

Miami-Dade Mortgage Fraud Task Force

Executive Summary:

In 2006 and 2007 Florida ranked first in the United States for mortgage loans that contained alleged fraud against the lenders, according to the Mortgage Asset Research Institute (MARI). In 2008, Florida was ranked second in the United States. MARI ranked the Miami-Dade Metropolitan area in the top ten metropolitan areas in the United States for instances of Mortgage Fraud.

In 2007, Florida ranked second in the United States in foreclosures filed. There were 279,325 foreclosures filed in Florida. This was an increase of 124% from 2006 and 129% from 2005. In 2008, Florida was again second in the United State in foreclosures filed exploding to over 500,000 which equates to 4.5 out of every 100 households filed foreclosure. MARI estimates that 70-80% of all foreclosures contain some type of mortgage fraud.

In 2007, Governor Crist enacted the Mortgage Fraud Statute FSS 817.545 that made mortgage fraud a 3rd degree felony. This new law enabled state, county, and local law enforcement to arrest for violations of mortgage fraud, a crime traditionally investigated by the Federal Bureau of Investigation (FBI). In the 2008 legislative session the mortgage fraud statute was enhanced to a 2nd degree felony for incidents over \$100,000, and with the passage of FSS 193.133 law enforcement works with the property appraiser's office to reduce the tax burden on homeowners living in the area of the mortgage fraud. However, with the exception of Miami-Dade County, many law enforcement agencies are ill-trained and equipped to handle the laborious task of investigating a mortgage fraud case.

Now in 2009, it is clear that a concerted nationwide effort to combat mortgage fraud should be undertaken. It is recommended that through grant funding and legislative action a nationwide Mortgage Fraud Task Force be created to combat mortgage fraud throughout the United States. The Task Force should be modeled after the Miami-Dade Mortgage Fraud Task Force.

The "Mission Statement" of the Miami-Dade Mortgage Fraud Task Force is: We are a public/private partnership created to address and reduce incidents of foreclosure and mortgage fraud by preventing victimization through effective education, legislation, regulation, law enforcement and prosecution.

The Task Force has five (5) separate committees; each committee is responsible for an important component of the Mortgage Fraud Task Force mission.

1. Law Enforcement Committee – this committee is responsible for the detection, investigation, apprehension and prosecution of the mortgage fraud subjects and enterprises. The Law Enforcement Committee is chaired by a law enforcement professional with experience in the management and investigation of financial crimes including mortgage fraud. The Miami-Dade Police Department Economic Crimes Bureau personnel, municipality, state law enforcement agencies and the FBI work collaboratively in identifying and investigating cases. The Miami-Dade State Attorney's Office (SAO), the Florida Attorney General's Office and the United State Attorney's Office prosecute cases.
2. Legislative Committee – this committee is responsible for enhancing current laws and creating new laws and ordinances. All these efforts are in furtherance of the Mortgage Fraud Task Force mission. The Legislative Committee is cochaired by a current member of the Florida House of Representatives and the Florida Senate.
3. Regulatory Committee – this committee is responsible for enhancing and enforcing regulations on all parties involved in the mortgage transaction. The Regulatory Committee is chaired by an industry professional with experience in regulatory action.
4. Business Partnership Committee – this committee is responsible for creating and transmitting effective business practices to enhance cooperation with law enforcement and regulatory agencies and between different professions involved in the mortgage transaction. Businesses that are members of the committee are: banks, title insurance companies, realtors, appraisers, mortgage brokers and HUD-approved consumer advocates. The Business Partnership Committee is chaired by an Industry professional with strong business ties within Miami-Dade County and Florida.
5. Education/Prevention Committee – this committee is responsible to create public awareness of foreclosure prevention, mortgage fraud and predatory lending practices through printed literature, newspaper articles, television reports and speaking engagements. The Education/Prevention Committee is chaired by the Director of Communications for the Mayor's Office.