash: once it's gone, you can't get it back. We suggest that you contact a family member to verify the situation – even if you are told to keep it a secret. You might even consider having a password or asking a question of the caller to which only a real family member would know the correct answer.



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**Customer Name**  
**Street Address**  
**City, ST ZIP Code**