



Leonard.Zawistowski@frb.gov
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To john.t.mccormick@frb.gov

cc robert.ward@frb.gov, Laurie.Bender@frb.gov

bcc

Subject Mortgage Fraud discussion with FBI

History

✉ This message has been replied to.

On March 20, 2006, Rob Ward and I contacted SSA Ronda Heilig, 202-324-8634, at FBI/HQ, Financial Crimes Section, to discuss the current FBI perspective on mortgage fraud. SSA Heilig noted that she is the sole resource at FBI HQ assigned to mortgage fraud issues, but that the field divisions address mortgage fraud through their white collar squads. She said that the reports of mortgage fraud are increasing, as are the losses. She cited FinCEN data that shows mortgage fraud SARs growing from 7000 in 2003, to 17,000 in 2004, and 22,000 in 2005.

We asked SSA Heilig about the involvement of bankers in the fraud, and she responded that they have seen many cases where the banker was a part of the fraud, but she did not have any statistics on that point. She also emphasized that there have been large scale losses suffered by financial institutions. Although, she suggested, banks were sometimes guilty of contributory negligence due to the lax due diligence on the borrowers, as in no-doc loans.

SSA Heilig expressed appreciation for our assistance in designing her 'Virtual Academy' Mortgage Fraud training module. She said that she would update us on fraud trends, especially as they affect banks. We invited her to contact us at any time if she needed regulatory guidance.

Len Zawistowski
Senior Special Investigator
202-452-6488