



**ANNUAL BOARD REPORT
FISCAL YEAR 2019-2020**

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 2019-2020 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 2019-2020 Fiscal Year marks the third 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.

During our REF Unit's first 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, while the funds received totaled \$180,409.94, with our Office's general budget paying the difference of \$140,428.31. For the 2019-2020 Fiscal Year, the personnel expenses of our REF Unit totaled \$341,282.08. Funds collected during the 2019-2020 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. Over the past three years, Inspector Wilson and Ms. Perrotti have worked together wonderfully, as demonstrated by the Unit's many successful prosecutions described below. Additionally, for her work prosecuting the case of *People v. J.H. and T.M.* (described below), the Redwood City Police Department awarded Ms. Perrotti their Prosecutor of the Year award for 2019.

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 three 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 2019-2020 Fiscal Year, our REF Unit handled numerous open court cases. Going into the fiscal year, our Office already had eight real estate fraud cases in court. In addition, our REF Unit investigated and filed two new cases during the 2019-2020 Fiscal Year, bringing the total number of open court cases to ten. Our REF Prosecutor attended over 50 hearings, including two lengthy Preliminary Hearings and multiple pretrial conferences that resulted in several convictions through plea negotiations.

We would like to provide an update on the 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. 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 with a search warrant and found it to contain both original and altered versions of her trial documents.
- During this past fiscal year, our REF Prosecutor continued to handle the issues arising in this case, including two additional changes of counsel by Defendant, a lengthy pretrial conference, and several motions hearings.
- Defendant faces 37 felony charges for her conduct, with a potential sentence exceeding 17 years in State Prison. The investigation documents for this case currently exceed 910 pages. As of the writing of this report, the case is set for a status review in late July 2020.

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. Two years 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.

- 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 and one piece of real property belonging to Defendant T. M. These assets will be put toward victim restitution and court fines in this case.
- The investigation documents for this case currently exceed 3,800 pages.
- During this past fiscal year, our REF Prosecutor handled a full-day Preliminary Hearing for Defendant J. H. at which our REF Inspector testified extensively, with successful results. Defendant J. H. is charged with 15 felony charges, including financial elder abuse, money laundering, grand theft, and filing a false document. He faces over 20 years in State Prison. His case is now set for Jury Trial in September 2020.
- Additionally, during this past fiscal year, Defendant T. M. entered into a plea agreement. She was convicted of three felonies, including filing a false document and grand theft. She was sentenced to serve three years and four months in State Prison. The matter is now set in mid-August 2020 for the People's motion to quiet title on the victim's property.

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.
- Defendant faces over four years in State Prison. The investigation documents for this case currently exceed 290 pages.
- During this past fiscal year, our REF Prosecutor handled the Preliminary Hearing in this case, at which our REF Inspector testified, with successful results. As of the writing of this report, the case is suspended while the Court evaluates defendant's mental competence to stand trial. The matter is now set for a status update in late July 2020.

In addition to the cases discussed in last year's Board Report, we would like to discuss another significant case that we handled this past fiscal year. While the cases discussed in this report do not contain all our open court cases, they show the variety and volume of work our REF Unit undertakes on a daily basis.

Defendant I. E. [docket # 18-SM-013599-A], Defendant Y. K. [docket # 19-SM-007173-A], and Defendant Y. L. [docket # 18-SM-013571-A]

- Defendant Y. K. held a valid contractors' license. He accepted payments from Defendant I. E., who was not a licensed contractor, in exchange for allowing Defendant I. E. to use his license number. Defendant Y. K. then failed to exercise any supervision over Defendant I. E.'s activities.
- Defendant I. E. obtained a job at the Victim's home and engaged in activities that required a contractors' license, including hiring Defendant Y. L., an unlicensed subcontractor. As a result of the defendants' combined criminal activity and unlicensed work, the Victim sustained over \$20,000 in damages to her home.
- The investigation documents for this case exceeded 1,800 pages.
- Defendant I. E. and Defendant Y. L. were both charged with Unlicensed Contracting. Each was convicted of a misdemeanor, placed on probation, and sentenced to serve time in jail. Defendant I. E. was ordered to pay the Victim \$4,000, while Defendant Y. L. was ordered to pay her \$6,900.
- Defendant Y. K. was convicted with Aiding and Abetting Unlicensed Contracting for allowing an unlicensed individual to use his license number. He was placed on probation, sentenced to serve time in jail, and must pay the Victim \$10,000. He will now also face consequences to his contractors' license, a task made substantially easier with the hard-fought conviction obtained by our REF Unit.

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 24 open real estate fraud investigations, in various stages and of varying complexity. Additionally, our REF Inspector opened ten new cases during the 2019-2020 Fiscal Year, bringing the total number of open investigations handled this year to 34.

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 2019-2020 Fiscal Year, our REF Inspector provided over 39 case assists, over nine of which went to our Elder Abuse Unit and four to outside law enforcement agencies. Additionally, three case assists went to other prosecutors in our office, three to outside prosecutors' offices, 13 to inspectors in our Criminal Operations Division, and four to our Insurance Fraud Unit. An additional two case assists went to County Counsel's Office and one to the Public Guardian's Office.

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.

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 2019-2020 Fiscal Year, both our REF Inspector and REF Prosecutor attended training on topics such as elder and dependent adult abuse.

All of this has kept our REF Unit extremely busy. We consider our REF Unit's first three 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 2020-2021 Fiscal Year.