



**ANNUAL BOARD REPORT
FISCAL YEAR 2018-2019**

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 2018-2019 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.

Update on 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. 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.

During the 2017-2018 Fiscal Year, these personnel expenses totaled \$347,614.13, while the funds disbursed to our Office totaled \$217,574.90. Our Office's general budget paid the difference of \$130,039.23 to ensure that the important work of our REF Unit continued. Similarly, during the 2018-2019 Fiscal Year, the personnel expenses of our REF Unit totaled \$320,838.25. Funds collected during the 2018-2019 Fiscal Year will not be disbursed to our Office until after the approval of this Annual Board Report.

Since our REF Unit began, Inspector David Wilson has served as our REF Inspector and Kimberly Perrotti has served as our REF Prosecutor. As described in last year's Annual Board Report, Inspector Wilson has vast experience investigating real estate fraud and has recently received several awards recognizing his efforts. Over the past two 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 two 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 welcomes suggestions at all times.

Open Court Cases

During the 2018-2019 Fiscal Year, our REF Unit handled numerous open court cases. Going into the fiscal year, our Office already had 8 real estate fraud cases in court. In addition, our REF Unit investigated and filed 6 new cases during the 2018-2019 Fiscal Year,

bringing the total number of open court cases to 14. Our REF Prosecutor attended over 30 hearings, including a full-day Preliminary Hearing and a multi-session bail examination hearing.

Before discussing our REF Unit's new cases from this past year, we would like to provide an update on the on-going cases we discussed in last year's Annual Board Report.

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

- Defendant M. Z. worked for a business that helped senior citizens. He 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.
- Last year, we reported that a Jury convicted Defendant of felony elder abuse and felony filing of a false document after a 3½ week trial in which our REF Inspector sat as the investigating officer and provided expert testimony.
- During this past fiscal year, Defendant moved for a new trial, making numerous false claims about his trial process. Our REF Inspector investigated those claims, proving their falsity and resulting in a denial of the Motion for New Trial. Defendant was then sentenced to 3 years of imprisonment. Defendant continues to attempt to alter his sentence and further proceedings in that regard are scheduled for July 19, 2019.

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 in the divorce settlement.
- The trial Judge 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.
- Last year, we reported that Defendant faced 31 felony charges for her conduct, with a potential sentence up to 13 years in State Prison.
- During this past fiscal year, our REF Prosecutor handled numerous motions filed by Defendant, including motions to quash all three of the search warrants issued in the case and motion to subpoena a sitting San Mateo County Judge to testify, all of which were

denied. Additionally, our REF Prosecutor handled a full-day Preliminary Hearing, at which our REF Inspector testified extensively, with successful results.

- Defendant now faces 37 felony charges, with a potential sentence exceeding 17 years in State Prison. The investigation documents for this case currently exceed 820 pages. The case is set for Pretrial Conference and motions on July 29, 2019.

In addition to the cases discussed in last year's Board Report, we would like to discuss several other cases that we handled this past fiscal year. While this list does not contain all our open court cases, it shows the variety and volume of work our REF Unit undertakes on a daily basis.

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, Defendant J. H. sold the property for \$997,000 to another person who then attempted to evict the victim from her home. One year later, Defendant J. H. still has not paid the \$498,000. However, Defendant J. H. paid Defendant T. M. over \$235,000 for her role in the scheme.
- Defendant J. H. is charged with 11 felonies, including filing a false document, financial elder abuse, burglary at the Recorder's Office, and money laundering. He faces over 25 years in State Prison. The investigation documents for this case currently exceed 3,570 pages. A Preliminary Hearing is scheduled on September 30, 2019.
- Defendant T. M. is charged with 6 felonies and faces over 12 years in State Prison. There is currently an active \$1 million warrant for her arrest.
- Our REF Inspector works this case jointly with the Redwood City Police Department. 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. and over \$25,000 cash belonging to Defendant T. M. These assets can be put toward victim restitution and court fines upon any conviction in this case.

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 Defendant to perform earthquake retrofitting services. The victim

alleged that Defendant's work was of poor quality and asked him to fix it, but Defendant refused. Defendant filed a small claims action demanding payment for his unlicensed work, but the Judge ruled that the victim did not owe Defendant any money. Despite this judgment, Defendant 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.

- Initially, only misdemeanor offenses of unlicensed contracting were filed. However, our REF Prosecutor located this case during a routine audit of our Office's electronic case management system and moved to add felony charges of filing of a false document, perjury, and burglary at the Recorder's Office when filing the false mechanics lien.
- Defendant now faces over 4 years in State Prison. The investigation documents for this case currently exceed 280 pages. A Preliminary Hearing is scheduled on August 7, 2019.

Defendant D. V. [docket # 17-SF-012056-A]

- Defendant D. V. forged a Grant Deed to make it look like Bank of America sold a property to her and personally recorded the forged deed at the Recorder's Office. Then, she fraudulently "sold" the property to an unsuspecting buyer for over \$700,000.
- We charged Defendant with six felonies, including filing a false document, burglary at the Recorder's Office, and grand theft.
- The investigation documents for this case currently exceeded 1,785 pages. As of June 2019, Defendant stands convicted of two felonies – filing a false document and grand theft. She received a 16-month State Prison sentence.

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 13 open real estate fraud investigations, in various stages and of varying complexity. Additionally, our REF Inspector opened 11 new cases during the 2018-2019 Fiscal Year, bringing the total number of open investigations handled this year to 24.

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 2018-2019 Fiscal Year, our REF Inspector provided over 30 case assists, over 9 of which went to our Elder Abuse Unit and 9 to outside law enforcement agencies. Additionally, 5 case assists went to other prosecutors in our office, 3 to outside prosecutors' offices, 3 to inspectors in our Criminal Operations Division, and 1 to our Insurance Fraud Unit.

Additionally, our REF Prosecutor also provides outside assists to our anti-fraud partners, most-specifically the Contractors State License Board (hereinafter "CSLB"). Several of our REF Unit's cases originate 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. During the 2018-2019 Fiscal Year, our REF Prosecutor reviewed over 40 CSLB cases, filed over 15 such cases, and personally participated in the prosecution of 6 such cases.

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 2018-2019 Fiscal Year, both our REF Inspector and REF Prosecutor attended trainings on topics such as analyzing forged documents. Additionally, in October 2018, both our REF Prosecutor and 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 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. Finally, in June 2019, our REF Inspector gave a presentation at the San Mateo County Elder Abuse Symposium entitled "Current Real Estate Scams and Trends Affecting Seniors," to an audience of 35 attendees.

All of this has kept our REF Unit extremely busy. We consider our REF Unit's first two 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 2019-2020 Fiscal Year.