ANNUAL BOARD REPORT
FISCAL YEAR 2021-2022

REAL ESTATE FRAUD PROGRAM

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Pursuant to California Government Code § 27388(d), the District Attorney's Office would like to report the progress our office made in deterring, investigating, and prosecuting real estate fraud crimes in our County during the 2021-2022 Fiscal Year.

Preliminarily, we wish to extend our sincere thanks to the Board of Supervisors for continuing to approve the $3 recording fee that funds the important work of our Real Estate Fraud Unit (hereinafter "REF Unit"). We would also like to thank the Recorder's Office for their diligence in implementing the collection of the recording fees, as well as the Controller's Office for their hard work in maintaining the Real Estate Fraud Prosecution Trust Fund.

Update on the Real Estate Fraud Unit

The 2021-2022 Fiscal Year marks the fifth full year that our REF Unit has operated with funding from the $3 recording fee. The Board of Supervisors authorized us to use those funds to cover the salary and benefits of a 100% full time Inspector dedicated to the investigation of real estate fraud cases, as well as 30% of an experienced Deputy District Attorney's salary and benefits.

Since its inception, our REF Unit's expenses have far exceeded the funds disbursed to us through the recording fee, with our Office's general budget paying the difference between the funds received and our program expenditures. Typically, this difference amounts to between $130,000 and $140,000. During the 2020-2021 Fiscal Year, we were fortunate that more real estate documents were recorded with the Recorder's Office, leading to a larger collection of recording fees for disbursement to our office. As a result, our Office's general budget paid a difference of around $53,000 between our actual expenses and funds received through the recording fee.

For the 2021-2022 Fiscal Year, the personnel expenses of our REF Unit totaled $421,391.93. Funds collected during the 2021-2022 Fiscal Year will not be disbursed to our Office until after the approval of this Annual Board Report. However, we expect that our expenses will, once again, exceed the funds received through the recording fee.

Since our REF Unit began, Inspector David Wilson has served as our REF Inspector and Kimberly Perrotti has served as our REF Prosecutor. Over the past five years, Inspector Wilson and Ms. Perrotti have worked together wonderfully, as demonstrated by the Unit's many successful prosecutions described below.

The formation of our REF Unit has enabled us to focus more fully on these important cases. Over the course of our Unit's first five fiscal years, we believe we have proven our dedication to fighting real estate fraud, protecting our community, homeowners, ethical and hardworking realtors, as well as banks and lenders. We take great pride in our achievements so far and look forward to continuing our ongoing cases and investigations. Our REF Unit always looks for ways to improve our processes and always welcomes suggestions.

Open Court Cases

During the 2021-2022 Fiscal Year, our REF Unit handled numerous open court cases. Going into the fiscal year, our Office already had six real estate fraud cases in court. In addition, our REF Unit handled a Probation Violation for a case that resolved during the 2019-2020 Fiscal Year, bringing the total number of court cases to seven. Our REF Prosecutor also attended over 27 court hearings in REF cases.

We would also like to provide an update on additional on-going cases we discussed in last year's Annual Board Report.

Defendant L. H. [docket # 17-SF-003374-A]

- Defendant L. H. filed for divorce from her husband. While married, they bought a home together. However, during the divorce trial, L. H. claimed she bought the home prior to the marriage as her separate property. She entered numerous documents into evidence to support her claims, including altered versions of documents on file with the Recorder's Office. If L. H. had successfully convinced the Court of her claims, she would have obtained a much greater portion of the marital assets in the divorce settlement.
- Our REF Inspector researched the true ownership history of the home. Our Inspector also seized L. H.'s computer with a search warrant and found it to contain both original and altered versions of her trial documents.
- The investigation documents for this case ultimately exceeded 1,700 pages.
- In last year's Annual Board Report, we reported that L. H. was convicted after a 10-day Jury Trial of 33 felony offenses.
- This year, in July 2021, L. H. was sentenced to 8 years in State Prison for her crimes against her ex-husband, the Court, and the public.

Defendant J. L. [docket # NF433910A]

- Defendant J. L. owned a home in Alameda County for years. He then purchased a second home in Redwood City. He attempted to refinance the Redwood City home by claiming it was owner-occupied. We allege that J. L. submitted documents to two lending companies to support his claim that he lived in Redwood City and not in the Alameda County home. One such document was a lease agreement showing he rented the Alameda County home to his cousin. Our REF Inspector interviewed the cousin, who said the signature on the lease agreement was not his and he never leased J. L.'s property.
- The investigation documents for this case exceed 2,400.
- In last year's Annual Board Report, we reported that we were in the middle of a Jury Trial that had been placed on hold due to the trial Judge's medical emergency.
- This year, we completed an additional 10 trial days while attempting to schedule the conclusion of the trial. It has proven difficult due to the schedules of both defense attorneys, the Court, and the witnesses, but is currently set to resume in October 2022.

Defendant J. H. and Defendant T. M. [docket # 18-SF-014403-A&B]

- Defendant T. M. was a real estate agent, while Defendant J. H. was a real estate investor. Defendant T. M. took the 66-year-old victim out to dinner and purchased several alcoholic beverages for her. Then, Defendant T. M. had the victim sign a Grant Deed giving her $1.5 million home to Defendant J. H.'s company, by telling the victim it was a reverse mortgage and she would live in the home until she died. The Grant Deed said that Defendant J. H. gave the victim $800,000. However, Defendant J. H. had only given the victim $2,000 and a promise to give her an additional $498,000 in the future.
- Defendant J. H. personally recorded this false deed at the Recorder's Office. One month later, he sold the property for $997,000 to another person who then attempted to evict the victim from her home. Four years later, Defendant J. H. still has not paid the $498,000. However, he paid Defendant T. M. over $235,000 for her role in the scheme.
- Our REF Inspector works this case jointly with the Redwood City Police Department. The investigation documents for this case currently exceed 6,800 pages.
- In last year's Annual Board Report, we reported our REF Prosecutor succeeded in convincing the Court to void the fraudulent deed and return the property back to the elderly victim. That decision was appealed, and, during this Fiscal Year, our REF Prosecutor personally and successfully argued to the First District Court of Appeal. A published appellate court opinion will permanently and publicly document the hard work of our REF Unit on this case.
- Defendant J. H.'s case is currently set for Jury Trial in October 2022. Our REF Inspector and REF Prosecutor worked together to freeze over $515,000 cash and 20 pieces of real property belonging to Defendant J. H. Upon a conviction, these assets will be put toward victim restitution and court fines in this case.
- Our REF Inspector and REF Prosecutor also worked together to freeze over $25,000 cash and one piece of real property belonging to Defendant T. M. This Fiscal Year, she was ordered to pay restitution to the two victims totaling over $1.5 million. The case remains open to oversee the sale of her real property and disbursement of the proceeds and over $25,000 cash to the victims.

Defendant F. C. [docket # 17-NM-009795-A]

- Defendant F. C. is not a licensed contractor but advertised for contractor-type services. The victim hired F. C. to perform earthquake retrofitting services. The victim alleged that F. C.'s work was of poor quality and asked him to fix it, but F. C. refused. F. C. filed a small claims action demanding payment for his unlicensed work, but the Judge ruled that the victim did not owe F. C. any money. Despite this judgment, F. C. subsequently filed a mechanics lien, claiming under penalty of perjury that the victim still owed him the money that the Court ruled was not owed.

- F. C. faces over four years in State Prison. The investigation documents for this case currently exceed 310 pages.
- While there was not a lot of activity in this case during this past fiscal year due to the defense attorney's busy schedule, the case is now set for Jury Trial in August 2022.

Investigations

In addition to our open court cases, our REF Unit has numerous active investigations. During our investigations, our REF Inspector remains in regular communication with our REF Prosecutor to ensure our investigations continue to head toward the courtroom. This regular communication enables our REF Unit to determine early on whether a case warrants the continued expenditure of time and resources, so we can have an impact on real estate fraud involving the largest number of victims.

Going into the Fiscal Year, our REF Inspector already had eight open real estate fraud investigations, in various stages and of varying complexity. Additionally, our REF Inspector opened four new cases during the 2021-2022 Fiscal Year, bringing the total number of open investigations handled this year to 12.

In addition to active investigations, our REF Inspector provides numerous case assists to other inspectors and prosecutors within our Office, as well as inspectors with other District Attorney's Offices. This assistance includes conducting title searches, obtaining copies of recorded documents, and interpreting complex real estate fraud cases for less-experienced investigators. A large portion of the case assists conducted by our REF Inspector go to our Office's Elder Abuse Unit since many criminals seek to take advantage of elderly victims' property ownership. During the 2021-2022 Fiscal Year, our REF Inspector provided 47 case assists, three of which went to our Elder Abuse Unit and 15 to outside law enforcement agencies. Additionally, six case assists went to other prosecutors in our office, four to outside prosecutors' offices, eight to inspectors in our Criminal Operations Division, and seven to our Insurance Fraud Unit. An additional three case assists went to County Counsel's Office and one to Adult Protective Services.

Additionally, our REF Prosecutor also provides outside assists to our anti-fraud partners, most-specifically the Contractors State License Board (hereinafter "CSLB"). In the past, several of our REF Unit's cases originated from civilian complaints to the CSLB regarding both licensed and unlicensed contractors. Our REF Prosecutor reviews all cases submitted to our Office by the CSLB to ensure all are screened for real estate fraud.

All of this has kept our REF Unit extremely busy. We consider our REF Unit's first five years a great success. We particularly take great pride in our accomplishments from the past year and look forward to continuing our important work in the 2022-2023 Fiscal Year.