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**Real Estate Fraud Prosecution Program
Fiscal Year 2016 - 2017 Annual Report**

Cases

- *People v. Nicholas Baucom*

In August 2015, Nicholas Baucom located a vacant residence in Santa Maria. The owners of the residence had moved out of state, and were in the process of selling the property. Baucom removed the realtor's lockbox from the front door and removed a FOR SALE sign from the front yard. He changed the locks on the residence, put all the utilities into his own name, and moved into the home. In a series of increasingly sophisticated attempts, Baucom attempted to transfer title of the property from the true owners to himself by creating false Quit Claim Deeds and Deeds of Trust, which he attempted to record with the County Clerk-Recorder-Assessor's Office. On some of those documents, he forged the victim's name and forged a notary seal in order to make the document appear legitimate.

This case went to a jury trial in July 2016. Nicholas Baucom represented himself. On 8/1/16, Baucom was found guilty of all 8 felony counts for which he was prosecuted. Those counts included 2nd Degree Burglary, Procuring a False Instrument for Record, and Forgery. Because of the egregiousness of his offenses, the Judge sentenced Baucom to three years in State Prison, the upper term he could receive for his felony charges.

- *People vs. Melissa Reynoso*

The District Attorney's Office continued its felony prosecution against a local real estate salesperson for Grand Theft and Preparing False Documentary Evidence. The case involved the defendant falsifying business records and embezzling money from the property management company that employed her.

In November 2016, as a part of a negotiated plea deal, Melissa Reynoso pled guilty to felony Theft by Embezzlement and felony Preparing False Documentary Evidence. She also admitted to special allegations of a white collar enhancement associated with excessive taking pursuant to Penal Code section 186.11. She was sentenced to one year in the County Jail, and will then be placed on five years of Supervised Probation. She was ordered to pay \$314,140 in restitution. The District Attorney's Office has obtained a restraining order against a property Reynoso owns but transferred into her daughter's name just prior to prosecution. That property cannot be sold or transferred until Reynoso has made restitution in this case.

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- *People vs. Dennis Gleason, Shauna Giliberti, Karen Tobin, Robert Houston, and Linda Lukas*

This is a five-defendant case associated with a bogus Chinese Bond scam perpetrated against a vulnerable, elderly couple in their late eighties. The elderly victims were persuaded into obtaining a short-term, high-interest loan to purchase the bogus bond. They secured that loan against a family home they owned in Santa Barbara. When the bond failed to pay off as promised, the victims were referred to yet another set of brokers who convinced them to obtain a larger loan against the property. This loan was such that the victims had no means or ability to pay it. When the bogus bond again did not pay off as promised, the large loan went into default and resulted in the loss of the victims' long-time Santa Barbara home.

Investigators authored and served 14 search warrants during the course of this investigation. The warrants were served in various locations (both residential and commercial) throughout the state. Five arrest warrants were issued in this case, and all but one defendant has been arrested. This case is currently being prosecuted, and extreme efforts are being made to locate the last outstanding suspect.

In June 2017, defendant Karen Tobin (a licensed attorney from the States of New York and Rhode Island) pled guilty to Corporations Code section 25401, Securities Fraud, in association with the sale of the Chinese Bond. She paid \$24,620 in restitution to the victims as a part of that plea agreement. Information regarding her conviction was turned over to the New York and Rhode Island State BAR Associations.

- *People vs. Brandy Taylor*

This investigation involved an Orange County company which, for a fee, offered to stop foreclosures. They operated throughout California, Arizona, and Nevada. In reality, this company was not actually stopping foreclosures but rather postponing them by employing a complex "bankruptcy hijacking" scheme.

In October 2016, the District Attorney's Real Estate Fraud Unit coordinated with Alameda County District Attorney Investigators, Orange County DA, the Bureau of Real Estate, and Huntington Beach Police to serve search warrants in Orange County associated with this case. Defendant Brandy Taylor was later arrested on a \$360,000 warrant issued by Santa Barbara County, and a \$1,000,000 warrant issued by Alameda County. This case is pending prosecution.

- *People v. Mark Melchiori*

In association with Sheriff Detectives, the District Attorney's Real Estate Fraud Unit investigated allegations against local contractor Mark Melchiori of Melchiori Construction. The investigation culminated with Melchiori being charged with 47 felony counts including Diversion of Construction Funds, Theft by Embezzlement, and Labor Code section 1778 (a form of theft from employees). Special Allegations alleging excessive taking were also filed. The District Attorney's Office filed a motion to freeze Melchiori's assets pending the outcome of the prosecution.

This case is currently at the preliminary hearing stage, and it is anticipated that the preliminary hearing should conclude in August 2017.

- *People v. Robert Houston, Linda Lukas, Rob Dunfey, and Randolph Hirsch*
Robert Houston and Linda Lukas are current defendants in a pending Real Estate Fraud prosecution. The District Attorney's Bureau of Investigations arrested both Houston and Lukas at their residence in Orange County. Linda Lukas posted bail while Robert Houston remained in custody. While in custody in the Santa Barbara County Jail, Houston and Lukas conspired to commit further felonies including Forgery related to Identity Theft, Grand Theft, and Solicitation. They elicited the help of others in furtherance of the conspiracy. The District Attorney's Office filed numerous felony counts against the four defendants.

In February 2017, defendant Rob Dunfey pled guilty to Conspiracy to Commit Forgery. He was sentenced to three years' Probation, and ordered to do 100 hours of community service. All other defendants in this matter are still pending prosecution.

- *People vs. Angelo Naemi and Steven Gonzalez*
This case was investigated jointly by the District Attorney's Real Estate Fraud Unit and the Federal Housing Finance Agency. The case resulted in a criminal filing of Grand Theft and Conspiracy to Commit Grand Theft charges. A felony arrest warrant for defendant Angelo Naemi was executed with bail being set by the Judge at \$395,000. This case is currently pending prosecution.
- *People vs. Janet Garrett*
This is a case in which the defendant is accused of falsifying a document (and recording it with the County Clerk-Recorder-Assessor's Office) that illegally named the defendant as the sole heir to an estate, thus transferring title of the estate's property to her. The investigation revealed the defendant is not an heir to the estate, but rather falsified and forged probate documents to make herself the administrator of the estate. This case is pending prosecution.
- *People vs. Thomas Chamberlain and Dorothy Dent*
This case involves an elderly victim who is under conservatorship. The People allege that despite the conservatorship, the defendants attempted to transfer title of the victim's home to themselves. This case is pending prosecution.
- *People vs. Matthew Syzmanski*
In this case, the defendant was attempting to record false liens on properties. When refused by the County Clerk-Recorder-Assessor's Office, Syzmanski stands accused of making death threats against Clerk-Recorder-Assessor personnel.

Highlights

- The District Attorney's Real Estate Fraud Unit authored and served eight arrest warrants and 12 search warrants during Fiscal Year 2016 - 2017. This highlights the complexity and time-consuming nature of these investigations.
- The District Attorney's Real Estate Fraud Unit continued to meet with the Real Estate Fraud Advisory Team, which consists of various industry professionals including County Clerk-Recorder-Assessor staff, title officers, escrow officers, brokers, non-profit organizations, representatives of industry associations, and the Bureau of Real Estate. Its mission is to prevent, detect, and report real estate fraud in Santa Barbara County.
- The District Attorney's Office continued its outreach to the community through numerous ongoing partnerships. Over the last several years, the Real Estate Fraud Unit has partnered with the California Rural Legal Assistance program whose mission is to "fight for justice and individual rights alongside the most exploited communities of our society." Their agency offers assistance to people in jeopardy of losing their homes to foreclosure, bank impropriety, and criminal activity. They contact the District Attorney's Office when they believe criminal behavior is at play, and the District Attorney's Office coordinates to investigate the allegations. Per their representative, the partnership with the Santa Barbara County District Attorney's Office will be included in this year's Housing and Urban Development report, which they submit yearly. The representative stated, "This has been one of the most rewarding and wonderful partnerships of our foreclosure unit. We are trying to duplicate this partnership in other counties."
- The Real Estate Fraud Unit also continued its community outreach efforts by providing numerous presentations throughout the fiscal year. Each member of the Unit participated in the outreach, and presentations were given at various locations countywide including First American Title Company, the Santa Barbara Board of Realtors, the Lompoc Association of Realtors, the County Clerk-Recorder-Assessor's Office, and a local radio program. The Unit has already begun presentations for Fiscal Year 2017 - 2018, speaking to a group of Century 21 representatives in Santa Maria in July 2017.
- The Real Estate Fraud Unit spent a significant amount of time at the County Clerk-Recorder-Assessor's Office during Fiscal Year 2016 - 2017. Last fiscal year, a protocol was put in place wherein the District Attorney's Real Estate Fraud Investigator would make personal contact with individuals attempting to record false documents (intended to stop a foreclosure). The Investigator would educate the individuals on the law that applies to such transactions, and warn people that should they choose to attempt another illegal recording, the District Attorney's Office would pursue a criminal investigation. Per this protocol, in 2016 - 2017, the District Attorney's Real Estate Fraud Investigator made contact with numerous people who were attempting to record false documents. One such contact resulted in an investigation being initiated regarding a resident who, although warned, continued to record false documents in an attempt to illegally stop the foreclosure of her property. This investigation is pending, and the Federal Bureau of Investigations is partnering with the District Attorney's Office on this matter.

Statistics

- Total number of referrals: 49
- Total number of investigations: 45
- Total number of filed cases: 19
- Total number of victims in filed cases: 31
- Number of convictions obtained in the fiscal year: 4
- Aggregate monetary loss suffered by victims for cases in which there has been an investigation, filing, or conviction: \$4,655,000