

## Mortgage Fraud News: July/August 2008

### Operation Malicious Mortgage

Beginning in March 2008 and peaking on June 19, 2008, the FBI charged a total of 407 defendants and arrested 287 individuals in the largest multi-agency mortgage fraud sweep in FBI history. Dubbed Operation Malicious Mortgage, the sweep involved 46 of the FBI's 56 field offices. Summaries of charges made by various FBI field offices in Operation Malicious Mortgage can be found at the following Web address:

[http://www.fbi.gov/page2/june08/malicious\\_mortgage061908.html](http://www.fbi.gov/page2/june08/malicious_mortgage061908.html)

In its Financial Crimes Report to the Public for fiscal year 2007, the FBI stated that "combating significant mortgage industry fraud is a priority, because mortgage lending and the housing market have a significant overall effect on the nation's economy." The FBI's full report is available at the following Web address:

[http://www.fbi.gov/publications/financial/fcs\\_report2007/financial\\_crime\\_2007.htm](http://www.fbi.gov/publications/financial/fcs_report2007/financial_crime_2007.htm).

The FBI's prioritization became evident as news began to break across the country on June 19 detailing the numerous fraud charges and arrests being made. The FBI is investigating more than 1,400 cases of mortgage fraud and has set up 42 task forces and working groups around the country, working in conjunction with agencies such as the U.S. Postal Service, HUD, Immigration and Customs Service, and the Internal Revenue Service.

The FBI sources many of its mortgage fraud cases through Suspicious Activity Reports (SARs) filed with the Financial Crimes Enforcement Network (FinCEN) by lenders. To capitalize on the vast amounts of information contained in the SARs, the FBI has recently developed a number of new analytical tools. These new tools have enhanced investigative effectiveness and assist the bureau in keeping pace with the escalating volume of SARs filed. (FinCEN reports that SARs have doubled during the past three years.) The FBI routinely compares geographic fraud distributions and case characteristics with Fannie Mae and with others in the mortgage industry, and recently published its findings in its 2007 Mortgage Fraud Report, which is available at [http://www.fbi.gov/publications/fraud/mortgage\\_fraud07.htm](http://www.fbi.gov/publications/fraud/mortgage_fraud07.htm).

Efforts by law enforcement, combined with proactive measures taken by mortgage lenders, can have a positive impact on the industry and on the economy. Fannie Mae partners with a wide variety of industry groups, with law enforcement, and with our customers in mortgage fraud detection and prevention efforts. If you have any questions or suggestions about this information, please contact Fannie Mae's [Mortgage Fraud Program](#) or your Customer Account Manager.