

Commercial Crimes Bureau

Commercial Crimes Bureau consists of five units responsible for the investigation of cases involving arson/explosives, cargo theft, high technology crimes/data resource retrieval, forgery/fraud, and vehicle/metal theft.

Arson/Explosives Detail

The Arson/Explosives Detail is unique among detective units. In addition to its role as an investigative unit, this Detail also has the additional responsibility of making emergency responses in bomb or explosives-related incidents. These services are provided to every contract and independent city within the County of Los Angeles, with the exception of Los Angeles. During the last calendar year, the Detail handled 540 explosives-related responses, of which 40 percent were responses to outside agencies. As a full-service bomb squad and arson investigation unit, the Detail is charged with the responsibility of determining the origin and cause of explosions and fires. The expert testimony of Detail personnel is often the sole factor in establishing the criminal nature of these types of offenses.

Arson Investigations

In June 1998, a former Glendale Fire Department captain was convicted of 20 felony counts for arson and four counts of homicide. He was sentenced to life without parole. These convictions

were the culmination of more than eight years of investigative effort, wherein more than 2,000 fires were examined and believed to have been set by the suspect. During the course of the investigation, investigators found a manuscript about a serial arsonist that had been written by the suspect.

This year we acquired an accelerant detection canine to aid investigators with their fire investigations. The dog, named "Billy," is quickly proving that he is a valuable tool and investigative resource.

Explosives Investigations

This year saw several large residential explosions involving the use of natural gas. On November 15, investigators were requested by Alhambra Police Department to assist with a major explosion that had occurred at an apartment building. The investigation determined that an evicted tenant returned to the building and caused the explosions by disconnecting the natural gas line and setting a delayed source of ignition.

The District Attorney's Office filed two felony counts of arson on the former tenant. This case involved multiple agencies, both fire and law enforcement, working together to process the scene and conduct the investigation.

Training

Increased training relating to Weapons of Mass Destruction (WMD) was seen in 1998. Investigators attended extensive training at the Federal Bureau of Investigation's Hazardous Devices School for WMD, in addition to a certification course for Personal Protection Equipment in a chemical/biological and explosive incident.

The certification of bomb technicians was an issue examined by bomb squad commanders from around the country. The Arson/Explosives Detail commander was selected to be on a national advisory board to formalize policies and procedures relating to bomb squad training and certification of bomb technicians.

The Arson/Explosives Detail has continued training personnel from the FBI, other federal agencies, the Sheriff's Department, and local law enforcement agencies in post-blast investigations. In addition, the unit presented several eight-hour "Booby Trap Awareness" courses for narcotics officers, at the request of the California Narcotics Officers Association.

Cargo Criminal Apprehension Team (Cargo CATs)

Now in its tenth year of operation, Cargo CATs continues to focus on cargo related crimes, concentrating the efforts of its investigators on theft and the receivers of stolen property.

Personnel assigned to Cargo CATs over the past nine years can be justly proud of the Team's record of accomplishments. They have made 960 arrests and recovered \$137,369,291 in stolen property and equipment.

Cargo CATs is a team of highly experienced investigators representing city, County, and State law enforcement

agencies. Cargo CATs is one of only a handful of multi agency teams in the nation that exclusively target cargo thieves and their receivers.

Investigators regularly conduct complex investigations throughout the greater southern California area to identify, apprehend, and prosecute cargo thieves and their receivers. Supported directly by a "partnership" with the transportation, warehouse, and insurance industries, Cargo CATs maintains a database of cargo theft losses for Los Angeles and surrounding cities.

During 1998 Cargo CATs investigators made 89 arrests and recovered \$10,813,848 in stolen freight and equipment.

Forgery/Fraud Detail

The Forgery/Fraud Detail has investigative responsibility for all cases reported to the Department relative to forged documents, including checks, County warrants, prescriptions, and miscellaneous instruments. Also, the misuse of access cards and the investigation of worthless documents fall within their investigative responsibility. The Detail also investigates complex frauds and grand theft embezzlement cases. In 1998 the Detail handled more than 5,150 cases, with losses of more than \$30 million. The unit handled 1,033 in-custodies, besides being a resource for the Department in the area of complex investigations.

Real Estate Fraud

One type of complex fraud investigation done by the Forgery/Fraud Detail is in the area of real estate fraud. The Real Estate Fraud Team investigates cases of real estate adverse possession, forged deeds, escrow fraud, home equity fraud, home foreclosure fraud, land sales contract fraud, and refinance



Captain Gary E. Vance
Commercial Crime Bureau

fraud. This team works closely with the District Attorney's Office, and works cases throughout Los Angeles County, including non-contract cities. During 1998 they investigated 73 cases, with reported losses totaling more than \$3 million.

Elder Abuse

Toward the end of 1998, the Elder Abuse Team was enlarged, due to the increase in the number of reported cases of fiduciary abuse of elders and dependant adults. Previously, the fiduciary abuse suspect was required to be a caretaker in a position of trust. Changes to the laws now allow for "any person who" defrauds an elder to come under the criminal statute. This now includes telemarketers, construction fraud culprits, opportunist door-to-door salesmen, persons committing insurance/annuity/medical frauds, etc., wherein the impaired elders are targeted. The "mandated reporting requirements" have been enhanced to include all forms of abuse of elders, not just physical abuse.

Mandated elder abuse training is being provided to all Department personnel by the Detail's elder abuse sergeant. Training of multiple professional and law enforcement agencies continues as well.

The elder abuse sergeant is also a member of a team of agencies who present an elder abuse forum to community organizations. This forum was granted the 1998 "Quality Assurance and Productivity Award" by the Los Angeles County Board of Supervisors.

The Elder Abuse Team continues to get prison convictions on these cases. Many are politically sensitive, media driven, large loss cases involving demented, and, occasionally, even dead victims.

SIGNIFICANT CASES

Grand Theft/Forgery

A case originated in August 1997, when it was determined that several local law enforcement agencies throughout Los Angeles and Orange counties were investigating counterfeit check violations with similar crime and suspect descriptions. The Santa Ana Counterfeit Crimes Strike Force (SACC) and the Los Angeles County Sheriff's Department have identified the suspect as the leader of a group of co-conspirators who purchase computers and other high dollar items with counterfeit checks. Investigators from our Department joined the SACC.

On February 24, 1998, the suspects were federally indicted for conspiracy and passing counterfeit checks. A total of five suspects eventually pled guilty in Federal Court, and are currently awaiting sentencing.

Medical Clinic Fraud

During September 1998, Lakewood Station requested the assistance of the Commercial Crimes Bureau with a major fraud occurring in the Paramount area. Lakewood detectives developed information that young children from low income areas were being offered money to give blood at a medical clinic in the city of Paramount. The clinic's doctor had hired 10 to 12 people to act as runners who drive out to various areas of the county and transport "patients" to the clinic. The runners were then paid for each new patient.

A task force was formed in late September, consisting of a lieutenant, a sergeant, and two fraud investigators. In addition to the foregoing Forgery/Fraud Detail personnel, the task force included a Paramount contract investigator, members of the County Health Department, two deputy district

attorneys, and a Medi-Cal fraud investigator. Search warrants were served at a clinic in Long Beach and a residence in Monterey Park. Evidence seized at these locations, and evidence previously seized, indicate that substantial fraud has been occurring at the Paramount Medical Clinic.

Bank search warrants were also served on the doctor's business and personal checking accounts. This resulted in the discovery of deposits totaling \$581,000 from the State's Health Care Deposit Fund, through which Medi Cal payments are made. Investigators believe this money was fraudulently obtained. The State Medical Board has opened a formal investigation on the physician allegedly associated with the illegal activities of the clinic.

Forgery/Fraud Detail, in conjunction with the District Attorney's Office and the County Health Department, is in the process of identifying unwitting victims of this fraud, reviewing records, and putting together a prosecutable case against the female doctor who is the owner of the Paramount Medical Clinic. This investigation continues.

Grand Theft

Investigators from the Forgery/Fraud Detail and the Vehicle/Metal Theft Detail served search warrants at seven warehouse locations in Long Beach, Commerce, Bell Gardens, South Gate, Irwindale, and Duarte. This was as a result of a "bust-out" investigation involving a fictitious company known as "Carson Distributors". Supply vendors have lost a total of more than \$2 million via unpaid orders delivered to Carson Distributors.

A "bust-out" is simply defined as a "planned insolvency," or going into business with no intention of paying creditors. Usually the "bust-out" company has

obtained credit with numerous vendors and/or distributors in a period of time as short as four months or as long as a year or two. During this time, the bust-out company gains the confidence of the creditors by paying their bills on time and constantly increasing their credit limit, eventually doubling or tripling their original order size. The "bust out" company may also request a larger rush order be shipped for a special event. The "bust-out" company will attempt to do this with all of its supplies, which can result in millions of dollars of product being shipped to the company within a seven to ten day period.

The "bust-out" company will sell the product, at a much lower cost, to distributors and wholesalers. The product that has not been sold is then transferred to another location that is unknown to creditors, or to another company that is part of the scheme, where the product will continue to be sold at a lower price, sometimes for cash.

As a result of the search warrant, more than \$1.2 million in stolen property was recovered. The main suspect was arrested, and more than \$1 million worth of computers, office equipment and office furniture which had been embezzled was also recovered. An additional six to ten more suspects have been identified, and this investigation continues into 1999. The Sheriff's Department is developing new procedures for dealing with large amounts of seized property as a result of this case.

Grand Theft/Identity Fraud

Forgery/Fraud Detail received information from the American Express Corporation regarding the illegal purchases of travelers' checks. The checks were bought using the credit profiles of prominent individuals.

The suspect, using false credit information, ordered checks to be delivered to high-class hotels in the West Hollywood area. A surveillance was set up, but the extremely cagey crook did not pick up the package. The suspect did, however, order more checks to be delivered to the Hilton hotel in Huntington Beach. Investigators, using photographs taken of the suspect from a prior transaction in Las Vegas, set up a lengthy surveillance. The suspect used a cab driver and counter-surveillance to take possession of the package, but he was rewarded for his efforts by being arrested and booked at Lakewood station. The suspect confessed to over \$20,000 in fraud. The suspect, who was also wanted in Minnesota and New York, was labeled by American Express as one of the top single fraud kingpins in America. American Express has established that the suspect is responsible for over a million dollars in losses.

Real Estate Fraud/Grand Theft

The suspects in this case, based in Beverly Hills, started a company based on the premise of purchasing residential properties owned by banks or residential properties in foreclosure. The suspects used an investment counselor to solicit customers to invest money in the company. As the investment monies were deposited into the company's accounts by the investors, checks were written to investors who invested money before them. This was, in fact, a "Ponzie Scheme." Over 30 investors lost in excess of \$1.6 million as a result of this scam. The suspects used the money for personal gain and not for the purchase of real estate. The case was presented to the District Attorney's Office, and a total of 109 felony counts were filed against the three suspects.

**HIGH TECHNOLOGY
CRIMES DETAIL**

Computer Crimes Unit

The Los Angeles County Sheriff's Department Computer Crimes Unit (CCU), which investigates a myriad of crimes where computers are involved in varying degrees, has consisted of one sergeant and one investigator since 1991. In order to meet the demands of investigating high technology crimes, the CCU expanded during 1998 to its present state of one sergeant, four investigators, a civilian forensics technician and a word processor. The CCU is no longer part of the Forgery/Fraud Detail, but is part of the newly formed High Tech Crimes Detail of the Commercial Crimes Bureau.

Current responsibilities of the CCU are: high technology investigations; technical assistance and support, including in-house forensic examination of computer evidence and mobile response to the field; and providing training to investigators regarding the handling of high-tech cases and evidence.

Investigations

The CCU has investigated cases of computer crimes which included:

- 🔍 *System intrusion and disruption*
- 🔍 *Theft of data and/or software applications*
- 🔍 *Theft of trade secrets*
- 🔍 *Unauthorized use of data*
- 🔍 *Counterfeiting of components and software*
- 🔍 *Fraud by use of a computer*

To date, the total loss involved in all CCU warrants has amounted to \$30 million. This includes the loss of sales by large corporations, due to the infringement of illegal businesses. Thousands of illegally remarked CPU's and over \$1 million in remarking equipment have been seized by the CCU.

Technical Assistance and Support

The CCU performed forensic analysis on 76 items of computer evidence in 1998, while assisting other investigative units of the Sheriff's Department, other County departments, and outside agencies, both municipal and state. Over 230 computers have now been forensically processed at the CCU forensics lab located at the STARS Center.

Examples of computer crimes where CCU has assisted other units/agencies this past year are:

- 🔍 *Vehicle theft rings/smuggling*
- 🔍 *Cellular telephone*
- 🔍 *Embezzlement*
- 🔍 *Software counterfeiting*
- 🔍 *Counterfeiting of credit cards, personal and business checks, travelers checks, identification*
- 🔍 *Major fraud (building contractors, insurance and real estate frauds)*
- 🔍 *Product trademark violations*
- 🔍 *Child pornography*
- 🔍 *Narcotics trafficking*
- 🔍 *Cable television signal theft*
- 🔍 *Homicides*

Response

The CCU now has the ability to respond to field requests from other units, both preplanned and unplanned. They have responded to several search warrant operations where computer evidence was involved, and have been able to assess and/or analyze evidence, on a limited basis, in the field. The CCU will soon have a high-tech mobile response vehicle which will be used to respond to the type of requests previously mentioned, to provide immediate assessment of evidence without the need to transport it back to the lab for processing.

Training

The CCU currently provides, on a quarterly basis, a four hour block of instruction at the STARS Center to new investigators in the Advanced Officer Basic Investigators Course. There are future plans to start a 24-hour course exclusively dedicated to the investigation of high-tech crimes, as well as an entry level course for deputy sheriff trainees in the Academy.

High-Tech Task Force

The CCU is representing the Sheriff's Department by actively participating in the Los Angeles/Orange Counties Regional High-Tech Task Force (HTTF) of the California Statewide High Technology Apprehension and Prosecution Program. This program, which started as a pilot project in 1996, involved nine Sacramento Valley counties in an effort to combat multijurisdictional high-tech crimes. The recent passage of Senate Bill 1734 has allowed the program to expand statewide to include other regions within the State. The Los Angeles County Sheriff's Department is the lead agency for the region.

HIGHLIGHTED FROM DETECTIVE DIVISION

Internet Crime

The CCU is currently investigating several different crimes on the Internet, some are new and some are conventional crimes that have merely upgraded the means of conveyance for information. During 1998, the CCU took down a college campus Web site that was distributing pornographic material and draining campus communications resources. They also caught and prosecuted a school district employee who had tampered with, and successfully sabotaged, an entire school district Internet system.

Detective Information Resource Center (DIRC)

The DIRC continues to expand its services and caseload exponentially. As DIRC's reputation for quality and thoroughness increases, so has its demand for service. 1998 saw a 56 percent caseload increase over 1997, and that number is expected to double again in 1999. What was originally designed as a Detective Division ancillary function has become a standard for the Department and law enforcement agencies throughout the United States. It is not uncommon for specialized units, including the Special Enforcement Bureau, the Arson/Explosives Detail, the Metro Team, or the Special Investigation Bureau, to make DIRC one of their first contacts on a high risk roll out. More than once, DIRC has provided invaluable information to ameliorate a barricaded situation or offset a terrorist threat. With their arsenal of on-line, direct link, and Internet search capabilities, DIRC has been able to locate wanted suspects, identify true owners of fictitious money laundering businesses, and uncover obscure yet culpable patterns of criminal activity in sophisticated white collar crimes.

In response to the increase of investigative requests, the number of DIRC personnel, and areas of expertise has expanded. Over the past year, DIRC has augmented its staff to nine researchers and three computer systems technicians. With this enhanced expertise comes a magnification of DIRC's capabilities to tap into more public databases, utilize cutting edge software, receive advanced training and connect to some of the most reliable information networks. What would have taken weeks, a few years ago, is now available within minutes.

Vehicle/Metal Theft Detail

This Detail is responsible for the investigation of organized vehicle thefts throughout the County. Detail personnel provide assistance to station detectives, particularly on cases involving multiple jurisdictions, conspiracies, fraud and counterfeit title documents. They also investigate heavy-duty commercial vehicle and construction equipment theft. They maintain liaison with major industrial metal supply sources, and assist station detectives in identifying, locating, and prosecuting suspects who deal with stolen property in scrap metal yards. Their daily tasks include the identification of vehicle and component parts with missing or altered identification numbers.

During the year, Vehicle/Metal Theft Detail investigators began investigating the theft of motor vehicles by fraudulent means. These cases were previously investigated by the Forgery/Fraud Detail. The change in case assignment was due to the evidence that organized vehicle theft rings have branched out from car stripping to this type of theft. The Detail is responsible for inspecting all towing facilities under contractual agreement with the Department.

HIGHLIGHTED FROM DETECTIVE DIVISION

The total number of reported vehicle thefts for 1998, statewide, for all vehicle categories, was 63,970, with an overall recovery rate of 86.2 percent.

Significant Investigations

Vehicle/Metal Theft Detail investigators began working with Las Vegas Metro Vehicle Theft Task Force known as "Viper" in tracking Nevada salvaged vehicles into California, where the vehicles are being rebuilt with stolen parts and sold to unsuspecting buyers. By obtaining Nevada vehicles, the purchaser is able to gain ownership of the vehicle without the word "salvage" on the title.

Salvaged vehicles, industry wide, are valued at 1/3 to 1/2 lower than non salvaged vehicles. This ongoing investigation has netted several vehicles.

Vehicle theft investigators recovered approximately 11 forklifts, valued at more than \$350,000, while working in conjunction with Forgery/Fraud Detail investigators on another matter. Detail members developed information on an equipment rental yard in Sylmar that was stealing equipment, renumbering the equipment, and then renting it to contractors throughout Southern California. Fourteen scissor lifts, valued at more than \$200,000, were recovered.



Accelerant detection canine "Billy", and handler Deputy Silvia Faris.