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Mortgage fraud units proposed Officials in Cook, DuPage Counties press for task forces to probe suspected falsified transfers

By [Susan Chandler](#)

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When Cook County Recorder of Deeds Eugene Moore discovered his cousin had been bilked out of her house, he came up with an early warning system for mortgage fraud – the humble postcard.

Beginning in 2007, Moore's office began mailing postcards to homeowners when quitclaim deeds were filed, transferring interest in their properties. Some criminals had been forging owners' signatures on the deeds, transferring ownership to themselves, and then mortgaging the homes without the real owners being any wiser – until the foreclosure notices started arriving.

But mortgage scam artists have stayed a step ahead of the game. Sometimes they pull the postcards out of the homeowners' mailboxes, Moore said. Occasionally they put the homeowners' mail on a vacation hold at the post office so the alerts are delayed.

Now some criminals are switching to other types of documents to effect their fraudulent transfers, ones that don't trigger postcard mailings.

Moore said he needs additional resources to keep up with the bad guys. So he is asking for \$1 million in additional funding from the county to create a mortgage fraud task force inside his office. The squad would be made up of several sheriff's police officers trained in financial crimes and at least one full-time prosecutor.

"Mostly everything regarding mortgage fraud can be traced back to the recorder's office," he said, adding his office doesn't have the capacity to investigate the 5,000 documents that are recorded daily.

He isn't the only one thinking that way. The DuPage County recorder's office is looking at a mortgage fraud task force as well.

As for what could be accomplished, Moore points to Detroit, where the register of deeds office in Wayne County, Mich., has the kind of unit he wants.

Since September 2005, the Wayne County task force has opened 420 cases of suspected

mortgage fraud and sent dozens of people to prison. There is a hotline for consumers and two intake workers to sort through the calls. Four sheriff's deputies investigate cases and two full-time prosecutors bring charges.

"We have a 100 percent conviction rate," said Bernard Youngblood, the register of deeds in Wayne County. "We have convicted 40 individuals and returned about 100 properties to the rightful owners. This has been a tremendous assistance for the individual people involved. They had nowhere to go."

Some task force members work undercover. Deputies have sat in on closings and made arrests. The squad works out of its own "war room," complete with pin-studded maps that highlight fraud hot spots.

In September, the Wayne County Sheriff's Department collared three men accused of swindling senior citizens out of \$600,000 through fake deeds. Deputies raided the house of Nelson Sumpter, 42, and then confiscated it, along with three luxury cars, because they allegedly had been purchased with stolen money.

Sumpter, who pleaded not guilty, faces 41 felony charges and the possibility of a long prison sentence because he is repeat offender.

Sumpter and the two other men claimed to be real estate professionals who would help the seniors sell their homes to investors after they got the homeowners' signatures, they copied or scanned them on documents that gave them power of attorney, authorities said. Sumpter then allegedly sold the houses and kept the money. Sumpter's attorney could not be reached for comment.

"It's a sophisticated group of people who found out this type of white-collar crime is a lot more profitable than hitting the 7-Eleven. They can usually do it without getting caught for a while," Youngblood said.

Lenders embarrassed

Some cases get complicated because lenders don't want to admit they have been taken, Youngblood said. He smelled a problem when a house in the waterfront suburb of Grosse Pointe was mortgaged for \$2 million, when it appeared to be worth less than half that much. The buyer never made a payment and the property went into foreclosure.

"I called the lender," Youngblood said. "I wanted the name of the appraiser, the closing agent, the title agent. I wanted the full group of people. There was no cooperation. They don't want to air their dirt. They would rather cover it up and just take the loss."

Looking at the size of the mortgage fraud problem in Detroit, Youngblood can only imagine what's going in Chicago, which is more than twice the size.

Moore is worried too.

He said he was unhappy to recently read in the Chicago Tribune about two houses that were transferred in 2006 using forged warranty deeds, a new twist.

One house in the Kenwood neighborhood was transferred three times with a dead body

inside. The skeleton of the deceased owner's son was discovered after the house was auctioned at a foreclosure sale in January and the new owner showed up to check out the property.

The transfers began with a warranty deed, a document carrying a seller's guarantee that he or she has clear title to a property. This deed purportedly was drawn up in 1996 but recorded in 2006. It is an obvious forgery, Cook County officials have said in court filings. The document was drawn up on Moore's letterhead, but he did not become the recorder of deeds until 1999.

It was the first time Moore became aware that warranty deeds were being used to fraudulently transfer property. Currently, his office doesn't send out postcards when that type of document is filed.

Additional training

Even if his employees suspect something is shady about a document, Moore said, the cashiers that work in his office can't refuse to record it.

"We don't have police power to inspect anything. We record it, scan it in and they're on their way," he said.

The problem, he conceded, is that other people and institutions such as title insurers and banks rely on recorded documents as being authentic.

Moore and his staff are trying to do more. Darlena Williams-Burnett, the chief deputy recorder, is training supervisors to be more vigilant about what is going on at cashier windows. Cashiers are being trained to pick up on red flags such as back-dating of documents and cash payments. Most people pay by check so they have a record, Moore said.

But that next step, investigating possible fraud and building cases, is lacking.

"We don't have police authority. That's what we're trying to get," Moore said.

Whether he gets his task force or not, Moore is sure that mortgage fraud will become a bigger problem in the next few years as the number of home foreclosures continues to set records.

"We know it's a large problem and it's growing."