



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Department Name: District Attorney  
Department No.: 021  
For Agenda Of: October 14, 2008  
Placement: Administrative  
Estimated Tme:  
Continued Item: Select\_Continued  
If Yes, date from:  
Vote Required: Select\_Vote

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**TO:** Board of Supervisors

**FROM:** District Attorney Name & Phone: Christie Stanley, x2308  
Contact Info: Name & Phone: Dave Saunders, Chief Investigator x2359

**SUBJECT: Annual Real Estate Fraud Program Report**

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**County Counsel Concurrence**

As to form: No

**Auditor-Controller Concurrence**

As to form: No

**Other Concurrence:** Select\_Other

As to form: Select\_Concurrence

**Recommended Actions:**

That the Board of Supervisors:

- a) Accept the District Attorney's report regarding the Real Estate Fraud Program implemented in fiscal year 2007-08.

**Summary Text:**

In August 2007, the Board of Supervisors established a new recording fee on certain legal real estate documents and authorized the District Attorney to establish a Real Estate Fraud Program to deter, investigate, and prosecute real estate fraud crimes. Consistent with the California Government Code, the District Attorney is providing the first annual report of the program's activities and expenditures.

**Background:**

The District Attorney was authorized to implement the provisions of California Government Code section 27388, which established a \$2.00 recording fee to fund a program to deter, investigate and prosecute real estate fraud crimes. In September 2007, the County Clerk-Recorder-Assessor began collecting this fee when certain real estate instruments, paper, or notices were recorded, retaining 10% of the funds to offset their costs, with the balance utilized by the District Attorney to finance a criminal investigator dedicated to the investigation of real estate fraud.

Highlights of the District Attorney's implementation efforts and accomplishments are included in the attached Annual Report .

**Performance Measure:**

The Real Estate Fraud Unit initiated seventeen investigations. Nine of those were closed because there was insufficient evidence to prosecute or the act committed were not a violation of the law. Eight cases are currently pending.

Investigators made six public presentations.

**Fiscal and Facilities Impacts:**

Due to the decline in real estate transactions, revenue realized was less than projected, delaying full implementation of the program until better estimates were available. Revenues totaled \$55,881, of which 10% was retained by the Clerk Recorder/Assessor for administrative fees. The balance primarily financed \$7,903 for a ½ time DA Investigator hired in March 2008, \$6,763 in operational support costs and \$1,540 in DA overhead. A balance of \$33,566 was transferred to Designation for use in FY 08-09, which will be added to the \$49,000 budgeted revenue to sustain a .5 FTE DA Investigator and operating expenses for the full fiscal year

**Fiscal Analysis:**

| <u>Funding Sources</u> | <u>Current FY Cost:</u> | <u>Annualized On-going Cost:</u> | <u>Total One-Time Project Cost</u> |
|------------------------|-------------------------|----------------------------------|------------------------------------|
| General Fund           |                         |                                  |                                    |
| State                  |                         |                                  |                                    |
| Federal                |                         |                                  |                                    |
| Fees                   | \$ 22,315.00            | \$ 49,000.00                     |                                    |
| Other:                 |                         |                                  |                                    |
| Total                  | \$ 22,315.00            | \$ 49,000.00                     | \$ -                               |

**Staffing Impacts:**

**Legal Positions:**

District Attorney  
Investigator

**FTEs:**

.5 fte

While a full-time District Attorney (DA) Investigator position was added in August 2007, the reduction in revenue received delayed hiring this position, which was initially filled extra help in March 2008. Program responsibility was recently assigned to a fte DA Investigator on a half-time basis, with extra help funding budgeted to backfill this position on a part time basis, until the financing stream improves.

**Attachments:**

First Real Estate Fraud Annual Report

**Authored by:**

David Saunders

**DISTRICT ATTORNEY REAL ESTATE FRAUD PROSECUTION FY 07-08 Annual Report**

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The following is a report of the details the District Attorney's implementation efforts and accomplishments.

- Funding approved by Board of Supervisors beginning of Fiscal Year 07/08
- The unit investigates complaints of real estate fraud throughout the county
- Staffed with a .5 FTE District Attorney Investigator based out of North County
- A Senior Deputy District Attorney who is an expert in complex theft offenses and has expertise in business law and real estate matters will provide legal support to the program.

Accomplishments:

- Public outreach on television and radio via District Attorney Christie Stanley recorded pieces
- Presentation on KEYT In-Focus show
- Presentation to NAHREP members
- Presentation to Spanish-speaking community at Franklin Center.
- Participation in Congresswoman Capps' recent meeting in North County
- Real Estate Fraud complaint form developed in both English and Spanish and posted on our website: <http://www.countyofsb.org/da/CriminalDivision/refraud.asp>
- Purchased a subscription to a commercial database to identify property owners who received Notices of Default
- Mailed crime prevention flyers to more than 1,200 homeowners who received Notices of Default.
- Established and maintained good working relationships with real estate professionals—particularly National Association of Real Estate Professionals (NAHREP)
- Collected valuable intelligence information on certain real estate professionals who may have unfairly taken advantage of vulnerable consumers. (We now know who some of them are and are in the process of conducting further investigation)

Santa Barbara County  
District Attorney  
Real Estate Fraud Prosecution Program

Statement of Revenues and Expenditures  
For the Fiscal Year Ended June 30, 2008

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|                                                | <u>Actual</u>    |
|------------------------------------------------|------------------|
| Program revenues:                              |                  |
| Prior year carryover                           | \$ 0             |
| Real Estate Document Fees Collected            | <u>55,881</u>    |
| Total program revenues                         | <u>55,881</u>    |
| <br>                                           |                  |
| Program expenditures:                          |                  |
| Salaries and benefits                          | 7,903            |
| Operation support costs                        | 6,763            |
| DA indirect costs                              | 1,540            |
| Clerk Recorder/Assessor administrative fees    | <u>6,109</u>     |
| Total program revenues                         | <u>22,315</u>    |
| <br>                                           |                  |
| Excess of revenues over expenditures           | <u>\$ 33,566</u> |
| Transferred to Designation for Use in FY 08-09 |                  |

Prepared by:  
Marnie Pinsker, DA Administrative Director  
7-29-08