

States Feel the Heat of Emerging Mortgage Fraud “Hotspots”

Protecting Homeowners Empowering Victims



BJA
Bureau of Justice Assistance
U.S. Department of Justice



NATIONAL
CRIME
PREVENTION
COUNCIL


JUSTICE FOR VICTIMS
JUSTICE FOR ALL

Office for Victims of Crime
OVC

Session Speaker

Eileen O'Connor

Lawyers' Committee for Civil
Rights Under Law



Session Objectives

- Introduction to Loan Modification Scam Prevention Network
- Analysis of distressed homeowner fraud “hotspots” (subset of mortgage fraud)
- How to report distressed homeowner fraud

Out of the foreclosure crisis grew another crisis...

Distressed homeowner fraud:

- Loan modification scams
- Lease-back/repurchase scams
- Fraudulent refinance
- Reverse mortgage fraud

Coordinated National Campaign: Loan Modification Scam Prevention Network

Broad coalition

- Fannie Mae
- Freddie Mac
- Lawyers' Committee
- Homeownership Preservation Foundation
- NeighborWorks America
- Governmental Agencies (FTC, HUD, Treasury)

LMSPN's Four Components Support Education & Enforcement



Media Outreach Working Group

Other Counseling Agencies

Database Working Group

Federal, State & Local Agencies

Educate public on distressed homeowner fraud

Gather complaints: phone, online, paper

Analyze information in centralized national database

Share information with agencies, market participants to prosecute & stop scams

Educating the Public

www.PreventLoanScams.org

The screenshot shows the homepage of the Prevent Loan Scams website. At the top left is the logo: a house icon above the text "PREVENT LOAN SCAMS" and "A PROJECT OF THE LAWYERS' COMMITTEE FOR CIVIL RIGHTS UNDER LAW". To the right, there is a navigation menu with links for "Online Complaint Form", "English", "En Español", "한국어", and "中文". Below this is a "Join the Network Today!" section with a sign-up form for email alerts, including fields for "Email Address" and "Zip Code", and a "Submit" button. A secondary navigation bar contains links for "Resources", "In Your State", "Real Stories", "Newsroom", "Get Involved", "About Us", "Partners", and "DONATE". The main content area features a large article titled "Mortgage Borrowers: Beware Servicing Settlement Fraud" with a photograph of a house on stilts. Below the article is a "Report A Scam!" section with a "View Larger Map" link and a map of the United States with state callouts. A "Newsroom" section at the bottom left lists two news items: "Mortgage Borrowers: Beware Servicing Settlement Fraud" dated 10/15/2012 and "Lawyers' Committee Files Suit and Obtains Temporary Restraining Order Against Scammers" dated 10/11/2012. On the right side of the newsroom, there are two smaller boxes: "Get Free Counseling" and "Tips on How to Avoid a Loan Scam".

Educating the Public

IN YOUR STATE

Texas

- [Help for Distressed Homeowners](#)
- [Report A Scam](#)
- [List of Alleged Scammers](#)
- [Important State Loan Modification Scam Rules and Laws](#)
- [State and Local Law Enforcement](#)
- [Additional Informational Resources](#)
- [The Foreclosure Crisis in Texas](#)

[Help for Distressed Homeowners](#)

- [Click here to visit our Free Counseling page](#), which includes links to free counseling resources.

The following is a list of service providers throughout Texas that assist homeowners with foreclosure/loan modification needs and/or mortgage scams.

Houston Volunteer Lawyers Program

Assistance: Consumer
Location: Houston
Website: <http://www.hvlp.org>

Information on state laws and other state-specific resources



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Educating the Public



Get Free Counseling

For homeowners who are facing foreclosure, or are having trouble making their mortgage payments, it can be a frightening and lonely process. It is very important for homeowners to be aware of the large network of FREE assistance available from legitimate, well-trained non-profit counselors. The U.S. Department of Housing and Urban Development (HUD) has certified approximately 2,900 non-profit agencies throughout the country whose counselors have completed required training. These agencies are not permitted to accept a fee in exchange for foreclosure prevention counseling. HUD-certified counseling agencies are a responsive and reputable source of assistance for homeowners seeking to avoid foreclosure. Homeowners facing foreclosure may also want to seek legal representation from a competent and ethical attorney. For low-income homeowners, nonprofit legal aid organizations may be an excellent source of representation.

Here are links to sites that help connect homeowners with agencies that provide foreclosure prevention counseling:

- [Click here to navigate to a nationwide directory of HUD-certified housing counseling agencies.](#)
- [Click here to visit the Homeowners' HOPE Hotline website to begin a free counseling session \(or call 1-888-995-HOPE\).](#)
- [Click here to use NeighborWorks America's Foreclosure Counseling Agency Lookup tool.](#)
- [Click here to access the Legal Services Corporation's directory of state and local legal aid organizations, many of which assist homeowners facing foreclosure.](#)
- [Click here for information about the federal government's loan modification program, Making Home Affordable.](#)

Information on where to get help

(The best help is FREE!)



Educating the Public

Resources In Your State Real Stories Newsroom Get Involved About

RESOURCES

For Homeowners

Nationwide Prosecutions Against Alleged Scammers

Across the country law enforcement and regulatory agencies have brought criminal, civil and/or administrative actions against numerous companies and individuals alleging involvement in loan modification scams and other foreclosure rescue schemes. To the extent these names are available from public sources they are here on this website, as some scammers continue to try to operate after they have been subjected to investigation and adjudged to have run afoul of the law. This information is not exhaustive. Click on the source links or the hyperlinked names below in order to view the public sources. Generally, homeowners seeking loan modification assistance are encouraged to work with HUD-certified housing counseling agencies, which can be found by [clicking here](#). Homeowners may also call the Homeowners' HOPE Hotline 1-888-995-4673 for free loan modification assistance.

Please click the links below to jump to a list of alleged scammers in each state.

[Arizona](#) | [California](#) | [District of Columbia](#) | [Florida](#) | [Georgia](#) | [Illinois](#) | [Indiana](#) | [Maryland](#) | [Minnesota](#) | [Nevada](#) | [New Jersey](#) | [New York](#) | [Ohio](#) | [Pennsylvania](#) | [Tennessee](#) | [Texas](#) | [Virginia](#)

Information on
actions against
scammers



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Gathering Complaints

National Database

- Collecting complaints since 2010
 - Self-reported
 - Submitted by homeowner, friend/relative, housing counselor, attorney
- Complaints from all 50 states and DC

Gathering Complaints

- Over 31,000 reports
- Over \$72 million in reported losses

Gathering Complaints

How are complaints gathered?

- Over the phone through a dedicated team of counselors: 888-995-HOPE (4673)
- Online: www.PreventLoanScams.org and links on our partners' websites
- In-person counseling sessions

Gathering Complaints

Who should file a complaint?

- Did anyone offer to help modify your mortgage?
- Were you...
 - Guaranteed a loan modification?
 - Asked to pay a fee?
 - Asked to sign a contract?
 - Asked to redirect mortgage payments?
 - Asked to sign over title to your property?
 - Asked to stop making loan payments?

Gathering Complaints

- Form is available for download in English, Spanish, Chinese, Korean, and Vietnamese
 - Go to www.PreventLoanScams.org → “Get Involved” → Partner Toolkit
- Permissions at the end of the forms are **REQUIRED** to process the complaints

Analyzing Data

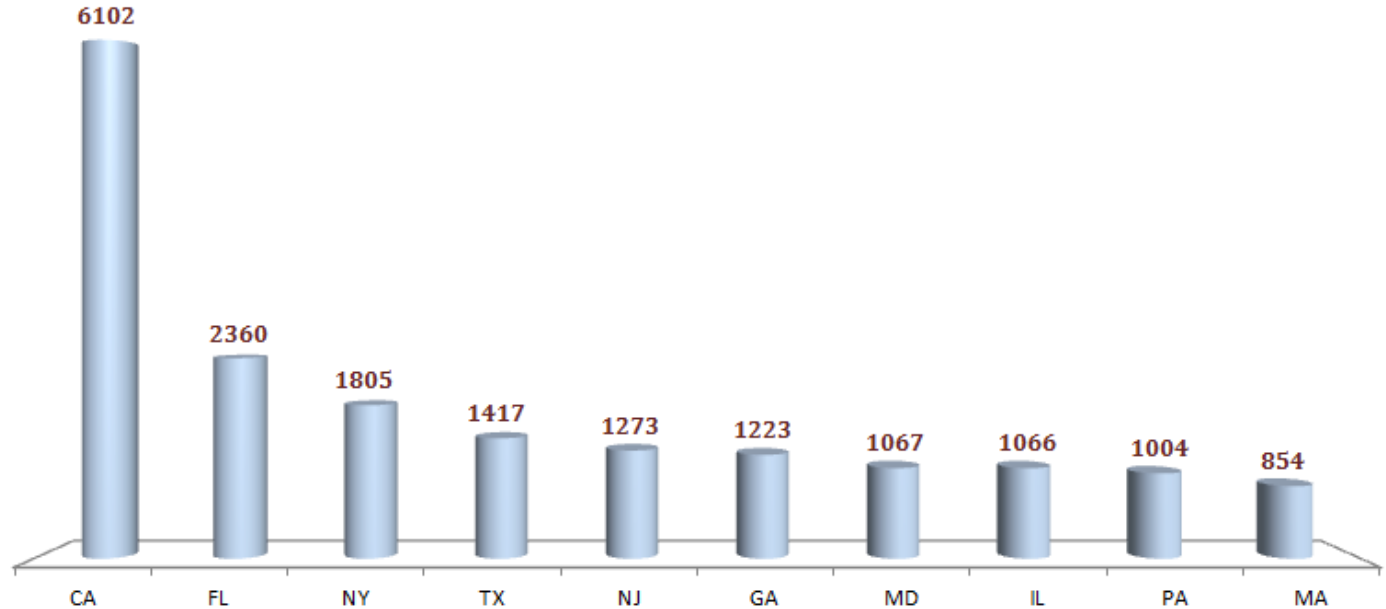
Where are the “hotspots?”

- Complaints gathered from all 50 states & DC
- But certain states are more heavily represented – either for location of the homeowner or location of the scammer

Analyzing Data

Top 10 States by
Homeowner
State

Total number of
complaints
nationwide:
over 31,000

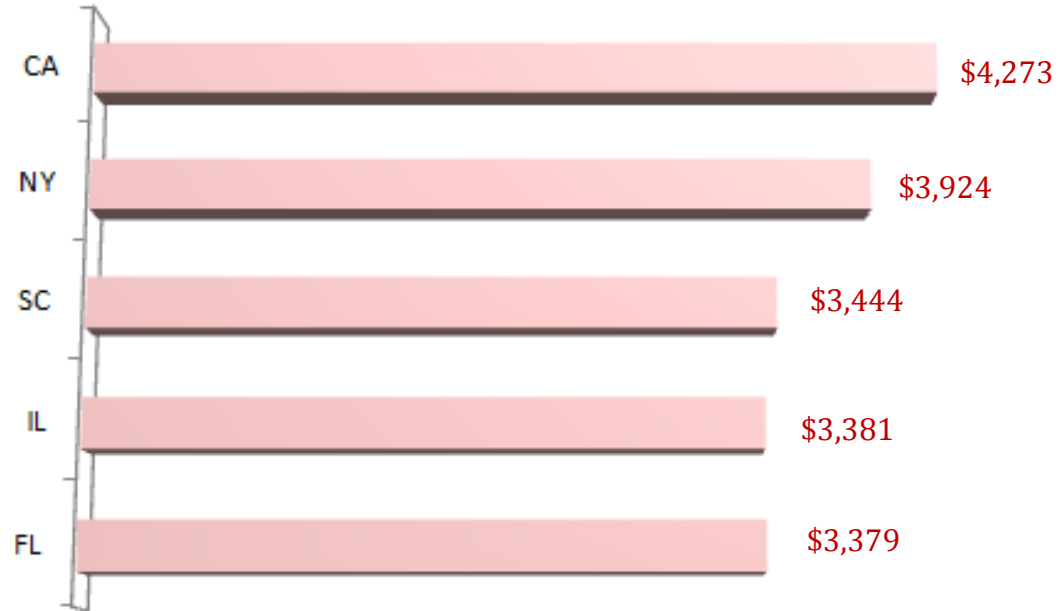


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Analyzing Data

Top 5 States With Highest Average Reported Loss Per Homeowner

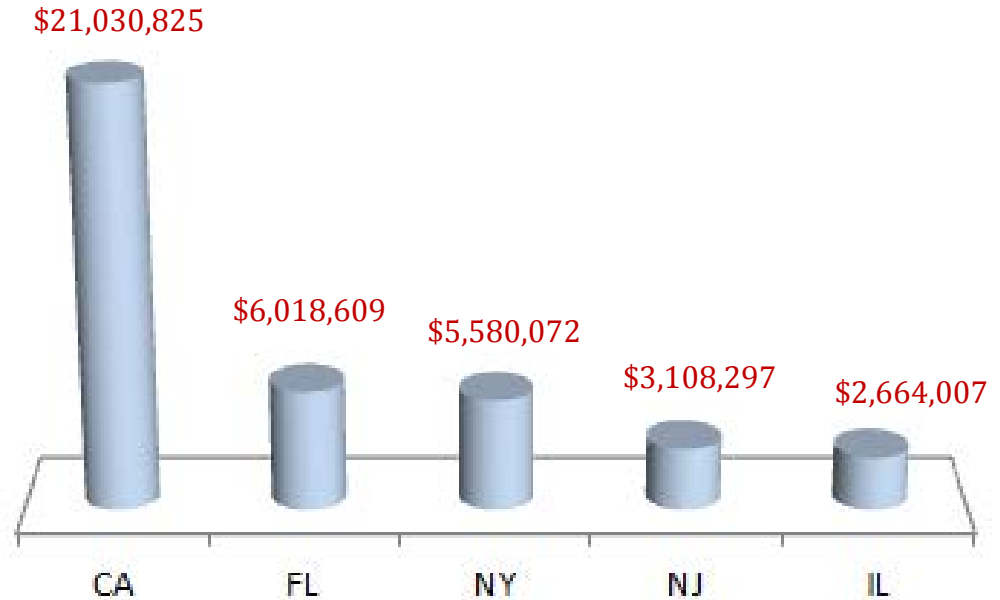
National average reported loss: \$3,095



Analyzing Data

Top 5 States With Highest Total Reported Losses

Total reported losses nationwide: over \$72 million



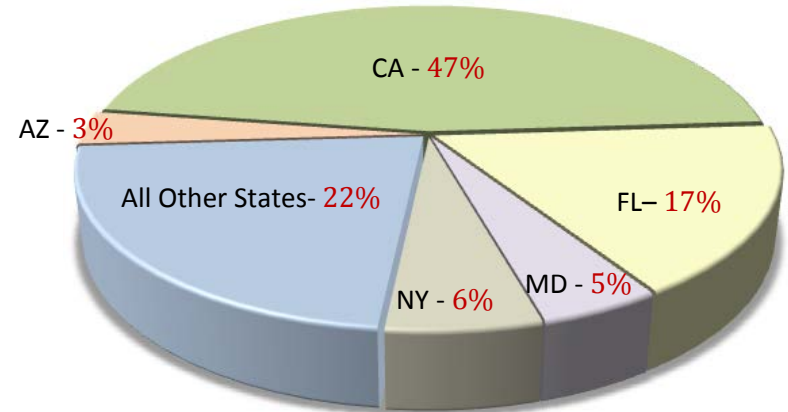
Analyzing Data

Top 5 Scam States by Location of Scam Organization

State	No. of Complaints
CA	11474
FL	4204
NY	1475
MD	1158
AZ	834

% of Complaints

(excludes complaints where scam organization state was left blank)

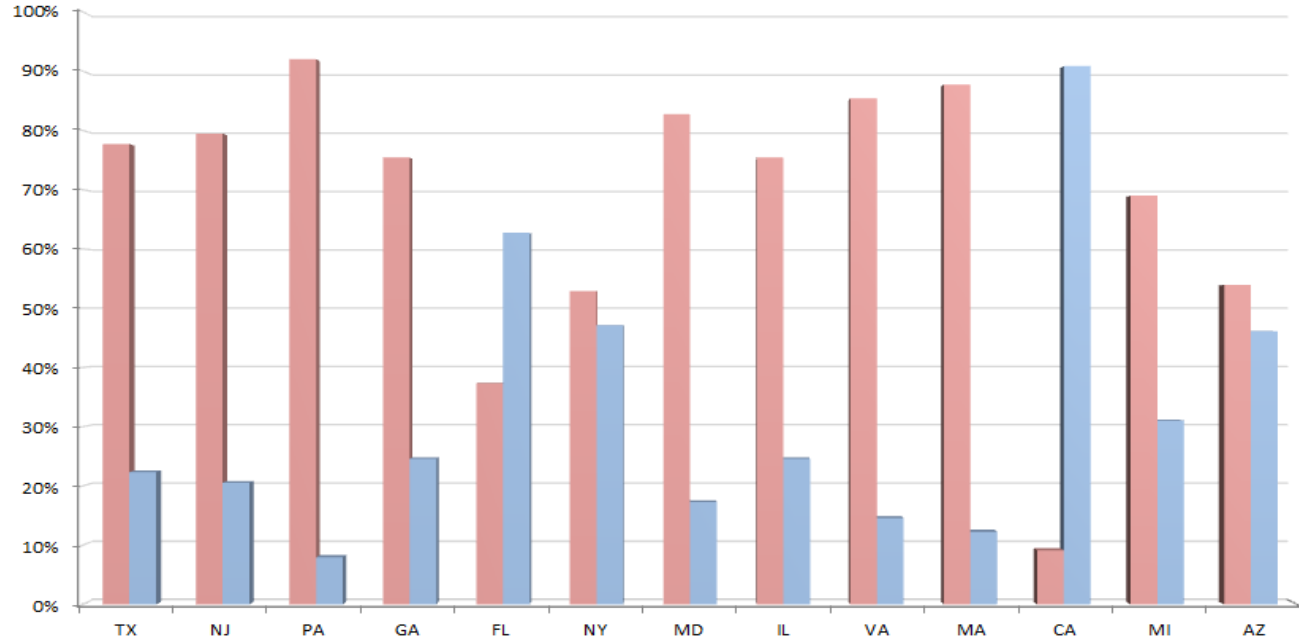


Analyzing Data

% of Complaints Against Out of State Scammers

(includes only complaints that specified both homeowner state and scam organization state and states with >500 such complaints)

Out of State Scammer
In State Scammer



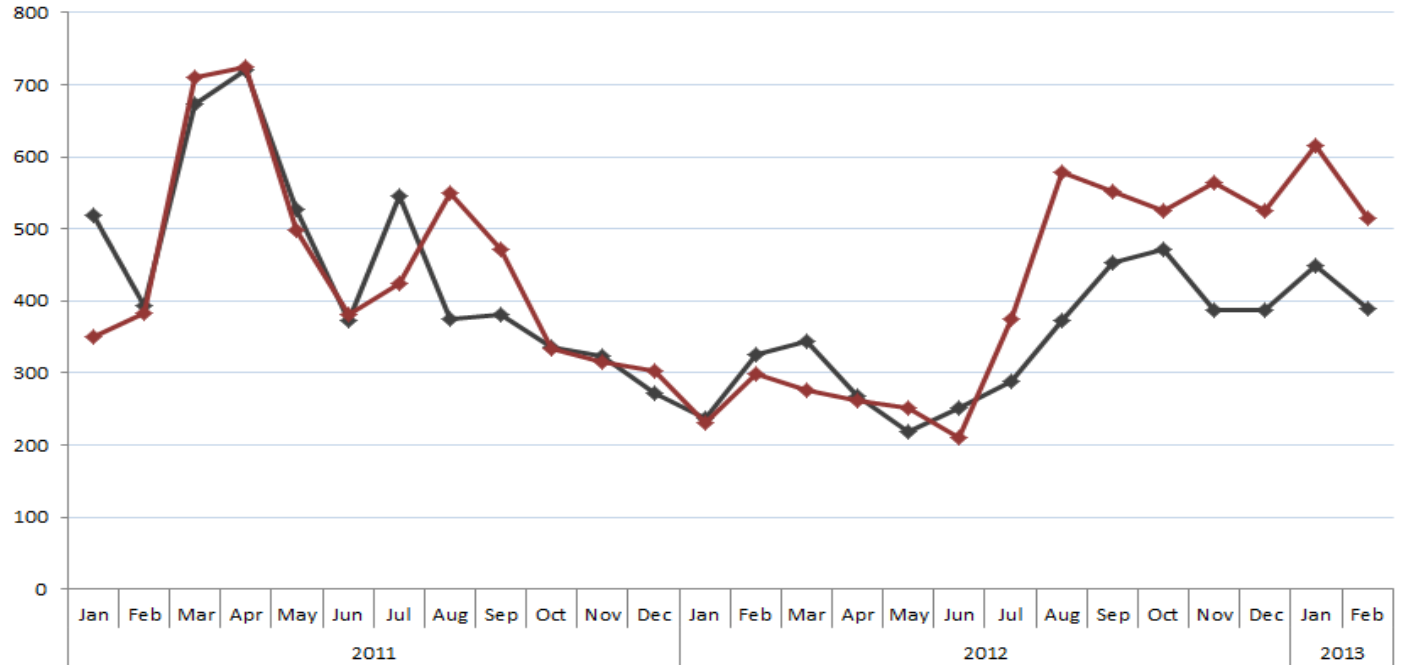
Analyzing Data

What are the trends?

- Attorney involvement
- For-profit entities claiming non-profit status
- Payment by installment plan
- Fake affiliation with the government
 - “Obama plan”
 - “HUD certified” housing counselor

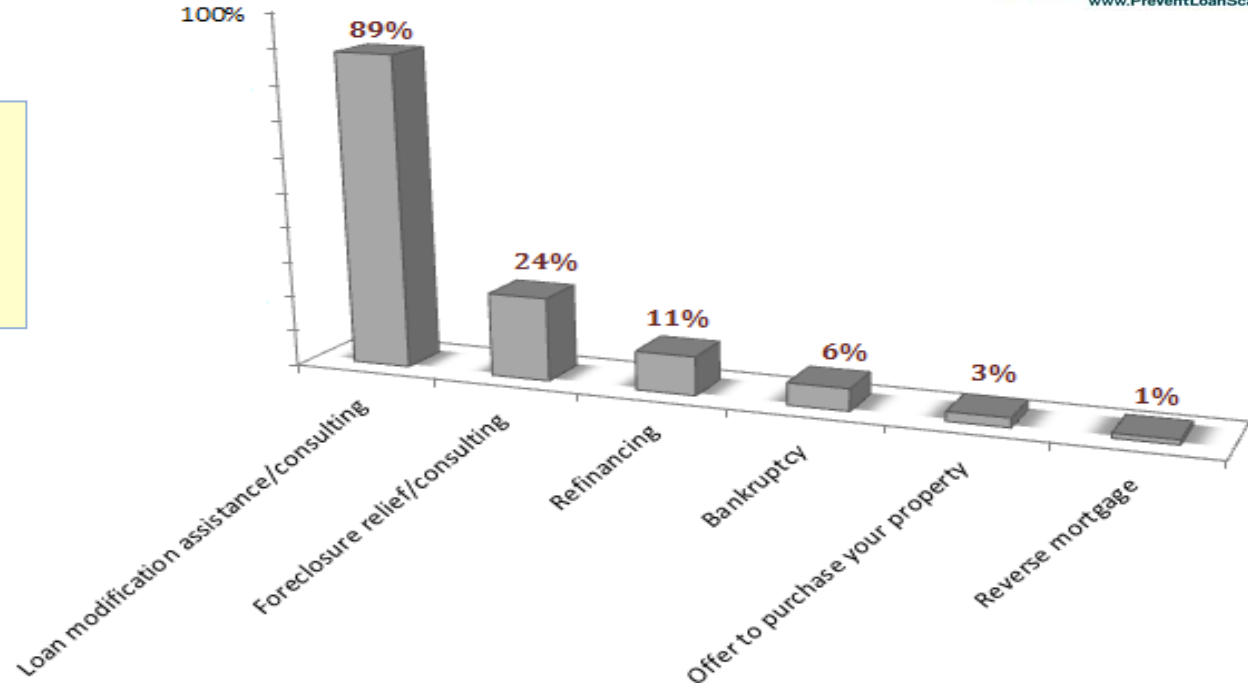
Analyzing Data

Attorney Involvement By Month



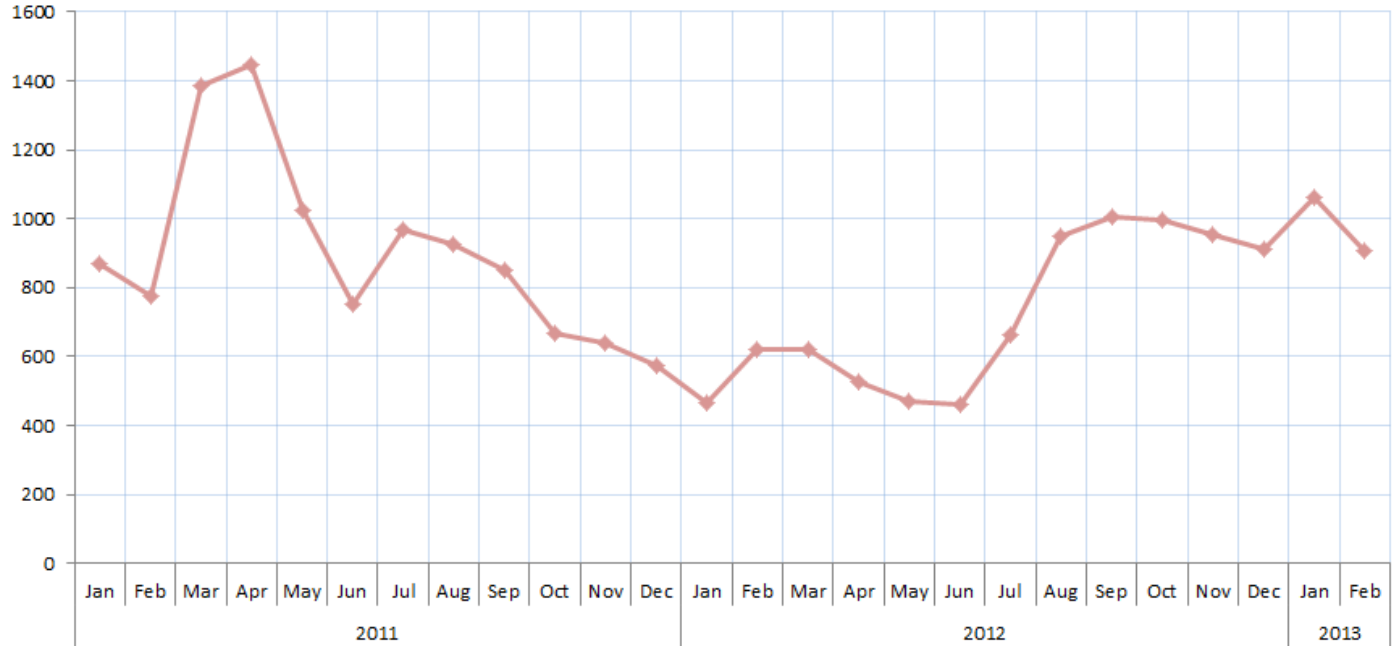
Analyzing Data

“Services”
Offered



Analyzing Data

Complaint Levels Not Decreasing



Support Enforcement

We Sue Scammers

- Lawyers' Committee has filed 13 lawsuits on behalf of homeowners who were victims of distressed homeowner fraud
- NY, CA, VA, GA
- Claims have included fraud, targeting of minorities, elder abuse, failure to translate

Support Enforcement

We Share Information with Enforcement Agencies

- Government enforcement agencies can be provided log-ins permitting full access to complete complaints in the database.
- Complaints are uploaded monthly to the FTC's Consumer Sentinel Database.
- Dedicated reports are provided to affected agencies.
- Periodic "Hot List" of alleged scammer names is provided to agency database users.

Support Enforcement

Information from the Database Enhances State and Local Enforcement Efforts

- Provides data specifically on distressed homeowner fraud at no cost
- Enforcement agencies can search and filter the data using multiple criteria
- Track scams across the country

Support Enforcement

Value to law enforcement is in the numbers...

339 officials from **over 75** local, state, and federal enforcement agencies now have credentials to search the database including: SIGTARP, FTC, U.S. Secret Service, USAOs, HUD-OIG, FHFA-OIG, state AGs and state banking regulators

Support Enforcement

Our non-profit partners benefit, too!

- Reporting fraud is key to stopping scammers
- Direct link between reporting and enforcement
- 98 representatives from 43 partner organizations have credentials to search the database

For information on becoming a partner:

- Go to www.PreventLoanScams.org
- Call 866-459-2162
- Email PartnerSupport@preventloanscams.org



For More Information

Lawyers' Committee for Civil Rights Under Law
1401 New York Avenue, NW
Washington, D.C. 20005
202-662-8600

www.PreventLoanScams.org
www.LawyersCommittee.org

National Crime Prevention Council
2001 Jefferson Davis Highway Suite 901
Arlington, VA 22202
(202) 466-6272
www.ncpc.org





Exhibit Hall

Take to time to visit the
Exhibition Hall!