



THE STATE BAR OF CALIFORNIA

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Report title: Annual Report to the Legislature by The State Bar of California
Complaints Investigated

Statutory citation: Insurance Code section 1872.95

Date of report: March 1, 2014

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 were investigated against California attorneys alleging possible fraudulent activities relating to workers' compensation, motor vehicle insurance, or disability insurance. The following summary of the report is provided 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 2013, the State Bar investigated eight (8) cases alleging fraudulent activities related to motor vehicle insurance, and one (1) related to workers' compensation.

The dispositions of the nine (9) cases are as follows:

- Three (3) investigations alleging fraudulent activities related to motor vehicle insurance are pending in the Office of the Chief Trial Counsel.
- One (1) investigation alleging fraudulent activities related to worker's compensation was forwarded for prosecution and resulted in the filing of formal disciplinary charges. That case is pending in the State Bar Court.
- One (1) investigation alleging fraudulent activities related to motor vehicle insurance was forwarded for prosecution and resulted in the filing of formal disciplinary charges. That case is pending in the State Bar Court.
- One (1) investigation alleging fraudulent activities related to motor vehicle insurance has been suspended pending the Supreme Court's approval of a disbarment recommendation for the attorney in a separate, unrelated matter.
- Three (3) investigations alleging fraudulent activities related to motor vehicle insurance were closed by the Office of the 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 (916) 442-8018.

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

**Complaints Investigated by the State Bar in 2013
Alleging Possible Fraudulent Activities by Attorneys
Relating to Workers' Compensation, Motor Vehicle
Insurance, or Disability Insurance**

March 1, 2014

Summary

Insurance Code section 1872.95 requires the State Bar to submit no 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 nine (9) such cases in 2013.

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 in automobile and related 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, as amended Stats. 1999, ch. 885, § 6.)

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 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..."¹

¹ 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 2013

In last year's report, the State Bar's Office of the Chief Trial Counsel reported that at the end of 2012 it had pending four investigations related to motor vehicle insurance fraud. Two of those cases involved the same attorney. In one case, formal disciplinary charges were filed that resulted in a disbarment recommendation after the attorney defaulted. That disbarment recommendation is pending Supreme Court approval. The investigation of other matter was suspended pending the Supreme Court's approval of the disbarment recommendation in the other matter. The other two investigations were closed by the Office of the Chief Trial Counsel due to insufficient evidence of professional misconduct.

During 2013, the Office of the Chief Trial Counsel received and investigated four (4) additional cases alleging fraudulent activities related to motor vehicle insurance and one (1) case alleging fraudulent activities related to worker's compensation. Three of the investigations alleging fraudulent activities related to motor vehicle insurance are currently pending in the Office of the Chief Trial Counsel. The other case alleging fraudulent activities related to motor vehicle insurance was closed at the investigation stage due to insufficient evidence of professional misconduct. The case alleging fraudulent activities related to worker's compensation was forwarded for prosecution and resulted in a stipulated resolution for discipline that is pending approval in the State Bar Court.

One of the motor vehicle insurance fraud cases was referred to the Department of Insurance by the complainant.

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