

October 24, 2011

**Real Estate Fraud Prosecution
Trust Fund Program
Chapter 942, Statutes of 1995
(SB 535, Hughes)**

LEGISLATIVE ANALYST'S OFFICE



REAL ESTATE FRAUD PROSECUTION TRUST FUND PROGRAM

Current law requires the Legislative Analyst's Office (LAO) to report annually to the Legislature certain information related to real estate fraud cases in counties that participate in the Real Estate Fraud Prosecution Trust Fund Program. The report must also include information on the types of expenditures made by the law enforcement agencies of those counties to fight real estate fraud.

Background. In 1995, the Legislature enacted Chapter 942, Statutes of 1995 (SB 535, Hughes), which created the Real Estate Fraud Prosecution Trust Fund Program. Initially, the program allowed counties to establish a fee of up to \$2 for the filing of certain real estate documents with the county. These revenues were dedicated to support local law enforcement activities to fight real estate fraud. Beginning in 2009, counties are allowed to charge a fee of up to \$3 for these purposes when these documents are filed. Counties that opt into the program are required to deposit any fee revenues into a Real Estate Fraud Prosecution Trust Fund for use by local police, sheriffs, and district attorneys to "deter, investigate, and prosecute real estate fraud crimes." Local law enforcement agencies get 40 percent and district attorneys get 60 percent of program allocations from the fund. In counties where the district attorney exclusively does the investigation, 100 percent of the funding would go to that office.

Under state law, district attorneys are required to provide an annual report to the county board of supervisors and the LAO on (1) the number of complaints of real estate fraud that have been filed and other measures of program performance and outcomes, (2) information related to the condition of their Real Estate Fraud Prosecution Trust Fund, and (3) information on the administrative costs of operating the programs, including the payment of salaries and other expenses. Chapter 531, Statutes of 2005 (AB 901, Ridley-Thomas), further amended state law to require the county board of supervisors to submit those annual reports to the LAO. It further required the LAO to annually compile this information and report this data to the Legislature.

Program Data for 2010-11. In our December 2010 report, we provided data on the Real Estate Fraud Prosecution Trust Fund Program for 2008-09 and 2009-10, as well as recommended that the Legislature clarify what constitutes administrative costs for the program and modify current program reporting requirements. (Please see the report at www.lao.ca.gov/reports/2010/trns/real_estate_fraud_121610.pdf.) The figures below summarize the data we received for 2010-11 from district attorneys in the counties that have opted into the program.

Figure 1**Real Estate Fraud Prosecution Program Statistics***2010-11 (Dollars in Millions)*

	Cases Investigated	Cases Filed	Convictions	Victims in Filed Cases	Total Aggregated Monetary Loss
Alameda	86	33	15	182	\$10.0
Contra Costa	30	8	1	33	0.7
El Dorado	33	5	—	18	—
Fresno	34	20	8	96	8.0
Los Angeles	212	93	93	241	92.0
Merced	32	12	—	15	1.0
Orange	414	460	12	532	55.0
Riverside	62	26	14	80	82.5
Sacramento	187	13	1	57	17.0
San Bernardino	104	52	36	157	7.0
San Diego	96	34	30	512	39.0
San Joaquin	111	24	11	94	4.6
Santa Barbara	29	9	1	93	17.8
Santa Clara	72	17	10	521	19.0
Santa Cruz	57	33	9	80	57.7
Shasta	126	13	5	34	1.8
Solano	140	23	3	132	25.5
Stanislaus	68	17	4	103	158.3
Tulare	26	20	7	45	3.8
Ventura	192	18	8	43	18.6
Yolo	10	1	—	1	—
Totals	2,121	931	268	3,069	\$619.0

Numbers may not total due to rounding.

Figure 2
Real Estate Fraud Prosecution Program
Revenues and Expenditures^a

2010-11 (In Thousands)

	Trust Fund Carry-In Balance	Trust Fund Revenue	Trust Fund Expenditures
Alameda	\$971	\$737	\$745
Contra Costa	666	541	407
El Dorado	2	109	121
Fresno	169	432	472
Los Angeles	1,298	4,609	5,823
Merced	299	72	303
Orange	356	1,354	1,716
Riverside	—	926	1,116
Sacramento	222	943	849
San Bernardino	66	778	1,438
San Diego	811	1,345	1,731
San Joaquin	322	258	397
Santa Barbara	28	153	197
Santa Clara	—	882	1,555
Santa Cruz	—	94	94
Shasta	—	63	90
Solano	24	187	209
Stanislaus	14	190	369
Tulare	—	179	238
Ventura	—	240	288
Yolo	—	79	79
Totals	\$5,247	\$14,169	\$18,237

^a For instances where expenditures exceed revenues, funds from other sources were used or costs were supplemented by fund balances that were rolled over from previous years.

Figure 3**Real Estate Fraud Prosecution Program Expenditure Details^a***2010-11 (In Thousands)*

	Salaries and Benefits	Operation and Support Costs	Total Expenditures
Alameda	\$745	—	\$745
Contra Costa	350	\$19	407
El Dorado	114	7	121
Fresno	400	55	472
Los Angeles	3,000	2,363	5,823
Merced	300	4	303
Orange	1,647	2	1,716
Riverside	978	69	1,116
Sacramento	785	64	849
San Bernardino	1,292	145	1,438
San Diego	1,644	87	1,731
San Joaquin	382	15	397
Santa Barbara	181	1	197
Santa Clara	1,440	14	1,555
Santa Cruz	94	—	94
Shasta	73	13	90
Solano	206	3	209
Stanislaus	366	3	369
Tulare	229	10	238
Ventura	257	5	288
Yolo	79	—	79

^a Current law does not require counties to report to the Legislative Analyst's Office information about administrative costs, therefore, numbers may not total.



This report was prepared by Russia Chavis under the supervision of Farra Bracht. The Legislative Analyst's Office (LAO) is a nonpartisan office which provides fiscal and policy information and advice to the Legislature.

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