

Advisory Bulletin

Connections between Mortgage Fraud and Other Financial Crime: FinCEN Report

On March 16, 2009, FinCEN released its fourth mortgage loan fraud study since November 2006, entitled *Mortgage Loan Fraud Connections with Other Financial Crime*. The release coincides with prepared remarks by James H. Freis, Jr., FinCEN's Director, at the Mortgage Bankers Association's *National Fraud Issues Conference*, held in Las Vegas, NV (March 16, 2009).

The timeframe for the report is July 2003 through June 2008.

The study shows that subjects suspected of mortgage loan fraud may also be involved in other financial crimes, such as check fraud, money laundering, stock manipulation, and structuring to avoid currency transaction reporting requirements.

The findings were produced by an analysis of 156,000 Suspicious Activity Report (SAR) mortgage fraud filings, 2,360 of which were reported for suspicious activity in 3,680 of other SAR types.

The comparative analysis was based on SARs filed by depository institutions, money service businesses (SAR-MSB), securities brokers, dealers, or insurance companies (SAR-SF), and casinos and card clubs (SAR-C).

Salient findings include:

- Suspicious activities of mortgage loan fraud subjects most often reported in the SAR types reviewed were money laundering and transactions apparently structured to avoid currency transaction reporting requirements, accounting for 85% of SAR-MSBs, 47% of SAR-Cs, and 28% of SAR-SFs.
- Approximately 70% of the examined SAR-MSBs described suspicious wire transfers, with 34% of those reports describing transfers to foreign countries.
- In SAR-SFs, FinCEN found an unusually high number of reports of suspicious documents, fraudulent identifications, and forgery.
- Check fraud by mortgage fraud subjects was reported in the SAR-Cs at an unusually high level – 17% -- compared with only 3% of all SAR-Cs during the same five-year period.

A copy of the report is available in the LCG Library.

[Visit the LCG Library:](#) *Mortgage Loan Fraud Connections with Other Financial Crime*.

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