

INTRADEPARTMENTAL CORRESPONDENCE

BPC #16-0245  
Evan R. Sign  
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July 5, 2016  
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POLICE COMMISSION

**TO:** The Honorable Board of Police Commissioners

**FROM:** Chief of Police

**SUBJECT:** TRANSMITTAL OF THE LOS ANGELES COUNTY FISCAL YEAR  
2016-17 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) 2016-17 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 2016-17 Real Estate Fraud Prosecution Program Grant award in the amount of \$473,531 from the County of Los Angeles, for the period of July 1, 2016 to June 30, 2017;
  - 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 \$473,531 to appropriation account number to be determined in Fund No. 339, Department No. 70, for the disbursement of the FY 2016-17 Real Estate Fraud Prosecution Program Grant funds;
  - D. AUTHORIZE by resolution the following positions within the Los Angeles Police Department (LAPD) through June 30, 2017:

<u>No.</u>	<u>Class Code</u>	<u>Class Title</u>
1	2223-2	Detective II
1	2223-3	Detective III

- E. AUTHORIZE the Los Angeles Police Department (LAPD) to utilize the FY 2016-17 Real Estate Fraud Prosecution Grant funds in accordance with the FY 2016-2017 Grant Acceptance, to fund the program intended to deter, investigate, and prosecute real estate fraud for the period of July 1, 2016 to June 30, 2017;
- F. AUTHORIZE the LAPD to submit grant reimbursement requests to the grantor and deposit grant receipts in Fund No. 339, Department No. 70;
- G. 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	\$154,901
Number to be determined	

To:	
<u>Account Number</u>	<u>Amount</u>
Related Costs	\$154,901

- H. AUTHORIZE the Controller to increase appropriations as needed from Fund No. 339, Department No. 70, FY 2016-17 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, \$250,730  
Account No. 001092, Sworn Overtime, \$57,645

- I. 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 (CCD), handles all white-collar real estate crimes within the City of Los Angeles. The REFU opened 97 new cases in calendar year 2015 in addition to the cases carried over from 2014 and made 18 arrests in conjunction with the cases filed by REFU detectives. Additionally, there were 29 court

convictions associated with cases filed within the past two years. The REFU has established a reputation within the private sector of the real estate community as a valuable and experienced unit.

The FY 2016-17 grant will pay 100 percent of salary and fringe benefits for one Detective III and one Detective II investigator position. Two Resolution Authorities have been established in LAPD for those positions. 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 in the amount of \$10,255 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 *July 13, 2016*  
Secretary *Maria Silva*

Attachments

INTRADEPARTMENTAL CORRESPONDENCE

June 30, 2016  
1.17

**RECEIVED**

JUL 07 2016

POLICE COMMISSION

**TO:** Chief of Police

**FROM:** Commanding Officer, Information Technology Bureau

**SUBJECT:** TRANSMITTAL OF THE LOS ANGELES COUNTY FISCAL YEAR  
2016-17 REAL ESTATE FRAUD PROSECUTION PROGRAM GRANT

Attached for your review and approval is a transmittal to accept the grant application and award for the Fiscal Year 2016-2017 Real Estate Fraud Prosecution Program Grant. The Los Angeles Police Department has been awarded \$473,531 by the County of Los Angeles. The awarded grant funds will assist the Department in staffing two full-time investigative positions assigned to the Real Estate Fraud Unit. It will also provide additional program funding to investigate white-collar real estate fraud crimes. The award period began on July 1, 2016, and ends on June 30, 2017.

If you have any questions regarding this matter, a member of your staff may contact Sr. Management Analyst Annette Arredondo, Grants Section, at (213) 486-0381.



MAGGIE GOODRICH, Chief Information Officer  
Commanding Officer  
Information Technology Bureau

Attachments



# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

SACHI A. HAMAI  
Chief Executive Officer

June 10, 2016

Board of Supervisors  
HILDA L. SOLIS  
First District  
MARK RIDLEY-THOMAS  
Second District  
SHEILA KUEHL  
Third District  
DON KNABE  
Fourth District  
MICHAEL D. ANTONOVICH  
Fifth District

Chief Charlie Beck  
Los Angeles Police Department  
100 West First Street  
Los Angeles, California 90012

Dear Chief Beck:

### 2016-17 REAL ESTATE FRAUD PROSECUTION GRANT

This is to advise you that your Real Estate Fraud Prosecution grant application for the period July 1, 2016 through June 30, 2017, has been approved by the Real Estate Fraud Prosecution Trust Fund Committee, for the amount of \$473,531.

Please complete and return the enclosed Grant Acceptance Form, and a revised budget based on the new grant amount, no later than June 30, 2016. Both documents must be submitted to accept the grant. The Grant Acceptance Form must be signed by the Chief of Police.

Payment of grant funds shall be made subsequent to the receipt of quarterly invoices. Also, enclosed is the Grant Reporting Form which must be completed and returned by September 1, 2017, 60 days following the end of the grant period. Correspondence should be mailed to:

Real Estate Fraud Prosecution Trust Fund Committee  
c/o Los Angeles County Chief Executive Office  
500 West Temple Street, Room 754, Los Angeles, California 90012  
Attention: Dorothea Hayes

All inquiries should be directed to the Real Estate Fraud Prosecution Trust Fund Committee liaison, Dorothea Hayes, at (213) 893-0055 or at [dhayes@ceo.lacounty.gov](mailto:dhayes@ceo.lacounty.gov).

Sincerely,

*Sachi A. Hamai*  
SACHI A. HAMAI  
Chief Executive Officer

SAH:JJ:SK  
SW:DHH:cc

Enclosures

FY16-17\_Real Estate Fraud accept ltrs.Los Angeles.docx

*"To Enrich Lives Through Effective And C  
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JUN 21 2016

OFFICE OF THE  
CHIEF OF POLICE

1442

To: ITB  
Due: \_\_\_\_\_

- Information unns
- Approp. action, retas, r ds
- Reply to correspondent by vca
- Copy to COP
- Fact sheet to COI
- Invest. report COP signature
- Resulting documentation

**2016-17 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:** \$473,531.06

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 1, 2017** 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

6-28-16

\_\_\_\_\_  
Date

Please return this completed form by **June 30, 2016** 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 two 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 one Detective II investigator. Also included in Personnel Costs is \$57,645 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 37 rate of 61.78 percent.

Personnel Costs

Salaries:

Detective III	1	\$10,923.02 x 12/mos. =	\$ 131,076
Detective II	1	\$ 9,971.16 x 12/mos. =	119,654
			<u>250,730</u>

Fringe Benefits:

Detective III	1	\$131,076 x 61.78% =	80,979
Detective II	1	\$119,654 x 61.78% =	73,922
			<u>154,901</u>

Overtime:

640.5 hrs. x \$90/hr. =			<u>57,645</u>
		<b>Total Personnel</b>	<b>\$ 463,276</b>

Operating Costs

Travel/Training			1,000
Subscription Service			150
Cellular Phones/Equipment			4,075
Office Supplies/Misc. Expenses			5,030
		<b>Total Operating Costs</b>	<b>\$ 10,255</b>

**Total Cost** \$ 473,531

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 \$4,225. Grant funding in the amount of \$5,030 has been included for office supplies and miscellaneous expenses. The total Operating Costs requested are \$10,255.

**COUNTY OF LOS ANGELES REAL ESTATE FRAUD PROSECUTION PROGRAM  
2016-17 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, 2016 through June 30, 2017. Please return completed application by Monday, May 9, 2016 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 Ernest Munoz, 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:** 27624@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 \$833,959.

Amount Requested: \$833,959





Number of real estate fraud cases currently under investigation: 103 Cases

Amount of aggregated monetary losses suffered by victims in real estate fraud cases currently under investigation: \$64,757,350

Number of real estate fraud cases filed with the court(s) in either calendar year 2015 or fiscal year 2014-15: 14 presented, 8 filed, 19 pending filing, 3 rejects, and 29 convictions

Number of victims involved in the cases filed with the court(s) in either calendar year 2015 or fiscal year 2014-15: 24 victims

Amount of aggregated monetary losses suffered by victims in real estate fraud cases filed with the court(s) in calendar year 2015 or fiscal year 2014-15: \$13,562,291



Signature of Authorized Representative

John A. Romero

Printed Name of Authorized Representative

Commanding Officer, Commercial Crimes Division  
Title

5/3/2016

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 \$32,450 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 37 rate of 61.78 percent.

Personnel Costs

Salaries:

Detective III	1	\$10,923.02 x 12/mos. =	\$ 131,076
Detective II	3	\$ 9,971.16 x 12/mos. x 3 =	<u>358,962</u>
			490,038

Fringe Benefits:

Detective III	1	\$131,076 x 61.78% =	80,979
Detective II	3	\$358,962 x 61.78% =	<u>221,767</u>
			302,746

Overtime:

360.555 hrs. x \$90/hr. =	32,450
	<u>\$ 825,234</u>

**Total Personnel**

Operating Costs

Travel/Training	1,000
Subscription Service	150
Cellular Phones/Equipment	4,075
Office Supplies/Misc. Expenses	<u>3,500</u>
<b>Total Operating Costs</b>	<b>\$ 8,725</b>

**Total Cost** \$ 833,959

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 \$4,225. Grant funding in the amount of \$3,500 has been included for office supplies and miscellaneous expenses. The total Operating Costs requested are \$8,725.

The REFU, has operated with funding from the Los Angeles County Real Estate Fraud Prosecution Program for approximately fifteen 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 97 new cases in calendar year 2015 in addition to the cases carried over from 2014. The REFU made 18 arrests in conjunction with the cases filed by REFU detectives and there were 29 convictions in court from cases filed in the past couple of years. These cases continue to be complex and complicated, usually developing into additional victims being located. It takes approximately 12-16 months to complete each case from the time of reporting.

The epidemic of Foreclosure Fraud has intensified the number of reported crimes. Identity Theft and Forgery also continues to be a frequent starting point for real estate cases. Additionally, there has been a trend of suspects who have been previously investigated and convicted by REFU and upon their release from prison, have again engaged in real estate fraud. The most impacted segments of the community are minorities and elders. Due to the rise of home sale prices in the past several years, the monetary losses due to real estate fraud has increased dramatically.

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. The REFU also provides training to law enforcement personnel and the private industry, as well as fraud awareness and prevention to community groups.

Detective III Ernest Munoz, Serial No. 27624, is the current supervisor for the REFU.