

Federal Bureau of Investigation

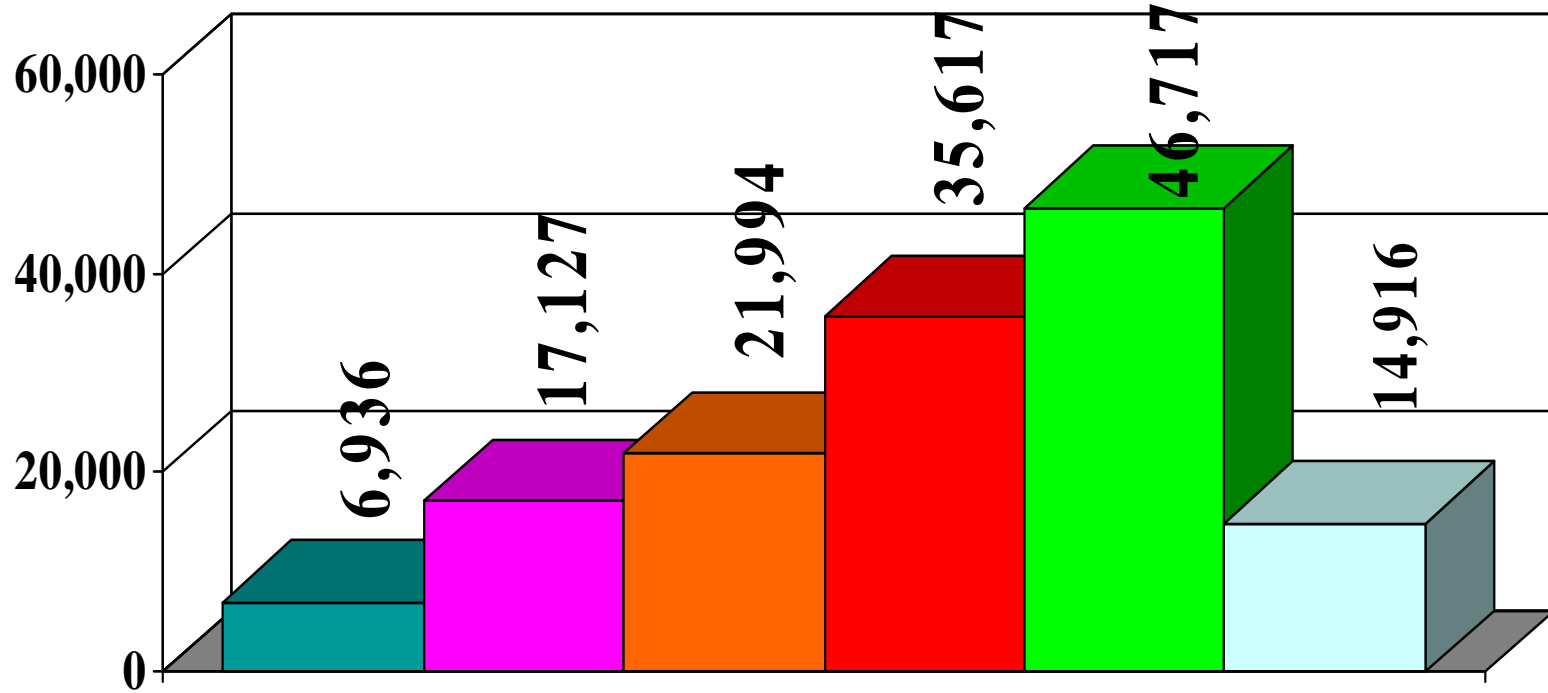


The FBI and Mortgage Fraud









- SARs
- FBI Pending Investigations
- FBI Initiatives
- Recommendations
- Case

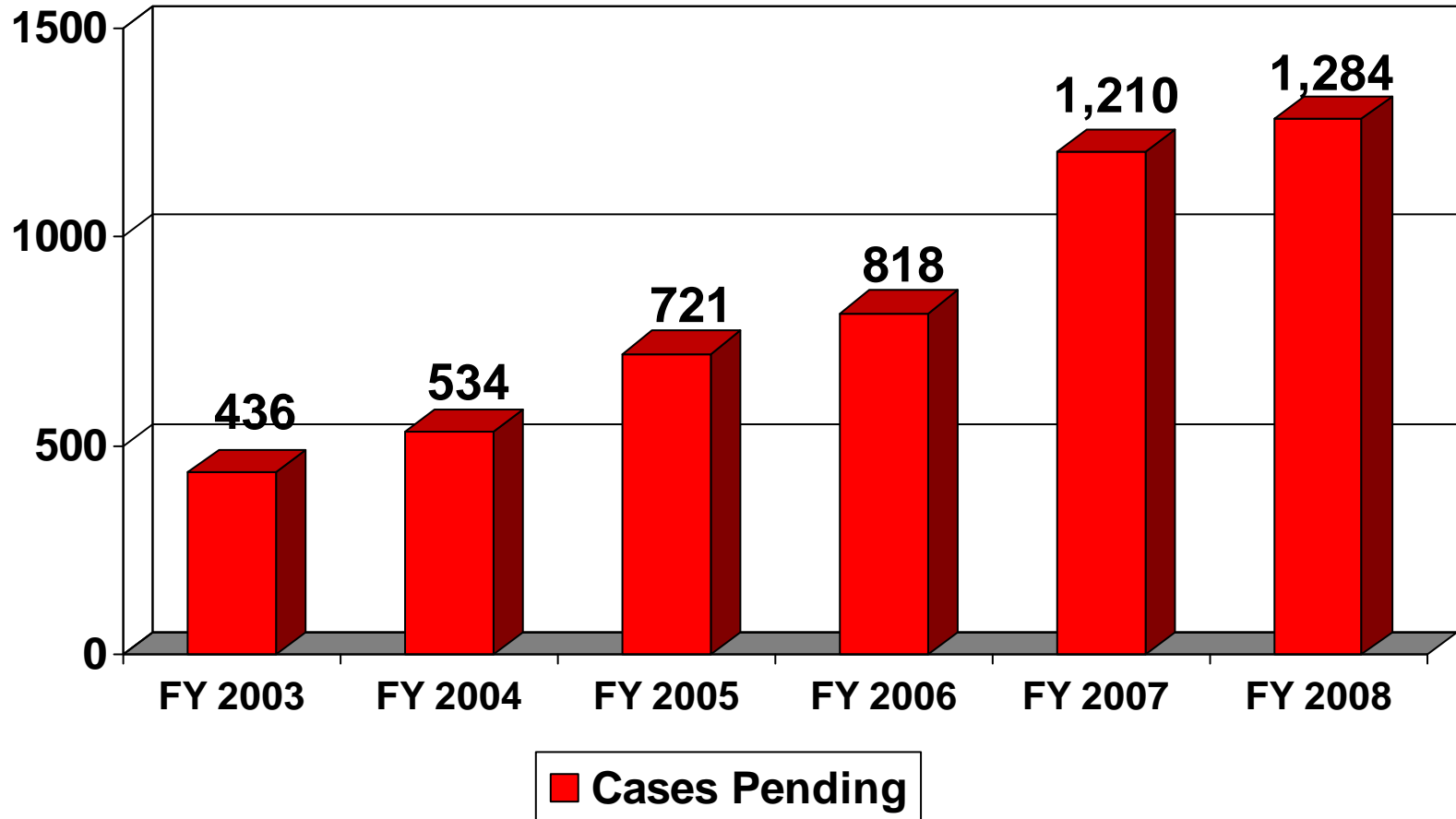
Mortgage Related Fraud SARS (10/1/2002 – 12/30/2007) Nationwide



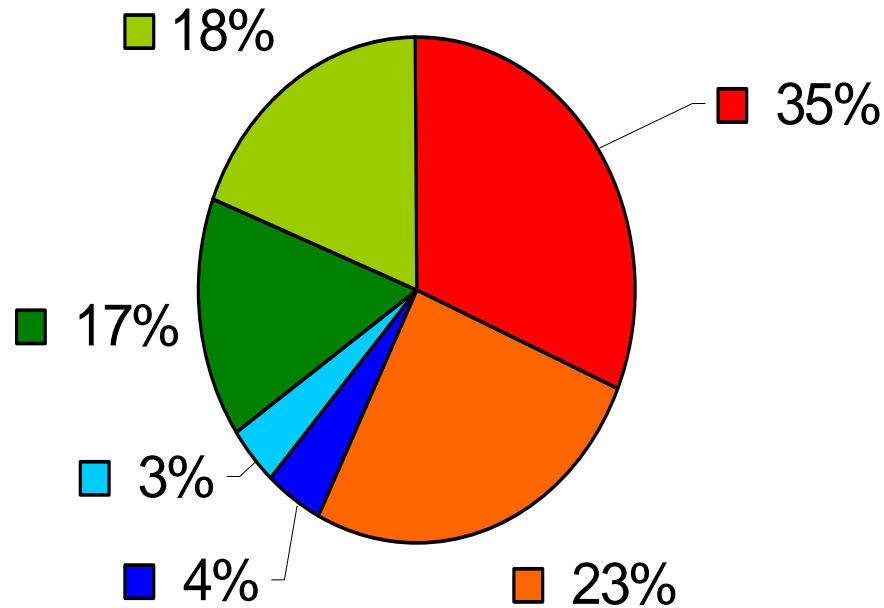
Mortgage Fraud

 Fiscal Year 2003	 Fiscal Year 2004
 Fiscal Year 2005	 Fiscal Year 2006
 Fiscal Year 2007	 Fiscal Year 2008 (1st Qtr)

FBI Mortgage Fraud Cases



FBI Mortgage Fraud cases by Category



- Financial Institution Victims - Losses Over \$1 Million
- Financial Institution Victims - Losses Under \$1 Million
- Government Victims - Losses Over \$1 Million
- Government Victims - Losses Under \$1 Million
- Other Victims - Losses Over \$1 Million
- Other Victims - Losses Under \$1 Million

How has the FBI responded?

- **Addressing increased workload**
 - **Creating Mortgage Fraud Task Forces**
 - Established in 34 Field Offices
 - Participants include federal, state, local and industry experts
 - **Training** – On-line training course on mortgage fraud
 - **Working with Confidential Sources**
 - Individuals identifying ongoing mortgage fraud schemes
 - **Undercover Operations (UCOs)**
 - Three UCOs currently active, additional in planning.
 - Targeting known mortgage fraud subjects identified by sources and SARs

How has the FBI responded? (cont.)

- **Improving databases and analysis**
 - Developing property flipping database to identify most egregious offenders
 - Improved SARs analysis
- **Mortgage Fraud Working Group**
 - Meeting with FBI Field Office Supervisors to review mortgage fraud problem and develop initiatives.
 - Participating in Mortgage Fraud Working Group at National level with other Federal law enforcement and financial institution regulators.

- Are they more difficult than other White Collar Crimes? No.
- Keep it simple.
 - Someone lied or provided false information to gain a profit.
 - Someone else relied on that information in awarding money or a contract.
- Keep paperwork evidence to a minimum.
 - One fraudulent document may be all we need.

What can industry do?

- Provide adequate procedures.
- Follow procedures.
- Control greed.
- Contact law enforcement when something does not look right.

What can the Government do?

- Too Much Regulation
 - Let industry and competition regulate themselves.
- Not Enough Regulation
 - When something happens, people ask how did the government allow that to happen.
 - There needs to be a law against that.

What can the FBI do?

- Review and Investigate to make sure laws and regulations are being followed.
- Major constraint – MANPOWER.

If not, cases like this will continue!

- **\$20 Million Mortgage Fraud – Dearborn, MI.**
- Fraudulent Applications
 - Not true borrower / Fraudulent appraisal
 - Bogus property / Fraudulent title company
- Funds wired to fraudulent title company
- Subjects used money for day-trading stocks
- Sept 07 – Tariq Hamed sentenced -108 months
- Feb 08 – Kalil Khalis sentenced – 60 months
- Each with restitution of over \$11 million.