



El Dorado County District Attorney's Office

2023-2024 Real Estate Fraud Program Annual Report

Vern Pierson

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, Investigator Simon Brown, Assistant District Attorney James Clinchard, assigned Deputy District Attorney Doug Fransham, and support staff personnel.

Investigator Simon Brown was the primary investigator assigned to the Real Estate Fraud Program for the 2023-2024 fiscal year. As of June 30, 2024, a total of 18 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 worked several vacation rental fraud cases, and in so doing uncovered a trans-national fraud ring that was also involved in Government Paycheck Protection Program (PPP) Loan fraud to the tune of hundreds of thousands of dollars. One of the bank accounts discovered by search warrants showed over half a million dollars laundered through it over nine months. This information was turned over to the FBI.

This year, the Real Estate Fraud Program and Investigator Brown continue to meet 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 Real Estate Fraud "Tips & Resources" brochure and the Vacation Rental Scam Warning Flyer continues to be available in the front lobby of the District Attorney's Office, on its website and at the Recorder Clerk's Office. The District Attorney's Office has continued to do outreach through social media to alert the public to the signs of vacation rental fraud. The District Attorney's Office also had a booth sent up at the Cameron Park National Night Out location to raise awareness to real estate fraud.



Starting with this year, Investigator Brown attended a monthly collaborative meeting with multiple law enforcement agencies and Adult Protective Services, Public Guardian's Office, County Senior Legal Services and Health and Human Services. Investigator Brown also attended quarterly meetings with the same agencies and expanded to private elderly care companies and financial institutions. These meetings have greatly increased the communication and effectiveness in protecting seniors from financial elder abuse involving real estate. These meetings have improved working relationships and have resulted in reporting of many cases directly to our office.

The number of Notice of Default's by homeowners between 7/1/23 and 6/30/24 was 290, an increase of 3% from the 281 reported in FY 2022/23. The number of Notice of Trustee Sales this year was 153 which represents an 8.5% decrease from the 166 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 in 20/21 to a high of 281 in 2022/23. Likewise, the number of Notice of Trustee Sale's has increased from 62 in 20/21 to a high of 166 in 2022/23 which represents a 168% increase since 2020. This last fiscal year has seen these numbers level off.

According to the California Association of Realtors, the median price of homes sold in El Dorado County in March of this year was \$677,000. This represents a 9.2% increase from the median price of \$620,000 in March 2023. Housing prices increased again this last year as the market deals with low supply and higher inflation and interest rates.

FY STATISTICS RELATED TO FORCLOSURES

	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>
Notice of Defaults:	177	281	290
Notice of Trustee Sales:	111	166	153

FY STATISTICS REQUIRED UNDER GC 27388

	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>
Cases Filed:	0	1	1
Cases Investigated:	13	12	18
Number of Victims:	15	13	28
Total Monetary Losses:	\$525,847.32	\$1,443,132	\$1,967,982
Trust:	\$95,709.99	\$24,596.37	\$18,980.17
From Trust:	\$27,945.16	\$41,606.43	\$73,056.25
For 6/30/24:	\$602,874.97	\$585,864.91	\$531,788.83

**Note: FY 2023/24 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>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Number of Cases Filed:	0	1	1
Number of Cases Investigated:	13	12	18
Number of Search Warrants:	0	1	2
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. 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 2023-2024, 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.
- Continue to develop office protocols to allow real estate funds to bolster other investigations wherein real estate fraud is a component but not the primary 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 2023/2024

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 online, responded to a property advertisement on Craigslist. After communicating with what the victim thought was the property owner, he wired \$1,200 before realizing it was a scam. The District Attorney's Office prepared a search warrant for a Gmail account and two separate bank accounts discovered in the investigation. One of the bank accounts used in this fraud belonged to a secondary victim in Arizona. The second account was heavily used to launder approximately \$100,000 a month between this and other fraud schemes and even pay those who participated in what was determined to be a trans-national fraud scheme. Some of the fraud uncovered by the search warrant was connected to large scale PPP loan fraud. PPP is the Covid Paycheck Protection Program that gave nearly one billion dollars to business to help during the response to the pandemic. The FBI took the information to add to their cases involving some of the same suspects and fraudulent LLC's.

Case Status: Referred out.

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

017-0250524

Update – Case was filed, warrant issued, and subject was arrested.

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 then paid an additional \$50,000 to the general contractor to pay for the electrical and plumbing work supposed to be completed by subcontractors. The general contractor took the money additional \$50,000 and never paid the subcontractors. As a result, a lien was 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 similar facts. This investigation included a search warrant for the general contractor's bank account. Total loss \$160,250.

Case Status: Filed

No case number:

The District Attorney's Office was contacted regarding the fraudulent use of a property by the executor of an estate. For almost ten years, a sibling, appointed as successor trustee entrusted to manage the trust assets in the best interest of the trust beneficiaries, spent rent income from the home of her deceased parents and failed to make equal disbursement to the other trust beneficiaries. In addition, the suspect then took out a hard money loan against the property without informing the other siblings and used that money to purchase personal property for her personal gain. The victims reported this to EDSO and after some work, referred this case to the District Attorney's Office.

Total loss \$420,000

Case Status: Filed

017-0255359:

An elderly homeowner in El Dorado Hills was contacted by a construction company with an offer and contact to buy his vacant lot for 10% of what it is actually worth. This homeowner did not respond to this mail offer but was concerned that others in the community might be taken advantage of. The District Attorney's office searched the Recorder's records locating 10 other properties that were purchased by this construction company and then sold at a profit immediately after the purchase. The District Attorney's Office contacted the owners of the property that sold to this company to determine if there were violations of the law involved with the sale. All were happy with the transaction aside from one who felt pressured to sell for a lower price than the original offered price. This homeowner said the company continued to find problems with the property and kept lowering their price. Based on the properties that were purchased by this company, the low purchase price seemed to be based on problems with the property. In many cases, this company would buy a property and as soon as the sale went through immediately list it for a large profit without any work being done on the property. This kind of house flipping or wholesaling is not illegal as long as the person buying the property does not

misrepresent the value or lie during the process.

Case Status: Closed

017-0255077:

In this case the complainant accused her ex-husband of creating synthetic identities and using them to purchase homes fraudulently or using identities of deceased persons. There was no evidence of this using both open source and law enforcement search databases. The complainant never returned any calls, and the case was closed.

Case Status: Unfounded

No Case Number:

An elderly female called the District Attorney's Office for guidance dealing with a tenant who was taking advantage of her. This tenant had never paid rent and was refusing to vacate the property. It was discovered that this tenant had done the same thing to two previous property owners who were also elderly females. After interviewing all involved it was clear that the tenant was taking advantage of the property owners, but in each instance the laws protecting tenants made it difficult to proceed with any criminal charges.

Case Status: Civil

No Case Number:

A local title company came across a real estate transaction in progress where someone who was not the owner of a piece of vacant land was trying to sell it. The District Attorney's Office was contacted and reached out to the real estate agent involved. The listing was taken down because of the awareness of the title companies who stopped a possible fraudulent transaction before it happened.

Case Status: Closed

017-0255034:

A complaint was sent in when someone noticed 20 or more entries on the recorder clerk's website with their name all listing the same date and time of midnight as a filing date. This person was concerned about fraud. After an initial look, it appears that this is a default date and time the current system puts for filings done prior to when the computer system was initiated.

Case status: Unfounded

017-0258837:

A female defrauded the Covid Rent Relief program by lying on an application stating that she had two people renting her house who did not actually live there. After several months of attempting to reach the agency responsible for investigating fraud on this program, the District Attorney's Office was able to determine that this was a federal program. This case

was referred to them to investigate.

Case Status: Referred out

017-0256636:

The District Attorney's Office received a complaint from a person who hired a contractor to build their home in El Dorado Hills. The contractor stopped working on the property and used funds from the homeowner on the contractor's other projects. Sacramento County District Attorney's Office was in receipt of a similar complaint regarding the same contractor. The El Dorado County homeowner has since hired a new contractor and informed the DA Office that the project is moving along and almost complete. The El Dorado County homeowner said that he was not sure if any money was missing and would contact the District Attorney's Office once the job was complete and he had a chance to look into it more.

Case Status: Inactive, pending re-contact from victim

017-0259584:

An 80-year-old male lost his home in Grizzly Flats due to the Caldor Fire and purchased a manufactured home. The company he purchased it from connected him with a local contractor. The male homeowner was frustrated with the slow pace of the project and the unprofessional behavior of the contractor and filed a complaint. The District Attorney's Office worked with the homeowner to direct his complaint to the California Contractor State License Board.

Case Status: Referred out

No Case Number:

An elderly disabled male received an offer to buy his house for a lower than market amount. The District Attorney's Office reached out to make sure that the transaction did not go through, checked the recorder clerk's office, and confirmed that it did not. The male did not want to sell his house.

Case Status: Closed

No Case Number:

A local South Lake Tahoe resident discovered a condo she owned was listed for rent on Facebook Marketplace. The resident reached out to the scammers who listed her apartment and threatened them with legal action if the listing was not removed. The District Attorney's Office attempted to reach out to the scammers and attempted to find leads that would help to identify who they were. Since the listing was removed, there was very little information to help identify the people responsible.

Case Status: Closed

No Case Number:

An elderly female contacted the District Attorney's Office to report a problem she was having with her son. The elderly female purchased a manufactured home and put it on her son's property in Shingle Springs. The son is threatening to evict her mother and she is concerned since she has no money and put everything she has into buying the home. After contacting the son, he explained that he does not want his mother to invite her other son onto the property because he is a drug addict. The son explained that he had no intention of evicting his mother but had to make sure she was safe. This incident was cross reported to Adult Protective Services.

Case Status: Closed

017-0261172:

An elderly male rented a home to a female who had not paid rent for several months. The female offered to apply to the Covid Rent Relief program to assist with making the property owner whole. Per the program rules the money received for rent relief needs to be paid to the landlord directly and if that was not possible then the money needed to be paid to the tenant who was supposed to give it to the landlord. In this case the tenant received a \$12,000 check and kept it for herself. Then one of the tenant's friends gave a fake \$12,000 Covid Rent Relief check to the landlord on the condition that the landlord give \$1,000 back. The landlord gave \$1,000 cash and deposited the check, not knowing it was fake. Due to the Covid Rent Relief money being federal funds, this case can only be prosecuted as it relates to the fake check.

Case Status: Review by DDA

017-0260922:

A fraud compliant was referred to our office from Adult Protective Services for an 85-year female dementia patient whose children back dated a power of attorney revocation which resulted in half of her property being transferred to her son. The District Attorney's Office has met with Adult Protective Services and is in the process of contacting the doctor for the female to determine when the potential victim lost the capacity to make financial or legal decisions.

Case Status: Active

17-0260896:

This case involves a couple in El Dorado Hills who transferred \$83,000 as an investment to a Jamaican Pastor who lives in Florida who claims to be building a large housing development in Jamacia. The contract the couple signed did not seem professionally written and they are concerned that they are victims of fraud. After several years with no progress on what was promised to be a quick return on their money, they contacted the District Attorney's Office. The preliminary investigation revealed that the company the couple invested in was concealed behind several layers of LLC's and is likely fraudulent. This case will require additional investigation given the numerous jurisdictions of the

remoteness of the potential defendant.

Case Status: Active

017-0261480:

This case involved the theft of a disabled male's special needs trust funds and the sale of the male's primary residence without his knowledge. The trust was set up to provide the male with a steady income stream for remainder of his life and the person designated to care for it stole its entire balance within a matter of months. This case was originally reported to EDSO and was referred to the District Attorney's Office for further follow-up which will likely involve multiple search warrants and interviews.

Case Status: Active

017-0262310:

This case involved an elderly retired doctor with some memory problems and a recent surgery to remove a brain tumor. Another male who has lived in an ADU on the retired Doctor's Orinda CA home had been the caretaker of the doctor's property for 40 years. The doctor promised the caretaker that he would receive the ADU upon the doctor's death in lieu of payment for taking care of the property. Recently the caretaker convinced the doctor to purchase him a \$550,000 home in El Dorado County instead of the gift of the ADU. It should be noted that while the caretaker was never paid for his work by the doctor, the caretaker also never paid any rent to the doctor.

To do this transactions, the doctor would have had to liquidate his entire investment portfolio to purchase this El Dorado County property. Instead, the doctor took out a \$550,000 loan against his free and clear Orinda home. As a result of this new loan, the doctor had to accelerate the draw down rate of his investments to cover the loan and has at most 7 years left before he runs out of money. Aside from his investments, the Doctor had no other savings.

After the sale went through, the El Dorado County home was held in the name of the doctor's trust. Approximately one month after the former caretaker and the caretaker's female companion, moved into the home. The female had the doctor sign a quit claim deed, transferring the title into both their names. The caretaker and his companion have since ended their relationship, which is how this case was brought to the attention of the District Attorney's Office since the caretaker no longer wanted his former companion on title with him. While the investigation completed by the District Attorney's Office, found nothing wrong with the companion's name being on title, the entire purchase of this property is detrimental to the doctor's financial security and future and could be financial elder abuse.

Case Status: Review by DDA

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017-0261521:

A property owner of vacant land in Shingle Springs was informed that a realtor was walking around their property and was concerned that someone pretending to be her may be trying to sell her property. The identity of the person behind the fraudulent attempt to sell was never determined and there was no action on the property. The District Attorney's Office reviewed this case and spoke with the property owner to give guidance on how to protect themselves from fraud.

Case Status: Closed

Attachment 'A'

FY 23/24 Real Estate Fraud Summary SRF 2270762/CASH 12220362 (through July 05, 2024)		
Description	Amount	Comments
Beginning Cash Balance	\$ 585,864.91	2022/2023 Year-End Cash Balance
Revenue	\$ -	Recording Fee suspended as of October 2022 for a period of 3 years.
Revenue	\$ -	Micrographics
Prior Year Adjustment	\$ -	
Interest	\$ 18,980.17	
Total Revenue:	\$ 18,980.17	
Total Available Cash:	\$ 604,845.08	
FY 23/24 Q1 Expenditures	\$ 13,470.22	Not yet submitted.
FY 23/24 Q2 Expenditures	\$ 16,167.15	Not yet submitted.
FY 23/24 Q3 Expenditures	\$ 21,054.44	Not yet submitted.
FY 23/24 Q4 Expenditures (Estimated)	\$ 22,364.44	Not yet submitted; estimate of costs (pending minor Year-End recordings)
Total Estimated Expenses:	\$ 73,056.25	
Anticipated Ending Cash Balance:	\$ 531,788.83	Beginning cash balance plus total revenue minus total expenses

EL DORADO COUNTY

REAL ESTATE FRAUD PROSECUTION

ANNUAL EXPENDITURE REPORT, 7/1/23-6/30/24

Estimate Only - Pending Year-End Close

	YTD	Budget	Variance
I. Salary	53,929.18	78,890.00	24,960.82
II. Benefits	15,411.67	47,777.00	32,365.33
Total Salary and benefits	69,340.85	126,667.00	57,326.15

III. Direct Operating Expenses

	YTD	Budget	Variance
Telephone	21.66	480.00	458.34
Memberships	105.00	-	(105.00)
Staff Development	-	-	0.00
Professional Services	-	-	0.00
Computer Equipment	-	-	0.00
Transcription	-	-	0.00
Transportation/Travel	2,024.74	-	2,024.74
Office Expense	-	50.00	50.00
Rent/Lease	-	175.00	175.00
Special Dept Expenses	-	-	0.00
General Liability	1,564.00	1,564.00	0.00
Fleet Vehicle Mileage/Fuel (Horlbeck)	-	4,728.00	4,728.00
Total Direct Operating Expense	3,715.40	6,997.00	3,281.60

Total Costs **73,056.25** **133,664.00** **60,607.75**

Trust Fund Beginning Balance as of July 1, 2023 (SRF 2270762)	\$ 585,864.91
Revenue from Recorded Documents	-
Interest	17,224.25
Interest - Unposted	<u>1,755.92</u>
Ending Balance as of June 30, 2024	604,845.08

Total Estimated Expenditures FY 23/24	<u>73,056.25</u>
Adjusted Estimated Ending Fund Balance	\$ 531,788.83