

# It's A White Collar Thing

## Isn't Real Estate and Mortgage Fraud Just A "White Collar" Thing? - No Not Really.

**Unfortunately** cops, from patrol officers to police chiefs have become involved in real estate and mortgage fraud, and most officers don't know it. Now the last thing any of us needs are cops becoming involved in felonies . . . so we suggest listening up!

The FBI's caseload of real estate and mortgage fraud has increased 688% over the past four years and 80% of the parties involved are real estate professionals. Professionals consist of agents, appraisers, mortgage brokers, bankers, escrow attorneys and title companies. The majority of people involved with real estate fraud aren't your stereotypical hardened criminals, gangs, or Mafia types ... but often normal everyday citizens . . . who look just like . . . well . . . cops. And unfortunately, they can often **be** cops, which is a problem for you.

### Trusting the wrong person

Police officers buy homes just like any other person and, just as anyone else, they rely on the guidance of real estate agents and mortgage brokers. There's a problem with this; a great number of agents and mortgage people do not, I repeat . . . **DO NOT**, have any understanding of what constitutes fraud or "white collar" crimes. They understand how to write up a purchase and sale agreement or find you a good loan ... it's that law thing many are missing. Their ignorance often results in a big problem for the street level cop.

### The Problem

During the purchase of your home, agents, builders and/or mortgage brokers often make suggestions on items that can be "included in the purchase price." What they don't know are many of these suggestions are illegal and drive up the price of the house you are buying. This in turn increases your mortgage payments and makes it difficult for you to sell the home, years later, and make a profit. By understanding the "white collar" fraud involved with real estate . . . you'll discover a method for buying homes for thousands less than other people.

### It's not just a "white collar" thing!

We provide training for law enforcement, from city police to the federal agencies. However, **the room is usually filled with only detectives. This is unfortunate.** During the first 40 minutes of the training, as we are describing typical scams, many of the detectives turn absolutely white.

Why? It's dawning on them that the last time they bought a home it involved common tactics that are felonies - they just didn't know it at the time.

### **Example**

Let me give you a quick example. At a recent training class we had several agents from a.....ah.... well let's just say, a federal investigative agency. In class I describe how offering a car with the purchase of a new home is illegal and breaks a half-dozen state and federal laws plus a couple of administrative codes. Half way through the explanation, two of the officers raise their hands and explain that they were offered that very "deal" the day before when they were looking at new homes on the edge of town.

The good news for all of us is, they didn't buy the home at that moment, despite the smokin' deal they were offered.

Recently the State of Arizona hired me to provide real estate and mortgage fraud training to every police officer and prosecutor in the state. We sent personal letters and advertising flyers to every police chief and chief of detectives. Unfortunately the most common response: **"Here detective X, since this is a white collar thing... you go."**

The chief then turned away and never told anybody else about the training.

Detective X was at the training and within the first 15 minutes asked for a break, so he could call every off-duty officer and see if they could attend. He immediately recognized how important the training would be for every cop and senior officer, not just detectives.

What a shame. The class wasn't just for detectives. It was for **ALL** officers. We wanted, pleaded, and tried everything in our power to persuade every officer to attend. For the detectives it meant cross training on the issue, helping them place bad people behind bars. For the cop on the street, the training is designed to help them, and their families stay safe by avoiding scams that could cause them financial ruin...not to mention avoiding a felony. We understand how much fun target practice and hand to hand training is, but a good cop, that cares about their family needs more.

The real estate and mortgage fraud issues in this country have led to massive declines in the real estate market. The problems have overwhelmed the administrative agencies. Agencies are unable to cope with the problem and as a result, organized crime is having a hay day. In some areas of our nation, real estate fraud is having more impact on people than prohibition, bootlegging and the mob.

### **What do you mean this doesn't impact you?**

What would happen if the value of your home were to drop by 50%? How about all of the retirement funds your union invested in mortgage backed securities? You know . . . the funds

that lenders are losing by the billions. Your family home, your retirement and safety nest are being wiped out by fraud.

### **Solution**

Due to limited budgets there are not enough administrative investigators to cope with the onslaught. One solution would be for each officer, street to police chief, to stop real estate fraud. By simply understanding the problem and avoiding a scam when they purchase their next home, not only would fraud be reduced but officers would become better buyers of real estate. If each officer stopped just one fraud, the bad deal during the purchase of their family home, thousands of frauds across the US would be stopped and communities made better.

If it's offered in your area, take a class on real estate fraud and other "white collar" crimes. I know it's not as much fun as tossing rounds down range but it can help make your community a better place to live, and your family safe.

**After all . . . isn't that the real reason you became a cop!**