



Board Agenda Item 20

DATE: August 20, 2019

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, 2018 through June 30, 2019. 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 2018-19, the Unit expended a total of \$861,601.31 which included personnel costs, operating expenses and overhead allocations. Revenue in the amount of \$776,404.30 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 2018-19 year-end balance of \$837,072.82 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, 2018 through June 30, 2019.

The monies collected pursuant to Government Code Section 27388 fund the District Attorney's Real Estate Fraud Prosecution Unit which is comprised of six positions for FY 2018-19: one deputy district attorney, three senior DA investigators, one paralegal 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 2018-19, the Real Estate Fraud Unit received 22 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 18 active investigations. This number includes continuing investigations from prior years as well as new and

pending court cases.

Criminal charges were filed in 3 new cases, resulting in a current total of 24 active court cases including court cases from prior years. In FY 2018-19, there were 3 convictions, with \$36,000 ordered in restitution.

Serious criminal schemes detected and investigated during FY 2018-19 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 2018-19:

Defendant recorded a forged quitclaim deed for homeowner's property, transferring the property into her name. Defendant did not know or have any prior contact with the homeowner. In order to make the deed look legitimate, defendant changed the expiration date of the notary's commission stamp to cover the time period of her forged deed. Defendant then attempted to sell the home to an unknowing buyer. When the homeowner discovered the crime, he contacted the District Attorney's Office. In order to preserve the home and prevent a sale, a Lis Pendens was recorded, giving notice to any potential buyers that there was a dispute as to the ownership of the property. Upon defendant's conviction, the court declared the forged quitclaim deed void from the date it was recorded, restoring an unclouded title to the homeowner.

CAO ANALYST:

Jeannie Z. Figueroa