

Real Estate Fraud Prosecution Trust Fund Committee Annual Meeting Minutes: FY 2016/2017

DATE: July 17, 2017

ATTENDEES:

Patricia Charles-Heathers – Department of Health & Human Services
(voting member)
Kimberly Beal- El Dorado County Association of Realtors
James Clinchard – Assistant DA, District Attorney’s Office (voting by Proxy for
District Attorney)
Joseph Alexander – Assistant DA, District Attorney’s Office
Richard Pesce – Supervising Investigator, District Attorney’s Office
Ted Horlbeck – Investigator, District Attorney’s Office
Kerri Williams-Horn, Chief Fiscal Officer, CAO’s Office (voting by Proxy for Chief
Administrator)
Megan Arevalo – Dept. Analyst, CAO’s Office
Shaneen May – District Attorney’s Office

Absent Member(s):

Don Ashton – Chief Administrative Officer, CAO’s Office (voting member)
John D’Agostini – Sheriff, El Dorado County Sheriff’s Office (voting member)
Vern Pierson - District Attorney (voting member)

CALL TO ORDER: 11:04 A.M.

INTRODUCTIONS:

DISTRIBUTION OF AGENDA AND ANNUAL REPORT FY 2016/2017

DISCUSSION / REVIEW OF CASES:

Assistant District Attorney Clinchard welcomed everyone and informed the committee that District Attorney Investigator Robert Leach had retired earlier in the year. He then introduced District Attorney Investigator Ted Horlbeck.

DAI Horlbeck provided his background information that he has been in law enforcement for 32 years, which included 29 years with the City of Alameda and 3 years with the Alameda County District Attorney’s Real Estate Fraud Division.

DAI Horlbeck discussed and summarized the 2016-2017 Real Estate Fraud Program:

- Craigslist Vacation Rental Fraud has actually decreased. We contribute a portion of the decrease to the Video "Vacation Rental Scams on the Rise in Tahoe". The DA's office developed the video to bring awareness to the increasing issue of vacation rental scams in our County. Last year the video was aired on Fox 40, Facebook, YouTube, and television stations in the Bay Area (as many Bay Area residents travel to the South Lake Tahoe area for vacation). The video was also shared with mortgage consultants and lender offices, in addition to articles pertaining to the video in newsprint throughout our County and the Bay Area.

This year the video was also shared whenever a Google customer visited rental locations from El Dorado, Santa Clara, San Francisco, Marin, San Mateo, Contra Costa and Alameda Counties. Supervising DA Investigator Richard Pesce reported the Video received 138 clicks and was viewed 109,143 times in a 30 day time period. Additionally the Video was presented by the District Attorney's Office at the El Dorado County Fair.

Our office received two separate complaints against the same suspect. The investigation has included three search warrants thus far, which determined the suspect resides in New Jersey however the Google addresses were originated from Nigeria. DAI and DDA discussing the possibility of a Ramey Arrest Warrant being requested for the out of state suspect.

Another factor making these investigations difficult is the suspects urge the victims to use PayPal Friends & Family, which is a strict cash transfer that is not traceable.

- Case No: 2015-215: An attempted \$300,000 fraudulent real estate transaction.
- Case No: 2016-005: \$300,000 embezzlement from a trust fund to purchase property. Matter settled out of court, suspect agreed to return funds.
- Case No: 2016-126: \$125,000 potential loss resulting from a false filing of a Mechanic's Lien. Upon completion of the investigation it was determined to have originated out of our jurisdiction – referred to property jurisdiction for prosecution.

PACE PROGRAM:

Property Assessed Clean Energy (PACE) Programs. Assistant DA Clinchard mentioned that the PACE Loan Program could possibly have a negative financial impact on the senior citizens of our Community. The DA's office will be reaching out to Attorney Al Hamilton with the Senior Center to discuss any concerns for our residents. Kimberly Beal stated that the real estate associations discourage use of the PACE Program. Kerri Williams-Horn stated that the CAO's Office facilitates the PACE Program for the County.

OUTREACH:

- DAI Horlbeck stated that he has spoken with numerous people (including property managers) about the rental scam video and received positive feedback regarding its content.
- Discussion of reaching out to seniors in our Community
- DAI Horlbeck will be contacting the El Dorado County and South Lake Tahoe Association of Realtors.
- DAI Horlbeck plans to meet with Chamber of Commerce representatives from El Dorado County, El Dorado Hills and South Lake Tahoe.
- Eastern District Mortgage Fraud Task Force. This task force is comprised of members working with the FBI, IRS, HUD, and Bankruptcy issues. Participation allows for collaboration and the opportunity to develop relationships with many federal agencies.
- Sierra Economic Crimes Task Force. This task force includes members from local law enforcement agencies and regional District Attorney Offices. ADA Clinchard and DAI Horlbeck will focus on real estate fraud training/awareness at a quarterly meeting of the Sierra Economic Crimes Task Force.
- Identify and contact the frequently used websites involved in real estate transactions. Provide awareness and cautionary information.
- El Dorado County Fair: The District Attorney's Office provided an information booth at the regional fair including Flyers "How Rental Scams Work" and the Public Service Announcement Video "Vacation Rental Scams on the Rise in Tahoe" on continuous loop.
- Preparation of a "REAL ESTATE FRAUD" Information flyer. Kerri Williams-Horn suggested the flyers be provided to the CA Welcome Center located in El Dorado Hills and the El Dorado Visitor's Authority. Kimberly Beal suggested the Flyers also be provided to the County Recorder's Office, as well as the Chambers and Real Estate Associations.
- PSA Video: It is the intention of the DA's Office to have the video available for viewing upon access to websites such as: Craigslist, VRBO, 50Cabins, Google, etc.

FY 16/17 EXPENDITURE REPORT:

- Discussion: Kerri Williams-Horn mentioned the "Ending Fund Balance" increases each year, and suggested the DA's Office research the Government Code to ensure all means available are being utilized to deter and prosecute real estate fraud. Kimberly Beal suggested the possibility of reducing the fee from \$3.00 to \$2.00 per document. ADA Clinchard suggests that the DA's Office will increase the Outreach Programs (including Flyers, Brochures, etc.) and then re-evaluate the need for possible fee reduction.

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Trust Fund Beginning Balance as of July 1, 2016	\$ 205,358.84
Revenue from Recorded Documents	138,550.50
Interest	<u>1,735.73</u>
Unadjusted Ending Balance as of June 30, 2017	\$345,645.07
Total Expenditures FY 16/17	<u>\$ 45,597.08</u>
Adjusted Ending Fund Balance	<u>\$ 300,048.00</u>

- Vote approving transfer of \$45,597.08 from Trust Fund:
 - Motion by: Kerri Williams –Horn (Proxy for CAO)
 - Second by: Patricia Charles-Heathers (voting member)
 - Approved by all voting members: James Clinchard (Proxy for DA), Kerri Williams –Horn (Proxy for CAO) and Patricia Charles-Heathers.
- District Attorney Vern Pierson to present this report at the Board of Supervisors Meeting on July 25, 2017.

MEETING ADJOURNED: 11:43 A.M.