



# El Dorado County District Attorney's Office

## **2022-2023 Real Estate Fraud Program Annual Report**

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District Attorney

County of El Dorado

Prepared by Investigator Simon Brown

**PROGRAM SUMMARY:**

The Real Estate Fraud Program, under the guidance of El Dorado County District Attorney Vern Pierson, is dedicated to investigating and criminally prosecuting individuals and companies for fraudulent activity connected to real estate transactions. These include loan fraud, notary fraud, mortgage and loan modification fraud, identity theft and forgery in connection with real estate transactions, grand theft, fraudulent transfers of property and financial elder abuse in real estate transactions. The Real Estate Fraud Program is comprised of Chief Investigator Jeff Dreher, Supervising Investigators Bryan Kuhlmann and Joe Ramsey, Investigators Ted Horlbeck and Simon Brown, Assistant District Attorney James Clinchard, assigned Deputy District Attorney's, and support staff personnel.

Investigator Ted Horlbeck worked from beginning of fiscal year 2022-2023 until October 2022 in the Real Estate Fraud Program. Investigator Simon Brown took over as the primary investigator assigned to the Real Estate Fraud Program starting in October 2022 and continued throughout the remaining of the 2022-2023 fiscal year. As of June 30, 2023, a total of 12 cases have been reported to and investigated by the El Dorado County District Attorney's Office.

The El Dorado County District Attorney Office's ongoing outreach and awareness of vacation rental fraud in the South Lake Tahoe area continues to produce effective results. The District Attorney's Office is actively working a case of vacation rental fraud. The Real Estate Fraud "Tips & Resources" brochure and the Vacation Rental Scam Warning Flyer continue to be available in the front lobby of the District Attorney's Office and on its website. The District Attorney's Office has continued to do outreach through social media to alert the public to the signs of vacation rental fraud.



On September 6<sup>th</sup> 2022, the Mosquito Fire erupted in the Volcanoville area. 76,788 acres burned, and 38 structures in El Dorado County were destroyed. In response to the fire, the Real Estate Fraud Program provided information to be distributed at the local assistance center for victims of the fire and provided information on social media. At the in person events held at the fairgrounds, the Real Estate Fraud Program provided literature helping fire victims protect themselves from fraud.

While maintaining its commitment to keeping the citizens of El Dorado County informed, the District Attorney's Office used its social media presence by utilizing Facebook to post educational and preventive information related to real estate fraud. This year, the Real Estate Fraud Program prepared and posted three articles focused on a variety of topics associated with real estate fraud and its warning signs. Investigator Brown and other members of the Real Estate Fraud Program also met with personnel from the El Dorado County Recorder Clerk's Office to establish avenues of communication for better reporting of potential real estate fraud discovered by their office.

The number of Notice of Default's by homeowners between 7/1/22 and 6/30/23 was 281, an increase of 63% from the 177 reported in FY 2021/22. The number of Notice of Trustee Sales this year was 166 which represents a 49% increase from the 111 reported last year. Since 2020, El Dorado County has seen a consistent increase in these numbers. The number of Notice of Default's has increased 120% from 128 to 281. Likewise, the number of Notice of Trustee Sale's has increased from 62 to 166 which represents a 168% increased since 2020.

According to the California Association of Realtors, the median price of homes sold in El Dorado County in March of this year was \$680,750. This represents a 4.7% increase from the median price in March 2021. Housing prices seem to have leveled off and the economy is dealing with rising inflation and interest rates.

**FY STATISTICS RELATED TO FORCLOSURES**

	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
Notice of Defaults:	128	177	281
Notice of Trustee Sales:	62	111	166

**FY STATISTICS REQUIRED UNDER GC 27388**

	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
Cases Filed:	1	0	1
Cases Investigated:	7	13	12
Number of Victims:	9	15	13
Total Monetary Losses:	\$400,000.00	\$525,847.32	\$1,443,132
Total Funds Received in Trust:	\$142,731.01	\$95,709.99	\$24,596.37
Total Funds Expended From Trust:	\$38,340.04	\$27,945.16	\$39,007.46
Adjusted Ending Balance For 6/30/23:	\$535,110.14	\$602,874.97	\$588,463.88

*\*Note: FY 2022/23 fiscal data is based on year-end estimates. Actual expenses will be recorded once posted.*

**FY CUMULATIVE STATISTICS INCLUDING OPEN CASES FROM PRIOR YEARS**

	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
Number of Cases Filed:	1	0	1
Number of Cases Investigated:	7	13	12
Number of Search Warrants:	1	0	1
Number of Arrests:	0	0	0

**PROGRAM  
RECOMMENDATIONS:**

The El Dorado County District Attorney's Office, by virtue of the Real Estate Fraud Program, stays committed to its ongoing community outreach efforts to keep the public informed and educated. As in years past, the El Dorado County District Attorney's Office once again had a presence at the El Dorado County Fair that ran from June 15-18, 2023. The Real Estate Fraud program also had a presence at the Marshall Hospital sponsored Dementia Care Seminar at the El Dorado County Fairgrounds on March 31<sup>st</sup> 2023.



Furthermore, the El Dorado County District Attorney's Office continues to work collaboratively with all local, State, and Federal agencies to better serve the citizens of El Dorado County to address their real estate fraud concerns and investigate all cases reported. Moving forward in fiscal year 2022-2023, the El Dorado County District Attorney's Office will strive to improve its outreach efforts to include the following:

- Continue/increase social media presence to better serve citizens of El Dorado County.
- Complete (in-progress) billboard advertisement project in El Dorado County associated with real estate fraud.
- Continue to develop office protocols to allow real estate funds to bolster other investigations wherein real estate fraud is a component but not the main focus.
- Work with local Law Enforcement agencies to help them identify and investigate real estate fraud cases.

The El Dorado County District Attorney's Office hopes that its ongoing community outreach efforts will not only continue to provide education to its citizens but increase the number of real estate fraud related cases reported within the county.

## **HIGHLIGHTED CASE SUMMARIES FOR FY 2022/2023**

### **017-0256089**

This case was forwarded to the El Dorado County District Attorney's Office by the South Lake Tahoe Police Department (SLTPD). The complainant, while searching for a vacation rental property, responded to a property advertisement on Craigslist and per the communication with what victim through was the property owner, wired \$1200 before he realized it was a scam. The District Attorney's Office is preparing a search warrant for the email address used to communicate with the victim and for the bank account that the money went into.

Case Status: Active

### **017-0250569**

This case involved a dispute between siblings over the care of their father who has Alzheimer's. At issue was a residence in Cool and assistance was provided by the District Attorney's Office to help protect this property for the benefit of this elderly resident.

Case Status: Closed

### **017-0250269**

The District Attorney's Office provided assistance and guidance in this case where three separate homeowner groups had a dispute over funds used to maintain private roads that were used by all.

Case Status: Closed – Civil

### **017-0250524**

The District Attorney's Office was contacted by a property owner in South Lake Tahoe who was taken advantage of by a contractor. The property owner paid a contractor for work and paid an additional \$50,000 to the general contractor to pay for the subcontractors doing electrical and plumbing. The general contractor took the money extra \$50,000 and never paid the subcontractors which resulted in a lien being placed on the property and the job was not completed. Through the investigation, the District Attorney's Office found a second victim in South Lake Tahoe who reported the same. This investigation included a search warrant to the general contractor's bank account. Total loss \$160,250.

Case Status: Submitted for Charges

**017-0252567**

In this case, the District Attorney's Office assisted the Placerville Police Department with a case involving an elaborate scheme to purchase building supplies with stolen credit cards and sell them online to unsuspecting contractors. The victim in this case responded to a Facebook Marketplace add for rebar. The victim agreed to purchase rebar from the suspect at a big discount and picked it up at a local building supply business where the suspect had paid for it with a stolen credit card. When the victim went to pick it up, he realized that the rebar had been paid for by a stolen credit card.

Case Status: Submitted for Charges

**No case number:**

The District Attorney's Office worked with a victim who purchased a tiny home out of state and never received the home. This case was reported and investigated by a local out of state law enforcement agency and the District Attorney's Office only assisted by offering guidance to the victim as she tried to navigate the criminal justice system.

Case Status: Closed

**No case number:**

The District Attorney's Office received information alleging the mismanagement of funds flowing through a homeless shelter in the South Lake Tahoe area. The District Attorney's Office collected preliminary information and contacted the California Department of Justice who had already began investigating the same case. This case was referred to California DOJ.

Case Status: Referred out

**No case number:**

The District Attorney's Office was contacted regarding the fraudulent use of a property by the executor of an estate. For many years, a sibling took rent income from the home of her deceased parent and did not share the money with the other siblings. The suspect then took out a loan against the property without informing the other siblings and used that money to purchase personal property for her personal gain. The victims are currently in the process of a civil lawsuit and did not want to move forward with the criminal investigation, until the lawsuit resolved. Total loss \$420,000

Case Status: Pending

**017-0247186**

This case involved a person being added to the home's title via Quit Claim Deed, without the knowledge of the homeowner. This case was originally forwarded to the District

Attorney's Office by Placerville Police Department and no charges were filed. At the request of friends of the homeowner, the District Attorney's Office took a second look at this case. It was determined that the homeowner was present when it was notarized properly at the time the second person's name was added to title. The second person lived with the homeowner and claimed to have spent \$50,000 on home improvement. While charges still were not appropriate, the District Attorney's Office spent time working with both parties who were disputing the situation.

Case Status: Closed – civil

### **017-0248030**

In this case, the grandson of an elderly Sacramento County resident took control of her estate without her knowledge and took out a HELOC on her previously paid for home to purchase property in El Dorado County. The grandson then moved her to El Dorado County and put her in debt for \$750,000 where she previously had no debt. This case was reviewed and filed by our office. Sacramento County District Attorney's Office also filed the case and jurisdiction of the case was referred to their office.

Case Status: Closed – referred out

### **No Case Number:**

The El Dorado County District Attorney's Office was contacted by an elderly property owner who lived in one half of a warehouse and rented the other half out to a small parts distributor. The property owner wanted to sell his property and move, but his tenant told him that the lease, even though it was expired, would prevent the property owner from selling his property. The property owner was scared and felt trapped. The District Attorney's Office reviewed the documents and had several meetings with the owner and were able to help him better understand his rights and the legality of the document. The owner has been able to successfully list his property for sale.

Case Status: Closed

### **No Case Number:**

The El Dorado County District Attorney's Office received a complaint that a homeowner who's house burned down in Grizzly Flats during the Caldor Fire had a lien placed on her property by the utility district even though there was no home on the property. Based on the research, it appears that once billing began for water service, notice was sent out that a base price would be charged for every property connected to a water meter. Local resources were offered to the property owner to assist with costs.

Case Status: Closed – no crime



# Attachment 'A'

FY 22/23 Real Estate Fraud Summary SRF 2270762/CASH 12220362 (through July 05, 2023)		
Description	Amount	Comments
Beginning Cash Balance	\$ 602,874.97	2021/2022 Year-End Cash Balance
Revenue	\$ 14,485.60	Recording Fee through September 2022. Fee suspended as of October 2022 for a period of 3 years.
Revenue	\$ -	Micrographics
Prior Year Adjustment	\$ -	
Interest	\$ 10,110.77	
<b>Total Revenue:</b>	<b>\$ 24,596.37</b>	
<b>Total Available Cash:</b>	<b>\$ 627,471.34</b>	
FY 22/23 Q1 Expenditures	\$ 5,626.65	Not submitted yet
FY 22/23 Q2 Expenditures	\$ 9,824.18	Not submitted yet
FY 22/23 Q3 Expenditures	\$ 7,722.89	Not submitted yet
FY 22/23 Q4 Expenditures <b>(Estimated)</b>	\$ 15,833.74	Not submitted yet; estimate of costs (pending additional Year-End recordings, including payperiod 14 expenses)
<b>Total Estimated Expenses:</b>	<b>\$ 39,007.46</b>	
<b>Anticipated Ending Cash Balance:</b>	<b>\$ 588,463.88</b>	Beginning cash balance plus total revenue minus total expenses

<p><b>EL DORADO COUNTY</b></p> <p><b>REAL ESTATE FRAUD PROSECUTION</b></p> <p><b>ANNUAL EXPENDITURE REPORT, 7/1/22-6/30/23</b></p> <p><i>(ESTIMATE ONLY - pending Year-End)</i></p>
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	YTD	Budget	Variance
I. Salary	27,338.12	59,974.00	32,635.88
II. Benefits	8,570.01	4,613.00	(3,957.01)
Total Salary and benefits	35,908.13	64,587.00	28,678.87
III. Direct Operating Expenses			
Telephone	279.10	480.00	200.90
Memberships	110.00	-	(110.00)
Staff Development	-	-	0.00
Professional Services	-	-	0.00
Computer Equipment	-	-	0.00
Transcription	-	-	0.00
Transportation/Travel	897.23	-	(897.23)
Office Expense	23.44	50.00	26.56
Rent/Lease	131.25	166.00	34.75
Special Dept Expenses	42.42	-	(42.42)
General Liability	98.00	98.00	0.00
Fleet Vehicle Mileage/Fuel (Hortbeck)	1,517.89	3,145.00	1,627.11
Total Direct Operating Expense	3,099.33	3,939.00	839.67
<b>Total Costs</b>	<b>39,007.46</b>	<b>68,526.00</b>	<b>29,518.54</b>

Trust Fund Beginning Balance as of July 1, 2022 (SRF 2270762)	\$ 602,874.97
Revenue from Recorded Documents	14,485.60
Interest	8,765.23
Interest - Unposted	1,345.54
Ending Balance as of June 30, 2023	627,471.34
Total <u>Estimated</u> Expenditures FY 22/23	39,007.46
<b>Adjusted Ending Fund Balance</b>	<b>\$ 588,463.88</b>