



El Dorado County District Attorney's Office

2018-2019
Real Estate Fraud Program
Annual Report

Vern Pierson
District Attorney
County of El Dorado

Prepared by Investigator Ted Horlbeck

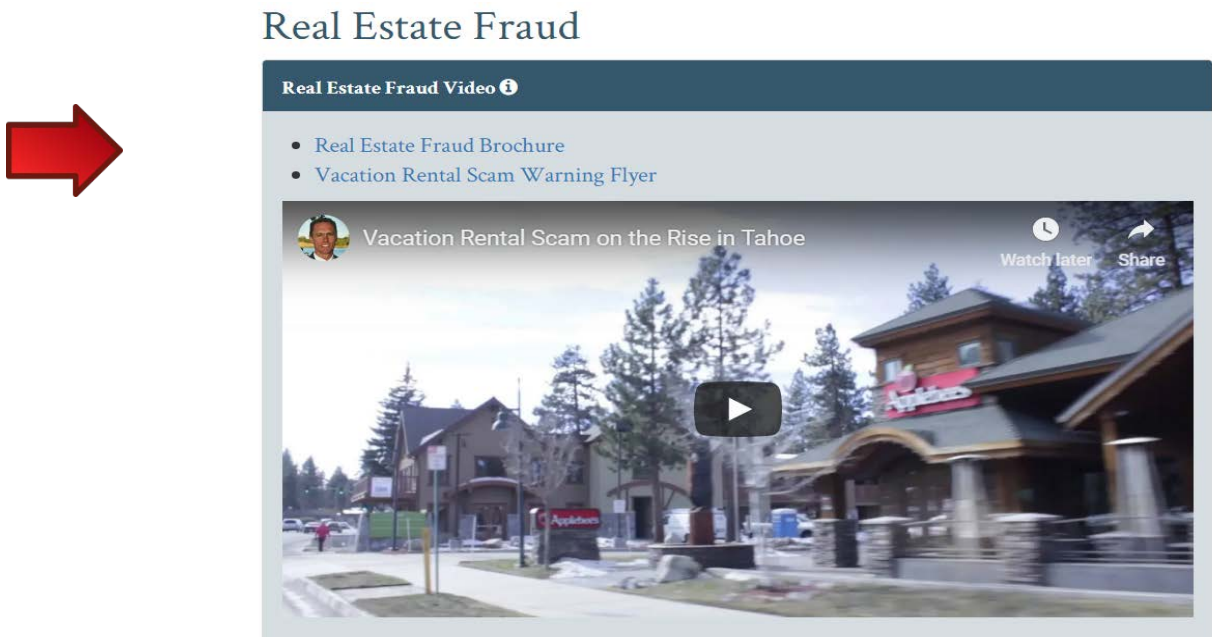
PROGRAM SUMMARY:

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 Investigator Richard Pesce, Investigator Ted Horlbeck, Assistant District Attorney James Clinchard, an assigned Deputy District Attorney, and support staff personnel.

Investigator Ted Horlbeck worked the entire fiscal year 2018-2019 in the Real Estate Fraud Program. As of June 30, 2019, a total of 14 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 rental scams continues to prove effective. This year, there were three reported cases involving fraudulent vacation rentals in the South Lake Tahoe area equaling the number reported in FY 17/18. Once again, all of the cases originated from fraudulent Craigslist ads. The District Attorney’s Office continues to work with Craigslist to combat fraudulent listings.

In its continuing efforts to educate and inform the public, the El Dorado County District Attorney’s Office placed their Real Estate Fraud “Tips & Resources” brochure and Vacation Rental Scam Warning flyer on their website allowing visitors to view them along with the Vacation Rental Scam public service announcement as depicted in the below screenshot:



Additionally, copies of the brochures and flyers are available to the public in the front lobby of the District Attorney's Office, at the County Recorder's Office, and at both the El Dorado County and El Dorado Hills Chamber of Commerce offices.

On September 11, 2018, Investigator Horlbeck met with representatives from the Tahoe Chamber of Commerce and the South Lake Tahoe Association of Realtors in an effort to expand our community outreach. In addition to establishing communication with these offices, copies of the Real Estate Fraud brochure and Vacation Rental Scam flyer were provided. An electronic copy of each was also provided so they could be included in their electronic newsletters.

Furthermore, on February 13, 2019, Investigator Horlbeck, Deputy District Attorney Erin Tognetti and Victim Witness Program Specialist David Groth presented at an event hosted by the El Dorado County Health and Human Services Agency in conjunction with the Elder and Dependent Adult Abuse Project. The meeting was held at the Gilmore Senior Center in El Dorado Hills with the focus being fraud prevention amongst the elderly. Other invited attendees included representatives from Adult Protective Services, Senior Legal Services and the El Dorado County Sheriff's Office.



Investigator Horlbeck also worked with the El Dorado County Recorder's Office to establish a reporting protocol when they suspect suspicious activity on behalf of persons recording documents related to real estate transactions.

Continuing outreach efforts include representatives from the El Dorado County District Attorney's Office attending the bi-monthly Adult Protective Services staff meetings and the monthly Crisis Intervention Team meetings which are hosted by the El Dorado County Sheriff's Office. The goal for attending these meetings is to address and respond to any issues relating to real estate fraud.

The number of Notice of Default's by homeowners between 7/1/18 and 6/30/19 was 325, a decrease of 5.2% from the 343 reported in FY 17/18. The number of Notice of Trustee Sale's equaled 193 this year which represents a 10.6% decrease from the 216 reported last year. As the economy continues to stay healthy, so does the housing market.

FY STATISTICS RELATED TO FORCLOSURES

	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
Notice of Defaults:	344	343	325
Notice of Trustee Sales:	160	216	193

FY STATISTICS REQUIRED UNDER GC 27388

	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
Cases Filed:	0	3	2
Cases Investigated:	22	16	14
Number of Victims:	22	20	16
Total Monetary Losses:	\$322,000.00	\$724,040.00	\$879,400.00
Total Funds Received in Trust:	\$138,550.50	\$122,543.81	\$160,745.00
Total Funds Expended From Trust:	\$45,597.08	\$72,191.01	\$58,007.82
Adjusted Ending Balance For 6/30/19:	\$300,048.00	\$350,400.79	\$399,137.97

FY CUMULATIVE STATISTICS INCLUDING OPEN CASES FROM PRIOR YEARS

	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
Number of Cases Filed:	0	3	2
Number of Cases Investigated:	22	16	14
Number of Search Warrants:	6	6	5
Number of Arrests:	0	1	0

PROGRAM RECCOMENDATIONS:

The El Dorado County District Attorney's Office, by virtue of the Real Estate Fraud Program, stays committed to its on-going community outreach efforts to keep the public informed and educated. The El Dorado County District Attorney's Office was once again represented at the El Dorado County Fair which ran from June 13–16, 2019. Investigators were available to answer questions and address real estate fraud related concerns. The Real Estate Fraud brochure and Vacation Rental Scam flyer were available as were Investigator Horlbeck's business cards for residents looking for a specific person to contact with any real estate fraud questions.

Furthermore, the El Dorado County District Attorney's Office continues to work collaboratively with all local, State, and Federal agencies in an effort 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 2019-2020, the El Dorado County District Attorney's Office will strive to improve its outreach efforts to include the following:

- Participating in the Eastern District Mortgage Fraud Task Force with an emphasis on real estate fraud reporting and investigations.
- Hosting the quarterly Sierra Economic Crimes Task Force meeting with a focus on real estate fraud reporting and investigations.
- Establish office protocols to allow real estate funds to bolster other investigations wherein real estate fraud is a component but not the main focus.

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 2017/2018

DAI Ted Horlbeck / 2017-083

This case was carried over from the previous year due to the ongoing investigation. The suspect in this case is alleged to have embezzled in excess of \$600,000 from a group of Limited Partner Investors who owned a large office building in Placerville. The suspect was the partnerships certified public accountant for several years and is alleged to have made himself a General Partner at some point which enabled him to have unauthorized control of business transactions. In addition to embezzlement, the allegations include bank fraud and grand theft. A concurrent investigation was conducted by the California Board of Accountancy which is the state run agency who oversees CPA's.

Status: Closed due to insufficient evidence and statute of limitation issues.

DAI Ted Horlbeck / 18-05-003874

This case was carried over from the previous year due to the ongoing investigation. The suspect in this case is a licensed California Real Estate Appraiser who filed a false Uniform Commercial Code Financing Statement against three employees of the California Bureau of Real Estate Appraisers (BREA) and listed their homes as collateral. The suspect did this because she was unable to renew her license due to the fact that she was under investigation by the BREA for licensing violations. As a result, she believes they are responsible for \$200,000 + in lost income. The suspect is working with a second subject who lives in Canada and both appear to align themselves with sovereign citizen ideology. Investigator Horlbeck is working with the Ontario Provincial Police on this case.

Status: Both defendants were charged with (3) felony counts of filing a false document and (3) felony counts of extortion and failed to show for their arraignment. Arrest warrants have been issued and the El Dorado County District Attorney's Office is working with the United States Marshals and Canadian authorities to facilitate their apprehension.

**Assistant District Attorney James Clinchard, Chief Jeff Dreher, DAI Ted Horlbeck,
(Additional Deputy District Attorneys and DA Investigators)**

This case was carried over from the previous year due to the ongoing investigation. This is a large scale investigation involving multiple suspects and multiple law enforcement agencies. The investigation has been ongoing for several months and is expected to continue for several additional months.

Status: Pending

DAI Ted Horlbeck / 18-11-007114

The suspect in this case was alleged by the elderly victim's family to have used fraud and deceit in an attempt to intimidate the victim into selling her home at below market value. The transaction was interrupted by the victim's family prior to being reported to the District Attorney's Office. During the investigation it was determined that there was insufficient evidence that a crime had occurred.

Status: Closed

DAI Ted Horlbeck / 2019-008

This case was originally reported to the South Lake Tahoe Police Department who in turn forwarded it to the District Attorney's Office for further investigation. The case involves a victim who rented a vacation property in South Lake Tahoe from a Craigslist ad only to eventually find it was a scam. The victim transferred \$2,100 to the suspect electronically by using an app called Zelle as requested by the suspect. Zelle allows electronic money transfers using phone numbers and email addresses. The victim was unable to recoup her loss through her bank. Multiple search warrants have been written for this case.

Status: Pending

DAI Ted Horlbeck / 19-03-001271

This case was originally reported to the El Dorado County Sheriff's Office who then forwarded it to the District Attorney's Office for further investigation. Very similar to the aforementioned case, this too involves a victim who rented a vacation property in South Lake Tahoe from a Craigslist ad only to eventually find it was a scam. The victim also transferred \$1,300 electronically using the Zelle app. The victim was unable to recoup his loss through his bank.

Status: Pending

DAI Ted Horlbeck / 19-05-002768

This case was reported to the District Attorney's Office by the County Recorder's Office due to activity they deemed suspicious. Upon further investigation, the victim, who is the only surviving family member of her deceased brother, alleges a friend of her brother's recorded a grant deed on his house pursuant to a trust that she feels is fraudulent.

Status: Pending

DAI Ted Horlbeck / 19-06-003082

The suspect in this case is alleged to have offered or sold securities, in the form of promissory notes-investment contracts, in order to raise money to grow medical cannabis on an Indian reservation in Canada. The victim invested \$20,000 and was promised a return of \$250,000 within 60 days. The suspect represented to the investors that the sale of the cannabis would generate the revenue. The suspect has returned no money to the victim well beyond the agreed upon time frame despite the fact that the victim has requested her principal back plus profit on numerous occasions. A concurrent investigation is being conducted by the California Department of Business Oversight.

Status: Pending

Attachment 'A'

FY 18/19 Real Estate Fraud Summary (through July 19, 2019)

Description	Amount	Comments
Beginning Cash Balance	\$ 350,400.79	2017/2018 Year-End Cash Balance
Revenue	\$ 97,113.60	Recording Fees
Revenue	\$ -	Micrographics
Prior Year Adjustment	\$ 993.23	
Interest	\$ 8,638.17	
Total Revenue:	\$ 106,745.00	
Q1 Salary & Benefits	\$ 16,236.48	Not submitted yet
Q2 Salary & Benefits	\$ 13,578.71	Not submitted yet
Q3 Salary & Benefits	\$ 12,130.89	Not submitted yet
Q4 Salary & Benefits	\$ 8,884.35	Not submitted yet
Indirect	\$ 4,600.84	10% on salaries
Services and Supplies	\$ 2,576.55	Add'l expenses may still post
Total Expenses:	\$ 58,007.82	
Ending Cash Balance:	\$ 399,137.97	Beginning cash balance plus total revenue minus total expenses