



COUNTY OF LOS ANGELES
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TO: SUPERVISOR ZEV YAROSLAVSKY, Chairman
SUPERVISOR GLORIA MOLINA
SUPERVISOR YVONNE BRATHWAITE BURKE
SUPERVISOR DON KNABE
SUPERVISOR MICHAEL D. ANTONOVICH

FROM: LLOYD W. PELLMAN
County Counsel

RE: **Marshall Redman Land Fraud Case**

This memorandum serves as the quarterly report on the status of the court-appointed receiver's activities on behalf of the victims in the Marshall Redman ("Redman") land fraud case.

Mr. Richard Weissman, the receiver ("Receiver"), is continuing to work with many of Redman's land fraud victims to provide them with clear title either to the properties they purchased or to replacement properties. In other cases, the Receiver is assisting victims in rescinding their purchases altogether. Despite the complexities of identifying and curing the many different title problems associated with this case, the Receiver continues to make steady progress and optimistically predicts that the bulk of his activities could be completed by the end of 2002.

As previously reported, the Receiver has asked the Court for an order requiring the Kern County Treasurer and Tax Collector to cancel the Kern County property tax delinquency penalties pursuant to the Revenue and Taxation Code. Delinquent taxes in the amount of \$261,202 are owed to Kern County on 657 parcels of property under the supervision of the Receiver. In addition to that amount, Kern County has assessed a total of \$248,973 in delinquency penalties against these parcels. Many Redman victims are not able to pay the delinquency penalties necessary to redeem the parcels from default status. As a result, these properties are not available to the Receiver in his plan to provide the Redman victims with clear title

through exchanges or purchases of replacement properties. On May 1, 2002, the Court granted the Receiver's request and ordered Kern County to cancel the delinquency penalties. Kern County is appealing the Court's ruling.

On May 7, 2002, Supervisor Antonovich's office hosted a meeting to discuss the status of the key-based water supply program and interactions between the Redman victims and the Receiver. The meeting was attended by the Receiver, members of the Department of Public Works, and County Counsel. Also in attendance was a representative from the Salvation Army who provided insight as to the concerns of the Redman victims and their individual challenges and needs.

According to the Salvation Army representative, some of the Redman victims have not responded to the Receiver's requests to meet and resolve their individual accounts due to lack of understanding, fear, and distrust of governmental agencies. The Receiver volunteered to conduct additional general informational meetings to explain the rights and responsibilities of the Redman victims. The Salvation Army representative agreed to help advertise and encourage attendance at these meetings.

With regard to the key-based water supply program, approximately 40 Redman victims are allowed to withdraw and transport water from a County operated well. The program, which predates the Redman land fraud case, was originally created to allow area residents whose property was 1) within the waterworks district, 2) not abutting an existing water main, and 3) improved with a permitted structure built before 1961, to withdraw water. The Redman victims do not qualify under these requirements but are still allowed to withdraw water. The Receiver has requested that the County suspend participation in the water program for the Redman victims that have not responded or cooperated with the Receiver. The Receiver hopes to use participation in the water program as an incentive for the victims to cooperate with the Receiver.

The Receiver continues to work with the Department of Regional Planning ("Regional Planning") to remove any notices of violation from parcels included in the receivership estate. In particular, the Receiver has requested that Regional Planning remove a notice of violation from a parcel of property identified as assessor parcel number 3382-014-013. Iglesia Centro Cristiano ("Church"), the proposed grantee, has paid its account in full to the receivership. The only obstacle to the consummation of the transaction is the notice of violation. However, because the parcel is among several others that have been illegally subdivided several times, Regional Planning requested that the Receiver consolidate the illegally subdivided parcels back into the original legally subdivided parcel. Thereafter, the Receiver can properly subdivide the property and consummate the transaction with the Church.

The Receiver is preparing a claims process for Redman victims to assert damages and recover monetary costs incurred as a result of the land fraud. The Receiver contemplates a sale of excess inventory to provide funds for recoverable damages. The Receiver has indicated that he will review the private investigator's report, provided by this office, to determine whether there are additional Redman assets that may be seized on behalf of the receivership estate and distributed to the Redman victims.

Approximately 70 percent of all Redman victims' accounts have been formally resolved. The resolution of many of the unresolved accounts has been delayed, because the Receiver has been unable to contact the victims in spite of an extensive notice process. Other accounts remain unresolved because the victims have not attended their scheduled appointments, even though they received notice of the appointments.

If you have any questions regarding this matter, please contact me, John Krattli at (213) 974-1838 or Tom Boze at (213) 974-1860.

LWP:TEB:gm

c: David E. Janssen
Chief Administrative Officer

Violet Varona-Lukens, Executive Officer
Board of Supervisors