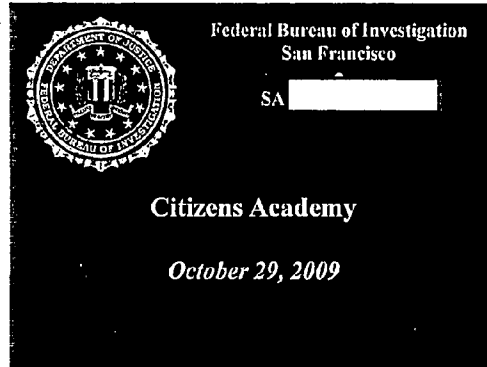
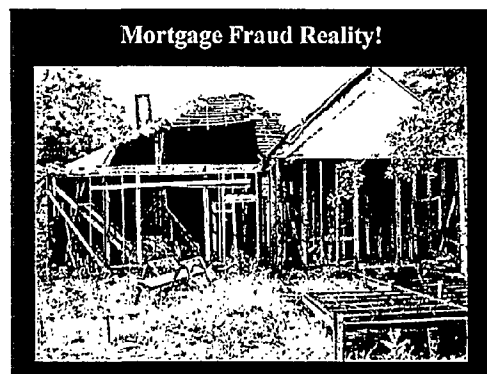
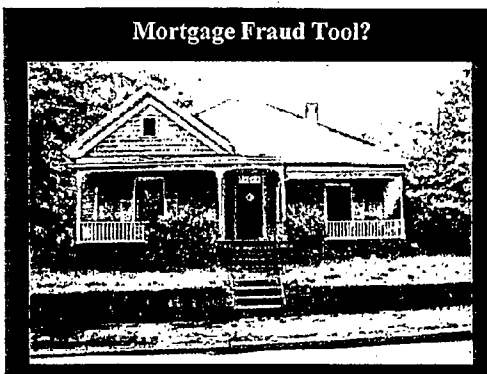




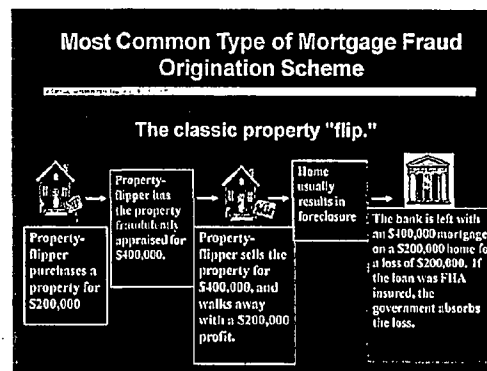
b6
b7c



Mortgage fraud is committed for one of two reasons

- ❑ To obtain a property
- ❑ To gain a profit

WAS 6-2-2009



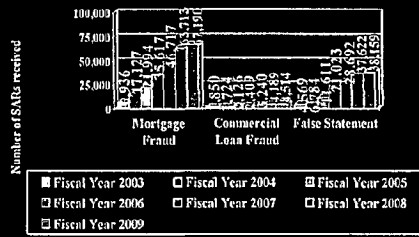
The Current State of the old Mortgage Fraud "Tools"
House recently sold for \$1.75 on eBay
(Sold in October 2008 - Saginaw, Michigan)



SARS in General

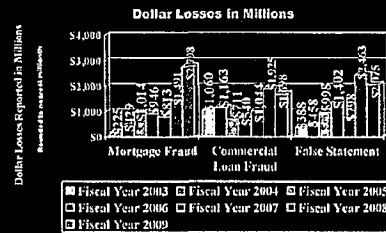
- Suspicious Activity Reports
 - Tens of Thousands of SARS
 - Billions of Dollars in Estimated Losses
- Important Tool for FBI
 - Direct Resources
 - Assist With Ongoing Cases
 - Track Trends

Number of Violations of Mortgage Related Fraud SARS
Fiscal Years 2003 - 2009
(10/1/2002 - 9/30/2009) Nationwide



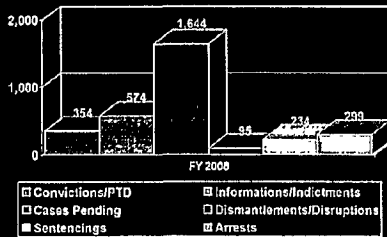
Revised 9/30/09

Dollar Losses Reported of Mortgage Related Fraud SARS
Fiscal Years 2003 - 2009
(10/1/2002 - 9/30/2009) Nationwide



Revised 9/30/09

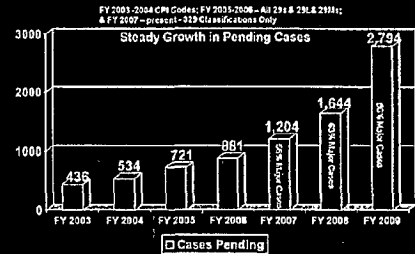
Mortgage Fraud Stats
Fiscal Year 2008



Data Sources: ISRAA

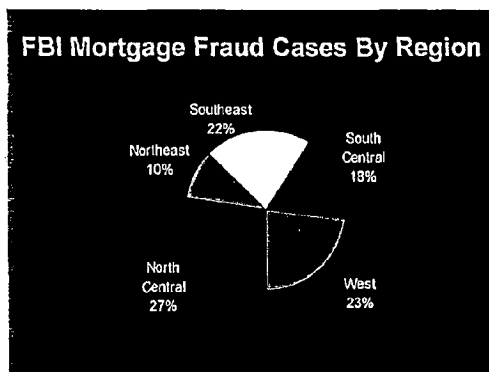
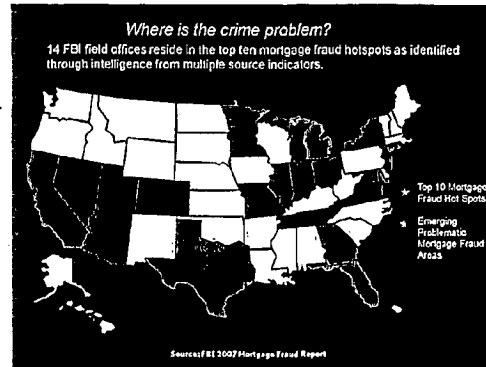
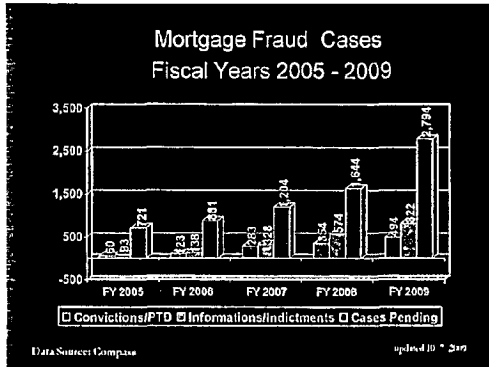
Updated 10/7/2009

Pending Mortgage Fraud Cases
Fiscal Years 2003 to 2009



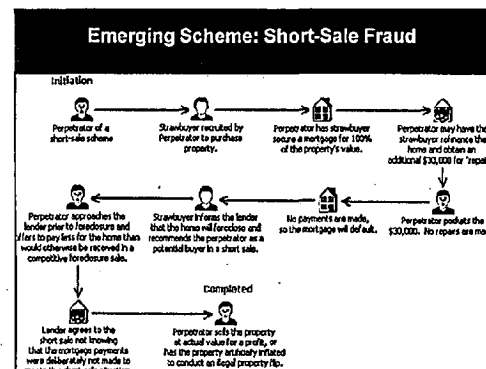
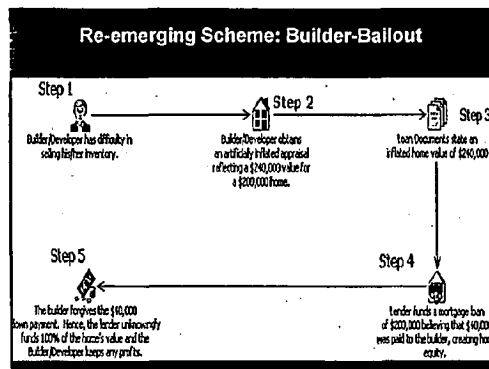
Data Sources: Compass & MAR

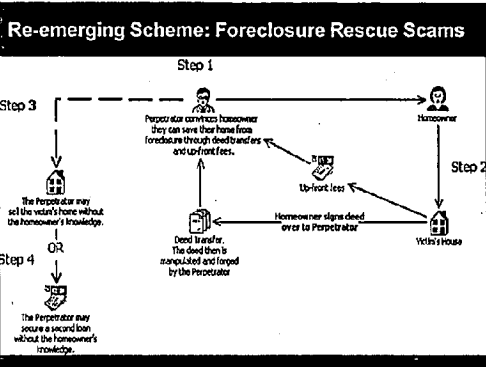
Updated 10/7/2009



Emerging Schemes

- FBI Always seeking to ID new Schemes
- FBI 2007 Mortgage Fraud Report
 - Produced with the Assistance of the Mortgage Industry
 - Identified Several Schemes





Does the lender know about the 2nd Home?

Buy One, Get One FREE!

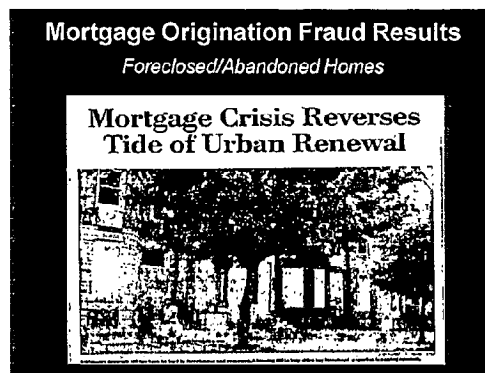
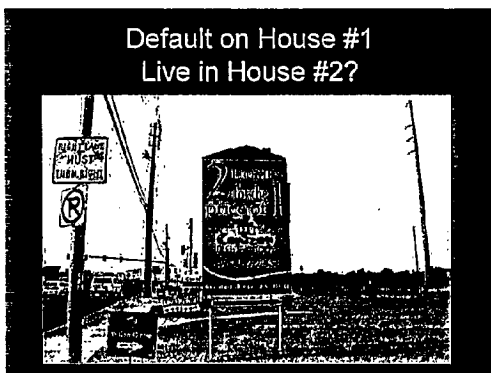
Buy a new home at **Royal View**; Get a second new home at **Cityscape FREE!**

Royal View
 • Grand Estate homes in the San Francisco Valley
 • Luxurious homes with pools and RV Garages

Cityscape
 • Brand New Homes in the heart of Escondido
 • Spacious Homes with Designer Features

Michael Crews
 Moved In Ready! Tours Available! Open Daily 9 a.m. - 6 p.m.
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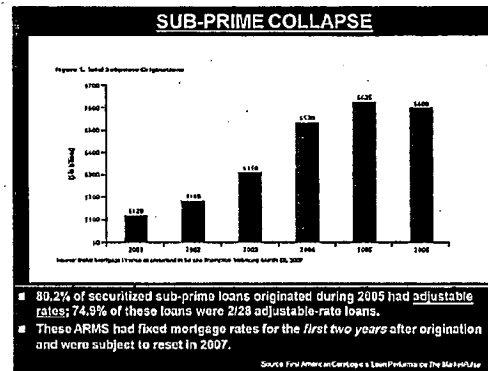
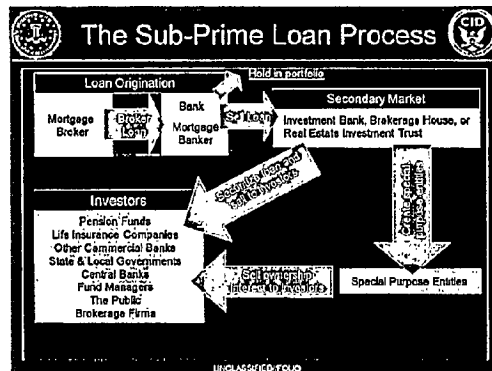
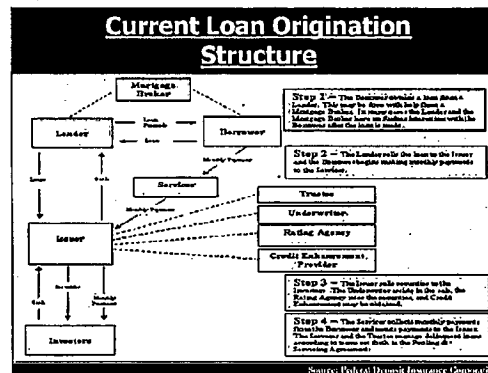
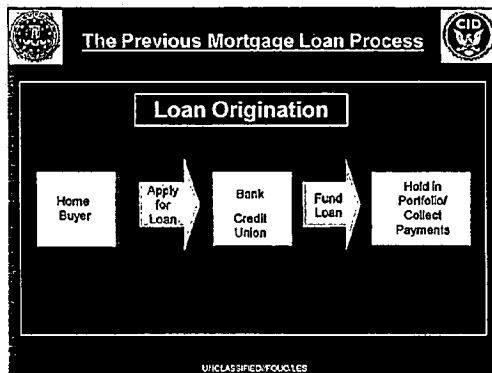
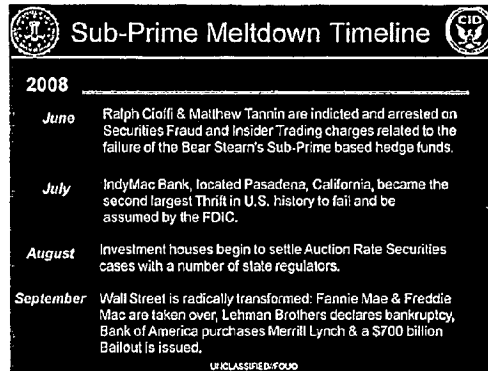
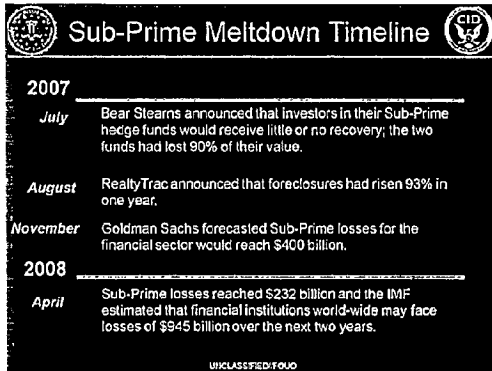
*Don't miss this incredible limited time opportunity! It's your last chance to buy a new home for you and get a second new home FREE! Great for your children, parents, grandparents, guests, for rental property. *Promotion ends June 30, 2006. *Terms & Conditions Apply. See Sales Representative for details.



Sub-Prime Meltdown Timeline

2004	
June	Federal Reserve began a series of Fed Funds Rate increases. By June 2006, there will have been 17 consecutive increases raising the rate from 1% to 5.25%.
2006	
December	The weakest Sub-Prime mortgage originators begin to fail; by December 2007, over 110 mortgage origination companies will have closed their doors.
2007	
April	New Century (2 nd largest originator of Sub-Prime loans) filed for bankruptcy.

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FBI Statement to Congress in 2004

■ *"The potential impact of mortgage fraud on financial institutions and the stock market is clear. If fraudulent practices become systematic within the mortgage industry and mortgage fraud is allowed to become unrestrained, it will ultimately place financial institutions at risk and have adverse effects on the stock market."*

– Chris Swecker, Former FBI Assistant Director, Criminal Investigative Division, Introductory Statement: House Financial Services Subcommittee on Housing and Community Opportunity, October 7, 2004.

Future Concerns

HOUSING AND ECONOMIC RECOVERY ACT (HERA)

AREAS OF CONCERN

- \$309 Billion to Fund Refinancing of Mortgages in Default;
- \$4 Billion to State and Local Communities to Redevelop Foreclosed and Abandoned Properties.

EMERGENCY ECONOMIC STABILIZATION ACT (EESA)

AREAS OF CONCERN

- \$700 Billion to Be Utilized by the U.S. Department of Treasury to Address the Current Credit Crisis;
- Troubled Assets Relief Program (TARP);
- Special Inspector General – TARP;
- Equity Ownership in Financial Institutions and Other Businesses;
- Restructuring of Mortgages in Default/Underwater;
- Term Asset-Backed Securities Loan Facility (TALF) – Working Group Established.

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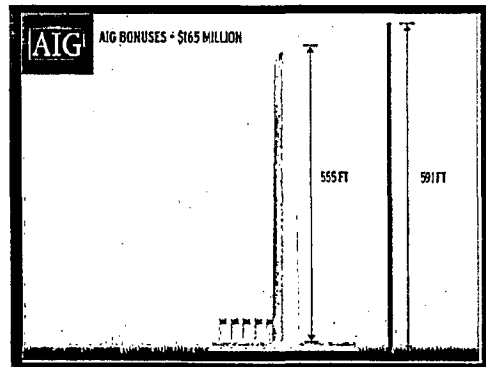
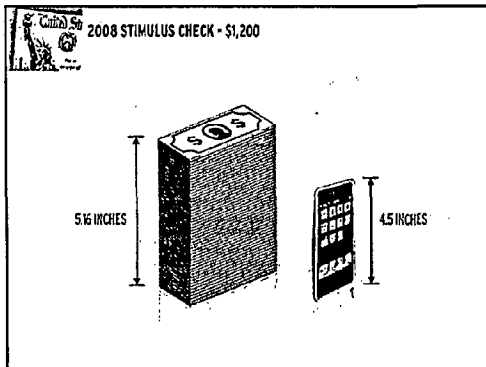
Future Concerns

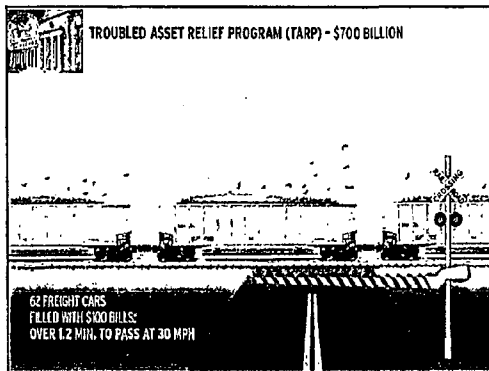
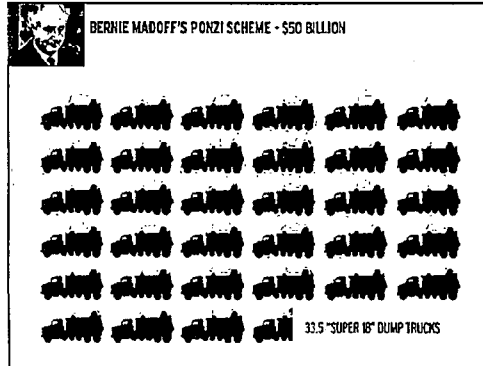
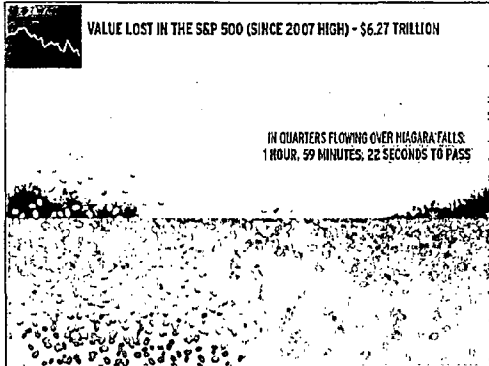
AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

AREAS OF CONCERN

- \$787 Billion in Tax Breaks and Federal and State Programs, including Education, Transportation and Other Infrastructure Programs;
- Anticipated Issues May Include Public Corruption and Fraud Against Government.

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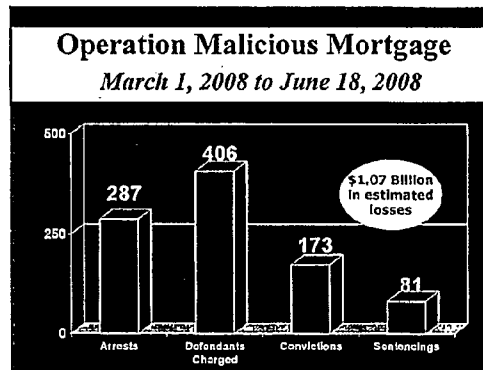
LA Times 03/17/2009

■ "Nearly a year after the FBI set up a task force in Southern California, the state has dropped from fourth place to eighth for mortgage fraud, according to a report released Monday by the Mortgage Asset Research Institute, a branch of data firm LexisNexis.

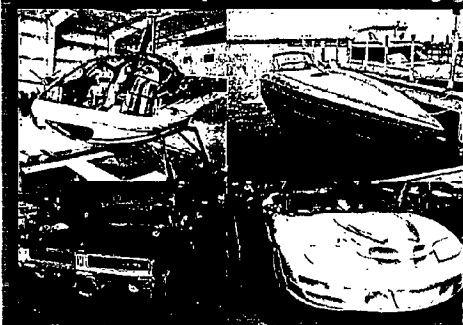
How has the FBI responded? (cont.)

■ Operation Malicious Mortgage

- Hundreds of Agents!
- Hundreds of Bad Guys!
- Billions of Dollars!
- Massive Asset Seizures!
- Long Prison Terms Expected!



Seized Assets from Operation Malicious Mortgage



Seized Assets from Operation Malicious Mortgage



Forfeiture is always the Key

- The bad guys always make laundering criminal proceeds a high priority.
- Crime Doesn't Pay if they can't use the money.

① Launder money
 ② Get \$ to Israel get it back in
 ③ I heard Sharm say to me: that Richard gave
 - To Committee
 ④ References Steve Rothchild
 ⑤ CPA - No. CAN DO!
 ⑥ Residue - Supposedly sent
 \$250,000 to Residue is Spatch
 Promised to send a list of how it
 Spent 3,000,000 - 150,000 in
 The last part of it
 - Had to work - (K/K)

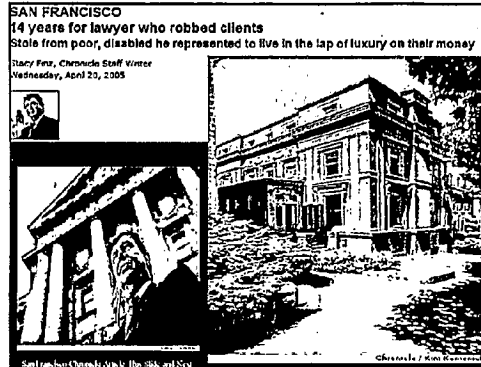
Get all \$ hidden now
 Wash
 Best way - take out
 out of other Ct.
 Over \$ from bank to Bahamas
 Then use it to buy
 from Bahamas to
 use business
 US Fict. name - also to
 use business
 use mail drop
 Dept of Health - (K/K)
 J. HARRIS

① Don't do
 ② Run it
 DBS:
 Stay out of JAIL
 get no CRIM records
 How? must send it to
 K/K

United States v. Nikolai Tehin

- ❑ Money Laundering/Mail Fraud Case
- ❑ 14 Years in Prison for the Defendant
- ❑ Demonstrates the Effective use of Money Laundering Statutes used in concert with Federal Sentencing Guidelines and Enhancements.

– Vulnerable Victims, Multiple Victims, Loss Amounts, Position of Trust/Confidence etc...



A once-prominent San Francisco lawyer convicted of stealing from his poor and sickly clients to support his luxurious lifestyle was sentenced Tuesday to more than 14 years in prison, after a federal judge upbraided him for disgracing the legal profession. Nikolai Tehin "looked his victims in the eye," U.S. District Judge Vaughn Walker said.

"Nick was ready for the worst," said his attorney, Harold Rosenthal. "But he suffers quietly." For Rosenthal, however, the sentence came as a shock. "I'm floored," he said. "This is the longest sentence I've ever had one of my clients receive in federal court."

Once he was at the top, he couldn't afford to stay there. Financial pressure "makes people do things they never would," Rosenthal said, adding that his client had already paid a heavy price for his crimes, including giving up his license to practice law. "Mr. Tehin started at the bottom and will ultimately end up at the bottom," Rosenthal said. "He has no savings, no retirement. He's impoverished and is going to jail. And maybe he deserves it. I'm just asking you to give him a little light at the end of the tunnel."

Walker acknowledged Tehin's rags-to-riches story, but said his crimes called for severe punishment. "It was an American success story," the judge said. "Unfortunately, it was an American success story that has gone very wrong."

