



County recorders on front lines of battle against property fraud

By [Elizabeth Perry](#)
STAFF WRITER

When the Empire State Building was stolen last December, most New Yorkers never even knew it was missing.

The theft was a prank by the *Daily News* to demonstrate how easy it is to steal property on paper, even a \$2 billion, 102-story Art Deco landmark. The reason the prank was successful was because of a loophole in the city's deed recording system for deeds and mortgages whereby clerks are not required to verify the information.

If the heist had been real, the thieves might have been able to apply for a mortgage on the building, grab the money and run. Instead, the *News* returned the building the same day.

Property fraud is also a growing problem for county recorders who find themselves blindsided by tech-savvy criminals who pull off heists right under their noses. A scammer attempting to steal a home will submit a fraudulent deed to a local recorder's office without the home-owner's knowledge, a mortgage is applied for and the money is pocketed. The homeowner does not find out about the fraud until months later, when they are knee-deep in missed payments on a mortgage they never authorized.

Indiana Attorney General Greg Zoeller and Allen County, Ind. Recorder John McGauley addressed the issue at a recent Indiana Records Association conference. Zoeller said property fraud victims in the state are mostly retired elderly people, whose first mortgages are paid off and their homes vacant because they have moved to nursing homes or are living somewhere else for part of the year.

"The actual homeowners, through no fault of their own, are at risk of losing their homes to foreclosure," he said. "Correcting the problem and clearing the cloud off the title could cost the homeowners thousands of dollars."

McGauley said fraud incidents in his county are happening in small numbers, "and we want to keep it that way." He said perpetrating property fraud is as easy as buying the needed documents at an office supply store, downloading them off the Internet, or preparing them by hand, and transferring the title from one person to another based on easily available public information.

"It depends on the willingness of a notary to attest to the fact that these two people agreed to do this," he said. "At this point we've seen this happen [with] family members

who have tried to defraud one another, not the stranger-on-stranger kinds of crimes that we have seen in other parts of the country.”

Eugene Moore, Cook County, Ill. recorder of deeds, learned about property fraud first-hand in 2007 when he discovered his cousin's house had been stolen out from underneath her. He subsequently instituted an early warning postcard system to alert homeowners when deeds were forged and transferred. Still, scammers were able to outwit the system easily by taking the postcards out of mailboxes or putting vacation holds on mail, ensuring the real owners would not get the warning notices.

The Illinois General Assembly passed legislation in March to require notaries to record thumbprints of on all notarizations related to property transactions. A similar law enacted in California in 1993, has been widely successful, with no fraud cases related to records thumb-printed by the state's 250,000 notaries. Cook County will introduce its own four-year thumb print pilot program this summer.

Wayne County, Mich. has been actively battling property fraud with the help of its Property Fraud Task Force since 2005, “back when nobody thought it was needed,” said Bernard Youngblood, register of deeds. “Law enforcement agencies did not know how to investigate the thefts because they did not understand what was happening,” he said.

Prior to taking office in 2001, Youngblood was a 30-year veteran of the real estate profession and was very familiar with the process of real estate transactions. He approached the sheriff's and prosecutor's offices with the idea of starting a task force, but met with resistance because there was no money in the county budget for such a program. They struck a deal, where Youngblood's office pays the \$800,000 annual cost for the task force, and sheriff's and prosecutor's offices supply the personnel. The budget includes staff salaries, rent and police transportation, communication and surveillance equipment.

The task force consists of a squad room with four sheriff's deputies, two prosecuting attorneys and members of the records office staff. Youngblood said since it began in 2005, the task force has achieved a 100 percent conviction rate. It has opened 500 cases, obtained 55 convictions, returned 162 stolen homes and issued more than 70 arrest warrants. It has also shared information with the FBI and Secret Service, and served as a model for other task forces around the country. He said the program benefits significantly from its “war room” setting.

“So when my personnel takes an intake call they can immediately turn to the prosecutor in the same room and give them a heads up,” he said. “The prosecutor can immediately go to the sheriff's deputies with how he wants it investigated. If that particular case goes to a full trial, he's got all the evidence he wants in front of him to use in front of the jury to get this 100 percent conviction rate.”

(For more information, Bernard Youngblood can be reached at 313/224-5856.)