Property Records Industry Association

Land Fraud:

Bandits, Desperados and Other Bad Actors

John L. Jones
Arion Zoe Corp.
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Cracker Cow Hunter Garb



What is Land fraud?

An intentional misrepresentation of material existing fact made by one person to another with knowledge of its falsity and for the purpose of inducing the other person to act, and upon which the other person relies with resulting injury or damage.



Types of Mortgage Fraud

- Fraud for Property
- Fraud for Money



Fraud for Property

- *Who* - buyers/owners
- *What* – Lies, misleading statements, false information etc.
- *Why* – to obtain property
- *Effects* – None unless they can't pay back the loan, then default & are foreclosed

Fraud for Money

- *Who* - Desperate People, Insiders; Crime Gangs; Militias
- *What* – Lies, misleading statements, false information PLUS ...
  - Forgeries
  - False Impersonations
  - Embezzlement
  - Racketeering
  - Cons & Scams
  - Wire and Mail Fraud
  - Check Fraud
  - Perjury

Fraud for Money (cont'd)

- *Why* – to get money or to use property in another money-making enterprise
- *Effects* –
  - Clouds title of legitimate owners
  - Takes property from legal owners
  - Steals money from lenders
  - Ruins reputations of innocent people
  - Increases taxes for neighborhing owners
  - May decrease value of neighboring properties for resale
  - Costs victims money to clear names, pay claims
  - May leave innocent employees out of work

Stories

- The Bandit
- Desperados
- Bad Actors



The Bandit - Matthew Cox



tampabay.com

For sure, a No. 1 we don't want

By Robert Trigaux, Times Business Editor
Published May 21, 2007

"If mortgage fraud were an automobile race, the 2006 figures show Florida, California and Michigan as leading the race."

Mortgage Asset Research Institute

tampabay.com

Fraud leader had a lot of help

Matthew B. Cox had 22 co-conspirators in his mortgage schemes, new charges say.

- $8.6-million in fraud on transactions involving 77 properties in the Tampa
- $2.35-million in fraud on 22 properties in Nashville
- Facing as many as 422 years in prison
- "With Cox, it was not about making money. It was the thrill of the bluff and getting away with it."

Desperados -

The Erpenbeck Co. & Peoples Bank, et al.



The Erpenbecks

Bill

Tony



Building giant falls in scandal

"The April 2002 collapse of the Erpenbeck Co. caused financial havoc for area homebuyers, subcontractors and banks."

Erpenbeck leaves trail of abandonment

- At The Fairways at Wetherington condominium project in West Chester
- At Steeplechase in Union
- At Chestnut Park in Miami Heights
- The Lofts of Wetherington in West Chester

Erpenbeck: Scores of liens filed on homes

"Scores of people who bought new homes from Crestview Hills builder A. William 'Bill' Erpenbeck are being dragged into legal entanglements over payment claims held by subcontractors, banks and local governments."

Bank One adds to company woes

- "The nation's sixth-largest bank, Bank One, has joined the list of those suing home builder Erpenbeck Co. with $9.8 million in foreclosure lawsuits..."
- "Thirty-seven representatives of Tristate banks and title companies crammed into a law firm conference room Thursday to begin assessing damage from the Erpenbeck Co. troubles and to determine how any losses will be absorbed."

3rd-party checks examined in Erpenbeck probe

"***The Erpenbeck Co. used Peoples*** Bank of Northern Kentucky to redeem $15 million in checks made out to other financial institutions for new home purchases, a Peoples director said Friday."

Erpenbeck Partied While Company Imploded

"Like a fraternity house president, Bill Erpenbeck took it upon himself to entertain his employees, whether it was taking 150 staffers and guests on the company's annual Caribbean cruise, letting them use the tanning bed in his Crestview Hills mansion or letting them take the company plane to the company condo in Myrtle Beach, S.C. But as the Erpenbeck brass enjoyed the high life, the company was in serious trouble."

Ex-banker denies fraud role

"A year after being ousted from his job, former Peoples Bank of Northern Kentucky president John Finnan says in a new court filing that he did not take part in home builder Bill Erpenbeck's $33 million bank-fraud scheme..."

Regulator: Peoples fraud worst

"***Kentucky's top banking regulator says the Erpenbeck-***Peoples Bank of Northern Kentucky loan fiasco that ensnared about 20 financial institutions in the Bluegrass State could be the ***biggest case of bank fraud in the commonwealth's history.***"

Judge approves Erpenbeck deal

- "Addressing 30 lawyers huddled in a semicircle before his bench, Boone County Circuit Judge Jay Bamberger eased the pain of 210 Erpenbeck Co. home buyers Friday by ratifying a settlement that clears the way....
- The hour-long hearing was the culmination of six months of legal wrangling among the home buyers, Peoples Bank of Northern Kentucky and dozens of banks and title insurance companies with competing claims. The case only involved people who had ***paid for their Erpenbeck homes with checks.***"

Erpenbeck admits to bank fraud

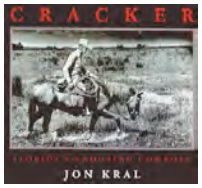
"Former Northern Kentucky home builder Bill Erpenbeck pleaded guilty Wednesday (April 10, 2003) to a single count of federal bank fraud after agreeing to a plea deal that calls for him to help convict accomplices and repay at least $27 million in damages - then spend up to 30 years in prison." !

Bad Actors



Land Fraud & Recorders?

- Identity Theft
- Ownership Data to Discover Owner and Lender Names



Land Fraud & Recorders? (cont'd)

- Identity Theft
  - Land Record Information To Steal Personal Information e.g., SSNs, CCs, etc.
    - Practical Obscurity
    - Little or no evidence of identity theft
    - Property Assessors are a better source of this

Land Fraud & Recorders? (cont'd)

- Ownership Data to Discover Owner and Lender Names
- Recorders are generally a poor choice – except in MN
- Property Assessors are the best choice because they have:
  - Map-based
  - Ownership Info
  - Property Values
  - Legal Descriptions
  - Addresses

Land Fraud & Recorders? (cont'd)

- Fraud has occurred before the recorder sees the documentation
- Recorders cannot prevent nor deter land fraud, at best you can
  - assist in detection
  - make access to personal information marginally more obscure

PRIA Land Fraud Committee

- White Paper
- Draft Legislation
- Awareness



PRIA Land Fraud Committee (Cont'd)

- White Paper: ***Identifies 5 areas for proactive action…***
  - ***Prevention***
  - ***Deterrence***
  - ***Detection***
  - ***Correction***
  - ***Prosecution***
- Collecting stories - A "How To" Fraud Starter Kit



PRIA Land Fraud Committee (cont'd)

- Draft Legislation
  - A possibility ala' DD214s and 1st Page Indexing
  - Nothing is being contemplated now
- Awareness
  - PRIA Annual Conference – July 21-24
    - Land Fraud Presentation, Sunday 3:45–5:00 p.m.
    - Land Fraud Working Session, Monday 8:30-10:15 a.m

Summary

- Fraud for Property & Money
  Money is worst in $ costs
- Fraud's effect on Recorders
- PRIA Land Fraud Committee White Paper draft and possible Draft Legislation

Questions?

???=???

That Ol' Red, White & Blue



DW GROETHE

Cowboy Poet

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PRIA

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