



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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Receive and accept the Annual Real Estate Fraud Report for Fiscal Year ("FY") 2024-25 submitted by the District Attorney's Office in accordance with California Government Code section 27388, subdivision (d).

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive and accept the Annual Real Estate Fraud Report for Fiscal Year ("FY") 2024-25 submitted by the District Attorney's Office in accordance with California Government Code section 27388, subdivision (d).

SUMMARY:

The District Attorney's Office hereby submits its Annual Real Estate Fraud Report for FY 2023 - 24 for the Board of Supervisors to evaluate the District Attorney's Office's effectiveness in investigating, prosecuting, and deterring real estate fraud.

DISCUSSION:

The District Attorney's Office received 22 real estate fraud referrals during FY 2024-25. These referrals came from multiple sources, including local police agencies, private sector professionals, and Monterey County residents. They demonstrate that real estate fraud continues to pose a risk to Monterey County homeowners and residents. The new referrals involved a variety of alleged fraud schemes, including the recording of fraudulent deeds, classic timeshare-related frauds, fraudulent sale of vacant land by impersonating the absentee owner, mortgage loan fraud, and unlicensed real estate activity. Many referrals came from people who have worked with our office in other cases and so know how to spot other frauds. This speaks to the benefit of continued prosecution of these crimes, and the value of community outreach.

Additionally, in FY 2017-18, the San Francisco Division of the Federal Bureau of Investigation ("FBI") and the Monterey County District Attorney's Office announced the creation of a new task force, the Monterey County Financial Crime Task Force ("MCFCTF"), whose mission is to identify, investigate, and prosecute individuals engaged in financial crimes, including real estate fraud. Throughout FY 2024-25, the FBI and the District Attorney's Office have continued to work together in identifying and investigating new cases of real estate fraud on a greater scale. All cases identified in this report that were jointly investigated by the MCFCTF are marked with an asterisk (*).

New Referrals & Ongoing Investigations

Of the 22 new referrals, all 22 required investigations beyond customary file review, background

checks, and legal research to analyze whether a local or statewide action may be brought that can be proven beyond a reasonable doubt, if criminal, or by a preponderance of the evidence, if civil. These cases require the investment of considerable investigative resources, including the preparation and execution of search warrants on financial institutions, homes, and places of business, before the District Attorney can make charging decisions. Financial documents obtained in real estate fraud matters typically require analysis of the flow of funds by the District Attorney's Forensic Auditor to determine the nature and extent of the fraud, and often require coordination with other Monterey County agencies, such as the Clerk-Recorder and Assessor, with state agencies such as the Department of Real Estate (DRE), the Department of Financial Protection and Innovation (DFPI), and with other counties.

Prosecutions Filed in FY 2024-25

During FY 2024-25, the District Attorney's Office charged three new criminal cases through the Real Estate Fraud Unit.

People v. Larry Seta: The People filed five felony charges, including two counts of forgery and three counts of filing a false or forged document with the Monterey County Recorder. Mr. Seta did not wish to split his deceased father's house with his siblings and so created several fake grant deeds bearing his deceased father's signature. These fake documents were filed with the Recorder's office, and Mr. Seta attempted to evict his sister from the real property in question.

People v. Alred Nevis: The People filed two felony charges, one of filing a false document and one for theft. Mr. Nevis filed a false grant deed with the Monterey County Recorder's Office, which gave him title ownership over a shopping area in southern Monterey County. Mr. Nevis then approached the commercial tenants of that shopping area and told them to pay their rent to him instead, using his title ownership as the basis for that claim.

People v. Esmeralda Hernandez Pulido: The People filed 14 felony charges, ranging from theft to mortgage fraud along with special allegations of fraud or deceit in more than two cases causing a cumulative loss of more than \$500,000. Ms. Hernandez Pulido purchased two properties in Salinas, which she offered as collateral to various Monterey County residents to induce them to give her money, lying to all of them about the source and purpose of funds and their relative priority positions with respect to the collateral. Additionally, she made material misstatements to mortgage lenders to induce them to provide her with mortgage loans.

Ongoing Filed Real Estate Fraud Cases

All cases opened in FY 2024-25 are ongoing. All ongoing cases in the previous year's report have concluded.

Real Estate Fraud Civil Settlements and Criminal Convictions

In FY 2024-25, the District Attorney's Office obtained a misdemeanor criminal conviction in one matter, and a felony criminal conviction in another action, all involving real estate fraud, and all affecting

Monterey County residents:

People v. Garth Gunderson: The People filed two felony charges of identity theft, one misdemeanor charge of practicing real estate without a license, and one misdemeanor charge of false advertising. Mr. Gunderson advertised and pitched timeshare exit services without a license, but was in fact selling a new timeshare plan. Mr. Gunderson collected the personal information of attendees at the seminar, and new credit cards were opened in their name which were then charged by Mr. Gunderson's employer (the charges were reversed by the victim). Mr. Gunderson pled to one count felony conspiracy, which was reduced to a misdemeanor by the judge on Mr. Gunderson's motion.

People v. Paul Aquino: The People filed nine felonies including filing a false document and forgery. Mr. Aquino filed false grant deeds, transferring various properties around Monterey County to his ownership. Additionally, he made various payments to the County Assessor's office in hopes of bolstering his falsified claims, although he made those payments through fraudulent checks. He pled to one felony count of filing a false document and was placed in the Creating New Choices program, where he receives treatment for mental illness.

Public Outreach

The District Attorney continues to engage in public outreach for purposes of educating community members so they can help detect and report real estate fraud in Monterey County. Now in its eighth year, the Tri-county Real Estate Fraud Advisory Team ("REFAT") met twice during FY 2024-25: August 8, 2024 and February 6 2025. Both of these meetings were in-person with an option to attend over Zoom to encourage maximum participation. REFAT meetings are organized on a rotating basis between Monterey and Santa Cruz counties are attended by prosecutors and investigators from Monterey, Santa Cruz, and San Benito counties. Additional REFAT participants include the employees of the California Bureau of Real Estate, representatives from elected offices, local law enforcement officials and private sector real estate professionals. Each REFAT meeting features a keynote speaker who presents on fraud trends impacting local real estate markets. A roundtable discussion follows. A highlight from this year was a keynote speaker from the California Insurance Commissioner's Office who spoke on insurance.

Additionally, District Attorney Investigators assigned to the Real Estate Fraud Unit have presented several times over the last fiscal year on how to detect and protect against real estate fraud. This presentation has been given to various groups around Monterey County including business organizations in an attempt to stop fraud before it happens.

The investigation and successful prosecution, criminal or civil, of real estate fraud activity in Monterey County will continue to be resource intensive. The continued availability of revenue from recording fees is critical to the District Attorney's Office's ongoing efforts to deter, detect, investigate, and prosecute real estate fraud cases. To the extent possible, in accordance with Government Code section 27388, subdivision (f), emphasis will continue to be placed on fraud involving the largest number of victims and

individuals whose residences are in danger of, or actually in, foreclosure.

Real Estate Fraud Statistics for Fiscal Year 2024-25

New Referrals: 22

Investigations Opened: 22

Joint MCFCTF Investigations: 1

Arrests: 3

Criminal Complaints: 3

Convictions: 2

Civil Judgments and Compromises: 0

Appeals: 0

OTHER AGENCY INVOLVEMENT:

Other Agency Involvement

In FY 2024-25, the District Attorney's Office worked closely with various state and federal agencies to investigate and prosecute real estate fraud cases. These agencies included the Federal Bureau of Investigation, the California Department of Real Estate, and the real estate fraud units of other California District Attorney's Offices. The FBI has been particularly helpful this past fiscal year in tracing funds.

FINANCING:

Total cost of the program for FY 2024-25 was \$561,781. Those costs involved investigation and prosecution activities. Total funds available for FY 2024-25 were \$252,939, resulting in a Net County Cost of \$141,006.

Revenues:

Real Estate Fees	\$ 252,939
Draw from Real Estate Trust Fund	<u>167,837</u>
Total Funds Available	\$ 420,776

Expenditures:

Salaries and Benefits	\$ 417,820
Services and Supplies	<u>143,962</u>
	\$ 561,782

Net County Cost (\$ 141,006)

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Mark a check to the related Board of Supervisors Strategic Initiatives

☐ Economic Development
☐ Administration
☐ Health & Human Services
☐ Infrastructure
☒ Public Safety

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