



# Financial Crimes Enforcement Network

*A bureau of the U.S. Department of the Treasury*

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For more information, please contact FinCEN's Office of Public Affairs at (703) 905-3770.

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**CONTACT:** Bill Grassano

703-905-3770

## **Second Quarter Mortgage Loan Fraud Suspicious Activity Persists Debt Elimination, False Statement among Leading Scams**

VIENNA, Va. – The Financial Crimes Enforcement Network (FinCEN) today reported in its [Second Quarter 2011 Analysis](#) of mortgage loan fraud suspicious activity reports (MLF SARs) that financial institutions filed 29,558 MLF SARs in the second quarter of 2011 up from 15,727 MLF SARs reported in the same quarter of 2010.

A large majority of the MLF SARs examined in the second quarter involved mortgages closed during the height of the real estate bubble. The upward spike in second quarter MLF SAR numbers is directly attributable to mortgage repurchase demands and special filings generated by several institutions. For instance, FinCEN noted that 81 percent of the MLF SARs filed during the quarter involved suspicious activities that occurred before 2008; 63 percent involved suspicious activities that occurred four or more years ago.

“We’re continuing to see a large number of SARs filed on activity that occurred more than two years ago, an indication that financial institutions are uncovering fraud as they sift through defaulted mortgages,” said FinCEN Director James H. Freis, Jr. “But we also continue to see indications of ongoing mortgage fraud activities. FinCEN’s report released today raises awareness of the common scams that homeowners and lenders may encounter when arranging or modifying home financing.”

The FinCEN report showed that misrepresenting income, occupancy, or debts and assets, followed by debt elimination scams and scams involving the fraudulent use of social security numbers, topped the types of suspicious activity reported by filers of MLF SARs. FinCEN examined a subset of quarterly filings that reported suspicious activity occurring within 90 days of filing, to better understand the latest trends in the reporting of suspected mortgage fraud.

Other suspicious activities noted in MLF SARs include identity theft, false statements and false documents, debt elimination scams, fraud involving short sales and appraisals, forged rescission of notice of default, advance fee scams, buy and bail schemes, and money laundering.

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