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REF: John C. Duncan, political appointee of the Governor

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To whom it may concern:

Rumors are circulating in the workers' compensation industry that the incoming political appointee to head the Department of Industrial Relations may have had extensive "*consulting contracts*" providing Mr. Duncan income from the following sources:

1. State Compensation Insurance Fund (SCIF)
2. Self-insured plans

This is very troubling as: (1) a multi-jurisdictional task force had to be created to accommodate the investigation into massive fraud at the SCIF, and (2) the Director of the Department of Industrial Relations has DIRECT control over the Office of Self Insured Plans (OSIP). OSIP reports DIRECTLY to the Director of the DIR (tentatively Duncan).

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If Mr. Duncan received “*consulting contracts*” from self-insured plans, and he will now oversee the OSIP regulatory office, a major conflict of interest exists. Such a conflict creates a fertile environment for the exchange of bribes, gratuities and kick-backs (KGBs).

How exactly does the State of California propose to mitigate the possibility of a conflict of interest between Mr. Duncan (a Gov. Pete Wilson appointee to the DIR) and (1) SCIF and (2) OSIP? The answer: it doesn't. This conduct smacks of cronyism at its worst.

This situation is acute when one considers that more funds of the California Fraud Assessment Commission have been spent on prosecuting a single injured worker (Anita Blick of Tracy, California), who was later exonerated of all “*wrong-doing*”, than has been spent on the entire SCIF investigation up to this point. Nearly \$1 million was wasted on the investigation of Anita Blick by the California Fraud Assessment Commission.

If only California's law enforcement community would tackle insurer fraud (SCIF) with the same vigor that is used to hunt down handicapped, disabled and injured workers like Anita Blick.

Assuming that the State of California will take no action to investigate the background of John C. Duncan I shall explore methods to poll and interrogate his neighbors to discover unfavorable information. As I obtain this information, I shall forward it on to your offices for action. Hopefully unfavorable information will be acquired concerning Mr. Duncan that will aid law enforcement.

With warm regards,

Barbara Clark

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