

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

311



FROM: District Attorney

SUBMITTAL DATE:

9/3/15

SUBJECT: Annual Real Estate Fraud Prosecution Trust Fund Program Report for FY14/15.
All Districts [\$0; Real Estate Fraud Prosecution Trust Fund 100%]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file the Annual Real Estate Fraud Prosecution Trust Fund Program Report pursuant to government code section 27388 (d) for the period of July 1, 2014 through June 30, 2015.

BACKGROUND:

Summary

Government Code Section 27388(d) requires the District Attorney to report on the activities of the Real Estate Fraud Prosecution Trust Fund Program to the Board of Supervisors for their review of the effectiveness of the program in deterrence, investigation, and prosecution of real estate crimes.

(Background cont. on page 2)

Eraina Bentley for
Eraina Bentley for
Michael Hestrin, District Attorney

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: Real Estate Fraud Prosecution Trust Fund	Budget Adjustment: No
	For Fiscal Year: 14/15

C.E.O. RECOMMENDATION: APPROVED
By: *Steven C. Horn*
County Executive Office Signature Steven C. Horn

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Benoit, seconded by Supervisor Tavaglione and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley
Nays: None
Absent: None
Date: October 6, 2015
xc: DA

Kecia Harper-Ihem
Clerk of the Board
By: *Kecia Harper-Ihem*
Deputy

Prev. Agn. Ref.: 11/4/14, 3-5 | District: ALL | Agenda Number:

3-11

FORM APPROVED COUNTY COUNSEL
BY: *GREGORY P. PRIAMOS*
DATE: 9/3/15

Departmental Concurrence

- A-30
- 4/5 Vote
- Positions Added
- Change Order

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

FORM 11: : Annual Real Estate Fraud Prosecution Trust Fund Program Report for FY14/15.

All Districts [\$0; Real Estate Fraud Prosecution Trust Fund 100%]

DATE: 9/3/15

PAGE: Page 2 of 2

BACKGROUND:

Summary

The Government Code specifies submission of the Annual Report to the Board of Supervisors by September 1 of each calendar year. Compliance with the code occurred when the required report was submitted directly to each individual member of the Board of Supervisors. Submission of the FY 2014/2015 report occurred on September 1, 2015. In an effort to implement best practices, the attached report is being submitted as a formal agenda item.

Impact on Citizens and Businesses

All costs under this program have been recovered through the Real Estate Fraud Prosecution Trust Fund.

Attachment:

Annual Real Estate Fraud Prosecution Trust Fund Program Report FY14/15

**REAL ESTATE FRAUD REPORT
FISCAL YEAR 2014-2015
RIVERSIDE COUNTY DISTRICT ATTORNEY'S OFFICE
(Government Code § 27388)**

I. Case Statistics

1. **Name of reporting county:** Riverside
2. **Reporting Period (Fiscal Year):** 7/1/14 through 6/30/15
3. **Total number of open referrals entering in the fiscal year:** 221
4. **Number of phone referrals received during the fiscal year:** 823
5. **Number of written referrals received during the fiscal year:** 124
6. **Total number of new referrals received during the fiscal year:** 947
7. **Total number of current, open referrals:** 115
8. **Number of pending investigations entering in the fiscal year:** 107
9. **Number of investigations initiated in the fiscal year:** 94
10. **Total number of current, pending investigations:** 50
11. **Number of filed, pending cases entering in the fiscal year:** 23
12. **Number of cases filed in the fiscal year:** 21
13. **Total number of active, pending cases:** 11
14. **Number of victims in filed cases entering in the fiscal year:** 84
15. **Number of victims in filed cases initiated in the fiscal year:** 114
16. **Total number of victims in filed, pending cases:** 136
17. **Number of convictions obtained in the fiscal year:** 15
18. **Aggregated monetary loss suffered by victims for cases entering in the fiscal year:**
\$ 5,079,434

19. Aggregated monetary loss suffered by victims for cases initiated during the fiscal year: \$1,742,130

20. Total aggregated monetary loss suffered by victims in cases in which there has been an investigation, filing, or conviction during the current fiscal year: \$ 21,436,986

II. Accounting Information

Program revenue for the fiscal year:

21. Beginning fund balance in Real Estate Fraud Prosecution Trust Fund: \$1,773,093.74

22. Real estate document fees collected: \$3,211,998.04

23. Total program revenue: \$3,211,998.04

24. Salaries and benefits: \$1,638,781

25. Operation and support costs: \$174,908

26. Administrative fees: \$110,007

27. Total program expenditures: \$1,923,696

28. Was Real Estate Prosecution Trust Fund money distributed to a law enforcement agency other than the district attorneys office in the fiscal year? No

29. Additional information you would like to provide: The number of new referrals received for FY 2014-15 (947) listed in # 6 is the sum of two numbers: phone referrals/inquiries (823) and written referrals/complaints (124) by consumers.

30. Non Real Estate Fraud Prosecution Trust Fund monies used to fund activities in the fiscal year: \$37,422

31. Ending balance in Real Estate Prosecution Trust Fund: \$3,061,395.78

III. Contact Person

Name/title: Ginika Ezinwa, Deputy Director Administration

Phone: 951-955-8804

E-mail address: GinikaEzinwa@RivCoDA.org

Address: 3960 Orange Street, Riverside CA, 92501

**Real Estate Fraud Prosecution Trust Fund Report Narrative
Fiscal Year 2014-2015**

The Riverside County District Attorney's Office ("RCDA") is the first responder to all real estate fraud crimes within Riverside County and as such RCDA's Real Estate Fraud (REF) Program necessarily consists of multiple components. Key program components include the investigation and prosecution of real estate fraud related complaints and crimes, and community education and awareness. RCDA continued its fight against real estate fraud during fiscal year 2014-2015 by initiating numerous investigations, filing criminal charges, obtaining criminal convictions and expanding our community and law enforcement outreach and training campaign.

The majority of crimes RCDA investigators encountered during the reporting period involved mortgage fraud, loan modification fraud, rent skimming and securities fraud. Of these crimes, loan modification fraud is still one of the most common problems experienced in Riverside County. Notably, however, many homeowners in the Inland Empire lost their homes in the foreclosure crisis, and thus were forced to rent housing. As a result rent skimming is a newly emerging, yet persistent, problem in the region.

Effectively tackling the Real Estate fraud issues facing Riverside County requires RCDA to maintain strong inter-agency relationships. During fiscal year 2014-2015 RCDA continued to work closely with the Riverside County Recorder's Office. Together we hold quarterly meetings at the Recorder's Office to discuss REF issues within the county and how best to resolve them. RCDA's partnership with the Recorder's Office is most evident through the implementation of the courtesy notice program. Currently, the Recorder's Office continues to mail courtesy notice letters to county residents when certain documents are recorded against their property. The notices direct property owners to contact the RCDA REF hotline to report suspected fraud and obtain additional information. During fiscal year 2014-2015, RCDA answered 823 REF related phone calls.

Developing new partnerships to combat REF within the region is also important. During fiscal year 2014-2015 RCDA began laying the foundation for the formation of a County-wide Real Estate Fraud Task Force. Once operational the task force will include not only RCDA investigators but experienced detectives from police agencies throughout the county. All members will receive additional REF specific training. Tasks force members will be housed at locations in the Southwest, Desert and Riverside areas of the County and work together as teams. RCDA is actively working with several police agencies and it is expected that the Task Force will become operational prior to the end of fiscal year 2015-2016.

RCDA continues to work hand in hand with real estate professionals, the County Recorder's Office and law enforcement partners through Riverside County's collaborative organization known as REFAT (the Real Estate Fraud Advisory Team). REFAT's focus is to prevent, detect, and report real estate fraud in the County of Riverside. The organization works to educate and keep both the public and real estate community updated on all issues related to real estate fraud,

utilizing the expertise of REFAT members. During the current reporting period RCDA successfully launched a Desert Region REFAT meeting to ensure that this valuable tool was in place across Riverside County.

Recognizing that public outreach is important to preventing and deterring real estate fraud, RCDA focuses efforts on providing education to inform the public and to share best practices with allied agencies. This is accomplished through programs such as REFAT but also through public forums and media releases. As reported in fiscal year 2013-2014, RCDA utilized radio announcements and broadcasts, both in English and in Spanish, to educate our community members.

In addition, RCDA staff members regularly address numerous community and real estate industry sponsored events throughout the year. One such example is in April 2015 when RCDA prosecution staff spoke about the dangers and signs of real estate fraud at a crime prevention training session with community residents in the city of Indian Wells.

Another way in which RCDA reaches a large number of community members is to create Consumer or "Scam" Alerts. These alerts seek to keep the public apprised of new and developing scams so that they can possibly take steps to protect themselves. Scam warnings are posted on our public website so they are easily accessible to the community. An example of this work in action occurred is an alert created by an RCDA REF prosecutor during the reporting period regarding the use of false rental listings by fraudsters – a scam which generated many complaints as well as several filed criminal cases during the reporting period.

As illustrated in the statistics provided in Section I above, in conjunction with a strong outreach effort, RCDA's real estate fraud program demonstrated significant success in fiscal year 2014-2015.