



THE STATE BAR  
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Report title: Complaints Investigated by the State Bar in 2016 Alleging Possible Fraudulent Activities by Attorneys Relating to Workers' Compensation, Motor Vehicle Insurance, or Disability Insurance

Statutory citation: Insurance Code section 1872.95

Date of report: March 1, 2017

The State Bar of California has submitted a report to the Senate and Assembly Committees on Insurance under Insurance Code section 1872.95, which requires the State Bar to report annually by March 1 to the Legislature on the number of complaints in the previous year that the State Bar's Office of Chief Trial Counsel investigated alleging possible fraudulent activities by California attorneys relating to workers' compensation, motor vehicle insurance, or disability insurance. The State Bar provides the following summary of the report per the requirements Government Code section 9795.

The State Bar's annual report addresses "the number of cases investigated, the number of cases forwarded to the Fraud Division or other law enforcement agencies, the outcome of all cases listed in the report, and any other relevant information concerning those cases or general activities...for the previous year..."

In 2016, the State Bar investigated two cases alleging fraudulent activities related to motor vehicle insurance, and twelve related to workers' compensation (ten of which carried over from the prior year).

The dispositions of the fourteen cases are as follows:

- Nine investigations alleging fraudulent activities related to workers' compensation have been suspended pending the outcome of another case involving the same attorney in a separate matter.
- One investigation alleging fraudulent activities related to workers' compensation is pending in State Bar Court. This proceeding (relating to the same attorney noted above) has been suspended pending the outcome of a criminal proceeding in the Superior Court of California, County of Riverside.
- Two investigations alleging fraudulent activities related to motor vehicle insurance were closed by the Office of Chief Trial Counsel due to insufficient evidence of professional misconduct.
- Two investigations alleging fraudulent activities related to workers' compensation were closed by the Office of Chief Trial Counsel due to insufficient evidence of professional misconduct.

The full report is available for download on the State Bar's web site at <http://www.calbar.ca.gov/AboutUs/Reports.aspx>.

A printed copy of the report can be ordered by calling 415-538-2075.



## Annual Report to the Legislature by The State Bar of California

### Complaints Investigated by the State Bar in 2016 Alleging Possible Fraudulent Activities by Attorneys Relating to Workers' Compensation, Motor Vehicle Insurance, or Disability Insurance

March 1, 2017

#### Summary

Insurance Code section 1872.95 requires the State Bar to submit, not later than March 1 of each year, a report to the Senate and Assembly Committees on Insurance concerning all complaints investigated in the previous year alleging that attorneys have engaged in possible fraudulent activities relating to workers' compensation, motor vehicle insurance, or disability insurance. The State Bar investigated fourteen such cases in 2016.

#### Background

In 1999, the Legislature enacted the Organized Crime Prevention and Victim Protection Act [Stats. 1999, ch. 885 (AB 1050)] to provide for a focused, coordinated effort by all appropriate agencies and organizations to deal more effectively with fraudulent activities related to automobile and other specified insurance claims. (Stats. 1999, ch. 885, § 1.) Among other things, the act requires the Medical Board of California, the Board of Chiropractic Examiners, and the State Bar to report annually to the committees of the Legislature having jurisdiction over insurance about complaints alleging possible fraudulent activities relating to workers' compensation, motor vehicle insurance, or disability insurance by licensees of the board or the Bar. (Ins. Code § 1872.95.)

Insurance Code section 1872.95 outlines the information to be reported annually by the State Bar to the Legislature on complaints alleging possible fraudulent activities in these areas. Specifically, the State Bar's report must address "the number of cases investigated, the number of cases forwarded to the Fraud Division [within the Department of Insurance] or other law enforcement agencies, the outcome of all cases listed in the report, and any other relevant information concerning those cases or general activities...for the previous year...."<sup>1</sup>

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<sup>1</sup> Section 1872.95 of the Insurance Code states:

(a) Within existing resources, the Medical Board of California, the Board of Chiropractic Examiners, and the State Bar shall each designate employees to investigate and report on possible fraudulent activities relating to workers' compensation, motor vehicle insurance, or disability insurance by licensees of the board or the bar. Those employees shall actively cooperate with the Fraud Division in the investigation of those activities.

(b) The Medical Board of California, the Board of Chiropractic Examiners, and the State Bar shall each report annually, on or before March 1, to the committees of the Senate and Assembly having jurisdiction over insurance on their activities established pursuant to subdivision (a) for the previous year. That report shall specify, at a minimum, the number of cases investigated, the number of cases forwarded to the Fraud Division or other law enforcement agencies, the outcome of all cases listed in the report, and any other relevant information concerning those cases or general activities conducted under subdivision (a) for the previous year. The report shall include information regarding activities conducted in connection with cases of suspected automobile insurance fraud.

## **Results for 2016**

In last year's report, the State Bar's Office of Chief Trial Counsel reported that, at the end of 2015, it had ten investigations pending related to workers' compensation. Nine of those cases – all involving the same attorney – were suspended in the investigations phase, as disbarment was anticipated in a separate case against the same attorney pending in State Bar Court. The State Bar referred all ten cases to law enforcement. The cases remained suspended in 2016, pending the outcome of criminal proceedings in the Superior Court of California, County of Riverside.

During 2016, the Office of Chief Trial Counsel additionally received and investigated two cases alleging fraudulent activities related to motor vehicle insurance and two cases alleging fraudulent activities related to workers' compensation. The two investigations alleging fraudulent activities related to motor vehicle insurance were closed at the investigation stage due to insufficient evidence of professional misconduct. The two investigations alleging fraudulent activities related to workers' compensation were closed at the investigation stage due to insufficient evidence of professional misconduct.

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