

Real Estate Fraud Prosecution Trust Fund Committee

Annual Meeting Minutes: FY 2013/2014

DATE: August 1, 2014

ATTENDEES:

Voting Members:

Vern Pierson- District Attorney (voting member)
Terri Daly- Chief Administrative Officer (voting member)
Don Ashton- Director Human Services (voting member)
John D'Agostini – Sheriff, El Dorado County Sheriff's Office (voting member)

Non-Voting Members:

Steve Miller – Auditor's Office
Kimberly Beal- El Dorado County Association of Realtors
Robert Cosley- Chief Investigator, District Attorney's Office
Robert Leach – Investigator, District Attorney's Office
James Clinchard – Assistant DA, District Attorney's Office
Simon Brown – Detective, El Dorado County Sheriff's Office

Absent Members:

Vern Pierson- District Attorney (voting member)
John D'Agostini – Sheriff, El Dorado County Sheriff's Office (voting member)

Proxy Members (for absent voting members):

James Clinchard, Assistant DA, for Vern Pierson, District Attorney (voting member)
Simon Brown, Detective, EDSO, for John D'Agostini, Sheriff (voting member)

CALL TO ORDER: 11:03 a.m.

INTRODUCTIONS:

DISTRIBUTION OF ANNUAL REPORT FY 2013/2014

DISCUSSION ON COMMUNITY OUTREACH:

- Beal asked if more community outreach can be done. Suggested community outreach by committee members:
- **Senior Aging Commission:** to focus on trusts and moving properties into trusts and determining what's right and what's wrong.

PROGRAM SUMMARY:

Robert Leach, real estate fraud, criminal investigator began employment with the District Attorney's office December 16, 2013.

As of July 26, 2014, he has investigated 46 potential crimes involving varying forms of real estate fraud and related counts of grand theft by false pretense.

20 of those crimes involving different victims have been turned over to the District Attorney's office for prosecution.

6 of those cases have been "closed" for various reasons including no crimes committed.

The balance of the cases (14) are pending further investigation.

Estimated Losses: \$3.8 million (\$1.8 million if you eliminate 1 potential bank fraud case)

Time Allotted:

The total hours worked in the first 16 pay periods was 700 hours. The percentage of time spend investigating "foreclosure related crimes" has been 175 hours (25%).

Community Outreach:

A seminar was held for the El Dorado County Board of Realtors and regional title company employees on April 25, 2014. Approximately 100 members attended the meeting.

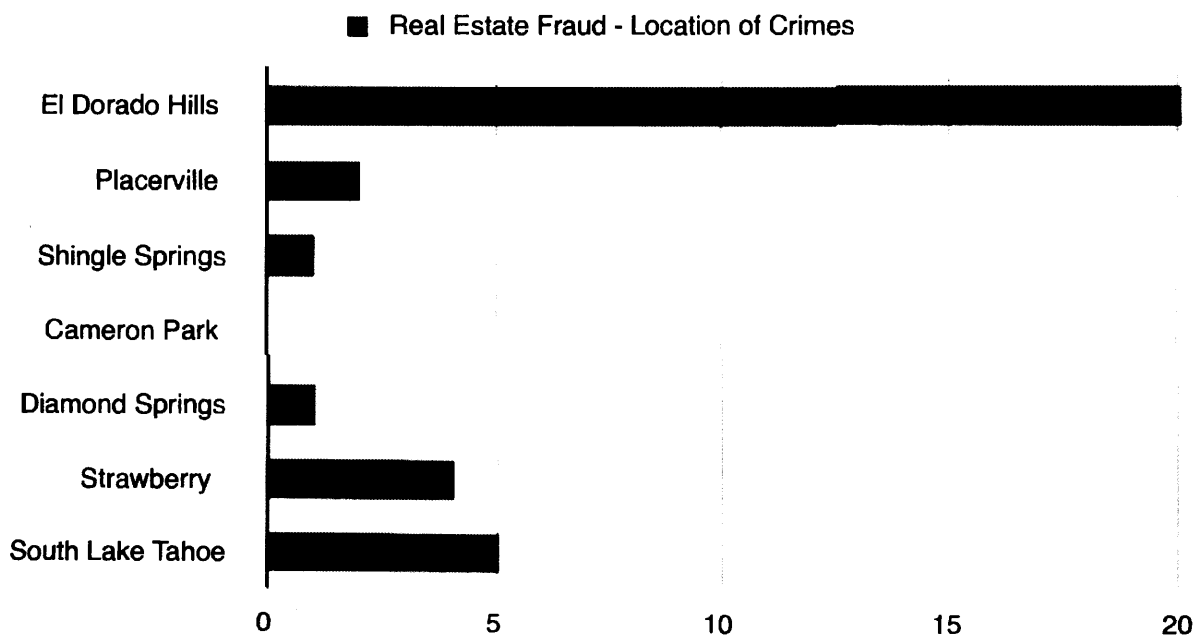
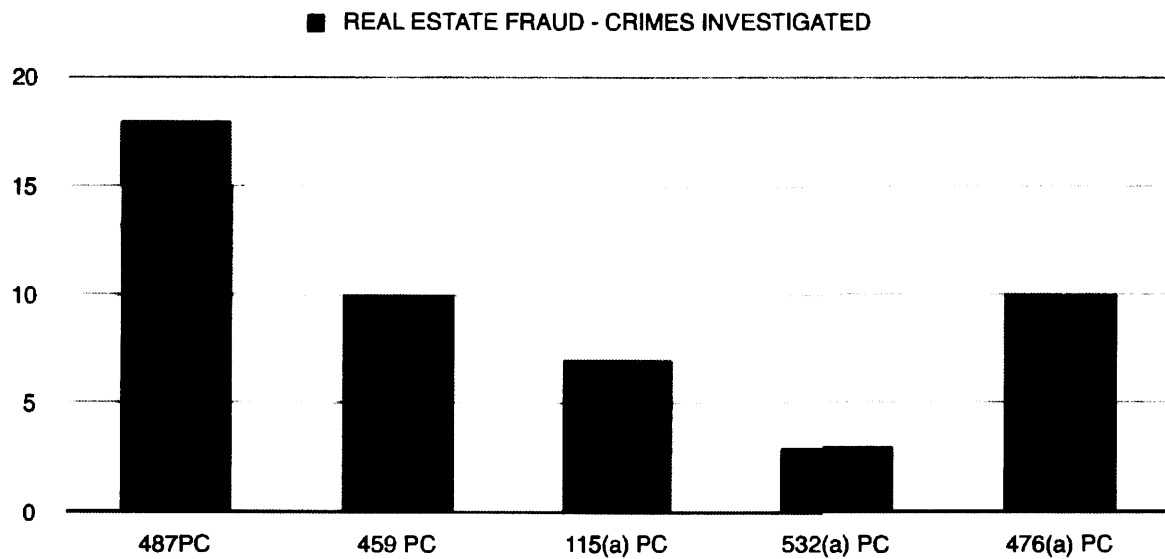
Collaboration with Outside Agencies:

Included referrals and collaboration with the El Dorado County Sheriff's Department, Sacramento County Real Estate Fraud Unit, Sacramento County Adult Protective Services, Secret Service, and FBI.

Local Banks Involved in Cases:

Chase Bank, Wells Fargo, Bank of the West, Folsom Lake Bank, and Union Bank.

RECOMMENDATIONS: Nearly 40% of the cases were self generated from victims who did not report the crime because they felt it was "useless" or a civil matter needing an attorney. More community outreach and marketing of the real estate fraud program and hotline could be emphasized.





REAL ESTATE FRAUD PRESENTATION

Real Estate Fraud in El Dorado County

DATE: Friday, April 25th
TIME: 9 a.m. to 10:30 a.m.
LOCATION: Cameron Park Community Center
2502 Country Club Drive
Cameron Park, CA 95682

Join us for a very important presentation on Real Estate Fraud in our County. Learn what we as Real Estate Professionals can do to help combat this costly crime.

Robert Leach, Criminal Investigator with the El Dorado County District Attorney's office will address what the DA's office is encountering with respect to mortgage and real estate fraud in El Dorado County. Mr. Leach has been investigating many cases in El Dorado County and feels with some prior training and communication, homeowners could have been spared hundreds of thousands of dollars. This will also be an opportunity for our membership to give the District Attorney's office some feedback on what they have been encountering

There is no charge for this seminar; however, we do require an RSVP. You can email, association@edcar.org or call 530 676-0161 or go online at www.edcar.org to respond.

For further information, please contact the Association, pbartosh@edcar.org or Education Chairperson Judy Hawkins, judyhawkinsrealtor@yahoo.com

The following cases are updates of those cases discussed in the prior meeting that were still reported as ongoing. Cases that had been discussed and concluded in the prior report are not included.

SALE OF PROPERTY NOT OWNED

DAI: Robert Leach 2011-257

Originated by DAI Dillard. Upon investigation suspect sold fractional interest in property to victim he had previously sold the same property victim. Suspect had no ownership in property at time of second sale. Re-investigated prior to trial to confirm facts of case. Contacted ten other property owners to confirm suspect's allegations of future development and property values.

Status: Case beginning trial.

FORECLOSURE FRAUD – ROBOSIGNING – SOVEREIGN CITIZEN

DAI: Robert Leach / 2013-148

Originated by DAI: Stomsvik. The case involves the same claim of robo signing per case 2013-252 however, upon investigation it was determined that JP Morgan Chase Bank had properly filed foreclosure documents based on inter-company agreements between the lender entities. However, after further investigation it was also determined that victim had filed lawsuits and liens in a similar pattern to members of the Sovereign Citizen movement and the victim is blocking a legitimate foreclosure.

Status: Robosigning case closed. Sovereign citizen case pending.

REAL ESTATE FRAUD – WRONGFUL FILING OF EASEMENT

Dai: Robert Leach / 2013-223

Originated by DAI: Stomsvik. The victim claimed that he was the victim of a conspiracy between local county officials and surrounding property owners to illegally place an easement on the victim's property. Upon investigation it was determined that the easement in question predated the victim's ownership. The title company First American Title made a mistake and missed the easement when transferring the property to the victim. The victim accepted a settlement check from First American Title paying for the loss resulting from the easement. No evidence of criminal conspiracy.

Status: Case closed.

FORECLOSURE FRAUD – ROBOSIGNING

DAI: Robert Leach / 2013-252

Originated by DAI: Stomsvik. The case involves the signing of foreclosure documents by unauthorized bank representative in order to expedite foreclosures. The case was investigated which included the interview of foreclosure company executives and the service of a search warrant for additional documents in Los Angeles. The victims were re-interviewed in South Lake Tahoe and provided detailed documentation. Upon review of documents provided by JP Morgan Chase Bank via the search warrant it was determined that the bank officers were authorized to sign for multiple companies via an inter-company agreement.

Status: Case closed.

REAL ESTATE FRAUD

Grand Theft, Burglary, Felony Bad Checks, 20-Victims

DAI: Robert Leach / 2013-553

This case involves a female suspect posing as a wealthy heir to a family trust. The suspect spent the past decade meeting men on eharmony.com and other social media sources in an effort to defraud them of money. The suspect entered residences and businesses with the intent to defraud the property owners and others. In order to maintain her image she executed contracts to purchase multi-million dollar houses, rented million dollar houses, and leased commercial space as part of her criminal scheme. A suspicious homeowner reported the suspect's activity and the investigation led to 20 different victims with over one half million dollars in losses.

Status: Case submitted for prosecution.

THEFT OF LAND BY FALSE PRETENSE

DAI: Robert Leach / 2014-064

Upon the death of her husband, the victim a widow listed her land for sale with a local real estate firm. The victim resided out of state. The widow was told the land was worth less and then allowed a family friend to take control of the property via a joint-venture. The friend immediately transferred the property into his girlfriend's name and listed the property for sale at a high price. Upon investigation the original claims by the real estate firm were not unreasonable. The widow's son had authorized the family friend to take various questionable actions.

Status: Case closed at request of victim.

DEFRAUDING GOVERNMENT AGENCY – NEW CONSTRUCTION

DAI: Robert Leach / 2014-065

This case involves a concrete company executive that falsified engineering stamps on documents submitted to the City of South Lake Tahoe. A search warrant was obtained to search the business records. The suspect was interviewed and confessed to falsifying the documents.

Status: Case submitted for prosecution.

MORTGAGE FRAUD – FALSIFIED LOAN DOCUMENTS

DAI: Robert Leach / 2014-130

Victim is listed on loan agreement for land in El Dorado County supposedly purchased by her late husband. The mortgage holder is a private party and former bookkeeper for victim's husband. Victim claims she was not aware of land purchase and did not sign notarized document for mortgage. County foreclosure on property for unpaid taxes pending.

Status: Case Pending

REAL ESTATE FRAUD – THEFT BY FALSE PRETENSE

DAI: Robert Leach / 2014-131

Elderly victim is befriended by the suspect a handyman. The suspect does work and lives with victim while doing home improvement projects on victim's residence and rental properties. Victim resides in low income, high crime area of South Sacramento. After several years, suspect approaches victim and claims he is owed over \$200,000 in back payments for work. Suspect and victim have no written contract. Suspect prepares handwritten "grant deed" drives victim to El Dorado County recorder's office and has victim sign over "free and clear" cabin in Lake Tahoe area.

Status: Case pending.

REAL ESTATE FRAUD – FALSIFIED BANK DOCUMENTS

DAI: Robert Leach / 2014-146

After attending a real estate fraud seminar sponsored by the EDC DA Office a local broker contacts DA office regarding a suspicious buyer from Japan. The broker provides copy of bank financial statement from Canadian bank and copy of cashier's check from same bank. Upon further investigation both documents determined to be falsified. Local FBI contact reported similar cases are actually originated from the country of Nigeria. The scheme attempts to get cash back from the brokers or Title Company before fake cashier's check is discovered.

Status: Case closed.

FORECLOSURE FRAUD – UNFAIR LENDING PRACTICES

DAI: Robert Leach / 2014-147

Victim is extended large amounts of credit by bank. Despite not having the income to qualify for loans the Bank issues several million dollars in real estate loans. Victim alleges a loan officer falsified loan documents to gain bonuses by making loans to Victim. Upon investigation the Bank is conducting internal investigation.

Status: Case pending.

FORECLOSURE FRAUD – TIMESHARE OWNER

DAI: Robert Leach / 2014-148

Victim falls behind in his annual dues to Timeshare Company after paying approximately \$22,000 over seven year period to Timeshare Company. Non-profit homeowners association forecloses on victim without proper notification of foreclosure. Upon investigation it was determined that one of two weeks was foreclosed. Timeshare Company admitted sending foreclosure documentation to wrong address. Foreclosure reversed and victim is paying fees and recovering property.

Status: Case closed.

THEFT OF COUNTY TRANSIENT OCCUPANCY TAXES

DAI: Leach / 2014 – 151

Suspect receives vacation house rental permit from El Dorado County. Suspect rents vacation house in South Lake Tahoe via internet (VRBO) and fails to pay County the required transient occupancy taxes since third quarter 2013.

Status: Case pending.

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FY STATISTICS RELATED TO FORECLOSURE SCAMS

	<u>2012/13</u>	<u>2013/14</u>
Notices of Default	1,088	1,518
Notices of Trustee Sales	1,044	1,906

FY Statistics required under GC 27388

	<u>2012/13</u>	<u>2013//14</u>
Cases filed	0	1
Cases investigated	14	46
Number of victims	14	46
Total Monetary loss suffered by victims	Undetermined	3.8 million
Total funds received in Trust	\$145,789.97	\$121,168.01
Total funds expended from Trust	\$ 70,734.95	\$112,299.17
Adjusted ending balance 6/30	\$ 75,055.02	\$ 83,923.86
Number of arrests	0	2
Number of convictions	1	Pending

FY Cumulative Statistics Including Open Cases From Prior Years

	<u>2012/13</u>	<u>2013/14</u>
Number of pending filed cases	5	1
Number of cases investigated	31	46
Number of victims involved in the pending filed cases	56	14
Number of cases cleared due to criminal acts	N/A	6

	<u>2012/13</u>	<u>2013/14</u>
Approximate monetary loss suffered by victims in pending filed cases	\$1,489,401.00	\$3.8 million
Total funds received in Trust	\$ 120,816.90	\$121,168.01
Total funds expended for operation of program	\$ 97,941.00	\$112,299.17
Number of search warrants	N/A	4
Number of arrests	5	2
Number of convictions	3	Pending
Restitution ordered regarding pending filed cases	Undetermined	Pending

EXHIBIT "A"

EL DORADO COUNTY
REAL ESTATE FRAUD PROSECUTION
ANNUAL EXPENDITURE REPORT, 7/1/13-6/30/14

	YTD	Budget	Variance
I. Salary	\$ 77,446.61	\$ 70,898.00	\$ (6,548.61)
II. Benefits	23,973.47	27,043.00	3,069.53
Total Salary and benefits	101,420.08	97,941.00	(3,479.08)
III. Direct Operating Expenses			
Telephone	8.58	-	(8.58)
Office Expense	63.37	-	(63.37)
Professional Services	948.00	-	(948.00)
Transcription	226.24	-	(226.24)
Minor Equipment	49.01	-	(49.01)
Transportation/Travel	1,839.23	-	(1,839.23)
Total Direct Operating Expense	3,134.43	-	(3,134.43)
Total Direct Expense	104,554.51	97,941.00	-6,613.51
IV. Indirect Costs			
.10 of salaries	7,744.66	-	(7,744.66)
Total Costs ¹	\$ 112,299.17	\$ 97,941.00	\$ (14,358.17)

Trust Fund Beginning Balance as of July 1, 2013	\$ 75,055.02
Revenue from Recorded Documents	120,816.90
Interest	351.11
Unadjusted Ending Balance as of June 30, 2014	196,223.03
 Total Expenditures FY 13/14	 112,299.17
Adjusted Ending Fund Balance	\$ 83,923.86