
SENATE COMMITTEE ON PUBLIC SAFETY

Senator Jesse Arreguín, Chair
2025 - 2026 Regular

Bill No: AB 2553 **Hearing Date:** June 30, 2026
Author: Petrie-Norris
Version: April 23, 2026
Urgency: No **Fiscal:** Yes
Consultant: NDT

Subject: *Real estate crimes: probation*

HISTORY

Source: California Association of Realtors

Prior Legislation: AB 1316 (Bonta), Ch. 575, Stats. of 2025
AB 2106 (McCarty), Ch. 1007, Stats. of 2024
AB 508 (Petrie-Norris), Ch. 264, Stats. of 2023
AB 890 (Patterson), Ch. 818, Stats. of 2023
AB 1753 (Gallagher), held in Assembly Water, Parks and Wildlife, 2022
SB 73 (Wiener), Ch. 537, Stats. of 2021
AB 1950 (Kamlager) Ch. 328, Stats. of 2020

Support: Chief Probation Officers' of California; Los Angeles County District Attorney's Office

Opposition: ACLU California Action; California Public Defenders Association; Californians United for a Responsible Budget; Justice2Jobs Coalition; La Defensa; Local 148 Los Angeles County Public Defender's Union

Assembly Floor Vote: 70 - 0

PURPOSE

The purpose of this bill is to extend probation for one additional year, if the court finds that it is necessary for the completion of programming, for certain convictions relating to crimes involving real property.

Existing law authorizes the court or judge, in the order granting probation, to suspend the imposing or the execution of the sentence and to direct that the suspension may continue for a period of time not exceeding two years, and upon those terms and conditions as it shall determine. (Pen. Code, § 1203.1, subd. (a).)

Existing law authorizes the court or judge, in the order granting probation and as a condition thereof, to imprison the defendant in a county jail for a period not exceeding the maximum time fixed by law in the case. (Pen. Code, § 1203.1, subd. (a).)

Existing law authorizes the court to impose and require any or all of the terms of imprisonment, fine, and conditions specified in this section, and other reasonable conditions, as it may determine are fitting and proper to the end that justice may be done, that amends may be made to

society for the breach of the law, for any injury done to any person resulting from that breach, and generally and specifically for the reformation and rehabilitation of the probationer, and that should the probationer violate any of the terms or conditions imposed by the court in the matter, it shall have authority to modify and change any and all the terms and conditions and to reimprison the probationer in the county jail within the limitations of the penalty of the public offense involved. (Pen. Code, § 1203.1, subd. (j).)

Existing law states that upon the defendant being released from the county jail under the terms of probation as originally granted or any modification subsequently made, and in all cases where confinement in a county jail has not been a condition of the grant of probation, the court shall place the defendant or probationer in and under the charge of the probation officer of the court, for the period or term fixed for probation. (Pen. Code, § 1203.1, subd. (j).)

Existing law requires that, upon the payment of any fine imposed and the fulfillment of all conditions of probation, probation must cease at the end of the term of probation, or sooner, in the event of modification. (Pen. Code, § 1203.1, subd. (j).)

Existing law requires that the two-year felony probation limit not apply to:

- A violent felony, as specified, and an offense that includes specific probation lengths within its provisions. For these offenses, the court, or judge thereof, in the order granting probation, may suspend the imposing or the execution of the sentence and may direct that the suspension may continue for a period of time not exceeding the maximum possible term of the sentence and under conditions as it shall determine.
- A felony conviction for grand theft, as specified, embezzlement, and fraudulently obtaining money, property, or labor, if the total value of the property taken exceeds twenty-five thousand dollars (\$25,000). For these offenses, the court, or judge thereof, in the order granting probation, may suspend the imposing or the execution of the sentence and may direct that the suspension may continue for a period of time not exceeding three years, and upon those terms and conditions as it shall determine. (Pen. Code, § 1203.1, subd. (1)(1)-(2).)

Existing law requires that the following apply to felony probation, as specified:

- The court may fine the defendant in a sum not to exceed the maximum fine provided by law in the case.
- The court may, in connection with granting probation, impose either imprisonment in a county jail or a fine, both, or neither.
- The court shall provide for restitution in proper cases.
- The court may require bonds for the faithful observance and performance of any or all of the conditions of probation. (Pen. Code, § 1203.1, subd. (a)(1)-(4).)

Existing law provides that, in counties or cities and counties where road camps, farms, or other public work is available the court may place the probationer in the road camp, farm, or other public work instead of in jail. (Pen. Code, § 1203.1, subd. (c).)

Existing law states that a person commits mortgage fraud if, with the intent to defraud, the person does any of the following:

- Deliberately makes, uses, or facilitates any misstatement, misrepresentation, or omission during the mortgage lending process with the intention that it be relied on by a mortgage lender, borrower, or any other party to the mortgage lending process.
- Receives any proceeds or any other funds in connection with a mortgage loan closing that the person knew resulted from a defined violation.
- Files or causes to be filed with the recorder of any county in connection with a mortgage loan transaction any document the person knows to contain a material misstatement, misrepresentation, or omission. (Pen. Code, § 532f, subd. (a).)

Existing law provides that a mortgage broker or person who originates a loan commits mortgage fraud if, with the intent to defraud, the person does either of the following:

- Instructs or otherwise deliberately causes a borrower to sign documents reflecting the terms of a business, commercial, or agricultural loan, with knowledge that the borrower intends to use the loan proceeds primarily for personal, family, or household use.
- Instructs or otherwise deliberately causes a borrower to sign documents reflecting the terms of a bridge loan, with knowledge that the loan proceeds will be not used to acquire or construct a new dwelling. (Pen. Code, § 532f, subd. (b).)

Existing law requires that an offense involving mortgage fraud not be based solely on information lawfully disclosed pursuant to federal disclosure laws, regulations, or interpretations related to the mortgage lending process. (Pen. Code, § 532f, subd. (c).)

Existing law states that, notwithstanding any other provision of law, an order for the production of any or all relevant records possessed by a real estate recordholder may be issued by a judge upon a written ex parte application made under penalty of perjury by a peace officer stating that there are reasonable grounds to believe that the records sought are relevant and material to an ongoing investigation of a felony fraud violation. (Pen. Code, § 532f, subd. (d)(1).)

Existing law authorizes that fraud involving a mortgage loan only be prosecuted when the value of the alleged fraud meets the threshold for grand theft, as defined. (Pen. Code, § 532f, subd. (k).)

Existing law defines “person” as any individual, partnership, firm, association, corporation, limited liability company, or other legal entity. (Pen. Code, § 532f, subd. (j)(1).)

Existing law defines “mortgage lending process” as the process through which a person seeks or obtains a mortgage loan, including, but not limited to, solicitation, application, origination, negotiation of terms, third-party provider services, underwriting, signing and closing, and funding of the loan. (Pen. Code, § 532f, subd. (j)(2).)

Existing law defines “mortgage loan” as a loan or agreement to extend credit to a person that is secured by a deed of trust or other document representing a security interest or lien upon any interest in real property, including the renewal or refinancing of the loan. (Pen. Code, § 532f, subd. (j)(3).)

Existing law defines “real estate recordholder” as any person, licensed or unlicensed, that meets any of the following conditions:

- Is a title insurer that engages in the “business of title insurance” as defined, an underwritten title company, or an escrow company.
- Functions as a broker or salesperson by engaging in any specified acts.
- Engages in the making or servicing of loans secured by real property. (Pen. Code, § 532f, subd. (j)(4).)

Existing law defines probation as “the suspension of the imposition or execution of a sentence and the order of conditional and revocable release in the community under the supervision of a probation officer.” (Pen. Code, § 1203, subd. (a).)

Existing law authorizes the court to impose and require any or all of the terms of imprisonment, fine, and other reasonable conditions as it may determine are fitting and proper to the end that justice may be done, that amends may be made to society for the breach of the law, for any injury done to any person resulting from that breach, and generally and specifically for the reformation and rehabilitation of the probationer, and that should the probationer violate any of the terms or conditions imposed by the court in the matter, the court shall have authority to modify and change any and all the terms and conditions and to reimprison the probationer in the county jail within the limitations of the penalty of the public offense involved. (Pen. Code, § 1203.1, subd. (j).)

Existing law requires that, upon the defendant being released from the county jail under the terms of probation as originally granted or any modification subsequently made, and in all cases where confinement in a county jail has not been a condition of the grant of probation, the court shall place the defendant or probationer in and under the charge of the probation officer of the court, for the period or term fixed for probation. (Pen. Code, § 1203.1, subd. (j).)

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Existing law establishes the right of crime victims to receive restitution directly from the persons convicted of the crimes for losses they suffer. (Cal. Const., art I, § 28, subd. (b).)

Existing law requires the sentencing court to order the defendant to pay victim restitution to fully reimburse the victim for economic losses resulting from the defendant's criminal conduct. (Pen. Code, § 1202.4, subd. (f)(3).)

Existing law provides that the restitution order shall include interest, at the rate of 10% per annum, that accrues as of the date of sentencing or loss, as determined by the court. (Pen. Code, § 1202.4, subd. (f)(3)(G).)

Existing law provides that a defendant's inability to pay shall not be a consideration in determining the amount of a restitution order. (Pen. Code, § 1202.4, subd. (g).)

Existing law specifies that a victim restitution order is enforceable as a civil judgment, and enforceable in the same manner as is provided for the enforcement of any other money judgment. (Pen. Code, §§ 1202.4, subd. (i); 1214, subd. (b).)

Existing law states that victims shall have access to all resources available under the law to enforce the victim restitution order, including, but not limited to, access to the defendant's financial records, use of wage garnishment and lien procedures, information regarding the defendant's assets, and the ability to apply for restitution from any fund established for the purpose of compensating victims in civil cases. (Pen. Code, §1214, subd. (b).)

Existing law states that any portion of a victim restitution order that remains unsatisfied after a defendant is no longer on probation, parole, post-release community supervision or mandatory supervision, after a term in custody, or after completing diversion is enforceable by the victim. (Pen. Code, §§ 1202.4, subd. (l); 1214, subd. (b).)

Existing law allows local collection programs to continue to enforce victim restitution orders once a defendant is no longer on probation, post-release community supervision, or mandatory supervision or after completion of a term in custody. (Pen. Code, § 1214, subd. (b).)

Existing law provides that victim restitution orders that are due and payable may be referred to the Franchise Tax Board (FTB) for collection under guidelines prescribed by the FTB. (Rev. & Tax Code, § 19280, subs. (a)(1)(A) & (a)(2)(A).)

Existing law authorizes interest to be imposed on delinquent payments. (Rev. & Tax Code, § 19280, subd. (f).)

Existing law prohibits a defendant from discharging during bankruptcy debt incurred from victim's restitution ordered as a condition of probation. (*Kelly v. Robinson* (1986) 479 U.S. 36.)

Existing law creates the Real Estate Recovery Program which allows a victim, who has an order for criminal restitution against a defendant based upon the defendant's fraud, misrepresentation, or deceit, made with intent to defraud, or conversion of trust funds, arising directly out of any transaction in which the defendant, while licensed, performed acts for which a real estate license or a prepaid rental listing service license was required, to file an application with the Department of Real Estate for payment from the Consumer Recovery Account of the amount unpaid on the judgment that represents an actual and direct loss to the claimant in the transaction. (Bus. & Prof. Code, §§ 10471 et. seq.)

This bill authorizes that, notwithstanding other specified laws, an additional year of probation for a defendant who was convicted of the following existing offenses if the conviction was related to the purchase or sale of real property, a mortgage involving real property, the recording or attempted recording of a real estate instrument, or a home loan modification:

- Procuring or offering any false or forged instrument to be filed, registered, or recorded in any public office. (felony)
- Making a false sworn statement to a notary public. (felony)
- Fraudulently removing his or her property or effects out of this state with intent to defraud, hinder or delay his or her creditors of their rights, claims, or demands. (misdemeanor)
- Theft, embezzlement, forgery, fraud, or identity theft, with respect to the property or personal identifying information of an elder or a dependent adult. (wobbler)
- Intent to defraud by signing the name of another person or of a fictitious person. (wobbler)
- Alters, falsifies, forges, duplicates or in any manner reproduces or counterfeits any driver's license or identification card issued by a governmental agency with the intent that such driver's license or identification card be used to facilitate the commission of any forgery. (wobbler)
- Displays any driver's license or identification card with the intent that the driver's license or identification card be used to facilitate the commission of any forgery. (wobbler)
- Possesses or receives, with the intent to pass or facilitate the passage, any forged, altered, or counterfeit items. (wobbler)
- Grand theft when money, labor, real property, or personal property taken is of a value exceeding \$950. (wobbler)
- Falsely personates another in either his or her private or official capacity. (wobbler)
- Manufactures, sells, offers for sale, or transfers any document purporting to be a government-issued identification card or driver's license. (misdemeanor)
- Willfully obtains personal identifying information of another person, and uses that information for any unlawful purpose, without the consent of that person. (wobbler)
- Fraudulent conveyance of any lands, tenements, or hereditaments, goods or chattels, or any right or interest issuing the same. (misdemeanor)
- Knowingly executes or procures another to execute any instrument purporting to convey any real property, or any right or interest therein, knowing that such person so executing has no right to or interest in such property. (misdemeanor)
- Knowingly defrauds any other person of money, labor, or property, whether real or personal, or who causes or procures others to report falsely of his or her wealth or mercantile character. (wobbler)
- Commits mortgage fraud with the intent to defraud. (wobbler)
- Selling, bartering, or disposing of any tract of land or town lot, willfully and with intent to defraud previous or subsequent purchasers, to any other person for valuable consideration. (felony)
- Married or in a registered domestic partnership, who falsely and fraudulently represents himself or herself as competent to sell or mortgage any real estate, to the validity of which sale or mortgage the assent or concurrence of his or her spouse is necessary, and under such representations willfully conveys or mortgages the same. (felony)
- Gives, offers, or agrees to give to any director, officer, or employee of a financial institution anything of value for his own personal benefit or of personal advantage, for procuring or endeavoring to procure for any person a loan or extension of credit from such financial institution. (felony)
- Negotiates, arranges, or otherwise offers to perform a mortgage loan modification or other form of mortgage loan forbearance for a fee or other compensation paid by the borrower. (misdemeanor for an individual; fine and civil assessment for a business entity)

This bill states that if a defendant is on formal probation, the period of probation may be extended if the probation department files a petition to the court and the court makes a finding that additional time is necessary for programming, in which case the court may order the term of probation to continue as necessary for a period not exceeding one additional year and under the conditions as it shall determine.

This bill states that if a defendant is on informal or summary probation, the period of probation may be extended if the court makes a finding that additional time is necessary for programming, in which case the court may order the term of probation to continue as necessary for a period not exceeding one additional year and under the conditions as it shall determine.

This bill establishes that nothing in this law is intended to preclude punishment under any other provision of law, including the white-collar crime enhancement statute.

COMMENTS

1. Need for This Bill

According to the author:

State and Federal officials from the Federal Bureau of Investigation to the California Attorney General have recognized the growing problem of crimes related to real estate fraud. For example, scammers take advantage of struggling homeowners and take mortgage payments that should be going to the lender. Perpetrators tend to prey on older victims who are facing financial hardship and target their main source of wealth—their home.

If a scammer is convicted of a crime related to real estate fraud, the maximum allowable probation period is one year for a misdemeanor or two years for a felony. This bill allows the court to make a finding that additional time is necessary for the defendant to complete programming by one additional year for both misdemeanors and felonies for a targeted list of crimes relating to real estate fraud. This increased judicial oversight ensures perpetrators of real estate fraud get the court-ordered, structured rehabilitation classes, treatment programs, or educational courses they need.

2. Supervision Reform

Defendants convicted of misdemeanors, and most felonies, are eligible for probation based on the discretion of the court. When considering the imposition of probation, the court evaluates the safety of the public, the nature of the offense, the interests of justice, the loss to the victim, and the needs of the defendant. (Pen. Code, § 1202.7.) The court also has broad discretion to impose conditions that foster the defendant’s rehabilitation and protect public safety. (*People v. Carbajal* (1995) 10 Cal.4th 1114, 1120.) A valid condition must be reasonably related to the offense and aimed at deterring misconduct in the future. (*Id.* at p. 1121.)

Probation is the suspension of a custodial sentence and a conditional release of a defendant into the community. Probation can be “formal” or “informal.” Formal probation is under the direction

and supervision of a probation officer. Generally, the level of probation supervision will be linked to the level of risk the probationer presents to the community.

Prior to 2021, when a defendant was convicted of a felony, the court could impose a term of probation for up to five years, or no longer than the prison term that can be imposed if the maximum prison term exceeds five years. (Pen. Code, § 1203.1.) In misdemeanor cases, the court could impose a term of probation for up to three years, or no longer than the maximum term of imprisonment if more than three years. (Pen. Code, § 1203a.) Under this scheme, a study by the Justice Center of the Council of State Governments found that a large portion of people violated probation and end up incarcerated as a result; 24% of prison admissions in California are the result of supervision violations, many of which were for technical reasons.¹ Prior to AB 1950, incarceration for supervision revocations cost California taxpayers at least \$2 billion annually.

After 2021, AB 1950 (Kamlager), Chapter 328, Statutes of 2020, limited probation to two years for a felony and one year for a misdemeanor, except where an offense is a specified violent felony and includes specific probation lengths within its provisions or for certain felony theft offenses where the total value of the property taken exceeds \$25,000. (Pen. Code, § 1203.1, subd. (l).) Since this law was enacted, prison and jail populations decreased, which can be attributed partly to AB 1950 and partly to various changes made during the pandemic, including pre-trial releases from jails, stoppage of in-take from jail to prison, and accelerated prison releases.² In California, about 382,700 adults were under correctional supervision at the state or county level in 2024. This included 255,100 people (67%) at the county level and 127,600 (33%) at the state level. At the state level, 92,600 (73%) adults were held in prison, while 35,000 (27%) adults were supervised in the community on parole. In county jails, 196,700 (77%) adults were supervised in the community while on probation for a felony or misdemeanor, including 37,000 adults in Post-Release Community Supervision and 7,800 adults in mandatory supervision; the remainder of adults, 58,300 (23%), were held in county jails.

Extending probation terms does not reliably reduce recidivism and instead increases the likelihood of technical violations and unnecessary incarceration.³ Research examining probation outcomes has repeatedly found that the risk of reoffending is concentrated in the early months of supervision and declines significantly over time, meaning that prolonged supervision produces diminishing public safety benefits while increasing the likelihood of violations unrelated to new criminal conduct.⁴ Analyses of felony probation outcomes have found that the vast majority of arrests among individuals who recidivate occur during the first year of supervision, suggesting that longer probation periods primarily extend the window for technical violations rather than meaningfully improving safety.

Extended probation results in increased surveillance, more opportunities for technical violations, and greater system entanglement, particularly for people with unstable housing, employment

¹The Council of State Governments, Justice Center (June 2019). *Confined and Costly: How Supervision Violations are Filling Prisons and Burdening Budgets* <https://csgjusticecenter.org/publications/confined-costly/>

² California Legislative Analyst's Office (Dec. 2025). *How many adults are in California's state and county correctional systems and how has this changed over time?* https://lao.ca.gov/PolicyAreas/CJ/5_cj_inmates

³ National Institute of Justice (June 2016). *Five Things About Deterrence* <https://nij.ojp.gov/topics/articles/five-things-about-deterrence>

⁴ Pew Charitable Trusts (Dec. 2020). *States Can Shorten Probation and Protect Public Safety* <https://www.pewtrusts.org/en/research-and-analysis/reports/2020/12/states-can-shorten-probation-and-protect-public-safety>.

challenges, or limited access to resources.⁵ Data shows that the state's shift toward evidence-based supervision practices has reduced incarceration while maintaining public safety. The Community Corrections Performance Incentives Act was enacted to reduce prison admissions from probation revocations by encouraging counties to adopt practices proven to lower recidivism. (SB 678 (Leno) Ch. 608, Stats. of 2009.) In its most recent report to the Legislature, the Judicial Council found that the program has successfully reduced prison commitments resulting from probation violations while supporting expanded use of risk-and-needs assessments, treatment programs, and collaborative supervision strategies.⁶ The report further notes that the program has distributed more than \$1.6 billion to counties to support evidence-based probation practices, including \$116.1 million in fiscal year 2024-25. The Judicial Council found no evidence that these reforms have compromised public safety.

Probation reform advocates state that being on probation impacts every aspect of a person's life. Requirements, such as frequent reporting, ongoing and random drug testing, curfews, electronic monitoring, and the payment of fines and fees, make it difficult for many people on probation and parole to keep a job, maintain stable housing, participate in drug or mental health treatment, or fulfill financial obligations, such as child support.⁷ Even short jail stays can create serious hardships for individuals, including loss of employment, decreased wages, housing insecurity, and family instability.

3. Restitution and Victim Compensation

Courts can order a defendant to repay those impacted by their crime, making a restitution order on top of other criminal penalties that may be assessed. In California, a victim has a Constitutional Right to restitution. (Cal. Const., art I, § 28, subd. (b).) A defendant cannot discharge court ordered restitution through bankruptcy.

Sometimes, a defendant does not have the means to repay the victim for financial losses. The California Victim Compensation Board (CalVCB), a payer of last resort, compensates certain individuals if they suffered physical injury, emotional injury due to the threat of physical injury, death, or in limited cases, only emotional injury. For victims of real estate crimes with financial losses, the Consumer Recovery Account administered by the California Department of Real Estate may provide financial relief.⁸ However, that account is limited to compensation when a victim has obtained "a final civil judgment or arbitration award, or a criminal restitution order against a licensee. The judgment, award or order must be based on intentional fraud or conversion of trust funds in connection with a transaction requiring a real estate license. The victim must make a reasonable search for the licensee's assets, and, if any, a reasonable effort to collect on the judgment, arbitration award or restitution order from those assets to satisfy the judgment. In addition, the victim must name as a defendant and make a reasonable effort to

⁵ Pew Charitable Trusts (July 2019). *To Safely Cut Incarceration, States Rethink Responses to Supervision Violations* <https://www.pew.org/en/research-and-analysis/issue-briefs/2019/07/to-safely-cut-incarceration-states-rethink-responses-to-supervision-violations>

⁶ Judicial Council of California (Oct. 2025). *California Community Corrections Performance Incentives Act of 2009: 2025 Report to the Legislature* <https://courts.ca.gov/system/files/legislative-reports/lr-2025-ca-community-corrections-performance-incentives-act-2025.pdf>

⁷ Pew Charitable Trusts (April 2020). *Policy Reforms Can Strengthen Community Supervision* <https://www.pew.org/en/research-and-analysis/reports/2020/04/policy-reforms-can-strengthen-community-supervision>

⁸ California Department of Real Estate (2026) *Consumer Recovery Account* <https://dre.ca.gov/Consumers/ConsumerRecoveryAccount.html>

collect from all other parties involved in the transaction that may be liable to and able to pay the victim.”⁹

In general, the U.S. and California Constitutions prohibit cruel and unusual punishments, which can include imposing onerous financial punishments.¹⁰ While incarceration for unpaid debts was once common, the Debtors’ Prison Act of 1833, outlawed debtors’ prisons in the United States under federal law.¹¹ However, even with this inclination, several financial fraud crimes still carry substantial criminal penalties that include incarceration, restitution, and other financial penalties.¹²

4. The Effect of This Bill

This bill extends the duration of probation terms to a maximum of two years for a misdemeanor and three years for a felony for certain real estate crimes, adding an additional year to the current statutory limits. The extension would only be available under defined circumstances that depend on whether the person is given formal probation, informal probation or summary probation. For formal probation, the probation department would be able to extend probation for an additional year if the department files a petition with the court and the court finds the extension is necessary for programming. For informal or summary probation, the court could extend probation for an additional year for the same reason.

Research, as discussed above and by the California Budget & Policy Center, shows that probation services, such as mental healthcare and addiction treatment, are most effective during the first 18 months of supervision. Research also indicates that providing increased supervision and services earlier reduces an individual’s likelihood to recidivate. A shorter term of probation, allowing for an increased emphasis on services, should lead to improved outcomes for both people on misdemeanor and felony probation while reducing the number of people on probation returning to incarceration. Therefore, this bill could lead to increased incarceration without improved rehabilitative impacts.

The listed offenses in this bill range from serious fraud to lower-level theft and documentation-related offenses. By imposing a uniform probation increase across this spectrum, this bill disregards proportionality and risks over-supervising individuals whose conduct does not warrant extended system control. This is inconsistent with California’s broader efforts to calibrate criminal justice responses to the severity of the offense and the individual. The Committee could consider removing misdemeanor offenses from this bill.

Further, complex real estate and mortgage-related misconduct often involve actors with vastly different levels of power and access to counsel. Expanding probationary exposure risks disproportionately impacting lower-level participants or individuals with less sophistication, while doing little to address systemic or large-scale financial misconduct.

Supports of this bill argue that this will give victims more time to collect restitution before a defendant disappears, as can happen when probation supervision ends. However, California, in

⁹ *Ibid.*

¹⁰ USCS Const. Amend. 8; Cal. Const., Art. I § 17

¹¹ H.R. 279 – 22nd Congress, January 17, 1832; The Marshall Project (Feb. 2015). *Debtors’ Prisons, Then and Now: FAQ* <https://www.themarshallproject.org/2015/02/24/debtors-prisons-then-and-now-faq>

¹² See, e.g., Penal Code §§ 487 (grand theft), 470 (forgery), 532f (mortgage fraud), 1202.4 (mandatory victim restitution).

general, has tended away from increased criminal penalties based on a defendant's inability to pay. Further, victims of real estate crimes may have access to restitution through the Real Estate Recovery Program. If the funding for that program is insufficient, the Committee could consider increasing the funding, as that could have a similar impact for victims while reducing the possibility that California incurs costs related to supervision and incarceration.

5. Argument in Support

According to Chief Probation Officers' of California:

This additional time ensures that courts retain jurisdiction long enough to set restitution in the proper amount to compensate for all losses suffered by real estate fraud victims and enforce those restitution orders.

Assembly Bill 1950 (Chapter 328, Statutes of 2020), set the maximum term of probation for most misdemeanor crimes at one year and the maximum term of probation for most felonies at two years. This arbitrary cap set by AB 1950 shifted probation terms away from an evidence-based model to a time-based model, which resulted in limiting the time to reasonably complete treatment programs and court ordered supervision.

Real estate fraud offenses often result in significant financial losses to vulnerable victims. Current law limits probation terms which is often insufficient for the full extent of the financial damage to be known for purposes of setting a restitution amount.

AB 2553 is consistent with CPOC's efforts to see probation terms in alignment with individualized criminogenic needs and evidence-based practices, which emphasize that supervision should end based on progress, stability, and successful completion and which takes into account impacts on victims.

6. Argument in Opposition

According to ACLU California Action:

California has implemented various criminal justice reforms, shifting state resources away from a legacy of over-incarceration and towards prevention, intervention, and treatment. However, efforts to extend probationary periods contain many issues that are antithetical to this recent trend. A few years ago, this legislature passed a historic reform, AB 1950 (Kamlager-Dove), that limited the term of probation to no more than two years for a felony conviction and one year for a misdemeanor conviction, with limited exceptions. AB 2553 seeks to reverse this progress.

A 2018 Justice Center of the Council of State Governments study found that a large portion of people violate probation and end up incarcerated as a result.¹³ The study revealed that 24% of prison admissions in California are the result of

¹³ The Council of State Governments, Justice Center (2019). *Confined and Costly: How Supervision Violations are Filling Prisons and Burdening Budgets* <https://csgjusticecenter.org/publications/confined-costly/>

supervised violations, vastly increasing amount of money we spend annually to incarcerate people for these violations. Prior to the AB 1950 reform, 20% of people incarcerated in a California prison were behind bars for supervised probation violations. Most violations are ‘technical’ and minor in nature, such as missing a drug rehab appointment or socializing with a friend who has a criminal record. Probation — originally meant to reduce recidivism — has instead become a pipeline for reentry into the carceral system.

Supervision revocations, especially for technical violations, are a major driver of costly jail and prison admissions, and even short jail stays can create serious hardships for individuals, including loss of employment, decreased wages, housing insecurity, and family instability.¹⁴ Prior to the AB 1950 reform, incarceration for supervision revocations cost California taxpayers at least \$2 billion annually.¹⁵ We encourage the legislature to allow for the recent reform to continue taking effect before we make any further changes.

[Citations conformed.]

-- END --

¹⁴ Pew Research Center (2020). *Policy Reforms Can Strengthen Community Supervision*. <https://www.pew.org/en/research-and-analysis/reports/2020/04/policy-reforms-can-strengthen-community-supervision>

¹⁵ Pew Research Center (2020). *California Criminal Justice Reforms Can Safely Shorten Probation, Parole Terms*. <https://www.pew.org/en/research-and-analysis/articles/2020/10/13/california-criminal-justice-reforms-can-safely-shorten-probation-parole-terms>