

Real Estate Fraud Prosecution Trust Fund Committee

Minutes Report

February 12, 2009

This is the fourth annual meeting of the Real Estate Fraud Prosecution Trust Fund Committee since the Board of Supervisors first approved the program on June 8, 2004. This meeting utilizes the Real Estate Fraud Prosecution Trust Fund Committee as directed by the June 8, 2004 agenda item in accordance with Government Code § 27388.

Attendance:

Vern Pierson- District Attorney
Jeff Neves- Sheriff
Gayle Erbe-Hamlin- Chief Administrative Officer
Jodi Albin- Fiscal Administrative Manager, District Attorney's Office
Kelly Webb- Principal Administrative Analyst, Chief Administrative Office
Robert Cosley- District Attorney Investigator
Jan Walker-Conroy- Assistant Director of Human Services

Time: 10:30 a.m.

Distribution of Report- Annual Report, FY 2007/2008

Discussion of program by District Attorney including the following topics:

- FY 06/07 Meeting items update
- FY 07/08 Statistics required under Government Code § 27388
- FY 07/08 Annual expenditure report
- FY 07/08 Case review

FY 06/07 Meeting items update

1. Case: Unnamed Subject- apparent fraud
DAI: Bob Cosley

The above-mentioned case is currently being investigated. There are approximately 20 known victims to date. The scam begins when a seller's agent drastically inflates the selling price of a home so that the buyer can obtain a 100% mortgage and receive cash back at closing. The selling agent then finds an appraiser to appraise the home at the new listing price. Once the mortgage is approved by the lender the sellers gets their full price, the buyer gets close to \$100,000 cash, and the agents for the buyer and seller gain a

higher commission than they would have on the original list price. ... But it's a scam that can defraud the lender, artificially inflate values in entire neighborhoods, and leave an economy reeling from the effects of foreclosure.

Update:

The above mentioned case was started in September of 2007 as the result of a tip from a local real estate appraiser. This case has since developed into additional involved properties throughout a three county region and additional defendants. As of November 2008, two targets have been indicted and arrested on federal charges related to mortgage fraud with potentially five to six other targets soon to follow.

The (2) individuals currently in federal custody have been very cooperative and are talking to investigators about additional individuals involved in other real estate related scams. This information is expected to spin off to other cases, some of which is expected to fall within the El Dorado County region.

Also, as a result of the above mentioned investigation, the El Dorado County District Attorney's Office has joined together with the United States Attorney's Office to form a Mortgage Fraud Task Force. This Task Force, which will work hand-in-hand with both FBI agents and U.S. Treasury agents on current local cases, will enable our office to handle the very complex and extremely time consuming mortgage fraud/real estate fraud type cases. This office intends to continue this working relationship for years to come.

2. Investigator Dennis Theis has been involved in Real Estate Fraud claims that surround a brother and sister who have been recording fraudulent deeds of trust on properties with the belief that based on the calculation of the APN that the property rightfully belongs to them. Being that these siblings are clearly suffering from mental illness these cases have been referred to Senior Services and County Counsel. The District Attorney's Office has declared these cases to be unprosecutable due to the mental capacity of the offenders.

Update: None

3. According to Dick Jones, Deputy District Attorney, there have been many cases of reported Real Estate Fraud that once investigated are declined. This trend has resulted from the high level of adjustable rate mortgages that buyers took out on their homes not anticipating future market conditions. Buyers are claiming that the terms of their loans were not fully disclosed or that they were misled, but when the loan documents are reviewed Dick has found that the terms of the loan are fully disclosed to the buyer in writing with the buyers signature clearly at the bottom. At this point Dick explains to the buyers that it is ultimately their responsibility to read the documents prior to signing to insure that they understand the terms and conditions of their loan.

Update: None

The rest of this document is in the office of the Clerk of the Board