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MAYOR BLOOMBERG AND DISTRICT ATTORNEYS ANNOUNCE NEW EFFORT TO USE DATA TO FIGHT FINANCIAL CRIME

New Use of City Data Will Provide Law Enforcement with Targeted Leads to Fight Fraud

Mayor Michael R. Bloomberg, Chief Policy Advisor John Feinblatt, Department of Investigation Commissioner Rose Gil Hearn, Department of Finance Commissioner David M. Frankel, Queens County District Attorney Richard A. Brown and Richmond County District Attorney Daniel Donovan today announced two new programs developed by the Mayor's Financial Crime Task Force to stop mortgage fraud in New York City. First, the City has developed a new way to mine existing City data to find "digital fingerprints" that lead to potential mortgage fraud cases to be investigated by prosecutors and law enforcement agencies. Second, to alert New Yorker of possible fraud, homeowners can now sign up to receive notifications when transactions involving their property are recorded by the City. According to the US Treasury Department, the New York City area is among the hardest hit areas in the country for mortgage and real estate fraud.

"One of the repercussions of the housing crisis has been an increase in the number of mortgage frauds and illegal real estate transactions that victimize both lenders and homeowners," said Mayor Bloomberg. "Our Financial Crime Taskforce, with the help of our District Attorneys, has developed a system to alert law enforcement and property owners to irregularities in real estate transactions. These leads will give law enforcement a powerful assist in rooting out and preventing mortgage fraud in our neighborhoods."

"There is an ocean of publicly available housing data and we have developed a sonar to find indicators of mortgage fraud," said John Feinblatt, the Mayor's Chief Policy Advisor. "The Mayor's office can give law enforcement strong leads on mortgage fraud cases faster than ever before. This will protect our residents and banks from the loss of property and destruction of credit that accompanies mortgage schemes. I want to thank the Department of Finance and all of the City's district attorneys for their contributions to these important efforts."

"With these announcements, the City is taking a two-pronged approach in attacking mortgage and deed fraud: detecting it early and investigating it and giving homeowners a fighting chance in stopping fraudsters in the act," said DOI Commissioner Gill Hearn. "DOI will continue its work with these City and law enforcement agencies to expose and stop this type of fraud."

(more)

“We will work with the Mayor's Financial Crime Task Force, the Department of Investigation, and all of our government partners to protect New York’s property owners,” said Finance Commissioner Frankel. “We also encourage owners be proactive and visit www.nyc.gov to sign up for the Notice of Recorded Document program, which sends email or text alerts to owners whenever a document is filed on their property.”

Citywide Financial Crimes

In Queens, a 93-year-old man suffering from Alzheimer’s disease had \$800,000 in equity from two properties stolen by a caregiver. On Staten Island, fraudsters targeted local homeowners serving overseas in the military. In a Manhattan courtroom, verdicts have been handed down against ringleaders who stole over \$100 million from lenders – the culmination of one of the country’s most sophisticated and complex mortgage fraud prosecutions.

“Mortgage fraud has quite literally stolen the American Dream of owning a home from many New Yorkers, especially in Southeast Queens which lies at the epicenter of what has become a national problem,” said Queens District Attorney Richard A. Brown. “Mortgage fraud and related complaints to my office have quadrupled over the last five years – and that is only the tip of the iceberg. Many of these frauds are directed at the county’s elderly, immigrant and economically disadvantaged populations who are often less aware of the ever-increasing variety of scams that can befall them. While we have made some headway in prosecuting these cases, the programs which Mayor Bloomberg is unveiling today will be useful weapons to add to our arsenal in the fight against those who prey upon unsuspecting homeowners and lending institutions.”

“Because of their complex nature, investigating financial crimes is a difficult and time-consuming task and good leads are scarce,” said Staten Island District Attorney Daniel M. Donovan Jr. “By separating ‘the wheat from the chaff,’ this new lead-generating program will give us a vital head start on these cases.”

“Two years ago, as a result of a Federal Grant arranged by New York’s Senior Senator Charles Schumer, I set up a special real estate fraud unit within my Rackets Division,” said Brooklyn District Attorney Charles Hynes. “It has been enormously successful. We welcome leads from other sources to aid us in aggressively prosecuting criminals who would defraud our citizens.”

“We welcome any tools that can help law enforcement gain an edge in protecting struggling and financially vulnerable families and individuals, in particular, from those who would seek to illegally exploit them during these tough economic times,” said Bronx District Attorney Robert T. Johnson.

“Today more than ever my office is taking steps to work proactively to identify criminal trends and prevent crime,” said Manhattan District Attorney Cyrus R. Vance, Jr. “Mortgages all over the tri-State area are funded by banks in Manhattan, and mortgage fraud has a tremendous impact on our residents, our communities, and our financial institutions. By partnering with the Mayor’s Financial Crime Task Force we have enhanced our abilities to target and prosecute mortgage fraud.”

Digital Fingerprint

The Mayor’s Financial Crime Task Force conducted an analysis of mortgage fraud in New York City and nationwide to identify common traits of fraud and develop a search methodology to find

fraud “digital fingerprints” in City data. The methodology was improved and refined with input from experienced mortgage fraud prosecutors from the City’s five District Attorney offices.

Strong indicators of fraud identified by the Mayor’s Financial Crime Task force include homes or properties that changed owners multiple times in a short period of time at varying sale prices; transfers of title at far below market prices; properties sold at values just below thresholds for mandatory reporting or tax filings;

Using the new search methodology and applying it to ACRIS, the City’s public property records database, and drawing on information from other City databases, the Mayor’s Financial Crime Task Force will compile Unusual Property Activity Reports for distribution to law enforcement agencies for follow up.

Property Transaction Alerts

In order to help homeowners detect possible mortgage fraud involving their own homes, the Mayor’s Financial Crime Task Force, working with the Department of Finance, has initiated a new program that will allow the City’s property owners to receive alerts when any transaction involving their property is entered into the City’s recording system for real estate transactions. The program allows property owners to receive an email, text message, or letter by mail, any time certain property related documents are filed with the City. If you register to receive notice, and someone uses your identity and files phony documents, you will be alerted. Homeowners can register at nyc.gov or by calling 311.

About the Mayor’s Financial Crime Task Force

The Mayor’s Financial Crime Task Force is responsible for integrating, analyzing and disseminating data bearing on financial crime in the City of New York to benefit local, state and federal law enforcement and regulatory agencies. The Task Force is creating the NYC Financial Intelligence Center, a joint effort between the Office of the Criminal Justice Coordinator, the Mayor’s Office of Operations, and the Department of Information Technology and Telecommunications.

- 30 -

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