



Board Agenda Item 24

DATE: August 21, 2018

TO: Board of Supervisors

SUBMITTED BY: Lisa A. Smittcamp, District Attorney-Public Administrator

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, 2017 through June 30, 2018. 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 2017-18, the Unit expended a total of \$832,941.25 which included personnel costs, operating expenses and overhead allocations. Revenue is estimated to be \$911,973.39 and 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 2017-18 estimated year-end balance of \$926,808.31 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, 2017 through June 30, 2018.

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 2017-18: one deputy district attorney, three senior DA investigators and one senior legal assistant. 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 2017-18, the Real Estate Fraud Unit received 19 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 and 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 continuing investigations from prior years as well as pending court cases.

Criminal charges were filed in 3 new cases, resulting in a current total of 32 active court cases including court cases from prior years. In FY 2017-18, there were 8 convictions and \$35,460.21 was collected in restitution.

Serious criminal schemes detected and investigated during FY 2017-18 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 conviction from FY 2017-18:

Homeowners sold their home to a relative of the tenant who was receiving Section 8 assistance from the Fresno Housing Authority. Section 8 regulations prohibit a recipient from renting from a relative. Neither the renter nor the original homeowners informed the Fresno Housing Authority of the change in ownership. As a result, the renter continued to receive Section 8 benefits and the original homeowner received the monthly payments. The original homeowners and the renter were convicted of grand theft, a violation of Penal Code §487(a). The Fresno Housing Authority was paid full restitution.

CAO ANALYST:

Jeannie Z. Figueroa