



*Bill  
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# *A Guest Article from Florida's* **Attorney General**

## **Meeting Mortgage Fraud Head On**

**W**e are facing an unprecedented time of economic hardship. As you work to protect our state and our citizens' public safety every day, you undoubtedly see the impacts of the economy reflected in the rate of crime. Many Floridians have lost their homes, their jobs, and even the savings they have worked for all of their lives. It is during times like these that people who prey on our vulnerabilities come out in full force. Therefore I have directed the civil and criminal enforcement units of the Attorney General's Office to do everything we can to protect consumers, businesses, and public entities from the unscrupulous deeds of others.

Since I have been Attorney General, my office has become one of the most aggressive in the nation in pursuing civilly and criminally mortgage fraud violations of the law. Mortgage fraud in Florida continues to be an insidious problem. Florida is currently among the top three states in the nation in terms of mortgage fraud and we do not anticipate the problem will lessen.

In recent weeks, my office has been deluged with thousands of calls about mortgage foreclosure rescue or loan modification companies. We are seeing schemes that involve inflated sales prices, falsified mortgage applications, real estate agents inflating listing prices, inflated appraisals, and the skimming of funds from the illegally obtained mortgages. And, most recently, we are seeing mortgage rescue firms taking fees up front from homeowners facing foreclosure, ostensibly to assist them in avoiding foreclosure by modifying their loans. These scam artists tell the homeowners not to contact their lenders, then keep the fees, and let the homes fall into foreclosure. By the time the homeowners discover the fraud, it is too late. The homes are foreclosed upon.

Clearly this issue required immediate consideration and a comprehensive approach on behalf of Florida's homeowners. To that end, I have launched three initiatives to attack mortgage-related violations of the law.

First, I successfully sought to enhance our consumer protection laws to better protect homeowners from foreclosure-related scams. In 2008, my office urged the Florida Legislature to enact the Foreclosure Rescue Fraud Prevention Act, which requires that a foreclosure rescue consultant – a person who tries to arrange a new payment plan with lender or another alternative to foreclosure – must provide a written agreement to the consumer and obtain the consumer's signature before beginning any services. The new law prohibits businesses or individuals from collecting up-front fees from the homeowner prior to completing all services specified in the contract. This includes foreclosure rescue services or loan modification services related to foreclosures. Out-of-state businesses that provide services to Florida consumers are also subject to the new statute.

Second, we have beefed up enforcement in the area, both in my agency and in conjunction with other agencies. In 2007, I created the Attorney General's Mortgage Fraud Task Force to address the issues of mortgage-related and now, specifically, violations of the new foreclosure fraud prevention law. Within the last year, the Task Force has reviewed information on the business practices of over 200 foreclosure rescue businesses, and we have filed nine cases with more on the horizon. We have approximately 50 active investigations and are reviewing another hundred or so companies for potential violations.

Additionally, I created an Inter-Agency Mortgage Fraud Task Force to address ways different state agencies can work together to fight mortgage fraud. Specifically, the new task force is charged with sharing information about potential cases and developing a comprehensive method for informing other agencies when mortgage fraud cases may involve their jurisdiction. The new task force will work together to educate Floridians on how to better protect themselves from mortgage-related scams. By establishing a team approach, we now have "all hands on deck" to address one of the most insidious effects on our economy we have seen perhaps in our lifetimes.

Third, and most comprehensively, I have made it a priority to educate consumers and the industry on what to look for so they can avoid being victims and can spot potential violations and report them to the appropriate authorities. I am very proud of a new mortgage fraud website we recently unveiled to educate consumers about mortgage fraud scams in Florida. The new website, [www.myfloridalegal.com/mortgagefraud](http://www.myfloridalegal.com/mortgagefraud), provides tips for consumers to avoid becoming victims of mortgage fraud and allows consumers to report complaints. The website provides answers to frequently asked questions about mortgage fraud, discusses the new law and provides information about the companies under investigation by our office. To date, we have had over 54,000 hits on the website. It is the only site of its kind, that I am aware of, that provides a comprehensive one-stop shop for consumers to learn more about mortgage fraud and foreclosure-related scams.

Floridians are facing one of the toughest financial and economic crises of our lifetime. As men and women in law enforcement, you put your lives on the line every day to protect the citizens of this state. In my role at Attorney General, it is my duty to protect you and your families from the unscrupulous people who aim to do financial harm to the people of Florida. I will continue leading aggressive efforts to fight back scammers and protect Florida's homeowners and taxpayers. We can, and we must, hold the line against mortgage and financial fraud. ●

### **Communication**

A judge was interviewing a woman regarding her pending divorce, and asked, "What are the grounds for your divorce?"

She replied, "About four acres and a nice little home in the middle of the property with a stream running by."

"No," he said, "I mean what is the foundation of this case?"

"It is made of concrete, brick and mortar," she responded.

"I mean," he continued, "What are your relations like?"

"I have an aunt and uncle living here in town, and so do my husband's parents."

He said, "Do you have a real grudge?"

"No," she replied, "We have a two-car carport and have never really needed one."

"Please," he tried again, "is there any infidelity in your marriage?"

"Yes, both my son and daughter have stereo sets. We don't necessarily like the music, but the answer to your question is yes."

"Ma'am, does your husband ever beat you up?"

"Yes," she responded, "about twice a week he gets up earlier than I do."

Finally, in frustration, the judge asked, "Lady, why do you want a divorce?"

"Oh, I don't want a divorce," she replied. "I've never wanted a divorce. My husband does. He said he can't communicate with me!"

### **From Your Membership Secretaries...**



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