



Real Estate Fraud Prosecution Program FY 2014 - 2015 Annual Report

Notable Cases

People v. David Prenatt

In December 2013, the Office of the District Attorney filed a 148 count complaint against local businessman David Prenatt for Grand Theft and Securities Fraud violations. This case involved investments and loans obtained by David Prenatt from various local residents. This case was originally investigated by the FBI. In a plea deal with the FBI in late 2013, David Prenatt was allowed to plead guilty to two felony counts of bank fraud for providing false information to a lender. Charges regarding 10 local victims were not addressed by the federal case, and the losses associated with those local victims totaled over \$13,000,000. The Office of the District Attorney picked up the investigation in late 2013 and filed felony charges involving Santa Barbara County victims. On 9/9/14, David Prenatt pled guilty to felony Securities Fraud and Grand Theft during the preliminary hearing. Under the terms of the plea agreement, Prenatt was sentenced to 10 years state prison consecutive to his federal time. He was ordered to pay full restitution to all local victims in the amount of \$13,227,323. Once Prenatt concludes his federal prison time, he will be extradited to California to serve his 10 year state sentence.

People v. Ismael Cancinos and Mercedes Alvarez

After a lengthy investigation, the Office of the District Attorney filed charges against Cancinos and Alvarez in association with a Foreclosure Consultant scheme in which the two offered to stop foreclosures of residences for an upfront fee. The case involved 34 known victims and targeted the Hispanic community. There were over \$200,000 in losses not including the loss of many homes unnecessarily to foreclosure. 95 counts and special allegations were filed against each defendant, and no-bail arrest warrants were issued. On July 14, 2014, Mercedes Alvarez pled guilty to seven felony counts of Civil Code section 2945 (Prohibited Acts of a Foreclosure Consultant). She also admitted to the white collar enhancement of taking over \$100,000 which ensured she will receive a state prison sentence. She was sentenced to one year and four months in state prison and voluntarily surrendered her real estate license.

On 9/15/14, Ismael Cancinos pled guilty to two felony burglary counts which are strike offenses under California's Three Strikes Law, 29 counts of Conducting Prohibited Acts of a Foreclosure Consultant, and 2 felony counts of Grand Theft. He also admitted to the white collar enhancement of taking over \$100,000. He was sentenced a five years and four months in state prison, ordered

to pay \$210,000 in restitution to his many victims, and is subject to deportation to Guatemala upon his release from prison.

People v. Melissa Reynoso

The Office of the District Attorney continued its felony prosecution against a local real estate salesperson for Grand Theft and Preparing False Documentary Evidence. The case was investigated in conjunction with Santa Maria Police and involves the defendant falsifying business records and embezzling money from the property management company that employed her. The loss is \$200,000. On 3/4/15, a preliminary hearing was held, and Reynoso was held to answer on all filed charges. The case is pending jury trial.

People v. Dennis Gleason

The Office of the District Attorney continued its felony prosecution of Dennis Gleason who is accused of felony Burglary, Grand Theft, and Prohibited Acts of a Foreclosure Consultant. Gleason was arrested on a warrant obtained by the Office of the District Attorney. On 4/16/15 after a preliminary hearing, Dennis Gleason was held to answer on all felony charges, and the case is currently pending jury trial.

People v. Rudy Delahoya

On 1/29/15, the Office of the District Attorney filed felony Grand Theft and Money Laundering Charges against Rudy Delahoya. Special Allegations preclude Delahoya from serving local county jail time if convicted. Delahoya represented himself as a member of an investment group that would refinance the victim's home worth about \$9.9 million. At Delahoya's suggestion, the victim wired him over \$46,000 allegedly to pay property taxes. The taxes were never paid, the loan never funded, and the victim lost over \$46,000. The Office of the District Attorney authored search and arrest warrants for Delahoya and his purported companies. This case is pending prosecution.

People v. Isidro Garcia Munoz

This case involves a rental scam in Santa Maria. The defendant located random properties throughout the city of Santa Maria and offered them for rent to various local residents who were seeking housing. The defendant had no connection to the various properties and was not authorized to rent them. The defendant collected deposits from the various victims before ceasing contact with them. The Office of the District Attorney filed felony charges of Obtaining Services by False Pretenses against Munoz. On 9/4/14, Munoz pled guilty to two counts of Obtaining Services by False Pretenses. He received a split sentence of one year in the County Jail, and two years and eight months on supervised probation.

People v. Jeff Lind and People v. Dee Thomas Murphy

Prosecution concluded against two defendants accused of recording a \$77,000,000 lien on a local judge's personal property. Jury trial commenced in January 2015. At the conclusion of the jury trial, the jury returned guilty verdicts on all counts against both defendants. Jeff Lind was convicted of felony Procuring a False Document for Recording, Conspiracy, and Perjury.

He was sentenced to 30 days in the County Jail and placed on five years felony probation. Dee Thomas Murphy was found guilty of felony Procuring a False Instrument for Record and Conspiracy. He was sentenced to three years state prison.

In a separate but related case against Jeff Lind and Dee Thomas Murphy, the Office of the District Attorney filed felony criminal charges of Procuring a False Instrument for Record, Perjury, and Conspiracy. On 7/10/15, Dee Thomas Murphy pled guilty to felony perjury and was sentenced to three additional years in state prison (to be served concurrent to his first conviction). Pursuant to the plea deal, the charges against his co-conspirator Jeff Lind were dismissed.

These defendants are part of the Sovereign Citizen Movement involving anti-government extremists who believe that even though they physically reside in this country, they are separate or “sovereign” from the United States. As a result, they believe they do not have to answer to any government authority, including courts, taxing entities, motor vehicle departments, or law enforcement. This successful prosecution was a positive step towards deterring this ideology in Santa Barbara County.

Major Investigations Currently Pending Criminal Filing

In addition to the above cases which were investigated, filed, and prosecuted during the fiscal year, this office undertook two additional major real estate fraud investigations. One investigation has been completed and is pending attorney review. The second investigation is on-going and involves over \$2 million in losses associated with a local contractor. It is anticipated that both cases will be filed in Fiscal Year 2015 - 2016.

Fiscal Year 2014 - 2015 Real Estate Fraud Highlights

- The Real Estate Fraud Unit coordinated with various real estate professionals throughout the County of Santa Barbara to create a Real Estate Fraud Advisory Team. The team consists of various industry professionals including County Clerk Recorder staff, Title Officers, Escrow Officers, Brokers, Non-profit Organizations, representatives of Industry Associations, and the Bureau of Real Estate. The Advisory Board meets every other month, and its mission is to prevent, detect, and report real estate fraud in the County of Santa Barbara.
- The Office of the District Attorney reached out to the community and various professional organizations through numerous radio and television interviews, as well as community presentations. Speaking engagements for the real estate team included the Lompoc Association of Realtors, the Santa Barbara Association of Realtors, First American Title Company, and the Real Estate Fraud forum in San Luis Obispo (sponsored by San Luis Obispo’s Real Estate Fraud Advisory Team) wherein over 100 community members and real estate professionals were in attendance.
- The Lind/Murphy case referenced above was a case involving the Sovereign Citizen Movement. In association with this case and during the course of the year, the District Attorney’s Real Estate Fraud Investigator was qualified by the Santa Barbara Superior Court as an expert in the Sovereign Citizen Movement on three separate occasions. The qualifications were based on her training, experience, and knowledge of the movement. This is significant to Santa Barbara County in that there are only a handful of people

throughout the state who are qualified to render expert opinions on the Sovereign Citizen Movement, a movement that is growing throughout the state.

- The Real Estate Fraud Unit continued to partner with various local, State, Federal, and non-profit agencies to educate, investigate, and prosecute real estate related crimes throughout the County. During this fiscal year, the Real Estate Fraud Unit partnered with the FBI and eventually took over an investigation involving a local agent participating in short sale fraud. This case is currently being investigated, and is anticipated to be filed during Fiscal Year 2015 – 2016. Also during this past fiscal year, the County of Santa Barbara’s Real Estate Unit partnered with Alameda County’s Real Estate Unit on a case involving an Orange County business that was victimizing people throughout the state. The counties of Alameda and Santa Barbara are currently working together on this case which spans multiple jurisdictions.

Fiscal Year 2014-15 Real Estate Fraud Case Statistics

- Total number of referrals: 59
- Total number of investigations: 59
- Total number of filed cases: 10
- Total number of victims in filed cases: 56
- Number of convictions obtained in the fiscal year: 6
- Aggregate monetary loss suffered by victims for cases in which there has been an investigation, filing, or conviction: \$13,554,657.00

Real Estate Fraud Statistics Fiscal Year 2014 - 2015 (Gov. Code 27388)

1. Name of reporting county: Santa Barbara
2. Reporting Period (Fiscal Year): 7/1/2014 - 6/30/2015
3. Number of referrals entering in the fiscal year: 27
4. Number of referrals initiated during the fiscal year: 32
5. Total number of referrals: 59
This should equal referrals entered and initiated in the fiscal year.
6. Number of investigations entering in the fiscal year: 27
7. Number of investigations initiated in the fiscal year: 32
8. Total number of investigations: 59
This should equal investigations entered and initiated in the fiscal year.
9. Number of filed cases entering in the fiscal year: 8
10. Number of filed cases initiated in the fiscal year: 2
11. Total number of filed cases: 10
This should equal filed cases entered and initiated in the fiscal year.
12. Number of victims in filed cases entering in the fiscal year: 51
13. Number of victims in filed cases initiated in the fiscal year: 5
14. Total number of victims in filed cases: 56
This should equal victims in filed cases entered and initiated in the fiscal year.
15. Number of convictions obtained in the fiscal year: 6
16. Aggregate monetary loss suffered by victims for cases entering in the fiscal year:
\$13,515,107
17. Aggregate monetary loss suffered by victims for cases initiated during the fiscal year:
\$39,550
18. Aggregated monetary loss suffered by victims in cases in which there has been an investigation, filing, or conviction: \$13,554,657