LAO
70 YEARS OF SERVICE

October 11, 2012

Real Estate Fraud Prosection Trust Fund Program Chapter 942, Statutes of 1995 (SB 537, 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 537, 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 receive 40 percent and district attorneys receive 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. State law further requires the LAO to annually compile this information and report this data to the Legislature.

Chapter 104, Statutes of 2012 (SB 1342, Emmerson), effective January 2013, removes the requirement that district attorneys report data on their Real Estate Fraud Prosecution Trust Fund activities to the LAO. Further, it removes the requirement that the LAO compile data from participating counties and provide a report to the Legislature. Therefore, 2012 is the final year the LAO will prepare a report on the Real Estate Fraud Prosecution Trust Fund Program for the Legislature.

Program Data for 2011-12. The figures below summarize the data the LAO received for 2011-12 from district attorneys in the counties that have opted into the program.

Figure 1

Real Estate Fraud Prosecution Program Statistics

2011-12 (Dollars in Millions)

	Cases Investigated	Cases Filed	Convictions	Victims in Filed Cases	Total Aggregated Monetary Loss
Alameda	96	27	17	156	$1.6
Contra Costa	52	15	15	36	3.7
El Dorado	37	6	1	36	4.3
Fresno	61	31	5	89	13.5
Los Angeles	234	113	26	255	75.6
Marin	4	—	—	—	0.9
Merced	23	9	2	28	1.8
Orange	340	38	15	545	173.0
Riverside	94	24	10	186	63.9
Sacramento	177	19	3	120	5.7
San Bernardino	98	43	30	152	0.7
San Diego	60	29	23	530	27.4
San Francisco	9	14	6	112	7.1
Santa Barbara	24	9	1	36	2.1
Santa Clara	65	30	8	604	35.5
Santa Cruz	34	11	8	58	55.9
Shasta	98	16	7	37	5.3
Solano	9	25	10	37	4.0
Stanislaus	50	15	6	50	152.0
Tulare	33	20	8	25	3.3
Ventura	206	21	9	43	18.8
Yolo	17	1	1	1	0.5
Totals	**1,821**	**516**	**211**	**3,136**	**$656.6**

Note: numbers may not total due to rounding.

Figure 2

Real Estate Fraud Prosecution Program Revenues and Expenditures[a]

2011-12 (In Thousands)

	Trust Fund Carry-In Balance	Trust Fund Revenue	Trust Fund Expenditures
Alameda	$964	$768	$248
Contra Costa	993	563	474
El Dorado	10	105	119
Fresno	129	432	479
Los Angeles	1,727	4,279	4,411
Marin	—	—	—
Merced	68	144	97
Orange	—	1,527	1,530
Riverside	—	907	872
Sacramento	315	986	880
San Bernardino	112	699	1,085
San Diego	1,456	1,412	1,498
San Francisco	112	179	111
Santa Barbara	28	154	203
Santa Clara	—	964	1,435
Santa Cruz	1	103	103
Shasta	—	66	95
Solano	66	197	181
Stanislaus	27	188	282
Tulare	—	186	240
Ventura	—	304	286
Yolo	—	75	53
Totals	**$4,051**	**$12,907**	**$14,657**

[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]

2011-12 (In Thousands)

	Salaries and Benefits	Operation and Support Costs	Total Expenditures
Alameda	$248	—	$248
Contra Costa	449	$24	474
El Dorado	113	6	119
Fresno	417	60	479
Los Angeles	2,864	1,118	4,411
Marin	—	—	—
Merced	97	—	97
Orange	1,279	175	1,530
Riverside	831	41	872
Sacramento	816	63	880
San Bernardino	950	135	1,085
San Diego	1,419	78	1,498
San Francisco	—	—	111
Santa Barbara	186	1	203
Santa Clara	1,324	22	1,435
Santa Cruz	103	—	103
Shasta	80	12	95
Solano	174	7	181
Stanislaus	279	3	282
Tulare	235	5	240
Ventura	251	4	286
Yolo	50	2	53

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

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This report was prepared by Jeremy Fraysse 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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