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FBI sees dramatic increase in mortgage fraud

A report released by the FBI shows that mortgage fraud is on a dramatic rise as compared with last year. For the first six months of this fiscal year financial institutions reported over 33,000 cases of "suspicious activities". For the entire previous year the FBI received almost 48,000 reports. At its current pace the FBI will receive over 70,000 mortgage fraud reports this year alone.

Earlier this year FBI director Robert Mueller predicted that mortgage fraud would worsen saying "as housing prices continue to fall, more financial misdeeds will no doubt come to light."

The report indicated that certain states are especially affected by mortgage fraud. Florida, Nevada, Michigan, California, Utah and Georgia are the top six states to report cases of the growing problem. The FBI attributes the subprime-lending crisis as the leading cause for illegal mortgage activity. The government agency is currently investigating 19 Wall Street mortgage providers however they have not released the names of the companies that are currently in question.

The FBI estimates that over \$813 million dollars were lost last year as a result of increased mortgage fraud. Assistant FBI Director Kenneth Kaiser, head of the criminal investigative division, said, "The \$813 million loss denoted in this report is just the tip of the iceberg, reflecting only a small percentage of financial damage suffered by victims of mortgage fraud," adding. "The FBI remains committed to working with our law enforcement, regulatory, and industry partners to unravel these complicated fraud schemes and bring their perpetrators to justice."

Banks and other financial institutions are required to inform authorities when they discover discrepancies in financial records. The report also indicated that identity theft is also likely to increase as more and more homes fall into foreclosure.