

FRAUD ALERT! DETECTING AND
PREVENTING SCAMS
IN REAL ESTATE TRANSACTIONS

MORTGAGE RELEASE SCAMS

SCAM ONE:

Scammer conveys property from owner to a trust in which owner has a beneficial interest.

Trust then seeks to challenge the existing mortgage by alleging some defect:

- Lack of ownership of the note
- Fraud in the execution of the mortgage
- Failure to comply with the Truth in Lending Act

Lender fails to respond to notices sent by the trust, and the trust declares a “default” against the lender.

The trust deems the mortgage extinguished and records a legitimate looking satisfaction or release.

SCAM TWO:

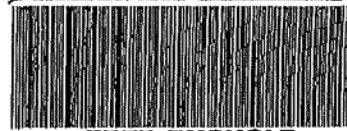
An entity posing as a “client advocate” induces the property owner to pay a fee for a “securitization audit.”

The audit purportedly forms the basis of a challenge to the mortgage through an “Administrative Default Process.”

The result is an “Administrative Judgment” or “Cease and Desist on the Mortgage.”

Recording Requested and Prepared by:
Diane Douglas
230 Willow Lane
Bloomington, IL 60108

← Home owner



FRED BUCHOLZ
DUPAGE COUNTY RECORDER
JAN. 06, 2009 RHSP 10:26 AM
OTHER 02-23-106-023
001 PAGES R2009-001385

(And When Recorded Mail To:
Wilmington Finance, Inc.
401 Plymouth Road, Suite 400
Plymouth Meeting, PA 19462)

MERS MIN# (s) 100372406103477706 and 100372406103477813
Loan # (s) 4500021458 and 4500021459

SATISFACTION OF MORTGAGE

KNOW ALL MEN BY THESE PRESENT THAT THIS DOCUMENT required to be filed by Wilmington Finance, Inc. aka American International Group (AIG) (Mortgagee), who is the owner and holder of record of the following described mortgage: Mortgage dated October 16, 2006; (Mortgagor) Diane Douglas; Mortgage Recorded on October 31, 2006; Recorded in Official Records Instrument No. R2006-209972 and R2006-209973 Public Records of Du Page County, Illinois, encumbering certain property situated in Du Page County, Illinois, as more particularly described as Property:

230 Willow Lane, Bloomington, IL 60108 (TAX ID# 02-23-106-023) whose legal description is:
The Northeasterly 21.90 feet of the Southwesterly 117.30 feet of as measured along the Northeasterly line of Lot 21 in Westlake Townhouses Lakeshore Unit No.2 being a resubdivision of part of Lot 4 of Lakeshore Recreation Park in the Northeast 1/4 of section 22 and in the Northeast 1/4 of section 23, Township 40 North, Range 10, East of the third principal meridian according to the plat thereof recorded November 27, 1970 as document R70-43384 in Du Page County, Illinois.

Of Their Default For Violating The Truth-In-Lending Act (TILA) By Disregarding And Not Responding Within the 20 Days Timeframe to The TILA Rescission Letter of December 1, 2008. This Security Interest is Void. The statute and regulation specify that the security interest, promissory note or lien arising by operation of law on the property becomes automatically void. (15 USC § 1635(b); Reg. Z §§ 226.15(d)(1), 226.23(d)(1)). As noted by the Official Staff Commentary, the creditor's interest in the property is "automatically negated regardless of its status and whether or not it was recorded or perfected." (Official Staff Commentary §§ 226.15(d)(1)-1, 226.23(d)(1)-1). Also, the security interest is void and of no legal effect irrespective of whether the creditor makes any affirmative response to the notice. Also, strict construction of Regulation Z would dictate that the voiding being considered absolute and not subject to judicial modification. Therefore, Wilmington Finance, Inc. aka American International Group (AIG) was required to submit canceling documents creating the security interest and filing release or termination statements in the public record. (Official Staff Commentary §§ 226.15(d)(2)-3, 226.23(d)(2)-3). In the absence of such as required by Federal Law, this document is being filed. This security interest is automatically terminated by rescission (15 USC § 1635(b); Reg. Z §§ 226.15(d)(2), 226.23(d)(2)) AND

IT is hereby acknowledged that the status of full satisfaction be applied to the Note(s) and Mortgage(s) referenced Herewith. The above referenced Mortgagor does hereby surrender the Note(s) and Mortgage(s) as cancelled, releases the Property from the lien of the Mortgage(s), and directs the Clerk of the Circuit Court in and for Du Page County to cancel the same of record.

IN WITNESS WHEREOF, the Mortgagee has executed these presents this 6th day of January, 2009.

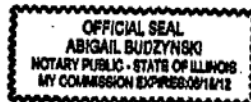
Signed

Diane Douglas

← Signature of Home owner

Acknowledged before me on January 6, 2009; by Diane Douglas who produced a valid Drivers License as identification.

No corporate
Seal



NOTARY PUBLIC

Name: Abigail Budzynski

My Commission Expires: 01/12/12

SCAM THREE:

Property owner prepares and records a legitimate looking discharge of the current mortgage.

A few weeks or months later, another mortgage is recorded.

Sometime later, a discharge of that mortgage is recorded.

This pattern was repeated five or six times over the course of five years. Aggregate indebtedness was \$840,000.00.

All discharges were dated and recorded prior to the new mortgage.

We would normally expect to see the discharge of the former mortgage dated after the new mortgage because the funds from the new loan are used to pay off the former loan.

Payments on all mortgages where the discharges were forged were kept current.

Different lenders and title companies were used for each refinance.

Accuracy of the forgeries was remarkable:

Legitimate looking forms, seals, signatures and acknowledgments.

PREVENTIVE MEASURES

Be alert to any mortgages that have been discharged in the chain of title without having another mortgage recorded. If you come across this situation, contact the lien holder to confirm that the mortgage is paid and the discharge is valid.

PREVENTIVE MEASURES

- ▶ Pay particular attention to the timing of a discharge relative to your transaction. If a mortgage was discharged less than one year ago, contact the prior lien holder.
- ▶ Also contact the prior lien holder(s) if you see circumstances similar to those outlined above.

CORPORATE MORTGAGE FRAUD

When closing a transaction where the buyer, seller or borrower is a corporation, it is imperative to verify the authority of the person with whom you are dealing.

This is particularly important when you are dealing with an out of state corporation that is being represented by a local “agent.”

Corporate transactions typically involve higher dollar amounts and are therefore riskier.

Evidence of Authority:

- Corporate votes.
- Articles, bylaws, partnership or LLC agreements.
- Certificates of officers, partners, members or managers.

FRAUDULENT RECONVEYANCE SCHEMES

A fraudulent deed is recorded from property owner, Smith, to Bogus, LLC.

Contemporaneously therewith, Bogus, LLC, executes a mortgage to a fictitious lender.

Approximately 30 to 60 days thereafter, a fraudulent discharge is recorded that appears to release Smith's mortgage.

Sometime thereafter, Bogus, LLC, enters into a purchase and sale agreement with a legitimate buyer. This transaction is typically a short sale. The title company handling the short sale pays off Bogus, LLC's fictitious lender, but no payment is made to Smith's lender as that mortgage has already been "discharged."

After receiving notices of default and foreclosure, new owner files a title insurance claim.

RED FLAGS

A mortgage is released with no concurrent refinance loan or deed indicating a sale of the property. While a borrower may make a premature payment in full or reach the end of their payments, these are rare events. Contact the lender to confirm payment.

RED FLAGS

Read the documents. A forger does not have to be very good if we only review the chain of title set forth in the online index. Forgers make mistakes that the actual company would not, i.e., “Bank of American” instead of “Bank of America” or the form, font, etc. of the discharge differs from that which you typically see.

TIMESHARE SALES SCAM

Scammer contacts owner regarding the sale of the interest.

Scammer claims to be a broker who has a buyer for the interest.

Requests a “security deposit” or “international tax” from seller that will be refunded at closing.

Scammer may instruct the seller to send the payment outside the country.

TIMESHARE SALES SCAM

Of course,.....

there are no buyers;

there will be no closing;

seller is defrauded of the funds....

FOREIGN BUYER SCAM

Wants to purchase house for \$500,000.00, sight unseen.

Sends a personal check for \$400,000.00 to be held by title company in its escrow account.

Will bring additional \$100,000.00 to closing.

Check appears to clear and \$400,000.00 is credited to title company's escrow account.

FOREIGN BUYER SCAM

Divorce or some other emergency necessitates wiring back \$200,000.00 or \$300,000.00 of deposit.

After money is wired back, the check is dishonored, and the escrow account is debited \$400,000.00.

PAYMENT

Memo



Ref: 86269/R2013

Dear, Attorney

According to **Mr. Ping Chong**, we were instructed to make this payment to you. We request that you confirm the receipt of this check immediately, failure to do so will result in cancellation of the check. This is to guide against fraud and unauthorized use of this financial institute by any other person. After you have called to confirm the receipt of this check, you can proceed to your financial institution for deposit.

For security measures and mutual benefit to all parties, you are to inform us of any developments regarding this payment and when the check has been cleared. Further instructions will be followed once the funds are accredited into your account. This is our company policy, as well as enabling us to update our files regarding this transaction at all times.

NOTE Please contact your client **Mr. Ping Chong**, once you have received this payment. This is a certified check of **\$400,000.00 US Dollars**, we have sent this part payment of the funds and we shall pay the balance within **25 DAYS** from now. If you have any questions or concerns, do not hesitate to contact us at +1-(941) 227-0779, our hours of operation are 9:30am to 5:30pm eastern standard time, Monday to Friday.

Thanks you for your co-operation.
Credit and finance Department

Mr. John Adams
Investors Group, Inc.
Payment Department
Phone: +1-(941) 227-0779
Fax: +1-941-870-1562
John_Adams@accountant.com

A handwritten signature in cursive script, appearing to read 'John Adams'.

Aug 09, 2013

Notify us once this payment is received send email notification to
investors.group.inc.2020@gmail.com
Tel: +1-(941) 227-0779, Fax: +1-941-870-1562



THE COUNTRY OF CANADA HAS BEEN CHECKED BY A DHL STAFF MEMBER FOR SECURITY PURPOSES IN THE PRESENCE OF THE SHIPPER.

FOR DHL (PRINT NAME)	FOR CLIENT (PRINT NAME)
Chuck	Richard Adeyem

STATION
Y72

92805551

Received
O/N Framo



FROM: INVESTOR GROUP
145 KING STREET WEST SUITE 2850
Ph: 6477008085

M5H 1J8
TORONTO L6T 5M1
CANADA

TO: PHENIX TITLE SERVICES LLC
165A SOUTH RIVER ROAD BEDFORD

conditions.
sement ou à www.dhl.com.

Origin:
V

03110 855

800-CALL-DHL
www.dhl.com

WARNING: THIS DOCUMENT HAS SECURITY FEATURES IN THE PAPER

NIKHIL L. SHAH
DARSHANA N. SHAH
5020 NW 113TH AVE
CORAL SPRINGS FL 33076-2785

101

53-13/110 MA

291

AUG 07 2013

DATE

PAY TO THE ORDER OF PHENIX TITLE SERVICES LLC \$400,000.00

FOUR HUNDRED THOUSAND DOLLARS — DOLLARS

Bank of America



Equity CreditLine

Security Features
Details on
Back

FOR 2013-29985 Chong

[Signature]

MP

⑆00001381⑆68218003994899⑆0101

FOREIGN BUYER SCAM

Buyer's request for wire return occurred six days after the funds were made available in the agent's escrow account.

Agent did not wire the money.

Seven days after the funds were made available in the agent's escrow account, the bank holding the escrow account notifies agent that the deposit was fraudulent and that the \$400,000.00 would be taken from the account.

MORTGAGE FRAUD

U.S. Attorney's office jurisdiction:

Authorities

18 USC 1341 (mail fraud)

18 USC 1343 (wire fraud)

18 USC 1344 (bank fraud)

18 USC 1345 (injunctions
against fraud)

Agencies

FBI NHAG

USPIS NHBC

HUD VA

USDA USTP

MORTGAGE FRAUD

1987-1989

Developers, Realtors, Loan Originators; Undisclosed 2d Mortgages; Falsely Inflated Sales Prices; Sales of Coops and Condos; no-doc and no verifications loan products (e.g., Dime Savings Bank of New York)

MORTGAGE FRAUD (CONT'D)

2005 – Present

Frauds victimizing distressed homeowners

Two varieties: (1) Mortgage Assistance Relief Services (MARS); loan modification advance fee schemes

MORTGAGE FRAUD (CONT'D)

- (2) Mortgage Rescue and Equity Stripping Schemes
Different than schemes of the late 1980s; Victims: lenders and homeowners; properties across the U.S.; multiple lenders.

UNITED STATES V. BRESSLER



Department of Justice

United States Attorney John P. Kacavas
District of New Hampshire

FOR IMMEDIATE RELEASE
Friday, May 13, 2011
<http://www.justice.gov/usao/nh/>

CONTACT: Theresa A. Leppard
(603) 230-2502
email: usanh.media@usdoj.gov

WALTER BRESSLER ENTERS GUILTY PLEA IN MORTGAGE FRAUD / EQUITY STRIPPING SCHEME

CONCORD, N.H. – Former Nashua resident Walter Bressler, 42, of Frisco, Texas, pleaded guilty in U.S. District Court to operating a mortgage fraud and equity stripping scheme involving numerous New Hampshire properties. At a hearing before Senior U.S. District Judge Joseph DiClerico, Bressler admitted to violating the federal mail fraud statute in connection with the scheme.

During the plea hearing, Bressler acknowledged that between March 2005 through October 2006, he participated with other individuals in a scheme to obtain title to the homes of dozens of distressed homeowners who were facing foreclosures on their homes due to financial difficulties. Bressler and others induced the transfer of titles by promising that the homeowners could avoid foreclosure, remain in their homes while paying rent, and later re-purchase the homes. However, after obtaining title to the homes, the scheme participants arranged re-sales of the properties to straw buyers, and obtained new mortgage financing in the names of the straws in amounts that exceeded the original homeowners' loans. The scheme participants used some of the funds from the larger loans to pay off the original loans, and kept the rest of the funds for themselves. For a time, scheme participants made payments on the new mortgages using rent monies paid by the original homeowners, but later defaulted on the loans. The distressed homeowners, who were given to believe that they could re-purchase the homes in two years, in fact had no such realistic opportunities because the defendant and his cohorts stripped the equity from the homes, left the properties encumbered with larger mortgage liens, and then defaulted on them.

An essential part of the scheme involved the use of straw borrowers, who were induced to allow their names and credit to be used on loan applications in connection with the scheme. In typical transactions, straws were paid \$5,000 each time they attended a closing and signed the relevant paperwork. None of the straws had any stake in the properties or any intention of repaying the loans obtained in their names. The loan applications contained many false statements regarding items such as income, assets, liabilities and the intention to occupy the properties as their residences. In a dozen transactions, various relatives of Bressler acted as straws. Bressler admitted in his plea agreement that the scheme caused losses to lenders of more than \$2.5 million. His sentencing is scheduled for August 11, 2011 at 10:00 a.m.

This case arose from an investigation conducted jointly by the United States Postal Inspection Service and the Bedford Field Office of the Federal Bureau of Investigation. The case is being prosecuted by First Assistant U.S. Attorney Michael J. Gunnison.

A scheme to obtain title to the homes of dozens of distressed homeowners who were facing foreclosures on their homes. Induced the transfer of titles by promising that the homeowners could avoid foreclosure, remain in their homes while paying rent, and later repurchase the homes. However, after obtaining title to the homes, the scheme participants arranged resales of the properties to straw buyers, and obtained new mortgage financing in the names of the straws in amounts that exceeded the original homeowners' loans.

UNITED STATES V. PRIETO

Days away from foreclosure, homeowners signed over the deed to their house to a Prieto company. The promise was that the homeowner could stay in their house (which had plenty of equity), pay a reduced rent, get their finances in order and buy back the house.

Unknown to them, Prieto flipped the house to a straw man. Prieto's companies then mortgaged the property to the hilt, duping banks with the straw man's name and financial history.

UNITED STATES V. PRIETO

The straw man got \$5,000, according to paperwork in federal court. Prieto netted thousands from refinancing — \$475,000 for a house in Ossipee, \$300,000 for a house in Nashua, \$256,000 for a house in Chester, \$389,500 for a house in Litchfield. The list goes on and on.

At the same time, he was collecting monthly rent checks from homeowners.

STRAW BORROWERS / BUYERS

- Friends / relatives; later solicited strangers
- Used each straw for 4-5 transactions, all with different lenders
- Paid \$5,000 per transaction
- False statements on loan apps (e.g., income, liabilities; primary/secondary residence)
- Straws signed deeds back to perps; not filed
- Straws left holding the bag

PERPETRATORS

- Made payments on new large mortgages for a time
- Made last payments in Oct 2007; then defaulted
- Continued to take rent payments after defaults
- No provisions for paying off new mortgages in straws' names
- Aggregate loan principal >\$13M; losses >\$5M

ORIGINAL HOMEOWNERS

- 50+ different stories
- None able to exercise re-purchase option
- None aware of new large straw mortgages
- None received notice of defaults / foreclosures
- Some in litigation to keep homes
- Some walked away; some in bankruptcy

Questions?