

INTRADEPARTMENTAL CORRESPONDENCE

August 28, 2017
14.3

TO: The Honorable Board of Police Commissioners

FROM: Chief of Police

SUBJECT: TRANSMITTAL OF THE GRANT APPLICATION AND AWARD
ACCEPTANCE FOR THE 2017-2018 REAL ESTATE FRAUD
PROSECUTION 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) 2017-18 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 2017-18 Real Estate Fraud Prosecution Program Grant award in the amount of \$492,673.82 from the County of Los Angeles, for the period of July 1, 2017 to June 30, 2018;
 - 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;
 - C. AUTHORIZE the Controller to set up a grant receivable and appropriate \$492,673.82 to appropriation account number to be determined in Fund No. 339, Department No. 70, for the disbursement of the FY 2017-18 Real Estate Fraud Prosecution Program Grant funds;
 - D. AUTHORIZE by resolution to renew the following positions within the Los Angeles Police Department (LAPD) through June 30, 2018:

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

- E. AUTHORIZE the Los Angeles Police Department (LAPD) to utilize the FY 2017-18 Real Estate Fraud Prosecution Grant funds in accordance with the FY 2017-18 Grant Acceptance, to fund the program intended to deter, investigate, and prosecute real estate fraud for the period of July 1, 2017 to June 30, 2018;
- 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 Number to be determined	\$189,502.77

To:

<u>Account Number</u>	<u>Amount</u>
Related Costs	\$189,502.77

- H. AUTHORIZE the Controller to increase appropriations as needed from Fund No. 339, Department No. 70, FY 2017-18 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, \$258,283.74

Account No. 001092, Sworn Overtime, \$37,212.31

- 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 seventeenth 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 120 new cases in 2016-2017 in addition to the cases carried over from 2013-2016. Nineteen arrests were made in

conjunction with the cases filed by REFU detectives. Additionally, there were 18 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 2017-18 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 includes funding in the amount of \$7,675 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 Commander Jeffrey Bert, Commanding Officer, Community Policing and Policy Group, at (213) 486-6605.

Respectfully,

A handwritten signature in black ink, appearing to read 'Charlie Beck', with a stylized flourish at the end.

CHARLIE BECK
Chief of Police

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

Board of Supervisors

HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

June 26, 2017

RECEIVED-1

JUL 06, 2017 #1191

Chief Charlie Beck
City of Los Angeles
Police Department
100 W. First Street
Los Angeles, CA 90012

OFFICE OF THE
CHIEF OF POLICE

To
Du DCPP (JTB)

- Information Only
- Approp. action, retain & file
- Reply to correspondent by you
- Copy to COP
- Fact sheet to COP
- Invest. reply COP signature

Dear Chief Beck:

2017-18 REAL ESTATE FRAUD PROSECUTION GRANT

This is to advise you that your Real Estate Fraud Prosecution Grant application for the period July 1, 2017 through June 30, 2018, has been approved by the Real Estate Fraud Prosecution Trust Fund Committee, in the amount of \$492,673.82.

Please complete and return the enclosed Grant Acceptance Form (Attachment I), and Budget Detail Form (Attachment II) based on the grant award amount, no later than June 30, 2017. Both documents must be submitted to accept the grant.

Prior to signing the Grant Acceptance Form, please read the Real Estate Fraud Prosecution Grant Reimbursement Request process (Attachment III) to ensure that your agency can meet the supporting documentation requirements necessary for reimbursement for the Real Estate Fraud Grant. The Grant Acceptance Form must be signed by the City of Los Angeles, Chief of Police.

Payment of grant funds shall be made subsequent to the receipt of quarterly invoices. Also, enclosed is the Grant Reporting Form (Attachment IV), which must be completed and returned by September 1, 2018, 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: Veronica Cox

Chief Charlie Beck
June 26, 2017
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All inquiries should be directed to the Real Estate Fraud Prosecution Trust Fund Committee liaison, Veronica Cox, at (213) 974-4366 or at vcox@ceo.lacounty.gov.

Sincerely,


SACHI A. HAMAI
Chief Executive Officer

SAH:JJ:MM
SW:VIC:cc

Enclosures

RealEstate_Fraud_FY2017-18_AcceptanceLtr_je County LAPD.docx

**2017-18 GRANT ACCEPTANCE FORM
REAL ESTATE FRAUD PROSECUTION PROGRAM**

Agency: City of Los Angeles Police Department

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

Telephone: (213) 486-0380

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

Amount Awarded: \$492,673.82

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 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, 2018** 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



Date

Please return this completed form by **July 14, 2017** to:

Real Estate Fraud Prosecution Trust Fund
c/o Los Angeles County Chief Executive Office
Attn: Veronica Cox (213) 974-4366
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 \$37,212.31 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 73.37 percent.

Personnel Costs

Salaries:

July 2017 to December 2017

Detective III	1	\$ 11,137.48 x 6/mos. =	\$66,824.88
Detective II	1	\$ 10,173.06 x 6/mos. =	<u>61,038.36</u>
			127,863.24

January 2018 to June 2018

Detective III	1	\$ 11,360.22 x 6/mos. =	\$68,161.32
Detective II	1	\$ 10,376.53 x 6/mos. =	<u>62,259.18</u>
			130,420.50

TOTAL SALARIES **258,283.74**

Fringe Benefits:

July 2017 to December 2017

Detective III	1	\$66,824.88 x 73.37% =	49,029.41
Detective II	1	\$61,038.36 x 73.37% =	<u>44,783.84</u>
			93,813.25

January 2018 to June 2018

Detective III	1	\$68,161.32 x 73.37% =	50,009.96
Detective II	1	\$62,259.18 x 73.37% =	<u>45,679.56</u>
			95,689.52

TOTAL FRINGE BENEFITS **189,502.77**

Los Angeles County Real Estate Fraud Prosecution Program
2017-18 Grant Application (revised budget page)
Page 5

Overtime:

395.8756 hours x \$94/hr. = 37,212.31
Total Personnel \$ 484,998.82

Operating Costs

Travel/Training	1,000
Subscription Service	100
Cellular Phones/Equipment	4,075
Office Supplies/Misc. Expenses	<u>2,500</u>
<i>Total Operating Costs</i>	\$ <u>7,675</u>

Total Cost \$ 492,673.82

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 \$4,075. Grant funding in the amount of \$2,500 has been included for office supplies and miscellaneous expenses. The total Operating Costs requested are \$7,675.

**COUNTY OF LOS ANGELES REAL ESTATE FRAUD PROSECUTION PROGRAM
2017-18 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, 2017 through June 30, 2018. Please return completed application by May 8, 2017 to:

Real Estate Fraud Prosecution Trust Fund Committee
Veronica Cox, Principal Analyst, CEO
Chief Executive Office
500 West Temple Street
Hall of Administration, Room 754
Los Angeles, California 90012
(213) 974-4366

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.online

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 \$942,984.

Amount Requested: \$942,984

On a separate page, please detail how the amount of funding requested will be expended, including number of positions, salaries and employee benefits, equipment, supplies, administrative overhead, and/or any other expenditure by type.

The statute requires that the law enforcement agency receiving funds either (please check if appropriate):

- A. Have a unit, division, or section devoted to the investigation or prosecution of real estate fraud, or both, which has been in existence for at least one year prior to the application date.

- B. Have on a regular basis, during the three years immediately preceding the application date, accepted for investigation or prosecution, or both, and assigned to specific persons employed by the agency, cases of suspected real estate fraud, and actively investigated and prosecuted those cases.

Please describe your department's current real estate fraud investigation program, and if applicable, the length of time this unit has been devoted to investigating these cases. Please also state the name of the supervisor of your real estate fraud investigation/prosecution unit and the number of staff positions assigned to it.

Please refer to page 4

Number of real estate fraud cases currently under investigation: 125 Cases

Amount of aggregated monetary losses suffered by victims in real estate fraud cases currently under investigation: \$88,477,881

Number of real estate fraud cases filed with the court(s) in either calendar year 2016 or fiscal year 2015-16: 15 presented, 12 filed, 13 pending filing, 13 rejects and 12 convictions.

Number of victims involved in the cases filed with the court(s) in either calendar year 2016 or fiscal year 2015-16: 12 victims

Amount of aggregated monetary losses suffered by victims in real estate fraud cases filed with the court(s) in calendar year 2016 or fiscal year 2015-16: \$8,333,976

Captain Charles Hearn
Authorized Representative


Signature of Authorized Representative

Commanding Officer, Commercial Crimes Division
Title

1 MAY 2017
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 \$60,000 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 73.37 percent.

Personnel Costs

Salaries:

July 2017 to December 2017

Detective III	1	\$ 11,137.48 x 6/mos. =	\$66,825
Detective II	3	\$ 10,173.06 x 6/mos. x 3 =	<u>183,115</u>
			249,940

January 2018 to June 2018

Detective III	1	\$ 11,360.22 x 6/mos. =	\$68,161
Detective II	3	\$ 10,376.53 x 6/mos. x 3 =	<u>186,778</u>
			254,939

TOTAL SALARIES **504,879**

Fringe Benefits:

July 2017 to December 2017

Detective III	1	\$66,825 x 73.37% =	49,030
Detective II	3	\$183,115 x 73.37% =	<u>134,351</u>
			183,381

January 2018 to June 2018

Detective III	1	\$68,161 x 73.37% =	50,010
Detective II	3	\$186,778 x 73.37% =	<u>137,039</u>
			187,049

TOTAL FRINGE BENEFITS **370,430**

Los Angeles County Real Estate Fraud Prosecution Program
2017-18 Grant Application
Page 5

Overtime:

638.2978 hours x \$94/hr. = 60,000
Total Personnel \$ 935,309

Operating Costs

Travel/Training 1,000
Subscription Service 100
Cellular Phones/Equipment 4,075
Office Supplies/Misc. Expenses 2,500
Total Operating Costs \$ 7,675

Total Cost \$ 942,984

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 \$4,175. Grant funding in the amount of \$2,500 has been included for office supplies and miscellaneous expenses. The total Operating Costs requested are \$7,675.

The REFU, has operated with funding from the Los Angeles County Real Estate Fraud Prosecution Program for approximately sixteen 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 120 new cases in calendar year 2016 in addition to the cases carried over from 2013-2015. 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 and fraudulent recorded documents 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 Ernest Munoz, Serial No. 27624, is the current supervisor for the REFU.