

Real Estate Fraud Prosecution Trust Fund Committee Annual Meeting Minutes: FY 2020/2021

DATE: July 15, 2021

ATTENDEES:

Don Semon – Department of Health & Human Services
(*voting member*)
Jeff Dreher – Chief DA Investigator
James Clinchard – Assistant District Attorney
Jodie Jensen – Deputy District Attorney, District Attorney's Office
Ted Horlbeck – Investigator, District Attorney's Office
Kimberly Beal - El Dorado County Association of Realtors
Kerri Williams-Horn - Chief Fiscal Officer, CAO's Office (proxy for CAO Ashton)
Vern Pierson – District Attorney (*voting member*)
John D'Agostini – Sheriff, El Dorado County Sheriff's Office (*voting member*)
Justene Cline – Administrative Analyst, CAO's Office
Savannah Brodrick – Administrative Technician, District Attorney's Office
Diana Fedrow – Sr. Paralegal, District Attorney's Office

Absent Member(s):

Don Ashton – CAO, El Dorado County (*voting member*)
Joe Alexander – Chief Assistant District Attorney

CALL TO ORDER: 11:14 AM

DISTRIBUTION OF AGENDA AND ANNUAL REPORT FY 2020/2021

Assistant District Attorney James Clinchard welcomed everyone. Roundtable introductions were made.

DISCUSSION / REVIEW OF CASES:

DAI Horlbeck discussed and summarized the 2020-2021 Real Estate Fraud Program:

- The number of cases reported to the District Attorney's Office during FY 20/21 is lower than in years past and it appears as the Coronavirus (COVID-19) pandemic has had an impact on the number of real estate fraud cases reported to the District Attorney's Office.

- This year was the first time in several years; there were no reported cases to the District Attorney's Office.
- Vacation Rental Scams: Discussion of consistent reduction of South Lake Tahoe vacation rental scams being reported. This year, there were three reported cases involving fraudulent Craigslist ads. The DA's office continues to enjoy a good working relationship with Craigslist to combat fraudulent listings. DAI Horlbeck discussed one case showing that our office continues to take an aggressive approach towards rental scams. The case carried forward from last year that combined with one reported this year due to them having a common suspect. Over the course of a lengthy investigation that involved multiple search warrants, the suspect has been positively identified and located in New York. This investigation is ongoing.
- 017-0233600: Very similar to the aforementioned case, this too involves a victim who rented a vacation property in South Lake Tahoe from a Craigslist ad and eventually learned it was a scam. The victim also transferred \$5,865 electronically using the Zelle app to the same suspect named in the above case. Because of the common suspect, these case were combined for investigative purposes. As a result of a lengthy investigation, the suspect has been positively identified and located in New York. Update: this investigation was suspended for several months due to the pandemic. In February of this year, Investigator Horlbeck resumed the investigation and was able to establish communication with the suspect in New York. The suspect ultimately agreed to pay the two victims back in full in the form of cashier's checks. In May, the victims received the cashier's checks. Status: Case closed – no charges filed in the interest of justice.
- Case No. 2017-065: Continuing case from 2018-2019. Case involves three suspects operating a foreclosure rescue delay scam. Homeowners paid rent to suspects for approximately a year and were later evicted by new home owner after home was foreclosed and legally sold at auction. In October 2019, California Attorney General Xavier Becerra announced the indictment and arrest of the suspects on a 121-count felony indictment for operating a mortgage fraud scheme throughout California. This resulted in a combined loss of over \$7 million. Suspects currently await trial. Status: Case completed and turned over to the Attorney General's Office to be prosecuted at the federal level. Update: As of June 30, 2021, the suspects remain in custody awaiting trial.
- Case No. 017-0083342: The suspects in this case own a construction business and were hired by the victim to complete a large scale remodeling project. The victim, after being billed for and paying the bulk of the agreed upon amount, was asked for more money by the suspects even though the project was only half completed. When the victim refused, the contractor abandoned the job. The victim alleges that

the funds paid to the suspect were diverted to fund other construction projects which resulted in theirs not being completed. During the course of the preliminary investigation, three other victims have been identified all alleging the same practice of the suspects diverting funds. The total loss among the four victims is approximately \$250,000. Status: Pending. The investigation has been completed and submitted for review and charging.

OUTREACH:

- Ongoing outreach and awareness of rental scams continues to produce effective results.
- Continuing efforts to educate and inform the public by enhancing social media outreach presence by creating a Twitter account in addition to its already existing Facebook account. The office plans to utilize both of these networking sites to post educational and preventative information related to real estate fraud. Visitors to these Sites will also be provided with links that will allow them to view the El Dorado County District Attorney's Office Vacation Rental Scam public service announcement, the Real Estate Fraud "Tips Resources" brochure and the Vacation Rental Scam Warning Flyer. Copies of the brochure and flyer are available to the public in the front lobby of the DA's office, County Recorder's Office, and at both the El Dorado County and El Dorado Hills Chamber of Commerce offices.
- The DA's office is once again partnering with Craigslist to create an ad on their website for a vacation rental property that when accessed, redirects the visitor to the District Attorney's Office website for information on rental fraud.
- The Real Estate Fraud Program is preparing a series Facebook posts that will focus on the different types of real estate fraud and contain warning signs for homeowners.
- The DA's Office utilized a billboard that was located along Highway 50 in the Strawberry area that was visible to drivers travelling eastbound towards South Lake Tahoe. The billboard message ran from mid-October through mid- December ahead of the winter vacation period.
- The DA's Office is working with the California Department of Real Estate to disperse a Consumer Alert they drafted focusing on fraud warning signs for homeowners experiencing financial distress associated with the corona virus pandemic.
- The El Dorado County Fair is back and scheduled for September 23-26, 2021. As in year past the District Attorney's Office will have a presence at the fair.
- For the upcoming fiscal year 2020/2021, the DA's office will strive to improve its outreach effort to include the following:
 - Partner with Craigslist for vacation rental advertising and education.
 - The DA's Office would like to do an additional billboard going into the holiday seasons in order to gain additional awareness for people on their travels up to Lake Tahoe along the Highway 50 corridor, Vacation Rental Fraud will certainly be advertised.

- Continue to develop office protocols to allow real estate funds to bolster other investigation wherein real estate fraud is component but not the main focus.

FY 20/21 EXPENDITURE REPORT:

- Discussion: Kerri Williams-Horn reviewed the FY 20/21 Real Estate Fraud Summary. Total revenue of \$103,534.21 and expenses of \$38,264.00.

Trust Fund Beginning Balance as of July 1, 2020	\$ 430,719.17
Revenue from Recorded Documents	100,540.80
Prior Year AP Adjustment	621.00
Interest	<u>2,381.41</u>
Total Revenue	\$103,543.21
Total Expenditures FY 20/21	<u>\$ 38,264.00</u>
Adjusted Ending Fund Balance	<u>\$ 495,998.38</u>

- Vote approving transfer of \$38,264.00 from Trust Fund:
 - Motion by: John D'Agostini
 - Second by: Don Semon
 - Approved by all voting members
- This Report is scheduled to be filed by the Board of Supervisors on August 10, 2021.

MEETING ADJOURNED: 11:38 A.M.