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COUNTY OF SANTA BARBARA

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Real Estate Fraud Prosecution Program
FY 2015-2016 Annual Report

Cases

- *People v. Nicholas Baucom*

In August of 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. Nicholas Baucom removed the realtor's lockbox from the front door and 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, Nicholas Baucom then 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's Office. On some of those documents, Nicholas Baucom forged the victim's name and forged a notary seal in order to make the document appear legitimate.

The District Attorney's Office authored and served both search and arrest warrants in this case, locating evidence on a laptop which proved that Nicholas Baucom's intent was to steal the house from the victim. The District Attorney's Real Estate Fraud Team arrested Nicholas Baucom in August of 2015, and he remained in custody until July of 2016 when he went to trial. Subsequently, Nicholas Baucom was convicted by a jury of all 8 felony counts as charged. Those counts included Commercial Burglary, Forgery, Procuring a False Instrument for Record, and Forging a Counterfeit Seal. He is scheduled to be sentenced on August 25th, where he faces up to 7 years in State Prison. Once he serves his sentence in California, the Real Estate Fraud Unit has arranged for him to be extradited to New York State where he currently has an outstanding felony warrant for the same crimes he committed there.

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

Dee Thomas Murphy and Jeff Lind are self-proclaimed Sovereign Citizens. Sovereign Citizens are anti-government extremists who believe they are not subject to the laws and authorities of the government including courts and law enforcement. Dee Thomas Murphy and Jeff Lind initially came to the attention of the District Attorney's Office when they attempted to record a \$77,000,000 lien against a sitting Superior Court Judge's

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personal residence. The DA's Real Estate Fraud Unit arrested both Lind and Murphy. They were tried and convicted of all counts in January 2015. Jeff Lind received probation, and Dee Thomas Murphy was sentenced to 3 years in State Prison.

In a separate but related case, the District Attorney's Office filed felony criminal charges of Procuring a False Instrument for Record, Perjury, and Conspiracy against Lind and Murphy when they entered the courthouse with official documents indicating that the prior case against them was to be dismissed subject to the jurisdiction of a higher, federal court. An investigation revealed that court was, in fact, a fictitious entity. On July 10, 2015, Dee Thomas Murphy pled guilty to felony perjury. He was sentenced to 3 additional years in State Prison to be served concurrent to his first conviction. Pursuant to the plea deal, the charges against co-conspirator Jeff Lind were dismissed. Lind remains on felony probation.

- *People vs. Melissa Reynoso*

The DA's Office 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. Reynoso was held to answer at a preliminary hearing on all filed charges. The case is pending jury trial.

In November 2015, District Attorney Casey Nelson learned that Reynoso owned property in the State of California which she has transferred into her daughter's name to hide. Pursuant to Penal Code section 186.11, the DA's Office filed a restraining order on the property prohibiting Reynoso from transferring, selling, or encumbering the property pending prosecution and an order of restitution.

- *People vs. Dennis Gleason*

The DA's Office continued its felony prosecution of Dennis Gleason who was accused of felony Burglary, Grand Theft, and Prohibited Acts of a Foreclosure Consultant. Gleason was arrested on a warrant obtained by the District Attorney's Office. At a preliminary hearing, Dennis Gleason was held to answer on all felony charges. In June of 2016, Dennis Gleason pled guilty to one felony count of committing Prohibited Acts of a Foreclosure Consultant pursuant to Civil Code section 2945. He made full restitution to the victim which was negotiated as a term of the plea bargain.

- *People vs. Rudy Delahoya*

On 1/29/15, the District Attorney's Office filed felony Grand Theft and Money Laundering Charges against Rudy Delahoya. Delahoya represented himself as a member of an

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investment group that could 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 the entire \$46,000. On 10/16/15, Rudy Delahoya pled guilty to Felony Grand Theft. He was sentenced to 5 years felony probation and ordered to pay \$48,000 in restitution. Since the time of his sentencing, Delahoya has violated his probation, and the violation of probation case is actively pending with this office.

- *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 the District Attorney's team authoring an arrest warrant for Mark Melchiori. Bail was set by the Santa Barbara Superior Court at \$395,000. Melchiori is currently charged with 39 felony and 8 misdemeanor counts which include Diversion of Construction Funds, Theft by Embezzlement, and Labor Code section 1778 (a form of wage theft from employees). Special Allegations and Enhancements filed by the DA's Office make Melchiori ineligible to serve local time. Rather, he will go to State Prison if convicted. In this case, the District Attorney's Office filed a motion to freeze Melchiori's assets pending the outcome of the prosecution. This case is ongoing and continues to be actively investigated.

- *People v. Cynthia Ziemer*

The District Attorney's Real Estate Fraud Unit investigated the case of Cynthia Ziemer. This case involved false documents and schemes created by Ms. Ziemer and designed to stop the foreclosure of her residence. Ziemer was arrested by the DA's Real Estate Fraud Unit on 3/10/16. She has been charged with 55 felony counts which include Perjury, Forgery, Preparing False Documents as Evidence, and Offering False Evidence. The white collar enhancements charged preclude her from serving local jail time. Thus, if convicted, Ziemer will serve a State Prison sentence. This case is currently being prosecuted.

- *Major Investigations currently pending criminal filing*

In addition to the current cases, the Real Estate Fraud Unit also investigated numerous large and complex cases this fiscal year which involved multiple jurisdictions and over 20 search warrants. These cases have yet to be filed, but it is anticipated that they will be filed in the next two months. Two of these investigations are noteworthy in that the amount of investigation necessary to prepare these cases for prosecution was staggering.

1. This investigation involved an Orange County company which, for a fee, offered to stop foreclosures. They operated throughout the State, including Santa Barbara County. In reality, this company was not actually stopping foreclosures but rather postponing them by employing a complex "bankruptcy hijacking"

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scheme. 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. It is anticipated that numerous arrests will be made in the near future.

2. This investigation involves an elderly couple who were victims to a series of scams which will likely result in the loss of their Santa Barbara home. During the course of this investigation, the Real Estate Fraud Unit served 13 different search warrants throughout the State (from San Clemente to Burlingame). The unit coordinated with the Bureau of Real Estate, Department of Business Oversight, the United States Attorney's Office, and numerous police and law enforcement agencies during the course of this investigation. This case will result in at least 5 arrests, one of which will occur on the east coast.

Highlights

- The Real Estate Fraud Unit continued to meet quarterly with the Real Estate Fraud Advisory Team that was established last fiscal year. 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. Its mission is to prevent, detect, and report real estate fraud in Santa Barbara County.
- The District Attorney's Office reached out to the community and various professional organizations through numerous radio interviews as well as community presentations. Speaking engagements for the real estate team included the Santa Barbara Association of Realtors, First American Title Company, and the Real Estate Fraud forum in San Luis Obispo.
- The Real Estate Fraud Unit provided assistance to its law enforcement partners throughout the United States during the course of the year. The unit authored and served search warrants on behalf of agencies in the states of New York and Florida for companies operating in Santa Barbara County. The information from the search warrants was then provided to those outside agencies, and that information will be used in their out of state prosecutions.
- The Real Estate Fraud Unit spent a significant amount of time at the County Clerk Recorder's Office this fiscal year. There was a distinct influx of people attempting to record false and fraudulent documents in an attempt to stop foreclosures. The Real

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Estate Unit developed a protocol for handling these types of incidents wherein the Real Estate Fraud Investigator would make personal contact with the individuals attempting to record the false documents, educate the people on the law that applies to such transactions, and warn people that should they choose to attempt another illegal recording, the DA's Office would pursue a criminal investigation.

- 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 Unit partnered with the Federal Housing Finance Agency (Office of Inspector General) to investigate a local real estate agent who was committing short sale fraud on a grand scale. This investigation is in its final stages, and it is anticipated that a criminal complaint and arrest warrant will be forthcoming in the next few months.

Case Statistics

- Total number of referrals: 58
- Total number of investigations: 58
- Total number of filed cases: 8
- Total number of victims in filed cases: 23
- Number of convictions obtained in the fiscal year: 3
- Aggregate monetary loss suffered by victims for cases in which there has been an investigation, filing, or conviction: \$2,159,000

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