



Board Agenda Item 24

DATE: August 24, 2021

TO: Board of Supervisors

SUBMITTED BY: Lisa A. Smittcamp, District Attorney

SUBJECT: Annual Report of the Real Estate Fraud Prosecution Program

RECOMMENDED ACTION(S):

Receive and file annual report of the Real Estate Fraud Prosecution program pursuant to California Government Code Section 27388.

This report will summarize the activities of the Office of the District Attorney's Real Estate Fraud Prosecution program from July 1, 2020 through June 30, 2021. This item is countywide.

ALTERNATIVE ACTION(S):

There are no viable options available.

FISCAL IMPACT:

There is no increase in Net County Cost associated with this action. The Real Estate Fraud Prosecution program is funded with recording fees, which fund 100% of the direct costs as well as a portion of indirect costs associated with this program. During FY 2020-21, the Unit expended a total of \$870,191.98 which included personnel costs, operating expenses and overhead allocations. Revenue in the amount of \$1,318,383.35 was collected from the filing fees and interest earned, all of which was placed in the Unit's Special Revenue Fund which had a FY 2020-21 year-end balance of \$1,425,999.24 after the final accounting.

DISCUSSION:

This report is prepared for the purposes of compliance with Government Code Section 27388 (d). This report will summarize the activities of the Office of the District Attorney's Real Estate Fraud Prosecution program from July 1, 2020 through June 30, 2021.

The monies collected pursuant to Government Code Section 27388 fund the District Attorney's Real Estate Fraud Prosecution Unit which is comprised of five positions for FY 2020-21: one Deputy District Attorney, three Senior DA Investigators and one Paralegal. These personnel are fully funded by the recording fees and devote 100 percent of their time to activities associated with the investigation and prosecution of real estate fraud crimes.

For FY 2020-21, the Real Estate Fraud Unit received 12 cases for review from members of the community, local businesses and other agencies regarding possible real estate fraud. Cases for review include referral forms received from the public, reports from governmental agencies as well as cases submitted for criminal filings by law enforcement agencies. The DA Real Estate Fraud investigators are currently conducting 34

active investigations. This number includes new and continuing investigations from prior years as well as new and pending court cases.

Criminal charges were filed in 1 new case, resulting in a current total of 18 active court cases including court cases from prior years. In FY 2020-21, 1 case was closed.

Serious criminal schemes detected and investigated during FY 2020-21 included the following:

- Forgery
- Identity theft
- Grand theft
- Filing forged or false documents
- Altered documents
- Foreclosure/loan modifications scheme
- Elder Abuse

General Overview of Real Estate Fraud Cases:

Typically, real estate fraud cases involve extensive investigation and the gathering of numerous documents from various sources. These complex investigations can take anywhere from three months to three years or more to investigate and prosecute to conclusion. Investigations require interviewing victims, witnesses, mortgage and title/escrow companies, and more. Most investigations require search warrants for documents and/or bank records.

An example of a real estate fraud scenario is:

Defendant puts his/her name on the deed to a property in which he/she has no interest. Defendant then gets a loan on the property without the homeowner's knowledge. Defendant pockets the money from the loan. The homeowner is notified by the lender when no mortgage payments are made and learns of the fraudulent loan.

CAO ANALYST:

Yussel Zalapa