



Scams Targeting Homeowners

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Introduction to Scams

Types of scams covered today:

- ◆ Deed theft
- ◆ Mortgage assistance scams or foreclosure rescue scams

Introduction to Scams

Effects on Homeowners:

- ◆ Loss of home
- ◆ Loss of equity in the home
- ◆ Thousands of dollars paid to scammers
- ◆ Loss of time in seeking real mortgage assistance

Introduction

Effects on Homeowners

Loss of home

Homelessness, family instability, residence in unsafe or illegal apartments

Loss of equity in the home

Thousands of dollars paid to scammers

Loss of time in seeking real mortgage assistance

Arrears and fees continue to accrue making a home-saving solution less possible



As with the foreclosure crisis itself, New Yorkers have been hit hard by the foreclosure rescue scam epidemic.

New York homeowners report larger losses to scammers than in the rest of the country, losing almost \$900 more on average than homeowners nationwide.

Introduction to Scams

Your Role as Advocates:

- ◆ Identify scam victims
- ◆ Direct homeowner to proper assistance
- ◆ Report scammers to appropriate authority
- ◆ Assist in documenting scams to share with legal advocates for potential litigation
- ◆ Spread the word with AGScamHelp materials

Introduction



The Center has plenty of scam prevention materials, so use freely to educate your communities.

Deed Theft Scams

Deed Theft

Scammers obtain title to property through deceptive or fraudulent means:

- ◆ Forgery
- ◆ Superimposition of signatures from one document to other documents
- ◆ Short sale with an agreement to re-convey the property

Deed Theft

Scammers will seek vulnerable homeowners.

- ◆ Use court records to determine long-term foreclosure actions
- ◆ Review auction publications
- ◆ Use public records to identify homeowners with various home-related arrears

Deed Theft Scams

- Use court records to determine long-term foreclosure actions
- Review auction publications
- Use public records to identify homeowners who have significant property tax arrears, water arrears, Environmental Control Board (ECB) violations for deteriorating properties, etc.

Anatomy of a Scammer

Scammers often use shell corporations:

- ◆ Limited Liability Corporations or LLC's
 - ◆ Originally designed to protect personal assets in the event of litigation
 - ◆ Now used to shield the identities of members who wish to remain anonymous
- ◆ Addresses used are false
- ◆ No contact information provided

Deed Theft Scams

* NYS now requires that all LLC members be disclosed when deeds are transferred.

Deed Theft Red Flags

- ◆ Direct solicitation
- ◆ Money offers
- ◆ Offers to provide an attorney
- ◆ Asking homeowner to sign blank documents
- ◆ Claiming that a deed transfer will be temporary
- ◆ Deed transfers with little or no consideration
- ◆ Chauffeuring homeowners to attorney's or realtor's office
- ◆ Attempting to isolate elderly homeowner from family

Deed Theft Scams

- Direct solicitation (mailings, phone calls, in-person visits)
- Money offers
- Offers to provide the homeowner with an attorney
- Homeowner is asked to sign blank documents
- Claims that a deed transfer or dispossession will be temporary
- Deed transfers with little or no consideration (money paid in exchange for the home)
- Chauffeuring homeowners to attorney/realtor office
- Attempts to isolate elderly homeowner from family members (siblings, children)

Known or Suspected Deed Thieves

- ◆ Launch Development
- ◆ Homeowner Assistance Services of New York
- ◆ MyHouselsADump
- ◆ Lincoln Holdings
- ◆ Arash Noghreh
- ◆ Mario Alvarenga
- ◆ Amir Mieri

Investigating Possible Deed Theft

- ◆ Check **ACRIS** to determine who the current owner of the property is
- ◆ Internet search of the entity homeowner has engaged

Mortgage Assistance Scams

Mortgage Assistance Scams

Companies charge hundreds or thousands of dollars purportedly to help homeowners defend their foreclosure cases, modify their mortgages, and/or negotiate with their lenders

- ◆ The promised result is never achieved, although partial services may be rendered

Companies charge hundreds or thousands of dollars purportedly to help homeowners defend their foreclosure cases, modify their mortgages, and/or negotiate with their lenders.

- The promised result is never achieved, although partial services may be rendered (starting a loan mod application and not continuing, not appealing a wrongful decision)

Types of Mortgage Assistance Scams

Three common types:

- ◆ Sham Lawsuits
- ◆ Securitization or Forensic Mortgage Audits
- ◆ Modifications or Refinancing

Sham Lawsuits

Lawyers get homeowners to enter into **monthly fee agreements**, claiming they will sue the lender for predatory practices

- ◆ Lawyers may claim that they will bring class action lawsuits

Securitization or Forensic Mortgage Audits

- ◆ **Claims:** Identify legal violations which will pressure the lender into negotiating
- ◆ **Truth:** identified violations are usually minor, and major violations can't be acted upon without litigation

Mortgage Assistance Scams

- **Claims:** Identify legal violations which will pressure the lender into negotiating
- **Truth:** Will likely find some minor violations, which are probably unimportant. In the event the violations are important, they can only be pursued through litigation which the auditor will not provide

Modifications or Refinancing

- ◆ **Claims:** Will obtain specific relief and some will guarantee results
- ◆ **Truth:** Modifications are based on a homeowners' individual circumstances and no specific relief can ever be guaranteed

Mortgage Assistance Scams

- **Claims:** Will obtain specific relief (e.g. a 2% loan) and some will guarantee results
- **Truth:** Modifications are based on a homeowners' individual circumstances and no specific relief, like principal reduction, can ever be guaranteed

Red Flags of Mortgage Assistance Scams

- ◆ Up-front payments
- ◆ Guaranteed outcomes or promises of specific relief
- ◆ Direct solicitation
- ◆ Contract failings
- ◆ Certifications
- ◆ Bad advice

Mortgage Assistance Scams

- Up-front payments
 - Illegal for non-attorneys to charge up-front fees for mortgage assistance services
 - Scammers may associate with an attorney to make their activities appear lawful, but will provide no representation in a lawsuit
 - Requests for direct deposit information
- Guaranteed outcomes/Promises of Specific Relief
 - Principal reductions
 - Specific types of loan modifications/terms
- Direct solicitation
 - Phone calls, letters to homeowner, in-person visits to home
- Contracts
 - Failure to provide versions in homeowner's language
 - Failure to provide countersigned copies or any copies for the homeowner's records
- Certifications
 - Distressed Property Expert
 - Forensic Auditor
- Bad Advice
 - Tells homeowner to stop paying mortgage or to not attend court appearances or respond to legal papers

Anatomy of a Scam
Scammers use a variety of methods to entrap homeowners:

Use of legally intimidating language
This letter cites federal law against real tampering under the heading "OPEN IMMEDIATELY - Important Information About Your Mortgage." While tampering with the mail to intercept a federal officer, it is impossible to whether or not a homeowner should open this particular letter.

Scam lawsuits
Scam lawsuits take advantage of increased attention to the misdeeds of banks in the build-up to the foreclosure crisis. Here, a letter seeks plaintiffs to join a lawsuit that could "possibly give you your home free and clear."

The Need to Increase Scam Awareness

Forensic audits
This letter informs the homeowner that the scam firm has found errors in the foreclosure action being brought against their home -- evidence of robo-signing -- to be precise. This company offers the homeowner a forensic audit (described here as a "mortgage fraud investigation") that could lead to a mortgage modification.

Guarantees
It is hard to guarantee a modification or other positive outcome, yet this letter promises, "I don't want to see you go through the humiliation of a foreclosure, and if you contact me immediately, I can assure that won't happen."

Use of public information to make a notice appear official
Scammers will exploit information from publicly available foreclosure records to make their scams appear more legitimate. Here, a scammer uses the principal balance of the mortgage to make it seem as though they are connected to a government program.

Who Can You Trust?

Letter Solicitations from Scammers

The Foreclosure Rescue Scam Crisis in New York

Looks official, savvy marketing designed to trick homeowners

Known or Suspected Scammers

- ◆ American Hope Group
- ◆ The Donado Law Firm
- ◆ American Legal Counsels
- ◆ Salve su Casa
- ◆ Martin & Moodie Law Group/Bulldog Law Firm
- ◆ Valmiro Donado
- ◆ Mauricio Villamarin
- ◆ Roberto Pagan-Lopez
- ◆ Irene Torres

Mortgage Assistance Scams

Investigating Mortgage Assistance Scams

- ◆ Check AGScamHelp.com
- ◆ E-courts/NYS Courts Electronic Filing/Clerk's Minutes
- ◆ Mortgage servicer records

Mortgage Assistance Scams

- AG Scam Help
 - Check to see whether the company is vetted by the Attorney General
 - AGScamHelp.com
- E-courts/NYS Courts Electronic Filing/Clerk's Minutes
 - If company promised representation in foreclosure, check to see if an appearance has been entered by an attorney or other legal papers filed
- Mortgage servicer records
 - Contact the servicer to see if modification applications were actually submitted
 - Can be accomplished through a request for information or RFI (formerly QWR)

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MORTGAGE SCAM HELP
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Welcome to AGScamHelp.com.
This site is sponsored by the Office of the NYS Attorney General to provide New Yorkers with honest and accurate information about the mortgage modification or foreclosure process.


Thousands of New Yorkers are scammed by companies who take advantage of homeowners in distress. Don't let it happen to you. The New York State Attorney General created AGScamHelp.com to assist homeowners in finding free, qualified mortgage assistance relief services from a network of trusted partners operating across the state under the New York Attorney General Homeowner Protection Program (HOOPP). We are dedicated to alerting homeowners like you about foreclosure rescue scams so you can avoid scammers and get legitimate help.



Company Finder - Is the company government-vetted?


SEARCH

SEARCH



Need Assistance? We can help.

GET HELP



Do you want to report a suspected mortgage scam?

REPORT

AGScamHelp.com



Case Examples

NYC Case Example

Ozella Campbell

- ◆ Saw a commercial for MyHouselsADump.com and called the number
- ◆ Was in trouble on the mortgage but no foreclosure yet
- ◆ Spoke with someone who made several promises

Mortgage Assistance Scams

Ozella Campbell

- Saw a commercial for MyHouselsADump.com and called the number
- Was in trouble on the mortgage but no foreclosure yet
- Spoke with someone who made several promises:
 - Her mortgage would be paid
 - She would be provided with a new apartment for 2 years
 - She would receive over \$40,000 cash in hand

NYC Case Example (con't)

Instead of what was promised:

- ◆ Scammer moved her into an illegal apartment and threw out her belongings
- ◆ Never satisfied mortgage- now there is a foreclosure case
- ◆ Never made the promised payments
- ◆ Homeowner is dispossessed from home, facing foreclosure case, and losing her illegal apartment

NYC Case Example #2

Launch Development/Homeowner Assistance Services (“LD”)

- ◆ Brooklyn Legal Services (BLS) is currently representing six individuals/couples victimized by this company
- ◆ Targets: vulnerable homeowners and distressed property owners
- ◆ Most victims came to BLS as a result of harassment by LD or during eviction proceedings

Section Title

Launch Development/Homeowner Assistance Services (“LD”)

- Brooklyn Legal Services (BLS) is currently representing 6 individuals/couples victimized by this company
- Targets:
 - homeowners: elderly, immigrants, non-native English speakers, disabled and/or in poor health
 - All distressed property owners, many in foreclosure for years
- Most victims came to BLS as a result of harassment by LD or during eviction proceedings

LD Tactics

How LD/Homeowner Assistance Services Engages Clients

- ◆ Solicited by Homeowner Assistance Services
- ◆ Received cold calls at home, visits from agents
- ◆ Promised to help and lured homeowners into sharing and signing
- ◆ Said that no loan modification/refinancing is possible, but could save the house with a short sale “on paper only”

Section Title

How Launch Development/Homeowner Assistance Services Engages Clients

1. Solicited by Homeowner Assistance Services – the front company
2. Got cold calls at home, visits from agents – often of same racial/ethnic background
3. Promised to help with loan modification or refinance, lured homeowners into sharing confidential information/signing documents/proving 3rd party authorization
4. Would then say that no loan modification/refinancing is possible, but could save the house with a short sale “on paper only”
5. Would chauffeur homeowners to their offices for what would end up being a closing on short sale, but not explained as such
6. Clients not generally promised money because they were told they could stay in the houses – but many HUD-1 statements list “relocation assistance” paid
7. Would provide ATTORNEY at short sale to pass documents to clients for signature, but not explain what they contained
8. Clients told this was part of the process of “fixing” or “reestablishing” mortgage
9. Clients receive harassing visits from “new owners” – generally would lead to eviction case

LD Tactics (con't)

How LD/Homeowner Assistance Services Engages Clients

- ◆ Chauffeured homeowners to deceptive closing/short sale
- ◆ Clients not generally promised money
- ◆ Would provide **attorney** at deceptive short sale
- ◆ Told client this was part of the process of “fixing” or “reestablishing” mortgage
- ◆ Clients receive harassing visits from “new owners”

Section Title



Tips for Addressing Scams

Client Issues In Deed Thefts

What is your client's **background**?

- ◆ Demographic factors like age, disability, language skills
- ◆ Family support, or having individuals who might work closely with client
- ◆ Look for areas of vulnerability that might have rendered homeowner more attractive to scammers

Addressing Scams

What is your client's background?

- Demographic factors like age, disability, language skills
- Other factors like family support, or individuals like home health aides who might work closely with client
- Consider/search for areas of vulnerability that might have rendered them more attractive to scammers

Client Issues In Deed Thefts

How were they **solicited**?

- ◆ Did they respond to a mailing? Receive phone calls? Visits at the home?
- ◆ Did the person who reached out use areas of commonality, like shared language or ethnic background, to build trust with client?

Addressing Scams

How were they solicited?

- Did they respond to a mailing? Receive phone calls? Visits at the home?
- Did the person who reached out use areas of commonality, like shared language or ethnic background, to build trust with client?

Client Issues In Deed Thefts

What were the specific **promises**?

- ◆ Was client promised a loan modification? If so, what documents were requested?
- ◆ Was client promised they could stay in their home?
- ◆ Was client promised that they could buy back the property?
- ◆ Was client promised money?

Addressing Scams

What were the specific promises?

- Was client promised a loan modification? If so, what documents were requested?
- Was client promised they could stay in their home? If so, was that written down anywhere?
- Was client promised that they could buy back the property? If so, under what terms/conditions? Was that written down anywhere?
- Was client promised money? If so, for what purpose and was it included as consideration for any action undertaken by the client? Was such agreement written down anywhere?

Suggestions for Intake

Why is client seeking assistance right now?

- ◆ What is happening with their property?
- ◆ Are they still in the house?
- ◆ Are they being harassed? By whom and in what form?

Suggestions for Intake

Warn **all** new clients of foreclosure rescue and deed theft scams

- ◆ The filing of a foreclosure action is public information
- ◆ Will likely result in numerous solicitations by mail, phone, and even in-person visits

Suggestions for Intake

If it sounds **too good to be true**, it is.

- ◆ There are no easy fixes for homeowners in foreclosure
- ◆ If a person offers an easy fix, such person is either incompetent or seeking to take advantage of the homeowner

Suggestions for Intake

Ask client if they are currently working or have worked in the past with **other organizations** to receive mortgage assistance (and if they paid a sum)

- ◆ Search public records for the organization/individual name(s)
- ◆ Review recorded documents with the client to verify names of individuals or businesses
- ◆ Check [AGScamHelp.com](https://www.agscamhelp.com) with client
- ◆ Search e-courts or the NYS electronic filing website

Addressing Scams

Ask client if they are currently working or have worked in the past with **other organizations** to receive mortgage assistance (and if they paid a sum)

- Search public records for the organization/individual name(s)
- Review recorded documents with the client to verify names of individuals/LLC's/other organizations
- Check [AGScamHelp.com](https://www.agscamhelp.com) with client
- Search e-courts or the NYS electronic filing website for representatives

Best Practices: Selling Home

Direct client to:

- ◆ Connect with the Center's Housing Mobility Program (HMP) and broker list if eligible
- ◆ Consult with and hire an independent attorney
- ◆ Contact a licensed broker to give a price opinion and draft a listing agreement

Addressing Scams

Best Practices: Selling Home

Some guidance to give to clients who need to sell:

- ◆ Cash offers should not be preferred over financed offers
- ◆ Confirm the identity of all parties to the transaction
- ◆ Read all of the documents
- ◆ All terms of the sale should be in writing (avoid any side/verbal agreements)
- ◆ Do a short sale with direct communications with the servicer

Addressing Scams

Some guidance to give to clients who need to sell:

- Cash offers should not be preferred over financed offers
- Confirm the identity of all parties to the transaction
- Read all of the documents
- All terms of the sale should be in writing (avoid any side/verbal agreements)
- Short Sale
 - Send any application directly to the servicer
 - Short sale approval letters come directly from the servicer

Best Practices: Referral and Reporting

- ◆ Contact an attorney in your organization or a HOPP partner organization
- ◆ Report scams to multiple regulators

Addressing Scams

- Contact an attorney in your organization or a HOPP partner organization
- Report scams to the Attorney General, District Attorney, the Consumer Financial Protection Bureau, the New York State Bar Association, the Real Estate Board of New York, and/or the Secretary of State



Fighting Back

Legal Remedies

- ◆ Administrative complaints: file complaints to Attorney General's Office and Consumer Financial Protection Bureau
- ◆ Lawsuits: civil claims can include fraud, conspiracy, violations of the Home Equity Theft Prevention Act and the Distressed Property Consultants Act, and legal malpractice
- ◆ Rescission notice under Home Equity Theft Prevention Act
- ◆ Criminal complaint

Fighting Back

Administrative complaint

- Attorney General's Office
- Consumer Financial Protection Bureau

Lawsuit

-Civil claims can include fraud, conspiracy, violations of the Home Equity Theft Prevention Act and the Distressed Property Consultants Act, legal malpractice

Rescission notice under Home Equity Theft Prevention Act

-Can be filed up to 2 years after transaction in question, recorded in ACRIS

Criminal complaint

-Local district attorneys OR federal law enforcement can take action against scammers; their actions violate both state and federal criminal laws

The Prevalence of Scams

- ◆ Legal Services of New York City sees many scams and attempted scams **every day** at our local offices
- ◆ The solicitations come in **all forms**: mailings, door hangers, phone calls, print, TV and radio ads, billboards, and word of mouth
- ◆ Advise clients **not to work with** people who aggressively solicit them and make promises

Long Island Case Example

Rose Marie Cantanno, NYLAG

- ◆ Legal and housing counseling advocates join forces
- ◆ Multiple lawsuits pending

Fighting Back

