



Current Schemes and Scams



**Ann Fulmer, Vice President Business Relations
Interthinx**



Unknown and Not Quantifiable

- Estimated \$1 to \$4 billion in direct lender losses in 2006

Major Factor in Subprime “Meltdown”

Permeates All Loan Programs



- **Not slowing down**

- Consistent 20+ percent of current applications
 - Seen in 40% of foreclosure files

- **New schemes take advantage of market limitations and opportunities**

- Forged deeds of conveyance and cancellation
 - Income, asset and liability misreps
 - Fake banks and bank statements

•Fake paystubs and W-2s

•clutch

•01-04-2008, 10:54 AM

•i need to make some paycheck stubs for something im doing and want to know if anyone knows a program that makes legit looking (i.e. quickbook) style paycheck stubs. **i need to be able to input some numbers to make 3 mo. worth of stubs to look legit.** any ideas?

- **Fake paystubs and W-2s, cont'd**

- _____
- dennisdman
- 01-20-2008, 11:36 AM
- <http://www.quickstubs.com> is the best place to get paycheck stubs!
Judges, child support, courts, no proof of income, loans, renting a home!
You can use this program just about anywhere, anytime! goto
<http://www.quickstubs.com>

- _____
- Jrdn
- 01-20-2008, 12:58 PM
- photoshop, printer, fax machine.

Photoshop to design.

Printer to do the obvious.

Fax machine so no need for original copies... and gives it a grainy look.

It works.

Scope of Mortgage Fraud – Fake Bank

07/02/2008 18:09

United Comm Bank & Trust

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TO: 1



UCB&T



REF ID: 1000236482818

VERIFICATION OF DEPOSIT

REQUEST INFORMATION

FROM: UNITED COMMERCIAL BANK & TRUST
CREDIT INQUIRY SERVICES
UB1-402-45-02
190 SANFORD DR.
ATHENS, GA 30602-5051

TO:

NAME AND ADDRESS OF APPLICANT(s)

DEPOSIT ACCOUNT INFORMATION

DEPOSIT ACCOUNT OF APPLICANT(s)

TYPE OF ACCOUNT	ACCOUNT NUMBER	CURRENT BALANCE	AVERAGE BALANCE (2 Months)	DATE OPENED
Savings	xxxxxxxx9713	\$56,625.15	\$56,818.36	10/15/2000

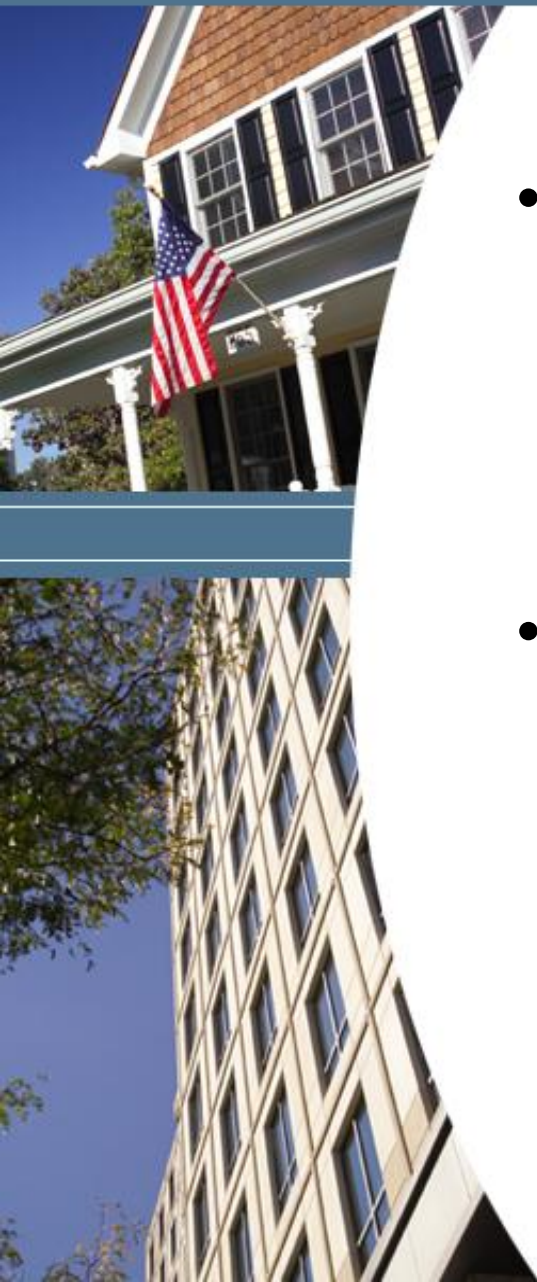
Fraud in Modifications

- Old frauds being discovered
 - Perpetrators and facilitators are not “victims”
 - Will modification “cure” or just delay the inevitable?
 - May act as ratification of the fraud and preclude legal remedies
- New frauds being perpetrated
 - Collateral value, income, occupancy



Top Down Commitment to Identifying and Preventing Fraud

- “Zero tolerance” policy
 - For profit – *most financially damaging*
 - For housing – *the silent killer now emerging*
- Incentives for “catches” and quality

- 
- **Intensive Training for Staff**
 - Recognizing red flags and schemes
 - Clear escalation procedures

 - **Automated Tools**
 - Requires additional training
 - Must be used and used correctly!

Loan Level Fraud Detection is a Complex Process

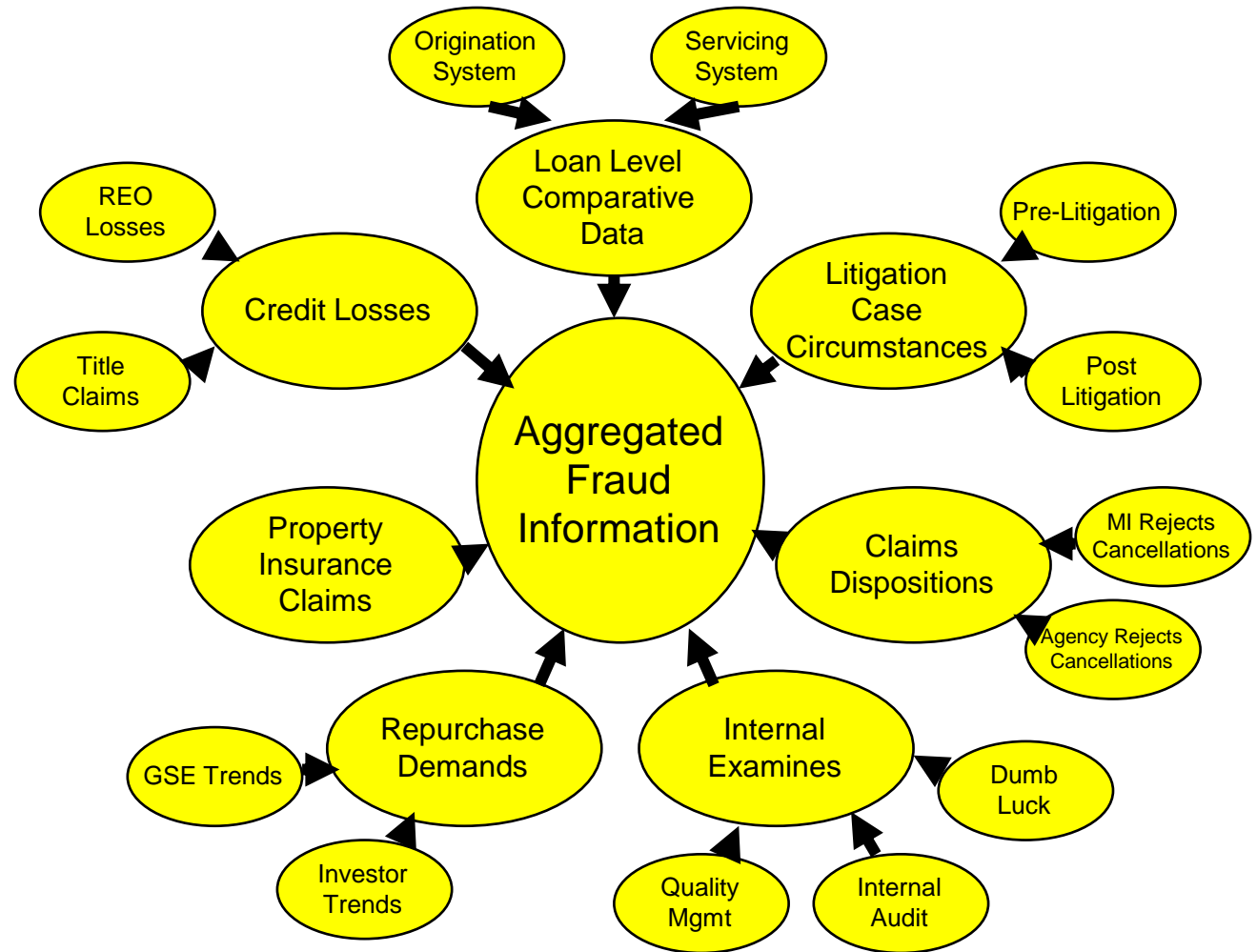
- Verify:**
- Identity
 - Occupancy
 - Employment
 - Income
 - Collateral value

Identify:

- Relationships between participants
- Debarred and censured professionals
- Loan performance by broker, originator, appraiser, etc...



Data Sources





Best Technology Returns and Scores Likelihood of Fraud in Seconds:

- Informs and empowers
- Efficiently focuses attention on problematic loan files

Correlates Massive Amounts of Data

Loan application detail
All participants

Historical data for
Borrower
Participants
Property
Professionals

Information from other
lending channels





Legal actions

Exclusionary lists

Collateral values

- Sales history

- Comparables history

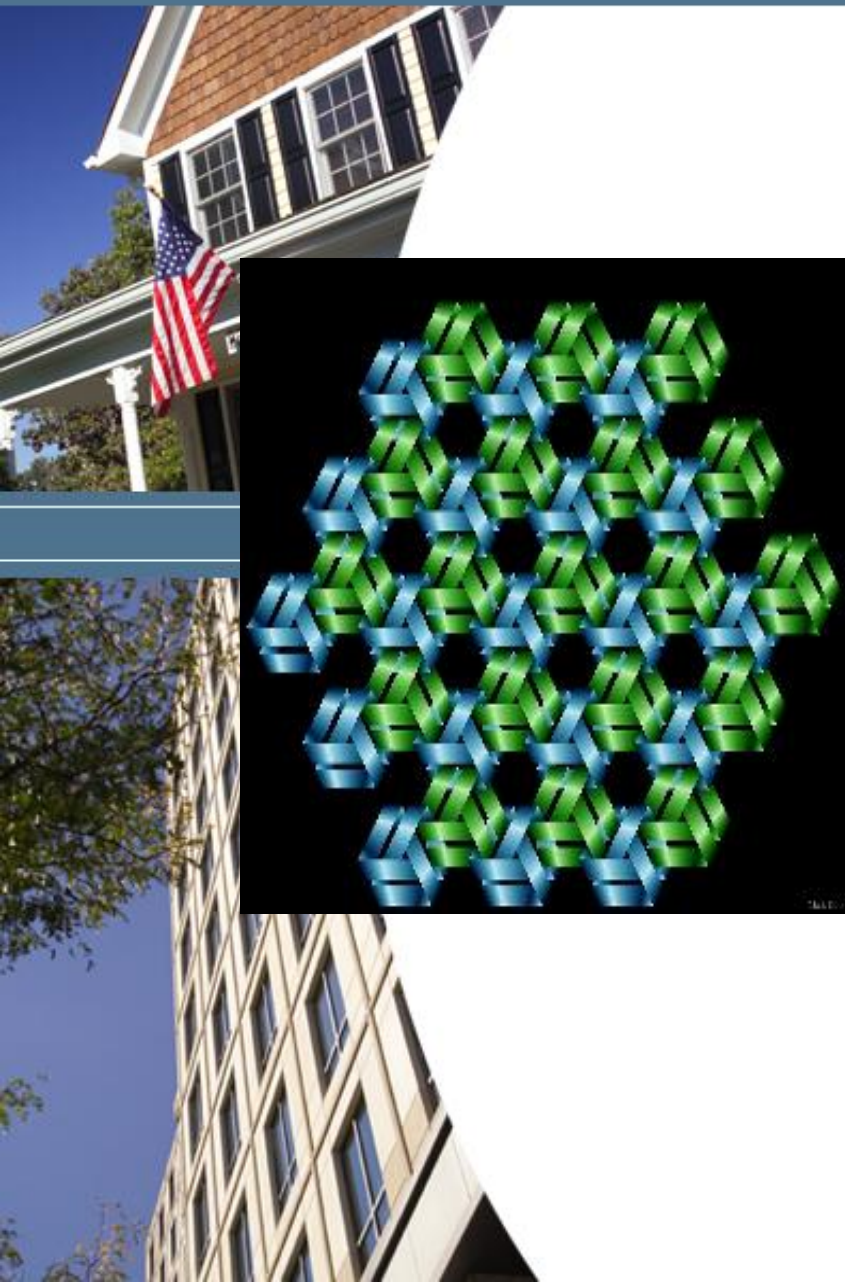
- Neighborhood

 - foreclosure levels

Third party data

- Income verification

- Private closed real estate sales data



High-level Analytics

Validated risk scoring model

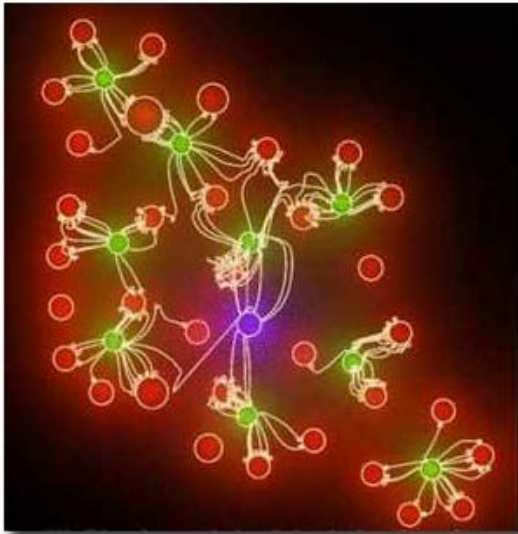
Powered by deep pool of
“three-dimensional” data

From application to
ultimate conclusion

Historical, current,
third-party sources

•Flexible Correlations and Reporting to Identify Risk

- Trends
- Emerging schemes
- Geographic hot spots
- “Players” and bad actors





- **Customizable, Tuneable and Scalable**

- Loan level to loan pools

- **Deployable Anywhere in Process**

- Origination
- Secondary
- Investor
- Servicing