



# Board Agenda Item 21

---

DATE: August 22, 2023

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, 2022 through June 30, 2023. 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 2022-23, the Unit expended a total of \$925,271.43 which included personnel costs, operating expenses, and overhead allocations. Revenue in the amount of \$638,982.29 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 2022-23 year-end balance of \$1,313,461.97 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, 2022 through June 30, 2023.

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 2022-23: one Deputy District Attorney, three Senior DA Investigators and one Paralegal. These personnel are fully funded by the recording fees and devote 100% of their time to activities associated with the investigation and prosecution of real estate fraud crimes.

For FY 2022-23, 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 41

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 five new cases, resulting in a current total of 25 active court cases including court cases from prior years. In FY 2022-23, five cases were closed. A total of \$143,000 was ordered for restitution and \$120,000 was collected.

Serious criminal schemes detected and investigated during FY 2022-23 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 approached his victims through a real estate investment program. He proposed that the victims invest their money with him, he would purchase properties, fix them up and sell them. At sale, the victims were to receive their investment funds as well as a portion of the profits from the property sale. Defendant took victims money, didn't purchase any property, and kept the money for his personal use.

CAO ANALYST:

Fine Nai