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1-1-1900

### FBI Presentation on Mortgage Fraud

United States: Department of Justice: Federal Bureau of Investigation (FBI)

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*FDIC*  
*Interagency Accounting*  
*Conference*

*April 16-17, 1975*



# FBI White Collar Crime Program Post 9/11



- 1. Protect the United States from terrorist attack**
- 2. Protect the United States against foreign intelligence operations and espionage**
- 3. Protect the United States against cyber-based attacks and high-technology crimes**
- 4. Combat public corruption**
- 5. Protect civil rights**
- 6. Combat transnational and national criminal organizations and enterprises**
- 7. Combat major WCC**
- 8. Combat significant VC**
- 9. Support federal, state, municipal and international partners**
- 10. Upgrade technology to successfully perform the FBI's mission**

# MOST IMPORTANT FRAUD TRENDS

• **Regulation**  
• **Evolution of Criminals**  
• **and Intrusive Nature of**  
• **Regulation of Industry**

- **DEPORTING CORPORATE  
CIVILITY**

# **Who Are These People??**

**According to Recent Polls:**

- **49% have lied to save money**
- **36% would lie if it helped them get a job**
- **22% believe that lying or cheating does not hurt your character**
- **44% are not satisfied with the ethics and character of their peers**

"It is only possible to live happily ever after on a day-to-day basis"

# **Who Are These People??**

**Of Those Still Attending High School or College:**

- **31% have stolen from their parents or relatives during the previous year**
- **25% have stolen from a friend during the past year**
- **47% have stolen from a store during the past year**
- **50 members of this group made up FBI New Agents class 05-09**

"The difference between genius and stupidity is genius has limits"

# *They Are...*

- Generation X!!!
  - *27% of the U.S. Population*
  - *75% of Xers are in the Labor Force*
  - *Make Up 40% of the Nation's Workers*
  - *Almost all New Hires*

"Only the mediocre are always at their best"

# FBI White Collar Crime Program Post 9/11



7. Combat major WCC
  1. Corporate Fraud
  2. Health Care Fraud
  3. Financial Institution Fraud



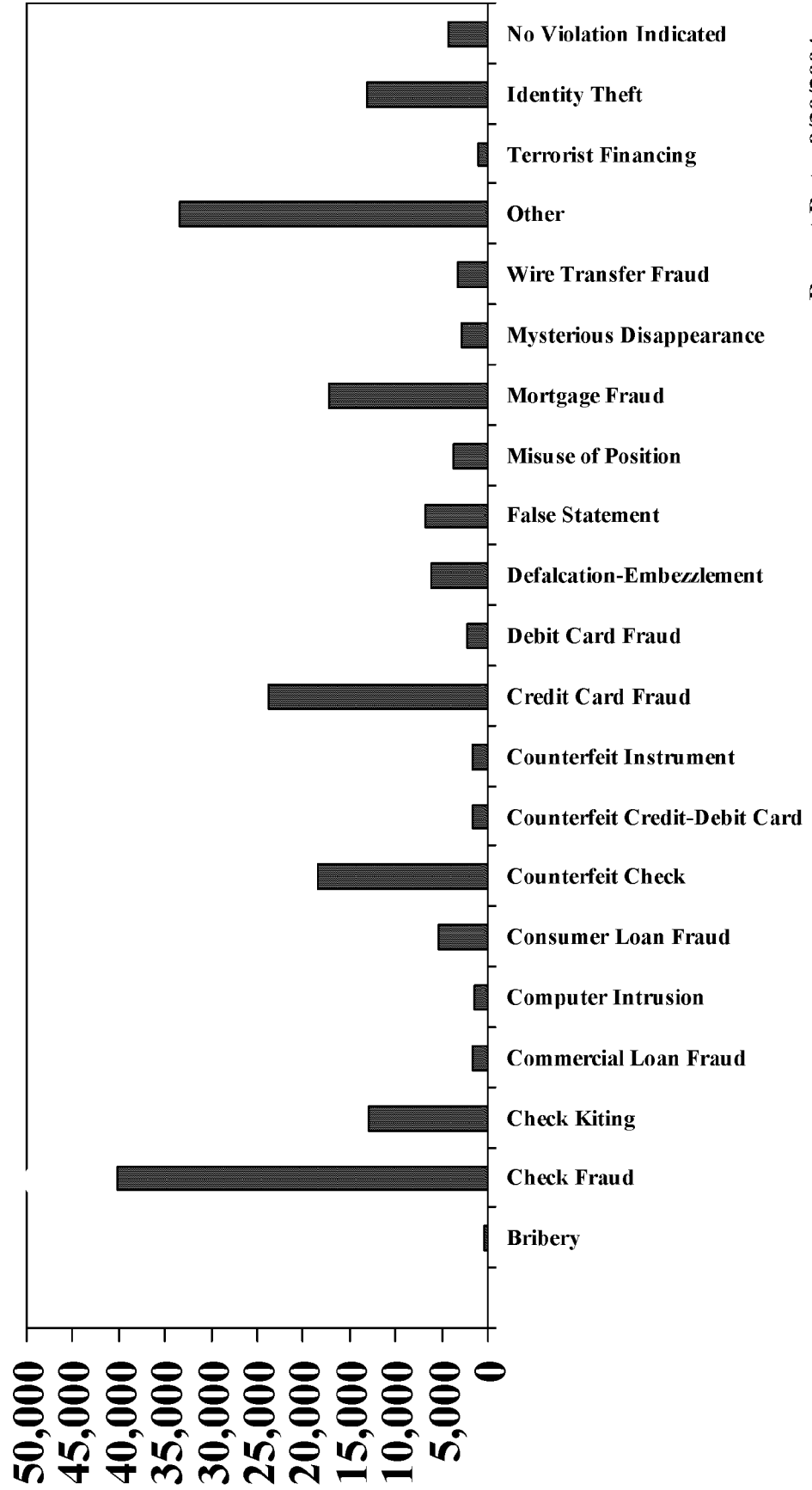


# Suspicious Activity Reports

Number of SARs Reported

**Nationwide**

**(10/1/2003 – 9/30/2004)**



Report Date: 9/30/2004



1. Check Fraud	40,182
2. Credit Card Fraud	23,871
3. Counterfeit Check	18,454
4. Mortgage Fraud	17,127
5. Identity Theft	13,209
6. Check Kiting	12,894
*Other	33,415

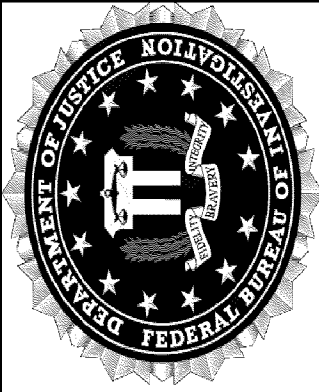


# Suspicious Activity Reports

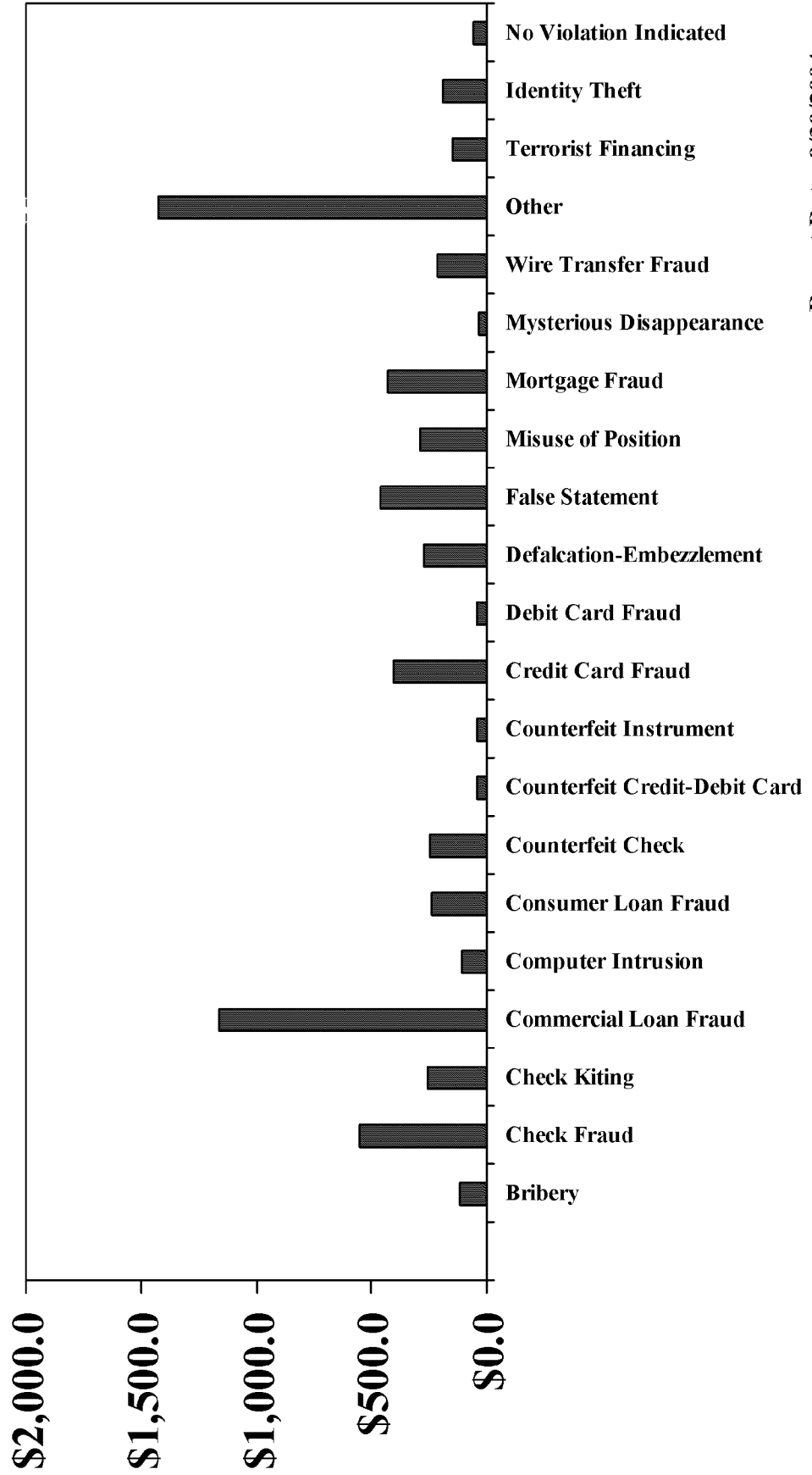
## Dollar Losses Reported

### Nationwide

(10/1/2003 – 9/30/2004)



Losses of Non-Money Laundering SARs

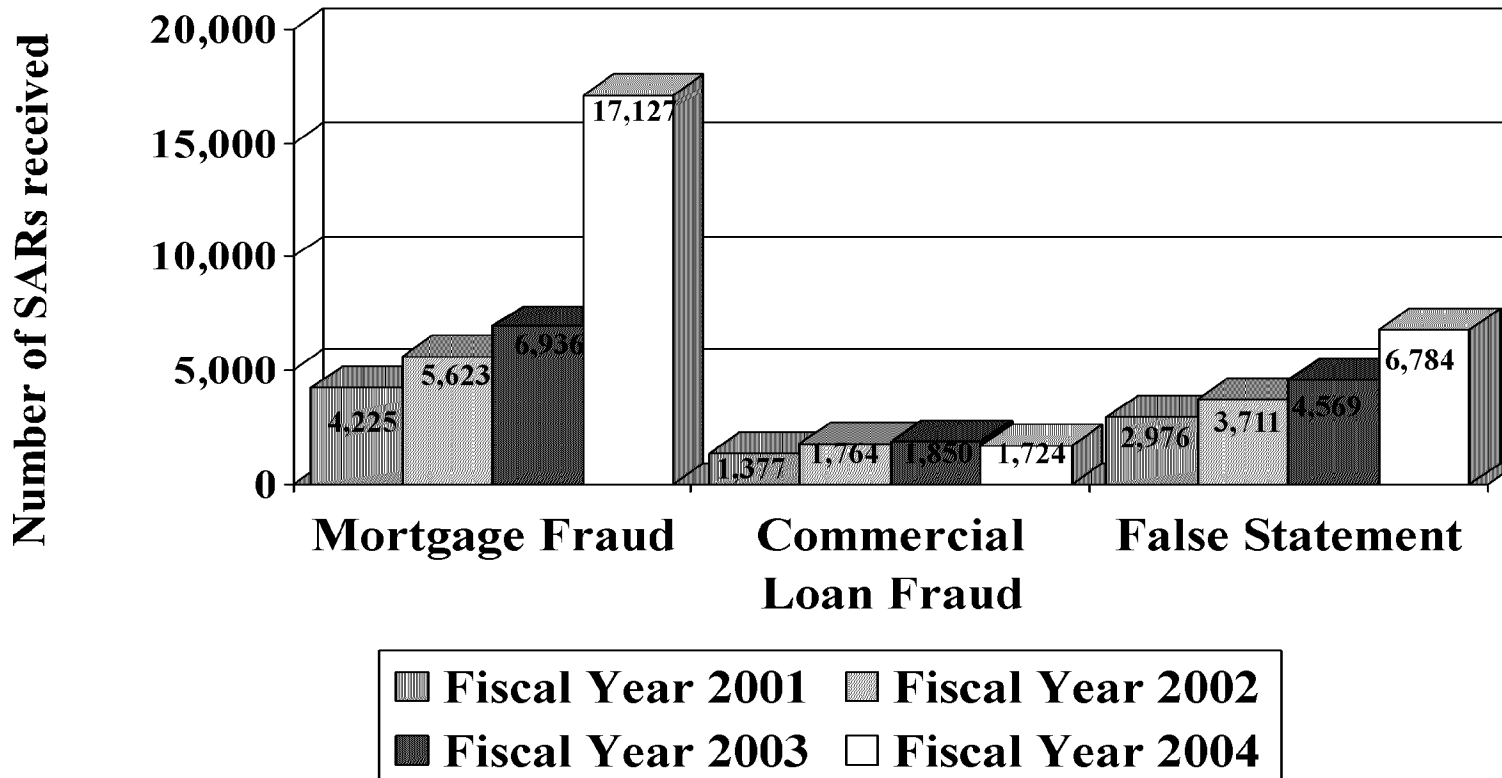


Report Date: 9/30/2004



1. Commercial Loan Fraud	\$1,163,200,000
2. Check Fraud	548,700,000
3. False Statements	458,500,000
4. Mortgage Fraud	429,300,000
5. Credit Card Fraud	399,800,000
6. Misuse of Position	291,700,000
* Other	\$1,427,400,000

# Number of Violations of Mortgage Related Fraud SARS Fiscal Years 2001 – 2004 (10/1/00 – 9/30/04)

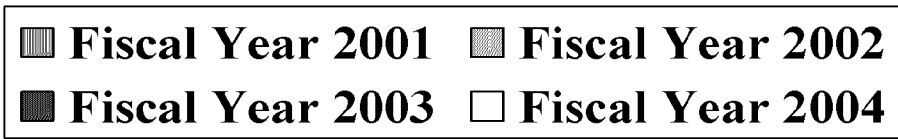
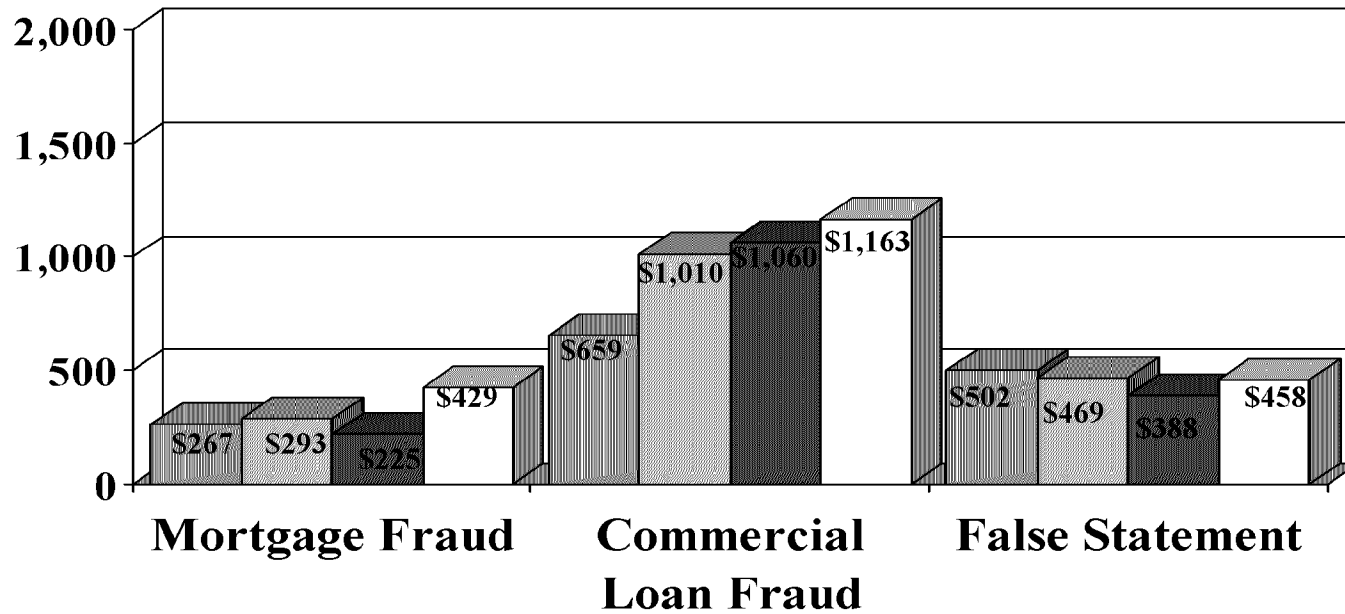


Report Date: 10/1/04

# Dollar Losses Reported of Mortgage Related Fraud SARS Fiscal Years 2001 – 2004 (10/1/00 – 9/30/04)



Dollar Losses Reported in Millions



Report Date: 10/1/04





- Difficult to detect legitimate documents from fraudulent documents
  - Driver's licenses and ID cards have few security features and are not standardized
  - Vital Statistic documents are issued by 14,000 uncoordinated jurisdictions.





### Birth Records:

Kentucky  
Maine  
Massachusetts  
New Jersey  
North Carolina  
Ohio  
South Dakota  
Tennessee  
Vermont  
Washington  
Wisconsin

### Death Records:

Connecticut, Ohio  
Florida, South Carolina  
Georgia, South Dakota  
Indiana, Tennessee  
Kentucky, Vermont  
Maine, Washington  
Massachusetts, Wisconsin  
Michigan  
New Jersey  
North Carolina



- 54 year Utah Credit Union Employee
- \$2.4 Million Embezzlement from Fictitious Loan Proceeds (Deceased Customers)
- Fraud Continued for 40 YEARS!!!
- Discovered During Routine Regulator Examination







*Accounting Like  
Profits Revenue*

*Accounting Frauds are  
ed by ~~...~~ inflating  
revenues or decreasing expenses*



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Bell Labs Innovations



**Charter**  
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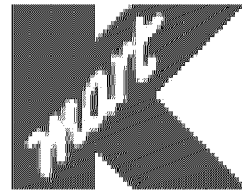
**Qwest**

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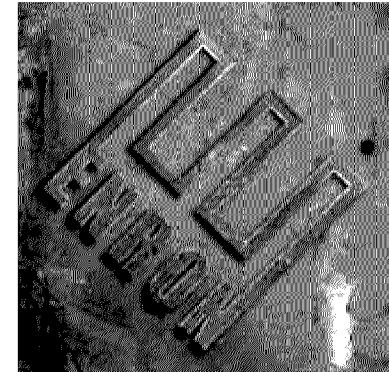
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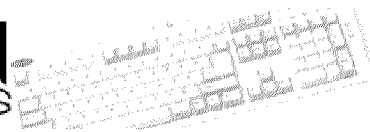
**SMART ENERGY**

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TECHNOLOGIES



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**RITE AID**

**RITE AID**

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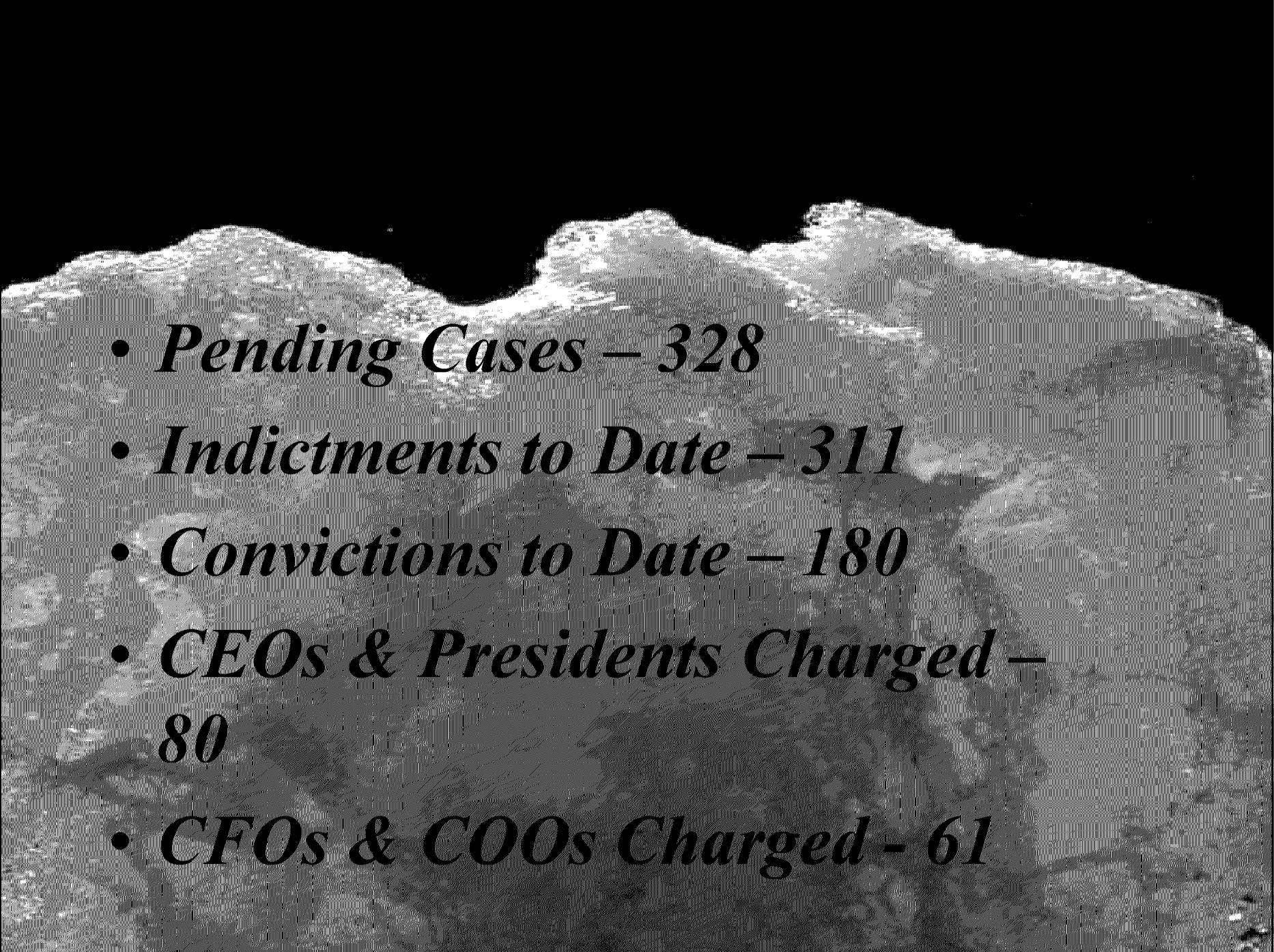
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*"I gotta tell ya, these embezzlement convictions raise a red flag."*

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- *Pending Cases – 328*
  - *Indictments to Date – 311*
  - *Convictions to Date – 180*
  - *CEOs & Presidents Charged – 80*
  - *CFOs & COOs Charged - 61*





# ANOTHER AMERICAN SUCCESS

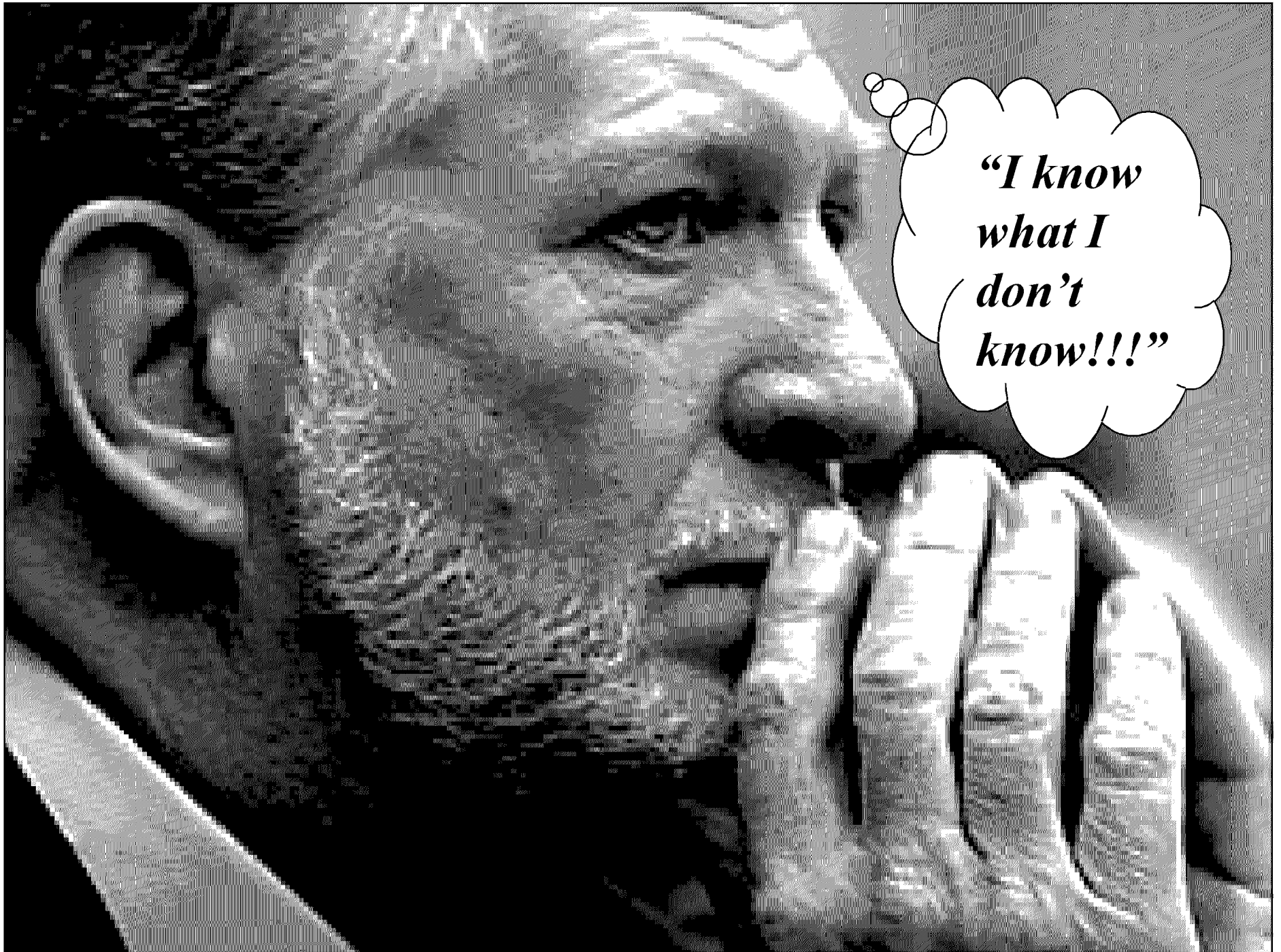
## Story!!!

- *Westin Smith*
- *William Owens*
- *Emery Harris*
- *Kenneth Livesay*
- *Virginia Valentine*
- *Cathy Edwards*
- *Kay Morgan*
- *Angela Ayers*
- *Mike Martin*
- *Malcolm McVeigh*
- *Aaron Beam*
- *Jason Brown*
- *Richard Botts*
- *William Hicks*

**HEALTHSOUTH**  
Sports Medicine & Re



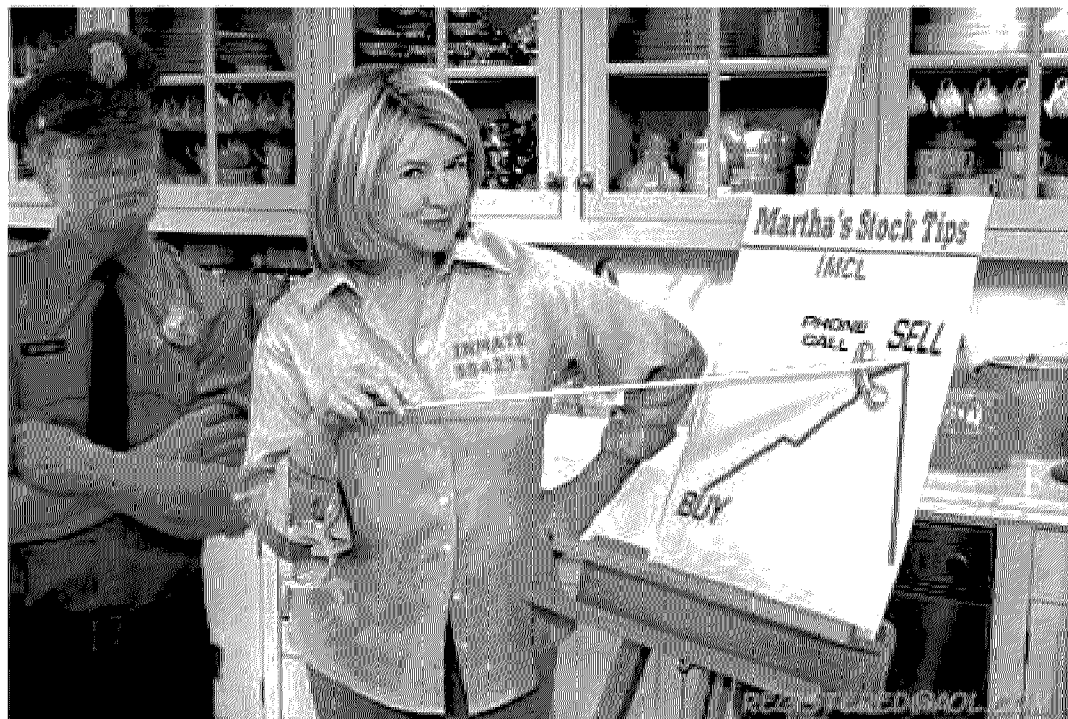
healths





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# ***Successful Interview***

- ***Authority***
- ***Experience***
- ***Focus on Witness Rather than Suspect Interviews***
- ***Don't Rely on the Public Accountant to Find the Fraud!!!***



*Keith Slotter*  
*Special Agent in Charge*  
*Sacramento Division*

*(916) 977-2201*