

'Crackdown' on real estate fraud not enough

Guest perspective: Fraudsters still getting away with mortgage schemes

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Editor's Note: If you suspect mortgage fraud, the FBI suggests reporting it to your local FBI Division; a list of contact numbers appears at <http://www.fbi.gov/contact/fo/fo.htm>. The FBI has a [mortgage fraud education page](#) online that explains various types of schemes. The agency also accepts fraud tips at its Web site: <https://tips.fbi.gov/>. Mortgage industry watchdogs recommend contacting your state's regulator or attorney general.

I've been noticing a lot of articles lately about how the FBI is cracking down on mortgage fraud. I think that's wonderful, if it's true. Loan fraud is a multibillion-dollar business that hurts us all.

I'm a real estate broker in the Dallas Fort Worth Metroplex in Texas. A listing client of mine recently asked my advice about an interesting offer she had received. A "corporate leasing" buyer wanted to pay her full asking price of \$325,000, plus an additional \$100,000, which she would pay back at closing. The sales contract would be for \$425,000, and they would have a side agreement to instruct the title company to disburse the extra \$100,000 to a third party. The house is in a less-developed area about an hour north of Dallas, and houses in that price range don't normally move quickly in that area.

From information I received from the seller, all the fraud red flags were evident. The "suspects" operated strictly from cell phones and didn't have any legitimate office address that they were eager to disclose. Occasionally one of their cell phones would be disconnected and they would give their new cell phone number. (Of course, they always had a good reason for when that happened.) They claimed the \$100,000 would be spent on furnishings and other expenses for the corporate leasing client, and the corporation leases it as a package, or something to that effect. It smelled like a mortgage fraud transaction that I saw as an excellent opportunity to catch some fraudsters in the act and get them locked up. They seemed proficient enough in their scheme that it was very likely they've done it before, and they were probably part of a larger operation. It's entirely possible that they have stolen, or are in the process of stealing, tens of millions of dollars.

The "buyers" also asked the seller to cancel her listing with me because it would help the appraiser. I cancelled the listing for the seller, with the understanding that she would keep me posted on the details, and that we would work together to report this and get these guys put in jail.

I suggested to the seller that she play along, collect all the information she could, including car descriptions and license plate numbers, and I would contact the FBI. I was imagining an FBI undercover operation yielding a big fraud bust that would make front-page news. Perhaps I was being naive.

My first call was to an FBI real estate fraud investigator who had contacted me a year before on another suspicious transaction. The number was disconnected, so I called the Dallas field office that he worked out of to contact him. Unfortunately, the operator said he was transferred, she didn't know where to, couldn't find out, and if she could, she wouldn't be allowed to tell me anyway, and she couldn't relay a message to him either. I asked to speak to somebody else, and was put on hold.

After being on hold for 10 minutes, I hung up and called back. To make a long story short, I spent more than 45 minutes trying to reach anybody at the FBI who would listen to me. I was

continuously transferred to irrelevant automated attendant answering systems that led nowhere, and was disconnected several times. Finally, after about five or six attempts, I was connected to an operator who could "take my complaint."

The operator asked numerous questions, mainly geared towards who I was and my personal information, and very little about what I called for in the first place. She said this was the way it's handled, and somebody "may" contact me. I explained how there was a limited window of opportunity here, and how I felt it would be worthwhile to speak with someone involved in mortgage fraud. She said this is the way it's handled, and that the FBI is not an "immediate response" agency. I asked her what she would do if I were reporting a terrorist plot, to which she replied that such calls get transferred to another department. That was reassuring.

I got the impression that this was a giant, mismanaged bureaucracy where nobody cared about anything but coffee breaks and going home at 5 p.m. It seems that the only training they receive is not to answer any questions about anything to anybody. The idiocy of the FBI that we have all seen reported too many times by news organizations on television suddenly appeared to be no exaggeration.

I was still hopeful that since the FBI had all the property, seller and title company information that they would be acting behind the scenes to catch the crooks. Maybe they don't want me to know what they're doing for secrecy reasons? Maybe when the "suspect" goes to collect his check from the title company, they'll slap on the cuffs! OK, maybe I was giving them too much credit.

The next thing I knew, the deal closed early, and the sellers got their asking price. The nifty way the fraudsters got their money (which ended up closer to \$50,000 than \$100,000 due to appraisal problems) was to give the title company a document signed by the seller that the seller owed their dummy "corporate leasing" company the money based on a previous loan, with instructions for the title company to disburse it to the dummy company out of the proceeds.

Two months later, I have never heard from anyone at the FBI. I had even contacted the local police department a few days after contacting the FBI and after talking to the police chief I've never heard back from anyone there either.

I'm sure the fraudsters have cashed their check, along with many others, and have new cell phone numbers and new dummy companies to use to launder their money.

My advice to the FBI:

- Answer the phone!
- Train your people to handle calls properly, and route mortgage fraud calls to a department that handles mortgage fraud.
- Teach your people to get rid of the bad attitudes they seem to have towards callers who are trying to hand them a case on a silver platter
- Have an FBI contact phone number that is made public to real estate agents, title companies and mortgage companies, specifically for reporting suspicious potential mortgage fraud activity.
- Distribute information to real estate agents, title companies and mortgage companies detailing specific signs to watch for that may indicate mortgage fraud.
- Instead of making public statements about what you are doing to crack down on mortgage fraud, let the people who work for you know about it first.