

**FINAL REPORT**  
**LOS ANGELES COUNTY GRAND JURY**

**1992-93**



**LOS ANGELES COUNTY BOARD OF SUPERVISORS**

**GLORIA MOLINA, FIRST DISTRICT**

**YVONNE BRAITHWAITE BURKE, SECOND DISTRICT**

**EDMUND D. EDELMAN, THIRD DISTRICT**

**DEANE DANA, FOURTH DISTRICT**

**MICHAEL D. ANTONOVICH, FIFTH DISTRICT**



## GRAND JURY 1992-93

*Top row left to right:* Solly Laub, Donald Dodd, Richard Mankiewicz, John Grande, James Wright, Richard Davis, Benjamin Lench, Melvin Bodarke  
*Middle row left to right:* Monte Monroe, Daphne Lewis, Kathryn Winnek, Georgiana Daskais, Evelyn Friedman, Marilyn Reingold, Lair Franklin, Richard Colyear

*Bottom row left to right:* Selma Feldman, Earleen Starks, Jane Sure, Lawrence Ashley, Anna Jaramillo, Gloria Vargas



Robert Carroll  
Absent



Robert Brown  
Resigned



Dorothy Goodrich  
Resigned



Sylvia Levine  
Resigned



Jerri Morales  
Deceased

## 1992-93 GRAND JURY ROSTER

MEMBER	COMMUNITY	NOMINATING JUDGE
Lawrence F. Ashley	Los Angeles	Kathryn Doi Todd
Melvin Bodarke	San Gabriel	G&T Jurors Committee*
Robert L. Carroll	Rancho Palos Verdes	Richard Neidorf
Richard C. Colyear	Rollings Hills	J. Gary Hastings
Georgiana Daskais	Los Angeles	Jerry K. Fields
Richard B. Davis	Palos Verdes Estates	Francis J. Hourigan
Donald W. Dodd	La Habra Heights	Richard Neidorf
Selma Feldman	Sherman Oaks	Abby Sovin
Lair Franklin	Los Angeles	Dino J. Fulgoni
Evelyn H. Friedman	Los Angeles	Dino J. Fulgoni
John A. Grande	Glendale	Janice Croft
Anna M. Jaramillo	Alhambra	G&T Jurors Committee*
Solly Laub	Los Angeles	J.D. Smith
Benjamin Lench	Rancho Palos Verdes	William H. Winston
Daphne M. Lewis	Beverly Hills	Kenneth Black
Richard C. Mankiewicz	Los Angeles	Frederick J. Lower
Monte Monroe	Canyon Country	G&T Jurors Committee*
Marilyn L. Reingold	Los Angeles	Maurice Hogan, Jr.
Earleen Starks	Los Angeles	Terry Smerling
Jane G. Sure	Los Angeles	Sara R. Radin
Gloria M. Vargas	West Covina	Ronald M. Sohigian
Kathryn A. Winnek	Los Angeles	David A. Workman
James T. Wright	Van Nuys	Robert J. Perry

\*Grand and Trial Jurors Committee

## OFFICERS OF THE 1992-93 GRAND JURY

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Foreperson	John A. Grande
Foreperson Pro Tem	Richard C. Colyear (January 1993 - June 1993) Dorothy Goodrich (July 1992 - December 1992)
Secretary	Richard C. Colyear
Secretary Pro Tem	Gloria Vargas
Parliamentarian	Marilyn Reingold
Sergeant-at-Arms	Anna Jaramillo
Sergeant-at-Arms Pro Tem	Monte Monroe

**JERRI MORALES**

**1938 - 1993**

**IN MEMORIAM**

## ACKNOWLEDGMENT

The 1992-93 Grand Jury wishes to extend its appreciation for the invaluable assistance provided by the professional staff in our office. Kathy Spann, our Grand Jury Office Manager, has been indispensable to the successful completion of our tasks. Her advice, counsel, judgment, and extensive experience proved to be essential ingredients in our work. Judge Cecil Mills, Supervising Judge of the Superior Court, Criminal Division, was an instrumental force in providing counsel and advice throughout our term. His guidance, when requested, enabled us to successfully perform our function. David Guthman, our Legal Advisor, provided us with invaluable instruction in the law, helpful assistance in the work of many of our committees, and in the preparation of our final report. Investigator Dennis Duarte served us well in the completion of our investigations, and in providing us with necessary information. Richard Colby, Court Reporter, exhibited the highest degree of professional competence in the performance of his essential role in the indictment process. Our Bailiff, Tim Fox, provided us with the security imperative to the performance of our role, and often aided us in many other tasks beyond his official assignment.

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## FOREPERSON'S STATEMENT

Alexis DeToqueville, in observing the character of the American colonies which he had visited in the 18th century, noted that one of the unique qualities found in this new nation was the willingness of groups of citizens to come together in common causes and work together to reach solutions of concern to all.

The 1992-93 Grand Jury has served to epitomize those finest qualities of which he wrote. Furthermore, the opportunity to serve as the Foreperson of the 1992-93 has been a distinct honor and privilege. Working with the members of this Grand Jury has proven to be a very gratifying and rewarding experience and the Foreperson wishes to express his sincere appreciation for their help and assistance in coming together to accomplish our very important tasks.

The Foreperson's introduction provides one with an opportunity to share the thoughts and expressions which are the result of my own observations of our work. These are respectfully submitted as a prelude to the many fine products which are the result of the dedication of the 1992-93 Grand Jury.

The Grand Jury remains as one of the few remaining political institutions which is empowered to protect the interests of the individual citizen. It is an independent body of citizens sworn to inquire of public offenses committed or triable within the county. These same citizens are further empowered to inquire into matters of civil concern and, through investigation, determine whether or not county departments comply with the provisions of various local, state, and/or government codes.

Grand Juries exist at both the State and Federal level. Although they differ in the manner of their selection, in the number appointed, or in the terms of office, the grand jurors all share one common purpose - to represent the citizen in both civil and criminal matters.

The Grand Jury is embedded in our legal history and culture from centuries of development in England and incorporated into the Bill of Rights of the United States Constitution. It has enjoyed an historic role in both our criminal justice system and in its role as an inquisitor into the operations of government. Its impressions on the creation of our democratic traditions have become a proud part of the unique American system of justice. Its role in the history of our nation is also unique.

A New York grand jury in 1690 successfully petitioned the Duke of York to grant the colony an elected assembly. Concerned about the health and safety of those living in Boston, the grand jury indicted the City for refusing to keep the streets in safe condition! At the same time, the jury ordered the "dispensers of alcoholic beverages to provide lodgings for their patrons." In 1765, a Boston grand jury refused to indict those who had led the riots against the Stamp Act. Again in Boston, the grand jury indicted British soldiers quartered in the town for offenses against the populace, while at the same time, refused to indict persons



charged by the royal authorities to urge the soldiers to defect.

Throughout the history of the United States, the authority and power of the Grand Jury has been in evidence. It has examined city governments, indicted elected officials for wrongdoing, investigated illegal governmental activities, and in the process, performed rapidly and well in fulfilling its accusatory, investigative, and protective functions in our legal system.

The members of the 1992-93 Grand Jury can be justifiably proud of its accomplishments. All of the citizen complaints were reviewed. Visitations were made to more than half of the county jails, to the county hospitals, and to various county departments and offices. It is the requirement of the Grand Jury to complete studies and investigations of those concerns which it has determined merit examination. As a consequence of these observations, it is also required that a final report be submitted to the Los Angeles County Board of Supervisors. Finally, recommendations for action by the Board of Supervisors, the Superior Court and various County Government Offices have been made.

But the ability of the Los Angeles Grand Jury to adequately represent the citizen in civil matters is undergoing massive challenge. Three major questions have become evident in the conduct of the work of this year's Grand Jury. What is the function of the Grand Jury and how is it perceived by the Superior Court and the Board of Supervisors? How best can the Grand Jury be organized and impaneled in order to fulfill its role? And lastly, what can be done to provide permanent and adequate financial support for the Grand Jury so that it may accomplish its role as prescribed by various provisions of the Penal Code?

It is the Foreperson's opinion, after having observed the work of the panel, that the future role and function of the Grand Jury as presently selected and constituted merits serious review. As a result of these observations, the following comments are submitted for consideration by the Los Angeles County Board of Supervisors, the Superior Court and the citizens of Los Angeles County.

## THE GRAND JURY FUNCTION

It is apparent that the Grand Jury's role in applying the "probable cause" standard in criminal hearings will continue to prevail until and unless the California Supreme Court reverses its previous decision (see for example *Cummiskey v. Superior Court*, November 23, 1992). It was argued that the purpose of the Grand Jury hearing was to decide if there is enough evidence against the accused to justify a trial, not to determine guilt or innocence. The Supreme Court accepted this view which removed any question about the standard of proof required for an indictment. It can, therefore, be expected that the Los Angeles District Attorney will continue to make use of the Grand Jury to conduct criminal hearings.

The 1982-83 Grand Jury completed a study entitled The Role and Responsibility of the Grand Jury. This report noted that "... The need for qualified jurors is essential if the Grand Jury

is to function as an effective arm of the Superior Court (Penal Code Section 888). It is equally important if the panel is to "...inquire into county matters of civil concern" (Penal Code Section 914.1) Most grand jurors have met the minimum qualifications required in Penal Code Section 893. The report continues to note that "Many panel members have been particularly well qualified and have brought with them skills and understandings of the structure and operation of local government, excellent research and writing skills and high levels of energy. These latter skills are abilities essential to the fulfillment of the civil function of the Grand Jury."

A review of previous studies of the role and function of the Los Angeles County Grand Jury and interviews with panel members indicate that Judges, in the process of interviews with potential panels, tend to evaluate grand juror candidates in the same way they would evaluate petit trial jurors. That is, the Judges consider the ability to view evidence fairly, be aware of the law and render a fair verdict.

In order to secure a panel sufficiently skilled and experienced, and to provide sufficient time for the performance of the civil function, as well as permitting the Grand Jury to continue serving as the arm of the Superior Court in the conduct of criminal hearings, the following recommendation is suggested:

- The Superior Court and the District Attorney study the feasibility of creating two Grand Juries; one randomly for the conduct of criminal hearings, the other for the civil or investigative role. This action is permitted within provisions of Penal Code Sections 904.4, 904.6, and 905.

## GRAND JURY CONTINUITY

Each successive Grand Jury is required to conduct independent examinations into a variety of concerns as part of its duty to conduct investigations into civil matters. The accomplishments of the preceding Grand Jury become the subject for follow-up for each successive Grand Jury. However, it has been apparent to the current and past panels that significant time must be taken during the first few months of service to acquire skills and understandings of the scope of the tasks to be performed. This training and preparation is time consuming, and is an inefficient use of the abilities of the jurors.

The use of a number of experienced jurors, members of the previous Grand Jury would allow a valuable transition of effort and accomplishment. In this manner, a high degree of continuity would provide the newly impaneled jurors to assume their task efficiently and skillfully. It is, therefore, recommended that:

- The Superior Court, the District Attorney, and the Board of Supervisors should study the feasibility of implementing a carry-over procedure for jurors within the provisions of Penal Code Sections 901, 905.5, and 908.2.

## FINANCING THE GRAND JURY

Since 1991, with the passage of Proposition 115, the Grand Jury, in serving as "...an arm of the Superior Court," has been called upon to exercise its criminal function with ever increasing frequency. A dramatic redirection of the Jury's focus has occurred with the increase of criminal hearings. At the conclusion of this Grand Jury's term, more than 12 investigative hearings and 45 criminal indictments will have been completed. Nearly 200 defendants will have been indicted.

Historically, the Los Angeles County Grand Jury has been able to call upon the services of professional auditors to assist it in the performance of the investigation of numerous county offices and services. As a consequence of the increase in the indictment activity, the availability of time to perform the investigative function has become severely restricted. In order to fulfill this required responsibility under Section 933 of the Penal Code, the use of a contract auditor to assist the Grand Jury has increased.

Unfortunately, the financial support for this supportive function has been reduced by as much as 42 percent in the last five-year period. Fortunately, however, and as the result of the successful efforts of the Grand Jury, an appeal to the Office of the Chief Administrative Officer of Los Angeles County resulted in an increase in the contract auditor account for 1993-94. This increase, however, did not equal the amount available prior to 1990-91.

If the public is to be properly served, a permanent and sufficient level of financial support for the performance of the Grand Jury's investigative role must be assured. It is, therefore, recommended that:

- The Los Angeles Board of Supervisors and the Superior Court exercise due diligence in the development of the budget for the Grand Jury to assure that sufficient funds are allocated for the performance of its duties as prescribed in Penal Code Sections 888, 914.1, 920, 922, 923, 925, 925a, 926, 927, 928, 932, 933.5, and 933.6,

The commitment of the 1992-93 Grand Jury was evident at the outset when the members determined that, in order to fulfill their charge, it would be necessary to convene for five days each week. A true measure of their dedication is the quantity and quality of their effort in the completion of no fewer than twelve investigative studies. These investigative efforts were conducted in twelve areas and their final reports are contained with this document.

In order to achieve this accomplishment, members of the Jury met before and after each of the criminal hearings, during lunch, and often on the weekend. They conducted numerous interviews and visitations, and spent many hours writing, revising and editing the reports which detailed their findings and recommendations.

Those selected to serve as members of the 1992-93 Los Angeles County Grand Jury have completed their task with a high degree of dedication and commitment. They have served the

citizenry with distinction and professional concern out of respect for their important role. The citizens of Los Angeles County were well served by this Grand Jury which is deserving of the appreciation of their neighbors.



# AUDIT

## **COMMITTEE MEMBERS**

Solly Laub, Chairperson  
Robert Carroll  
Georgiana Daskais  
Benjamin Lench  
Monte Monroe

# AUDIT COMMITTEE

## INTRODUCTION AND SUMMARY

The primary functions of the Audit Committee are to:

1. Select a contract auditor to assist the Grand Jury in its investigative functions,
2. Control funds allocated in the Grand Jury budget to pay for the contract audit effort completed.

The Audit Committee recommended, and the Grand Jury approved, Price Waterhouse as this year's contract auditor. The Committee also supervised the expenditure of the budgeted funds.

A citizens complaint referred to the Audit committee was investigated.

## PROCEDURE

To fulfill its first objective, the Committee sent bid invitations to nine (9) nationally-recognized auditing firms. Of these, seven (7) responded by submitting written proposals. They then participated in oral presentations and interviews and were evaluated by a set of established criteria. The Committee selected and the Grand Jury approved Price Waterhouse as the 1992-93 Grand Jury Contract Auditor.

To fulfill its second function, the committee provided each chairperson of other committees with forms to submit when requesting contract auditor assistance. The following audits were requested and recommended to the Grand Jury for approval:

<u>COMMITTEE</u>	<u>SUBJECT</u>
Continuity	Automation - Purchase of Computer Hardware/Software
Juvenile Services	Department of Children's Services Compliance with Dependency Court Orders
Government Operations	Welfare Fraud Prevention and Detection
Criminal Justice	Feasibility of LAPD/LASD Training Facilities Merger
Insurance Fraud	Workers' Compensation and Automobile Insurance Fraud

There were several other audit requests considered which either did not receive the approval of the Committee or were not approved by the Grand Jury.

## **FINDINGS**

Early in the Grand Jury term, the Audit Committee received a citizen complaint letter which alleged excessive and illegal fees were being charged to participants in the County's Deferred Compensation Plan. The investigation, which included interviews with Richard B. Dixon, Los Angeles County Chief Administrative Officer, inquiries to the County Counsel, and reviews of independent auditor reports, led the Committee to the belief that there were no violations of the contract between the County and the administrator(s) of the Plan. Findings were relayed to the citizen.

## **RECOMMENDATIONS**

1. That future grand juries be encouraged to make use of the computer tracking system established by this year's Continuity Committee.
2. That future grand juries be aware of the costs of preliminary meetings ("scoping") with the contract auditor before investigations begin.

## APPENDIX

Interview with Richard B. Dixon, Chief Administrative Officer for Los Angeles County

Review of several independent auditors' reports on the administration of the County's Deferred Compensation Plan.

Review of seven contract auditor proposals.





# BUDGET

## COMMITTEE MEMBERS

Donald Dodd  
John Grande  
Richard Mankiewicz

# BUDGET COMMITTEE

## INTRODUCTION AND SUMMARY

This year's Grand Jury budget for the contract auditor was reduced to such an extent that some very important investigations as required by the Penal Code, were significantly reduced in scope and some were not undertaken. An ad hoc committee was commissioned to study the jury's budget and budgeting process. It was expected that the study would reveal that the County's fiscal difficulties were responsible for the decrease which was substantial: 42% from \$398,000 in 1988-89 to this year's \$232,000.

The County's financial problems were not the main cause at all.

## PROCEDURES AND FINDINGS

The severely restricted budget of this Grand Jury and the likelihood of still further reductions in our successor jury's budget, prompted an examination of the budget process insofar as it applies to the Grand Jury. Interviews were conducted with members of the Superior Court's budget staff and grand jury budgets were studied for the years 1989 - 1993.

It was learned that:

- During the fiscal years of 1987/88 and 1988/89, the costs of the Internal Services Department (ISD) were for the first time allocated to the users of their services. When this occurred, every budget except that of the Grand Jury was increased by the amount of the costs allocated to it. In the case of the grand jury budget, these costs were absorbed by decreasing the provision for contract auditing by \$138,000.
- The passage of Proposition 115 enabled the District Attorney to use the Grand Jury in criminal matters more than was previously practical. His choice to do this has reduced the time available to the Jury for its civil oversight function, forcing increased reliance on the contract auditor for this purpose.
- The Committee was advised by the Superior Court Budget Staff that previous grand juries had not participated in the development of budgets for incoming grand juries.

## RECOMMENDATIONS

1. The Grand Jury be allocated \$138,000 to reimburse the jury for past reductions and these dollars be allocated to the contract auditor function.
2. The grand juries be included in the budget process as active participants.

## APPENDIX

### Persons Interviewed

Ian Swanston, Superior Court Budget Division

Chris Stewart, Superior Court, County Clerk/Executive Office,  
Administrative Assistant



# CONTINUITY

## COMMITTEE MEMBERS

Richard Davis, Chairperson  
Robert Carroll  
Georgiana Daskais  
Donald Dodd  
Richard Mankiewicz  
Gloria Vargas

# CONTINUITY COMMITTEE

## REPORT MANAGEMENT SYSTEM

### INTRODUCTION

The Grand Jury appointed an Ad Hoc Continuity Committee on July 7, 1992. This committee was charged with the review of Grand Jury recommendations and responses from the Board of Supervisors and various departments for the past five years. The purpose of this review was to examine previous study areas to eliminate duplication of work, and, in the case of recommendations that had not been implemented, to suggest areas of work for the 1992-93 Grand Jury. Each Committee member reviewed final reports as well as the related comments on the findings and recommendations from the County Chief Administrative Office.

### BACKGROUND

The Grand Jury, as an independent body mandated by state law to conduct audits of local government, is in a unique position to contribute to the efficient and effective operations of local government. Each year the Grand Jury produces reports recommending ways to improve local government operations. Since the term of the Grand Jury is one year and many of the issues covered require ongoing monitoring, each succeeding Grand Jury must be able to quickly locate the projects of the previous years.

All of the reports, notes, and minutes of Grand Jury proceedings are maintained in files in the Grand Jury's offices. These files represent years of effort and contain the "collective memory" of the Grand Jury. The Grand Jury's office manager (Superior Court Clerk) has developed indexes and procedures to store and retrieve a limited amount of this information. Even with this assistance, new Grand Jurors must spend many hours of research looking through hard copy material, manually indexing and cross referencing subjects in an effort to draw upon the work of previous grand juries and to follow up on their recommendations.

### FINDINGS

In its review, the committee found that the Board of Supervisors and the Chief Administrative Officer gave consideration to the Grand Jury recommendations and responded to each. Where there was inaction, the reasons given were:

1. Budgetary constraints
2. Lack of jurisdiction
3. The recommended action was in the planning process
4. Changes were in process

The 1992-93 Grand Jury understood that organizational cost and efficiency are a continuing concern for both public and private sectors, especially in today's economic environment. A Grand Jury "Report Management System" would provide the ability to efficiently and cost-effectively use Grand Jury Reports and Agency Responses as an information resource. In addition, the system would enable the Grand Jury to efficiently and effectively track agency responses and calendar reminders regarding the need to conduct further action or schedule compliance visits. The anticipated benefits of the system are as follows:

- It would allow the Grand Jury to make more effective use of its existing work product and therefore reduce the possibility of wasting time by conducting overlapping studies.
- It would streamline the time required to obtain background information on prior studies, which is currently done manually.
- It would efficiently track responses and actions of various agencies to Grand Jury report recommendations and allow succeeding grand juries to monitor compliance, if desired.

The committee found that improvement in the tracking, reporting, and closeout of Grand Jury recommendations from year to year should be automated in a computer file. This action will save many hours of reviewing past reports, familiarizing Grand Jury members with past recommendations and responses, and would provide a basis for follow-up actions.

It was also observed that some county departments tend to be targeted for study on a yearly basis.

The committee undertook a review of various types of computer equipment and the software needed to provide the continuing ability to quickly and accurately review prior Grand Jury findings, audit reports, citizens' complaints, and implementation of the recommendations. Assistance was obtained from the contract auditor, Price Waterhouse, in the evaluation of preferred systems.

## **ACTION TAKEN**

The 1992-93 Grand Jury Ad Hoc Continuity Committee suggested that an automated tracking system be developed using computer and software capabilities that would allow future grand juries to review and follow up on investigations and recommendations. The same computer and software capabilities could be expanded to produce final committee reports sufficient to provide publication quality text for the grand jury final report.

With the approval of the Grand Jury, the Committee initiated the purchase of computer equipment and software, and recommended using the funds allocated in the budget for printing. The software included desktop publishing, which will greatly reduce the costs for

printing the final report. Price Waterhouse provided professional assistance to develop a work plan format data, and upload previous Grand Jury files into the new system. Basic documentation for future Grand Juries' use in accessing, maintaining, and updating the system was also provided.

## RECOMMENDATIONS

1. It is recommended that the Grand Jury appoint a committee to monitor compliance with previous Grand Jury recommendations, and supervise the maintenance of the computerized tracking system.



# CRIMINAL JUSTICE

## COMMITTEE MEMBERS

Richard Colyear, Chairperson  
Lawrence Ashley  
Georgiana Daskais  
Donald Dodd  
Richard Mankiewicz  
Marilyn Reingold  
Jane Sure



# CRIMINAL JUSTICE COMMITTEE

## INTRODUCTION AND SUMMARY

The principal activities of the Criminal Justice Committee included:

- A. Conducting a study of the feasibility of a combined training academy for the Los Angeles Sheriff's Department (LASD) and the Los Angeles Police Department (LAPD).
- B. Reviewing more than 100 complaints from citizens, a majority of which were related to the criminal justice system and/or contained allegations of criminal misconduct. The committee investigated and responded to these complaints.
- C. Working with the District Attorney's Office to formulate a clearly defined minimum standard of preparedness for indictment hearings prior to their presentation to the Grand Jury.

### A. FEASIBILITY STUDY OF MERGING LOS ANGELES POLICE DEPARTMENT (LAPD) & LOS ANGELES SHERIFF'S DEPARTMENT (LASD) TRAINING ACADEMIES

## INTRODUCTION

The Criminal Justice Committee in its visits to both the Los Angeles Police Department (LAPD) and Los Angeles Sheriff's Department (LASD) training academies observed the similarities of resources and personnel and determined that there appeared to exist much duplication. The committee also believes that the facilities are not fully used. Both agencies are contemplating building new facilities. This prompted the feasibility study undertaken by the committee through its contract auditor Price Waterhouse.

### Scope of Study

The scope of the study included the following:

- Gathering data on operations and costs of both LASD and LAPD training academies;
- Assessing the use of resources at each academy; and,
- Identifying issues regarding merging of training resources.

## **BACKGROUND**

Training as it applies to this study pertains to entry-level recruit training and in-service officer training. Training of recruits is regulated by the California Commission on Peace Officer Standards and Training (POST). All law enforcement agencies in California are required to provide recruits a minimum of 16 weeks training in various core courses. Also, POST requires all law enforcement officers to obtain 24 hours of continuing education every two years. The POST requirements can be met by attending a college which offers POST training or by attending courses offered by a local law enforcement agency which must meet specified standards of POST. Both the LAPD and LASD have training programs that exceed POST requirements. The LAPD and LASD own and operate training facilities.

### **Los Angeles Police Department Training Facility**

The LAPD's training facilities are located in Elysian Park. The initial buildings were completed in 1937. The training academy site is approximately 29 acres. However, because of the steepness of the terrain only 13-14 acres of the total property size are considered suitable for construction.<sup>1</sup> These buildings constitute the bulk of the current LAPD training academy.

The LAPD conducts all of its entry level training at the Elysian Park facility as well as some of its in-service training. The LAPD Training Division consists of 96 sworn officers and 60 civilians. The approximate LAPD budget for training in fiscal year 1992-93 excluding recruit salaries is \$8.85 million.<sup>2</sup>

### **Los Angeles County Sheriff's Department Training Facilities**

The LASD's main training facilities are located at Star Center in Whittier. The Sheriff's Department also has a north County training facility located at College of the Canyons. The Whittier facility is multi-purpose with six buildings and an athletic field devoted to training. In addition to training, Star Center houses several other departmental functions including: the Narcotics Bureau, Metro Vice, Special Investigations, Sheriff's Relief Foundation and Reserve Forces Bureau. The LASD also maintains one classroom and locker room space at the College of the Canyons to provide recruit training for some north County recruits.

The LASD's recruitment and advanced training bureaus are staffed by a total of 100 sworn officers and 44 civilians. The approximate budget for training in fiscal year 1992-93 excluding

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<sup>1</sup>Draft Environmental Impact Report, Police Bond Program, Police Training Academy, Myra L. Frank & Associates, June 1992, page 1.

<sup>2</sup>LAPD Training Division Spreadsheet of Approximate Budget Costs.

recruit salaries is \$11.95 million.<sup>3</sup>

## PROCEDURES

On January 28, 1993, Price Waterhouse commenced its review of the LAPD and LASD law enforcement training resources. Field work was completed May 12, 1993. The field work consisted of interviews with officials from the following agencies:

- Los Angeles Police Department;
- Los Angeles Sheriff's Department;
- City of Los Angeles;
- County of Los Angeles, Chief Administrative Office;
- Commission on Peace Officer Standards and Training (POST);
- San Bernardino County Sheriff's Department; and,
- San Diego County Sheriff's Department.

Reference materials were reviewed, as well as current and pending legislation regarding the establishment of regional training academies throughout the state. In addition, sites of both the LASD and LAPD training facilities were visited.

## FINDINGS

1. **The Los Angeles County Sheriff's Department functions as a regional training facility serving many law enforcement agencies in Los Angeles County**

The LASD provides the initial basic POST training to all new LASD recruits. In addition, the LASD acts as a regional training resource for law enforcement agencies throughout the County. If requested by law enforcement agencies within Los Angeles County, LASD provides the basic POST training to those agency recruits without reimbursement. The non-affiliated law enforcement agency recruits participate alongside LASD recruits through completion of the recruit training course.

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<sup>3</sup>1992-93 Los Angeles County Sheriff's Department Adopted Budget (Revised), Law Enforcement, Administration Division, page 1.

Law enforcement agencies from which LASD accepted recruits in 1992:

- Bell Gardens
- Downey
- Glendale
- Inglewood
- Los Angeles International Airport
- Monterey Park
- Torrance
- Glendora
- UCLA
- Monrovia
- Culver City
- El Segundo
- Hawthorne
- Long Beach
- Manhattan Beach
- Santa Monica
- Gardena
- Huntington Park
- Signal Hill
- La Verne.

Between 1988 and 1992 an average of 671 LASD recruits per year attended the basic POST course at the LASD training facilities. A high of 872 recruits graduated in 1991 and the lowest number was 25 graduates in 1992.<sup>4</sup> The average number of non-affiliated law enforcement agency recruits receiving training from LASD between 1988 and 1992 was 192 per year. Exhibit II-1 shows the total number of recruits attending the LASD training academy between 1988 and 1992.<sup>5</sup>

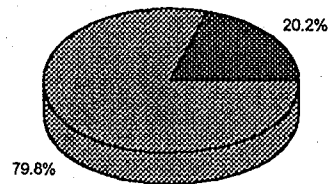
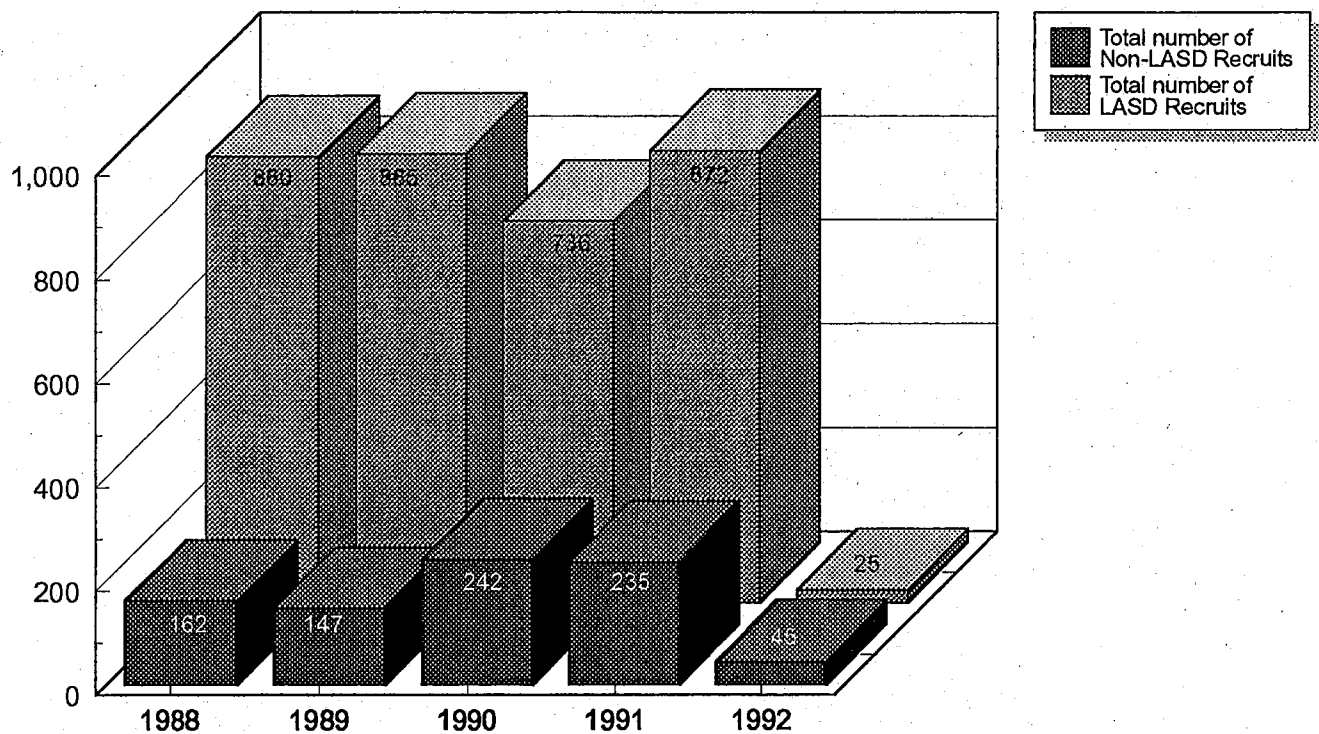
Based upon the last five calendar years of data regarding the number of recruits, an estimate for a maximum training capacity in a calendar year is 1,110 recruits per year.

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<sup>4</sup>Sheriff's Department Training Bureau Statistics.

<sup>5</sup>Ibid., Sheriff's Department Training Bureau Statistics.

# Los Angeles County Sheriff's Department



Overall Average

2. **The Los Angeles Police Department's Training Academy is almost exclusively limited to training Los Angeles Police Officers.**

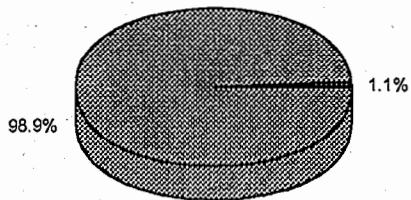
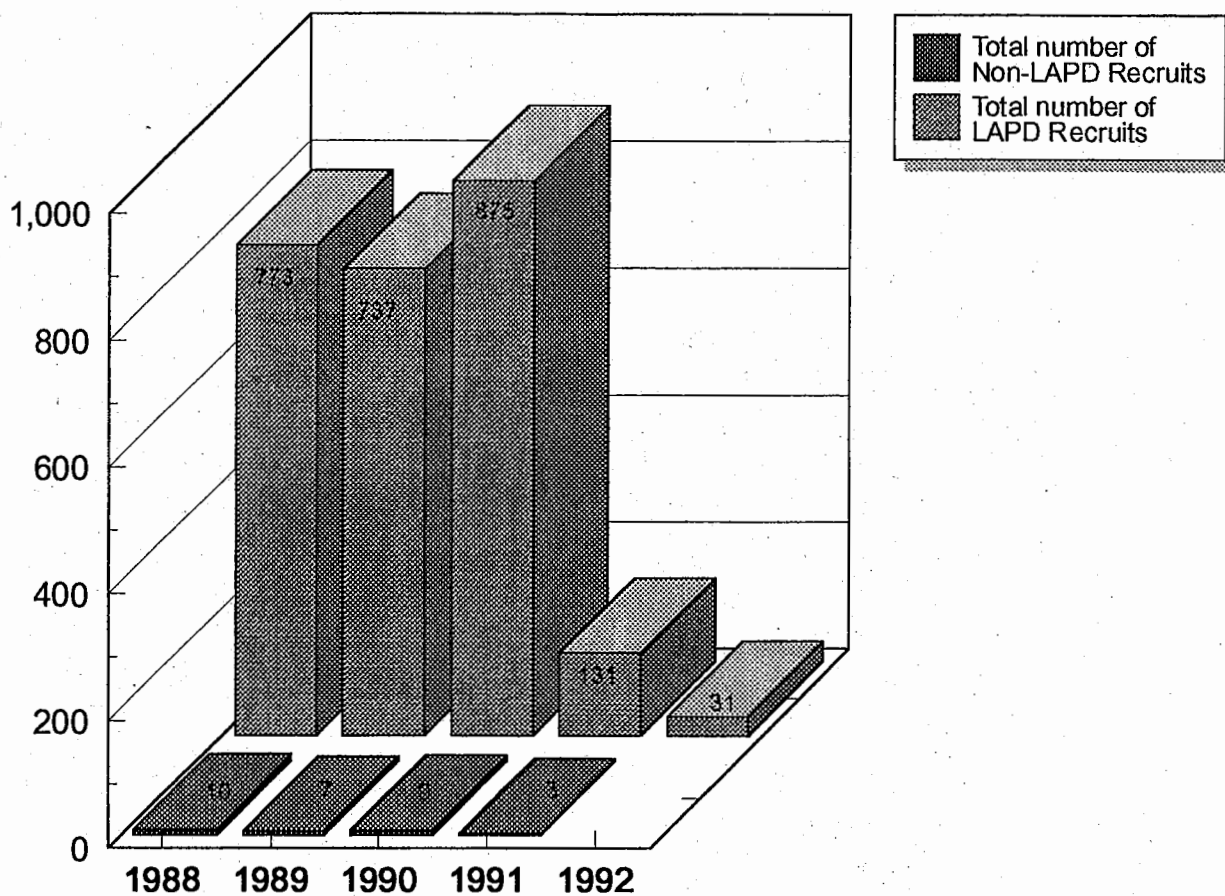
Since 1988, over 2,576 recruits have attended the LAPD training academy. This is an average of 515 recruits per year. Of the 2,576 recruits, 29 were from non-affiliated law enforcement agencies.<sup>6</sup> The number of recruits attending the academy in any one year fluctuated between 875 in 1990 and 27 in 1992.<sup>7</sup> Exhibit II-2 documents the number of LAPD recruits and non-affiliated law enforcement agencies attending training since 1988. Because the LAPD believes learning for recruits is maximized in smaller classroom settings, the LAPD is considering a new policy to limit basic POST training classes to 40 recruits per class. This would limit the total number of recruits the LAPD could train at its facilities in any one year to approximately 480.

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<sup>6</sup>LAPD Training Division Statistics.

<sup>7</sup>Ibid., LAPD Training Division Statistics.

# L.A.P.D.



Overall Average

3. **The citizens of Los Angeles approved a bond issue in September 1991 to construct a new police training facility.**

In April of 1989, the City of Los Angeles voters approved a General Obligation Bond measure in the amount of \$176 million to fund the construction and/or refurbishment of LAPD facilities, including a Police Training Academy.<sup>8</sup> The LAPD's Facilities Division is currently searching for a new police training academy site. The approximate bond allocation for building the new training academy is \$40 million. As a key step in the process of developing this new training academy, the City of Los Angeles authorized a draft Environmental Impact Report (EIR) at a cost of approximately \$500,000. The new police academy facility is expected to meet the Department's training requirements through the year 2010.<sup>9</sup> This is based on a force of 10,000 sworn officers and an estimated 540-720 recruits per year.

The planned facility will provide entry-level recruit and in-service training to sworn and civilian employees. It will include classrooms, an administrative complex, conference/interview/testing rooms, a gymnasium/multi-purpose room, an outdoor field, weight rooms, an auditorium, shooting ranges, indoor and outdoor simulation areas, locker rooms, storage areas and several other features.

A minimum of 25 acres would be required to construct the new facility with 12-13 acres needed as buildable and remaining portions as buffers.<sup>10</sup>

Over 1,900 sites were reviewed throughout the County. After the initial screening of sites, the focus of the City's efforts was later limited to sites within the City of Los Angeles. Based upon interviews with the LAPD Police Facilities Construction Group, the Olive View and Fransican Ceramics sites are currently under strong consideration for locating the proposed training academy.

4. **The Los Angeles County Sheriff's Department has completed a feasibility study for developing a new training academy. However, the current Los Angeles County budget crisis has not allowed the Sheriff's Department to take any further action.**

In the interest of maximizing the available resources at the Pitchess Honor Rancho facility near Castaic, the Sheriff requested a study to determine how the available land could best be used to expand the current custodial facility and create a regional training facility. The consultant provided a pro-forma plan of how such a training facility could

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<sup>8</sup>Draft Environmental Impact Report, Police Bond Program, Police Training Academy, Myra L. Frank & Associates, June 1992, page 1.

<sup>9</sup>Ibid., Draft Environmental Impact Report, page 1.

<sup>10</sup>Ibid., Draft Environmental Impact Report, page 5.



be developed. The plan calls for basic recruit and advanced training classes with a maximum of three concurrent classes with 150 recruits in each class. The proposed training facility would require an estimated two-hundred acres.<sup>11</sup> Some of the features of the proposed training complex are as follows:

- Three classroom style amphitheaters;
- Outdoor Physical Training Area;
- Emergency Vehicle Operations Center;
- Weapons Training Facilities;
- 300 room dormitory; and,
- 250 seat cafeteria.

The LASD has been unable to obtain approval for this project in the County's budget because of the shortfall of County revenues and uncertainty of state funds to support County programs.

5. **LASD and LAPD do not have a cooperative agreement for sharing training resources.**

Even though the LASD and LAPD work cooperatively in many instances, there is no formal agreement for the agencies to share training resources. The LASD provides basic POST recruit training for most of the law enforcement agencies in the County. The LAPD is one of the few agencies in the County that does not train new recruits at the LASD's facilities. When training requirements increase dramatically above levels the LAPD or LASD training divisions are capable of managing, the current alternative is to send recruits to a Junior College such as Rio Hondo to obtain the POST training.

6. **The Commission on Peace Officer Standards and Training (POST) is currently assessing options for encouraging law enforcement agencies to develop regional law enforcement training resources.**

The Commission on POST has been active in developing a plan to establish regional training centers throughout California as mandated by Penal Code Section 13508.<sup>12</sup> Some highlights of Penal Code Section 13508 are as follows:

- A. The commission shall do each of the following:
1. Establish a learning technology laboratory that would conduct pilot projects with regard to needed facilities and otherwise implement modern instructional technology to improve the effectiveness of law

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<sup>11</sup>Peter J. Pitchess Honor Rancho Feasibility, HDR Engineering Inc., January 20, 1992.

<sup>12</sup>State of California, Penal Code Section 13508, Statutes of 1991.

enforcement training.

2. Develop an implementation plan for the acquisition of law enforcement facilities and technology. In developing this plan, the commission shall consult appropriate law enforcement and training organizations. The implementation plan shall include each of the following items:
  - a. An evaluation of pilot and demonstration projects.
  - b. Recommendations for the establishment of regional skills training centers, training conference centers, and the use of modern instructional technology.
  - c. A recommended financing structure.
3. Report to the legislature on or before January 1, 1995, as to the status and effectiveness of the pilot projects implemented under this section.
  - a. The commission may enter into joint powers agreements with other governmental agencies for the purpose of developing and deploying needed technology and facilities.

With regard to Penal Code Section 13508, one of the focuses of the Commission's efforts is to report to the Legislature how specialized regional law enforcement training centers can be implemented in California. Some potential specialized training centers which the Commission will study includes driver training, firearms training and simulator training.

7. **Some Law Enforcement agencies in the state are beginning to establish Joint Powers Agreements to achieve economies of scale. Also, they are increasingly affiliating with Community Colleges to provide basic POST training as well as other specialized training.**

#### Sacramento County

The Sacramento County Sheriff, Sacramento Police Chief and the President of Sacramento Community College, on behalf of their agencies are currently drafting a Joint Exercise of Powers agreement to formally create a "Sacramento Regional Public Safety Training Center." The purpose of the training center is to provide professional training and education using the latest advancements in technology, methodologies and facilities. Appendix D provides a full copy of the Draft Joint Powers Agreement. The agreement indicates that a fundamental reason for consolidating facilities is to share the cost of operating, maintain training and education facilities.

The proposed training complex will be located at the recently closed Mather Air Force Base Navigator School. The closing of Mather Air Force Base created an excellent opportunity for the creation of a regional training center utilizing existing structures. When operational, the training center will be governed by a board of directors consisting of the following:

- Chief of Police, Sacramento
- Sheriff, County of Sacramento
- Executive Director, Commission on Peace Officer Standards and Training
- President, Sacramento City College, Los Rios Community College District
- A Public member selected by the Board

#### San Bernardino County

The San Bernardino County Sheriff's Department has affiliated with the San Bernardino Valley Community College to establish a Regional Training Center. As part of the Regional Training Center, the Department has developed an Emergency Vehicle Operations Training Program.

The Sheriff's Department and the San Bernardino College have established an agreement to share in the revenue received as a result of attendance at the training center. This will result in an estimated \$1 million in revenue for the Sheriff's Department in fiscal year 1992-93. Also, an additional \$1 million in revenue will be generated through tuition payments from other law enforcement agencies for training at the Sheriff's Emergency Vehicle Operation Training Center. The revenue generated from the Sheriff's training programs is deposited in a trust fund and used specifically for law enforcement training purposes.

For example, the revenue generated by the Emergency Vehicle Operations Center is used to finance the cost of constructing the facility.

8. **The following are the probable benefits which would result from merging the LAPD and LASD training resources.**
  - a. A network of regional training resources could more efficiently accommodate fluctuations in training requirements. When one agency's training requirements dramatically increase due to a surge in hiring, the required facilities could be available to that agency.
  - b. The cost of constructing highly technical training facilities could be shared by both agencies. The regional training program could provide a coordinated network of training facilities throughout the County including: firearms training facilities, role playing village for practical applications, and driver training facility.

- c. A merging of LAPD and LASD training resources could reduce cost through the elimination of duplicate facilities and personnel.
- d. The potential for revenue enhancement activities could be developed with all revenues dedicated to regional training activities. An example of the potential for sharing revenue is from an Emergency Vehicle Operations Course developed by the San Bernardino County Sheriff's Department.

## CONCLUSIONS AND RECOMMENDATIONS

The Grand Jury has determined that significant monetary benefits may result from the consolidation of LAPD and LASD training resources.

- I. It is recommended that the Los Angeles County Board of Supervisors in cooperation with the City of Los Angeles order the formation of a Los Angeles County regional law enforcement academy training task force. The task force should consist of members representing the County of Los Angeles and the City of Los Angeles. The task force should report its findings to the Los Angeles County Board of Supervisors and the Los Angeles City Mayor and City Council by June 1, 1994. Specifically, the task force should do the following:
  - A. Prepare a cost benefit analysis of developing a regional academy.
  - B. Inventory all LAPD and LASD training resources to determine how a regional training program with a network of regional training facilities could be organized.
  - C. Provide a model management and organizational structure for a regional training program.
  - D. Assess the potential for funding assistance from the Commission on POST as well as other sources.
  - E. Determine how a Law Enforcement Regional Training Program Joint Powers Agreement between law enforcement agencies and community colleges district could be structured to meet the requirements of participating agencies.
- II. It is further recommended that neither the City of Los Angeles nor the County of Los Angeles should incur any additional expenditures related to the construction of new training facilities until recommendations from the task force are considered and acted upon.

## B. CITIZEN'S COMPLAINTS

### PROCEDURES

Concern about substantial payments being made by the County to settle excessive force cases against the Los Angeles Sheriff's Department (LASD), together with the then-existing and since resolved, impasse between Sheriff Sherman Block and the Kolts Commission regarding the handling of citizens' complaints, prompted the committee to investigate how such complaints are dealt with by the LASD. The scant time available because of the number of indictment hearings which the Grand Jury had to conduct restricted the scope of the study.

The committee examined statistical data and did examine one complaint in detail. The resolution of that complaint took an inordinately long time but this fact did not affect the committee's conclusion. The LASD procedures currently in effect make it highly unlikely that the investigation of any current complaint will take so long to complete.

The committee found the LASD to be very cooperative in supplying it with the information that was requested. The statistical data it examined summarized the results of the investigation of citizens' complaints of excessive force which were concluded in 1992.

The committee also asked for and was given information on the case it had selected for a detailed review. The data consisted of tapes of interviews conducted by personnel of the Department's Internal Affairs Bureau with the complainant, deputies involved in the incident, and civilians who witnessed it. The data also included summaries of the evidence which had been prepared for and which had formed the basis for the Department's decision. The committee also conducted interviews with various county officials. In making its evaluation, the committee took into consideration information which it received from the Los Angeles County Counsel who represented the Sheriff's Department, and from the counsel for the plaintiff in the same civil lawsuit. All the data was carefully studied by the committee.

### FINDINGS

The complaints regarding the use of force which were resolved in 1992 involved 287 deputies. Complaints against 32 deputies (11% of the total) were deemed by the Department to be founded.

In the case examined in detail, the Department ruled that the complaint of excessive force was unsubstantiated. One deputy was found to have committed a relatively minor infraction, and discipline for that was imposed.

The committee concluded, however, that excessive force had indeed been employed. Further, it concluded that, in order for the Department to decide otherwise, it had to have ignored the

evidence given by civilian witnesses and to have accepted the evidence given by the deputies. The committee found the civilian witnesses' evidence convincing. This case presents yet another compelling illustration of the necessity for an independent civilian review of complaints alleging misconduct by members of LASD.

In this regard, the committee reviewed the recommendations of the Kolts Report of July, 1992, which examined the "policies, practices and procedures of the LASD ...as they relate to allegations of excessive force, the community sensitivity of deputies and the Department's citizen complaint procedure."

The committee examined the response to the Kolts Report by Sheriff Block in October, 1992; the agreement subsequently reached by Sheriff Block and James Kolts; and the response to this agreement by the Coalition for Sheriff's Accountability made up of some 40 community organizations and individuals concerned with the protection of civil rights and liberties.

With regard to the question of civilian review of complaints alleging excessive force, the LASD agreed to the appointment of an ombudsman "to assure that citizens' complaints are investigated in a timely fashion and who will communicate to the citizen the progress of an investigation and its results to the extent permitted by law."

The LASD also agreed to the appointment of a "panel of retired judges reflective of the diversity of County population and mutually acceptable to the Sheriff and the Board of Supervisors ...to review all records in connection with the adjudication of a citizen's complaint of injurious force in all instances where the citizen's complaint has been held to be unfounded or unable to be resolved and the citizen requests such a review." The reviewing judge, selected from the panel by the ombudsman, "will either affirm the adjudication of the complaint by the Department or remand it for further investigation or readjudication if in the opinion of the judge the record does not support the result. After this further review, the Sheriff will make the final determination."

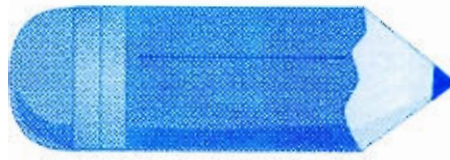
The Coalition for Sheriff's Accountability pointed out, however, that a panel of retired judges reflective of the diversity of county population cannot be achieved from within the list of 265 retired judges receiving pensions in Los Angeles County. Only ten on the list are women, and the average age of all retired male judges in the county is 75. An analysis of 87 judges on an original proposed list of retired judges for whom information as to race was available indicated that 90.8 percent were Caucasian males. Included on the list was one male African American, two male Asian Pacific Islanders, one male Latino, and three Caucasian females.

The Coalition suggested that a review panel consisting almost exclusively of older, Caucasian, male judges may compromise the perception of objectivity among minority group members with complaints against the LASD, and erode public confidence and trust in their decisions.

## RECOMMENDATIONS

The committee recommends that consideration be given to expanding the list of complaint reviewers to include a greater diversity of race, gender, and professional backgrounds.

The committee further recommends that the Board of Supervisor undertake a review of alternate forms of civilian review. Currently, 46 cities have some form of civilian review, with at least 30 different types represented. A more representative and balanced model may well emerge from such an investigation.



# EDITORIAL

## COMMITTEE MEMBERS

Evelyn H. Friedman, Chairperson  
Lawrence Ashley  
Robert L. Carroll  
Richard B. Davis  
Selma Feldman  
Lair Franklin  
Marilyn Reingold  
Jane Sure



# EDITORIAL COMMITTEE

## INTRODUCTION AND SUMMARY

The Editorial Committee edits all committee reports, plans the format, and arranges for and supervises production of the Final Report.

To reduce costs of publication, the following changes were made: (1) The front cover photograph was eliminated, (2) the number of photographic pages was reduced, and (3) desktop publishing, which allows reproduction without typesetting, was used.

## PROCEDURE

The Editorial Committee reviewed past reports, investigated photographic and printing costs, made decisions on format and layout, and edited final reports. The committee also issued a timeline to all members of the Grand Jury with the hope of issuing the Final Report before the end of the Grand Jury term.

## FINDINGS

The increase in the number of indictments brought before the Grand Jury limited the time available for the investigation of governmental entities of the County. It also limited the time available for the writing and editing of the reports, and the issuance of the Final Report in a timely manner.

Furthermore, budget cuts precluded using a contract auditor to the extent necessary to replace the additional time which members of the Grand Jury gave to indictment hearings. This put an even greater burden on members of the jury not only to investigate, but also to write cogent reports which would result in improving the work of county governmental agencies.

In addition, members of the Editorial Committee function as editors, proofreaders, and managers of the Final Report, as well as continuing to be participating members of other committees, and continuing to participate in indictment hearings. This places undue pressure on Editorial Committee members, and does little to ensure a well-constructed, timely report.

## RECOMMENDATIONS

1. The Superior Court should consider alternative structures of the Grand Jury system, in order to more equitably distribute the time spent by the Grand Jury in fulfilling its civil and criminal mandates.
2. The budget for contract audits should be increased to provide for necessary investigations and reports on the results of those investigations.
3. A professional person should be contracted to serve as production manager/editor/proofreader for interim reports, the Final Report, and any subsequent reports that may be issued. This person would work under the direction of the Editorial Committee.



# GOVERNMENT OPERATIONS

## COMMITTEE MEMBERS

**Dorothy Goodrich, Chairperson**

(Resigned December, 1992)

**Robert L. Carroll, Chairperson**

(January, 1993 - June, 1993)

**Donald Dodd**

**Benjamin Lench**

**Richard Mankiewicz**

**Marilyn Reingold**

**James Wright**

# GOVERNMENT OPERATIONS COMMITTEE

## INTRODUCTION AND SUMMARY

The responsibility of the Government Operations Committee is to review operations of various governmental bodies within Los Angeles County. This year's committee reviewed numerous citizen complaint letters and initiated two investigations.

### A. REVIEW OF THE PROCESSES FOR DETECTION AND PREVENTION OF WELFARE FRAUD IN THE LOS ANGELES COUNTY DEPARTMENT OF PUBLIC SOCIAL SERVICES (DPSS)

#### INTRODUCTION

The Grand Jury had heard cases involving welfare fraud and wanted to further understand how the Department of Public Social Services (DPSS) responds to the possibility of fraud identified by the Department's various automated systems. The 1992-93 Grand Jury Government Operations Committee asked its contract auditor, Price Waterhouse, to conduct a study examining the welfare fraud controls of Los Angeles County's DPSS.

The Grand Jury believes that most welfare recipients are honest and that they truly need the assistance they apply for. This study is aimed at the deficiencies in the management of the Los Angeles County Department of Public Social Services (DPSS) which make it possible and, too often, easy for persons to receive aid in excess of that to which regulations entitle them.

The number of persons receiving welfare aid in Los Angeles County has increased from 900,000 in 1983 to over 1.5 million in 1992. In the last decade the amount of welfare aid distributed annually in Los Angeles County has more than doubled from \$1,241,446,219 in 1982 to \$2,593,585,433 in 1992.<sup>1</sup> With this dramatic increase in welfare aid, the Grand Jury thought that an independent review of welfare fraud controls would be prudent. Price Waterhouse was asked to conduct this study for the committee.

The scope of this study is limited to management controls to prevent fraud in the two largest welfare programs administered by DPSS; the study does not express a formal opinion on the effectiveness of all the Department's fraud control systems. The programs studied were General Relief (GR) and Aid to Families with Dependent Children (AFDC). The following aspects of fraud controls were reviewed:

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<sup>1</sup>Los Angeles County Department of Public Social Services. Research and Statistics Section. *Trends in Public Assistance Grant Expenditures*.

- Policies and procedures to detect and prevent fraud;
- Management's response to control of fraud; and
- Potential problems in ensuring that fraud is detected.

Because of the complexity of the various manual and automated systems of DPSS, the scope of this study is limited to two automated systems that are critical to preventing and detecting fraud. The first is the Income and Eligibility Verification System (IEVS) which is a federally-mandated, state-run system that provides information ranging from social security number validation to prior wage earnings, assets, and other known welfare received history. The second is the Welfare Case Management Information System (WCMIS) which is a county-run system that maintains a record of all welfare aid cases funded within Los Angeles County.

There are three welfare fraud prevention and detection mechanisms, as follows:

1. **Eligibility Worker:** Eligibility Workers play a significant role in identifying fraud and preventing potential fraud by implementing DPSS policies and procedures. There are two types of Eligibility Workers. The Intake Eligibility Worker who receives the initial aid application, and determines eligibility, is responsible for approving aid. The Approved Eligibility Worker is responsible for managing approved cases. Their primary duties are to ensure that the recipient receives aid and to monitor recipients' living arrangements for changes that may affect welfare eligibility.
2. **Automated Systems:** There are a number of computer systems to identify potential fraud. These include the following:

#### *State-Run Automated Systems*

- The Income and Eligibility Verification System (IEVS) has multiple subsystems that detect potential fraud such as the Integrated Fraud Detection System (IFDS) which identifies AFDC and food stamp recipients who concurrently earn wages or receive supplemental security income (SSI), dividends, or interest. The Duplicate Aid Detection System (DADS) is a separate component of IFDS and identifies AFDC and food stamp recipients who receive duplicate AFDC, food stamps, and medical assistance in another county.
- The Payment Verification System (PVS) identifies AFDC and food stamp recipients who concurrently receive Unemployment or Disability Insurance.

#### *County-Run Automated Systems*

- The Welfare Case Management Information System (WCMIS), conducts address and phone matches and provides alerts on prior cases of fraud.
- The Automated Fingerprint Image Reporting and Match (AFIRM) System is

used solely for the GR aid program. This county-based system maintains an image of each GR recipient's fingerprint within Los Angeles County.

3. **Public Hot Line:** The Board of Supervisors approved a Reward Program called the Central Fraud Referral Line/We Tip Reward Program. This public hot line rewards informants who report suspected fraud.

Once a fraud referral has been generated from one of the above fraud detection methods, the Welfare Fraud Prevention and Investigations (WFP&I) Section investigates the referral. The primary mission of WFP&I is to determine the amount of fraud and seek restitution for fraudulent cash overpayments and food stamp over-issuances. In 1990-91, WFP&I had an operating budget of \$7,010,100 and collected \$18,218,930 in overpayments, yielding a cost/benefit ratio of \$1.00/\$2.57.<sup>2</sup>

## PROCEDURES

Price Waterhouse reviewed welfare fraud prevention and detection controls for four of the most common types of welfare fraud, as follows:

- Receiving aid and failing to report wages, dividends, and interest.
- Receiving aid and failing to report Unemployment and Disability Insurance receipts.
- Receiving duplicate aid within Los Angeles County or in California.
- Receiving aid under a false social security number.

The findings and conclusions of this study are based on an evaluation of established procedures and observations made on visits to seven District offices. In addition, a series of interviews were conducted with senior management to gain an understanding of how reports from the District offices are used by senior management at the Department's headquarters.

The limitations of the project did not permit Price Waterhouse to draw statistically valid samples of welfare cases for review, nor could all components of fraud control be examined. A small random sample of 20 AFDC and GR cases was selected from one district office to review whether the IEVS information was verified after the case was transferred to the Approved EW. The cases were transferred to Approved EWs between October of 1992 and February of 1993. Of the 20 cases, only four contained IEVS Abstracts; two others had received IEVS on-line inquiries; and three of the cases had the PA 26-2 forms in the case file indicating that IEVS Applicant System information was still pending. There was no documentation of 11 (55%) of the files to indicate IEVS information was ever reviewed or verified.

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<sup>2</sup>Welfare Fraud Prevention and Investigations Fiscal Year 1990-91 Fraud Activity Report.

## FINDINGS

### A. *Applicant Process*

1. DPSS does not make full use of the IEVS abstracts to review and verify social security numbers, unreported wage earnings, and duplicate aid benefits during the application process. In addition, DPSS does not have a method for determining which applications for aid are approved without an IEVS Abstract or IEVS On-Line Printout.

The IEVS Applicant System creates a history associated with the applicant's social security number. This history, called an Abstract, includes prior wage earnings, interest, dividends, and other welfare benefits received. Abstracts are generated automatically from the IEVS Applicant System once the applicant's name and social security number have been entered into the IEVS Applicant System.

DPSS policy states that the Intake Eligibility Worker (Intake EW) is responsible for verifying and processing all Applicant System information received *before* the case is transferred to an Approved file. IEVS matches received after the case is approved must be processed by a second Eligibility Worker (Approved EW) who is responsible for verifying and processing all Applicant System information received after the case is transferred to an Approved file.<sup>3</sup> DPSS policy 20-006 states that all IEVS information (i.e., Abstracts) received after aid has been approved must be processed within 30 days for AFDC and 45 days for GR.<sup>4</sup>

The Grand Jury's auditors found that there is no systematic method to confirm that an Intake or Approved EW verified and processed IEVS Applicant System information within the required 30- (AFDC) or 45- (GR) day timeframe as required by DPSS policy. The Department does not enforce its requirement that a PA 26-2 form be affixed to case files approved prior to the arrival of IEVS Applicant System information. Furthermore, even if this requirement were enforced, the Department has no procedure to ensure the Approved EW processes the IEVS Applicant System information.

Without verification of IEVS match applicant information, DPSS cannot adequately detect and prevent fraud during the application process. Weaknesses in controls to ensure IEVS information is verified may be the reason for DPSS's very low number of cases suspected of fraud identified by the IEVS Applicant System. For example, between January and June of 1992 there were 419,796 applications for aid. Of these

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<sup>3</sup>DPSS Operations Handbook, Division 20-006, Section III.E.

<sup>4</sup>IB., 20-006 III-B.

applications, DPSS identified potentially fraudulent information in 708 or .17% of the cases.

**2. DPSS does not have management controls in place to prevent Eligibility Workers from bypassing the IEVS Applicant System in approving cases.**

In order to access the IEVS Applicant System to create a history of earnings, supplemental security income, assets, and prior welfare aid the EW completes a form called a face sheet. When the EW approves an application he/she must determine the amount of aid the applicant is eligible to receive by completing a form called an approved budget face sheet. If these face sheets are entered into the IEVS Applicant System simultaneously, IEVS will not provide any IEVS Applicant System information. This process is often called a "simulsub".

DPSS does not have a procedure mandating when the approved budget face sheet should be entered into the Integrated Benefits Payment System (IBPS) and/or Case Data Management System (CDMS). Without such a procedure, the IEVS Applicant System fraud controls can be circumvented by submitting the applicant face sheet and the budget face sheet on the same day. For example, of the 20 GR and AFDC cases reviewed at the Metro East District office, we found three cases where the "simulsub" occurred. This means that the initial face sheet required to initiate the IEVS Applicant System information and the approved budget face sheet, authorizing the amount of aid to be granted, were entered simultaneously. As a result, no IEVS Applicant System information will be activated. In order for the IEVS Applicant System to produce an Abstract, the face sheets must be entered sequentially. The lack of a specific procedure mandating when the approved budget face sheet be submitted significantly weakens the Applicant/Intake fraud controls.

**3. DPSS Intake Eligibility Workers are not sufficiently trained on the use of WCMIS and IEVS as fraud prevention and detection systems.**

According to DPSS, training is provided to all newly hired Eligibility Workers (EWs). In addition, EWs receive training when they are transferred between an Intake assignment and an Approved assignment. Other than this induction and transition training, IEVS refresher training is provided by Staff Development at the Bureau/District's request for all classifications. During the period January 1990 through April 1993, Staff Development provided only 97 EWs (of approximately 3000 EWs) with refresher IEVS training. No refresher WCMIS training was provided during this period.<sup>5</sup>

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<sup>5</sup>DPSS response to April 23, 1993, Price Waterhouse Questionnaire.



In December 1991, the Los Angeles County Chief Administrative Office (CAO) recommended DPSS provide additional training to eligibility staff regarding fraud prevention and detection activities. The Grand Jury's auditors found no evidence that the CAO's recommendation has been implemented.

*B. Recipient Process*

1. A significant number of Integrated Fraud Detection System (IFDS) Abstracts are not processed within 45 days from the run date for cases continuing to receive Aid to Families With Dependent Children and General Relief.

IFDS produces a quarterly report listing all recipients who are receiving AFDC and Food Stamps concurrently with wage earnings, supplemental security income (SSI), and duplicate welfare aid in another county or within Los Angeles County. The quarterly report is made of individual reports for each applicant. These reports are called Abstracts.

DPSS policy mandates that IFDS Abstracts on active cases receiving AFDC and GR be processed within 45 calendar days from the run date of the report.<sup>6</sup> Processing means that the current eligibility determination has been made, and that action has been taken to ensure correct, current, and ongoing aid/benefits. Processing of IFDS Abstracts may be delayed beyond the time limits if the recipient denies the IFDS information. Should the IFDS Eligibility Worker find the recipient had received an overpayment, the IFDS worker has 90 days to compute the overpayment/over-issuance and initiate a referral to the Welfare Fraud Prevention and Investigation Section.<sup>7</sup>

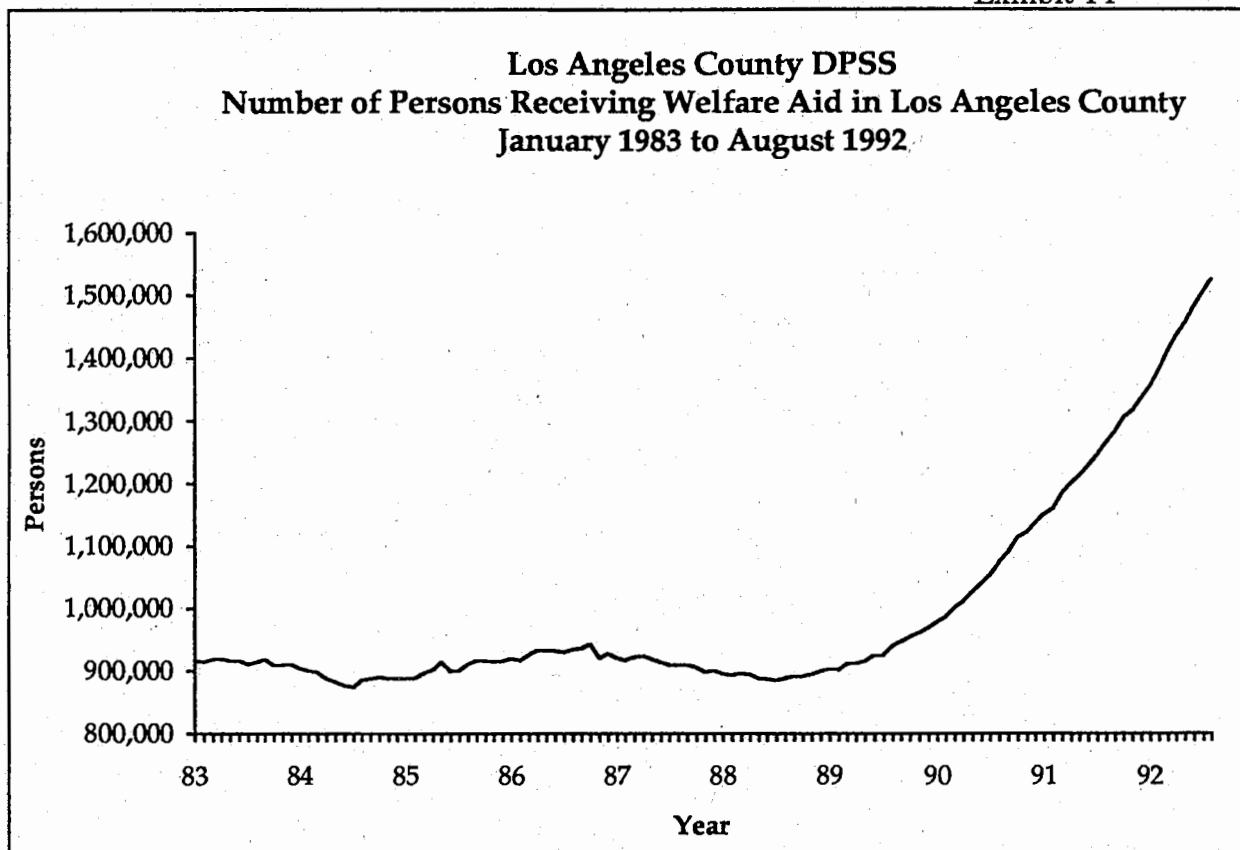
In each of the District Offices visited by the Grand Jury's auditors, there was a considerable backlog of unprocessed IFDS match reports. According to the Department's Research and Statistics Section, the backlog for all 30 Districts combined as of January 1993 is 91,214 cases. Exhibit I-I presents the total number of IFDS Abstracts received in all 30 Districts versus the number processed in 1992. Of the 189,189 cases processed over the previous four quarters by DPSS, a total of 17,947 (9.49%) of the Abstracts were found to have an impact on the grant received by the recipient.<sup>8</sup> This represents an enormous number of AFDC and GR recipients who are continuing to receive aid while earning income or receiving duplicate aid in another county.

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<sup>6</sup>DPSS Operations Handbook Division 20-006 Subsection IV-A.

<sup>7</sup>Ibid, Division 20-006 Subsection IV-A-3&4.

<sup>8</sup>The State Department of Social Services defines impact as those IEVS recipient-IFDS abstracts matches which lead to the detection or prevention of an overpayment or over-issuance.



It is evident from the size of the backlog, that DPSS is not in compliance with county regulations for processing IFDS matches on AFDC and GR cases.<sup>9</sup> If IFDS match reports are not processed in a timely fashion, there is a risk that thousands of individuals may be receiving overpayments/over-issuances in Los Angeles County.

<sup>9</sup>DPSS Operations Handbook Division 20-006.421. According to DPSS, the 45-day processing requirement for IFDS is a Federal rule.

2. The relatively low priority for processing Duplicate Aid Detection System (DADS) matches increases the probability that AFDC and GR recipients can receive duplicate aid in another county without being detected in a timely fashion.

In February 1991, DPSS issued a directive to focus on the more critical IFDS matches first while ensuring the most effective use of current resources.<sup>10</sup> Consequently, the processing of duplicate aid detection reports, referred to as DADS, was assigned fifth priority out of a total of nine. However, because the policy places the priority on processing the current quarter, DADS matches are rarely processed. According to the DPSS Operations Handbook, if a DADS match occurs, an IFDS printout is produced for the same recipient only once a year, unlike the IFDS Earnings match which can produce an IFDS printout for the same recipient each quarter.<sup>11</sup> Because the policy directs staff to process active cases before processing remaining IFDS Abstracts, it is very likely that DADS matches are never processed on terminated cases.

The new priority listing for processing IFDS match reports, coupled with the requirement of only processing the current quarter, often ensures that AFDC and GR recipients identified with potential duplicate aid fraud can go undetected for a long period of time.

3. DPSS does not consistently update Payment Verification System (PVS) Control Listings or maintain reports on all PVS County Response forms. Consequently, there is no procedure to ensure that all PVS Abstracts are processed for AFDC and GR cases within the 30 days time period.

The IEVS Recipient System generates a master control listing of all IFDS and PVS Abstracts to each District. The control listing accompanies each set of Abstracts. The purpose of the control listings is to assist the Districts in tracking the number of impacts per the total of all Abstracts processed. DPSS policy requires Districts to annotate the PVS Control Listing, noting the following:

- No action required;
- Terminated (effective date);
- Grant/benefit decreased (effective date); and
- Reason response form is not completed.<sup>12</sup>

In the seven District offices visited, the Control Listings had not been annotated. None of the District's Administrative Deputies could produce Control Listings with

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<sup>10</sup>DPSS Administrative Directive #3305 2/28/91.

<sup>11</sup>DPSS Operations Handbook Division 20-006 Subsection II-B-5. Revision #4647.

<sup>12</sup>DPSS Operations Handbook Division 20-005.1 Subsection III-7 & 8.

annotations for each PVS Abstract processed. This is significant, because the Districts have no other method of ensuring that all PVS Abstracts were processed. Consequently, the District PVS Report that is forwarded to the Division Chief could be incorrect. This would diminish the reliability of the Departmental PVS Report. According to a monitoring report from the State Department of Social Services, Los Angeles County found only 323 AFDC cases that required corrective action out of a total of 256,788 PVS Abstracts, in 1992.<sup>13</sup> The remarkably low number of cases reported could be a result of poor enforcement of established procedures.

4. **Current policies and procedures for processing IFDS match reports on AFDC and GR cases unnecessarily delay prompt recovery of overpayments.**

DPSS policy requires an Eligibility Worker to send a Notice of Action (PA 2418) to a recipient when IFDS identifies a recipient who may be ineligible. The recipient is given 10 calendar days to respond or refute IFDS information before negative case action can be taken. If the recipient denies the IFDS information, an affidavit must be obtained from the recipient and an IFDS Employer Notification Letter (PA 2419) sent to the employer listed on the IFDS Abstract. Current instructions allow the IFDS EW to send the PA 2419 after the recipient denies all previous and current employment.<sup>14</sup> As a result, DPSS may continue to issue overpayments while awaiting the employer's response.

For GR cases, DPSS policy requires that two separate Notices of Action and two separate hearings may be required when IFDS information impacts an active case. DPSS is delaying prompt recovery of overpayments as well as affording the recipient multiple opportunities to appeal the factual basis of the overpayment, in spite of a recent audit completed by the Federal Department of Health & Human Services, which stated: "There is no Federal regulation to support the agency's practice of issuing two Notice of Actions, especially when it results in multiple hearings on the same issue and a delay in overpayment recovery."<sup>15</sup>

C. **Management Process**

1. **Management of DPSS has not developed an adequate plan to respond to the backlog of over 90,000 IEVS Abstracts.**

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<sup>13</sup>State Department of Social Services, Fraud Bureau. *Los Angeles County Payment Verification System (PVS) Statistics*, January 19, 1993.

<sup>14</sup>DPSS Operations Handbook, Division 20-006 Subsection IV-D-8. Revision #3800.

<sup>15</sup>Department of Health & Human Services, Review of Overpayment Operations - Los Angeles County, September 14-18, 1992.

DPSS issued two Administrative Directives changing the processing of Abstracts so as to generate cost savings without changing the process by which IEVS match reports are processed or restructuring IFDS units.

The Administrative Directive entitled *Processing of IEVS IFDS Abstracts Higher Discrepancy Level* raised the wage earnings discrepancy threshold from \$301 per quarter to \$1501 per quarter.<sup>16</sup> This means that IFDS Abstracts with \$1500 per quarter or less, would not be processed by the District offices. This meant that fewer cases required examination and for this reason, backlogs appeared to be smaller.

The Administrative Directive entitled *IEVS Payment Verification System (PVS) Workload Reduction* ordered that Unemployment Insurance Benefits and Disability Insurance Benefits be examined only on alternate months, thus reducing workloads by half.<sup>17</sup>

Because DPSS does not maintain control listings for all PVS Abstracts processed and the backlog of unprocessed Abstracts, it would be difficult to evaluate the impact of these administrative policies.

**2. Management's monitoring of IEVS Applicant and Recipient System reports is inconsistent.**

DPSS management analyzes and responds to IEVS Applicant and Recipient System information reports through the monthly District Directors Meetings and the Corrective Action Committee (CAC). The CAC is comprised of selected District Directors, Deputy Directors, and DPSS program managers. The Grand Jury's auditors interviewed each District Director and/or Deputy in seven offices regarding management's response to the backlog of unprocessed IFDS reports. The District office managers were unaware of how senior management monitors the District's capacity to process IFDS and PVS Abstracts. In a number of Districts, the Director was not fully aware of the backlog of unprocessed Abstracts even within his/her own IFDS unit. DPSS management was unable to respond to the auditor's request for evidence that the IFDS backlog was addressed in the District Directors meetings. To date, the Departments Corrective Action Committee has not been directed to review the backlog issue.

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<sup>16</sup>DPSS Administrative Directive Processing of IEVS IFDS Abstracts, #3440, June 17, 1992.

<sup>17</sup>DPSS Administrative Directive #3480, Payment Verification System Workload Reduction, October 1, 1992.

## RECOMMENDATIONS

It is recommended that the Los Angeles County Board of Supervisors request the Director of the Department of Public Social Services (DPSS) to:

1. Develop and maintain a control listing of all applications approved for aid without Income and Eligibility Verification System (IEVS) information. The control listing should be annotated weekly as IEVS Applicant System Abstracts are processed by the Approved Eligibility Worker. This will ensure that all applications are verified against IEVS Applicant System information and will strengthen the Department's fraud prevention capabilities.
2. Amend the DPSS Operations Handbook Division 20-006 to prohibit the transcription of data from an approved budget face sheet to the IBPS and/or CDMS on the same day the initial application face sheet data is transcribed into IBPS and/or CDMS. For all emergency approval cases, a special log should be established for the immediate review of the first IFDS reports received from the IEVS recipient system. This will ensure that the IEVS Applicant System is not bypassed during the application and approval stage of the process.
3. Establish a regular in-service training for Eligibility Workers on how to use automated systems in the prevention and detection of fraud.
4. Define requirements for improvements to automated fraud detection systems, in cooperation with the appropriate state authority. These should include:
  - Generating letters to recipients regarding a specific IEVS match in question (i.e., SSI, wage earnings, PVS); and
  - Generating letters to employers regarding verification of IFDS wage earnings match information on aid recipients.

Once such requirements are defined, seek resources to design and implement improvements to automated fraud detection systems. In the course of preparing a request for support, DPSS should update their analysis of the cost and benefit of fraud prevention with a focus on the potential for savings from improvements to automated systems.

5. Review the priorities for processing Integrated Fraud Detection System (IFDS) reports to ensure processing of Duplicate Aid Detection System (DADS) reports are properly prioritized.
6. Conduct periodic internal audits to ensure compliance with DPSS policy requiring Eligibility Supervisors to annotate all Payment Verification System (PVS) match

reports, regardless of impact, on the PVS Control Listing.

7. Amend the DPSS Operations Handbook Division 20-006 requirement of two separate Notice of Actions for recovery of overpayments. Only one Notice of Action should be sent concerning overpayments.
8. Instruct the Department's Corrective Action Committee to:
  - Analyze and recommend solutions to reduce the backlog of Integrated Fraud Detection System (IFDS) Abstracts.
  - Consistently monitor IEVS information reports, and communicate with each District Director regularly concerning the status of actions to reduce processing backlogs and progress in fraud prevention.
9. Redesign the county's fraud detection process, with particular attention to the following:
  - Intake and approval of applications;
  - Transferring cases to Approved Eligibility Workers;
  - Monitoring changes reported on the monthly CA-7 Forms; and
  - Processing of IFDS and PVS abstracts.
10. Monitor and report the number of fraud referrals which result in actual fraud findings from the following:
  - Eligibility workers;
  - Automated systems; and
  - Public hot line.
11. Develop a system which will ensure that the status of each task be automatically reported to management.

## B. INVESTIGATION OF PROPERTY TAX BILLING

### INTRODUCTION AND SUMMARY

Early in its term the Grand Jury received a citizen's complaint letter which alleged that the County was suffering sizable losses (in the hundreds of millions of dollars) because of a huge backlog of property tax billings at the Auditor/Controller's Office. The alleged backlog consisted of more than 120,000 problems, "exceptions"<sup>1</sup> and "transfers,"<sup>2</sup> which the property tax computer system had not been able to process so that real property tax billings were mishandled, were billed to the wrong person, were in an incorrect amount, or were not billed at all. The Government Operations Committee elected to investigate these allegations.

The Committee found that serious problems in the property tax billing and accounting procedures exist and that these problems are primarily the result of the fact that there are separate data bases.

The Grand Jury recommends that a previously begun but currently suspended project to combine the data bases (Phase III) be completed. The Grand Jury was recently informed by the Interim County Chief Administrative Officer (CAO) that his office concurs with this recommendation and that the project will be completed.

### PROCEDURE

The Government Operations Committee interviewed the CAO and managers and supervisors of the Auditor/Controller's Office, the Assessor's Office, and the Treasurer/Tax Collector's Office. Further information was gathered by observing the Auditor/Controller's personnel at work and by reviewing procedures that were employed by them. In addition, the committee reviewed pertinent records at the Auditor/Controller's Office.

All of the investigations were conducted by members of the Government Operations Committee without the expenditure of funds for contract auditors.

### FINDINGS

In response to the initial inquiries, the personnel who were interviewed acknowledged that the

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<sup>1</sup>exceptions--transactions passed from the Assessor's computer system to the Auditor/Controller's Office where they cannot be processed because they do not meet criteria for processing

<sup>2</sup>transfers--tax bills requiring proration due to a change of ownership not recorded and/or adjusted by escrow



problems exist, but the committee was told that the number of problems of both types were overstated. The committee was told that the problems consist of approximately 40,000 "exceptions" and 8,500 "transfers." The dollars involved could not be estimated. It was acknowledged that 32 people were attempting to resolve these problems: 27 are working on 8,500 "transfer" problems, and 5 are working to correct the 40,000 "exceptions" on an "as time permits" basis. The committee was apprised that of the 32 persons working to resolve the problems, 18 are on loan from the Assessor's Office and are scheduled to be reassigned to other duties in July, 1993.

As a result of interviews, observations of personnel at work, and the review of the documents, the committee made the following findings:

- 40,000 items are "exceptions." These are transactions which were passed from the Assessor's computer system to the Auditor/Controller's Office where they could not be processed because they did not meet the criteria for processing. Most of these transactions date back to 1987 or earlier. This backlog seems to be growing and only 703 of the 40,000 items were resolved in the first quarter of fiscal year 1992-93. At this rate, if no more items are added, it would take about 14 years to resolve the backlog.
- 8,500 items are "transfers." These are tax bills which require proration due to a change of ownership not recorded and/or adjusted by escrow. There is little or no additional revenue due from these. There has been more progress in resolving the "transfers" than the "exceptions." The original total of 8,551 backlog items as of September 1992 was reduced to 6,796 by January 31, 1993. But in light of the fact that 27 people are working on these, the progress is not significant.
- A factor contributing to the low production rates is that, although the 32 people concerned who use computers in their work, little has been done to facilitate their efforts. The computer systems being used are designed for other purposes; the personnel merely "make do" by going through numerous steps and performing manual computations, almost as if computers do not exist. Limited but careful observation showed that more than 80% of their time is spent in gathering the data needed from various data bases. If a computer system were designed to gather the data and present it in a usable way, a more efficient use of staff time could result.

The committee was advised that such a system is not only feasible but that some work has already been done on it. However, the committee was told that the system is not to be completed because of the budget problems.

- The major reason for the difficulties previously described is that the Auditor/Controller's and the Assessor's Offices use separate data bases in which the real property records are maintained. The impossibility of keeping these data bases "in phase" with each other is the root of the problem. This was recognized some time ago and measures were undertaken to develop a common data base for these departments

and the Treasurer/Tax Collector. The system was to be done in three steps. Phases I and II were completed; Phase III remains to be done. Work on it has ceased.

- Estimates are that Phase III would eliminate many kinds of processing errors and would reportedly produce annual savings of about \$1.5 million (in 1993 dollars). Phase III would take longer than a year to implement and would cost between \$1.5 and \$3.0 million. The savings previously mentioned would not be realized until two years from the time of implementation because existing problems would have to be worked out.

Because Phase III would not have paid for itself in the year in which it was done, it was not originally scheduled for implementation.

## RECOMMENDATIONS

1. Phase III should be implemented at the earliest possible time. The Grand Jury disagrees with the practice of not undertaking projects of significant financial benefit to the County simply because they cannot pay for themselves in the year in which they are done. The Grand Jury was pleased to learn that funds for completion of Phase III have been allocated in the next fiscal year budget. The Grand Jury strongly recommends that the Board of Supervisors approve that allocation of funds.
2. It seems appropriate to write off the 40,000 "exception" items, rather than continuing to try to resolve them, both because the statute of limitations allows only four years to resolve and rebill them and because there is no estimate of the financial value to be derived from pursuing them any further.
3. A single office should be designated as the lead, in coordination with other offices, in development and implementation of computer systems and software for use by all three departments.

## APPENDIX

### A. REVIEW OF THE PROCESSES FOR DETECTION AND PREVENTION OF WELFARE FRAUD IN THE LOS ANGELES COUNTY DEPARTMENT OF PUBLIC SOCIAL SERVICES (DPSS)

#### Persons Interviewed

This appendix provides a list of key persons interviewed from the state and county. Persons are listed alphabetically.

Jacob Aguilar	Division Chief Program Planning and Development, DPSS
Daniel Alvarez	Eligibility Supervisor, Metro East, DPSS
Annie Babston	Intake Eligibility Worker, Metro East, DPSS
Mike Bach	Chief Fraud Bureau, State Department of Social Services
Steven Block	Deputy Director of Welfare Fraud Investigations
John Clemons	Division Chief Welfare Fraud Investigations, DPSS
Barbara Corral	Deputy District Director of Pomona District, DPSS
Kittie Cooper	AFDC Program, DPSS
Joe Delgado	Deputy District Director, Metro East District, DPSS
Gail Dershewitz	Management Information and Evaluation Division, DPSS
Raul Diaz	Deputy District Director, South Special District, DPSS
Stephanie Dillard	Deputy District Director, Civic Center District, DPSS
Paul Fast	Research and Statistics Section, DPSS
Rosemarie Fernandez	Deputy District Director, Metro East District, DPSS
Bob Gates	Welfare Fraud Investigations, DPSS
Phil Griego	Management Information and Evaluation Division, DPSS
Kathy Guerrero	IFDS Unit, Metro East District, DPSS
Nancy Hoskins	Welfare Fraud Prevention and Investigations, DPSS
Mary L'Homme	Deputy District Director, Norwalk District, DPSS
Karen Kant	Approved Eligibility Worker, Pomona District, DPSS
David Kissinger	IFDS Unit Supervisor, East Valley District, DPSS
Toni Larson	Research and Statistics Section, DPSS
Patricia Littleton	Approved Eligibility Supervisor, Metro East District, DPSS
Ofelia Lopez	Management Information and Evaluation Division, DPSS
Eunice Sharon Lisberg	District Director, Metro Family Payments, DPSS
Sarah Mason	Intake Eligibility Worker, East Valley District, DPSS
John Murrel	District Director, Exposition Park District, DPSS
Roby Nelson	Intake Eligibility Supervisor, Pomona District, DPSS
Sue Nickson	Eligibility Supervisor, East Valley, DPSS
Delores Perea	MIED, Audit Liaison, DPSS
Linda Perez	Computers Services Division, DPSS
Elaine Quantano	Approved Eligibility Supervisor, Pomona District, DPSS
Elba Ranger	District Director, Echo Park, DPSS

Sue Rapp	Chief Clerk, Metro East District, DPSS
Gary Schram, Lt.	Bureau of Investigation, District Attorney's Office
Eddie Tanaka	Director, DPSS
Jackie Taylor	Chief Clerk, Echo Park District, DPS
Ken Warman	Fraud Bureau, State Department of Social Services
Bill Westphal	District Director, Pomona District, DPSS
Mercedes Zepeda	Intake Eligibility Worker, Metro East, DPSS

Definitions

This appendix provides a brief definition of terms that are used throughout this study. For easy reference each acronym is placed alphabetically along with a brief definition or description.

**AFDC - Aid to Families with Dependent Children** is a federally funded welfare program for families with children who are in need. Los Angeles County is responsible for administering the program, although the requirements are set by state and federal laws and regulations. The purpose of the program is to provide financial assistance and social services to families and children who are deprived of support or care due to the death, incapacity, unemployment, or continued absence of one or both parents.

**CDMS - Case Data management System** is a Los Angeles County financial/budget system for the General Relief program. CDMS issues GR aid checks and tracks the amount of aid distributed to each GR recipient.

**DPSS - Department of Public Social Services** is the agency responsible for administering and distributing welfare in Los Angeles County.

**EW - Eligibility Workers** are DPSS employees whose primary responsibility is to determine and monitor eligibility for welfare aid.

**GR - General Relief** is a County-funded program that provides financial assistance to indigents who are not eligible for federal or state assistance programs. It also provides emergency assistance to individuals and families in temporary need.

**IBPS - Integrated Benefit Payment System** is a Los Angeles County financial/budget system for the AFDC, Food Stamps, and Medical Assistance programs. IBPS issues aid checks and tracks the amount of aid distributed to each recipient.

**IEVS - Income and Eligibility Verification System** is a match system required by federal law designated solely for AFDC, Food Stamp, and Medical Assistance programs. The system matches both recipients and applicants. IEVS is comprised of two subsystems. The **IEVS Applicant System** and **IEVS Recipient System**. The **IEVS Applicant System** was

implemented by Los Angeles County in May 1988. This system identifies statewide matches with assets, earnings, unemployment and disability insurance benefits, and duplicate aid for new applicants. The IEVS Applicant System also provides a validation of social security numbers. The IEVS Recipient System was implemented in Los Angeles County in July 1987. The IEVS Recipient System is comprised of two subsystems. The IFDS and PVS Systems -- see description for additional information.

**IFDS - Integrated Fraud Detection System** is a subsystem of the IEVS Recipient System that matches cases within Los Angeles County that are aided with AFDC, Food Stamps, and Medical Assistance in another county with California. IFDS also matches a recipient's social security number to earnings recorded with the State Employment Development Department.

**PVS - Payment Verification System** is a subsystem of the IEVS Recipient System that matches cases within Los Angeles County that are receiving Unemployment and Disability Insurance Benefits.

**WCMIS - Welfare Case Management Information System** provides on-line information on all active, pending, and terminated welfare cases within Los Angeles County. The WCMIS system has multiple uses; however, for purposes of fraud it provides an on-line address match. WCMIS was implemented by the County in 1977.

## **B. INVESTIGATION OF PROPERTY TAX BILLING**

### Persons Interviewed

Sandra M. Davis, Treasurer and Tax Collector  
Richard B. Dixon, Chief Administrative Officer  
Michael C. Galinda, Assistant Auditor/Controller  
Gary Gillan, Assistant Assessor  
Kenneth P. Hahn, Assessor  
Harry Hufford, Interim Chief Administrative Officer  
Daniel O. Ikemoto, Auditor/Controller  
Eric M. Knight, Program Specialist III  
J. Tyler McCauley, Assistant Auditor/Controller  
Nancy J. Morton, Chief Deputy Treasurer and Tax Collector  
Marianne J. Reich, Head, Tax Section  
Glenn V. Shaw, Principal Analyst



# HEALTH SERVICES

## COMMITTEE MEMBERS

Richard B. Davis, Chairperson

Melvin Bodarke

Richard Colyear

Selma Feldman

Anna Jaramillo

Jane Sure

Gloria Vargas

# HEALTH SERVICES COMMITTEE

## A. COUNTY MEDICAL CENTERS

### INTRODUCTION AND SUMMARY

The Health Services Committee visited five of the Los Angeles County Medical Centers. Hospitals visited were LAC+USC Medical Center, Martin Luther King, Jr./Drew Medical Center, Harbor-UCLA Medical Center, Rancho Los Amigos Medical Center, and Olive View-UCLA Medical Center. Members of the respective hospital medical and support staff and county health officials were interviewed. Specialized medical service areas such as the basic emergency, acute care, surgical, outpatient, social services, radiation, therapy and other service areas were visited. Patient capacities, average daily census figures and other statistical information was acquired from each of the hospitals visited. The committee also reviewed the level and activity of the volunteer and non-profit foundation programs present at some of the hospitals. A complete list of hospitals visited and hospital staff and county health officials interviewed is found in the Appendix.

### PROCEDURES

The committee reviewed literature from each facility, identified the sites to be visited, and selected specific areas of concern to be studied. During the visits, members of the committee met with representatives of various medical and patient service departments in each of the centers. A review of bed capacities, daily attendance, and individual medical center statistics was completed. Meetings were also held with management personnel at Department of Health Services and with the Director of Public Health Programs and Services.

### FINDINGS

The resulting findings represent a compilation of the committee's observations.

- A ● The State Department of Health is developing a final plan to implement a cost effective managed care system for Medi-Cal patients. Los Angeles County Department of Health Services (DHS) serves about 40% of the Medi-Cal population and will be a key player in the new system. The final organization and structure of the delivery system in Los Angeles is now under development. Private sector providers are concerned that the final model will be a county-dominated structure that provides little influence or input from private providers who offer significant levels of services to Medi-Cal recipients and indigents.
- B ● At the LAC+USC Medical Center the Pediatric Pavilion provides care for children on

five of its six floors. However, the fourth floor is segregated and houses adult communicable disease patients requiring supervision. Observing that these patients did not appear to require acute care they were housed in that location only because of its availability. In case of the necessity for evacuation of the building, there might be a comingling of pediatric and communicable disease patients.

- C ● At LAC+USC Medical Center an evaluation of the "Structural System Report" of February 27, 1989 states that the structure of Women's and Psychiatric Hospitals, Pediatric Pavilion and outpatient facility ... "may perform reasonably well in light to moderate earthquake, (these buildings) cannot be expected to tolerate a major seismic event." A March 1989 report of JCA Engineers, Inc. states that life safety systems... "are deficient in terms of capacity, reliability and current code compliance." These deficiencies continue to exist.
- D ● The Consolidated Accreditation and Licensure Survey (CALs) completed in October, 1992 by the Joint Commission on Accreditation of Healthcare Organizations, the Health Care Finance Administration and the California Medical Association produced very different results from those of the September, 1989 CALs. Although some of the 1989 deficiencies were found to have been corrected in a January, 1991 focused survey, others were not. It is not clear whether accreditation standards have been relaxed since 1989 generally or only as they relate to the Medical Center.
- E ● The emergency waiting room facilities observed at the LAC+USC, Harbor-UCLA, and the Olive View-UCLA medical centers are inadequate to meet the requirements of those patients requiring immediate and emergency medical attention. In an attempt to alleviate these problems, some of the medical centers have identified two groups of patients: emergency and non-emergencies. It was reported by Harbor-UCLA hospital that "...non-emergency patients often wait eight to ten hours to be seen by a doctor." A portion of the emergency room at Harbor-UCLA has been termed an "isolation area."
- F ● Rancho Los Amigos administrators indicated that more publicity as to the hospital's positive reputation for high caliber treatment and care would result in wider public support.
- G ● The Los Angeles County Department of Health Services has developed a Laboratory Directors Committee. The purpose of this committee is to develop a set of goals and objectives for the integration and delivery of laboratory service for the county medical centers and to recommend strategies to achieve these goals and objectives. The efforts of this committee should provide a long-range and effective plan responsive to required delivery services in the face of reduced financial resources.
- H ● The committee interviewed the managers at the respective medical centers to learn of the programs and activities related to volunteer services. Although there are medical



center foundation and volunteer service organizations in most of the county hospitals, there appears to be a varying degree of hospital management support for this function. In all visitations, it was observed that although there is strong interest expressed for the increase of the local community awareness of the excellent medical service, there is little evidence of an institutional commitment to the development of a strategic plan to accomplish this goal. The role which volunteer, foundation, and marketing activities could play in this enterprise is not clearly understood by all of the county medical centers.

- I ● The committee was advised that there has been an increase in public/private partnerships in health care resulting in many beneficial relationships between the county health care system and private health care providers. The most beneficial program has been the obstetric overflow agreements between DHS and community hospitals. This program helped to enhance direct services to the Medi-Cal and indigent obstetric population by providing referrals from county health centers and community clinics to available community obstetric programs. These "overflow" agreements proved to be clinically beneficial to the patients, helped alleviate an overcrowded public delivery system and provided a welcome source of new revenue for community hospitals.
- J ● The Los Angeles Hospital Council and other providers support the Medi-Cal managed care concept, but would like assurances that the governing of the managed care delivery system is through a "quasi governmental" authority with linkages to the County but which is not dominated by the County. Their concern is that the County system will channel all of the Medi-Cal managed care population to their facilities and seriously undermine services provided by private hospitals. Examples of these types of facilities are Orthopaedic Hospital, California Medical Center, St. Francis Medical Center, and Hollywood Presbyterian Medical Center.
- K ● The committee learned of the extraordinary and successful efforts of the staff of Martin Luther King, Jr. Hospital in response to the April, 1992 civil unrest, at some risk to their own safety. The hospital, the busiest during this time, treated 254 victims of the resulting violence. It was one of the few public services in the area to remain operational and responsive to the needs of the victims. The staff worked long shifts. Problems of delivering blood, oxygen, and food were resolved. When bus and child care services were eliminated, ways were found to replace them.
- L ● During its visit to the five hospitals visited, the committee was impressed with the high level of compassionate care by the doctors and nurses, particularly in the neo-natal divisions of the hospitals. The staff is to be commended for their exceptional commitment to the health of the community in often less than optimal conditions.

## RECOMMENDATIONS

1. It is recommended that the DHS ascertain the current status of the earthquake safety conditions at all county medical centers.
2. It is recommended that the DHS continue to support the activities of the Laboratory Directors' Committee.
3. It is recommended that the DHS conduct a system-wide review of the current status of each medical center's foundation and volunteer service organizations.
4. It is recommended that the DHS evaluate the need for a staff assignment of a marketing professional to Rancho Los Amigos and Olive View Medical Centers. The purpose of this marketing function would be to increase the community awareness of the service provided by these centers.
5. It is recommended that the Board of Supervisors request a formal, independent study which evaluates additional contract opportunities for county managed health services. The study should include significant input from local hospital leaders, the Southern California Hospital Council, the Los Angeles County Medical Association, and Medical Group Management Associates which represent most of the major medical groups in the county.
6. It is recommended that the Board of Supervisors should participate in the State Department of Health plan to implement a cost-effective managed care system for Medi-Cal patients which should include meaningful representation from private citizens, community hospitals, and organized medicine.

## B. CITIZEN COMPLAINTS

The Health Services Committee received two complaints. These were reviewed and letters were sent regarding the action taken.

## APPENDIX

### Site visits and interviews

#### LAC+USC Medical Center

Jerry L. Buckingham, Executive Director  
Harvey D. Kern, Special Assistant, Director of Public Affairs  
Ronald L. Kaufman, M.D., M.B.A. Associate Chief of Staff  
Consuelo C. Diaz, M.P.A., Administrator, Women's Hospital  
Jaron J. Gammons, Administrator, Pediatric

#### Martin Luther King, Jr./Drew Medical Center Hospital

Edward J. Renford, Administrator and staff member  
Julia Richmond, Assistant Hospital Administrator  
Tony Gray, Fiscal Administrator  
Kathleen Jones, R.N., Assistant Nursing Director III  
Maria Elena Sanchez, KDMC Administration  
Randall Foster, KDMC Administration  
Jimmie Smith, KDMC Administration

#### Los Angeles County Harbor-UCLA Medical Center

Walter L. Gray, Administrator  
Mary Werk, Director, Planning & Architecture  
Jerrold Turner, M.D., Associate Medical Director, Medical Administration  
Peggy Nazarey, R.N., M.S.N., Director, Nursing Administration  
Larry Gatton, Associate Administrator, Finance  
Ron Clonts, Associate Administrator, Information Systems  
Charles Brinkman, M.D.  
Dan Polk, M.D.  
Rodney White, M.D.  
Robert Hockberger, M.D.

#### Rancho Los Amigos Medical Center

Armando Lopez, Jr., Chief Executive Officer  
Randy Means, Director, Facilities Development  
Keith Kovach, Chief Financial Officer  
Karen Wulnch, R.N., Chief Nursing Officer  
Char Gowland, Allied Health Representative  
Susan Palomares, Chief Information Officer  
Susumu Yokoyama, Chief Operation Office

#### Olive View-UCLA Medical Center

Douglas Bagley, Administrator

Bruce Picken, M.D., Medical Director  
Marianne Z. Kainz, R.N., Chief Nursing Officer  
Melinda Anderson, Associate Administrator, Operations  
Ahmed Kadar, Associate Administrator, Finance  
Barbara Fletcher, Area Nurse Director

### Special Meetings

#### LAC+USC

Dr. Edward T. Wong, M.D., Profession and Associate Director,  
Department of Pathology  
Dr. Mary Abbott, M.D., Associate Medical Director  
Ben Carlson, Department of Health Services

Jan Chatten-Brown, Deputy District Attorney  
Caswell A. Evans, Jr., DDS, MPH, Department of Health Services  
Jaron Gammons, Pediatric Pavilion, LAC+USC Medical Center  
Toni Saenz Yaffe, Director, Contracting & Management, Department of  
Health Services  
Fred Leaf, Chief Inspection & Audit, Department of Health Services  
Kristina D. Stewart, Volunteer Director, LAC+USC Medical Center,  
Psychiatric Hospital  
Norma B. Jacobs, Director of Volunteer Programs, Olive View/UCLA  
Medical Center  
Wayne Sugita, Unit Head, Program Development & Technical Assistance  
Drug Abuse Program Office  
George Weir, OAP

### Site Visits

LAC+USC Medical Center, October 16, 1992  
Martin Luther King, Jr./Drew Medical Center, November 20, 1992  
Harbor UCLA Medical Center December 11, 1992  
Rancho Los Amigos Medical Center, February 22, 1993  
Olive View/UCLA Medical Center, April 16, 1993  
USC University Hospital, October 16, 1993

In addition, the committee met with the following:

Los Angeles County Department of Health Services  
Public Health Services Volunteer Program  
Los Angeles County, Department of Health Services  
Public/Private Partnerships in Health Care

Medi-Cal managed Care in Health Services  
Organization Effectiveness in Health Care  
Regional Water Quality Control Board



# INSURANCE FRAUD

## COMMITTEE MEMBERS

**Kathryn Winnek, Chairperson**  
**Lawrence Ashley**  
**Selma Feldman**  
**Lair Franklin**  
**Evelyn Friedman**  
**Anna Jaramillo**  
**Daphne Lewis**  
**Earleen Starks**

# INSURANCE FRAUD COMMITTEE

## AUTOMOBILE AND WORKERS' COMPENSATION INSURANCE FRAUD REPORT

### INTRODUCTION

The 1992-93 Los Angeles County Grand Jury received information concerning massive fraud in insurance claims amounting to billions of dollars in losses annually because of criminal activity within Los Angeles County. The scope of fraudulent activity has grown in recent years along with the increasing involvement of experienced, well-organized groups. Initially, staged auto accidents were the primary source of fraudulent claims. While staged accidents continue to be a major source of loss, many of the same organized groups have expanded to the more lucrative field of fictitious workers' compensation claims. Fraudulent workers' compensation claims contribute to the escalating cost of workers' compensation coverage paid by employers, which threatens the existence of many businesses.

In the last five years, laws have been enacted providing tougher criminal penalties and furnishing financial resources for investigation and prosecution. The Grand Jury believes that much more needs to be done in view of the obvious social and economic impacts of staged accidents and false insurance claims. Making the general public aware of the problem of insurance fraud is an important first step. In addition, there is a need to analyze how existing resources can be used more effectively to prevent fraud and to prosecute the perpetrators of fraud.

The Grand Jury appointed a special investigative committee to study insurance fraud and its impact in Los Angeles County. The Committee's report is designed to:

1. Inform the public concerning the development and impact of insurance fraud, particularly as it relates to medical claims from auto accidents and fictitious workers' compensation claims.
2. Review the response to the problem and the resources available from the private sector and the public sector, particularly the Los Angeles County District Attorney.
3. Assess the preparedness of Los Angeles County government, as one of the state's largest self-insured public employers, to meet the challenge of workers' compensation fraud.
4. Provide recommendations to support the detection, prevention, and prosecution of auto insurance and workers' compensation fraud in Los Angeles County.

## PROCEDURES

Information for this report was gathered through conducting numerous interviews and by reviewing hundreds of pages of documentation regarding automobile and workers' compensation insurance fraud. The committee interviewed representatives of the Los Angeles County District Attorney's Office, the Los Angeles County Risk and Insurance Management Agency, and the prominent insurance companies in the Los Angeles area. Information was also obtained from the California Department of Insurance, claims administrators, applicant attorneys, defense attorneys, and concerned business owners. An extensive data base search was conducted in order to obtain information on the latest trends in the automobile and workers' compensation insurance industry. The Grand Jury's contract auditor, Price Waterhouse, participated in the interviews, reviewed available references, and conducted a number of interviews on behalf of the Grand Jury.

In addition, this year the Grand Jury has heard evidence and returned indictments, charging 50 individuals with auto insurance or workers' compensation fraud.

A complete list of people interviewed is provided in Appendix A. Documents reviewed during the course of the project are presented in Appendix B. The remainder of this report presents the findings and recommendations resulting from the research and field work of the committee and Price Waterhouse.

## FINDINGS

Insurance crime is a national problem with an estimated cost of \$17 billion annually, making it the second ranking crime in America next to tax fraud.<sup>1</sup> Contrary to popular opinion, insurance crime is not victimless. Everyone pays — either through the increased costs of law enforcement or through higher insurance premiums.

The situation is deteriorating with the rapid growth of medical insurance crimes and fraudulent workers' compensation claims. The focus of the study is workers' compensation fraud, because the rising cost of workers' compensation is one of the key causes of the loss of business and jobs. Organized workers' compensation fraud may be the most rapidly growing form of insurance crime.

This report traces the growth and development of organized workers' compensation insurance fraud in Southern California, involving unscrupulous businessmen, operators of medical clinics, and the unethical doctors and lawyers who cooperate. This growth can be attributed to groups who gained experience in auto insurance fraud schemes over a decade ago.

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<sup>1</sup> "Facts About Insurance Fraud and Vehicle Theft," National Insurance Crime Bureau (NICB), Palos Hills, Illinois.



This report pinpoints those white collar criminals who are taking advantage of the system by providing no beneficial services to the "injured worker" except to line their pockets under the guise of providing medical and legal services.

Furthermore, the rampant abuse of the current system tends to undermine the legitimacy of all claims. This fraudulent practice creates a tremendous disservice to the scores of injured employees who are seeking legitimate recourse.

While the emphasis of this report is on organized, large-scale fraud and not on individual malingering, it is sometimes difficult to separate the two. In organized fraud there is a group of individuals who, with an elaborate network of cooperating doctors and attorneys, promote insurance crime on a large scale. The result is the creation of an insurance fraud mill.

A layoff or a disagreement with an employer can motivate an individual to file a fake claim. Whether acting alone or as a participant who has fallen into a large, organized network of criminals, the net result is an economic loss for most — resulting in higher premiums and a deteriorating business climate. Research indicates that the public's attitude about insurance fraud has grown increasingly tolerant. In a nationwide survey conducted and reported by the Insurance Research Council in 1992, a significant number of those questioned believed it was acceptable to knowingly cooperate with lawyers, doctors, and chiropractors in filing false or exaggerated claims to get money from insurance companies. In addition, many believed it was acceptable to file an untrue workers' compensation claim if a layoff had occurred or appeared likely.<sup>2</sup> The professional criminals' approaches and crafty advertisements are designed to exploit the vulnerability of people when they are at their weakest, such as after a recent job layoff. The professional criminal also recognizes that other easy targets include those who do not qualify for unemployment benefits, such as undocumented immigrants.

### *Automobile Insurance Fraud*

Automobile insurance fraud may account for 15 to 20 percent of all insurance premiums.<sup>3</sup> Until the last 7 years, neither law enforcement nor the insurance industry recognized that much of this activity arose from staged accidents and/or fictitious claims arranged by well-organized groups, including street gangs based in the County of Los Angeles.

Prior to laws enacted in 1988, there were limited law enforcement resources available to investigate and prosecute fraud involving auto insurance claims. Before 1993, the California Highway Patrol maintained a series of effective law enforcement teams which provided an extensive investigation of a number of staged automobile accidents. Their investigations eventually led to a number of prosecutions. Financial support for these teams was deleted from

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<sup>2</sup> "Fraud in Workers' Compensation and Disability Claims," *Public Attitude Monitor 1992*, Insurance Research Council, December 1992, pp. 5 - 9.

<sup>3</sup> Oral presentation by the Automobile Club of Southern California, February 12, 1993.

the current state budget. The CHP no longer provides this invaluable law enforcement function.

Limited staff in the California Department of Insurance, with two auto fraud investigators to cover the entire state, and lenient California laws left the state vulnerable to organized rings intent on large-scale exploitation of automobile insurance. Investigations recently made public substantiate certain well-organized groups based in Los Angeles County arranged staged auto accidents. They filed massive numbers of fraudulent auto insurance and related health care claims over a period of years.<sup>4</sup>

In 1988, legislation was enacted providing for criminal prosecution of those who solicit and participate in staged auto accidents and file fraudulent insurance claims. This legislation also provided funds to support investigations and prosecutions by district attorneys. The proceeds from a tax on insurance policies are divided between the California Department of Insurance and county district attorney's offices to fund anti-fraud activities.

### **The Casino Ring and Other Fraud Schemes**

In one case of auto insurance fraud, the suspects preyed upon people who had just incurred large gambling losses in casinos. In the casino parking lot, the perpetrators would offer the victims cash in exchange for borrowing their insured, usually older-model, vehicle. The ring would stage a minor accident with the car, claim multiple medical injuries against the victim's insurance policy, and return the car to its owner.

Other auto insurance schemes may be choreographed as follows:

1. **The One Car Rear-end:** The perpetrator pulls his or her car (often with the rear lights disconnected) in front of another vehicle and then slams on the brakes, causing the unsuspecting motorist to hit him from behind. This often occurs in the most unlikely areas of traffic, such as in the middle of an intersection. The instigator and the multiple passengers then claim extensive injuries and damages against the victim's insurance.
2. **The Two Car Rear-end:** An older, dilapidated car without license plates will stop suddenly, "forcing" the car immediately behind it to also stop without warning. The victim then hits the second car, also operated by the perpetrators, as the first vehicle speeds away. The instigator and the multiple passengers then claim extensive injuries and damages against the victim's insurance.

"Deliberate" accidents normally occur at low speeds, during commuting hours. The stagers prefer expensive, late model, or commercial vehicles because of their likelihood of being insured.

Sources: Los Angeles County District Attorney's Office and the Automobile Club of Southern California.

While civil recourse has always been available to the insurance companies, criminal penalties for activities such as soliciting participation in staged auto accidents were not available prior to these new laws. The CHP and local law enforcement authorities became more adept at

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<sup>4</sup> Interview with Los Angeles County District Attorney's Office - Major Fraud Unit, on March 26, 1993.

identifying and reporting automobile insurance scams. As a result, many of the perpetrators of auto insurance fraud moved their lucrative practices into the workers' compensation claims system.

### *Workers' Compensation Fraud*

Rampant criminal activity in the workers' compensation system was not identified until well after law enforcement concentrated resources on auto fraud rings in the mid-1980s. A major source of fraud — the medical/legal mills—developed from loose-knit groups of entrepreneurs, doctors, and lawyers who banded together. They enticed employees or the recently unemployed into filing workers' compensation claims for non-existent injuries. False and misleading advertising is frequently used to solicit individuals to file workers' compensation claims, or to engage or consult an attorney or medical care provider.

By 1991, legislation was enacted providing new criminal penalties for workers' compensation fraud. This was modeled after the earlier legislation to curtail automobile insurance fraud. However, fraudulent workers' compensation claims tend to be more difficult to prosecute than auto insurance fraud. For instance, stress claims and pain in soft tissue areas are highly subjective and hard to disprove. As required by law, the courts also liberally interpret the rules and regulations in order to protect the worker.<sup>5</sup> In addition, the larger cases can involve reviewing many times more pages of evidence (sometimes hundreds of thousands of documents are involved). Because of this, it is more costly to investigate and prosecute workers' compensation fraud operations.

The magnitude of losses due to workers' compensation fraud can be far greater than for automobile insurance fraud. In the past, it has generally been less expensive for the insurance companies to settle a workers' compensation case than to litigate a possible fictitious claim. In addition, the medical benefits tend to be more generous and the regulations, as mentioned earlier, more liberal in workers' compensation injury cases.

The remainder of this report discusses the problem of workers' compensation fraud.

### *Background*

Workers' compensation insurance is a comprehensive program designed to pay for all costs that result from injuries at work, regardless of who is at fault. California's program began in 1917 with the passage of the Workmen's Compensation Insurance and Safety Act. It is a "three-way system," giving employers three options in providing coverage: retain a policy from a private insurance company, obtain coverage from the State Compensation Insurance Fund

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<sup>5</sup> West's Ann. CAL. Labor Code, Section 3202. See also CAL Const. Article 14, Section 4.

— the “state-operated” insurance company—or become self-insured through certification from the California Department of Insurance. Private insurance companies tend to cover medium and large businesses. The State Compensation Insurance Fund insures most small businesses and government entities. The self-insured organizations are usually very large businesses and local governments, such as the County of Los Angeles.

Whatever option is selected, the cost of workers’ compensation is borne completely by the employer. For those that are not self-insured, the insurance premiums amount to a percentage of the payroll based on the occupation of the employee and the claims record of the employer.

### *The Current Situation*

The high incidence of fraud, the multiplicity of expensive medical/legal reports, and the subjectivity involved with stress claims place an overwhelming burden on the workers’ compensation system without benefiting the injured workers the program was *designed to protect*.<sup>6</sup>

Employers and employees alike have reason to resent the California’s workers’ compensation system. The system ranks among the nation’s most costly; yet provides a maximum temporary disability payment that ranks 34th among all states (see Exhibit A). California workers’ compensation costs tripled in the last decade, reaching an estimated \$11.5 billion in 1991. Businesses in 1990 spent more than \$10 billion on workers’ compensation. Since \$3 billion was paid in benefits and almost another \$3 billion was consumed in medical care costs, that left approximately \$4 billion for the “middle men” of the system: insurers, consulting doctors and lawyers.<sup>7</sup>

Factors contributing to escalating costs include claim frequency, stress claims, excessive litigation, rising vocational rehabilitation costs, and fraud. While authorities indicate workers’ compensation fraud is a major source of losses, reliable statistics are hard to come by. According to a report by the Council on California Competitiveness, as much as 20 percent to 30 percent of employee claims are fraudulent, totaling \$2 billion to \$3 billion in 1991. Major insurers estimate 20 percent of all claims are fraudulent.<sup>8</sup> Industry experts estimate that medical-legal fraud mills in Los Angeles cost the system hundreds of millions of dollars a year. One insurance carrier estimated that these mills are responsible for 40 percent of the total

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<sup>6</sup> Finding Number 4 from *Workers’ Compensation: Containing the Costs*, by the Commission on California State Government Organization and Economy, February 1993.

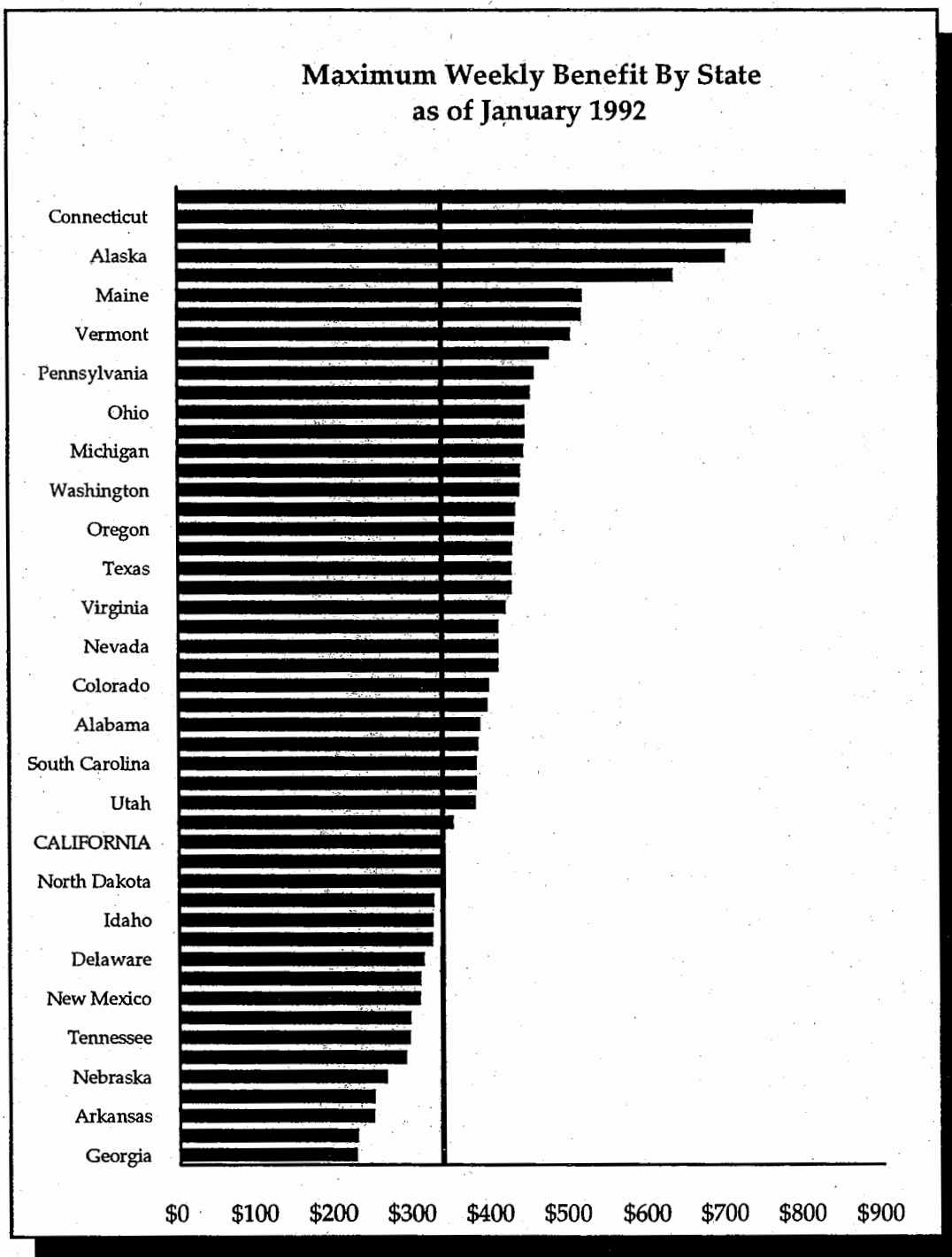
<sup>7</sup> *Workers’ Compensation: Containing the Costs*, Commission on California State Government Organization and Economy, February 1993, p. iv of the Executive Summary.

<sup>8</sup> *Ibid.*, p. 79.

medical-legal costs. Another has estimated total annual fraud losses at \$1.5 billion.<sup>9</sup>

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<sup>9</sup> Los Angeles County District Attorney's Office, application for the "Program For The Investigation and Prosecution of Workers' Compensation Insurance Fraud," March 20, 1992. p. 2.



Source: U.S. Chamber of Commerce, 1992 Analysis of Workers' Compensation Laws.

From cases that have become public, it is apparent that tens of millions of dollars in fraudulent claims can originate from a single criminal network or "medical-legal fraud mill."<sup>10</sup> A mill might consist of a lawyer and health care providers, orchestrated by a management group who trains sales personnel (cappers) to solicit participants. Reportedly, the most conspicuous and the most damaging source of fraud are the numerous medical-legal fraud mills located in Los Angeles. In addition, a number of the Los Angeles-based clinics have operations in adjoining counties. The influence of these mills is so broad, that injured workers from as far away as Bakersfield and San Diego have come to Los Angeles to be "evaluated" and treated at these locations.<sup>11</sup> The operation of a "typical" mill is provided in Exhibit B.

Persons standing in line waiting for unemployment benefits are prime targets of cappers. Sometimes, cappers can convince the recently unemployed to file false workers' compensation claims because unemployment benefits are lower than those available under workers' compensation. Also, unscrupulous medical providers benefit, while driving costs of workers' compensation ever higher.

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<sup>10</sup>Los Angeles District Attorney's Office - Application to the California Department of Insurance, "Augmentation to Funding and Revised County Plan for Investigation and Prosecution of Workers' Compensation Fraud," December 14, 1992, p. 2.

<sup>11</sup> Ibid, p 1.

## Exhibit B

### **Anatomy of Workers' Compensation Insurance Fraud**

The flowchart on the next page depicts a typical "fraud mill." The terminated employee, after being solicited by cappers or lured by massive advertising, is directed to a clinic where a "historian" determines the possibility of injuries. Regardless of whether if the employee claims to have suffered any disability or trauma, or such conditions were anything more than typical occurrences in an urban environment, the history will be exaggerated to reflect chronic suffering and trauma resulting from the working conditions. In many cases, the employee does not know the extent of the distortions and may not even be aware that the claim is for workers' compensation benefits.

The information collected by the mill is used as a pretext to refer the employee for examinations and evaluation by multiple medical specialists (psychiatric, neurologic, orthopedic, etc.). Through such multiple referrals, it is not uncommon to run up charges of \$8,000 to \$14,000 in such "medical-legal" bills. Under the workers' compensation laws, such bills must be paid whether or not the employee prevails in his/her claim. Often, the mill will use automated word processing programs to generate elaborate reports that give the impression that comprehensive examinations and evaluations were performed.

#### ***Definition of Terms***

**Cappers** – Hired by the mill operators to recruit clients. Potential clients include those recently unemployed or those injured while **not** at work. Cappers may be seen outside unemployment offices.

**Fraudulent Applicant Attorney** – Often initiates the scheme. Employs cappers to recruit legitimate or fake accident victims. Refers clients to crooked doctors. Uses the fraudulent diagnoses and treatment as basis for lawsuits. Attempts to strategically sue to ensure an easy, out-of-court settlement. The Applicant Attorney is paid regardless of the outcome of the case, but because of fee "ceilings" imposed by the state, he or she may obtain kickbacks from the medical clinics.

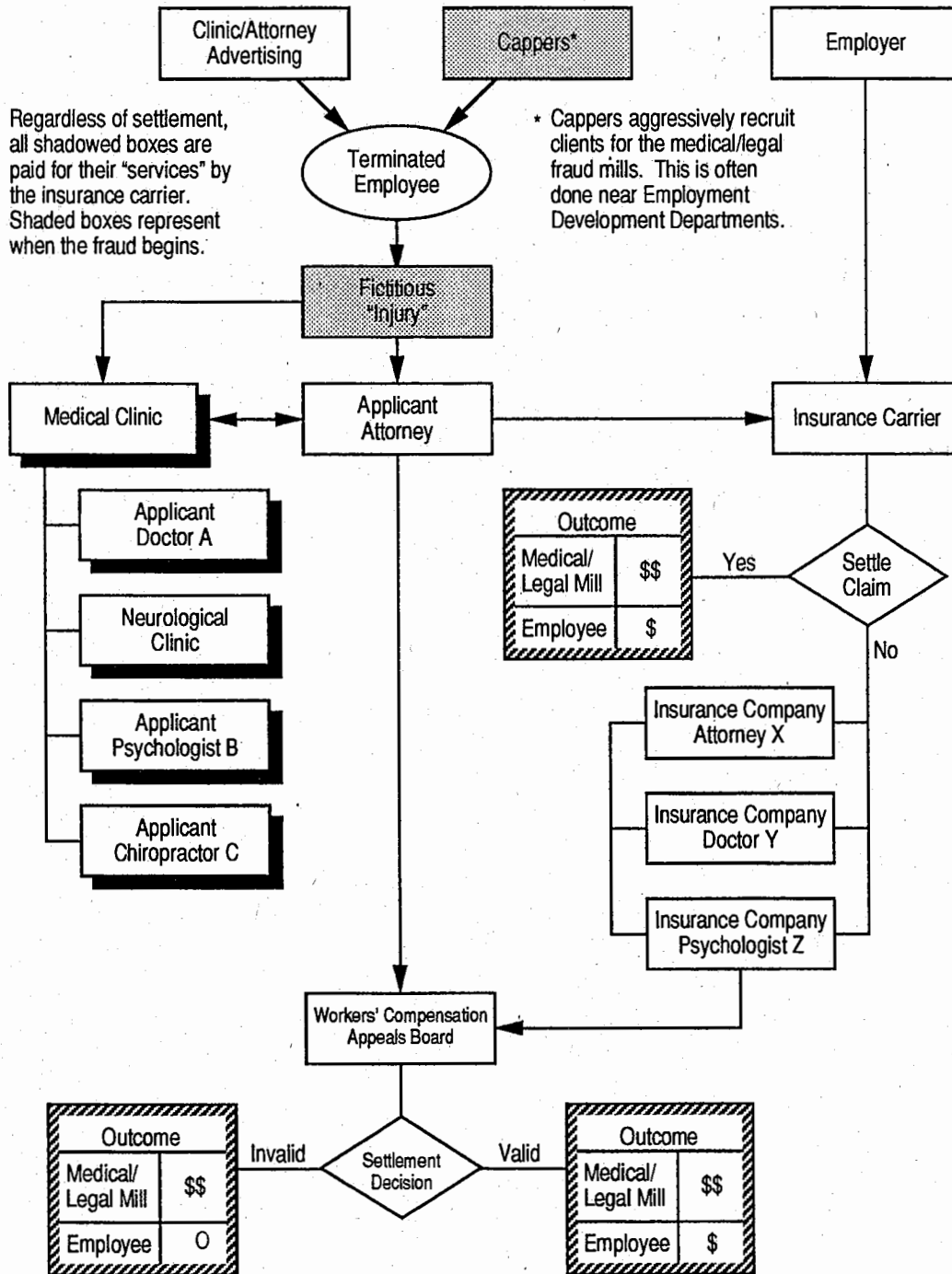
**Medical/Legal Fraud Mill** – An organization created to generate fraudulent claims through the use of cappers, attorneys, doctors, and specialists. The mill may even own the collection agency used to collect past due accounts.

**Medical Clinic and Specialists** – Fraudulent doctors will fabricate diagnoses and reports, while preparing false bills. Patients are told they will need multiple visits, where medical treatment is minimal or nonexistent. Patient is unaware of charges because the bills are sent directly to the insurance carrier. The Medical Clinic and Specialists are paid regardless of the outcome of the case.

**Terminated Employee** – Sometimes an unwitting victim, unaware that the claim is being used fraudulently. Can possibly obtain more money through a workers' compensation claim than through unemployment insurance. Will only benefit financially if case is won or settled out of court.



## Anatomy of Workers' Compensation Insurance Fraud



For example, seven employees who had been fired were soon contacted by a lawyer and urged to file workers' compensation claims. Each was sent to five different health clinics, examined by nine different doctors, including a dentist, a neurologist, a radiologist, and a chiropractor. As a result, the insurance company said it was billed more than \$100,000 for medical evaluations.<sup>12</sup>

Because public sector employers have not experienced large-scale layoffs, false workers' compensation claims resulting from layoffs have affected the private sector primarily. However, this situation could change as local governments such as Los Angeles County face the prospect of large-scale layoffs for the first time in recent memory.<sup>13</sup> If the experience of the private sector is any indication, the layoffs may be accompanied by a surge in workers' compensation claims.

What follows is a review of the organization of the County's workers' compensation program and its preparedness to detect and stop workers' compensation fraud.

### Workers' Compensation Administration in the County of Los Angeles

The Los Angeles County Chief Administrative Officer (CAO) is responsible for the County's risk management function, including workers' compensation claims administration and loss prevention. The Risk and Insurance Management Agency (RIMA) within the CAO's office contracts for the review and payment of workers' compensation claims covering approximately 86,000 County employees.

Each of the County's 50 departments and the courts are responsible for monitoring and controlling the cost of workers' compensation in their respective departments. RIMA assists by helping to coordinate contacts with employees who have been injured to get them to return to work. Also, RIMA issues management information on trends in claims and costs for each of 75 units of County government including the different departments and court offices. Detailed analyses are provided periodically to individual departments, and seminars are conducted to inform management of important topics affecting workers' compensation.

The County Board of Supervisors approved the County's self insurance of workers' compensation liabilities beginning July 1, 1969. Prior to that date, the County purchased workers' compensation insurance from the State Compensation Insurance Fund. On December 1, 1987, the County implemented contracts with four third-party administrators (TPAs). The TPAs assumed approximately 13,500 claims. They receive about 15,000 new claims each year. There are currently 16,000 open claims. Benefit costs for the current fiscal year will be about

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<sup>12</sup>Workers' Compensation: Containing the Costs, Commission on California State Government Organization and Economy, February 1993, p. 79.

<sup>13</sup>A March 25, 1993 report from the Chief Administrative Office to the Board of Supervisors, advises that the layoffs could be as many as 25,000, beginning July 1993, if specified revenue shortfalls occur.

\$120 million with an average cost per claim of approximately \$7,500. Annual contracting costs are approximately \$7 million per year. Reportedly, the County contracted for the claims administration program after experiencing years of chronic staffing and recruiting difficulties.

The County states that the TPA program has been successful, including substantial savings from medical cost containment and reduced adjuster caseloads, resulting in improved services to the injured employee.<sup>14</sup> In addition, the benefits from contracting include reduced administration costs and improved control of workers' compensation costs. The County currently monitors contractor performance through a staff of workers' compensation quality assurance evaluators. County Counsel, through in-house staff and contract law firms, is responsible for workers' compensation legal defense. County Counsel has assigned a workers' compensation attorney as a liaison to each of the TPAs.

### **Fraud Prevention**

Limited resources within the Risk and Insurance Management Agency appear to be available to detect and curtail fraudulent workers' compensation activities. Currently, fraud prevention responsibilities are shared between the Division Chief, one staff investigator, and the third-party claims administrators who are supported by medical bill review contractors. On July 1, 1992, the County established a Workers' Compensation Reward Program. Under this program, a person can receive up to \$1,000 for reporting fraud involving County employees. It is too early to determine how effective this will be.

A representative of RIMA acknowledged that the County needs to focus more resources on fraud identification.<sup>15</sup> Unlike private insurance companies, the County is not required to staff a Special Investigative Unit to combat fraud. The County can augment its resources by drawing upon the experience gained by the private sector and by working more closely with the District Attorney's Office and California Department of Insurance. The National Insurance Crime Bureau, discussed later in this report, also has a variety of untapped resources that the County cannot currently access. To the Grand Jury's knowledge, the County has not approached the NICB to discuss the possibility of gaining access to the NICB data base through membership or other means.

### **Resources Available to Combat Organized Insurance Fraud**

The following is a summary of information the Grand Jury received on resources available to combat fraud. Throughout this overview, the dominant theme is transition. For some time, there have been vigorous measures to curtail automobile fraud. However, resources are just now pouring in to curtail workers' compensation insurance fraud. Organizational structures

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<sup>14</sup> Interview with Mr. William McClure, Chief - Disability Benefits, Risk and Insurance Management Agency on March 18, 1993.

<sup>15</sup> Ibid.

are slowly being built to make effective use of these funds. Investigators and prosecutors are learning the intricacies of workers' compensation insurance fraud after years of attacking automobile insurance abuses. The key public agencies responsible for investigation and prosecution are currently experiencing growing pains.

### *Law Enforcement and Prosecution*

The felony prosecution of insurance fraud has evolved rapidly in recent years. In 1988, new laws were passed that funded anti-fraud activities involving automobile insurance. A tax on automobile insurance policies enabled the California Department of Insurance and the county District Attorneys in the state to develop special investigative units to prosecute and deter automobile insurance fraud.

The success of the program led to similar laws in the workers' compensation program beginning in 1992. This section focuses upon recent California laws enabling prosecution of insurance fraud as a felony crime. Traditional methods have included civil actions to recover damages in California court and federal cases filed under the Racketeering Influenced and Corrupt Organization Act (RICO). These traditional methods have not sufficiently alleviated the crime.

### *The Los Angeles County District Attorney*

The Los Angeles County District Attorney's Office (District Attorney) has primary responsibility for the prosecution of felony insurance fraud. This began over 15 years ago with staff in the District Attorney's Major Fraud Division. In 1988, the auto insurance fraud unit was reorganized and strengthened. Currently, the unit has five Deputy District Attorneys and an investigative staff that concentrates on staged accidents involving sophisticated, organized groups. In the next six months, the District Attorney expects to hire another nine persons for the auto insurance fraud unit, thus expanding the scope of its investigations.

The District Attorney's Office assisted in drafting new legislation in 1990 making workers' compensation fraud a felony, ultimately leading to a funding mechanism for increased investigations and prosecutions.<sup>16</sup> The District Attorney has been successful in obtaining funds from the California Department of Insurance augmentation grant program to curtail workers' compensation insurance fraud. In 1992, the District Attorney received about \$800,000, or 58% of the total money available under the program.<sup>17</sup> In 1993, the District Attorney submitted an

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<sup>16</sup> Interview with Los Angeles County District Attorney's Office, Major Fraud Unit, on March 26, 1993.

<sup>17</sup> While this money was authorized, the actual funding did not become available until January 1993.

application for additional funds and received approval for another \$1.4 million.<sup>18</sup> This is the primary source of funding for the Workers' Compensation Fraud Unit, which is modeled after the experienced Auto Insurance Fraud Unit.

Not long after the current Los Angeles County District Attorney assumed office, the California Bar Association was requested to appoint a special task force. In response, the Association created the "Workers' Compensation Insurance Fraud Task Force." The membership of the task force includes attorneys and judges experienced in the field of workers' compensation adjudication. The purpose of this group of professionals is to study the current legislative activity affecting workers' compensation and the present organization of the special workers' compensation fraud unit in the office of the District Attorney, and to provide recommendations to the District Attorney for future action.

The District Attorney is expanding the Workers' Compensation Fraud Unit, adding a special investigations unit and increasing the number of deputy attorneys from 9 to 24. This expansion will allow the District Attorney to concentrate more resources on individual fraud. Efforts are currently focused on prosecuting sophisticated fraud mills. The growth has caused some logistic problems in acquiring new attorneys because of the current County hiring restrictions. In addition, office and storage space for the new personnel appear to be in short supply.

Prosecuting a workers' compensation fraud case is more difficult and laborious than automobile insurance fraud. Workers' compensation cases typically involve tremendous amounts of effort and require highly experienced trial attorneys. One case involved reviewing over 60,000 documents prior to the trial. In another, the case records had to be stored in a warehouse because of the quantity. Because state regulations protect the confidentiality of this evidence, the District Attorney's Office has had to be resourceful in obtaining these patient files and physicians' records. They have been able to execute their search warrants with the assistance of the State Bar of California which has supplied as many as 50 lawyers at once to help search for evidence. Based on previous experience from large-scale fraud cases, it requires a minimum of 12 to 18 months to complete a prosecution involving insurance fraud and large scale medical-legal mills. Some of the more complex cases require years of work.<sup>19</sup>

For calendar year 1992, according to information supplied by the District Attorney's Office<sup>20</sup>,

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<sup>18</sup> The amounts distributed to the County District Attorneys is determined by a formula based on population, claims, and cases. Between these two funding allotments, the Los Angeles County District Attorney will receive about 47% of the total money available for California countys.

<sup>19</sup> Interview with Los Angeles County District Attorney's Office, Major Fraud Unit on March 26, 1993.

<sup>20</sup> Los Angeles District Attorney's Office - Application to the California Department of Insurance, "Augmentation to Funding and Revised County Plan for Investigation and Prosecution of Workers' Compensation Fraud", December 14, 1992. p. 5.

the Workers' Compensation Fraud Unit has:

Initiated 52 investigations involving 240 suspects; served search warrants at 65 locations; processed 9 indictments or complaints against 25 defendants; and prosecuted 16 convictions to date, with 9 defendants awaiting trial.

The District Attorney also relies on workers' compensation fraud investigations conducted by the California Department of Insurance and private insurance companies in order to prosecute.

*California Department of Insurance*

The California Department of Insurance (DOI) operates a Fraud Bureau responsible for investigating and preparing insurance fraud cases throughout the state. The Fraud Bureau divides its functions into three areas: automobile insurance fraud, workers' compensation insurance fraud, and special operations. It was learned that the automobile insurance fraud unit has systems and methods firmly established to investigate cases. In contrast, the newer workers' compensation fraud unit is still developing successful investigation methodologies and experiencing growing pains much like those that confronted the District Attorney's Office, such as facing hiring restrictions and obtaining office/storage space. This unit went from 12 investigators in January 1992 to authorization for 44 investigators in December 1992. All of these positions have not yet been filled.

The California Department of Insurance recently completed a survey from a random sample of 148 suspected fraudulent workers' compensation insurance claims submitted to them. They discovered:

Of the suspected claims, 87 percent originated in Southern California.

Roughly two-thirds of the claims were filed by employees no longer working for the employer.

The average costs of the claims filed by former employees were isolated by situation. The average claims cost for each of these was:

Employee resigned:	\$ 6,000
Employee fired:	\$11,000
Employee laid off:	\$15,000

Of those still employed at the site of the injury, the average claim was between \$5,000 to \$6,000 when insurance fraud was suspected.

Source: California Department of Insurance March 10, 1993 memo to the Senate Committee on Industrial Relations.

## *Federal Support*

The Federal Bureau of Investigation's Los Angeles Office routinely examines fraud occurring in the workers' compensation insurance system. The FBI's primary mission in insurance fraud is to uncover health care insurance schemes. According to the FBI sources, the medical clinic infrastructure that allows workers' compensation insurance fraud to thrive also has the capacity to defraud the health care insurance system of millions of dollars.

Other government agencies investigating insurance fraud include the United States Postal Service, the United States Attorney General's Office, and the Internal Revenue Service.

## Interagency Cooperation and Coordination

The Los Angeles County District Attorney's Office and the Department of Insurance work closely together on insurance fraud investigations occurring in Southern California. In fact, the DOI has two desks reserved for the District Attorney in its Los Angeles Office.

There are many obstacles to interagency cooperation and coordination. Namely, many of the agencies compete for funding as well as resources on a daily basis. In general, law enforcement officials and prosecutors tend to cooperate on an ad hoc basis but have little incentive to formalize interagency activities. The Grand Jury observed that law enforcement agencies have limited resources devoted to collecting and sharing information regarding workers' compensation insurance fraud.

## Insurance Industry

A recently passed law (SB 1218) required workers' compensation insurance carriers to create Special Investigative Units (SIUs) to stop fraud. Some insurance companies already had these mechanisms in place. In addition, the insurance companies have formed powerful anti-crime associations as a clearinghouse for information on fraudulent activity.

## State Compensation Insurance Fund

The State Compensation Insurance Fund (State Fund) is an independent agency of the state created to provide workers' compensation insurance in a competitive environment and as carrier of last resort. The State Fund is the largest workers' compensation insurer in California, currently covering about 45% of the State's policyholders.<sup>21</sup> Most of these policies are for small businesses.

State Fund has a comprehensive Special Investigative Unit and individual Claims Investigation

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<sup>21</sup> Interview with Ms. Donna Gallagher, Fraud Investigations Manager - California State Compensation Insurance Fund, on April 2, 1993.

Units at each of its 21 district offices. State Fund also subscribes to the National Clearinghouse for Bodily Injury Claims. This service matches identifying information (such as social security numbers) for multiple claims of the same injury. In addition, State Fund also actively investigates *employer* fraud. This normally occurs when an employer attempts to fraudulently lower his or her payroll in order to negate workers' compensation insurance premiums. As required by every insurance company, State Fund presents all of its evidence of fraud to the Department of Insurance and the District Attorney's Office. However, a State Fund representative revealed that many of the cases that they prepare are not criminally prosecutable because of the very high evidentiary requirement needed to obtain a criminal conviction.<sup>22</sup> They normally seek remedies through civil means.

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<sup>22</sup> Ibid.



**Attention Business Owners:  
Ten Ways to Identify and Curtail Workers' Compensation Fraud**

During the course of the study, the experts in the industry gave the following advice on curtailing workers compensation fraud for small businesses.

**1. Educate your employees** – Many employees assume that the government or payroll deductions pay for workers' compensation insurance. They are unaware that this is an expense that you incur at an increasing rate every year. In addition, your employees may not understand the correlation between fraudulent claims and your ability to stay in business.

**2. Inform your employees about the consequences of filing a fraudulent claim** – They will face fines up to \$50,000 and five years in jail.

**3. Manage your medical costs** – If you can regulate medical treatment from the start of a claim, the ubiquitous medical-legal mills may be avoided. Under most circumstances, employers can decide the medical treatment provider for the first 30 days after an on-the-job injury. Select a reputable and highly qualified medical clinic for your industrial accidents. Make sure your employees receive medical care that is prompt and of the highest-quality. Mediocre and delayed medical care will exacerbate and prolong injuries. Communicate regularly with the clinic.

**4. Create detailed and accurate job descriptions** – Educate the attending doctor about the physical demands of the employee's job so that a temporary disability opinion will not be used unnecessarily. Job descriptions also help the doctors in determining if modified work assignments can be made temporarily while the employee recovers.

**5. Thoroughly investigate accidents and complete all necessary paper work accurately and promptly** – This will let your employees know that the business is concerned with all occupational hazards and you are taking steps to eliminate accidents. In addition, businesses can be liable for the delay in benefit payments to the claimant if they fail to complete the proper forms in a timely manner.

**6. If you suspect fraud, act quickly** – Report potential fraud to your insurance carrier immediately. Obtain as many details as possible including interviewing co-workers. When corresponding with your insurance carrier about suspected fraud, use certified mail to record your efforts.

**7. Maintain communication with workers on temporary disability** – This will let legitimately injured workers know you are concerned about their recovery and send a message to malingerers that they cannot keep collecting benefits without reason.

**8. Get an injured worker back on the job as soon as possible** – The earlier a worker is back at on the job, doing anything, the less time he or she has to be tempted by daytime law firm television advertisements.

**9. Conduct exit interviews with departing/laid off employees** – Discuss the working conditions, the safety of the work environment, and confirm that the employee was not injured while on the job. Both you and the employee sign documentation that the conversation took place.

**10. Ensure your laid off employees sign up for unemployment benefits** – If possible, escort your eligible terminated workers to the Employment Development Department and assist them in obtaining benefits. This will deter cappers at a time when your former employers are most vulnerable. If more than 30 employees have to be laid off at once, the Employment Development Department will have a representative visit the worksite and facilitate benefits, providing arrangements are made in advance.

Sources: Burdick, Kevin. *The Business Journal*. "Tips for Controlling Workers' Compensation Costs" March 15, 1993, p. 10, and the Los Angeles County District Attorney's Office, Major Fraud Unit.

### *National Insurance Crime Bureau*

The non-profit National Insurance Crime Bureau (NICB) is funded by approximately 1,000 insurance companies around the country. They maintain a comprehensive data base relating to fraudulent property/casualty and automobile claims. The NICB also serves as a liaison between their members and law enforcement agencies when investigating fraud cases. This is one instance in which an organization cohesively binds competitive firms when the outcome can benefit all of them. Currently, the self-insured government entities, such as Los Angeles County, are not members of the NICB. Representatives of the NICB indicated that, if asked, they would consider the possibility of membership for self-insured public entities such as Los Angeles County.<sup>23</sup>

### *Conclusion*

There are currently over 90 pending bills in the California Legislature to modify existing workers' compensation regulations in order to curtail fraud and the exorbitant costs of providing coverage. These include three omnibus reform packages.

The Grand Jury has received information that alleges that some individuals target people in positions of authority and trust to perpetuate insurance fraud. Targets may include claims adjusters, political figures, and members of law enforcement. Although the committee received no evidence of such practices, it has been alleged that prospective victims may be given gifts, contributions, vacations, or other inducements as bribes in order to overlook fraudulent activities and then be threatened with adverse publicity if he or she turns uncooperative. Elected officials need to carefully scrutinize the source of campaign contributions to avoid even the appearance of a conflict of interest.

As this report shows, many positive steps have been taken to address the problem of insurance fraud. The attack on workers' compensation fraud, however, is still in its infancy. New programs and resources devoted to curtail fraudulent activity must remain in place, developing with as few growing pains as possible.

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<sup>23</sup> Interview with Mr. Michael Powell, Western Region Vice President - NICB, on April 2, 1993.

## RECOMMENDATIONS

Those engaged in the battle need sustained financial and management support. The following recommendations are designed to provide such support. It is recommended that the Los Angeles County Board of Supervisors in cooperation with the District Attorney and insurance industry:

1. Consider lifting hiring restrictions affecting recruitment of personnel for the Los Angeles County District Attorney's Major Fraud Unit. After reasonable review of available in-house resources, allow the unit to search outside County government for qualified attorneys and investigators.
2. Provide adequate space and equipment to allow attorneys and investigators to research and prepare cases for successful prosecution.
3. Direct the Los Angeles County Risk and Insurance Management Agency in cooperation with the District Attorney's Office, to establish a Special Investigation Unit (SIU) - County Employees Workers' Compensation. The County is facing the possibility of unprecedented layoffs, a time when the temptation to commit fraud is at its greatest. A County SIU will help to identify and mitigate fraud losses.
4. Initiate a study to examine the possibility of creating a regional workers' compensation criminal information data base, and determine the entities to which the information will be made available. This could be utilized much like the current Better Business Bureau system of cataloging unscrupulous business people and practices.
5. Create a Workers' Compensation Insurance Fraud Prevention Council consisting of representatives of major law enforcement agencies to develop and revise their "game plan" as trend data becomes available. In addition, appoint an advisory group including representatives of the insurance industry, employers, employees, doctors, and lawyers.
6. Insurance companies and all public and private agencies involved in the review and assessment of auto insurance and workers' compensation insurance claims should consider a careful review of claims, to note any patterns that may appear, such as claims involving the same claimants, the same attorneys, the same medical professionals, the same employers, or similar fact patterns. Such patterns may be a ready indicator of fraudulent activities.

## APPENDIX

### Persons Interviewed

#### **Automobile Club of Southern California**

Mr. Lawrence Baker, Jr., Vice President  
Mr. Bruce Randall, Director - Claims Division

#### **California Department of Insurance**

Mr. Jerry Treadway, Bureau of Fraud Investigations

#### **California State Compensation Insurance Fund**

Ms. Donna Gallagher, Fraud Investigations Manager

#### **Federal Bureau of Investigation**

Mr. Thomas Parker, Assistant Special Agent in Charge

#### **Fremont Compensation Insurance Company**

Mr. Sal Bianco, Vice President of Government Affairs  
Mr. Henry Krizl, Jr., Senior Vice President - Claims  
Mr. Ranny Pageler, Assistant Vice President Fraud Investigations

#### **Gibson, Dunn, & Crutcher**

Mr. William Z. Carr, Jr., Esquire

#### **Gilbert, Kelly, Crowley & Jennett**

Mr. Arthur McKeon III, Esquire

#### **Kumetz & Glick**

Mr. Fred Kumetz, Esquire

#### **Lamps Plus**

Ms. Nicki Coble, Manager - Employment and Benefits  
Ms. Sharon Overton, Vice President - Human Resources

#### **Liebman, Reiner & McNeil**

Ms. Helen Bather, Esquire  
Mr. Ian McNeil, Esquire  
Mr. Victor Winnek

#### **Los Angeles City Personnel Department**

Mr. Stanley Gronos, Chief - Workers' Compensation Division

**Los Angeles County District Attorney's Office**

Mr. Edward Feldman, Deputy District Attorney - Major Fraud Unit

Mr. Allen Field, Head Deputy District Attorney - Major Fraud Unit

**Los Angeles County Risk and Insurance Management Agency**

Mr. William McClure, Chief - Disability Benefits Division

**National Insurance Crime Bureau**

Mr. Michael Powell, Vice President - Western Region

**Rose, Klein, and Marias**

Mr. Marvin Shapiro, Esquire

**Shaw, Seagraves & Associates**

Mr. Scott Shaw

Mr. Jerry Shaw

Mr. Robert Williams

Mr. William Worden, Manager - Claims Systems Control

**Transamerica Insurance Company**

Ms. Sherri Miller, Workers' Compensation SIU Manager

**Workers' Compensation Appeals Board**

Honorable Judge Pamela Foust

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# JAILS

## **COMMITTEE MEMBERS**

**Earleen Starks, Chairperson**  
**Lair Franklin**  
**Evelyn Friedman**  
**Solly Laub**  
**Daphne Lewis**  
**Monte Monroe**  
**Kathryn Winnek**  
**James Wright**



# JAILS COMMITTEE REPORT

## INTRODUCTION AND SUMMARY

Under Section 919(b) of the California Penal Code, the Los Angeles County Grand Jury is required to inspect the conditions and management of jails throughout the County. As an independent group of citizens from many walks of life, the Grand Jury lends a fresh perspective to address the problems of jail operations. The Grand Jury recognizes that severe budget constraints and increasing jail populations have strained the capacity of the jail system for several years. A primary objective of the Jails Committee is to call the public's attention to the most urgent unmet needs that can be identified.

The Jails Committee of the 1992-93 Grand Jury inspected over 80 custody facilities. This included jails for adults and juveniles. During inspections the following major issues were identified:

- Los Angeles County's Juvenile Court facilities lack adequate security to prevent persons from entering with weapons. Eastlake Court Complex operated by the Probation Department is one example of the inadequate attention to security that appears prevalent in the juvenile court facilities.
- Pasadena Municipal Court lock-up facilities continue to be overcrowded. In the three years since a comprehensive facilities security assessment was prepared by an expert, the County has made only minor improvements in the problem of security and overcrowding.
- Los Angeles City Police Department's Rampart Division police station is in a deplorable condition of disrepair. The station is severely overcrowded with staff and detainees. The areas surrounding the station have the highest crime rates and population densities in the City. The inadequacies of the police station contribute to the difficulty of meeting the law enforcement needs of the precinct and threaten the health and safety of those who visit or utilize the station. Rampart Station is the central booking and holding facility for all females arrested south of the Hollywood Hills by the Los Angeles Police Department.

## BACKGROUND

Jails are owned and operated by both the County of Los Angeles and various municipalities throughout the County. Municipal facilities are to hold prisoners awaiting booking and transfer to County facilities, prior to trial.

County jails accommodate both prisoners prior to sentencing and those who must serve the duration of their sentence in a County jail. Detention facilities administered by the Sheriff's Department include the Central jail, Sybil Brand Institute for Women, Peter J. Pitchess Honor Rancho, Biscailuz Center, Hall of Justice Jail, Mira Loma Male, Mira Loma Female Honor Rancho, and the North County Correctional unit. Facilities for juveniles are administered by the County Probation Department. These include the Central Juvenile Hall, Los Padrinos Juvenile Hall, San Fernando Valley Juvenile hall, the Dorothy Kirby residential treatment center and 19 camps.

## PROCEDURE

The Jails Committee consisting of eight members was appointed in mid-July. To enable inspection of as many jails as possible, the Committee assembled teams of two or three members. Inspections were not announced. Scheduled visits had to be arranged for larger facilities because of security requirements. In several cases, the Committee visited a facility more than once. The entire Grand Jury visited the Los Angeles Central Jail, Peter Pitchess Honor Rancho and Sybil Brand Institute. Following is a list of facilities inspected:

- Los Angeles Sheriff's Department Stations
  - Antelope Valley
  - Avalon
  - Hall of Justice
  - Inmate Reception Center
  - Lennox
  - Lomita
  - Malibu
  - Men's Central Jail
  - Santa Clarita Valley
  - Sybil Brand Institute for Women
  - Peter J. Pitchess Honor Rancho
  - Temple
  
- Municipal Court Lockups
  - Alhambra
  - Beverly Hills
  - Burbank
  - Compton
  - Criminal Courts
  - Culver City
  - Hollywood
  - Inglewood
  - Redondo Beach
  - Torrance
  - Lancaster
  - Santa Monica
  - West Los Angeles

Glendale  
Long Beach  
Valencia  
Pasadena

- Superior Court Lockups

Alhambra  
Burbank  
Avalon  
Compton  
County Courthouse  
Criminal Courts  
Culver City  
Glendale  
Inglewood  
Lancaster  
Northwest  
Santa Monica  
Torrance  
LAC+USC Medical Center Jail Ward  
Children's Court  
Pasadena  
Southwest  
Long Beach

- Los Angeles Police Department Jails

Central Area  
Devonshire Area  
Pacific Area  
Rampart Area  
Southeast Area  
West Los Angeles Area  
West Valley Area  
Wilshire Area  
Pasadena Area  
Southwest Area  
Parker Center Jail Division  
77th Street Area  
Northeast Area  
North Valley Area  
Hollywood Area  
Hollenbeck Area

- Municipal Police Department Jails

Alhambra  
Beverly Hills  
Burbank  
Compton  
Glendale  
Hawthorne

Manhattan Beach  
Torrance  
El Segundo  
Hermosa Beach  
Inglewood  
Long Beach  
Pasadena  
Redondo Beach  
Santa Monica  
Downey  
Culver City

- Juvenile Halls  
Eastlake Juvenile Hall  
Sylmar Juvenile Hall  
Los Padrinos Juvenile Hall
- Los Angeles County Probation Camps  
Camp Kilpatrick  
Dorothy Kirby Center

## **FINDINGS**

The following findings cover the primary matters of concern identified by the Jails Committee during its inspection of over 80 detention facilities throughout the County.

### **A. OVERALL FINDINGS**

Jails are generally well run, neat and clean. Due to the apparent lack of funding, improvements to enhance security and to ease overcrowding have been delayed at a number of facilities.

### **B. JUVENILE DETENTION FACILITIES - EASTLAKE COURT COMPLEX**

Juvenile detention facilities represent the greatest overall immediate need for improvements to security. After inspecting many facilities for juveniles, the Committee was appalled by the lack of measures to identify weapons and to prevent confrontations between hostile gang members who are frequently at the facilities.

Eastlake Court Complex, located at 1601 Eastlake Avenue in the City of Los Angeles, exemplifies the kind of problems faced at all juvenile facilities. The Committee's inspection team noted that there is no weapons screening system. A person intent on bringing a weapon into the building can do so very easily. Once inside the building, a person is free to roam anywhere in the building. The danger is not just from gang members, but from anybody who might carry a weapon into the building. An errant

bullet in a crowded hallway could easily injure innocent bystanders thereby subjecting the county to additional lawsuits.

The Jails Committee received a copy of a March 29, 1993 security assessment of Eastlake Court Complex<sup>1</sup> which identified many security related deficiencies. According to the security assessment, most of the problems experienced at the facility are from gang members. The report notes:

"The street gang ethic is one of hatred for members of rival gangs. This long standing hatred brews to levels of physical, even deadly confrontation. The limited space within the building forces this potentially violent mixture of people to wait together in a single hallway. It has not been uncommon for minor confrontations to occur. The employees are concerned about the potential for violent incidents occurring at the facility and have expressed a concern for the safety and the security within the building and the parking area. "

"The report goes on to provide a series of 35 recommendations to improve security at Eastlake Court Complex. Recommendations address issues regarding building access, parking area security and weapons interdiction, among other things. A weapons screening system is recommended because of the large number of gang members who routinely frequent the building. Other recommendations call for remodeling the facilities to limit access; improving communications with radios, alarms and electronic monitoring and installing of lighting and fences in the parking area."

The Jails Committee finds that the conditions described in Eastlake are present in all juvenile court facilities. Immediate installation of metal detectors and strategic placement of closed circuit television cameras for Sheriff's deputies to monitor public areas would significantly improve security at all juvenile facilities.

### C. PASADENA MUNICIPAL COURT LOCKUP

Overcrowding at the Pasadena Municipal Court lockup has been a serious problem for years. The 1991-92 Grand Jury recommended construction of a new lockup to double the male lockup capacity from 25 to 50 custodies. According to a report of the County Chief Administrative Office, the \$1,000,000 estimated maximum cost of the lockup could be paid from the Master Courthouse Construction Program. It would require 12 months to construct the new lockup.

Following up on the report of the 1991-92 Grand Jury, the Jails Committee visited the facilities located at 200 North Garfield, Pasadena. The Committee found that the

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<sup>1</sup>Patrick W. Soll, Lieutenant, Office of Security Management Justice and Public Safety Branch, County of Los Angeles, Chief Administrative Office, March 29, 1993

County has not initiated improvements to the lockup. Conditions in the male holding cell continue to represent a potential threat to personal safety of the staff, custodies and visitors. Immediate corrective action is needed.

Letters exchanged between the Chief Administrative Office and the 1991-92 Grand Jury and between the Pasadena Municipal Court and the Chief Administrative Office indicate that a misunderstanding exists as to the funding for construction of a new lockup.

#### **D. LOS ANGELES POLICE DEPARTMENT RAMPART DIVISION**

Rampart Division police station is located at 2710 West Temple in the City of Los Angeles. It serves the ethnically diverse Wilshire area which has an almost equal population of Hispanic, Black and White ethnic groups. In addition, there is a substantial Asian population, mostly Koreans. According to the latest information available, population in the Rampart Division precinct is 253,919. The actual population count is difficult to ascertain due to the large influx of immigrants, many of whom may be undocumented. The precinct's average population density of approximately 31,700 per square mile is higher than that of any other precinct in the Central City. Rampart precinct has one of the City's highest crime rates. More violent crimes occur in this precinct than in any other precinct in the City. There are at least 49 active gangs in the area varying in size from 13 members to over 1,000 members.

The Rampart police station has seen few improvements since its construction in 1957. This Station has the only secure lockup for females in the entire Central City area. During the course of several inspections, Jails Committee members were particularly concerned with the poor repair and working conditions at the Rampart area station. Some of the most noticeable problems were the lack of working space for the staff, inadequate locker room facilities for personnel, and lack of building security. Also, except for the women's holding facility, the station has leaks throughout. Cramped quarters bring prisoners, visitors and witnesses dangerously close together. In addition, parking facilities are so congested that rapid deployment would be difficult and potentially hazardous. Overall, it appears that these conditions may expose the City to employee stress claims, as well as claims from third parties for general liability.

The Committee asked the Police Chief for his plans to improve the facilities. It was learned that the Police Department is seeking to relocate the Division's detectives in leased space, if such space can be identified and funds are approved by the City Council. While this may provide some temporary relief to overcrowding, it will not address the need for repairs, security measures and jail facilities needed to cope with the high volume of criminal activity in the area.

## RECOMMENDATIONS

The Grand Jury recommends that:

1. The Board of Supervisors, in cooperation with the Judicial Officers of the Pasadena Municipal Court, immediately identify funds to construct a new lockup facility at the Pasadena Municipal Court. A new lockup would alleviate overcrowding and help improve security for bench officers, court personnel, custodies and visitors.
2. The Board of Supervisors immediately allocate funds to improve Eastlake Court Complex as recommended in the March 29, 1993, report of Patrick W. Soll, Office of Security Management. Weapons screening systems, metal detectors and closed circuit television cameras should be installed at strategic locations in all juvenile court facilities, not just Eastlake.
3. The Los Angeles City Council and the Mayor allocate funds to repair Rampart Division police station and to immediately alleviate overcrowding in the facilities. Consideration should be given to the formation of a Rampart Police Station Improvement Task Force consisting of representatives of the private sector, City of Los Angeles and County of Los Angeles to address both short term and long term solutions to the facilities problems facing the police station.

## APPENDIX

### Persons Interviewed

Ernest Castro, Director, Northeast Juvenile Justice Center, Probation Department  
William P. Buckert, Superintendent, Central Juvenile Hall (Eastlake)  
Commander George Morrison, Central Bureau, Los Angeles Police Department  
Albert J. May, Superintendent, Los Padrinos Juvenile Hall, Probation Department  
Captain Julius I. Davis, Commanding Officer, Wilshire Area, Los Angeles Police Department  
Captain Peggy York, Wilshire Area, Los Angeles Police Department  
Sergeant Jeanine M. Wathen, Watch Commander, Lomita Station, Los Angeles Sheriff's Department  
Sergeant Herom Komato, Lomita Station, Los Angeles Sheriff's Department  
Captain Gregory R. Berg, Commanding Officer, Rampart Area, Los Angeles Police Department  
Sergeant Mike Mines, Rampart Area, Los Angeles Police Department  
Officer George S. Brietigam III, Rampart Area, Los Angeles Police Department  
Lieutenant James Riley, Pasadena Police Department, Service Division  
Officer Jackie Jones, Jail Manager, Santa Monica Police Department

### Documents Reviewed

Corrections 2000, Policies For The Future by The California Corrections Policy Development Project, May 1992  
  
Los Angeles County Probation Department Visitor Information Packet, January 1992  
  
Physical Security Assessment - Eastlake Court Complex, Patrick W. Soll, Lieutenant, Office of Security Management Justice and Public Safety Branch





# JUVENILE SERVICES

## COMMITTEE MEMBERS

Georgiana Daskais, Chairperson  
Selma Feldman  
Evelyn Friedman  
Anna Jaramillo  
Richard Mankiewicz  
Earleen Starks  
Gloria Vargas

# JUVENILE SERVICES COMMITTEE

## INTRODUCTION AND SUMMARY

The Juvenile Services Committee was organized out of concern for the welfare of the abused and neglected dependent children of Los Angeles County. This Committee initiated an investigation to determine the compliance by the Department of Children's Services (DCS) with Juvenile Dependency Court orders. It also investigated the emancipation of foster youth and the current status of the changes recommended in the 1991-92 Grand Jury Juvenile Services Committee report on "Legal Representation in the Dependency Court." In addition, the committee received and considered citizen complaints related to the delivery of services by DCS.

### A. COMPLIANCE BY THE DEPARTMENT OF CHILDREN'S SERVICES WITH JUVENILE DEPENDENCY COURT ORDERS

#### BACKGROUND

The committee reviewed DCS and court files in an attempt to determine the degree of compliance with Juvenile Dependency Court orders by DCS for the following reasons:

1. The committee learned that an independent review had not been conducted in recent years of the process by which DCS complies with Juvenile Dependency Court orders for services to children and their families.
2. The strict confidentiality of records prevents agencies other than the Grand Jury from having access to DCS and Juvenile Court records.
3. The committee believes that because of the confidentiality of records and other constraints, there is a lack of communication and accountability in this system which has sole responsibility for the welfare of over 41,000 dependent children of Los Angeles County. The confidentiality of all records prevents public access or independent review of the reporting and accounting system where large sums of money are spent for the care of these minors.<sup>1</sup>
4. It is to be noted that, one out of every three children who now go through the Dependency Court for abuse and neglect eventually wind up in the Delinquency Court

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<sup>1</sup>For the latest year for which figures are available, fiscal year 1991-92, DCS has spent over \$200 million.

on a criminal matter.

5. The committee believed that this would be a useful area to study because the Dependency Court system has a very significant impact on the lives of thousands of children in Los Angeles County.

## PROCEDURE

The Grand Jury retained Price Waterhouse to conduct this management study with the objective of determining the quality and extent of compliance by DCS with the orders of the Juvenile Dependency Court judges and of making recommendations which would lead to greater management effectiveness.

From the outset, the Grand Jury Juvenile Services Committee understood and announced that the small sample size of the study, limited by Grand Jury budget and time constraints, would not lead to a "statistically valid" estimate of compliance rates. However, the Grand Jury believed that the study would be of help to the system and would lead to a larger and more comprehensive study.

The Grand Jury was extremely disappointed by the lack of cooperation by both the management of DCS and the Presiding Judge of the Juvenile Court, although both were advised at the outset of the study that it was intended to be of assistance to both. The committee understands the immense burdens both DCS and the court suffer because of their increasing caseloads, and lack of sufficient resources, including funds. However, increasing needs and decreasing funding necessitate greater efficiency.

The committee and Price Waterhouse made every possible effort to cooperate with DCS and the Juvenile Court only to be met with roadblocks, delays, and lack of cooperation. Further, DCS retention of outside counsel for advice and presence at joint conferences with the committee was a surprise.

The Grand Jury is concerned with the amount of county time and county money which has been expended in an effort to delay and impede a small and potentially helpful study. The funds could be more beneficially spent on the minors whose care the study was intended to improve.

Following is the Executive Summary of the management audit conducted by Price Waterhouse. The Grand Jury adopts the recommendations of the auditors and strongly urges their implementation.

# EXECUTIVE SUMMARY OF MANAGEMENT AUDIT

## BACKGROUND

The Grand Jury asked its contract auditor, Price Waterhouse, to conduct a study of the process and methods by which DCS ensures compliance with court orders for services to children and their families. The primary objective of the study is to provide useful suggestions for improving the process.

## PROCEDURE

The contract auditor's field work consisted of the following: fact-finding interviews with officials of DCS and Juvenile Dependency Court; review of policy and procedures manuals; and analysis of a small sample (75) cases from all of the DCS field office regions.

A significant limitation of the study methodology is that it relied on documentation contained in a small sample of cases. Telephone and face-to-face contacts between DCS staff and the various parties to the case (children, parents) were taken into consideration only to the extent they were reflected in documents in case files. The contract auditors did not evaluate the effectiveness of the counseling, placement, and other services provided through DCS. An evaluation of the effectiveness of such services was beyond the scope of this study.

### *Process for Issuing Court Orders*

For the purposes of this report, a court order for services is defined as an order issued by a judicial officer requiring DCS to provide or facilitate services to a family.

1. Judicial Officer issues court orders for services using the Los Angeles Superior Court Minute Order form. The minute order may contain several orders.
2. There are two DCS social workers assigned to each courtroom who are responsible for transferring the minute orders to the appropriate field offices.
3. The minute orders are received at the field office by the Children's Social Worker (CSW) managing the case. This CSW is responsible for ensuring that the court-ordered services are provided to the family in the prescribed manner. In addition, the CSW is responsible for constantly monitoring the delivery of services.
4. At subsequent court hearings, the CSW managing the case is responsible for submitting a court report to the court which documents the services offered by DCS to the family.
5. The Judicial Officer assesses whether DCS has offered the court-ordered services to the children and parents/guardians and how well DCS and parents/guardians have

complied.

6. If a court order is not fully implemented, the judge may issue additional instructions. Parents may be penalized for failure to obey court orders.

Most court orders for services issued by Judicial Officers are for Child Welfare Services. Under Section 16501(a) of the Welfare and Institutions Code (WIC), Child Welfare Services may include: "...preventing the unnecessary separation of children from their families by identifying family problems, assisting families in resolving their problems, and preventing breakup of the family where the prevention of child removal is desirable and possible; restoring to their families children who have been removed, by the provision of services to the child and the families; identifying children to be placed in suitable adoptive homes, in cases where restoration to the biological family is not possible or appropriate; and assuring adequate care of children away from their homes, in cases where the child cannot be returned home or cannot be placed for adoption..."<sup>2</sup>

## FINDINGS

1. *DCS places a strong emphasis on maintaining monthly face-to-face visits with minors.*

Whenever the court orders that family maintenance, family reunification, or permanent placement services be provided, with a few exceptions, DCS Children's Social Workers (CSWs) are required to maintain monthly contact with children.<sup>3</sup>

In virtually all 75 cases in our sample, documentation in the case files verified that CSWs maintained monthly face-to-face visits with minors. In instances where there was no monthly face-to-face contact with the minor, CSWs were consistent in completing exception reports which were properly reviewed by a supervising CSW who authorized the exception.<sup>4</sup>

2. *DCS case files contained documentation that medical services were received within 30 days from placement.*

As part of every court order for family reunification services where a child is removed

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<sup>2</sup>California Welfare and Institutions Code, Section 16501.

<sup>3</sup>State Department of Social Services Division 30 regulations for Child Welfare, Manual of Policies and Procedures Sections 30-252.11 et. seq., 30-342.3 et. seq., and 30-442.31 et. seq.-Los Angeles County Department of Children's Services Desk Guide and Children's Social Worker Handbook A-L Policy# FM91-01, FR91-01, and PP91-02.

<sup>4</sup> Please note: Our sample would only capture those minors who entered the system in either fiscal year 1990 or 1991. This would not allow many long-term foster care cases to be captured in the sample.

from the parents/guardians home to a placement, a medical and dental examination must be completed within 30 days of placement.<sup>5</sup>

We were able to verify through documentation in 65 of the 75 cases in our sample that DCS complied with the medical examination requirement. There was no documentation in case files to verify in all instances that children received dental check-ups within 30 days of placement. This apparent shortcoming may be due in part to the way medical/dental information is recorded in the case files. Although most cases have medical folders, medical information is often noted in various places throughout the file. We did not see any cases which were organized with the new Model Case Format that was implemented January 1, 1993. The new format should improve the way medical and dental information is stored in the case files.

3. *Service plans are an important tool to help support implementation of court orders. Based on the sample of cases reviewed, DCS service plans are not always specifically tailored to the special needs of each family.*

### Parental Involvement

Two noted authorities in social work, Eileen Gambrill and Laura Epstein, both agree parents and families should be in charge of identifying specific changes they would like to make in their lives. Most troubles separating families have two components: the parent lacks resources for alleviating a problem and the parent lacks skills for alleviating problems.<sup>6</sup> The primary purpose of the service plan is to identify the problem causing the family crisis. According to Epstein, the "target problem is what the parent thinks is the problem, what the parent thinks should be alleviated, and what the parent thinks should be worked on."<sup>7</sup>

The case plan (service plan) is the guiding principle for all Child Welfare Services (Family Reunification, Family Maintenance, and Permanent Placement). DCS is required to complete service plans for each of the child welfare service programs no more than 30 days after a court order for services is issued.

Even though many of the service plans we reviewed contained a parent signature, it was difficult to determine what involvement, if any, the parent had in developing the plan. During our interviews with CSWs, they reported that parents often had little input regarding the development of the service plan. Our review of written case files (such as 1950 Activity Logs that record case worker contact with parents/guardians and children) tended to confirm this observation. Rarely were written comments observed

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<sup>5</sup> State Department of Social Services Division 30 Regulations, pages 30-342.

<sup>6</sup> Epstein, *Helping People*, page 9.

<sup>7</sup> *Ibid*, page 9.

that would indicate changes were made in response to parent/guardian input.

Given the problems many of the parents face (incarceration, substance abuse, etc.) the task of involving parents in case plans will not be easy to accomplish; however, it is an area where additional effort is merited.

### Specificity

Many of the DCS case plans (service plans) in our sample appear to be generic plans rather than a specific plan of action tailored to a family's service needs. A plan must include specific goals and objectives for completion.

Based upon a review of the cases in our sample, initial service plans often contained short declarative statements with little elaboration. Often, service plan objectives were identical from case to case. For example, many of the cases in our sample had an initial service plan with nothing more than a statement of an objective such as, "Mother to complete parenting training program."

Although there is ample space in this section of the service plan form, usually only one sentence was written, such as "counseling services to be provided," or "routine medical exams to be conducted quarterly." In some cases, the service plans contained such little detail that it was difficult for the auditor to see how treatment workers could provide continuity of services, especially when the case is transferred from one CSW to another. For example, one case plan (service plan) included this information, "... mother to develop an independent job and career plan."

With the new requirements for case plans (service plans) in SB 1125, where the case plan will be the guiding principle for all child welfare services, it will be imperative for CSWs to write comprehensive, accurate service plans.<sup>8</sup> When case plans do not provide the parents/guardians with clear concise goals and objectives related to court orders, it makes it difficult for the court or auditors to determine that reasonable efforts have been provided to assist families in meeting court orders.

4. *DCS policy regarding how case workers refer parents to counseling services could be strengthened.*

### Referrals/Program Availability

The State Social Services Manual of Policies and Procedures Division 30-002-(6)(I) defines a referral as "... an activity to inform another service agency that a person desires or requires that agency's services and to assist the person to avail him/herself

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<sup>8</sup>Statutes 1991, Ch. 1203, amending various provisions of the California Welfare and Institutions Code relating to children.

of such services.”<sup>9</sup> In addition, DCS CAP Policy Number Cap 8 (May 31, 1991), Assisting Parents and Children to Obtain Counseling, states “... resources must be accessible and available for the parent/child to immediately utilize ...”<sup>10</sup>

However, the Department’s policy does not require CSWs to call the program prior to referring a case to ensure there is adequate space. The CSWs we interviewed said most CSWs rarely called counseling/treatment programs to ensure adequate space was available for the family member prior to making a referral. Contact with a counseling program to ensure there is space immediately available can help increase the likelihood that parents/guardians will comply with court orders.

Based on our sample and interviews with DCS staff, it appears that CSWs routinely refer parents/guardians to counseling and other treatment programs by providing lists of programs. In our sample of 75 cases, we found no documentation in 74 of the files to indicate that phone calls were made to determine the availability of service prior to making a referral. It is possible that verbal contact was made in each of the cases we reviewed. However, we were unable to verify this from the information in the files.

### **Minimum Standards/Referral Process**

During our field work, we found that the process for making referrals was not standardized throughout the DCS regions. For example, some referrals were made orally to the family members; while others were conveyed by written letters with specific details on programs. In addition, some referrals would include a photocopied list of agencies for the parent to choose. In some cases, there would be a list of referrals marked with no date, making it unclear as to when the referrals were sent and whether the parent and/or caretaker actually received the referrals.

A letter DCS sent to Price Waterhouse responding to questions in this regard states, “...there is no standard number of referrals that should be provided to a client. The number of referrals offered depends on the individual needs of the client. Referrals may be offered by either written or verbal means.”

A consistent method for referring parents/guardians to counseling programs would help DCS better monitor the efforts CSWs make in referring parents/guardians to treatment programs.

### **Program Qualifications**

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<sup>9</sup> State Department of Social Services Division 30 regulations for Child Welfare, Manual of Policies and Procedures Section 30-002-(6)(I).

<sup>10</sup> Los Angeles County Department of Children’s Services Policy Numbers CAP 8.



During the study, we could find no systematic process by which new treatment programs become "DCS-approved." Families can be referred to any counseling programs selected by DCS social workers.

DCS has established a directory of resources for children, youth, and families (last updated in June 1992 based on a previous version developed in August 1987).

We were unable to find a written definition of what constituted a DCS-approved facility. However, DCS responded to this question in a letter dated March 26, 1993 stating, "... The terminology DCS-approved facility means a facility selected by a DCS CSW based upon their judgment, experience, and the reputation of the agency, not upon a specific approval process..."

In our sample of 75 cases, we were able to identify 58 agencies in DCS Court reports whose names were contained in the 1987 Resources Guide. The other 33 agencies mentioned in the DCS Court reports were not in the resources guide. Given the importance attached to the parent/guardian obtaining adequate counseling services, it is critical that the programs chosen be able to deliver at least a minimum acceptable level of service. With over 1,000 CSWs making referrals to treatment agencies, current practice makes it difficult for DCS to be certain that referrals are always made to effective programs.

5. *It is not possible to determine whether there has been complete compliance with court orders for services to parents and guardians simply by reviewing files of the Court and DCS because much of the communication between DCS and counseling programs is accomplished orally and may not be documented in detail in the files.*

DCS Policy Number CAP 8 (2E), Assisting Parents and Children to Obtain Counseling, states "... the CSW is the team leader in assisting families to obtain counseling." According to the policy, this requires the continuous monitoring and evaluation of the effectiveness of the service and the progress of the participants. This also entails arranging for written progress reports from counseling agencies to DCS routinely, but not less than quarterly.

Of the 37 cases in our sample where DCS reported that a parent/guardian enrolled and attended counseling, there was no documentation in the file to support that a CSW had received a written quarterly report in 22 cases. It was impossible to determine if these 22 cases represented failure to monitor or merely failure to provide written documentation.

Written verification of enrollment and attendance in a treatment program can be an important tool for monitoring progress of parents/guardians in treatment programs. Written progress reports can contribute to the accuracy of information provided to the court concerning the progress of counseling.

6. *DCS does not have written policies and procedures to address the service requirements of parents/guardians who are incarcerated.*

In some instances where parents are incarcerated, Judicial Officers order that services be provided by DCS. This creates a difficult situation for CSWs. It requires a basic understanding of the California correctional system to develop a service plan that can be fulfilled to a certain degree while the parent is incarcerated.

In response to our question regarding how DCS involves incarcerated parents in developing a service plan, DCS responded as follows: "These cases will vary somewhat based upon differing situations, but in general, if an incarcerated parent is included in the service plan (for instance, the parent is expected to be released shortly and reunification is planned for the parent) the CSW would visit the parent in jail, or discuss the plan by phone, and the parents/guardians would be asked to sign the plan. If the parent is not included in the service plan then their signature is not required. Only parents who are included in the plan must be requested to sign it."

In 13 of the 75 cases in our sample, at least 1 parent was incarcerated at some point in the case. However, we found no documentation in any of the case files indicating that the initial service plan or a modified service plan took into consideration the incarcerated status. In addition, in 5 of the 13, we found no documentation that the CSW contacted the incarcerated parent/guardian.

To properly assess the potential for family reunification, CSWs need to maintain contact with incarcerated parents. In addition, without such contact, the parent is unable to provide input regarding the CSWs recommendations regarding the status of the case.

7. *DCS does not have a policy regarding notification to the parent/guardian when a case is transferred between CSWs.*

Ensuring continuity of case management services is important to the success of court-ordered services to families. DCS responded to a question regarding transfers as follows: "... there is no policy which specifically addresses contacting parents when a case is transferred from one CSW to another. This information is usually provided to the client by phone call or letter from the CSW."

Based on our interviews with CSWs, we found letters of introduction for a new social worker are rarely used. Also, in our sample of cases when a case was transferred between CSWs, we found no written notification to any of the family members or foster parents. Given the size of the DCS staff and the normal level of staff changes in any such organization, a policy of relying primarily on oral communication of such important changes may create communication problems. If parents/guardians are not sure which CSW is managing their case, it may increase the difficulty they experience

in complying with court orders.

8. *DCS has developed a court report training manual. However, it appears some of the DCS court reports in our sample provide minimal information regarding compliance with court-ordered services and the effect of these services on the family.*

DCS has established a court report training manual to provide CSWs with training in writing court reports in the DCS report format. However, some of the court reports reviewed in our sample were long, cumbersome, and provided little new information regarding services offered during the current reporting period. The guidelines do not provide specific procedural guidance regarding case management issues.

Based on our sample of cases and interviews with CSWs, there appears to be a significant amount of discretion exercised by CSWs regarding information reported to the court.

Court reports prepared by DCS include PRC/Disposition Reports and Judicial Review Reports. Reports in our sample were often long, cumbersome, and lacking in clarity. In almost every report we reviewed, much of the information in the court report was repeated from previous reports. Too much time was spent on the previous history of a case and too little new information was provided regarding services offered during the current reporting period.

9. *DCS case workers manage a very complex legal and social work process. Their work could be facilitated by a better organized DCS policies and procedures manual, one organized around the case process and accompanied by a table of contents and index. Interviews with DCS staff confirmed this observation.*

The DCS Children's Services Desk Guide and Children's Social Worker Handbook A-Z do not provide clear, concise procedural guidance to assist social workers manage their cases. The booklet is a collection of Department directives spanning the period from 1991 through part of 1993. The children's services handbook does not contain an index or table of contents to identify where specific policies and procedures are contained.

10. *Based on the cases in our sample, there is a question as to whether DCS consistently provides proper notice to all parties. This is a serious problem which could be verified through further sampling of cases.*

As part of court-ordered services, DCS is required to properly notify parents/guardians of hearings regarding their case. This is outlined in DCS Policy Number Court 91-02, 91-03, and Welfare and Institution Code Sections 335 and 337.

In 23 of the 75 cases in our sample (30%), we found at least 1 instance of improper

notice in the case. In our interviews with judicial officers, they expressed a concern that there is improper notice far too often.

11. *Court orders for visitations often do not provide specific visitation requirements. Therefore, the auditors were not able to assess DCS's compliance with visitation court orders.*

Judicial Officers are responsible for setting the terms and conditions for visitations between children and their families. DCS is responsible for ensuring that these court orders are implemented appropriately.

The reference manual, *Making Reasonable Efforts: Steps for Keeping Families Together* recommends that courts make specific visitation orders. These orders should include a schedule for visitation that can be expanded at the discretion of the social worker. It should also specify the time for visitation, the location of visitation, transportation arrangements that must be made, and any specific restrictions on visitations the court requires or will permit.<sup>11</sup>

Many of the court orders for visitations in our sample were not specific enough for the auditors to determine whether DCS was complying with visitation requirements. Often court orders for visitations were vague with regard to visitation requirements. This included the time period of visitations, frequency of visitations, and what assistance, if any, DCS was required to provide the family.

## RECOMMENDATIONS

The Board of Supervisors should request the director of the Department of Children's Services (DCS) to do the following:

1. Provide improved written policy and procedural guidance to the DCS staff as follows:

When the new State Department of Social Services Manual of Policies and Procedures is published, DCS should immediately begin revising the Children's Services Desk Guide and Children's Social Worker Handbook to reflect the changes which will be mandated by the new state manual. The new DCS manual should be organized around the steps in the dependency court process and cross-referenced to existing detailed policy guides. In addition, the manual should be made more "user" friendly with a table of contents and more guidance on procedures for managing cases.

2. Provide additional training for all CSWs including:
  - Instruction on new case plan (service plan) development and monitoring

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<sup>11</sup> Ibid., page 58.

requirements of SB 1125.<sup>12</sup>

- Instruction on writing concise Court reports with emphasis on usefulness to Judicial Officers.
  - Instruction on the policies and procedures for organizing the new model case file.
  - Instruction on client service skills such as managing client relations and achieving client satisfaction (emphasis on serving children, parents/guardians, and the Court).
  - A minimum of 16 hours of continuing education each year to help maintain professional competency.
  - Training and special procedures for managing cases with incarcerated parents/guardians should be established by DCS.
3. Immediately establish new procedures for making referrals, including requirements that CSWs:
- Notify treatment programs prior to each referral to a program.
  - Ensure that there is adequate space in the program for the client.
  - Verify the cost of the program and ensure the cost of the program is not prohibitive to the parents/guardians.
  - Provide an introduction of the prospective client to the referral agency either in person or by phone.
  - Ensure that the program provides, at a minimum, an enrollment letter and quarterly progress reports, and identifies what form of client consent is required in order to obtain this information on behalf of the court.
  - Obtain the approval of the Resource Coordinator at each field office prior to making a referral to any program that is not in the Department's Resource Guide.
4. Ensure vigorous enforcement of existing DCS policy (CAP Number 8 in the Policies and Procedures Manual) requiring CSWs to obtain written quarterly reports from

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<sup>12</sup>Statutes 1991, Ch. 1203, Amending various provisions of the California Welfare and Institutions Code relating to children.

counseling agencies and actively monitor the timely enrollment of clients in treatment programs.

5. When a parent/guardian is incarcerated and is actively participating in the court-approved case plan (i.e., FR, FM), ensure that the CSWs maintain contact with that parent/guardian, and if in prison, their correctional counselor. In addition, the CSW should maintain knowledge of all counseling that the parent/guardian has participated in while incarcerated.
6. Establish a formal written policy describing how notification should be made to all parties under DCS's supervision when a change in CSWs occurs. Provision should be made for a simple form of formal written notice in this policy.
7. Verify the consistency of compliance with proper notice of hearing requirements, possibly through selection of a scientifically valid sample of cases. If it is found that there is a lack of proper notice in a significant number of cases, then DCS should take steps to assure compliance with requirements for proper notice.
8. Establish procedures requiring a formal log for the following:
  - Parent-child visits;
  - Sibling visits of children removed from the same home and placed in separate locations.

This log should be specifically referenced in court reports.

9. Ask the Auditor-Controller to complete a statistically valid management audit of how DCS complies with court orders for services. This audit should include:
  - Statutory and regulatory requirements of how DCS provides notice of hearings to all parties;
  - Whether DCS is meeting statutory and regulatory requirements for completing service plans appropriately; and
  - Determine if DCS is meeting state regulatory requirements for making court-ordered referrals for services to children and families.

*The Presiding Judge of the Juvenile Court Should:*

1. Require, as court policy, that Judicial Officers review, approve, and sign the DCS case plan (DCS service plan form #704 and/or 707). This will ensure that the parents/guardians, DCS, and the court have agreed to the services, goals, and objectives in the stated plan, and that the case plan conforms to all court orders. The case plan

should become the benchmark for the court to assess performance of DCS and the parent/guardian.

2. With cooperation from DCS, simplify the current DCS report format to facilitate the court's monitoring of compliance with court orders for services provided by DCS. The report should summarize all services documented in the case plan during the most recent reporting period and how they comply with past court orders for service. It should also note any other pertinent reportable items from the previous reporting period.
3. In consultation with the California Judicial Council, establish a formal policy requiring Judicial Officers to make specific orders of visitation which include the following:
  - A schedule for visitation;
  - Location for visitation;
  - Necessary transportation arrangements; and
  - Any restriction on visitation.

## B. EMANCIPATION OF FOSTER YOUTH

### BACKGROUND

The Juvenile Services Committee investigated the emancipation process because of widespread concerns about foster youths being emancipated from dependency status into the community without adequate preparation. The committee was informed that foster youths are being released into society without a place to live, a job or source of income, proper identification papers, and/or appropriate educational or vocational plans. This means that, after total dependence on the Department of Children's Services (DCS) for in some cases many years, or their whole lives, foster youths are suddenly independent at age 18, or upon completion of high school, unprepared emotionally, financially, vocationally or educationally to cope with independence.

### PROCEDURE

The committee attempted to determine the extent to which youths are being emancipated without appropriate preparation.

The committee interviewed the Director of DCS and the Independent Living Program (ILP) Administrator, members of the Commission for Children's Services, and Child Advocate's Office, the Alliance for Children's Rights, some of the Juvenile Dependency Court judges, and members of the community at large. It also reviewed the written material set forth in the Appendix.

### FINDINGS

In 1988, in order to comply with federal and state requirements, DCS established an administrative unit to implement and administer the ILP for the preparation of dependent minors for emancipation. The same year, DCS established the Foster Youth Connection, a network of foster youths designed to assist foster youths ages 14 to 24 in their education, cultural, social, emotional, vocational, and housing needs.

The goal of DCS is to provide foster youths who are emancipated with a job, a scholarship for college or some source of support.

The DCS informed us that they are charged with support of over 2,000 dependent minors 16 years old or older. The DCS Annual Statistical Report on the ILP for 1991-92 reported that 1,400 of them received services from the ILP during fiscal year 1992.

DCS plans to provide aptitude and interests screening for their foster youth, but such



screening is not yet being done.

The Grand Jury learned that the following circumstances are not uncommon; to what extent the Grand Jury was unable to determine.

- Foster youth are abruptly emancipated without prior notice.
- Foster youth are emancipated with all of their possessions in a plastic bag, no money in their pocket, no job skills, and no plans for education or job training.
- Foster youth are emancipated without even such personal items as soap, toothpaste, etc.
- Foster youth are emancipated without proper identification, Medi-Cal cards, birth certificates, social security cards, or such.
- Foster youth are emancipated without the foster home being notified, and they and the foster parents only learn about it when the check does not arrive.
- Foster youth are emancipated without any source of income or housing.
- Foster youth are emancipated without their Medi-Cal cards, or access to health care and medication, even though some have an ongoing need for medication.
- Foster youth over 16 say they have never heard of the ILP.
- Foster youth are not counseled on their options after emancipation, such as further education, employment, Job Corps, Conservation Corps, the military, etc.
- Foster youth are emancipated without being informed of the Foster Youth Connection and are not given the 800 number.
- Group homes are paid for emancipation services which are sometimes not provided.
- Some group homes punish foster youth for breaking rules by calling the youth's employer to advise that the youth will not longer be allowed to work.
- Many foster children have no realistic understanding of the meaning or significance of emancipation.
- Foster youth are being kept under the jurisdiction of the Dependency Court, at considerable cost to the county, after they reach 18 because their social workers have not prepared an adequate emancipation plan.
- Some foster youth are functionally illiterate.

- Foster youth join the ranks of the homeless after emancipation at an alarming rate.

The Grand Jury was not able to learn the number of foster youth released to the community under the above circumstances. The Grand Jury did learn that such circumstances are common enough to cause considerable concern.

DCS was not able to provide information as to the number of Los Angeles County foster youth emancipated each year, nor how many of these foster youth, upon emancipation, have jobs, go on for higher education, vocational training, military service, or such. The Grand Jury was unable to learn how many are emancipated without any place to live, without funds or income, without appropriate identification, or without personal possessions. We found no follow up studies on foster youths after emancipation.

The Grand Jury did learn that Dependency Court judges and others who work in the system are concerned about the emancipation process, and are working to improve it.

The Grand Jury also learned that the ILP of DCS is a good and respected program, and that a number of foster youths do benefit from it. However, too many foster youths are not motivated to participate, or participate only temporarily, or are unable to retain or sustain the benefits it has provided.

## RECOMMENDATIONS

The Grand Jury recommends that:

1. The Board of Supervisors order an immediate study of the emancipation process of the dependent minors of Los Angeles County to determine how many minors are emancipated each year and how many of those minors have employment, educational plans, vocational plans, housing, medical benefits, identification, appropriate personal belongings, and start up finances.
2. The Board of Supervisors order a follow-up study of the circumstances of foster youth one year and, again, five years after emancipation in order to better evaluate and improve the emancipation process.
3. The Board of Supervisors direct DCS to make sure that case workers only recommend the emancipation of dependent minors when an appropriate plan is in place for employment, job training, or education, housing, a source of income, identification, medical benefits and receipt of personal belongings.
4. The Board of Supervisors direct DCS to change the ILP from a voluntary to a mandatory program.

**C. FOLLOW-UP ON 1991-92 GRAND JURY  
JUVENILE SERVICES COMMITTEE REPORT  
ON LEGAL REPRESENTATION IN THE DEPENDENCY COURT**

**BACKGROUND**

The Juvenile Services Committee investigated the status of the recommendations of the 1991-92 report on "Legal Representation in the Dependency Court" because of the committee's regard for those recommendations, and also at the request of the chairperson of that committee, Stewart Steckel.

**PROCEDURE**

The committee interviewed Stewart Steckel, Helen Kleinberg of the Commission for Children's Services, and Debbie Lizzari of the County Chief Administrative Office, and reviewed draft Responses Coordinated by the Chief Administrative Office and other written documents as set forth in the Appendix.

**FINDINGS**

1. The draft responses coordinated by the Chief Administrative Office showed that the Superior Court and the Auditor-Controller generally agreed with the recommendations, and either have already started the process of implementation or have plans to do so. However, the responses do not indicate when these plans will be acted upon.
2. The Board of Supervisors took the following actions as noted in the minutes of July 7, 1992:
  - "3. Requested the Dependency Court Subcommittee of the Commission for Children's Services to report back to the Board within 60 days on training standards for court-appointed attorneys...
  4. Instructed the Chief Administrative Officer to insure that the Dependency Court Legal Services (DCLS) moves into the 6th floor of the Edmund D. Edelman Children's Court as soon as possible; and
  5. Instructed the Chief Administrative Officer to recommend to the Board an unbiased procedure for review of the 'dual representation' issue."
3. On May 4, 1993, a subcommittee of the Commission for Children's Services, the Subcommittee on Standards for Dependency Court Attorneys, was to present to the

Board of Supervisors its recommended "Practice Guidelines and Training for Dependency Court Attorneys." The subcommittee included representatives of County Counsel, Dependency Court Legal Services (DCLS) panel attorneys, three Commissioners, and others. The Dependency Court supports these practice and training guidelines.

4. DCLS has still not moved into the 6th floor of the Edmund D. Edelman Children's Court.
5. The Grand Jury has not found a recommendation from the Chief Administrative Officer to the Board of Supervisors with regard to an unbiased procedure for review of the "dual representation" issue.
6. On April 14, 1993, the Consumer Protection Division of the Los Angeles County District Attorney's Office filed a 15-count felony complaint against a panel attorney for excessive billing, charging grand theft by false pretenses, alteration of court dockets, and perjury. However, the head of the division, Thomas A. Papageorge, advised the committee that the use of individual civil or criminal prosecutions to combat the problem of attorney overbilling is extremely difficult and costly. He recommends a maximum ceiling of annual earnings and further centralization of the accounting and review of panel attorneys' fees.

## RECOMMENDATIONS

The Grand Jury recommends that:

1. The Board of Supervisors request from the Chief Administrative Office the current status of implementation of the recommendations, and the specific time when those not presently being implemented will be acted upon.
2. The Board of Supervisors adopt the Practice and Training Guidelines presented by the Commission on Children's Services Subcommittee on Standards for Dependency Court Attorneys, if it has not already done so.
3. The Board of Supervisors direct the Chief Administrative Office to move DCLS into the 6th floor of the Edmund D. Edelman Children's Court as soon as possible.
4. The Board of Supervisors again instruct the Chief Administrative Office to recommend to the Board an unbiased procedure for review of the "dual representation" issue.

## D. CITIZEN COMPLAINTS

The committee received a number citizens' complaints alleging that serious defects exist in the process for handling accusations of child abuse, especially of sexual abuse. Child abuse is an appalling phenomenon. Due to this fact, procedures have been designed to protect the child-victim from further harm, including allowing them to be taken from their parents. These procedures give significant power to social workers.

The complaints received allege that social workers from the Department of Children's Services, perhaps out of overzealousness, have taken children from their parents or have sided with one parent against the other in custody disputes in which accusations of child abuse were made, and that this was done despite the fact that competent medical authority certified that there had not been any sexual abuse, and in contravention of court orders.

This grand jury lacked the time to investigate these allegations. However, they are serious ones. There is no set of circumstances which justifies the arbitrary actions alleged in the complaints.

## RECOMMENDATIONS

This Grand Jury recommends that the Board of Supervisors examine this issue. It also urges that its successor jury pursue the matter. In order to facilitate this, all data concerning them are hereby turned over to the 1993-94 Grand Jury as permitted by Section 924.4 of the Penal Code.

## APPENDIX

### B. EMANCIPATION OF FOSTER YOUTH

#### Persons Interviewed

Hal W. Brown, Chair, Commission for Children's Services  
Rita Cregg, Director, Child Advocates Office  
Peter Digre, Director, Department of Children's Services  
Virginia Harris, Independent Living Program Administrator,  
Department of Children's Services  
Helen A. Kleinberg, Commission for Children's Services  
Pamela A. Mohr, Executive Director, The Alliance for Children's Rights  
Supervising Judge Emily Stevens, Dependency Court  
Sue Thompson, Child Advocates Office

Members of the community, including a foster parent and two emancipated foster youth

#### Written Material Reviewed

DCS Annual Statistical Report on the Independent Living Program for 1991-92

DCS Statement on the ILP of December, 1992

DCS Update on the ILP of June 1, 1992

Commission for Children's Services General Meeting minutes

Written statements and recommendations of Patricia Curry, Volunteer Child Advocate

UCLA School of Social Welfare reports on the evaluation of Los Angeles County Independent Living Program by Gloria Waldinger and Walter Furman

Santa Clara County Social Services Agency ILP documents

1990-91 Grand Jury report on the Emancipation of Foster Youth, and

1989-1990 Grand Jury report on A Study of the County's Efforts to Prepare Minors in its Care for Emancipation

C. FOLLOW-UP ON 1991-92 JUVENILE SERVICES COMMITTEE REPORT ON  
LEGAL REPRESENTATION IN THE DEPENDENCY COURT

Persons Interviewed

Helen Kleinberg, Los Angeles County Commission for Children's Services  
D. Lizzari, Chief Administrative Office, County of Los Angeles  
Stewart Steckel, Chair, Juvenile Services Committee, 1991-92 Grand Jury

Written material reviewed

1991-92 Los Angeles County Grand Jury Final Report, Juvenile Services Committee section  
on Legal Representation in the Dependency Court.

Responses coordinated by the Chief Administrative Office to the above report, preliminary  
draft as of March 26, 1993

Minutes of July 7, 1992 of the Los Angeles County Board of Supervisors

"Suggested Training Approaches for Court Appointed Attorneys in Dependency Court" and  
"Practice Guidelines for Court Appointed Attorneys in Dependency Court" developed and  
presented to the Board of Supervisors by the Los Angeles County Commission for Children's  
Services Subcommittee on Standards for Dependency Court Attorneys

Commission for Children's Services documents, including General Meeting Minutes,  
Discussion Points for Review on Practice Guidelines and Training Manual for Dependency  
Court Attorneys for Board Meeting on March 30, 1993.

Bay Area Reasonable Efforts Project Practice Guidelines for Attorneys Practicing Dependency  
Law in Alameda, San Francisco, and Santa Clara Counties

Practice Guidelines in effect for the Public Defender's Office for attorneys practicing in  
dependency departments of the Superior Court of California in San Francisco.

Amendments to California Rules of Court and Standards of Judicial Administration effective  
July 1, 1992

Letter of April 21, 1993 from Thomas A. Papageorge, Head Deputy, Consumer Protection  
Division, Los Angeles County District Attorney's Office to the Juvenile Services Committee



# **SAFETY**

## **COMMITTEE MEMBERS**

**Daphne Lewis, Chairperson**  
**Richard Davis**  
**Selma Feldman**  
**Anna Jaramillo**



# **SAFETY COMMITTEE**

## **INTRODUCTION AND SUMMARY**

Members of the Los Angeles County Grand Jury expressed concern for their safety in the event of an earthquake, fire, or other natural disaster. In view of this anxiety, an evacuation practice was organized.

A list of safety measures was drawn up to be presented to the 1993-94 Grand Jurors.

## **PROCEDURE**

The floor warden was contacted by the committee chairperson and was requested to give a presentation to the Grand Jury on procedures to be followed in case of emergency.

During the organized practice, the jurors were shown what procedures would be followed should such events occur. Simulated injuries were illustrated by selected members of the Los Angeles County Grand Jury giving the others an overview of accidents that could be a possibility.

## **FINDINGS**

Little interest has been shown by the Los Angeles County Marshal's Office which oversees emergency procedures.

There appear to be no detailed plans for the Grand Jury to follow in case of emergency.

## **RECOMMENDATIONS**

It is recommended that the Board of Supervisors direct that the following be done:

1. Post a map of staircases in the hearing room.
2. Post an exit sign over the east corner of the hearing room.
3. Add a collapsible gurney to the supplies in the emergency supply closet.
4. Safety-wire all overhead louvres in the Grand Jury hearing room to prevent them from falling down in case of an earthquake.

5. Require an annual meeting of the Grand Jury Safety Committee and the Emergency Coordinator of the County Courthouse.

It is recommended that the 1993-94 Grand Jury:

1. Elect a safety officer at the beginning of their term of office.
2. Hold a test fire drill at the beginning of their term of office.
3. Check the first aid box, water supply, flashlight, batteries, and three-day emergency food supplies. Replenish emergency food supplies yearly as necessary.
4. Inform all members of stairway locations.
5. Advise all jurors to stay with the group and refrain from talking during an emergency procedure.
6. Distribute a list of safety factors to all Grand Jurors at the beginning of their term of office.