

August 7, 2019
3.5

REVIEWED

TO: The Honorable Board of Police Commissioners

FROM: Chief of Police

Richard M. Tefank 8/8/19
RICHARD M. TEFANK
EXECUTIVE DIRECTOR DATE

SUBJECT: TRANSMITTAL OF THE GRANT APPLICATION AND AWARD
ACCEPTANCE FOR THE 2019-2020 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) 2019-20 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 2019-20 Real Estate Fraud Prosecution Program Grant award in the amount of \$630,000.00 from the County of Los Angeles, for the period of July 1, 2019 to June 30, 2020;
 - 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 \$630,000.00 to appropriation account number to be determined in Fund No. 339, Department No. 70, for the disbursement of the FY 2019-20 Real Estate Fraud Prosecution Program Grant funds;
 - D. AUTHORIZE by resolution to renew the following position within the Los Angeles Police Department (LAPD) through June 30, 2020:

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

- E. AUTHORIZE a new Council Resolution for the following position within the Los Angeles Police Department (LAPD) through June 30, 2020:

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

- F. AUTHORIZE the Los Angeles Police Department (LAPD) to utilize the FY 2019-20 Real Estate Fraud Prosecution Grant funds in accordance with the FY 2019-20 Grant Acceptance, to fund the program intended to deter, investigate, and prosecute real estate fraud for the period of July 1, 2019 to June 30, 2020;
- G. AUTHORIZE the LAPD to submit grant reimbursement requests to the grantor and deposit grant receipts in Fund No. 339, Department No. 70;
- H. 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 | | \$229,168.19 |
| To: | | |
| <u>Account Number</u> | | <u>Amount</u> |
| Related Costs | | \$229,168.19 |

- I. AUTHORIZE the Controller to increase appropriations as needed from Fund No. 339, Department No. 70, FY 2019-20 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, \$349,235.28
 Account No. 001092, Sworn Overtime, \$45,000.00

- J. 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 nineteenth 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 81 new cases in calendar year 2018 in addition to the cases carried over from 2015-2017. The REFU made eight 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 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 reputation within the private sector of the real estate community as a valuable and experienced unit.

The FY 2019-20 grant will pay 100 percent of salary and fringe benefits for two Detective III investigator positions, and 50 percent of one Detective II investigator position. One Resolution Authority has been established in LAPD for one Detective III position. An additional Resolution Authority is being requested for the second Detective III position. 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 \$6,596.53 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 Senior Management Analyst Stella Larracas, Fiscal Operations Division, at (213) 486-0380.

Respectfully,


MICHEL R. MOORE
Chief of Police

BOARD OF
POLICE COMMISSIONERS
Approved
Secretary

Attachments

INTRADPARTMENTAL CORRESPONDENCE

July 11, 2019
3.5

TO: Chief of Police

FROM: Commanding Officer, Fiscal Operations Division

SUBJECT: TRANSMITTAL OF THE GRANT APPLICATION AND AWARD
ACCEPTANCE FOR THE 2019-2020 REAL ESTATE FRAUD
PROSECUTION GRANT

Attached for your approval and signature is an Intradepartmental Correspondence to the Board of Police Commissioners, requesting approval to transmit the attached Grant Application and Award for the Fiscal Year 2019-2020 Real Estate Fraud Prosecution Program Grant, pursuant to Administrative Code Section 14.6(a), to the Mayor, Office of the City Administrative Officer, Office of the Chief Legislative Analyst and to the City Clerk for Committee and City Council consideration. The Los Angeles Police Department is requesting authorization to accept the \$630,000.00 of grant funding from the County of Los Angeles for the period of July 1, 2019 through June 30, 2020.

Program funds will assist the Department in staffing two full-time investigative positions assigned to the Real Estate Fraud Unit. It will also provide overtime funding to investigate white-collar real estate fraud crimes.

If you have any questions, please contact Senior Management Analyst Stella Larracas, Fiscal Operations Division, at (213) 486-0393.



sn ANNEMARIE SAUER, Police Administrator II
Commanding Officer
Fiscal Operations Division

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

June 26, 2019

Chief Michel Moore
City of Los Angeles Police Department
100 West 1st Street
Los Angeles, California 90012

Dear Chief Moore:

**COUNTY OF LOS ANGELES
2019-20 REAL ESTATE FRAUD PROSECUTION GRANT PROGRAM**

This is to advise you that your Real Estate Fraud Prosecution grant application for the performance period of July 1, 2019 through June 30, 2020, has been approved by the Real Estate Fraud Prosecution Trust Fund Committee, in the amount of \$630,000.

Please complete and return the enclosed Grant Acceptance Form (Attachment I), and Budget Detail Form (Attachment II) based on the grant award amount, by June 30, 2019. 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 Requirements (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 you or your designee.

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, 2020, 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: David Ruan

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

Chief Michel Moore
June 26, 2019
Page 2

All inquiries should be directed to the Real Estate Fraud Prosecution Trust Fund
Committee liaison, David Ruan at (213) 974-6869 or at druan@ceo.lacounty.gov.

Sincerely,



RCP SACHI A. HAMAI
Chief Executive Officer

SAH:FAD:MM:SW
RCP:DCR:cc

Attachments

2019-20 GRANT ACCEPTANCE FORM
REAL ESTATE FRAUD PROSECUTION PROGRAM

Agency: Los Angeles Police Department

Address: 100 West 1st Street, Los Angeles 90012

Telephone: (213) 486-1000

Purpose of Grant: Investigation and Prosecution of Real Estate Fraud

Amount Awarded: \$630,000.00

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, 2020** 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

06/30/19

Date

Please return this completed form by **June 30, 2019** to:

Real Estate Fraud Prosecution Trust Fund
c/o Los Angeles County Chief Executive Office
Attn: David Ruan (213) 974-6869
500 West Temple Street, Room 754
Los Angeles, California 90012

BUDGET DETAIL FORM

ATTACHMENT II

Name of Agency: Los Angeles Police Department

FY 2019-20 REAL ESTATE FRAUD GRANT

Original Budget

Performance Period: July 1, 2019 through June 30, 2020

Budget Modification

Allocation:

A. Personnel:

List each position by title of employee. Show the annual salary rate and the percentage of time to be devoted to the project. Compensation paid for employees engaged in grant activities must be consistent with that paid for similar work within the applicant organization. Include a description of the responsibilities and duties of each position in relationship to fulfilling the project goals and objectives in the narrative.

| Title | # of Pos. | Annual Salary | Monthly Salary | % of Time | Length of Time | Salary Cost |
|-------------------------------|-----------|---------------|----------------|-----------|----------------|-------------------|
| Detective III | 2 | \$ 142,132.20 | \$ 11,844.35 | 100.00% | 12 | \$ 224,264 |
| Detective II | 0.5 | \$ 129,941.76 | \$ 10,828.48 | 100.00% | 12 | \$ 64,971 |
| Total Personnel Costs: | | | | | | \$ 349,235 |

Personnel Narrative:

D-3 OIC of REFU - Detective E. Munoz: Duties are to supervise three detectives and set goals for the unit. Review all incoming reports, and evaluate and assign cases. Discuss cases with my detectives and provide advice, support, and direction. Liaison with supervisors from federal, state, and local agencies regarding investigations and jurisdictions. Work closely with head deputy at DA's Real Estate Fraud Unit to increase quality of investigations to move cases forward and increase convictions. Provide instruction regarding real estate fraud at POST courses and other teaching opportunities. Administrative duties include completing personnel evaluations with supporting documentation; researching and preparing monthly productivity reports; and resolving issues with victims and other regarding cases. Grant duties include working closely with the LAPD Grants Unit to administer grant funds. Research and prepare data and statistics on a monthly and yearly basis for grant application and year-end report. Manage spending of supplies, cell phone bills, travel and training, and overtime of the entire unit. Manage and prepare information for LAPD's online access of the YODA Viewing System administered by the Los Angeles County Registrar-Recorder's Office. Investigate complex real estate fraud cases that require the experience and knowledge of the LAPD Department subject matter expert.

D-3 - Detective Segura: Assistant OIC of REFU.

Will be acting OIC when Det. Munoz is away from the office. Will help Det. Munoz with reviewing reports and search warrants, and approving them. Det. Segura will also continue to perform duties outlined below with Det. Tagle.

D-2 - Detective Tagle: Duties are to complete comprehensive investigations of real estate-related crimes on a Citywide basis. As subject matter experts in the area of real estate documents and crimes that constitute criminal investigations, they must determine what matters are civil and require civil litigation. They are assigned cases in which they must interview victims, witnesses, and suspects. As part of their investigations, they must review voluminous real estate documents and financial records to prepare the cases for felony filing. They prepare and serve search warrants for locations and records. Upon the completion of an investigation, they present the cases to the District Attorney's office for filing consideration. Handle a high volume of phone calls from citizens, divisional LAPD detectives, private industry contacts, attorneys, and other government agencies. Conduct immediate investigations and analyses of information to determine course of action (Report, Referral, or Advise). Attend and present case information at monthly real estate task force meetings. Assist in the training of LAPD detectives and help with community outreach opportunities. Work in collaboration with the private industry to stop ongoing transactions, and identify suspects or locations for alerts and sting operations. Upon the issuance of a felony warrant, they initiate investigations to locate and arrest the involved suspects. Work closely with filing district attorney during court process, serve subpoenas, and assist with the successful prosecution of a court case.

B. Taxes and Fringe Benefits (FB)

Fringe benefits should be based on actual known costs or an established formula. Fringe benefits are for the personnel listed in budget category (A) and only for the percentage of time devoted to the project. Fringe benefits on overtime hours are limited to FICA, Worker's Compensation, and Unemployment Compensation.

| Title | # of Pos. | Basis Monthly | Basis Monthly | Benefit Rate | FB Cost |
|--|-----------|---------------|---------------|--------------|-------------------|
| Detective III | 2 | \$ 11,844.35 | 12 | 65.62% | 0 \$ 186,534 |
| Detective II | 0.5 | \$ 10,828.48 | 12 | 65.62% | 0 \$ 42,634 |
| Total Taxes and Fringe Benefit Costs: | | | | | \$ 229,168 |

Please see attached *Cost Allocation Plan 39* for the City of Los Angeles.

C. CHANGES

BUDGET DETAIL FORM

ATTACHMENT II

Name of Agency: Los Angeles Police Department

FY 2019-20 REAL ESTATE FRAUD GRANT

Performance Period: July 1, 2019 through June 30, 2020

Original Budget

Budget Modification

Allocation:

| Budget Category | Amount |
|------------------------------|----------------------|
| A. Personnel | \$ 349,235.28 |
| B. Fringe Benefits | \$ 229,168.19 |
| C. Overtime | \$ 45,000.00 |
| D. Travel | \$ 1,000.00 |
| E. Equipment | \$ 4,075.00 |
| F. Supplies | \$ 1,421.53 |
| G. Other Costs | \$ 100.00 |
| Total Projected Costs | \$ 630,000.00 |

COST ALLOCATION PLAN 39 (CAP 39) - INDIRECT COST RATES WITH CARRY FORWARD

The rates below are to be used to prepare grant applications, contracts and billings for grant activities, and to compute Fees for Special Services, during 2016-17. They are to be applied only to straight time, gross salaries (with CTO). When only net salaries (without CTO) are available, convert net salaries to gross salaries using the CTO rate. For rates applicable to part time or overtime salaries, please contact CAP staff. **Note: You MUST adjust rates to deduct directly billed costs.** See Instructions - Attachment B, and Indirect Costs Included in Rate Calculations - Attachment C.

| DEPARTMENT/Cost Center | Fringe Benefits | Central Services | Department Administration & Support | Division Overhead* | CTO |
|---|-----------------|------------------|-------------------------------------|--------------------|---------------|
| AGING: | | | | | |
| Balance of Department | 48.50% | 21.63% | n/a | * | 20.12% |
| Title V | 27.87% | 5.11% | n/a | * | 0.00% |
| ANIMAL SERVICES | 57.90% | 42.73% | 12.00% | * | 24.32% |
| BUILDING & SAFETY | 49.65% | 12.24% | 22.61% | * | 22.37% |
| CITY ADMINISTRATIVE OFFICER (CAO): | | | | | |
| Petroleum Admin., Proprietary, Capital Projects (Phy. Plant) | 40.86% | 28.53% | 25.10% | * | 19.14% |
| Disaster Grants Coordination | 49.80% | 22.58% | 43.70% | * | 19.14% |
| CITY ATTORNEY: | | | | | |
| Criminal | 46.12% | 23.44% | 12.55% | * | 19.34% |
| Direct Billed - User's Site (Proprietary Depts.) | 42.41% | 0.35% | 15.23% | * | 19.34% |
| Direct Billed - In City Space | 43.61% | 10.72% | 10.87% | * | 19.34% |
| CITY CLERK: | | | | | |
| Elections | 48.40% | 32.90% | 47.62% | * | 4.30% |
| Special Assessments Section | 58.65% | 121.51% | 0.00% | * | 20.61% |
| CONTROLLER: | | | | | |
| Direct Billed (at User's site) | 51.11% | 4.22% | 32.12% | * | 20.01% |
| Direct Billed (in City space) | 49.11% | 38.91% | 18.20% | * | 20.01% |
| CULTURAL AFFAIRS | 59.78% | 90.13% | 69.84% | * | 15.64% |
| DEPARTMENT on DISABILITY | 45.95% | 42.85% | 27.04% | * | 16.93% |
| ECONOMIC AND WORKFORCE DEVELOPMT: | | | | | |
| Balance of Department | 51.69% | 27.65% | n/a | * | 23.42% |
| As Needed Employees | 25.54% | 0.00% | n/a | * | n/a |
| EL PUEBLO | 7.24% | 0.00% | 0.00% | * | 23.27% |
| EMERGENCY MANAGEMENT | | | | | |
| Em. Prep. Policy & Public info. | 37.09% | 22.26% | 21.59% | * | 18.09% |

COST ALLOCATION PLAN 39 (CAP 39) - INDIRECT COST RATES WITH CARRY FORWARD

The rates below are to be used to prepare grant applications, contracts and billings for grant activities, and to compute Fees for Special Services, during 2016-17. They are to be applied only to straight time, gross salaries (with CTO). When only net salaries (without CTO) are available, convert net salaries to gross salaries using the CTO rate. For rates applicable to part time or overtime salaries, please contact CAP staff. **Note: You MUST adjust rates to deduct directly billed costs.** See Instructions - Attachment B, and Indirect Costs Included in Rate Calculations - Attachment C.

| DEPARTMENT/Cost Center | Fringe Benefits | Central Services | Department Administration & Support | Division Overhead* | CTO |
|---------------------------------------|---|------------------|-------------------------------------|--------------------|--------|
| FINANCE, OFFICE OF | | | | | |
| Revenue Collections | 53.14% | 48.19% | 17.99% | * | 23.94% |
| Cash Management & Street Bonds | 43.75% | 64.65% | 18.21% | * | 23.94% |
| FIRE: | | | | | |
| Civilian | 46.33% | 19.16% | 36.51% | * | 21.96% |
| Sworn (Firefighters) | 69.85% | 20.32% | 34.64% a. | * | 12.91% |
| | | | 14.50% b. | | |
| | | | 49.14% c. | | |
| | | | <i>Field Support Rate,</i> | | |
| | <i>Combined Dept. Admin. & Support Rate, including Field Support Rate</i> | | | | |
| GENERAL SERVICES: | | | | | |
| Materials Testing | 49.98% | 39.76% | 16.17% | * | 22.13% |
| Print Shop | 50.77% | 52.11% | 14.97% | * | 26.87% |
| HOUSING & COMM. INVESTMENT (HCID) | | | | | |
| Grant-Funded Housing | 47.65% | 8.89% | n/a | * | 21.32% |
| Enforcement | 45.73% | 7.10% | n/a | * | 21.32% |
| Internal Administration | 47.53% | 36.39% | n/a | * | 21.32% |
| LIBRARY | 55.49% | 19.81% | 21.10% | * | 20.27% |
| LOS ANGELES CONVENTION CENTER | 79.32% | 2.13% | 272.95% | * | 17.11% |
| MAYOR: | | | | | |
| Executive/Policy | 43.22% | 67.79% | 11.38% | * | 9.67% |
| Grant Funded/Spec. Programs | 49.38% | 101.20% | 15.20% | * | 14.76% |
| Direct in City Space | 0.00% | 0.00% | 0.00% | * | 0.00% |
| NEIGHBORHOOD EMPOWERMENT | 56.56% | 126.07% | 164.48% | * | 26.82% |
| PERSONNEL: | | | | | |
| Custody Care (Jails) | 52.20% | 7.39% | 14.36% | * | 21.08% |
| Personnel Grant Funded/Spec. Programs | 49.86% | 54.70% | 11.26% | * | 21.08% |
| PLANNING | 49.20% | 34.51% | 27.87% | * | 18.96% |
| POLICE: | | | | | |
| Civilian | 59.13% | 16.27% | 22.35% | * | 28.48% |
| Sworn | 65.62% | 17.73% | 61.79% a. | * | 32.72% |
| | | | 21.80% b. | | |
| | | | 83.59% c. | | |
| | | | <i>Field Support Rate,</i> | | |
| | <i>Combined Dept. Admin. & Support Rate, including Field Support Rate</i> | | | | |

**NOTE: For Fire and Police, the Field Support rate (line b.) captures overhead costs that are in addition to other Administrative and Support Costs. It has been added to the Department Administration rate on this (line a.), together with the other (Fringe, Central Service and CTO) rates.

COST ALLOCATION PLAN 39 (CAP 39) - INDIRECT COST RATES WITH CARRY FORWARD

The rates below are to be used to prepare grant applications, contracts and billings for grant activities, and to compute Fees for Special Services, during 2016-17. They are to be applied only to straight time, gross salaries (with CTO). When only net salaries (without CTO) are available, convert net salaries to gross salaries using the CTO rate. For rates applicable to **part time or overtime** salaries, please contact CAP staff. **Note: You MUST adjust rates to deduct directly billed costs.** See Instructions - Attachment B, and Indirect Costs Included in Rate Calculations - Attachment C.

| DEPARTMENT/Cost Center | Fringe Benefits | Central Services | Department Administration & Support | Division Overhead* | CTO |
|--|-----------------|------------------|-------------------------------------|--------------------|--------|
| PUBLIC WORKS, Board Office: Public Services | 55.55% | 89.00% | 9.22% | * | 21.68% |
| PW - Contract Administration: Construction Inspection | 49.30% | 8.31% | 11.98% | 30.66% | 20.31% |
| PW - Engineering: | | | | | |
| Clean Water Infrastructure | 47.13% | 22.90% | 14.90% | * | 20.35% |
| Development Services | 46.34% | 15.42% | 14.75% | * | 20.35% |
| Mobility | 45.84% | 13.56% | 14.65% | * | 20.35% |
| Public Bldgs. & Open Spaces | 46.04% | 9.50% | 15.08% | * | 20.35% |
| PW - Sanitation: | | | | | |
| Solid Waste Program | 55.37% | 104.20% | 7.07% | * | 22.67% |
| Cleanwater/Stormwater Program | 51.55% | 22.15% | 6.28% | * | 22.67% |
| PW - Street Lighting | 51.55% | 36.58% | 22.07% | * | 20.51% |
| PW - Street Services | 53.23% | 74.91% | 23.25% | | 27.85% |
| RECREATION & PARKS | 47.66% | 29.97% | 14.58% | * | 22.41% |
| TRANSPORTATION | 56.16% | 25.00% | 13.44% | * | 26.08% |
| ZOO | 57.54% | 32.32% | 26.93% | * | 21.89% |

Notes:

* Division Overhead includes costs of division heads, section supervisors, clerical and other support staff within divisions or sections. These costs are not part of the Department Administration rate, but are legitimate costs which should be recovered if allowed by your grantor. If these costs are not charged directly to a grant, a Division Overhead indirect cost rate should be calculated. To maintain consistency and insure that Division Overhead costs do not overlap with Department Administration costs, please contact CAP staff for assistance in calculating these rates. Public Works Division Overhead rates are computed by Public Works staff and published herein as a courtesy.

Instructions for Using Indirect Cost Rates

Modifying the rates. Usually departments use the CAP rates as published; however, situations may arise necessitating revision of the rates. **Your Department's CAP rate should be modified if your Department directly charges to a grant or fee payer any of the indirect costs, or if the grantor or fee payer directly provides any of the services listed on Attachment C.** For example, if you purchase a computer and the total cost is paid directly by a fee payer or grantor, your CAP rate must be reduced to avoid double billing for the directly charged item(s). This means: if the entity you are billing provides office space, telephone service, computers, vehicles, or any other item listed on Attachment C, your rates must be adjusted to exclude those items.

An example of the necessity for rate modification is the Police Department's bill to the Airports Department. Airports provides space, utilities, telephones and equipment for Police Department staff at the Airport substation. To properly bill the Airports Department for law enforcement services at this site, the Police Department indirect cost rates are revised to exclude the building use, building lease, equipment use, and telephone line items.

Contact the CAP Office for adjusted rates if any cost listed in Attachment C is directly billed to grants or fees, or if any of the listed services are provided by your client.

Using the rates as published. The CAP indirect cost rates are computed based on "gross annual salaries" **excluding** overtime. (For rates applicable to overtime salaries, please contact the CAP office.) Compensated time off (CTO) is included in this gross salaries base. (See Attachment C paragraph 5 for a definition of CTO.) The CAP Fringe Benefits, Central Services, and Department Administration indirect cost rates, therefore, must be applied to salaries which include CTO and exclude overtime. Please refer to the example below, where:

| | | | |
|--|---|--------|-------------------|
| Fringe Benefits Rate | = | 28.10% | of Gross Salaries |
| Central Services Rate | = | 39.77% | of Gross Salaries |
| Department Administration & Support Rate | = | 18.87% | of Gross Salaries |
| Compensated Time Off Rate | = | 16.26% | of Net Salaries |

1. Assume Gross Salaries = \$ 1,000.00 *(Gross Salaries are salaries for straight time worked plus Compensated Time Off.)*

Given the above-listed indirect cost rates, and assuming your CTO costs are included in your salaries as billed, total indirect costs are calculated below:

| | | | | | | |
|----|--------------------|---|--------|---|-----------|--|
| a. | \$ 1,000 | x | 28.10% | = | \$ 281.00 | Fringe Benefit Cost |
| b. | \$ 1,000 | x | 39.77% | = | \$ 397.70 | Central Service Cost |
| c. | \$ 1,000 | x | 18.87% | = | \$ 188.70 | Department Administration & Support Cost |
| | Sum of (a + b + c) | | | = | \$ 867.40 | |

2. Assume Net Salaries = \$ 860.14 *(Net Salaries are salaries for straight time worked, not including Compensated Time Off. Such net salaries would typically be accumulated through direct charges in a cost accounting system.)*

Convert net salaries to gross salaries by adding CTO % of Net:

| | | | | | | | |
|----|--------------------------|-----------|---|-----------|---|-------------|------------------|
| a. | Net Salary times CTO %: | \$ 860.14 | x | 16.26% | = | \$ 139.86 | = CTO Amount |
| b. | Net Salary plus CTO amt: | \$ 860.14 | + | \$ 139.86 | = | \$ 1,000.00 | = Gross Salaries |

| | | | | | | |
|----|--------------------|---|--------|---|-----------|--|
| c. | \$ 1,000 | x | 28.10% | = | \$ 281.00 | Fringe Benefit Cost |
| d. | \$ 1,000 | x | 39.77% | = | \$ 397.70 | Central Service Cost |
| e. | \$ 1,000 | x | 18.87% | = | \$ 188.70 | Department Administration & Support Cost |
| | Sum of (a + b + c) | | | = | \$ 867.40 | |

REMINDER: CTO rates are to be used only when paid time off such as sick and vacation time are not directly charged to a special service or grant project. Please see Attachment C, paragraph 5 for further information.

COST ALLOCATION PLAN INDIRECT COSTS INCLUDED IN RATE CALCULATIONS**1. Fringe Benefits Rate Includes the department's share of the Citywide costs of:**

| | | |
|------------------------------|------------------------------|-----------------------------|
| Retirement (Civilians) | Employee Assistance | Union Sponsored Benefits |
| Pensions (Fire/Police Sworn) | Ordinance Life Insurance | Unused Sick/Vacation Payout |
| FLEX Benefit Program | Medicare | Unemployment Insurance |
| - Health Insurance | Social Security | Workers' Compensation |
| - Dental Insurance | Part Time/Seasonal/Temporary | Hiring Hall Fringe |
| - Basic Life Insurance | (PST) 457 Retirement Plan | |

2. Central Services Rate Includes the department's share of the Citywide costs of:

| | | |
|--|---|---|
| Building Leases [GSD & Spec. Funds] | Equipment Use Allowance (Equipment costing \$5,000 & above) | General City Purposes [League Dues and audits] |
| Building Depreciation | Equipment Exp. Under \$5,000 (Equipment Costing under \$5,000) | Liability Claims |
| Computer Assets Depreciation (Items costing \$5,000 & above) | Gas (Natural Gas Utility) [GSD] | Petroleum Products [GSD] |
| Communications Lease (Telephone bill) | Insurance on bond-financed assets | Vehicle Depreciation |
| | | Water & Electricity |
| | | Emergency Operations Organization |
| CITY ADMINISTRATIVE OFFICER (CAO) | EMPLOYEE RELATIONS BOARD | PERSONNEL |
| Budget | | Workers' Compensation & Safety |
| Employee Relations & Living Wage | | Personnel Balance of Dept. |
| Gen. Support (Finance, Systems, Productivity & Risk Management) | EMERGENCY MANAGEMENT | |
| Mgt/Policy Analysis & Dept Liason | Emergency Preparedness Policy & Public Information | |
| Municipal Facilities Projects | | |
| CITY ATTORNEY | FINANCE | POLICE DEPARTMENT |
| Civil Litigation & Workers Comp | Citywide Collections | Security Services |
| Employee Relations | Custody & Disbursement & Debt Administration | |
| Municipal Counsel / Legis. Svcs. | | |
| Land Use | GENERAL SERVICES | PUBLIC WORKS |
| Police Division | Building Services | Board Office |
| | Construction Division | Contract Admin: |
| CITY CLERK | Fleet Services | Office of Contract Compliance |
| Council and Public Services | Assets Management (Leasing & Real Estate) | |
| Records Management | Mail & Messenger | |
| | Parking Services | |
| CITY ETHICS COMMISSION | Supply Services | |
| | | |
| CONTROLLER | INFORMATION TECHNOLOGY | PENSIONS: OVERHEADS ALLOCATED TO PENSIONS. (Other Pension costs included in Fringe Benefits) |
| Accounts Payable | AGENCY (ITA) | |
| Budget & General Acctg. | IT Services | |
| CAP | Communications Division | |
| FMS | Telecommunications (PPEB) | CERS: OVERHEADS ALLOCATED TO CERS. (Other CERS costs included in Fringe Benefits) |
| Internal Audit | | |
| Payroll (incl. Fiscal Systems) | | |
| Single Audit | | |

INDIRECT COSTS INCLUDED IN CAP RATE CALCULATIONS (continued)

3. Department Administration and Support Rate Includes costs of support functions within a department:

The rate includes expenditures which: -- benefit the department as a whole
 --- are NOT directly charged to a grant or fee program
 --- are NOT line operations.

Expenditures include those of:

| | |
|----------------------------|--|
| Accounting staff | Department Management (Gen. Mgr. & Asst. Gen. Mgrs) |
| Budget staff | Clerical Staff/word processing staff serving the entire department. |
| Payroll staff | Systems Staff (if serving the whole department, not a special project) |
| Personnel & training staff | Warehouse/inventory/stores staff |
| Inventory staff | Vehicle maintenance staff (Police & Fire only) |

NOTE: The support costs discussed here must conform to Federal definitions of allowable overhead costs and are not necessarily the same as the City's General Administration and Support Program (GASP) in a departmental budget.

4. Division Overhead Rates include the costs of support functions within divisions:

The rate includes the salary and expenses of division heads, section supervisors, and other support within divisions which are not included in the Department Administration costs discussed above. For example, within the Bureau of Engineering, the City Engineer, Deputies, their secretaries and the Administration Division are included in the Department Administration indirect cost rate. Within operating divisions, division heads, assistant division heads, and their secretaries and division support staff are NOT included in the Department Administration rate.

To recover the overhead costs within a division, a department or bureau should directly charge the time of the division head, secretary, assistant division head, and other division support services to a project, or calculate an indirect cost rate to recover their costs. Please work with the CAP office when calculating such rates, to insure that Division Overhead costs do not overlap Department Administration costs.

5. Compensated Time Off Rate includes the salary paid to employees who are on paid leave such as:

| | | |
|----------------|---|------------------|
| Sick Leave | Jury Duty | Floating Holiday |
| Vacation | Bereavement leave | Injury on Duty |
| Holiday | Preventive Medicine | |
| Military Leave | Workers' Compensation (salary continuance | |
| Family illness | paid by the employing department.) | |

Special Note regarding CTO:

CTO rates are to be used only when sick, vacation, and other CTO hours are not directly charged to a fee or grant project. For employees who charge only part of their hours worked to a grant, their time off is usually not being charged to the project, so the cost of that time off must be recovered using the CTO Rate. For employees whose entire annual salary is charged to a fee or grant, CTO is recovered as they take their time off, and the CTO Rate is not to be used. When the CTO Rate is applied to net salaries, the amount derived is added to net salaries to create gross salaries. The derived gross salaries becomes the base against which the fringe benefit rate and other indirect cost rates described above are applied.

6. OTHER DEFINITIONS

- a. Gross Salaries - Total annual salaries, which include pay for time worked AND compensated time off.
- b. Net Salaries - Pay for time worked only, not including compensated time off.

**COUNTY OF LOS ANGELES REAL ESTATE FRAUD PROSECUTION PROGRAM
2019-20 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, 2019 through June 30, 2020. Please return completed application via **scanned email** followed with original copy by May 10, 2019 to:

Real Estate Fraud Prosecution Trust Fund Committee
David Ruan, Principal Analyst, CEO
druan@ceo.lacounty.gov
Chief Executive Office
500 West Temple Street
Hall of Administration, Room 754
Los Angeles, California 90012
(213) 974-6869

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 \$948,702.98.

Amount Requested: \$948,702.98

Los Angeles County Real Estate Fraud Prosecution Program
2019-20 Grant Application
Page 3

Number of real estate fraud cases currently under investigation: 136 cases

Amount of aggregated monetary losses suffered by victims in real estate fraud cases currently under investigation: \$52,990,274

Number of real estate fraud cases filed with the court(s) in either calendar year 2018 or fiscal year 2017-18 (July 1, 2017 through June 30, 2018): 14 presented, 8 filed, 16 pending filing, 11 rejects, and 10 convictions

Number of victims involved in the cases filed with the court(s) in either calendar year 2018 or fiscal year 2017-18: 12 victims

Amount of aggregated monetary losses suffered by victims in real estate fraud cases filed with the court(s) in calendar year 2018 or fiscal year 2017-18: \$8,134,628

Michel R. Moore
Authorized Representative


Signature of Authorized Representative

Chief of Police
Title

5-8-19
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 39 rate of 65.62 percent.

Personnel Costs

Salaries:

| | | | |
|---------------|---|------------------------------|-------------------|
| Detective III | 1 | \$ 11,844.35 x 12/mos. = | \$142,132.20 |
| Detective II | 3 | \$ 10,828.48 x 12/mos. x 3 = | <u>389,825.28</u> |
| | | | 531,957.48 |

Fringe Benefits:

| | | | |
|---------------|---|-------------------------|-------------------|
| Detective III | 1 | \$142,132.20 x 65.62% = | 93,267.15 |
| Detective II | 3 | \$389,825.48 x 65.62% = | <u>255,803.35</u> |
| | | | 349,070.50 |

Overtime:

| | |
|--------------------------------|----------------------|
| 551.623 hours x \$108.77/hr. = | <u>60,000.00</u> |
| Total Personnel | \$ 941,027.98 |

Operating Costs

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

Total Cost \$ 948,702.98

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 seventeen 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 78 new cases in calendar year 2018 in addition to the cases carried over from 2016-2017. The REFU made 14 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 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 the 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.