



Fraud Alert

Identity Theft Ring Targets Real Property

ALERT ADVISORY – October 9, 2006

For the last few months an identity theft ring has been wreaking havoc on property owners, mortgage lenders and the title insurance industry. This is an international scheme in that many of the suspects appear to be of Eastern European origin and much of the stolen money is being wired to accounts in Greece, the Slovak Republic, Russia, Latvia and elsewhere.

The scheme involves absentee-owned property and includes both vacant land and improved residential and commercial properties. In most of the cases reported, the true owners reside outside of the State of Florida. Additionally, in some of the cases, the properties are listed for sale through the local Multiple Listing Service.

The Refinance Scheme

The perpetrators of this scheme assume the identity of the real property owner and obtain a physical mailing address (always a “mail drop location”) in the community near the residence of the real property owner. They then contact a mortgage broker or lender as well as a title agent to originate and close the new loan using the identity of the real owner. In most cases the properties are owned free and clear of any liens or mortgages of record.

After receiving loan approval from a mortgage lender, the perpetrator then contacts the title agent and request they either transmit the closing documents to a “free e-mail address” or the mail drop address. After the executed closing documents have been returned to the title agent, the perpetrator provides written instructions for the agent to wire the loan proceeds to bank accounts held outside the United States, mostly in Eastern European countries. Investigation reveals these accounts are opened with fraudulent identification and that the entire amount of the loan proceeds are quickly withdrawn in cash.

At or about the same time the perpetrators are trying to refinance the victim’s property through one lender and title agent, they are attempting to borrow a similar amount from a different lender

312 West First Street, Suite 203
Sanford, Florida 32771

Tel. 407.321.2874

Fax. 407.328.4585

Website: www.idsnetwork.com

using the same property as collateral. A different title agent is used for this second loan. It is important to note that both refinance closings occur at or about the same time (in the gap) so neither settlement agent is aware of the other closing until after the funds have been disbursed and the money has left the country.

Similar Characteristics

1. All contact with the perpetrators is by telephone or e-mail. There is NO personal contact. They will refuse to attend a closing or come by the office to pick up a check.
2. They are requiring the settlement agent to execute a letter agreeing that they will wire the proceeds from the closing to bank accounts held outside the United States.
3. All contact addresses provided are “mail drop box” locations.
4. All telephone numbers provided are pre-paid cell phones and are untraceable.
5. All identification provided are fraudulent driver’s licenses and do not bear the likeness or resemblance to the identity theft victim.
6. The proceeds from each of the closings exceed \$300,000.

Claims Prevention

1. Do not e-mail or mail closing packages to addresses that cannot be verified. In these cases please use a courtesy closer in the area near the borrower. This will ensure personal contact with the seller or buyer.
2. If the amount of the wire is in excess of \$100,000.00: Do Not Wire the proceeds to any bank outside the United States without prior written approval of your title insurance underwriter.

Please call Information Data Services immediately if you are confronted with this type of scheme.

Douglas F. Pollock, CFE
(407) 321-2874 Office
(407) 595-3022 Mobile
dpollock@idsnetwork.com

Frank Gramlich, CFE
(954) 495-0694 Mobile
fxgramlich@idsnetwork.com