

INTRADEPARTMENTAL CORRESPONDENCE

BPC #15-0248

RECEIVED

JUL 31 2015

POLICE COMMISSION

July 28, 2015
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REVIEWED

TO: The Honorable Board of Police Commissioners

FROM: Chief of Police

Earl R. Vee for 7-30-15
DATE

SUBJECT: TRANSMITTAL OF THE LOS ANGELES COUNTY FISCAL YEAR
2015-16 REAL ESTATE FRAUD PROSECUTION PROGRAM GRANT

RECOMMENDED ACTIONS

1. That the Board of Police Commissioners (Board) REVIEW and APPROVE this report.
2. That the Board TRANSMIT the attached grant application and award for the Fiscal Year (FY) 2015-16 Real Estate Fraud Prosecution Program Grant pursuant to Administrative Code Section 14.6(a), to the Mayor, Office of the City Administrative Officer (CAO), Chief Legislative Analyst, and to the City Clerk for committee and City Council consideration.
3. That the Board REQUEST the Mayor and City Council to:
 - A. AUTHORIZE the Chief of Police or his designee to ACCEPT the FY 2015-16 Real Estate Fraud Prosecution Program Grant award in the amount of \$312,000 from the County of Los Angeles, for the period of July 1, 2015 to June 30, 2016;
 - B. AUTHORIZE the Chief of Police or his designee to execute an Award Agreement with the County of Los Angeles, subject to the City Attorney's approval as to form and legality;
 - C. AUTHORIZE the Controller to set up a grant receivable and appropriate \$312,000 to appropriation account number to be determined in Fund No. 339, Department No. 70, for the disbursement of the FY 2015-16 Real Estate Fraud Prosecution Program Grant funds;
 - D. AUTHORIZE the Los Angeles Police Department (LAPD) to utilize the FY 2015-16 Real Estate Fraud Prosecution Grant funds in accordance with the FY 2015-2016 Grant Acceptance, to fund the program intended to deter, investigate, and prosecute real estate fraud for the period of July 1, 2015 to June 30, 2016;
 - E. AUTHORIZE the LAPD to submit grant reimbursement requests to the grantor and deposit grant receipts in Fund No. 339, Department No. 70;

- F. AUTHORIZE the Controller to transfer appropriation within Fund No. 339, Department No. 70, for the related costs:

From:

<u>Account Number</u>	<u>Amount</u>
Appropriation Account	\$101,655
Number to be determined	

To:

<u>Account Number</u>	<u>Amount</u>
Related Costs	\$101,655

- G. AUTHORIZE the Controller to increase appropriations as needed from Fund No. 339, Department No. 70, FY 2015-16 Real Estate Fraud Prosecution Grant appropriation, account number to be determined, to Fund No. 100, Department No. 70, account numbers and amounts as follows:

Account No. 001012, Sworn Salaries, \$160,516
Account No. 001092, Sworn Overtime, \$41,754

- H. AUTHORIZE the LAPD to prepare the Controller instructions for any technical adjustments, subject to the approval of the CAO, and INSTRUCT the Controller to implement the instructions.

DISCUSSION

This is the fifteenth year of funding for the Los Angeles County Real Estate Fraud Prosecution Program. The Program is funded from fees paid to Los Angeles County for filing real estate related documents in accordance with Government Code Section 27388. It is anticipated that this filing fee will continue to be charged and that this grant award will be renewed annually.

The Real Estate Fraud Unit (REFU), Commercial Crimes Division, handles all white-collar real estate crimes within the City of Los Angeles. The REFU opened 113 new cases in calendar year 2014 and made 19 arrests in conjunction with the cases filed by REFU detectives. The REFU has established a reputation within the private sector of the real estate community as a valuable and experienced unit.

The FY 2015-16 grant will pay 100 percent of salary and fringe benefits for one Detective III and 30 percent of salary and fringe benefits for a Detective II position. In addition, it will fund related overtime expenses for the four investigative detectives assigned to the Unit. The overtime will also be utilized by other detectives assigned to the Commercial Crimes Division Fraud Unit who will assist in working on real estate fraud cases. The grant also includes funding

The Honorable Board of Police Commissioners

Page 3

1.17

in the amount of \$8,075 for travel and training, cellular phones, equipment, title/document search services, office supplies and miscellaneous expenses.

If you have any questions regarding this transmittal, please contact Chief Information Officer Maggie Goodrich, Commanding Officer, Information Technology Bureau, at (213) 486-0370.

Respectfully,



CHARLIE BECK
Chief of Police

BOARD OF
POLICE COMMISSIONERS

Approved August 4, 2005
Secretary *Maria Lobo*

Attachments

**2015-16 GRANT ACCEPTANCE FORM
REAL ESTATE FRAUD PROSECUTION PROGRAM**

Agency: City of Los Angeles, Police Department

Address: 100 West First Street, Suite 842, Los Angeles, California 90012

Telephone: (213) 486-0380

Purpose of Grant: Investigation and Prosecution of Real Estate Fraud Cases

Amount Awarded: \$312,000

I understand by the acceptance of these funds, the above agency will:

- Utilize the funds for the prosecution and/or investigation of real estate fraud cases;
- Ensure that receipt of these funds will not be used to offset a reduction in any other source of funds;
- Submit reimbursement claims, at the end of each quarter (if any funding was expended during that quarter), to the address at the bottom of this form;
- Understand that award of these funds is subject to the availability of funds deposited into the Real Estate Fraud Trust Fund and that in the event funds deposited are insufficient to cover all grant funds awarded, the Real Estate Fraud Prosecution Trust Fund Committee may reduce each agency's grant award on a pro-rata basis;
- Attend the Real Estate Fraud Task Force monthly meeting; and
- Request carryover of unspent grant funds by **May 2, 2016** if investigations and/or prosecutions are still in progress. Requests to carryover funds for salaries and employee benefits will not be allowed unless the expenditures were incurred during the authorized grant period.



Agency Director

6-25-15

Date

Please return this completed form by **June 30, 2015** to:

Real Estate Fraud Prosecution Trust Fund
c/o Los Angeles County Chief Executive Office
Attn: Dorothea Hayes (213) 893-0055
500 West Temple Street, Room 754
Los Angeles, California 90012

Upon receipt of grant funding, Commercial Crimes Division (CCD) will fund the salaries and fringe benefits for one full-time investigative position and 30 percent of another investigative position assigned exclusively to the Real Estate Fraud Unit (REFU). The investigative positions are one Detective III, who is the Unit's supervisor and a subject matter expert, and a Detective II. Also included in Personnel Costs is \$41,754 for overtime to be utilized by the four Detective investigators who are assigned to the unit full-time. The overtime will also be utilized by other Detectives assigned to the CCD Fraud Unit who will assist in working on the real estate fraud case backlog. The annual salaries, employee benefits and overtime calculations are provided below. Please note that the fringe benefits amount was calculated at the Federal approved CAP 35 rate of 63.33 percent.

Personnel Costs

Salaries:

Detective III	1	\$10,506.41 x 12/mos. =	\$ 126,077
Detective II	.30	\$ 9,566.50 x 30.0 x 12 =	34,439
			<u>160,516</u>

Fringe Benefits:

Detective III	1	\$126,077 x 63.33% =	79,845
Detective II	.30	\$34,439 x 63.33% =	21,810
			<u>101,655</u>

Overtime:

503.06 hours x \$83/hr. =	<u>41,754</u>
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Total Personnel \$ 303,925

Operating Costs

Travel/Training	500
Subscription Service	100
Cellular Phones/Equipment	4,075
Office Supplies/Misc. Expenses	3,400
Total Operating Costs	<u>\$ 8,075</u>

Total Cost \$ 312,000

Additionally, included in the budget is \$500 for training and travel costs. The REFU utilizes two outside vendors for service support for the Unit. Those services include real estate title and related document searches, and cellular telephone equipment and service. The annual costs of those services are estimated at \$4,175. Grant funding in

the amount of \$3,400 has been included for office supplies and miscellaneous expenses. The total Operating Costs requested are \$8,075.

The REFU, has operated with funding from the Los Angeles County Real Estate Fraud Prosecution Program for approximately fourteen years. The LAPD's original resolution authority was for five full-time positions whose responsibility was to investigate real estate fraud cases on a Citywide basis. The REFU currently operates with four full-time positions.

REFU opened 105 new cases in calendar year 2014 in addition to the cases carried over from 2013. The REFU made 19 arrests in conjunction with the cases filed by REFU detectives. These cases continue to be complex and complicated, usually developing into additional victims being located. It takes approximately 12-16 months to complete the cases from the time of reporting. The epidemic of Foreclosure Fraud has intensified the number of reported crimes. Identity Theft also continues to be a frequent starting point for real estate cases.

The REFU has established a valuable and experienced reputation within the private sector of the real estate community. Frequently, the REFU receives calls from private industry regarding possible suspects in the act of committing real estate fraud. Other law enforcement agencies also contact the REFU for advice and direction.

Detective III Eugene Tapia, Serial No. 22894, is the current supervisor for the REFU.

**COUNTY OF LOS ANGELES REAL ESTATE FRAUD PROSECUTION PROGRAM
2015-16 GRANT APPLICATION**

Please complete all the information requested by this grant application. The grant funds can only be used for investigation and deterrence of real estate fraud (Government Code Section 27388(b)). Grant funds cannot be used to offset a reduction in any source of funds (Government Code Section 27388(g)). This grant will fund programs from July 1, 2015 through June 30, 2016. Please return completed application by May 8, 2015 to:

Real Estate Fraud Prosecution Trust Fund Committee
Dorothea Hayes, Analyst
500 West Temple Street, Room 754
Los Angeles, California 90012
(213) 893-0055

Name: Detective III Eugene Tapia, Real Estate Fraud Unit

Agency: Los Angeles Police Department

Address: 100 West First Street, Room 533, Los Angeles, California 90012

Telephone: (213) 486-8715 **E-mail:** 22894@lapd.lacity.org

Purpose of Grant:

The Los Angeles Police Department (LAPD), Real Estate Fraud Unit (REFU), will utilize grant funding to support four full-time investigative positions whose responsibility is to investigate real estate fraud cases on a Citywide basis. The secondary purpose is to support the investigators in this assignment by providing funding for expenditures related to overtime, travel, training, supplies and equipment. The total amount requested for salaries, benefits, travel, training, supplies, equipment, and support services is \$807,146.

Amount Requested: \$807,146

Number of real estate fraud cases currently under investigation: 105 Cases

Amount of aggregated monetary losses suffered by victims in real estate fraud cases currently under investigation: \$29,391,013

Number of real estate fraud cases filed with the court(s) in either calendar year 2014 or fiscal year 2013-14: 18 presented, 11 filed, 16 pending filing

Number of victims involved in the cases filed with the court(s) in either calendar year 2014 or fiscal year 2013-14: 14 victims

Amount of aggregated monetary losses suffered by victims in real estate fraud cases filed with the court(s) in calendar year 2014 or fiscal year 2013-14: \$19,895,113


Signature of Authorized Representative

Commanding Officer, Commercial Crimes Division
Title

4/27/2015
Date

Upon receipt of grant funding, Commercial Crimes Division (CCD) will fund the salaries and fringe benefits for four full-time investigative positions assigned exclusively to the Real Estate Fraud Unit (REFU). The investigative positions are one Detective III, who is the Unit's supervisor and a subject matter expert, and three Detective II investigators. Also included in Personnel Costs is \$29,050 to be utilized by the four Detective investigators who are assigned to the unit for overtime. The annual salaries, employee benefits and overtime calculations are provided below. Please note that the fringe benefits amount was calculated at the Federal approved CAP 35 rate of 63.33 percent.

Personnel Costs

Salaries:

Detective III	1	\$10,506.41 x 12/mos. =	\$ 126,077
Detective II	3	\$ 9,566.50 x 12/mos. x 3 =	344,394
			<u>470,471</u>

Fringe Benefits:

Detective III	1	\$126,077 x 63.33% =	79,845
Detective II	3	\$344,394 x 63.33% =	218,105
			<u>297,950</u>

Overtime:

350 hours x \$83/hr. =			<u>29,050</u>
		Total Personnel	\$ 797,471

Operating Costs

Travel/Training			1,000
Subscription Service			600
Cellular Phones/Equipment			4,075
Office Supplies/Misc. Expenses			4,000
		Total Operating Costs	\$ 9,675

Total Cost \$ 807,146

Additionally, included in the budget is \$1,000 for training and travel costs. The REFU utilizes two outside vendors for service support for the Unit. Those services include real estate title and related document searches, and cellular telephone equipment and service. The annual costs of those services are estimated at \$4,675. Grant funding in the amount of \$4,000 has been included for office supplies and miscellaneous expenses. The total Operating Costs requested are \$9,675.

The REFU, has operated with funding from the Los Angeles County Real Estate Fraud Prosecution Program for approximately fourteen years. The LAPD's original resolution authority was for five full-time positions whose responsibility was to investigate real estate fraud cases on a Citywide basis. The REFU currently operates with four full-time positions.

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