



Financial Crimes Enforcement Network

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

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FinCEN Assesses Suspicious Activity Involving Title and Escrow Companies

VIENNA, Va. – Pressing forward in its efforts to address a wide range of criminal risks, particularly in the residential real estate market, the Financial Crimes Enforcement Network (FinCEN) today released its first targeted study analyzing reports indicating suspicious activities involving the [Real Estate Title and Escrow Industry](#).

The study identified thousands of instances where financial institutions, particularly banks and Money Services Businesses (MSBs), filed suspicious activity reports (SARs) involving title and escrow companies, often in connection with mortgage fraud. FinCEN does not currently require title and escrow companies themselves to file SARs, but many have reported suspicious activities by annotating the *Report of Cash Payments Over \$10,000 Received in a Trade or Business* (FinCEN Form 8300) that they are required to file.

“This first baseline study will help inform our ongoing efforts to identify regulatory gaps that criminals look to take advantage of,” said FinCEN Director James H. Freis, Jr. “We can now more efficiently and effectively address those gaps and mitigate those risks through public awareness, support to law enforcement, or appropriate regulatory action.”

The study presents a range of typologies where title and escrow companies appear to have been abused by money launderers, as well as a number of cases where the companies, or criminals fraudulently representing themselves as legitimate companies, were suspected of being involved in facilitating illegal activity. This comprehensive review provides greater context to understand the individual instances previously identified by FinCEN in its studies of mortgage fraud and money laundering in the real estate industries, as well as in supporting criminal investigations and prosecutions that involved title and/or escrow companies.

Structuring, false statement, and mortgage loan fraud were the primary activities reported from 2003 through 2011, the period which FinCEN analyzed. The study covers 11,800 records filed

by depository institutions, 10,000 records filed by MSBs, and over 1,000 annotated Forms 8300 filed by title and escrow companies.

FinCEN has engaged with law enforcement, as well as Federal and State regulators (in particular those with some oversight of title and escrow companies), to better understand the criminal risks as well as possible opportunities to mitigate them.

FinCEN continues to act to close regulatory gaps that unaddressed could allow increased criminal abuse of the housing finance system. Final regulations that require non-bank residential mortgage lenders and originators to establish anti-money laundering (AML) programs and file SARs must be complied with by August 13, 2012. Proposed regulations that would require the government-sponsored enterprises (GSEs) Fannie Mae, Freddie Mac, and the Federal Home Loan Banks to develop AML programs and file SARs are pending finalization. For further information on FinCEN's efforts to combat mortgage loan fraud, see the [Mortgage and Real Estate Fraud section](#) on www.FinCEN.gov.

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FinCEN's mission is to enhance the integrity of financial systems by facilitating the detection and deterrence of financial crime.