

Fighting Fraud in Today's Highly Volatile Environment: What Lenders Should Know

8 Ways to Prevent Fraud on a Lender

By: Adam Leitman Bailey

- I. Collecting Sufficient Identification
- II. Power of Attorney Fraud
- III. Family Fraud
- IV. Corporate Resolutions
- V. Freezing Credit Lines
- VI. Authenticity of the Satisfaction
- VII. Fraud Buster Bonus
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At the start of this new millennium, the most effective means to rob a bank no longer includes use of a gun. The real estate closing table has replaced the gun and mask as the most favored and effective tool of theft from financial institutions.

The fact patterns giving rise to the thousands of real estate fraud claims are remarkably similar, most falling into a handful of categories. Taking advantage of lenient due diligence and flexible lending standards, five common scenarios have emerged:

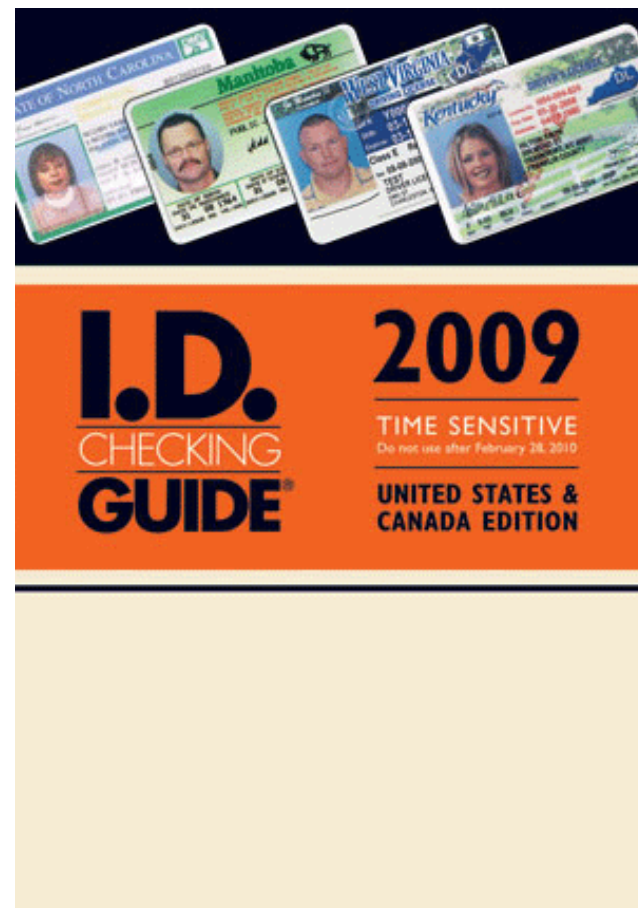
- An imposter posing as a property owner and selling or refinancing the land's equity, while collecting the proceeds at the closing;
- A family member financing or selling another family member's interest as property;
- A real estate professional selling a property to a straw buyer without significant, if any, consideration to collect the proceeds of mortgage or sale;
- An owner fraudulently selling or refinancing a property multiple times to cash out all the equity from the property even beyond the true value of the collateral.
- Multiple flipping to raise property value and then bust out.

Preventing the Fraud

Accordingly, to protect their clients from being victimized by such conduct, lenders need to use the preemptive self-help measurements in the following slides.



I. Collecting Sufficient Identification



Collecting Sufficient Identification: Driver's License

- Many state driver's licenses can be run against a readily available website that enables a determination of its validity.
- A driver's license from almost any state or country in the world can be checked for validity through the *I.D. Checking Guide by the Driver's License Guide Company, Redwood City, California*, which provides tips for identifying counterfeits.
- For example, on a New York State driver's license that was issued before July 2008, the first two black numbers on the far right bottom corner of the license should be the applicant's birth year.

Driver's License

PENNSYLVANIA

Description: Rigid plastic cards with holographic overlay; magnetic stripe and two bar codes on back. Licenses may show out-of-state address. "COMMERCIAL DRIVER'S LICENSE" noted vertically in blue at left for CDL, with "CDL" in map at bottom right. Beginning October 2007, licenses issued to new residents and new drivers have diagonal red "TEMPORARY*" in data area, expiration date outlined in red, and gray banners at left and right.

Minor's license: Vertical format with white "UNDER 21 until (date)" in red bar above photo; includes black "UNDER 18 until (date)" in yellow bar plus title "JUNIOR DRIVER'S LICENSE" and "JR" in map at bottom right if under 18, with green headbar.

Validation: All formats have ghost image and location number overlapping photo. Current license has holographic overlay of county names and keystone outline enclosing "PA." Repeating keystone outline enclosing "PA" repeats across top and is visible under UV light. Top and middle license have holographic overlay of county names and repeating keystone outline; "Pennsylvania" repeats on back in UV ink.

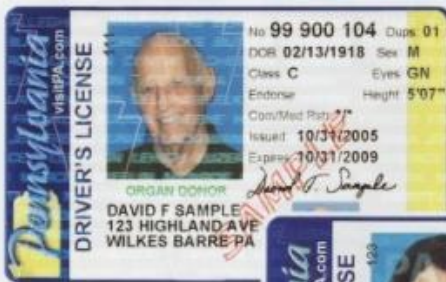
Number: 8 digits, unencoded, spaced 2-3-3 (unhyphenated).

Term: Generally 4 years for drivers under 65; 2 or 4 years for 65 and over. Expiration is the day after birthday. Temporary license is valid for 15 days. Photo update required every 4 years.

PRIOR LICENSES;
VALID IN 2008

(on back) UV

Minor's in vertical format.



CURRENT LICENSE;
VALID IN 2008*

UV

Minor's in vertical format. *See text above for differences in overlay and UV on this and middle license. See also text above for details on temporary license.



Description: Current license: Laminated card; magnetic stripe and 2D bar code on back. Middle license: PVC card; magnetic stripe on back. Prior issues (see also next page): Encased in plastic; statement above signature varies. Licenses may show out-of-state address. CDL noted on current license by blue headbar with "CDL CLASS (A, B, or C)" below; middle license uses blue bar at left with "CDL" and class; top license notes CDL below license number.

Minor's license: Current license is vertical with yellow "UNDER 21 UNTIL (date)" in red bar at photo left. All prior licenses are horizontal. Middle license has under 21 notation in red bar below photo. Prior issues generally use yellow photo backdrop and, after 07/89, red vertical "UNDER 21" overlaps right photo edge.

Validation: Current license: Holographic overlay of "FL" and state seal; second ghost image and holder's last name across bottom of larger photo visible under UV light; microprint-

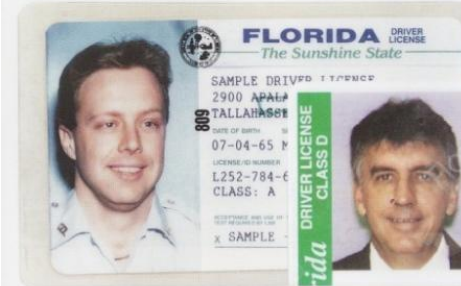
ing on back. Middle license: Holographic overlay of "Florida" and state outline. Top license and other previous issues (see next page): State seal and camera number overlap photo; repeating "FLORIDA" in UV ink.

Number: All licenses below and format invalid May 1998 on next page, 13 characters using Soundex System: L = first letter of last name; 1-3 = Soundex code of last name; 4-6 = department coding; 7-8 = year of birth; 9-11 = coding of birth date and sex; 1 = tie-breaker digit (may not appear). Formats invalid May 1997 on next page use a 12-character number spaced 4-3-2-3 also beginning with the first letter of last name.

Term: 4 or 6 years, expiring on birthday; up to 7½ years with 18-month early renewal option. Attached sticker extends nondigital license 4 or 6 years, twice. As of 10/01/06, licenses for nonimmigrants are valid for 1 year; previously, maximum of 6 calendar years.

(Additional licenses on next page.)

PRIOR LICENSES;
VALID IN 2008



The Sunshine State
LICENSE NUMBER
L252-784-51-465-0
SAMPLE DRIVER LICENSE
STAR ROUTE 66
QUINCY, FL 32333-0000
BIRTH DATE SEX HGT. REST ENDORSE
12-25-51 M 5-10 A F
ISSUED EXPIRES DUPLICATE
12-04-95 12-25-01 12-08-95



SAFE DRIVER MOTORCYCLE ALSO
titutes consent to any sobriety test required by law.

CURRENT LICENSE;
VALID IN 2008*

UV (top and bottom license)

Minor's in vertical format. *Beginning 07/01/05, Class D changed to Class E. Red "TEMPORARY" at lower right indicates license issued to nonimmigrant.

Imposter fraud can often be avoided by collecting a valid governmentally-issued identification at the time of collecting a completed application, or at least before the time of the real estate closing.

Preventing Identity Fraud at the Closing



The Adam Leitman Bailey,
P.C. sample Welcome Letter
states:

12. PROOF OF IDENTITY:

At closing, you will be required to present proof of identity. Please remember to bring to closing **VALID** government issued photo identification (i.e. New York State Driver's License, non-driver identification card or passport).

ADAM LEITMAN BAILEY, P.C.

ADAM LEITMAN BAILEY *
JOHN M. DESIDERIO
CELINE F. KAUFMAN
GUY ARAD *
DOV TREMAN
RICHARD J. WECHTER**

ATTORNEYS AND COUNSELORS AT LAW

OF COUNSEL:
LEONARD H. RITZ
WILLIAM J. GELLER

CHRISTOPHER E. HALLIGAN
CAROLYN Z. RUALO*
PETER J. REID
JESSICA D. SCHERER
KATHERINE KOKKORIS
ROSEMARY LUZZO *
JACKIE HALPERN *

* Also Admitted to New Jersey
** Also Admitted to Florida

June 26, 2008

Borrower Name
Address
New York, NY 10013

Re: Washington Mutual Bank, FA ("Bank") Cooperative Loan

Dear Sir/Madam:

This firm represents the Bank in connection with your cooperative loan closing. This letter has been prepared to advise you of procedures for cooperative loan closings and does not represent an approval of your loan. Please carefully review your loan commitment and this letter so that you are familiar with all of the documentation and information required by the Bank. You must comply with the Bank's closing requirements as described below and in your commitment letter. **We recommend that you forward this letter to your attorney for review as soon as possible.**

If for any reason you have not yet retained an attorney, even if this is a refinancing of an existing loan, we strongly urge you to do so. Although we will answer questions, we do not represent you – we represent only the Bank. Your independent counsel will review the commitment, lien search and closing documents with you, as well as eliminate title and payoff problems. **If you do not hire an attorney, you will be responsible for performing these functions yourself.**

We are not permitted by the Bank to schedule a closing until all of the requirements contained in the commitment letter and those listed in this letter are satisfied and the documents and materials provided to us are in satisfactory form. It is your responsibility to obtain all documents and materials needed to satisfy the pre-closing and at-closing conditions and have the same delivered to our office or the Bank as instructed for closing.

Please bear in mind that your loan must close no later than the expiration date of your commitment/rate lock. If you need an extension, the Bank may require that your

120 Broadway, 17th Floor, New York, NY 10271 tel: (212) 825-0365 fax: (212) 825-0999
www.alblawfirm.com

Collecting Sufficient Identification: No Driver's License

For purchasers and sellers without a driver's license, most states issue a non-driver photo identification card through its Department of Motor Vehicles or another state agency. With few, if any, exceptions, non-governmental identification papers do not effectively verify identities.

In the event of a purchaser who is not a United States citizen, proper identification can include a foreign passport with a valid I-551 stamp, a permanent residence card (Form I-551), and/or a foreign passport with a visa and form I-94.



Collecting Sufficient Identification: Death Certificate

Fake or altered death certificates have also figured into a number of fraud cases. In all of these cases, a search to see if the owner's death has been "greatly exaggerated" can be run through a free internet search of the Social Security Death Index on *Ancestry.com*

82-012982

**INDIANA STATE BOARD OF HEALTH
MEDICAL CERTIFICATE OF DEATH**

Local No. 221 State No. _____

EMERALD'S NAME: Charles Wells
FUNERAL DIRECTOR'S LICENSE No. 4237
FUNERAL HOME'S LICENSE No. 242
FUNERAL HOME No. 286

DECEASED: **STEPHEN** (Last, First, Middle)
 SEX: Male DATE OF BIRTH: April 19, 1982
 RACE: White AGE: 70 UNDER 1 YEAR: _____ UNDER 1 DAY: _____ DATE OF BIRTH: 6-1-1911 COUNTY OF DEATH: Lake
 CITY, TOWN OR LOCATION OF DEATH: East Chicago HOSPITAL OR OTHER INSTITUTION: St. Catherine Hospital
 STATE OF BIRTH: Indiana CITIZEN OF WHAT COUNTRY: U.S.A. MARRIED, NEVER MARRIED, WIDOWED, DIVORCED: Married SURVIVING SPOUSE: Irene
 SOCIAL SECURITY NUMBER: _____ RESIDENCE - STATE: Indiana COUNTY: Lake CITY, TOWN OR LOCATION: Schneider
 LEGAL RESIDENCE WHERE DECEASED LIVED AT DEATH: P.O. Box 53
 IS DECEASED OF SPANISH DESCENT: YES NO IS DECEASED OF OTHER FOREIGN DESCENT: YES NO
 FATHER - NAME: John MOTHER - MARRIED NAME: Mary
 INFORMANT - NAME: Irene - Wife ADDRESS: P.O. Box 53, Schneider, Indiana STATE: Indiana ZIP: 46376
 DISPOSITION: Burial DATE: April 22, 1982 LOCATION: Oak Hill, Hammond, Indiana
 DATE: April 22, 1982 VIRGIL HUBER FUNERAL HOME, Hammond, Indiana 46323
 M.D. OR O.O.: M. Y. Ali, M.D. ADDRESS: 4320 Fir Street, East Chicago, Indiana
 HEALTH OFFICER: E. A. Campagnoni DATE RECEIVED BY LOCAL HEALTH OFFICER: 4-20-82
 PART: Adenocarcinoma of the Lung (Advanced)
 CAUSE: _____

SBH 06-003 REV. 10/77 State Form 36430

Collecting Sufficient Identification: Death Certificate

One can also require a certified copy of the death certificate prior to closing. In some cases, it may even be appropriate to call the funeral home for verification, although extreme caution should be exercised when making such calls out of state. Anyone who has gone to the trouble of faking the existence of a letter from a non-existent distant funeral home may well furnish an equally phony telephone number.

Check the Application:

- Does the employment residency and credit history on application seem logical?
- Would the borrower-applicant be making a commute to work unusually long?
- Do a verbal verification with employer to confirm office location and employment as well as income.
- Does the employer on the application match the employer on the credit report?
- Were the applicant's tax returns, W2 form, and bank statement requested and received?

Be on Alert:

- When Social Security Number has been issued within the last few years or prior to borrower's date of birth



OR

- When the Social Security Number does not match the borrower's name

Collecting Sufficient Identification: Stolen Identity

Check whether mailing address on application matches tax returns, bank statements, and employment records.



POWER OF ATTORNEY

KNOW ALL MEN BY THESE PREMISES

That ROBERT MINTON has made, constituted and appointed, and by these presents does make, constitute and appoint THOMAS H. McGOWAN, Esq., 150 Second Avenue Suite 870, Saint Petersburg, Florida attorney for him and in his, place and stead giving and granting unto him said attorney full power to do and perform all and every act and thing whatsoever requisite and necessary to be done with respect to the management of COURAGE PRODUCTIONS LLC, as I might or could do if personally present, with full power of substitution and revocation, hereby ratifying and confirming to all that THOMAS H. McGOWAN, ESQ. said attorney or substitute shall lawfully do or cause to be done by virtue hereof. This power of attorney notwithstanding does not allow THOMAS H. McGOWAN, ESQ., or his successors to sell, devise or otherwise transfer any interest in any property in which I have any interest whatsoever.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the 29th day of AUGUST, in the year two thousand and five.

[Signature]
ROBERT MINTON

Signed, sealed and delivered in the presence of:

[Signature]
Witness Signature

[Signature]
Witness Signature

Stacy Brooks
Witness printed name

MIKE RIMBER
Witness printed name

3516 Paces Place
Witness Address

1710 1st VAR AVE
Witness Address

Atlanta GA 30327

LOS ANGELES CA
90028

District of Columbia

The foregoing instrument was acknowledged before me this 29th day of August, 2005, by Robert Minton, who is personally known to me or produced New Hampshire as identification and who did/did not take an oath. driver's license



[Signature]
Notary Public
MARIE E. MCCARTHY
MY COMMISSION EXPIRES 4/30/2009

II. Power of Attorney Fraud

Power of Attorney Fraud

Without the bona fide owner's knowledge or permission, an imposter pretends to be the owner of record and obtains a mortgage for a property with the assistance of fake identification and/or a forged Power of Attorney.

MORTGAGE FRAUD IS INVESTIGATED BY THE FBI



Mortgage Fraud is investigated by the Federal Bureau of Investigation and is punishable by up to 30 years in federal prison or \$1,000,000 fine, or both. It is illegal for a person to make any false statement regarding income, assets, debt, or matters of identification, or to willfully overvalue any land or property, in a loan and credit application for the purpose of influencing in any way the action of a financial institution.

Some of the applicable Federal criminal statutes which may be charged in connection with Mortgage Fraud include:

- 18 U.S.C. § 1001 - Statements or entries generally
- 18 U.S.C. § 1010 - HUD and Federal Housing Administration Transactions
- 18 U.S.C. § 1014 - Loan and credit applications generally
- 18 U.S.C. § 1028 - Fraud and related activity in connection with identification documents
- 18 U.S.C. § 1341 - Frauds and swindles by Mail
- 18 U.S.C. § 1342 - Fictitious name or address
- 18 U.S.C. § 1343 - Fraud by wire
- 18 U.S.C. § 1344 - Bank Fraud
- 42 U.S.C. § 408(a) - False Social Security Number

Unauthorized use of the FBI seal, name, and initials is subject to prosecution under Sections 701, 709, and 712 of Title 18 of the United States Code. This advisement may not be changed or altered without the specific written consent of the Federal Bureau of Investigation, and is not an endorsement of any product or service.

Power of Attorney Fraud



- The United States has no greater enemy in its fight against property and mortgage fraud than the power of attorney. A disproportionate number of title litigation cases have resulted from a spurious power of attorney.
- Many, and perhaps most of all of these cases could have been prevented by a diligent professional contacting the issuer of the power and confirming some of the basic identifying data.

Power of Attorney Fraud



- Furthermore, the person granting the power of attorney should be contacted at the phone number listed on reliable documents. A credit report or a *Google* search may also be able to produce a reliable phone number.
- During the ensuing conversation, the issuer should be asked about the instant transaction and details surrounding the sale.
- The inquirer should also ask the issuer to fax, or sent in Portable Document Format (PDF), identification documents immediately after a telephone call. Any delay in the receipt of that data should arouse suspicions.
- The power giver's social security number and personal data as reported on the credit report or mortgage application should also be requested.

III. Family Fraud

- One of the most common forms of closing fraud involves inter-spousal and other family member transfers.
- The motives are usually self-evident: one disgruntled spouse may attempt to cut off the other from the value of equity, or a judgment debtor may attempt to transfer assets to a family member to avoid a creditor.

Many title professionals assert that all family transfers should be treated as suspect. When very little or no consideration changes hands, an even higher alert should be signaled, as fraudsters usually attempt to retain assets and, therefore, make sure only a small amount of transfer taxes are paid at closing.

Adam Leitman
Bailey, P.C.'s Title
Claims Attorneys
take deposition of
granddaughter in
forgery case at
Rikers Island.



Richard Wechter and Pete J. Reid (from left to right)

Forged Deed Case Study



Brother 1 Sells the Property Interest of Brother 2 Without Consent

Facts:

Mother dies. Mother's property passes to her two sons brother 1 and brother 2. A deed is then recorded transferring the property from both brothers to only brother 1. Then brother 1 takes out a mortgage, which is insured by a title insurance company.

Problem:

Brother 1 defaults on the mortgage, the lender commences a foreclosure action on the property, and then brother 2 steps in claiming that he never deeded his half of the property to his brother, alleging brother 1 forged brother 2's name on the deed.

Prevention:

A simple call requiring identification from both brothers could have prevented this fraud.

Forged Deed Case Study



Brother 1 Sells Brother 2 Interest In Inherited Property Without Consent

The issue is whether the transferring brother FORGED his brother's signature.

NYC DEPARTMENT OF FINANCE
OFFICE OF THE CITY REGISTER

This page is part of the instrument. The City Register will rely on the information provided by you on this page for purposes of indexing this instrument. The information on this page will control for indexing purposes in the event of any conflict with the rest of the document.

2003102000840002001EAB83

RECORDING AND ENDORSEMENT COVER PAGE PAGE 1 OF 5

Document ID: 2003102000840002 Document Date: 09-12-2003 Preparation Date: 10-20-2003
Document Type: DEED Document Page Count: 3

PRESENTER:
MADISON TITLE AGENCY, LLC
AS AGENT FOR FIDELITY NATIONAL TITLE INSURANCE CO.
1125 OCEAN AVENUE
LAKEWOOD, NJ 08701
732-308-9400
IDY@MADISON.COM

RETURN TO:
ANTHONY DEMONDA
514 DEAN STREET
BROOKLYN, NY 11238
MTANY-01118

PROPERTY DATA
Borough: BROOKLYN Block Lot: 1140 21 Entire Lot
Address: 814 DEAN STREET
Property Type: DWELLING ONLY - 2 FAMILY

CROSS REFERENCE DATA
CRFN _____ or Document ID _____ or Year _____ Reel _____ Page _____ or File Number _____

PARTIES
GRANTOR/SELLER:
SALVATORE DEMONDA
814 DEAN STREET
BROOKLYN, NY 11238

GRANTEE/BUYER:
ANTHONY DEMONDA
814 DEAN STREET
BROOKLYN, NY 11238

x Additional Parties Listed on Continuation Page

FEEs AND TAXES
Mortgage Amount: \$ 0.00 Recording Fee: \$ 52.00
Taxable Mortgage Amount: \$ 0.00 Affidavit Fee: \$ 0.00
Exemption: \$ 0.00 NYC Real Property Transfer Tax Filing Fee: \$ 50.00

TAXES:
County (Basic): \$ 0.00
City (Additional): \$ 0.00
Spec (Additional): \$ 0.00
TASE: \$ 0.00
MTA: \$ 0.00
NYCTA: \$ 0.00
TOTAL: \$ 0.00

NYS Real Estate Transfer Tax: \$ 0.00

RECORDED OR FILED IN THE OFFICE OF THE CITY REGISTER OF THE CITY OF NEW YORK
Recorded/Filed: 01-07-2004 17:29
City Register File No. (CRFN): 2004000009822

NYC HPD Affidavit in Lieu of Registration Statement

City Register Official Signature

09/17/03 THU 17:22 FAX 011 386 9828 MAPLETON 11216 01007

Affidavit of Compliance with Smoke Detector Requirement for One and Two Family Dwellings

AFFIDAVIT OF COMPLIANCE WITH SMOKE DETECTOR REQUIREMENT FOR ONE- AND TWO-FAMILY DWELLINGS

State of New York }
County of Kings } SS:

The undersigned, being duly sworn, depose and say under penalty of perjury that they are the grantor and grantee of the real property of the cooperative shares in a cooperative corporation owning real property located at:
814 Dean Street
Brooklyn New York (the "Premises")

That the Premises is a one or two family dwelling, or a cooperative apartment or condominium unit in a one- or two-family dwelling, and that installed in the Premises is an approved and operational smoke detecting device in compliance with the provisions of Article 6 of Subchapter 17 of Chapter 1 of Title 27 of the Administrative Code of the City of New York concerning smoke detecting devices;

That they make affidavit in compliance with New York City Administrative Code Section 11-2105 (d). (The signatories of at least one grantor and one grantee are required, and must be notarized).

Salvatore Demonda Anthony Demonda
Name of Grantor (Type in Print) Name of Grantee (Type in Print)
Signature of Grantor Signature of Grantee

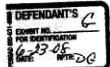
Sworn to before me this 12th day of September 2003 Sworn to before me this 17th day of September 2003

CLEVELAND A. BROWN
Notary Public, State of New York
No. 24-0446030
Qualified in Kings County
Commission Expires April 30, 07

LISA JOY EBENBERGER
Notary Public, State of New York
No. 24-0446030
Qualified in Kings County
Commission Expires January 16, 07

These statements are made with the knowledge that a willfully false representation made in this Affidavit constitutes a crime of perjury under Article 210 of the Penal Law.

NEW YORK CITY REAL PROPERTY TRANSFER TAX RETURNS FILED ON OR AFTER FEBRUARY 6th, 1990, WITH RESPECT TO THE CONVEYANCE OF A ONE- OR TWO-FAMILY DWELLING, OR A COOPERATIVE APARTMENT OR A CONDOMINIUM UNIT IN A ONE- OR TWO-FAMILY DWELLING, WILL NOT BE ACCEPTED FOR FILING UNLESS ACCOMPANIED BY THIS AFFIDAVIT.



IV. Corporate Resolutions

When a corporation taking out a mortgage purchasing property, the lender should get a copy of the corporate resolution or authorization and communicate with the responsible person to verify the transaction.

- Fourteen months after service on Rosemary, the corporation by the other surviving member of the family corporation and the estates of two deceased members sought to set aside the foreclosure. The property had been sold at auction, but pursuant to Order, the deed was not signed over to the purchaser pending a decision on the motion.
- Mortgagor opposed on the basis of facially proper service on the corporation; the person of suitable age and discretion was a family member of one of the dead family members. To vacate a default, movant must show a reasonable excuse for the default and a meritorious defense. Mortgagor argued that if the deceased shareholders made no plans for the management of the corporation upon their respective deaths, the fault lies with them and is not excusable.

- The corporation was on notice of Rosemary penchant for fraud since one of the members had sued her for fraud after the date of the mortgage but before foreclosure. President of the mortgagee was a disbarred attorney and alleged by movants to be in cahoots with Rosemary.
- Rosemary had resisted discovery for many years in the fraud action. No corporate meetings had been held for several years and mortgagor argued that “shareholders have displayed nothing but apathy for the better part of a decade, yet it expects this Court to believe that it would have been diligent in defending this action under different circumstances.”

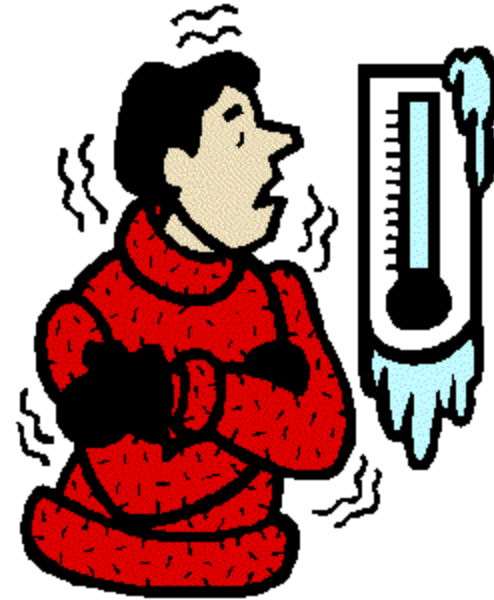
Outcome

- The Court found that service had not been successfully attacked and did not order a traverse. Although the Court held that “the allegations of fraud and misuse of corporate property by [Rosemary] may well be true, [the] movant has not offered proof of wrong-doing relevant to this foreclosure action other than speculation and hearsay. Whatever fraud may have occurred was against [Rosemary’s] own family members and has not been shown ...to be perpetrated by the ‘adverse part’...” The sale was allowed to proceed to conclusion.

V. Freezing Credit Lines

Freezing Credit Lines

To prevent a borrower from illegally squeezing extra money from a line of credit, the lender must obtain all instruments that would enable such a theft to destroy them at the closing. A letter from the lender acknowledging that the line of credit has been frozen should be included with the payoff letter at closing.



VI. Authenticity of the Satisfaction

- Suspicion has become a closing professional's best friend, as it goads a closing professional to look more deeply into the finer parts of the transaction. Aside from the intensity it gains from any other irregularity, such suspicion should always be heightened when large amounts of money are being transferred to parties other than the buyer, seller, or the prior mortgagee, or where the prior lender is not listed as the payoff entity.
- Whenever a loan is not satisfied or paid off from the funds transferred in the closing transaction, suspicion should also be aroused. The diligent closing professional should see to the authentication and verification of any satisfaction or release presented at closing.

- Here is an example of Demands paid at the direction of the purported mortgagee (the fraudster).

In this case the payoffs was directed to a
Swiss Bank Account

ATTORNEY'S AT LAW
WEST [REDACTED], NEW YORK [REDACTED]

Phone (631) [REDACTED]

Fax (631) [REDACTED]

FAX COVER SHEET

To: Shawna @ The Bank of NY

Date: 10/20/2005

Fax No.: 669-2570

No. Pages: 1

Re: A Wire Transfer From: [REDACTED], IOLA - Real Estate Account # [REDACTED]

To: UBS AG
Geschäftsstelle Lowenplatz
P.O. Box CH-8098 Zurich

UBSWCHZH80A - Routing Number

CARLOS [REDACTED] ACCOUNT # 348 [REDACTED]

BANK ACC # CH6200 [REDACTED]

AMOUNT: \$ 353,300.20

Sincerely,

[REDACTED]

BY: [REDACTED]
Paralegal

If you receive this transmission in error, please contact the undersigned to advise, and immediately destroy the documents received as they may contain confidential information. Thank you.

VII. Fraud Buster Bonus

Fraud Buster Bonus

Lenders need to be motivated to want to uncover fraud. One such motivation the author has titled the “Fraud Buster Bonus,” which would involve the lender giving the employee a money reward for uncovering fraud in an amount that would encourage fraud busting.

VIII. Internal Lists

- In addition, some real estate professionals have created internal private lists of unethical bank attorneys, real estate brokers, appraisers, and title companies. These lists set forth the names of persons, who have proven unethical, and persons with an acquired reputation for committing and/or facilitating ethical breaches.
- Finally, as many fraudsters are repeat offenders, a shared database of these names should be maintained with banking and title insurance companies, as well as with interested government agencies.

Checklist for Title Closers

Checklist for Title Closers

Closer:
Title No.:

Closer's Check List

General

1. Has identification been reviewed for all parties signing documents to be insured? Do you have a copy of the ID's for the file?
 - a. Are they valid and government issued?
 - i. If not, call company counsel to make sure acceptable forms of ID are reviewed.
2. Did you complete the "Report of Closing"?
3. Have you called for a continuation of title and taxes?
 - a. Were there new items listed and did you obtain direction from company counsel as to them?
4. Have you satisfied all requirements in title report?
 - a. When in doubt, call company counsel. A closer does not have the authority to make underwriting decisions.
 - b. Did you repeat back the figures to the Closing Department?
5. Are all of the proper endorsements in the Owners Policy and Loan Policy? (Condo, NY, Waiver)
6. Have you verified that the information within the policies is accurate?
7. Do policy exceptions conform to report exceptions?
8. Unit Power of Attorney
9. Partial Release of Lien
10. UCC 3 Termination
11. Maintenance/Common Charge Letter
12. Waiver of the Right of First Refusal?
13. Escrow Agreement – If the Escrow Agreement is not the standard company form with no changes made was the Agreement approved by company counsel?
14. Was an escrow charge collected as directed by company counsel?
15. 339 ee Affidavit – Check with company counsel to see if it needs his or her approval
16. Are all checks certified or attorney escrow checks? (Note: Some banks no longer accept certified checks)
17. Are all parties present? (If Power of Attorney is involved, please call the donor of the Power of Attorney. Did the attorney in fact adequately identify himself and confirm the authority of the attorney-in-fact)

Require your title company to use the model closing checklist that can be found on the MBA website.