

EXECUTIVE OFFICE



**BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES**

EDWARD YEN
EXECUTIVE OFFICER

**COUNTY OF LOS ANGELES
EXECUTIVE OFFICE
BOARD OF SUPERVISORS**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 383
LOS ANGELES, CALIFORNIA 90012
(213) 974-1411 • www.bos.lacounty.gov

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May 13, 2025

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVE THE RECOMMENDATION OF THE HEARING OFFICER TO RESCIND THE SALE OF
TAX-DEFAULTED PARCEL ASSESSOR IDENTIFICATION NUMBER (AIN) AIN 3038-030-042-
PROPERTY ADDRESS 33553 N. LONGVIEW ROAD, PEARBLOSSOM, CALIFORNIA 93553
(All Districts) (3 Votes)**

SUBJECT

The above-referenced parcel of real property was sold in or around December 2023, by the County Treasurer and Tax Collector (TTC) at the 2023 Public Auction of Tax Defaulted Property. Subsequently, Ms. Barbara Bailey, the previous owner of the property, petitioned your Board to request that the sale be rescinded.

Pursuant to California Revenue and Taxation (R&T) Code Section 3731, a hearing was conducted on December 18, 2024, before the appointed Hearing Officer.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the recommendation in the attached report from the Hearing Officer to rescind the sale of AIN 3038-030-042.
2. Instruct the Executive Officer to notify the Assessor and the other parties to the sale that the sale will be rescinded, and the purchase price refunded to the purchaser of the parcel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approving the recommendation of the Hearing Officer in this matter keeps the County in compliance with the relevant sections of the R&T Code and US Code 11 Section 362.

Implementation of Strategic Plan Goals

Your Board's approval of the recommendations will further the County's Strategic Plan North Star 3- Realize Tomorrow's Government Today, Focus Area A- Communication & Public, Strategy I.- Customer Service by providing the petitioners seeking to rescind tax sales with an Executive Officer-appointed Hearing Officer and by avoiding unnecessary and potentially costly legal proceedings.

FISCAL IMPACT/FINANCING

The fiscal impact resulting from the approval of the Hearing Officer's recommendation will require the County to:

- 1) Rescind the tax deed issued and recorded following the tax sale of the property upon confirmation that the tax sale purchaser has valid title to the property.
- 2) Return the subject parcels to the owner of record at the time of the 2023 Tax Sale following rescission of the tax deed.
- 3) Refund the purchaser in the amount of \$ 61,319 plus interest calculated through the date of the refund, following the rescission of the tax deed.

The interest paid on the refund is a net county cost and is calculated based on the County pool apportioned rate for the time period starting on the date of the purchase and ending on the date of the rescission recordation as specified in R&TC sections 3731(c) and 5151.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

California R&T Code Section 3725 provides for a proceeding based on alleged invalidity or irregularity of any proceedings instituted under the chapters governing sale of tax-defaulted property.

The request referenced in this letter meets the statutory guidelines and accordingly required that the Board of Supervisors conduct, or cause to be conducted through an appointed Hearing Officer, a hearing on the matter.

The hearing having been conducted, and a recommendation from the Hearing Officer received, your Board is now required to accept or reject the recommendation.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

No impact.

The Honorable Board of Supervisors

5/13/2025

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Respectfully submitted,

A handwritten signature in cursive script that reads "Edward Yen".

Edward Yen

Executive Officer

EY:dg

Enclosures

c: Chief Executive Officer
County Counsel
Assessor
Auditor-Controller
Treasurer and Tax Collector

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KATHRYN BARGER

April 1, 2025

Edward Yen, Executive Officer
County of Los Angeles, Board of Supervisors
500 West Temple Street
Los Angeles, CA 90012

Dear Mr. Yen:

Re: HEARING FOR PETITION TO RESCIND AIN 3038-030-042

The Treasurer & Tax Collector (TTC) has the power to sell nonresidential commercial property that has been delinquent for three or more years and residential property that has been delinquent for five or more years. Pursuant to Revenue and Taxation Code (R&TC) sections 3725 and 3731, the Board of Supervisors may rescind a tax sale only if there is invalidity or irregularity in the tax sale process.

Procedural History:

This petition arises out of a tax sale auction held on or about December 2, 2023, conducted on behalf of the TTC by a private online auction company. At that auction, the TTC sold the property identified as AIN # 3038-030-042 (Property) and assessed to Barbara Bailey (Petitioner) to Elia Investment Group LLC (Purchaser). The Property consists of a parcel of land with a small incomplete improvement, located in the high desert unincorporated area of Pearblossom, and was tax-defaulted in 2008 for failure to pay secured property taxes for many years. The Property was initially offered at a tax sale conducted by the same online auction company on October 21-24, 2023, at a minimum bid of \$122,782 but did not attract any successful bids. It was offered again and sold on December 2, 2023, at the reduced minimum bid of \$61,391.

On December 18, 2024, I served as the authorized Hearing Officer on behalf of the Board of Supervisors for a hearing on the Petition to Rescind Sale of Tax-Defaulted Property (Petition) filed on March 7, 2024, on behalf of Petitioner. The following people were present at the hearing:

1. Lucia Gonzalez, County Counsel advisor to the Hearing Officer
2. Joyce Aiello, County Counsel advisor to the Hearing Officer
3. Deondria Barajas, TTC
4. Michael McComas, Assistant Operations Chief, TTC
5. Nicole Alcaraz, Operation Chief, TTC6.
6. Drew Taylor, County Counsel for TTC
7. Mark Rosen, Petitioner's Counsel

8. Michael Hahn, County Counsel
9. Kristine Miles, County Counsel
10. David Michael Miller, County Counsel
11. Oscar Will, County Counsel
12. Panik Nazarian, Board of Supervisors Executive Office

Evidence Presented:

As Hearing Officer, I considered the following evidence:

- Ms. Barbara Bailey's Petition to Rescind Sale of Tax-Defaulted Property, along with letters and exhibits submitted by petitioner's attorney Mark Rosen;
- Respondent TTC's Brief in Opposition to Barbara J. Bailey's Petition for Rescind Sale of Tax-Defaulted Property;
- Declaration of Michael McComas in Support of Respondent TTC's Opposition to Barbara J. Bailey's Petition to Rescind Sale of Tax-Defaulted Property;
- Testimony of Petitioner's counsel Mark Rosen and testimony of Mr. McComas on behalf of TTC;
- Additional briefing submitted by Petitioner's attorney Mark Rosen on the issue of Notice; and
- Additional briefing submitted by Drew Taylor (Respondent TTC's attorney) on the issue of Notice.

Factual History Based on the Evidence Presented:

The original petition was received in the Executive Office on or about March 7, 2024. After receiving the Petition to Rescind the Sale of Tax-Defaulted Property, the TTC learned that the Purchaser at the tax sale transferred the Property by way of quit claim deed recorded on June 18, 2024, to Jose R. Gonzalez Ferreyra. The TTC requested information about the transfer from the Purchaser but did not receive sufficient details to assess whether the transfer was to a bona fide purchaser for value. Pursuant to R&TC section 3731, a sale may be rescinded by the Board of Supervisors if the property has not been transferred or conveyed by the purchaser at the tax sale to a bona fide purchaser for value. Because the Petitioner requested a hearing and TTC could not determine if the post tax sale transfer of the Property was to a bona fide purchaser, a hearing on the Petition was conducted.

Petitioner's Position and Evidence

The Petitioner claimed that the sale was defective for lack of proper notice. They further claimed that the postmaster confirmed that no mail from TTC was sent or delivered to the property address. No evidence was provided by Petitioner to corroborate this claim during the hearing. However, the Petitioner's counsel, Mr. Rosen, did provide evidence that on October 19, 2023, he emailed both TTC and the auction company notifying them that he objected to the sale and believed his client was not properly notified. In his email, Mr. Rosen also raised concerns regarding the assessment of the Property and asked that the sale be stopped until notice provisions for a tax sale were completed. TTC acknowledges receiving that email. Mr. Rosen received no response from either

TTC or the auction company. The Property did not sell during the scheduled October 2023 auction dates.

On November 30, 2023, the Petitioner's attorney sent a second email to both TTC and the auction company. Once again, Mr. Rosen asked that any tax sale of the Property be stopped until the required notice provisions were complied with and, again, he received no response from either TTC or the auction company. TTC acknowledges receiving that email. The Property was sold at an online auction on December 2, 2023, at a reduced minimum bid price.

The Petitioner mistakenly believed that TTC postponed the original October 2023 auction dates. Testimony given clarified that TTC never postponed the auction dates. Rather, the evidence demonstrated that the auction notice sent by TTC but not received by the Petitioner contained two possible online auction sale periods. The first sale period was October 21-24, 2023, after Petitioner's counsel's first email to TTC was sent. At this first auction, the minimum bid for the Property was \$122,782. No successful bids were placed during this October 2023 auction period and the property did not sell. The second auction period listed in the notice was December 2-5, 2023, after Petitioner's counsel's second email was sent to TTC. The notice listed this second auction as a "follow-up sale." It was during this second auction period that the property was sold for \$61,391. Because TTC never responded to either of the Petitioner's attorney's emails and the Petitioner did not receive the auction notice, they were never informed whether there was a continued opportunity to redeem the Property from tax-default. Further, the term "follow up" sale used in the auction notice is not found in the R&TC and creates further ambiguity as to whether the right to redeem a property revives if it remains unsold at the end of the initial auction period and before the minimum bid is reduced.

TTC's Position and Evidence

TTC asserted that all necessary steps were taken to identify and notify parties of interest, including Petitioner, and that the tax sale of the Property is valid.

TTC provided evidence demonstrating that each Annual Property Tax Bill sent to the Petitioner at the address of record contained information regarding the delinquent tax status of the Property. TTC also supplied evidence that the secured property taxes assessed to the Property were delinquent as early as 2008 and no payments on delinquent taxes or current taxes were received prior to the Property being sold at auction.

TTC further produced evidence that notice of the tax sale auction was sent to known and potential parties of interest of the Property identified through TTC's research process. TTC provided evidence demonstrating that the notice was sent to the Petitioner by certified mail with return receipt at her last known mailing address and the situs address for the Property and provided the United States Postal Service (USPS) tracking records showing attempted delivery of the notice to the Petitioner's last known mailing address. The USPS tracking records reflected that the notice was left for the Petitioner, but that the delivery of the notice was not completed because "No Authorized

Recipient was Available". This USPS tracking record provided TTC with knowledge prior to the "follow up" sale that the Petitioner never received notice of auction.

Findings

TTC's knowledge that Petitioner never received a notice of auction, coupled with receipt of the October 19, 2023, and November 30, 2023, email inquiries from the Petitioner's counsel should have warranted a response to Petitioner or Petitioner's counsel by TTC and further review and consideration of selling the Property at auction. Clearly, Petitioner was uncertain of the auction status of the Property and retained counsel in effort to obtain information. TTC failed to respond to Petitioner's counsel's requests for clarification and/or information regarding the Property's tax delinquencies and possible auction sale, which were received before the Property was offered at auction.

Additionally, R&TC section 3704 requires notices of intended tax auction sale include eleven instructions. Review of the notice sent to the Petitioner reveals it lacked two of the eleven instructions. The notice failed to indicate 1) the locations of computer workstations that are available to the public and instructions on accessing the public auction and submitting bids if the intended sale is conducted via the internet or other electronic media and 2) a statement that if the parcel remained unsold after the tax sale, the date, time, and location of any subsequent sale. As mentioned earlier the notice did indicate a "follow-up sale" date, but it gave no instruction or further information as to the meaning of "follow-up sale".

The evidence presented indicated that TTC had a reasonable amount of time after the property went unsold at the first auction to provide to the Petitioner and/or Petitioner's counsel with a response and details on the status of the impending tax sale and any instructions to redeem the property. It failed to do so.

Recommendation

Because TTC had actual knowledge that the auction notices were not received by the Petitioner and ample time to respond to Petitioner's counsel's inquiries prior to both tax sale auction offerings of the Property, TTC should have made additional reasonable efforts to provide notice and clarification to the Petitioner and/or Petitioner's counsel before selling the Property. I find that TTC's failure to respond when it had a duty and opportunity to do so created an irregularity in the tax sale process. Therefore, I recommend the sale of AIN 3038-030-042 be rescinded.

Please let me know if you have any questions.

Sincerely,

Don Garcia

Don Garcia
Hearing Officer

Edward Yen
April 1, 2025
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c: Lucia Gonzalez
Joyce Aiello