



**ANNUAL BOARD REPORT
FISCAL YEAR 2017-2018**

REAL ESTATE FRAUD PROGRAM

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District Attorney**

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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 2017-2018 Fiscal Year.

Preliminarily, we wish to extend our sincere thanks to the Board of Supervisors for approving 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.

History of the Real Estate Fraud Unit

While our Office previously handled many real estate fraud investigations and prosecutions, our REF Unit officially formed in July 2017 upon approval of the \$3 recording fee that funds our program. We anticipated that funding would 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.

We consider ourselves very fortunate to have Inspector David Wilson serving as our REF Inspector. Inspector Wilson has over 38 years of experience as a sworn peace officer with several agencies, including 20 years with the San Jose Police Department. He also previously held a mortgage broker's license for 3 years. Inspector Wilson joined our office in September 2014. Since then, he investigated numerous financial crimes for almost three years before the formal formation of our REF Unit. Widely regarded as an expert in real estate fraud investigations, Inspector Wilson regularly provides consultation and assistance to other investigators both inside and outside of our Office. In March 2018, the Peninsula Council of Lions Club presented Inspector Wilson with a service award based on his work in the REF Unit. Additionally, in June 2018 the Redwood City Elks Club awarded Inspector Wilson a public safety award for his real estate fraud investigative work.

In selecting our first dedicated REF Prosecutor, we sought someone with felony prosecution experience who could handle the complexity of these cases, which often involve hundreds of pages of documents and cover many areas of law not typically handled by general prosecutors. Our new REF Prosecutor Kimberly Perrotti came to the Unit after over 10 years with our Office and over 6 years in a felony trial assignment. She previously served as the first prosecutor assigned to our Realignment Unit from 2012-2015 and knows the challenges of working in a newly-formed prosecution unit. Ms. Perrotti has handled a wide variety of felony cases including public corruption, attempted murder, kidnapping, robbery, and embezzlement.

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 fiscal year, 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 welcomes suggestions at all times.

Open Court Cases

During the 2017-2018 Fiscal Year, our REF Unit handled numerous open court cases. Going into the fiscal year, our Office already had 9 real estate fraud cases in court. Because these cases pre-dated the formation of our REF Unit, prosecutors in other units had initially handled them. However, upon the formation of the Unit, we transferred 6 of these cases to our REF Prosecutor. In addition to the 9 real estate fraud cases carried into this fiscal year, our REF Unit investigated and filed 5 new cases during the 2017-2018 Fiscal Year, bringing the total number of open court cases to 14. Our REF Prosecutor attended over 25 hearings, including a two-day Preliminary Hearing.

While the following list does not contain all of our open court cases, it shows the variety and volume of work our REF Unit undertakes on a daily basis.

Defendant M. Z. [docket # 16-SF-009126-A]

- Defendant M. Z. worked for a business that helped senior citizens and presented the hospitalized and severely incapacitated 80-year-old victim with numerous forms to sign. Defendant claimed the documents would consolidate the victim's finances, including a reverse mortgage on his home, so the victim could afford appropriate board and care. However, unbeknownst to the victim, the documents granted Defendant power of attorney and transferred the victim's home to Defendant's business. Defendant filed the documents at the Recorder's Office and added himself to the victim's bank accounts.
- Our Elder Abuse Unit filed this case in July 2016. Due to the unique elder abuse aspects of the case, our Elder Abuse prosecutors continued to handle the case after the formation of our REF Unit. However, because of the highly complex nature of the reverse mortgage on the victim's home, our REF Inspector sat as the investigating officer during the trial, in the courtroom each day of the 3½ week trial supporting and advising the trial prosecutor. Our REF Inspector also provided expert testimony during the trial.
- The Jury convicted Defendant of felony elder abuse [Penal Code § 368(d)] and felony filing of a false document [Penal Code § 115(a)]. He still awaits sentencing, but faces almost 5 years in State Prison.

Defendant P. J. [docket # NF424192A and docket # 16-NF-005352-A]

- Defendant P. J., a sovereign citizen prolific in real estate fraud, had two court cases consisting of four separate real estate fraud investigations. In three of the investigations, Defendant filed numerous documents with the Recorder's Office claiming the homeowners owed him a debt they did not actually owe. As a result, Defendant clouded title to each home, preventing the owners from taking out loans against or selling their properties. Two of the homeowners had to file civil actions to clear title to their homes.
- In the fourth case, to prevent foreclosure of his girlfriend's home, Defendant and his two co-defendants filed numerous false documents with the Recorder's Office in an attempt to hamper the foreclosure process and retain title to the home.

- The investigation documents for these cases exceeded 950 pages. Our REF Unit took over the prosecution of the cases in August 2017. As of January 2018, Defendant stands convicted of two felony counts of filing a false document [Penal Code § 115(a)]. He received a 16-month State Prison sentence.
- Additionally, our REF Unit instituted proceedings to clear title for the third homeowner who could not afford to file his own civil suit. Since 2013, this victim could not take out a loan against his own property due to Defendant's actions. Finally, in 2018, the Court voided four separate documents filed by Defendant against this victim's property.
- Also, our REF Prosecutor discovered that one of the victims who brought her own civil action had never delivered her civil judgment to the Recorder's Office. As a result, Defendant's false filings still encumbered this victim's property. Our REF Unit worked together with the Recorder's Office to ensure that they properly posted the judgment to the victim's property and voided all of the documents filed by Defendant.

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

- Defendant L. H. filed for divorce from her husband. During their marriage, they bought a home together as husband and wife. However, during the divorce trial, Defendant claimed she bought the home prior to the marriage as her separate property. We allege that she entered numerous documents into evidence to support her claims, including altered versions of documents on file with the Recorder's Office. If Defendant had successfully convinced the Court of her claims, she would have obtained a much greater portion of the marital assets.
- The trial Judge suspected fraud and reported the incident to our REF Inspector, who researched the true ownership history of the home. Our Inspector seized Defendant's computer, which contained both original and altered versions of her trial documents.
- Our general prosecutors filed this case in February 2017 and our REF Unit took over the prosecution in February 2018. The investigation documents for this case already exceed 675 pages. Defendant faces 31 felony charges for her conduct, with a potential sentence up to 13 years in State Prison, and has a Preliminary Hearing scheduled for August 14.

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 20 open real estate fraud investigations, in various stages and of varying complexity. Additionally, our REF Inspector opened 12 new cases during the 2017-2018 Fiscal Year, bringing the total number of open investigations handled this year to 32.

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 2017-2018 Fiscal Year, our REF Inspector provided over 25 case assists, over 10 of which went to our Elder Abuse Unit.

Finally, at any given time, our REF Investigator has the ability to access the United States Department of the Treasury's Financial Crimes Enforcement Network (FinCEN)'s reports. In our experience, FinCEN generates approximately 30 such reports each month specific to San Mateo County. Many of our past and current investigations initially stemmed from these reports. During the 2017-2018 Fiscal Year, our REF Inspector and REF Prosecutor worked together to go through over 200 of these reports to select those in which further investigation appeared most promising.

Community Outreach and Training

In addition to our open court cases and active investigations, our REF Unit recognizes the importance of strengthening our investigative and prosecutorial skills, as well as establishing ourselves within the greater anti-fraud law enforcement community. As a result, we have placed emphasis on our members obtaining training and attending events where we can interact with other investigators, prosecutors, and stakeholders in the fight against real estate fraud.

Throughout the 2017-2018 Fiscal Year, both our REF Inspector and REF Prosecutor attended trainings on topics such as notary fraud and Bay Area real estate scams. Additionally, in October 2017, our REF Inspector attended the California District Attorneys Association's Fraud Symposium, which had numerous courses specific to real estate fraud investigations. Furthermore, both our REF Inspector and REF Prosecutor participate in quarterly meetings of the Nor Cal Real Estate Fraud Task Force, which consists of prosecutors and investigators from over 25 local and federal agencies combatting real estate fraud throughout the State.

In July, August, and September of 2017, our REF Inspector gave presentations to the San Mateo County Association of Realtors entitled "Real Estate Fraud for Real Estate Professionals," each with approximately 30 attendees. Finally, in April 2018, our REF Unit hosted a training course on loan underwriting, attended by members of nine local District Attorney's Offices and three separate federal agencies.

All of this has kept our REF Unit extremely busy. We consider our REF Unit's first year a great success. We take great pride in our accomplishments from the past year and look forward to continuing our important work in the 2018-2019 Fiscal Year.



From left to right: Senior Inspector Bill Massey; Legal Secretary Roberto Galvez; Inspector David Wilson; Deputy District Attorney Kimberly Perrotti; Chief Inspector John Warren