

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 16, 2021

CAO File No. 0220-03529-0022

Council File No. 14-0955-S6

Council District: --

To: The Mayor and Council

From: Matthew W. Szabo, City Administrative Officer



Reference: Board of Police Commissioners Transmittal dated July 28, 2021; referred for report August 5, 2021

Subject: **2021-22 REAL ESTATE FRAUD PROSECUTION GRANT PROGRAM**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Authorize by resolution authority the following existing positions within the Los Angeles Police Department (LAPD) through June 30, 2022:

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

2. Authorize by resolution authority the following new position within the Los Angeles Police Department (LAPD) through June 30, 2022:

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

3. Authorize the Chief of Police or his designee to:

- a. Retroactively apply for and accept the grant award for the Fiscal Year (FY) 2021-22 Real Estate Fraud Prosecution (REFP) Program grant in the amount of \$953,000 from the County of Los Angeles for the period of July 1, 2021 through June 30, 2022;
- b. Execute the 2021-22 REFP Program Grant Agreement with the County of Los Angeles, subject to the approval of the City Attorney as to form;

4. Authorize the LAPD to:

- a. Spend up to the grant amount of \$953,000 in accordance with the grant award agreement;
- b. Submit grant reimbursement requests to the grantor and deposit grant receipts in the

Police Department Grant Trust Fund No. 339, Department 70;

- c. Prepare Controller instructions for any technical adjustments as necessary to implement Mayor and Council intentions, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions; and,
5. Authorize the Controller to:
- a. Establish a grant receivable and appropriate \$953,000 to appropriation account, account number to be determined, within Fund No. 339, Department No. 70, for the receipt and disbursement of the 2021-22 REFP Program grant funds;

- b. Transfer appropriations within Fund No. 339, Department No. 70, as follows:

<u>From:</u>	<u>Fund/Dept</u> 339/70	<u>Account No.</u> 70XXXX	<u>Account Name</u> To Be Determined	<u>Amount</u> \$305,724
<u>To:</u>	<u>Fund/Dept</u> 339/70	<u>Account No.</u> 70XXXX	<u>Account Name</u> Related Costs	<u>Amount</u> \$305,724

- c. Increase appropriations on an as-needed basis from Fund No. 339, Department No. 70, FY 2021-22 REFP Program 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	\$576,276
Account No. 001092	Sworn Overtime	\$60,000

SUMMARY

The Los Angeles Police Department (LAPD) is seeking retroactive approval to apply for and accept a \$953,000 grant award for the 2021-22 Real Estate Fraud Prosecution (REFP) Program grant from the Los Angeles County Real Estate Fraud Prosecution Trust Fund Committee (County) for the period of July 1, 2021 through June 30, 2022. This is the twenty-first year of funding for this program. To support this program, the Department also requests for the continuation of three existing resolution authorities for one Detective III and two Detective IIs, and the addition of one new resolution authority for one Detective II as additional grant funding was allocated this year. The new resolution authority is being requested for tracking purposes and to ensure compliance with grant restrictions in not supplanting other sources of funds with grant funds.

The Real Estate Fraud Prosecution Trust Fund (Trust Fund) is funded by a filing fee for real estate documents recorded in the County, as provided by California Government Code Section 27388. The Trust Fund supports the efforts of local law enforcement and prosecuting agencies to investigate and prosecute real estate fraud. The County evaluates applications for funds and provides grant awards to selected jurisdictions. The level of annual funding provided by the fee is dependent upon the number of document titles filed within the County of Los Angeles.

The grant reimburses a portion of the annual costs of the LAPD’s Real Estate Fraud Unit (REFU). The REFU, which is within the LAPD’s Commercial Crimes Division, is responsible for administering the City’s Real Estate Fraud Prosecution Program. This unit handles white-collar real estate crimes within the City. The REFU is currently comprised of four full-time staff consisting of one Detective III and two Detective II resolution authorities funded by the grant, and one Detective III regular authority funded by the General Fund. The Department requests that the three existing resolution authority positions be reauthorized, and one additional resolution authority position be authorized for FY 2021-22.

The REFU opened 43 new cases in the 2020 calendar year, in addition to the cases carried over from calendar years 2017-2019. Additionally, the REFU made 12 arrests from cases filed by REFU Detectives. These cases tend to be complex, usually developing into multiple victims being identified, with identity theft continuing to be the starting point for real estate cases. The chart below details the total case workload and number of arrests made in recent grant years.

Calendar Year	No. of Cases Under Investigation	No. of Opened New Cases	Total No. of Cases	No. of Arrests
2016	103	120	223	19
2017	125	80	205	17
2018	150	78	228	14
2019	136	80	216	12
2020	99	43	142	12

Under the grant agreement, the County will reimburse the City for expenses incurred as follows:

Expense Category	Amount
Sworn Salaries	\$ 576,276
Fringe Benefits	305,724
Sworn Overtime	60,000
Travel/Training	1,000
Equipment (Cellular Phones and Service)	6,000
Office Supplies	3,000
Other Costs*	1,000
Total	\$ 953,000

*Other Costs include court reporter fees, and other miscellaneous expenses Detectives may incur in relation to investigative work.

The REFP Program grant provides \$576,276 to finance 100 percent of the salary for one Detective III, and three Detective II positions, as well as \$305,724 to fund 100 percent of fringe benefits for one Detective III and one Detective II, and 77 percent of fringe benefits for one Detective II position. The General Fund will fund the remaining indirect costs (fringe benefits, central services, and department administration and support). The REFP Program grant also provides \$60,000 for sworn overtime expenses for Detectives assigned on an overtime basis. This allows the LAPD to designate additional resources to case investigations, which includes interviewing victims and witnesses. In addition, the grant provides \$1,000 for travel and training for REFU personnel to enhance their knowledge and subject matter expertise relating to real estate fraud. The balance of \$10,000 will be utilized for equipment, office supplies, court reporter fees, and other miscellaneous fees that the Detectives may need to pay in relation to the investigations.

FISCAL IMPACT STATEMENT

Approval of the recommendations within this report will allow for the expenditure of the 2021-22 Real Estate Fraud Prosecution Program grant award totaling \$953,000. The grant will provide 100-percent of the salary costs of four resolution authority positions consisting of one Detective III position and three Detective II positions; 100 percent of the fringe benefit costs of one Detective III position, and one Detective II position; 77 percent of fringe benefit costs for one Detective II position; overtime funding for sworn personnel; and other expenses. The General Fund will fund the remaining indirect costs (fringe benefits, central services, and department administration and support). No matching funds are required for this grant.

FINANCIAL POLICIES STATEMENT

The recommendations provided in this report are in compliance with the City's Financial Policies in that one-time grant funding will be utilized for grant-eligible program expenditures.

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