

2005 Mortgage Fraud Statistics

SARs filed

- ◆ **56 Field Offices**

- ◆ 25,346 Mortgage Fraud SARs

- ◆ \$1.2 trillion Mortgage Fraud

- ◆ **Atlanta**

- ◆ 1,791 Mortgage Fraud - \$79.5 million in losses

- ◆ 11,248 SARs for all violations

- ◆ **Based upon most recent industry numbers, Georgia is ranked among the highest in the country for Mortgage Fraud**

Significance of SARs

- I. Processing Required by Law**
 - A. Individually Reviewed and Processed**
 - B. Generates New Case**
 - C. Incorporates into Existing Case**
 - D. Entered into Intelligence Database**
 - 1. Automatically links people between banks and financial institutions**
 - 2. Compared to future information**
 - 3. Meets level to generate new case**
- II. Problems**
 - A. Partial or no information in subject section**
 - B. "See Attached" listed in narrative**

Information Needed in SAR

I. Suspect Information

- A. Borrower (s)
- B. Appraiser
- C. Loan Officer
- D. Realtor
- E. Real Estate Attorney
- F. Broker

II. Loss Amount - (Estimate)

Information Needed in SAR (continued)

III. Narrative

A. Property Address

B. Type of Fraud

1. Flip
2. Elevated Appraisal
3. False Documentation
4. ID Theft

C. Appraisal Amount

D. How Fraud Was Determined

1. Internal Review
2. Before/After Closing
3. Defaulted (Forfeited/Not Forfeited)
4. Foreclosure

Mortgage Fraud

- ◆ Over \$2.6 trillion in mortgage loans were generated in 2004
- ◆ The estimated losses for the US in 2005 are in excess of \$1 billion
- ◆ Georgia and Florida have the most significant mortgage fraud problem in the United States
- ◆ Georgia encountered the highest concentration of mortgage fraud per capita in the United States

Types of Mortgage Fraud Investigations

- I. **Fraud for Property**
(Approximately 20% of MF)
- II. **Fraud for Profit**
(Approximately 80% of MF)

Types of Mortgage Fraud Investigations

I. Fraud for Property

I. Unqualified Buyer/ID Theft

II. No Legitimate Source of Income/Credit

III. Lifestyle

Types of Mortgage Fraud Investigations

II. Fraud for Profit

A. Traditional Property Flips/ID Theft

Traditional Mortgage Fraud Scheme Property "Flip"



Federal Statutes Used

- I. **Bank Fraud** – Federally Insured Financial Institutions
- II. **Wire Fraud** – Interstate Wires
- III. **Mail Fraud** – US Mail

Key Issue

- I. Lender Deceived – False Statements
- II. Due Diligence by Bank

Key Documents Provided to Lender

- I. Property Appraisal Reports
- II. Loan Application
- III. Supporting Documentation
- IV. HUD-1

Key Documents Provided to FBI

- I. Loan Files
- II. Bank Accounts
- III. Surveillance Photos
- IV. Internal Investigative Files
 - A. Credit Report
 - B. Spreadsheets

Investigative Procedures

- I. Interview of Witnesses
- II. Subject Interview
- III. Complaint/Indictment
- IV. Arrest

Liaison

I. Bank's Cooperation

II. Relationship between FBI and Bank

Prosecutive Procedures

- I. Complaint/Indictment
- II. Plea/Trial
- III. Sentence



Atlanta's Current MF Initiatives

- A. Mortgage Fraud Database
- B. Mortgage Fraud Working Group
- C. Mortgage Fraud Email **mfwg@hotmail.com**
- D. Standard Mortgage Fraud Reporting Form
- E. Mortgage Fraud Working Room
 - 1. Research
 - a. GSCCCA
 - b. Atlanta Foreclosure Report
 - 2. SAs Assigned Mortgage Fraud Cases
 - 3. IA Assigned Mortgage Fraud Cases
- F. Point of Contact
 - 1. **SSA David C. Riser**
 - 2. **2635 Century Parkway #400, Atlanta, GA 30345**
 - 3. **(404) 679-6150**
 - 4. **(404) 679-9000 (24 hours)**
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